Financial activities of the European Investment Bank - annual report 2019

2019/2126(INI) - 10/03/2020 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted an own-initiative report by David CORMAND (Greens/EFA, FR) on the financial activities of the European Investment Bank – annual report 2019.

The Economic and Monetary Affairs Committee, exercising its prerogative as an associated committee, also gave its opinion on the report.

The report highlighted the importance of the EIB's activities, as the Union's bank, in raising current levels of investment in the Union in order to fulfil the EU’s sustainability, economic, social and job creation ambitions or to achieve regional cohesion, innovation and competitiveness at EU level as well as financing at the local level.

Members believe that the EU and Member States must invest more in the fight against climate change, in the digital revolution and in public services.

An EIB more focused on climate and a just transition

The report welcomed the fact that in 2018 29 % of the EIB’s lending was climate-related. It invited the ECB to consider tools to support and coordinate with the EIB, including in its role as the EU's climate bank, especially in financing green transition and economic sustainability.

Members welcomed, in particular, the launch in 2018 of the EIB's new Sustainable Awareness Bonds, while stressing the importance of establishing common standards for these new bonds. They called on the EIB to contribute to the development of a green bond market, building on the work carried out under the EU action plan for financing sustainable growth. For its part, the European Investment Fund (EIF) should give greater priority to the innovation needs for the transition to a climate-neutral Europe.

The EIB is called on to:

- include clauses in financing documentation requiring the beneficiaries of its loans to undertake to fully deliver any decarbonisation objective that may have been included in their loan application;

- confirm that the EIB will not initiate any appraisal of any fossil fuel-related project which had not been submitted to it prior to 14 November 2019;

- implement the principle of energy efficiency in all its energy lending, taking into account the impact of energy efficiency on future demand and its contribution to energy security;

- maintain its commitment by financing innovation and green technology for aviation in order to decarbonise aviation and achieve the main objective of the Paris Agreement;

- further develop biodiversity proofing components in its financial instruments.

The EIB’s role in the European Green Deal and the Just Transition Mechanism

Members encouraged the EIB to support projects aimed at facilitating a just transition in Member States and to adopt a participatory approach to ensure that all parts of society benefit from this transition.

Stressing that the EIB should focus its assistance on those Member States with the greatest distance to travel, the report called for support to be given to regions (coal-mining regions, carbon-intensive regions, etc.) and communities concerned, as well as to the workforce in sectors most affected by decarbonation.

The EIB is invited to commit to a fair, coherent and inclusive plan and to present such a plan, in consultation with Member States and regions and in accordance with their social and geographical circumstances, in order to mobilise private and public resources effectively and promote the transition towards a greener economy.

Small and medium-sized enterprises (SMEs) and mid-caps

The report welcomed the EIB's significant financial support for SMEs, with a total investment of EUR 23.27 billion in 2018, benefiting 374 000 companies and 5 million employees.

Members believe that support for SMEs and mid-caps should remain a fundamental objective of the EIB, and called for greater emphasis on SME financing in order to reduce the funding gap for these companies. They also called for an increase in the EIB's capitalisation to allow for longer-term loans and innovative instruments for financing projects that can bring about improvements in the social field, sustainability and innovation.

Lending outside the EU

Members welcomed that the EIB is active in more than 130 countries outside the EU, lending to projects to support EU external cooperation and development policies. They urged the EIB, the largest multilateral lender in the world, to:

- maintain its leading role in future EU financing and to foster sustainable finance outside Europe, maintaining a key role in the establishment of EU financing mechanisms for third countries;

- make full use of contractual clauses enabling it to suspend disbursements in cases of projects' non-compliance with environmental, social, human rights, tax and transparency standards;

- provide more comprehensive and regular information on the redistribution of loans by financial intermediaries.

Governance

Members called on the EIB to review its transparency policy in 2020 with a view to the timely publication of more ample information on all its financing activities, so as to ensure that its transparency policy is compliant with its social, climate and environmental commitments. The EIB should strengthen its contractual clauses with its clients, for example regarding fraud and corruption as well as stakeholder engagement and public consultation processes related to the projects it finances.