



REPORT

/ ROUNDTABLE /

EUROPEAN INVESTMENT BANK

STATE OF PLAY AND FUTURE CHALLENGES

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SUMMARY

This summary report of this roundtable is provided by the organizer Counter Balance. The opinions expressed in this report are those of the authors and do not necessarily reflect the views of all participants in the roundtable.

On March 3rd, 2020, 65 participants joined the roundtable on the State of Play and Future Challenges for the European Investment Bank (EIB). This interactive event gathered both officials from European Institutions, the EIB and Ministries as well as members of civil society (NGOs, trade unions and think tanks) who discussed numerous topics including:

- >>> The future role of the EIB under the next EU budget 2021-2027;
- >>> The transformation of the EIB into the 'EU Climate Bank' and its pivotal role in the European Green Deal;
- >>> The plans for the EIB to set up a subsidiary for its operations outside of the EU as part of the broader discussion on the future of the European development finance architecture;
- >>> Lessons learnt from civil society campaigns on the EIB;
- >>> Avenues for reforms to enhance the transparency, accountability and sustainability of the EIB.



From the inputs from speakers and discussions with participants, it emerged that a lot of developments took place on the EIB front since a decade. In particular, the counter-cyclical role of the EIB following the financial crisis was highlighted, as well as the enhanced role of the EIB following its capital increase and its role in the Juncker Plan since 2015.

On the one hand, many participants highlighted the progress made on the EIB front to better engage with civil society and raise its accountability towards the European Parliament for instance. A case in point relates to the forward-looking energy policy approved by the bank in November 2019 together with ambitious climate commitments such as aligning all its operations with the objectives of the Paris Agreement by the end of 2020.

On the other hand, there is still room for improvements to enhance the positive role played by the EIB. Participants highlighted the need for the EIB to deliver soon on its climate commitments, as well as to raise the bar on the protection of Human Rights, the fight against fraud and corruption and a more pro-active stance on transparency.

SPEAKER BIOGRAPHIES

MIKOLAJ DOWGIELEWICZ // is Director General and Permanent Representative of the EIB Group to EU Institutions in Brussels since 2015.

He graduated in law and politics from the University of Hull and in Advanced European Studies from the College of Europe.

From 1998 to 2000, he worked in the Cabinet of the Minister of Foreign Affairs, Bronisław Geremek. In 2003, he began to work in Brussels as an adviser on enlargement to Pat Cox, President of the European Parliament. In 2004, he became European Commission spokesman for Institutional Relations and Communication Strategy and in 2007 entered the Cabinet of the Vice-President of the European Commission, Margot Wallström.

Between 2007 and 2012, he chaired the Polish Government's Committee for European Affairs. While in government, Mikolaj Dowgielewicz represented Poland on the EU General Affairs Council, which he chaired in the second half of 2011 during the Polish Presidency of the Council. In March 2012, he was unanimously elected Vice-Governor of the Council of Europe Development Bank (CEB) by the Bank's 40 Member States.

KERSTIN JORNA // is a German national and a civil servant at the European Commission where she has held various positions, amongst others as Head of Cabinet of several Commissioners and different Director posts in the areas of Intellectual Property, Innovation and Standards, Single Market Policy, Regulation and Implementation.

Since December 2016 she is Deputy Director General in the Economic and Financial Affairs general directorate. Her areas of responsibility include, amongst others, macroeconomic surveillance of EU Member States, structural reforms, finance matters including the European Investment Plan and coordination with international financial institutions.

Mrs. Jorna is the Commission nominated Board Member at the European Investment Bank.

ROSITA HICKEY // is Senior Advisor to the European Ombudsman on inquiries, inquiry processes and related issues. Rosita has worked for the Ombudsman since 2001 on communications, on complaints, on strategic inquiries, and now in the Cabinet. She has also worked in the European Commission and as a journalist. She is an International Business Graduate from University College Dublin, has a Masters in Politics and Administration from the College of Europe in Bruges, and a Masters in EU Law from King's College London.

