The impact of the lending activities of the European Community in developing countries

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The European Parliament adopted the own-initiative report by Gabriele **ZIMMER** (GUE/NGL, DE) on the impact of the lending activities of the European Community in developing countries. (Please refer to the summary dated 07/07/2005).

Furthermore, the Parliament calls on the EIB :

- to adopt the key indicators defined by the Commission with regard to the MDGs and to integrate them into its Development Impact Assessment Framework;

- to set up an independent evaluation unit, responsible only to the Board of Directors, thereby meeting the standards set by multilateral development banks;

- to make greater use of the interest subsidy instrument provided for in the Cotonou Agreement in order to enable indebted developing countries to benefit from investment in the area of public services of general economic interest;

- to update its sectoral objectives in terms of its credit policy towards developing countries, particularly in the areas of energy, forestry, transport, water and waste management, and to take into account in its analyses of the reasons why private investors have withdrawn from these areas;

- to make sure that its lending in the ALA and ACP regions is accompanied by measures to improve the environmental sustainability of loans, inter alia through: the financing of projects in all of the four EIB “environment” categories including, in particular, projects for the protection of the natural environment; an assessment of all hydropower projects early in the project cycle against the guidelines of the WCD; in line with the MDGs, an increase in lending in the water sector from the current 3 % for ACP and 8 % for ALA countries to at least 20 % of its regional lending portfolio, particularly through lending to local companies for sustainable micro-projects; an increase in lending for renewable energy projects in the ACP and ALA regions reflecting the global commitment of the EIB to reach 15 % of lending to renewables of the total energy portfolio by 2006 and 50 % by 2010;

- to step up significantly its commitment to "micro lending" and, at the same time, to provide particular support for aid aimed at helping women set up in business;

- to take effective measures against corruption and money laundering and, as part of a comprehensive anti-corruption policy, to commit itself to supporting contracts resulting from an open and transparent negotiating process that oblige the EIB's clients in developing countries to demonstrate that they have internal revision systems capable of identifying bribery and corruption; further asks the EIB to investigate and to pass on to the relevant authorities all accusations of corruption and to impose appropriate sanctions on those found guilty.

In addition, Parliament recommends that the Commission and the EIB propose to the Council and Parliament a new integrated approach and organisation for the programming and delivery of EU external assistance, within the framework of the preparation of the future financial perspectives of the EU and of the next generation of EIB external mandates. This proposal should allow an optimal exploitation of potential synergies between the human and financial resources of the Commission, the EIB and bilateral

development agencies, and aim at reinforcing the overall effectiveness, coherence, transparency and visibility of EU external assistance, notably for the achievement of the MDGs.

The Member States, as the Bank's shareholders, are called upon to provide the EIB with a development policy mandate appropriate to attaining the MDGs for the ALA region and to distance themselves from the priority hitherto awarded to external economic aid. Whereas the Council is called upon to increase the level of funding for EIB activities in the ALA region and expects the EIB to give priority to economically weaker countries in its commitments to that region.

The Commission is called upon to support increased EIB lending for environmental projects in the ALA and ACP regions through the granting of interest subsidies of 3 %, as is successfully practised in the MEDA Framework, and through the granting of interest subsidies of 5 % for new renewable sources of energy projects.

Lastly, Parliament calls on the Commission to produce a study before the end of 2005 on the financial, political and legal opportunities for strengthening the development mandate and lending operations of the EIB through the setting up of a separate loan facility, as a specific entity within the EIB Group, with due attention being paid to the need to maintain the AAA credit rating of the EIB Group.