



COUNTER BALANCE **LONG TERM VISION**

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OUR MISSION

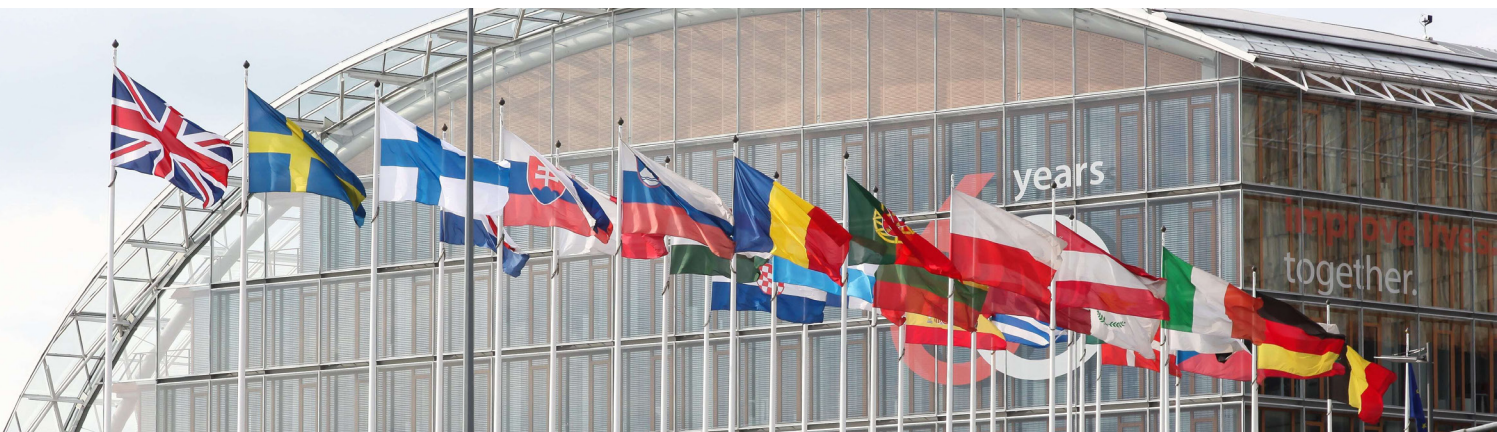
Counter Balance's mission is to make European public finance a key driver of a fair and just transformation into socially and environmentally sustainable and equitable societies where the economy works for all (human and non-human alike) rather than for the few.

We do this by holding EU public financial institutions to account to their public mission, challenging harmful decisions, policies and projects, and promoting alternatives.

KEY PRINCIPLES FOR PUBLIC FINANCE

We see a fundamental role for public finance in steering a positive, people-led structural transformation of our societies towards sustainable living, in a clean environment, respecting nature and other beings, where social equality, human rights and democratic processes and decision-making are strong and respected. We believe democracy goes beyond the technical prerequisites that in theory give a particular structure the label of 'democracy'. This means a comprehensive democracy in all aspects, based on citizens' participation, democratic institutions and continuous accountability to citizens.

However for public finance to be able to play a decisive role in this transformation it needs to be grounded on key principles.



ACCOUNTABILITY

Public finance shall be publicly accountable. It means it shall act transparently in favour of a democratically determined public interest - for the whole society. Then, public finance needs to be accountable vis-a-vis its overall mission and the social and developmental benefits on which investments were initially premised by reporting back on benefits delivered.

It is crucial to emphasize that public finance needs to work in the public interest and not focus primarily on furthering private interests - assuming that promoting the private sector shall not be a starting point to fulfill a public mission.

The organs responsible for managing public finances shall admit failures, provide a remedy in case of damages, harm and losses incurred following their operations and learn from mistakes. Public finance shall be guided by environmental, social and transparency safeguards subject to constant review and improvements.

An institution managing public finance must be accountable to citizens, their associations, communities, other democratic representative institutions and finally to persons affected by its operations. Governing bodies of public finance institutions shall be liable for all their operations.

TRANSPARENCY

Public finance shall be governed by a principle of transparency. Transparency and access to information are prerequisites for meaningful public participation, openness and good governance.

In principle all documents held by a public institution shall be publicly available, both at project level for all its operations (direct, indirect or via intermediaries) and at governing bodies level (including minutes from the sittings of its governing bodies).

A public financial institution shall strive to proactively make information available in the public domain and provide thorough justification about its decisions.

Finally, persons impacted by its operations shall be informed about the involvement of public finance as early as possible in the project cycle and about the opportunities to seek redress through accountability mechanisms.

PUBLIC PARTICIPATION

Public participation processes shall be included prominently in the activities of public financial institutions both at the institution's decision-making and project level.

Public participation shall be inclusive, meaningful and safe for participants. It shall empower the public to genuinely affect the outcome of a process - including the option of not supporting a given project or considering true alternatives to a project. Effective participation promotes equity and values parity of esteem between partners.