ANNA ROGGENBUCK // is a policy officer in the NGO network CEE Bankwatch Network. Anna joined Bankwatch in 2008. After working as a national campaigner in Poland since 2004, she became the coordinator of the campaigns of Bankwatch on the EIB. She has an MA degree in sociology and an engineering degree in Environmental and Civil Engineering.

ELENA GEREBIZZA // is a researcher and campaigner for Re:Common, a non-profit, public campaign membership based organization based in Italy. Re:Common investigates and campaigns against corruption and destruction of territories in Italy, in Europe and in the rest of the World.

In the last 15 years Elena's focus have been on energy and large infrastructure, with field work in countries like Nigeria, Republic of Congo, Azerbaijan, including infrastructure projects like the Southern Gas Corridor and Mose.

BAS EICKHOUT // studied Chemistry and Environmental Science at the Radboud University in Nijmegen and lives in Utrecht. Since 2000, he worked as a researcher at the Netherlands Environmental Assessment Agency (Planbureau voor de Leefomgeving). He worked on several projects which had to do with international environmental problems, such as climate change, agriculture, land-use and biofuels. He co-authored the IPCC report on climate change which received the 2007 Nobel Peace Prize.

Bas Eickhout is a member of the Committee on the Environment, Public Health and Food Safety and a substitute member of the Committee on Economic and Monetary Affairs and the Committee on Budgetary Control in the European Parliament. He is also a member of the Delegation for relations with the People's Republic of China and a substitute member of the Delegation for relations with the United States. Eickhout is delegation leader of the Dutch Greens in the Parliament.

MARÍA JOSÉ ROMERO // is policy and advocacy manager focusing on publicly-backed private finance at the European Network on Debt and Development (Eurodad). She joined Eurodad in 2012 and before that she worked for the Latin American Network for Economic and Social Justice (Latindadd), based in Peru, where she focused on tax justice and development finance. She was previously coordinator of the IFIs Latin American Monitor project at the Third World Institute, based in Uruguay. She is a PhD candidate in development economics at SOAS, University of London, with a research project on the promotion of public private partnerships in health and education.

INTRODUCTORY REMARKS

XAVIER SOL // the Director of Counter Balance, stressed how timely this discussion is, since there are important developments taking place at the EIB.

At the end of 2019, the bank took ambitious climate commitments and it is now planning its transformation into the 'EU Climate Bank' via the creation of a climate roadmap until 2025.

On the other hand, there are broader discussions taking place at European level about the future development role of the EIB and its position in the European development finance architecture.

Therefore, the importance of having public debates on these issues was raised, and Counter Balance shared the appreciation for the EIB's willingness to participate in such discussions and engage with external stakeholders.



PANEL I

TAKING STOCK OF
EXTERNAL SCRUTINY AND
CIVIL SOCIETY CAMPAIGNS



/ SPEAKERS /

>>> KERSTIN JORNA

>>> ROSITA HICKEY

>>> MIKOLAJ DOWGIELEWICZ

>>> ANNA ROGGENBUCK

KERSTIN JORNA stressed that both as member of the EIB and EIF Boards and as responsible within the Commission for relations with the EIB she is advocating for one central vision: for the EIB to invest in the European public good.

She explained that all projects of the EIB need to go through a process under which the Commission provides an opinion on the projects before they escalate to the EIB Board of Directors (so-called Article 19 procedure). This includes >400 projects a year, with 22 services of the Commission being actively involved. She also mentioned other ways in which the Commission has weight within the bank: through the engagement in designing EIB internal policies (for example on the taxation policy or the Anti-Fraud policies of the bank) and of course through the vote of the Commission in the Board of Directors.

Finally, she highlighted the importance of receiving regular inputs and recommendations from civil society on EIB-related matters.

ROSITA HICKEY from the European Ombudsman office mentioned that, from her experience in dealing with complaints on the EIB, the bulk of complaints received related to transparency issues about the EIB's core business.

The position of the Ombudsman is for internal complaints mechanism to deal first with complaints, so that the Ombudsman can focus on complaints escalating after this first internal stage.

She strongly advised the bank to try to resolve problems at an early stage through its Complaint Mechanisms, still pointing out that too often people affected by the EIB projects do not know where to turn to.

