

Financial Activities of the European Investment Bank - annual report 2021

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The Committee on Budgets adopted the report by David CORMAND (Greens/EFA, FR) on the financial activities of the European Investment Bank – annual report 2021.

Context

The EIB signed loans for approximately EUR 95 billion in 2021 and supported circa 430 000 small and medium-sized enterprises (SMEs) and mid-caps, which are the backbone of the EU single market. Following the Russian attack on Ukraine on 24 February 2022, the EIB's Board of Directors approved a EUR 668million Emergency Solidarity Package for Ukraine, followed by subsequent payments to the Government of Ukraine for the most urgent needs.

Moreover, during the coronavirus pandemic, the EIB signed around EUR 6.3 billion worth of loans as part of the COVID-19 response in the health sector. However, resources mobilised during the pandemic have been an attractive target for fraud and corruption, therefore the EIB should take the necessary measures to ensure that resources reach their intended beneficiaries.

General remarks

The committee stressed the fundamental role of the EIB as the EU's public bank and the only international financial institution that is entirely owned by Member States and fully guided by EU policies and standards in supporting the social and economic recovery and targeting investments for attaining the EU's objectives and welcomed the EIB's record investment of almost EUR 95 billion of financing in 2021 and the bank's focus on the EU's long-term challenges of climate change, social cohesion and digital transformation.

As regards the current context in Ukraine, Members called on the EIB to work on action plans for incentivising EU direct investments in Ukraine, including new post-war economic and social projects, such as schools, social housing and hospitals. They suggested that a **reporting mechanism** should be urgently put in place to inform competent authorities about any and all assets held in European financial institutions by Russian and Belarusian natural and legal persons with links to the Putin and Lukashenka regimes, including in the EIB Group where relevant. They expect the EIB to **halt the involvement of any Russian direct or indirect partners** involved in investment projects, including through financial intermediaries.

The report welcomed the timeliness of the European Guarantee Fund to help mitigate the negative social and economic impacts of the COVID-19 pandemic, including by supporting SMEs. As of 31 December 2021, the EIB approved EUR 23.2 billion in European Guarantee Fund operations (95 % of the EUR 24.4 billion available), which represents about one third of what the EIB Group normally invests in a year.

Climate bank

Members welcomed the fact that 43 % of lending in 2021 was climate and environment related – up from 40 % in 2020 – and applauded the intention to meet the climate landing target in 2022. They also welcomed the **EIB's increasing investments in energy in Europe**, rising from EUR 10 billion in 2018 to over EUR 14 billion in 2021 and called on the EIB, in the light of the recent geopolitical developments, to

speed up and increase investments in the EU's energy security and to scale up lending for such projects to help quickly **reduce dependence** on energy and raw material imports from Russia and other third countries.

Biodiversity and sustainability

Noting that Ukraine and Russia are major producers of **food crops** including wheat, corn and barley and that Russia and Belarus are major producers of **fertilisers**, Members regretted that the war may have major **spill-over effects on cross-border supply chains**, food and fertiliser prices, the affordability of food in the EU, and the security and affordability of food globally. In this regard, the EIB is encouraged to use its operations to facilitate the implementation of the goals of the European Green Deal, the farm to fork strategy and the biodiversity strategy for 2030, as well as all relevant and upcoming EU regulations on deforestation-free products and restoration stemming from these strategies.

NDICI – EIB Global

While expressing its support for EIB Global, the committee expects EIB investments in third countries to be fully aligned with EU climate, biodiversity and social standards applicable to intra-EU lending and with EU external action policies, including investments made as an implementing partner in the Global Gateway initiative. It called on the EIB to increase its engagement in less developed countries and those experiencing conflict and extreme poverty. Moreover, Members called for **public consultation and full transparency** on the strategies linked to EIB Global with a particular focus on the role of recipient countries and **specific chapters on human rights due diligence**.

Transparency and governance

Members reiterated their request for an interinstitutional agreement between Parliament and the EIB in order to improve access to EIB documents and data and enhance democratic accountability, including the ability to submit questions for written answer to the EIB and the organisation of hearings and economic dialogues. The EIB should **step up its reporting to Parliament** regarding its decisions, progress achieved and the impact of its lending activities, notably through regular structured dialogues.

Zero tolerance against fraud

Members took note of the new anti-fraud policy and underlined the importance of inclusive cooperation when developing key anti-fraud policy tools. They are concerned that the EIB's policy on anti-money laundering and combating the financing of terrorism fails to address major shortcomings, namely the inclusion of the requirements from the EU's fourth Anti-Money Laundering Directive, in particular publication of 'know your customer' checks before any project is approved. They also deplored the lack of improvement in transparency standards, namely making the granting of direct and indirect loans subject to publication by the beneficiaries of tax and accounting data of the beneficiaries and financial intermediaries involved in financing operations.

The EIB should be committed to strengthening its policy against tax fraud, tax evasion and tax avoidance, including by refraining from funding beneficiaries or financial intermediaries and from cooperating with financial partners with a proven negative track record.

The committee reiterated its call for the suspension of funding where local authorities have been notified and/or engaged in legal procedures against possible violations of the relevant legislation, at least until investigations and judicial processes at national level are concluded.

Lastly, Members welcomed the renewed tripartite agreement between the European Court of Auditors, the EIB and the Commission, which strengthens the court's auditing rights with regard to EU revenue and expenditure managed by the EIB, while paying due respect for existing data confidentiality provisions.