Financial Activities of the European Investment Bank - annual report 2020

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The Committee on Economic and Monetary Affairs adopted the report by Pedro SILVA PEREIRA (S&D, PT) on the financial activities of the European Investment Bank (EIB) - Annual Report 2020.

The report underlined the EIB's crucial role as the EU's public bank in supporting economic recovery after the COVID-19 pandemic and in targeting investments to achieve European priorities.

Given the EIB's high level of indebtedness, Members called on the EIB's shareholders to agree on a **capital increase** that goes hand in hand with greater transparency, democratic accountability, efficiency in the management structure and environmental sustainability.

The EIB is invited to give priority to projects of public benefit that promote the Union's policy objectives and **sustainable economic growth**, in particular those that would not otherwise be 'bankable', both inside and outside the EU, with a view to meeting the global challenges of the coming decades, in particular the fight against climate change.

Stressing the importance of avoiding further geographical imbalances in EIB lending, the report called on the EIB to step up its efforts to provide technical assistance and advisory support, especially in regions which attract low investment and which did not benefit significantly from the derogation from the State-aid rules during the pandemic crisis.

Mobilising funds to combat the COVID-19 pandemic

Members welcomed the EIB's rapid mobilisation of up to EUR 40 billion in emergency funding to tackle the COVID-19 outbreak, through loans and measures to alleviate the liquidity of SMEs and mid-cap companies.

The report welcomed the subsequent creation of the EUR 25 billion European Guarantee Fund in response to the COVID-19 crisis. It suggested that the Fund should remain operational beyond 2021, given the prolonged impact of the COVID-19 crisis and the repeated lockdowns in many Member States.

Members also welcomed the creation of a EUR 6 billion investment instrument to support health sector financing and a targeted funding initiative of up to EUR 5.2 billion in response to the COVID-19 pandemic to support countries outside the EU.

Becoming the EU climate bank

In 2020, 40% of EIB lending was environment and climate related. Members welcomed the fact that the **EIB is the world's largest issuer of green bonds**, having raised EUR 34.6 billion in climate-awareness bonds over the past 12 years. They called on the EIB to continue and to expand the issuance of green bonds to enhance the liquidity of that market and to remain involved in the development of an EU green bond standard.

The report welcomed the EIB's leadership on climate and the decision to increase EIB financing for climate action and environmental sustainability, including renewable energy, from around 30% to at least 50% by 2025. It approved the EIB's new energy lending policy and its commitment to end investment in fossil fuels by the end of 2021.

Members welcomed the adoption by the EIB's Board of Directors of the **EIB's ambitious climate roadmap for the period 2021-2025** and the inclusion of the shadow carbon pricing mechanism in particular, which provides a crucial framework to support the transition and implementation of the European Green Deal and marks a decisive step towards making the EIB the EU Climate Bank.

Support for innovation, SMEs, industry and digitisation

European SMEs are lagging behind in the adoption of digital technologies, with only 66% of EU manufacturing companies adopting at least one digital technology.

Members recalled that support for microenterprises, SMEs and mid-caps must remain a key objective for the EIB, and one that should be further strengthened during the current economic crisis, notably to assist them with financing, internationalisation, decarbonisation and access to ICT tools.

The EIB is invited, *inter alia*, to:

- mobilise sufficient support for infrastructure towards delivering faster internet speed to all regions in the EU and bridging the existing digital divide;

- continue to support the development of e-skills and upscale lending to female-led SMEs;

- support projects in the Member States which deliver on the implementation of the European Pillar of Social Rights, the SDGs and the social reforms identified in country specific recommendations under the European Semester;

- increase its investment in education to help mitigate the severe impact of the COVID-19 crisis on education systems worldwide.

Supporting development and sustainability outside the EU

The EIB is the world's largest multilateral lender. It has been active outside the Union for more than 50 years, with EUR 150.1 billion in loans in 150 different countries by the end of 2020, of which EUR 10.23 billion was signed in 2020.

As all EIB shareholders have endorsed the G20 commitment to suspend the debt of 77 countries following the COVID-19 debt crisis, the EIB is called upon to apply the same treatment to its pending loans and to publicly support the creation of a multilateral debt workout mechanism to deal with both the consequences of the current crisis and the financing needs of the 2030 sustainable development agenda.

Members insisted on the need to align EIB investments in third countries with the EU's external action and sustainable development priorities and for the EIB to apply the same standards and criteria for evaluating projects inside and outside the EU.

Delivering on governance, accountability, transparency and integrity

Members reiterated their call for an inter-institutional agreement between the EIB and Parliament to improve access to EIB documents and data and to enhance democratic accountability. In the meantime,

they proposed the establishment of a protocol of cooperation between the EIB and Parliament, with immediate effect, in order to improve interinstitutional dialogue and enhance the EIB's transparency and accountability.