Basic information

2018/2161(INI) INI - Own-initiative procedure	Procedure completed
Annual report on the financial activities of the European Investment Bank **Subject** 8.40.07 European Investment Bank (EIB)	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	KAPPEL Barbara (ENF)	31/05/2018
	Shadow rapporteur LANGEN Werner (PPE) LOONES Sander (ECR) CORNILLET Thierry (ALDE) PAPADIMOULIS Dimitrios (GUE/NGL) EICKHOUT Bas (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
INTA International Trade	LOONES Sander (ECR)	16/05/2018
BUDG Budgets (Associated committee)	GARDIAZABAL RUBIAL Eider (S&D)	16/05/2018

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
05/07/2018	Committee referral announced in Parliament		
05/07/2018	Referral to associated committees announced in Parliament		
20/11/2018	Vote in committee		

29/11/2018	Committee report tabled for plenary	A8-0415/2018	Summary
16/01/2019	Debate in Parliament		
17/01/2019	Decision by Parliament	T8-0043/2019	Summary
17/01/2019	Results of vote in Parliament		
17/01/2019	End of procedure in Parliament		

Technical information	
Procedure reference	2018/2161(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/13899

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE627.759	12/09/2018	
Amendments tabled in committee		PE628.693	12/10/2018	
Committee opinion	INTA	PE625.387	15/10/2018	
Committee opinion	BUDG	PE625.423	06/11/2018	
Committee report tabled for plenary, single reading		A8-0415/2018	29/11/2018	Summary
Text adopted by Parliament, single reading		T8-0043/2019	17/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2019)355	28/05/2019	

Annual report on the financial activities of the European Investment Bank

2018/2161(INI) - 29/11/2018 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the report by Barbara KAPPEL (ENF, AT) on the Annual Report on the financial activities of the European Investment Bank.

Members congratulated the EIB on **60 years of successful operations**, during which it has invested **EUR 1.1 trillion** and financed **11 800 projects** in **160 countries** as the world's biggest multilateral borrower and lender.

They highlighted the opportunities for the EIB to shape markets in line with EU policy objectives and recognised the EIB's capability to **invest countercyclically** in order to address **underdevelopment and recession** resulting from the financial crisis and difficulties in accessing finance for SMEs and innovative projects.

They underlined the important role played by the EIB as the EU's bank, being **the only international financial institution that is entirely owned by EU Member States** and is fully guided by **EU policies and standards**.

Members called for the strengthening of the EIB's advisory activities and for it, together with the Commission, the Member States and national official promotional financial institutions, to address the systemic shortcomings that prevent certain regions or countries from taking full advantage of the EIB's financial activities.

General remarks

The committee welcomed the steps the EIB has taken to better measure the impact of its investments rather than only providing data on quantitative volumes of financing.

It urged the EIB to:

- pay extra attention to the **risk of crowding out private investment** now that economic conditions are normalising after the financial crisis;
- further invest in Member States in order to contribute to their **economic recovery,** particularly in the **innovation and infrastructure sectors**, where the investment gap is particularly severe.

Given that almost a third of EIB funding is dollar-denominated, exposing it to potential US sanctions, Members asked the EIB to start progressively reducing its funding in dollars.

Noting the possibility of **ECB supervision of its lending operations**, Members warned of the potentially major impact that could have on the EIB's nature, operation and governance.

Environment and sustainability

Members welcomed:

- the fact that in 2017 the EIB lent EUR 16.6 billion for projects supporting its **environment policy goals** and committed to climate loans more than 25 % of total lending across all its public policy areas, exceeding its initial commitment by 3.2 %;
- the EIB's first issuance of **Sustainability Awareness Bonds**, amounting to EUR 500 million, which will be dedicated to high-impact projects in support of the UN Sustainable Development Goals while ensuring the confidence of socially responsible investors through rigorous transparency and market standards;
- the fact that the EIB achieved its 25 % climate-relevant financing objective;

- the creation of the **Smart Finance for Smart Buildings initiative**, the aim of which is to make investments in energy efficiency projects in residential buildings more attractive to private investors through the intelligent use of EU grants as a guarantee;
- the fact that the EIB has recently started to invest in **social housing**.

The committee called on the EIB to:

- maintain loans supporting European energy policy objectives;
- further enforce projects connected with **climate change and environmental protection,** given that the EU is a signatory of the Paris Agreement and recalling the EU's commitment to reduce its emissions by at least 40 % by 2030;
- work with **small market participants and community cooperatives** in order to undertake **bundling of small-scale renewable energy projects**, thus enabling them to be eligible for EIB funding.

SMEs and mid-caps

The Committee urged the EIB to support smaller companies with smaller loans, in order to have a **bigger impact on a broader cross-section of the European economy**.

Accountability, transparency and communication

Members urged the EIB to:

- reflect on the reforms needed to ensure **democratisation of its governance, increased transparency and sustainability of its operations**;
- maintain **cost discipline**, to keep its management structure lean and efficient, and to ensure it does not evolve towards a top-heavy management structure;
- take all necessary measures based on lessons learned from the EFSI experience, and to maximise the results of the forthcoming **InvestEU programme**, paying particular attention to regional and social inequalities and to the Member States hardest hit by the economic crisis;
- continue strengthening its work with national promotional banks and institutions to ensure **outreach** and **further develop advisory activities and technical assistance** so as to support a **geographical balance in the long term**.

Members underlined the need to accelerate the work on building a **Capital Markets Union**, thus enabling the EIB to focus on filling the gaps where there are **market failures** and to provide financing for **high-risk projects**.