Public participation, transparency and accountability are a source of good governance, sustainable development and lower risks for public funds to fuel corruption.

PUBLIC MISSION AND PEOPLE OVER PROFIT

The public financial institutions should neither have a profit-seeking motive and aim to produce profits for themselves, nor give dividends to those public administrations that own them.

Focusing on transformative projects benefiting to the common good rather than financing business as usual and extraction of profits for clients is a prerequisite. A public bank shall not act as a commercial bank and enhance lending to already bankable and highly profitable entities and projects.

On the contrary, public banks should focus their efforts on financing projects with high added value in terms of addressing social justice, inequalities and poverty reduction for instance – projects that could otherwise be considered as too risky by commercial banks and the financial markets.

It is also crucial for public finance not to contribute to the further financialisation of our economies.

S U B S I D I A R I T Y

Public finance shall support citizens-led innovations and initiatives. Through its interactions and support to clients it shall undertake concrete actions on safeguarding the environment, social equality, human rights - including workers and women's rights - and democratic processes.

European public finance shall be used as a platform for exchange of ideas and knowledge across Europe - including at local and regional level. Public finance shall steer ecological transition, reduce inequalities between citizens and territories and support the delivery of publicly funded and delivered social services of a high standard – especially in less developed regions and countries. To do that, democratic decision-making should lead to decisions being taken at the most appropriate level in order to avoid top-down investment plans ignoring local realities.





THE SPECIFIC ROLE OF EUROPEAN PUBLIC FINANCE

The EU dimension matters because political dynamics at EU level can play a positive role, for example bringing European countries together to face common challenges such as climate change or fighting exclusionary and repressive forms of nationalism. An international - or European - reconfiguration of the global economic architecture could support structural transformations impossible at the level of one individual state.

The European Union – and supra-national institutions - holds the potential to open space for democracy, encourage public participation, participatory budgeting, and to allow citizens and civil society to decisively participate in decision-making processes. The EU can also take concrete actions on safeguarding the environment, social equality, human rights including workers and women's rights and the rights of repressed minorities. Growing inequality could be targeted by promoting cross-border projects and essential public services in most deprived areas. Finally, we believe there is space for the EU and its financial institutions to play a normative role at international level and promote internationally the values and principles of EU External Action and standards which are supposed to be implemented within the EU.

But to secure balance and justice in our societies, the EU needs to put people before capital. At the moment, political dynamics at European level are such that the EU is rather working counter to the principles outlined in the previous section. For example, the European Investment Bank (EIB) is currently not structured to drive the fundamental changes detailed above, and rather acts as a block to a fundamental change in society. This is the case when the bank too often funds simply what finance ministries want it to, therefore ending up furthering policies that do not support the transformation changes outlined above in its countries of operation.

Among key problems confronted by the EU and its institutions are corporate influence, concentration of power and a predominant extractivist mindset leading economic, financial and political elites to resist giving more power of influence to the citizens and becoming more accountable to the public at large. The frontier between what the public and private spheres and interests are is becoming more and more blurred. This leads European institutions to promote, inter alia, policies and trade agreements favouring the financialisation of our economy, primary material flows and continued reliance on centralized energy production, distribution and use.

Therefore, we need EU public finance to really make a difference in countering a market logic driving inequality and straitjacketing our economies, politics and societies. Making a difference means here becoming a key tool for the structural transformation of economic systems and territories. EU public finance holds a genuine redistribution potential, able to steer ecological transition, reduce inequalities between citizens and territories, support social services – especially in less developed regions and countries, counter the financialisation of the economy and finance people-led and decentralized initiatives.

Counter Balance joins with the many social movements who oppose the current trajectory of society which is towards increased inequality, increased environmental destruction, increased discrimination and increasingly undemocratic decision making. We want the EU financial institutions - and related investment initiatives - to play a key role in building a different society, one grounded in environmental and social justice. For that, financial institutions – like the European Investment Bank – need to adhere to the principles mentioned above: public accountability, transparency, public participation, not-for-profit and subsidiarity. And new mechanisms are needed to make this happen and ensure this adherence. Indeed, a different set of priorities and business model for EU public finance - and the EIB - are needed.

A more democratic decision-making process is necessary for investment decisions to be taken at the appropriate level. This includes the possibility of a more decentralized model with smaller vehicles operating at local, regional and state level to finance economic transformation.

Revamped institutions should be easier to control and apply outstanding ethical principles, while privileging quality over quantity of investments with proper safeguards and conditions put on the use of public money.

More oversight is needed from citizens, their democratically-elected representatives (such as national parliaments and the European Parliament) and institutions like the European Court of Auditors. Decision making processes should be transparent and democratically controlled not to reproduce the current power structure.