

European Parliament Resolution on the EIB Annual Report for 1999 (15 February 2001)

Caption: European Parliament Resolution of 15 February 2001 on the European Investment Bank (EIB) Annual Report for 1999. For the first time, a report is drawn up by the European Parliament on the activity of the EIB.

Source: EUROPARL – Archives – Texts adopted – Sitting of 15 February 2001. Action taken on EIB annual report.

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<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P5-TA-2001-0093+0+DOC+XML+V0//EN>.

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http://www.cvce.eu/obj/european_parliament_resolution_on_the_eib_annual_report_for_1999_15_february_2001-en-9ff3fe6d-38b3-4752-b69d-1b0b8d1d2c7b.html

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European Parliament resolution on action taken on the EIB annual report (2000/2173(INI))

The European Parliament,

- having regard to Articles 266 and 267 of the Treaty establishing the European Investment Bank and the Protocol on the Statute of the Bank annexed to the Treaty,
- having regard to the European Investment Bank's 42nd Annual Report (1999),
- having regard to the reports of the EIB's own Operations Evaluation department,
- having regard to the own-initiative opinion of the Economic and Social Committee on the role of the EIB in European regional policy (CES 1001-2000),
- having regard to the conclusions of the Dublin (1998), Cologne (1999), Helsinki (1999) and Lisbon (2000) European Councils,
- having regard to its resolution of 18 May 2000 on the Commission's recommendation for the broad guidelines of the economic policies of the Member States and the Community (drawn up pursuant to Article 99(2) of the Treaty establishing the European Community) (COM(2000) 214 - C5-0218/2000 - 2000/2119(COS))⁽¹⁾,
- having regard to its resolution of 3 October 2000 on the Commission communication "Risk capital: Implementation of the action plan - Proposals for moving forward" (COM(1999) 493 - C5-0320/1999 - 1999/2208(COS))⁽²⁾,
- having regard to its resolution of 26 October 2000 on the communication from the Commission to the Council and the European Parliament on EU policies and measures to reduce greenhouse gas emissions: Towards a European Climate Change Programme (ECCP) (COM(2000) 88 - C5-0192/2000 - 2000/2103(COS))⁽³⁾,
- having regard to the speech by Mr Maystadt, President of the EIB, to the Committee on Budgetary Control on 10 July 2000,
- having regard to Rule 163 of its Rules of Procedure,
- having regard to the report of the Committee on Economic and Monetary Affairs (**A5-0023/2001**),

A. whereas the EIB was set up by the Treaty establishing the European Communities as their primary financing institution for achieving their objectives, and whereas this function has been strengthened by the European Union,

B. whereas the EIB's contribution to the objectives of the Union was reaffirmed by the Helsinki, Berlin and Cologne (1999) European Councils, and also by the Lisbon (2000) European Council,

C. whereas outstanding loans against own resources and guarantees stood at EUR 179.1 billion in 1999,

D. whereas loans granted in 1999 showed an 8% increase over the previous year, amounting to EUR 31.8 bn, of which EUR 27.8 bn (87%) was accounted for by EU countries, EUR 2.4 bn by the candidate countries (including Cyprus, but excluding Turkey), EUR 0.8 bn by Euro-Mediterranean Partnership countries (excluding Cyprus), EUR 0.3 bn by ACP countries, EUR 0.46 bn by other Third World countries and EUR 0.06 bn by the Balkans, i.e. 120 countries in total,

E. whereas activities outside the Union are mainly those commissioned by the Union and the Member States; whereas they are concerned essentially with incorporating the *acquis communautaire* in the candidate countries through renewing the pre-accession facility, support for, and development and privatisation of, industry and greater support for the local banking sector,

F. whereas the EIB's main activities are within the European Union; whereas the bank plays a major role in the development and financing of a European investment policy,

G. whereas within the European Union and the candidate countries it has to ensure compliance with the *acquis communautaire*, while acting primarily on its own initiative, using its own resources or funds raised on the market,

H. whereas in other countries it acts under mandate from the Commission and manages funds from the European Union budget or guaranteed by the European Union,

I. whereas, in respect of its non-mandate activities, it essentially enjoys the advantage on the capital markets of an AAA rating and the guarantees that the European Union is able to provide,