Rosita Hickey argued that if the bank states that it can trace all its funds down to the last Euro, then the public should be able to know about it as well. She flagged her expectation from the EIB to publicly commit not to roll back on its Transparency Policy. She considers that it is in the EIB's interest to disclose documents from the beginning rather than waiting for lengthy processes of requests for information before disclosing them.

Finally, she encouraged the EIB to embrace external scrutiny, flagging that the role of external scrutiny bodies like the Ombudsman is not to work against the bank but to try to make it better.

MIKOLAJ DOWGIELEWICZ, Director General and Permanent Representative of the EIB in Brussels also expressed the need to embrace external scrutiny and the fact that the bank already does so. The recent debate on the EIB's energy lending policy and climate commitments demonstrates that this dialogue is crucial, and all those who contributed can be proud of it. He said that exchanges with civil society have been an important push factor for the bank's activities.

Making it clear that the EIB is the 'EU Bank', he mentioned the EIB's engagement with the European Parliament as an important exercise of democratic debate and recalled that the Commission is checking the alignment of all EIB projects with EU policies and priorities, and that ultimately, the Directors representing all EU Member States decide on them in the EB Board of Directors. He stressed the importance of having a strong cooperation with the Ombudsman, and that the EIB Complaints Mechanism is a functional tool to deal with most complaints.

He pointed out that the EIB has changed tremendously in the last 10 to 15 years, and that it is not correct to say that the EIB is out of touch with reality. There has particularly been a lot of changes in the last 5 years, notably due to external pressure and the current political context. He acknowledged that it is not always possible to respond to all civil society demands, with the bank having to balance out interests of its shareholders, EU policies and legal requirements, but that the EIB was doing its best and takes these demands seriously.

He concluded by stating that 2020 will be an important year for the EIB, with five policies undergoing a review and opened to public discussion: the Transport Policy, the Anti-Fraud policy, the Transparency Policy, the Climate roadmap and the Environmental and social standards of the EIB. In this remit, the EIB comes second to no other International Financial Institution (IFI).





ANNA ROGGENBUCK from the NGO CEE Bankwatch Network shared reflections about civil society's campaigns towards the EIB. In the last 10 years, the EIB has become increasingly politicized. Since the 2008 financial crisis, the bank has been viewed as a lever to address economic difficulties at EU level - for instance under the Investment Plan for Europe.

There is growing attention from NGOs to the EIB and its policies. NGO work has been increasingly coordinated and more and more involvement in public consultations on EIB's internal policies is visible, with a number of joint letters and statements testifying for a growing convergence of opinions. CSOs have played an important role in raising awareness of EU institutions such as the Parliament on the need for them to scrutinise the EIB.

There are still several challenges ahead. For instance, CSOs cannot only act as a damage control body, like in recent policy processes (such as the EIB transparency policy and complaints mechanism policy) where the initial proposals from the EIB would have severely watered down the transparency and accountability of the bank.

Finally, she highlighted the enduring lack of dialogue with affected communities and the gap between the EIB policies - which largely look good on paper - and their implementation on the ground. She shared her hope that stronger measures will be put in place during the policy processes planned for 2020.

Q & A

A few participants asked about how the EIB and Commission envisage the future role for gas, pointing out to the risks still linked to financing gas infrastructure through several loopholes in the EIB Energy Policy. **Kerstin Jorna** stressed that for the Commission, gas is a transition fuel, but only one element as part of a toolbox - and not for ever nor without any conditions put on it - and only if running as part of a serious just transition package enabling to get all EU Member States on board.

The climate urgency - and necessity for the EIB to take bold measures now - was highlighted by the audience. **Kerstin Jorna** recalled that the European Green Deal is a true priority for the Commission, and that the new EU taxonomy on sustainable investments is a major step forward. In parallel, the Commission wants its 'sustainability proofing' of all projects under the future InvestEU to make a difference. As far as the EIB is concerned, she mentioned the importance of the upcoming review of the EIB Transport Policy, which needs to be based on the future EU transport strategy, and for which inputs from civil society will be welcome.

