

The background of the entire page is a photograph of an industrial facility, likely a refinery or chemical plant, silhouetted against a dramatic sunset sky. Thick, dark smoke billows from several tall smokestacks, filling the upper half of the frame. The sky is a mix of deep orange, yellow, and greenish-blue. The industrial structures include various pipes, tanks, and scaffolding, creating a complex silhouette.

**Counter**

**Balance**

Challenging  
Public  
Investment  
Banks

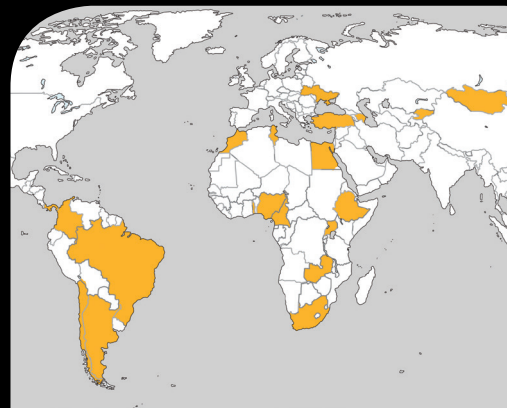
# COUNTER BALANCE ACTIVITY REPORT

# 2015



## A Global Network

Counter Balance is a European NGO coalition with 9 members in 13 European Countries. We are also a global network with partnerships and missions in Panama, Argentina, Brazil, Chile, Colombia, Morocco, Egypt, Tunisia, Nigeria, Zambia, South Africa, Cameroon, Ethiopia, Togo, Uganda, Mongolia, Kyrgyzstan, Ukraine, Azerbaijan and Turkey.



## Counter Balance at a Glance

Our mission: Making European public finance a driver for the transition towards socially and environmentally sustainable and equitable societies

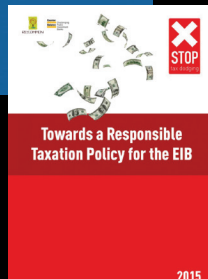
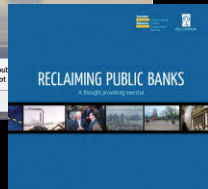
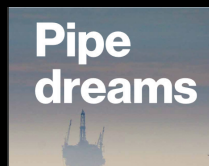
Our website: [www.counter-balance.org](http://www.counter-balance.org)

## Topics

human rights  
transparency  
sustainable development  
public finance  
**EIB**  
accountability  
CLIMATE FINANCE  
financialisation  
**energy**  
EBRD  
democratisation  
**TAX JUSTICE**

# Publications

- > 6 reports,
- > 3 factsheets
- > 5 new sletters
- > 1 interview



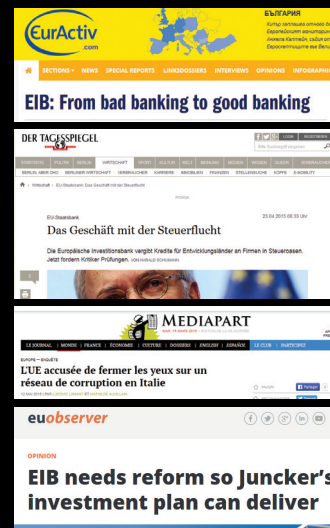
## Key achievements

- \* Launch of the Southern Gas Corridor campaign
- \* Establishment of a Climate Policy at the EIB
- \* Enhanced transparency of EIB governance bodies
- \* Strong call on the EIB to establish a responsible taxation policy

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## Counter Balance in the Media

- > 12 press releases
- > 10 articles in EU Observer, the Guardian, Euractiv, Tagesspiegel, Mediapart and more
- > 14 blogposts



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photo by Sarauny\_ foto



## Director's letter

*Scrutinising European public investment banks and pushing for their reform is more important than ever. Indeed, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) together lent and invested over EUR 105 billion in 2015. For instance, the role and the impact of the EIB is exponentially increasing via its key role in implementing the European Fund for Strategic Investments as part of the Investment Plan for Europe. By 2018 the bank is expected to leverage an additional €315 billion of investments in the EU.*

*Nevertheless, the growing macroeconomic role of these public banks is not matched by an adequate improvement of their transparency, accountability and sustainability. Based on our experience in monitoring the EIB, we identified three main threats which need to be tackled urgently: a democratic deficit associated to a lack of transparency and accountability, the use of questionable and*



*risky financial instruments and a large amount of unsustainable projects financed.*

*Being the only coalition fully dedicated to scrutinising public banks at European level, Counter Balance holds a unique position in the Brussels NGO landscape. We will keep on advocating for more open, transparent and sustainable financial institutions operating in the best interest of EU citizens. We will do this by building a broader civil society momentum around those reforms, by engaging with decision makers and by conveying our key messages in EU media to open a broader public debate on the merits and mission of public finance.*

