Counter Balance
Challenging the European Investment Bank

Counter Balance
Rue d'Edimbourg 26
1050 Brussels
Belgium

T: +32(0)2 893 08 61
T: +32(0)2 893 10 35
Email :info@counterbalance-eib.org
counterbalance-eib.org

6 September 2013

Briefing on the External Lending Mandate of the EIB

The Commission proposal for a new European Investment Bank (EIB) mandate to lend outside the European Union contains several improvements compared to the previous version and includes various points that were raised by NGOs in the past. However, it leaves many concrete aspects to further decisions and allows a broad interpretation of important obligations.

Counter Balance is pleased to see an increased emphasis on development objectives, promotion of human rights and environmental sustainability and improved EIB due diligence and monitoring processes in this proposal. Thus while the recognition of the above is very welcome, there is no sufficient indication of how the EIB will concretely apply these obligations in practice. With that in mind, we urge the European Parliament to press further in concretising this proposal and tying EIB lending as concretely as possible to legally enforceable criteria.

We also have major concern about some of the sectors invoked to justify increased EIB lending, notably energy, climate change and global loans, and ask the EP to secure major changes in the institutional culture and practice of the EIB before empowering it to extend its lending capacities. Indeed, we suggest that the scope and extent of lending operations outside the EU with the Community guarantee be progressively reduced and become more selective according to few and clear priorities, until such time as the EIB can demonstrate consistent fulfilment of its development obligations. Therefore, we further urge the Parliament to step up its position in ensuring the EIB delivers on its responsibilities.

1. Ensuring the coherence of the ELM with EU development objectives

The external lending mandate of the bank should focus on ensuring the achievement of the objectives set out in the Article 21 of the Lisbon treaty, support the cross-cutting EU development and human rights objectives and ensure positive development impacts on the ground. The European Parliament has been already quite active in trying to make the EIB lending outside the Union fully consistent with EU Development assistance framework and based on the implementation of key **aid effectiveness priorities**, including the recipient country ownership, alignment to recipient country developing strategies, as well as transparency requirements.

However the main concern regarding EIB lending outside of the EU remains the operationalization on the ground of the provisions set out in the ELM. In this regard, building a **juridical mechanism of assessment of compliance with Article 21 of the TEU** would be of prime importance to move the EIB to create and implement effective due diligence procedures in the screening of operations supported by the Bank with regard to their potential impact on human rights, poverty eradication and environment – as well as to improve the liability of EIB management concerning compliance with EU law. Following the reporting from the EIB, the Commission shall produce an annual review for the Parliament based on this information, including an evaluation regarding the EIB's compliance with EU objectives and obligations.

In order to apply the above mentioned principles, the EIB should ensure a greater **alignment with host countries national development plans and EC country strategies**. The EIB should follow the EC strategic programming documents objectives, priorities and expected results while planning investments in specific countries. This would be done through developing **Regional Operational Technical Guidelines**, which aim