J. whereas, moreover (but only in the case of environmental investments in the Euro-Mediterranean Partnership), the European Union grants a 3% interest subsidy,

K. whereas in January 1999 the EIB Board of Directors adopted a Corporate Operational Plan (COP) covering the period 1999-2000; whereas the COP lays down three 'top priorities' (promoting regional development and Union

cohesion, human capital (health and education) and venture capital finance for SMEs) and two 'high priorities' (trans-European networks and the environment and close links with the banking sector),

L. whereas the Corporate Operational Plan provides that financing decisions must be based on three 'pillars' (consistency between each operation and the Union's priority objectives, the quality and soundness of the investment concerned and the particular financial benefits obtained by the use of EIB funds),

M. whereas the European Union has set itself the goal of becoming the most competitive and dynamic knowledge-based economy in the world, and whereas that goal entails substantial public and private as well as technical, human and environmental investment; whereas the European Parliament has also stressed the particular importance of financing risk capital and SMEs from the EIB's own funds,

N. whereas the European Union has also set targets for reducing greenhouse gas emissions which will become binding within eight years; whereas Parliament has already predicted that, as things stand at present, those targets are unlikely to be met, owing to the current rate of growth and the impact of that growth on CO₂ emissions,

O. whereas EIB activity constitutes the primary means available to the European Union for making investments, inter alia in the three areas indicated,

P. whereas the EIB's important position within the Union's institutional framework, the volume of lending that it manages (some of it derived from the Union's budget), the impact of its activities with regard to economic, regional and social cohesion and the environment, justify close monitoring by the Union's institutions in particular by the European Court of Auditors and OLAF, and by civil society,

Q. whereas the EIB emphasises that its status as a financial institution makes it subject to the banking sector's traditional methods of internal and external scrutiny, and in particular its Audit Committee; whereas, of course, when it mobilises Community resources (loans under mandate and subsidised loans) it is also subject to scrutiny by the Court of Auditors; whereas its President nonetheless indicated by letter to Parliament, the Council and the Commission, in November 1999, his willingness to cooperate with OLAF; whereas a judgment of the European Court of Justice is pending, which will determine precisely how much EIB activity must fall within the remit of OLAF,

R. whereas the NGOs making up the CEE Bankwatch Network are alarmed by the lack of transparency in the justifications for the projects supported by the EIB and the lack of public debate concerning their evaluation, both in advance and after the event, and consider that the EIB lacks the will and the staff to evaluate the economic, environmental and social impact of its projects; whereas this last criticism has been confirmed by the recent publication of the initial reports by the EIB's Operations Evaluation department (responsible for carrying out ex-post evaluations), which stress that most of the projects examined lack advance impact assessments and justifications, and even more projects lack ex-post evaluations of the results obtained; whereas, when such evaluation is possible, it all too often reveals that the projects carried out have had no positive impact; whereas consistency with the Union's priority objectives is rarely included explicitly in justifications; whereas many of the projects supported by the EIB would easily have found other sources of funding; whereas, all in all, the 'three pillars' of the COP are hardly complied with,

S. whereas the EIB's activities are aimed at having a positive effect on the EU's objectives for growth and employment as part of the Luxembourg process; noting that few data are available for a thorough evaluation of such effects to enable conclusions to be drawn in respect of future policy; wondering therefore whether there is sufficient expertise present in the Board of Governors, the Board of Directors, the Management Committee and the other management levels of the Bank with regard to the effectiveness of employment policy,

T. whereas the same concerns are even more marked in the case of EIF global loans and investments, which are spread across tens of thousands of small projects, the EIB's response to which is that it is the responsibility of the banks and investment funds to report to it whether projects financed are consistent with the Union's objectives,

1. Congratulates the EIB on its increasingly tangible contribution to the efforts of the European Union to achieve growth, full employment, inter-regional and social cohesion, which now extends to cover the candidate countries;

2. Welcomes the setting up of the Balkan Task Force in June 1999; suggests that the EIB negotiates, with each candidate country and with the Balkan countries, a strategic investment plan designed to incorporate subsequent projects within an overall medium-term perspective, taking into account the reciprocal commitments between the European Union and the country concerned;