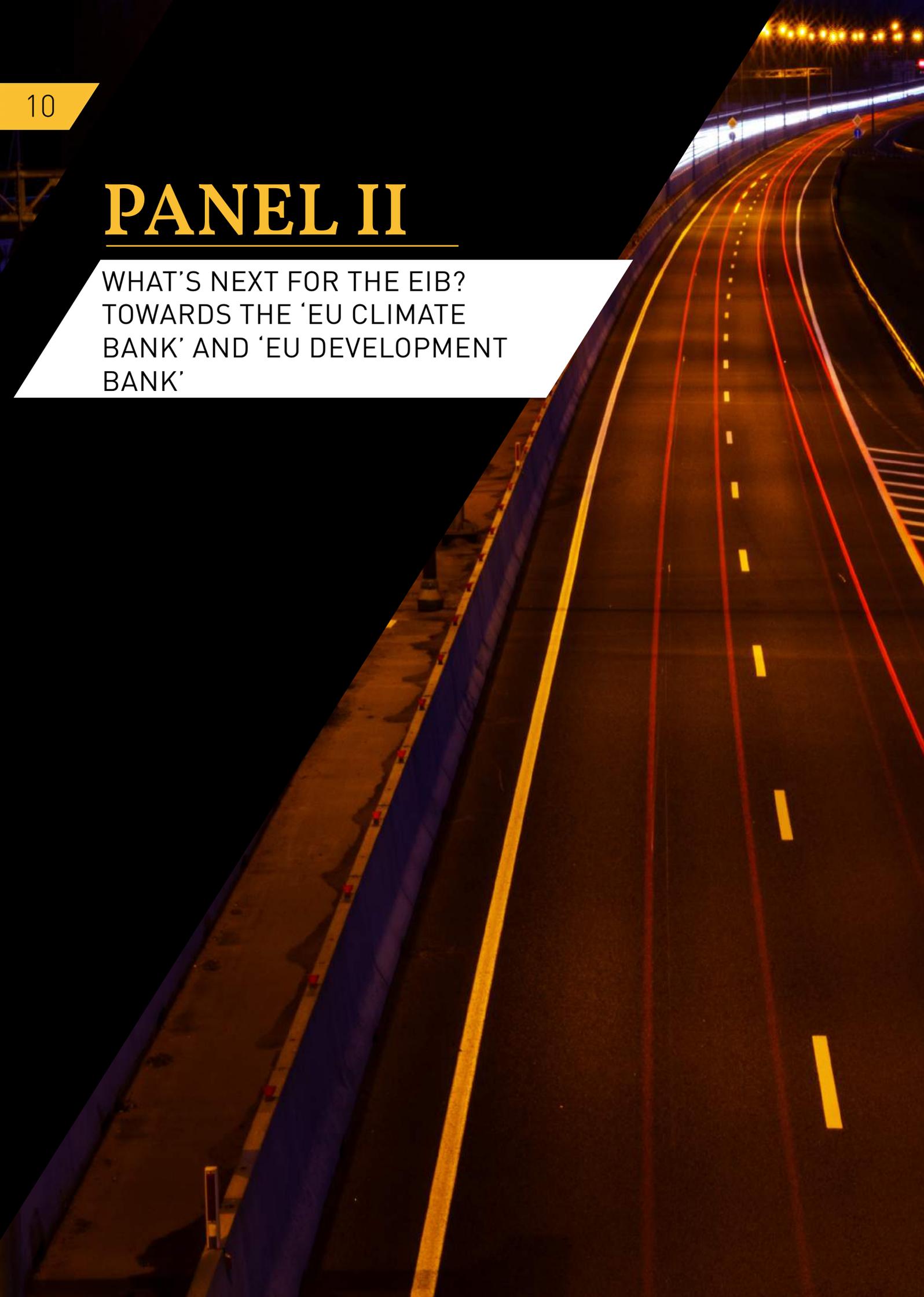
In its response, **Mikolaj Dowgielewicz** highlighted the rapidity of changes taking place at the EIB with its new energy lending policy and the climate commitments it took. The EIB's decision on fossil fuels had a massive impact on other financial institutions and many actors in the financial sector. The EIB has a lighthouse role in this respect. Another EIB representative stressed that the creation of a Climate Roadmap for the EIB to deliver on its commitments is a key priority for 2020.

