Control of the financial activities of the European Investment Bank - annual report 2019

2020/2245(INI) - 07/07/2021 - Text adopted by Parliament, single reading

The European Parliament adopted by 542 votes to 82, with 68 abstentions, a resolution on control of the financial activities of the European Investment Bank - annual report.

Main track record of EIB funding activities 2019

Members noted that in 2019, the Bank's lending signatures amounted to **EUR 63.3 billion** (of which EUR 61.9 billion under the Bank's own resources) and were significantly above 2018 volumes (EUR 55.6 billion, of which EUR 54.3 billion under the Bank's own resources).

The EIB generated healthy financial results, recording an annual net surplus of EUR 2.4 billion in 2019 and met its annual target for cohesion lending of at least 30 % of all new operations in the EU, pre-accession and European Free Trade Association (EFTA) countries.

The EIB is invited to:

- make full use of its anti-tax avoidance toolbox for risk-sensitive projects in the course of its tax due diligence and to use relocation requirements when necessary;

- update its policy in light of the 5th Anti-Money Laundering Directive, which entered into force in January 2020, and to cooperate with the relevant authorities to ensure adequate sanctions for breach of law and stringent standards on financial intermediaries;

- report about the number and scope of the decisions on suspension/interruption of payments and/or retrieval of loans or requests for anticipated reimbursement of loans as a consequence of prohibited conduct;

- increase funding to address the technological transition, support the development of skills adapted to labour market needs, further promote investment in digital skills, digital infrastructure and capacity building in the context of the digital transition;

- provide funding for long-term research and innovation and for SMEs, support the social economy and strengthen social and territorial cohesion, in particular by closing current investment gaps in public housing and infrastructure;

- promote a better and more balanced geographical distribution of EFSI funding and fill the gaps that prevent certain regions or Member States from fully benefiting from its financial instruments.

The EIB's role in financing the European Green Deal

Parliament recalled that in November 2019, the EIB's Board of Directors decided to increase the EIB Group's level of commitment to climate and environment with the aim of transforming the EIB into a ' **European climate bank**' and pledged to progressively increase the share of its financing dedicated to climate action and environmental sustainability to 50% of its operations by 2025 and to align all its financing activities with the goals of the Paris Agreement from the end of 2020.

According to the EIB sustainability report, absolute emissions from the EIB portfolio were estimated at 3.9 million tonnes of CO2 equivalent per year in 2019, up from 2.2 million tonnes of CO2 equivalent per year in 2018. Members called on the EIB to step up its efforts to reduce absolute emissions and to systematically disclose greenhouse gas (GHG) footprint calculations for all projects that are subject to carbon foot printing, in order to increase transparency.

Parliament welcomed the energy lending policy adopted by the EIB's Board of Directors in November 2019 and in particular the decision to end the financing of fossil fuel projects. It also welcomed the EIB's environmental, climate and social guidelines for the development of hydropower.

The resolution stressed the importance of aligning the EIB's transport lending policy and transport portfolio with the climate bank's roadmap, in particular the decarbonisation of the transport sector by 2050. It also welcomed the EIB's leading role in the green bond market in 2019 by issuing EUR 4.1 billion in Climate Awareness Bonds (CABs) and Sustainability Awareness Bonds (SABs).

EIB operations outside the EU

Parliament reiterated that the EIB’s external operations are expected to contribute to EU policy objectives, fostering developing countries’ sustainable economic, social and environmental development, particularly in the most disadvantaged among them, as well as compliance with objectives approved by the Union.

It recognised poverty eradication, domestic resource mobilisation and human rights as core topics within the EU development finance architecture and stressed that stakeholder engagement is the cornerstone of sustainable and inclusive development.

EIB governance, transparency and accountability

Parliament reiterated the importance of ethics, integrity, transparency, communication and accountability of the EIB Group in all its operations and policies.

Members expressed concern about the **lack of transparency of the EIB’s operations through financial intermediaries** such as commercial banks and investment funds. They stressed the need to assess the economic and social impact of intermediated loans by making information about ultimate beneficiaries available.

The EIB is invited to publish on its website details of the beneficial ownership of its clients, in order to enhance the visibility of its operations and to help prevent corruption and conflicts of interest.

Follow-up to recommendations

Members called on the EIB to continue reporting on the previous recommendations issued by Parliament in its annual resolutions, in particular as regards: (a) the impact (economic, environmental and social) of its investment strategy and the results achieved in contributing to the balanced and steady development of the internal market in the interest of the EU; (b) the actions adopted to enhance the prevention of conflicts of interest; (c) the measures to strengthen transparency on integrity due diligence of clients, in order to prevent tax avoidance, fraud and corruption.