*2016 will be crucial to ensure that public funds are spent transparently and responsibly on sustainable projects which in a decade's time can still prove to be meaningful. In the aftermath of the Paris climate agreement, we will particularly focus on ensuring that EIB and EBRD investments favour an ecological*



*and social transition to a more sustainable economic system instead of financing fossil fuel and high-carbon projects. This will mean advancing policy proposals as well as monitoring projects on the ground together with local groups and communities in order to ensure that projects which positively affect the lives of the most vulnerable are being prioritised.*

*A public investment bank can be a powerful tool to push for positive change and we remain fully dedicated to making public interest central in the lending of our European investment banks.*

*Sincerely,*

*Xavier Sol, Counter Balance Director*

# CAMPAIGNS AND ACHIEVEMENTS

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# 1. Holding public banks to account and enhancing their transparency

## **Transparency**

A core part of our work on EU public financial institutions focuses on their accountability and transparency. We believe that openness on how public money is spent is key not only for banks to be credible and accountable to citizens, but also to help reduce the risk of corporate capture, fraud and corruption linked to their operations.

While in its public statements the EIB embraced the transparency principle, the bank does not live up to its commitments. Ranked second to last among the main international multilateral organisations in the 2014 Aid Transparency Index, the EU's bank still appears off-track from meeting its transparency commitments according to the 2015 Aid Transparency Review.

In this context, Counter Balance did not miss the chance to actively contribute to the consultation process for

the revision of EIB's transparency policy. In particular, coordinating a joint effort with our partner NGOs, we strongly opposed the bank's attempt to water down its transparency standards and succeeded in controlling possible damages.

Then, we managed for the first time to access the minutes of a meeting of the bank's Board of Directors and disclosed them to the public. This set a key precedent which is now to be turned into a standard practice in the future.

## **Accountability**

For what concerns accountability, despite on paper the EIB has a well developed Complaint Mechanisms – even including the possibility to turn to the European Ombudsman – in reality the room for action of this body remains quite small.

Counter Balance highlighted the need for crucial reforms of this system in its ground-breaking report "Towards a reinforced accountability architecture for the European Investment Bank", flagging a series of recommendations aimed at enhancing the independence of the complaints mechanism and widening the interpretation of the Ombudsman's mandate. Thanks to our advocacy effort, our position was voiced by the European Parliament, where MEPs called for urgent improvements in the bank's accountability and governance.

### Tax justice

Similarly, the EU Parliament took on board our demands for the EIB to be more active in the fight against tax evasion and tax avoidance. Our joint report with Re:Common "Towards a Responsible Taxation Policy for the EIB" demonstrated why it is needed for the bank to act, and how it could concretely adapt its policies and practices.

### Highlights:

- \* Concrete recommendations for crucial reforms of EIB operations
- \* The "Towards a reinforced accountability architecture for the European Investment Bank" report
- \* The "Towards a Responsible Taxation Policy for the EIB" report
- \* Coalition building around the EIB transparency policy and active participation in public consultation within a wide NGO alliance

### Successes:

- \* European Parliament calling on the EIB to improve its accountability and reform its governance
- \* "Damage control" on EIB's transparency policy, with the support of the European Ombudsman
- \* Strong call on the EIB to establish a responsible taxation policy
- \* Unprecedented disclosure of the minutes of a Board of Directors' meeting



# A case in point: The Investment Plan for Europe (Juncker Plan)

We identified the launch of the European Fund for Strategic Investment (EFSI), the masterpiece of the Investment Plan for Europe, as an important opportunity to set the EIB on the right track in terms of sustainability, openness and transparency.

Having monitored the development of a list of potential projects to be supported under this plan, we pointed out its most controversial aspects in a specific report. An early overview of the projects revealed that coal, nuclear and incinerators appeared among the EFSI priority projects in its inception phase.

We were also very active on the advocacy front, encouraging the EU institutions' collaboration in holding the EIB into account. In particular, we pushed for the EFSI regulation to include provisions ensuring transparency and accountability in the use of the EU budget. Besides, convinced that the Investment Plan for Europe should pave the way for a fair and robust energy transition, we argued that the regulation should also include sustainability criteria and prioritise investments in renewable energy and energy efficiency.

Our positions were largely taken on board by the European Parliament and received wide media coverage.