Client Earth called on the EIB to make sure that its future transparency policy requires more active dissemination of documents, especially regarding projects under appraisal at the bank. The EIB replied that they cannot disclose at this stage what are the changes to the TP they are considering, but that the public consultation should start in the second half of 2020.

Finally, **Mikolaj Dowgielewicz** stressed that the EIB needs NGO's views about concrete projects outside of Europe. He affirmed that the EIB is fully committed to Human Rights being protected in the best way through its projects, and that these considerations are fully integrated into the bank's policies and due diligence. Still, participants highlighted the need for more public consultation with communities to take place before investment decisions are made, and called on the EIB to proceed to more stringent evaluations and assessments of the impacts of its projects.

PANEL II

WHAT'S NEXT FOR THE EIB?
TOWARDS THE 'EU CLIMATE
BANK' AND 'EU DEVELOPMENT
BANK'



/ SPEAKERS /

>>> KERSTIN JORNA

>>> BAS EICKHOUT

>>> MIKOLAJ DOWGIELEWICZ

>>> MARÍA JOSÉ ROMERO

>>> ELENA GEREBIZZA

MIKOLAJ DOWGIELEWICZ presented the EIB plans for the coming years. In particular, he highlighted the key role that EIB will play on sustainable finance.

On the current discussion on the future of the European development finance architecture, he recalled that from the EIB's perspective, the EIB provides a strong strategic autonomy for the EU to invest around the world. He also reminded that the EIB as such is not a development bank now. For example, it has never been mandated by the EU to discuss policy reforms in other countries, do policy dialogues, etc. He stressed that there are steps to be taken to become a development bank and underlined the need for more development expertise and more local presence through frontline officers. He also indicated that the EIB has a lot to offer on the development financing scene. He ended his presentation by stating that although the EIB can achieve several incremental changes, it will be difficult for the bank to make radical changes in the short term, and that for example the creation of a subsidiary for its development operations would be subject to a political decision.

KERSTIN JORNA from the European Commission underlined the role the EIB is to play under the next EU Multi-Annual Financial Framework (MFF), especially in supporting financially the European Green Deal and investing in public goods via the InvestEU programme.

She mentioned that the EIB was the first and only partner of the Commission to implement the approach of using guarantees from the EU budget to support public investments and attract private investments under the Investment Plan for Europe.

Now that the Commission has tested and improved such type of instrument, she is confident that the model will work in and outside of Europe under the InvestEU and the Neighbourhood, Development and International Cooperation Instrument (NDICI) from 2021 on. In this context, the EIB will remain a privileged partner, but not the only one.

BAS EICKHOUT, member of the European Parliament for the Greens/EFA, underlined the increasing involvement of the Parliament towards the EIB and the importance of using at best the largest public bank in the world which is the 'EU Bank'. Given the fact that the EIB is more and more relying on support from the EU budget, he considers it necessary for the EIB to do much more than what a commercial bank would do.

He encouraged the progress of the EIB towards becoming a climate bank, and at the same time signaled that saying that it already is a climate bank is 'celebrating too early'. Indeed, he pointed out a few challenges ahead. Firstly, allocating more money - and better - to climate action and environmental sustainability is an important commitment, but it is challenging. The EIB is seriously trying to act better, but the upcoming revision of its transport policy is crucial to ensure climate mainstreaming in its operations. Then, he stressed that the remaining 50% of the EIB operations needs to be climate proof as well as the necessity for a taxonomy on "brown" investments to also define what is going against the Paris Agreement.

Based on the past experiences with the Investment Plan for Europe and the InvestEU, he emphasized the importance of ensuring the additionality of EIB investments and more risk-taking, and the need for the EIB to better prove such additionality. He also regretted that EU Member States turned down the proposal of the new Council President Charles Michel for a capital increase at the EIB.

