

EIB Board of Governors

European Investment Bank
Boulevard Konrad Adenauer 100
Luxembourg

JOINT CIVIL SOCIETY LETTER

Dear EIB Governors,

The European Union (EU)'s Bank has historically played a pivotal role in strengthening the EU's cohesion and furthering European policies and priorities.

Over the last decade the Bank has been called to serve an ever expanding macroeconomic role in the EU, backed by various capital increases and increased access to guarantee funds under the Investment Plan for Europe. The EIB has also been requested to increasingly support the EU external action and its development policies.

The EIB is now standing at a crossroads. New challenges are on the horizon, especially in the context of the COVID-19 crisis and the new EU budget cycle starting in 2021. As part of the EU's toolbox to counter the economic recession linked to the pandemic, the EIB is at the core of recovery efforts in Europe and beyond.

We think it is high time to proceed to a fundamental reform of the EIB and reconsider its investment focus. In order to maximize the positive impact of the Bank's operations on the sustainable development of the EU, a more rigorous investment selection prioritising quality over quantity is necessary. With EU public finance being key for the EU to achieve a fair and green recovery, business as usual is no longer an option.

The EIB Governors meeting taking place on 18th June 2021 is thus an opportunity to make sure that this central role and increased firepower for the EIB is accompanied with serious changes at the Bank. Addressing structural problems linked both to the EIB's business model and practices is necessary to improve its social impacts, as well as the transparency and sustainability of its operations.

In your capacity as EIB's Governors and Ministers of Finance, you are empowered to determine the principles applicable to the Bank's operations and to initiate a public discussion in your respective states about the structural reforms of the financial arm of the EU.

Recent moves on the transformation of the EIB into the "EU Climate Bank" testify that it is possible to reinforce the public mission of the Bank and place it at the heart of the financing of the European Green Deal, while steering change within the institution.

Drawing on a decade's experience in monitoring EIB operations and policies, we set out below 6 key recommendations to bring the bank onto a sustainable path and enhance its contribution to the transformation of European economy and society in the public interest:

1**DELIVER ON CLIMATE COMMITMENTS AND MAKE THE EIB A CLIMATE LEADER:**

It is urgent for the EIB to truly transform into the “EU Climate Bank” and align all its operations with the objectives of the Paris Agreement to limit global warming to 1.5°C. The Bank should step up investments in energy efficiency and small-scale renewables with enhanced local and regional impacts, hence contributing to a just and fair transition in its countries of operations. In parallel, the EIB should stop financing high-carbon and polluting projects, in particular in the energy and transport sectors and request all its clients to swiftly adopt solid decarbonisation plans if they are to benefit from EIB’s support;

2**FURTHER DEMOCRATISE THE EIB:**

At a time when trust in public institutions, and in particular those of the EU, is declining, it is all the more important to further open up the EIB to interactions with citizens in Europe and beyond. Therefore, efforts to strengthen public participation in the policy-making of the Bank should be enhanced. In addition, the Bank needs to further ensure that local communities affected by its operations are meaningfully consulted and have access to effective and independent complaints mechanisms. Finally, it is time for a genuine governance overhaul, as the EIB should bring more dialogue, transparency and accountability to its governing bodies.

3**REINFORCE EXTERNAL SCRUTINY OVER THE EIB:**

A set of EU institutions are well-positioned to ensure the EU’s values and standards are equally respected by the Bank. The European Commission, European Parliament, European Court of Auditors, European Anti-Fraud Office and the new European Public Prosecutor Office should be awarded stronger competences to oversee and influence the strategic orientations, policies and operations of the EIB, therefore strengthening its accountability;

4**RAISE THE BAR ON TRANSPARENCY:**

The EIB needs to step up its transparency at both governing bodies as well as project level. The Bank should let the public interest prevail, instead of systematically hiding behind business confidentiality. A particular focus should be on raising the transparency of EIB operations via financial intermediaries (mainly commercial banks and investment funds);

5**PRIORITISE THE PROTECTION AND PROMOTION OF HUMAN RIGHTS:**

The Bank needs to reinforce its due diligence at project level to ensure the projects it supports respect core values of EU external action and do not lead to Human Rights violations. Recent moves to push the EIB to be more active in the defense and security fields, as well as into migration management and border control, are not in line with the EIB’s primary missions and should not be part of the mandate of a socially and environmentally responsible lender;

6**STRENGTHEN DUE DILIGENCE AND CONTROL OVER INVESTMENTS:**

It is high time for the EIB to really implement its self-proclaimed “zero tolerance to fraud and corruption policy”. A series of investments in projects under corruption investigations cast doubt over the Bank’s practices in this regard. The EIB needs to improve its monitoring and due diligence for all the projects it supports, especially when public support is granted to the private sector. The public interest should prevail in all EIB-managed financial instruments, and reinforcing the protection against tax evasion, tax avoidance, fraud and corruption should become a true priority for the Bank.

We hope you will take these demands into consideration and act accordingly in your capacity of Governor of the EIB and Finance Minister,

In this regard, you can count on civil society's vigilance and support,

Yours sincerely,

On behalf of the signatories

LIST OF SIGNATORIES



ACT Alliance EU



ActionAid International



Alliance of Associations
Polish Green Network



Arab Watch Coalition



Both ENDS
(Netherlands)



Cairo Institute for Human Rights Studies



CEE Bankwatch Network



Center for environmental initiatives 'Ecoaction' (Ukraine)



Center for Transport and Energy (Czech Republic)



ClientEarth



Counter Balance



Debt Observatory in Globalisation - ODG (Spain, Catalonia)



Za Zemiata
Friends of the Earth Bulgaria (Bulgaria)



Estonian Green Movement (Estonia)



European network on debt and development

Eurodad



FIDH / International Federation for Human Rights



Focus Association for Sustainable Development (Slovenia)



Friends of the Earth
Friends of the Earth-CEPA (Slovakia)



Les Amis de la Terre (France)



ReCommon (Italy)



The Corner House (United Kingdom)



Friends of the Earth

The National Society of Conservationists - Friends of the Earth Hungary (Hungary)



Urgewald (Germany)



WWF European Policy Office