3. Expresses its warm approval of the 1999-2000 plan and of its three priorities and pillars; believes that the EIB can assign a higher priority to the environmental objectives defined in the Kyoto Treaty;

4. Calls on the EIB to carry out more in-depth research into the actual contribution by EU and EIB investments to regional and environmental development:

5. Calls on the EIB to assign priority to the financing of trans-European networks, which are an essential infrastructure element in developing a market economy based on social cohesion; calls on the EIB to invest more in the renewable energy sector and to make avoidance of CO₂ emissions a major factor in the choice of programmes to support;

6. Calls on the Member States and the associated States to take account of the Union's objectives right from the start and to involve the EIB from the earliest stages; calls on the Commission and the Council swiftly to extend the

mechanism for subsidising interest rates that the EIB enjoys (to apply to all the candidate countries initially, and then to the European Union) to all transport projects (in particular transport by rail and water) and renewable energy production projects where these are likely to further compliance with the Kyoto undertakings; suggests that the EIB and the Commission, together with the ECB, explore ways of refinancing the investments made necessary by the Kyoto criteria at exceptionally low rates;

7. Calls for more coordination with the EBRD on projects in accession countries and in other Eastern European countries in order to harmonise assessment procedures, environmental impact criteria and social policies;

8. Calls on the EIB to concentrate its support for employment and new technology in the form of funding for infrastructure (information highways) and for the training of human capital;

9. Calls on the EIB to ensure that adequate risk capital is available for SMEs in all sectors which have problems attracting risk capital via the stock exchange.

10. Calls on the EIB and the EIF to focus attention on the social economy sector and on the investments necessary to develop 'local services' which, given an increasing demand for third-party services for caring and domestic activities, are of considerable importance for an optimal degree of participation in the labour market;

11. Takes the view that the Community resources at the disposal of the EIB should be scrutinised by the Court of Auditors for effectiveness and lawfulness of expenditure; calls on the EIB, the Commission and the Court of Auditors to cooperate closely where Community funding is involved; believes that, as a bank, the EIB should be subject to proper prudential banking supervision, and subject to the same prudential rules as commercial banks; welcomes the willingness of the President of the EIB to cooperate with OLAF;

12. Welcomes the move towards disclosure of information announced by the EIB; congratulates the EIB on the publication of the reports by its Operations Evaluation department and calls on it to make them available on its web site; calls on the EIB to be guided by the best practice followed by international financial institutions (the World Bank, the EBRD) in their relations with non-governmental organisations and the social partners upstream and downstream of the projects that they finance, and to involve them in the public debate about decisions regarding technical options and in the medium-term evaluation of the results achieved;

13. Calls on the EIB to strengthen its project evaluation staff and to establish in its structure a department responsible for environmental impact screening and assessment of projects during the course of their appraisal and during their implementation in order to ensure enforcement of local legislation and to foster the benefits for the environment;

14. Acknowledges that the reform of the links between the EIB and the EIF can only serve to increase the flexibility of the EIF and its scope for initiative; calls on the EIB and the EIF, however, to tighten their control over the use of global loans and of their own funds invested, so as to improve their evaluation of the consistency thereof with the 'priorities' and 'pillars' of the COP; suggests, to that end, that they make use of the methods of delegated certification and evaluation;

15. Recommends that the EIB create capacity within its supervisory and management structures for more expertise and more input from the point of view of the labour market and employment policy, firstly by requesting Member States to take these aspects into account when filling vacancies and, secondly, by actively seeking advice from the two sides of industry and civil society;

16. Calls on the EIB as an institution of the European Union and supporter of Community policies as well as on the Member States to appoint and employ women and men in equal numbers in all EIB bodies and staff departments;

17. Regrets that the great majority of the information on the EIB's website is available only in English and French; draws attention to the fact that not all potential clients, particularly those active in small and medium-sized enterprises, can master those languages; calls on the EIB to rectify this situation and to make all information on the website available in all official languages of the European Union;

18. Instructs its President to forward this resolution to the EIB, the Council, the Commission and the parliaments of the Member States.

(1) Texts Adopted, Item 3.

(2) Texts Adopted, Item 9.

(3) Texts Adopted, Item 11.