Financial Activities of the European Investment Bank - annual report 2021

2021/2203(INI) - 07/07/2022 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution by 484 votes to 52, with 41 abstentions, a resolution on the financial activities of the European Investment Bank – annual report 2021.

General remarks

Parliament 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.

Members stressed that Russia's military aggression against Ukraine has led to a serious humanitarian crisis and has had a profound impact on the economic and security situation in the Union and its neighbourhood, which should be reflected more widely in the EIB's investment and activity plans.

Parliament welcomed the EIB's approval, in response to Russia's invasion of Ukraine, of emergency measures in solidarity with Ukraine, including immediate financial support of **EUR 668 million to the Ukrainian authorities** through the acceleration of disbursements under existing loans and a commitment to accelerate disbursements of a further EUR 1.3 billion. It invited the EIB to develop action plans to **encourage EU direct investment in Ukraine**, including new economic and social projects such as schools, social housing and hospitals once the conflict has ended.

The EIB is asked to be very vigilant and to follow closely the new sanctions and measures decided by the Council. Members also expected the EIB to end the involvement of direct or indirect Russian partners in investment projects.

Parliament welcomed the EIB's support for more than **430 000 SMEs** employing 4.5 million people by 2021. However, it called on the EIB to provide additional growth capital to enable SMEs to expand their businesses. It welcomed the record EIB funding of EUR 20.7 billion to support innovation in 2021, including investment in digital transformation. It also welcomed the new policy document on cohesion activities, which commits the EIB to increase its lending so that by 2025, 45% of total lending in the EU-27 will be in cohesion policy regions and 23% in the least developed regions.

The resolution 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.

Parliament expects loans to **reduce the environmental impact of transport**, while improving the quality and affordability of the services provided, and expects no new loans to be granted that hinder transport decarbonisation or the transition towards more sustainable and affordable zero-emission mobility.

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, Members expect 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. They called on the EIB to increase its engagement in less developed countries and those experiencing conflict and extreme poverty.

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 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.

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.

Parliament 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.