Lending outside the EU

Members stressed the importance of developing **economic resilience** in host and transit countries by supporting the **creation of jobs** and **construction of infrastructure** needed for the local population, as well as the displaced population.

They recalled that the EIB's activities must **reflect the EU's internal and external policies** and urged it to invest significantly in the **environmental transition** in the Eastern Neighbourhood countries. They also called for **funding to be divested** from projects posing serious risks to the environment and natural resources.

Tax Compliance

Members welcomed the progress that the EIB has made in adopting the highest standards with a view to preventing **tax fraud, tax evasion, money laundering and terrorist financing**, as well as tax avoidance and aggressive tax planning, by fully applying EU policies and standards. They called on the EIB to end cooperation with intermediaries, countries and jurisdictions that are on the EU's **list of non-cooperative jurisdictions for tax purposes**.

Brexit

Members urged the Brexit negotiators to agree on a deal regarding the gradual phasing-out of the UK from the EIB portfolio built up with UK participation, the reimbursement of the UK's paid-in capital, and continuation of the protections extended to the EIB and its assets in the UK. They also stressed that the **AAA-rating of the EIB** must not be affected by the withdrawal of the UK from the EU.

Annual report on the financial activities of the European Investment Bank

2018/2161(INI) - 17/01/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 316 votes to 118, with 82 abstentions, a resolution on the Annual Report on the financial activities of the European Investment Bank.

Members congratulated the EIB on 60 years of successful operations, during which it has invested EUR 1.1 trillion and financed 11 800 projects in 160 countries as the world's biggest multilateral borrower and lender.

They highlighted the opportunities for the EIB to shape markets in line with EU policy objectives and recognised the EIB's capability to invest counter cyclically in order to address underdevelopment and recession resulting from the financial crisis and difficulties in accessing finance for SMEs and innovative projects.

700 000 SMEs are set to benefit from improved access to finance. According to estimates, the EFSI operations have already supported more than 750 000 jobs, a figure set to rise to 1.4 million by 2020, and that the Juncker Plan has already increased EU GDP by 0.6 % and is set to increase it by a further 1.3 % by 2020.

Parliament called for the strengthening of the EIB's advisory activities and for it, together with the Commission, the Member States and national official promotional financial institutions, to address the systemic shortcomings that prevent certain regions or countries from taking full advantage of the EIB's financial activities.

Continue investments

Given the positive role played by the EIB in reducing the investment deficit, Parliament called on the EIB to invest more in Member States in order to contribute to the recovery of their economies, particularly in the innovation and infrastructure sectors, where the investment deficit is particularly high. Particular attention should be paid to the risk of crowding out private investment now that economic conditions are normalising.

Noting that almost a third of EIB funding is dollar-denominated, exposing it to potential US sanctions, Members asked the EIB to start progressively reducing its funding in dollars.

Environment and sustainability

Parliament welcomed the fact that in 2017 the EIB lent EUR 16.6 billion for projects supporting its environment policy goals and committed to climate loans more than 25 % of total lending across all its public policy areas, exceeding its initial commitment by 3.2 %. Members also welcomed:

- the EIB's first issuance of Sustainability Awareness Bonds, amounting to EUR 500 million, which will be dedicated to high-impact projects in support of the UN Sustainable Development Goals while ensuring the confidence of socially responsible investors through rigorous transparency and market standards;

- the creation of the Smart Finance for Smart Buildings initiative, the aim of which is to make investments in energy efficiency projects in residential buildings more attractive to private investors through the intelligent use of EU grants as a guarantee;

- the fact that the EIB has recently started to invest in social housing.

The EIB was called on to:

- maintain loans supporting European energy policy objectives;

- further enforce projects connected with climate change and environmental protection, given that the EU is a signatory of the Paris Agreement and recalling the EU's commitment to reduce its emissions by at least 40 % by 2030;

- work with small market participants and community cooperatives in order to undertake bundling of small-scale renewable energy projects, thus enabling them to be eligible for EIB funding.

Lending outside the EU

Members believe that the EIB should to continue to play a leading role in setting up future EU financing mechanisms for third countries and maintain its existing foreign policy activities, including through instruments such as third country lending mandates.

They recalled that the EIB's activities must reflect the EU's internal and external policies and urged it to invest significantly in the environmental transition in the Eastern Neighbourhood countries. They also called for funding to be divested from projects posing serious risks to the environment and natural resources.

The EIB should greatly strengthen the arrangements for providing technical assistance and financial expertise to local and regional authorities before project approval, in order to improve accessibility and involve all Member States, especially those with a lower success rate in terms of projects approved.

Tax Compliance

Parliament welcomed the progress that the EIB has made in adopting the highest standards with a view to preventing tax fraud, tax evasion, money laundering and terrorist financing, as well as tax avoidance and aggressive tax planning, by fully applying EU policies and standards. It called on the EIB to end cooperation with intermediaries, countries and jurisdictions that are on the EU's list of non-cooperative jurisdictions for tax purposes.

Brexit

Members urged the Brexit negotiators to agree on a deal regarding the gradual phasing-out of the UK from the EIB portfolio built up with UK participation, the reimbursement of the UK's paid-in capital, and continuation of the protections extended to the EIB and its assets in the UK. They also stressed that the AAA-rating of the EIB must not be affected by the withdrawal of the UK from the EU.

Transparency

Parliament invited the EIB and its stakeholders (i) to reflect on the reforms needed to ensure the democratisation of its governance, increased transparency and sustainability of its operations; (ii) to intensify its communication efforts. It considered it essential to engage in a dialogue with EU citizens in order to better explain the purpose of its policies.