Finally, Bas Eickhout emphasised that if the EIB is committed to play a more central role in the European Green Deal, it needs to improve its transparency, especially the transparency of its decision-making processes and governing structures.



MARIA JOSE ROMERO from the NGO network Eurodad highlighted key challenges ahead for the EIB regarding its development role. She first stressed the need for the EIB to have a clear development mandate, engaging in a more rigorous selection prioritising quality over quantity. It should focus on development additionality and target finance where it is needed most, avoiding competition for low-hanging fruit projects.

Then, the bank needs to apply Human Rights due diligence and impact assessments to ensure the projects it supports do not directly or indirectly contribute to violations. Recent moves to push the EIB to be more active in the defence and security fields, as well as into migration management and border control, should not be part of the mandate of a socially and environmentally responsible lender.

She furthermore stressed the need for the EIB to adopt a cautious and evidence-based approach with regards to the selection of its financing instruments, in particular PPP projects which have proven to be problematic within and outside the EU.

Fourthly, the EIB needs to step up transparency at both governing bodies as well as project level. Particular focus should be placed on raising the transparency of the bank's operations via financial intermediaries.

Finally, she advocated for the Commission, Parliament and Court of Auditors to be awarded stronger competences to oversee and influence the strategic orientations, policies and operations of the bank and for efforts to strengthen public participation in the policy-making of the banks to be enhanced. The right of local communities to Free, Prior Informed consent should also be upheld for all land-related projects and lawmakers should ensure that the EIB has a duty of care to those affected by projects it finances.

ELENA GEREBIZZA from the Italian NGO Re:Common stressed that CSOs will be monitoring the EIB operations to make sure that the EIB implements its commitments on fossil fuels, and for no new and highly-polluting fossil gas infrastructure to be financed.

She also raised the importance of defining what we mean by the public good. She gave the example of the contradictory narratives behind the public support to the Southern Gas Corridor, often portrayed as a success by EU institutions despite its negative social and environmental costs.

She furthermore questioned the logic behind the definition of green investment, pointing out that green projects can sometimes be environmentally and socially harmful on the ground.

She then highlighted the challenges for the EIB in the fight against fraud and corruption. Building on the recent Counter Balance [report](#), she underlined that the mechanisms currently in place are not strong enough to tackle these issues. She provided the example of the MOSE project, intended to protect the city of Venice, marked by very serious corruption but that the EIB still financed. In particular, she raised the fact that reputational risks will likely become increasingly important for the EIB and the EU anti-fraud system as a whole if serious measures are not taken to avoid financing problematic projects and address the systemic shortcomings in EIB's internal rules.



She concluded with several recommendations among which the need for the EU Anti-Money Laundering Directive to cover the EIB, and for the new European Public Prosecutor to also investigate EIB-financed projects.

Q & A

During the Q&A sessions, participants raised the need for the EIB to better consult people on the ground, especially indigenous people affected by its projects, and ensure that its development operations promote inclusive business models, have a genuine distributional impact to reduce inequalities and “leave no one behind”.

FairFin underlined that the short term perspective of private banks is extremely problematic and hinders an ecological and just transition, calling on the EIB to adopt a different approach and push private finance towards a longer-term perspective.

In its response, **Mikolaj Dowgielewicz** expressed the view that the EIB can show the example to private investors, and is already leading the way (e.g. making reference to the EIB as first issuer of green bonds).



CLOSING REMARKS

XAVIER SOL // the Director of Counter Balance, thanked all the participants for the constructive and interactive discussion. He highlighted the willingness from NGOs to keep scrutinizing the EIB operations and exciting developments, including via the participation in future policy processes like the creation of a Climate Roadmap, the review of EIB's transport policy and the revision of the bank's environmental and social safeguards. He also highlighted areas where more improvements are needed, for example in the field of Human rights impacts and in how the bank controls the use of its loans.

He stressed his confidence that all stakeholders in their various roles, from watchdogs to policy-makers, will keep pushing to make the bank a more sustainable, accountable and transparent institution which can even better support transformative projects benefiting citizens and their territories, in Europe and beyond, and ultimately take on challenges like climate or inequalities.





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