## Highlights:

- \* The report "The New European Investment Plan: a critical analysis of financial instruments and large infrastructure financing"
- \* Monitoring and analysis of early list of projects and first EFSI project being financed
- \* Support by the Parliament in urging for ambitious sustainability criteria and increased democratic oversight in relation to EFSI

## Successes:

- \* Wide media coverage of Counter Balance demands
- \* Advocacy achievements in the EFSI regulation: Introduction of transparency and sustainability requirements
- \* Increased oversight of the European Court of Auditors and the European Parliament on EIB operations under the Investment Plan for Europe

## 2. Challenging large scale infrastructure financing

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### **Putting climate at the core of EIB activities and phasing out support to fossil fuel infrastructure**

With the Paris Climate Summit in December, the climate challenge stepped up on the world stage as the number one issue to tackle in 2015.

In an attempt to portray itself as a climate leader, the EIB created a Climate Policy in order to guide the compliance of its investments with the EU's climate targets for the

next fifteen years. Counter Balance played an active role in the public consultation opened on this occasion. We submitted inputs together with other climate NGOs and raised awareness on this policy process in the media.

Nevertheless, while the world pledged to keep global warming below 1.5 degrees, this new climate policy did not match the EIB announcements.

We still believe that the EU's bank does too little to reduce its investments in the fossil fuels sector and that its Climate Strategy is not strong enough to lead the transition to a low-carbon economy.

In the past few years, our campaigns succeeded in getting the EIB out of coal business. Now, as the climate threat looms up, we think the bank has no choice but phasing out fossil fuel investments altogether.

To Europe's push for new gas infrastructure, we reply "No more gas!". Determined to draw the public's attention on the high economic, human rights and environmental costs of this agenda, we put together our research and expertise in our "[No more gas!](#)" page.

## Highlights:

- \* Challenging gas infrastructure: our NO MORE GAS page
- \* Contributions to the EIB's Climate Strategy consultation process, through policy papers and open letters
- \* Exposing the EIB's lack of coherence in its climate commitment: reaction to the adoption of EIB climate strategy

## Successes:

- \* The EIB establishes its first Climate Policy formalising its climate commitment, despite existing loopholes
- \* The rush for gas is more and more criticised at European level

# A case in point: The Southern Gas Corridor

We closely followed the debate on the Southern Gas Corridor since its inception. A massive gas pipeline supposed to bring energy from Azerbaijan to Europe, this project raises numerous environmental, human rights and transparency issues. In 2014 the EIB announced its interest in financing the western section of the pipeline, the Trans-Adriatic Pipeline (TAP), with a 2 billion euro loan which would be the biggest ever granted since the bank was created.

Convinced that such a project does not deserve EU's public money, Counter Balance started coordinating a pan-European campaign aimed at raising citizens' and politicians' awareness and eventually hindering its funding by the EU.

In this context, in May 2015 we organized a successful event at the European Parliament with the support of MEPs from various political parties. In parallel, together with our members, we helped convey the voices of communities impacted by the pipeline at Brussels level.



## Highlights:

- \* Launch of a pan-European campaign against the Southern Gas Corridor
- \* Event in the European Parliament on the challenges and risks linked to the pipeline
- \* The report "Pipe Dreams"

### 3. Questioning the mega projects agenda

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As a revived recipe for growth, mega-infrastructure projects are increasingly supported by the G20 and largest development finance institutions. While this tendency consolidates worldwide, we are very concerned about this risky development model: bound to trigger a lock-in effect, it entails dangerous structural implications for both developing and developed countries.

Through reports, networking and think tank events Counter Balance is committed to stirring the debate on the mega-infrastructure agenda at multiple levels.

2015 was particularly productive in this respect, as it saw the launch of two reports engaging with the broader theoretical discussion around the financialisation of infrastructure, and, more specifically, the need for a debate about the EIB's role in this context.

Simultaneously, Counter Balance coordinated a working group on infrastructure financing in order to organise joint actions and develop a counter-narrative to the global infrastructure agenda. The working group gathers around 25 NGOs interested in the role of financial institutions in the new infrastructure agenda and/or working on Public-Private Partnerships (PPPs). Regular calls are organised

in order to share updates on developments in the field and strategise joint work.

As a result, our collective understanding of the global infrastructure agenda has considerably deepened, and the working group acts as a catalyser for civil society efforts to tackle the transversal issue of infrastructure financing.

#### **Highlights:**

\* Opening space for debate on the new infrastructure agenda: the forward-looking piece "Mega-Infrastructure as structural adjustments 2.0"

\* The report: "Going for Broke. Why financialisation is the wrong fix for infrastructure"

\* The insightful piece "Reclaiming public banks, stressing challenges for the

business models of public investment banks"

\* Organization of regular think-tank events with various stakeholders

#### **Successes:**

\* Functional working group on Infrastructure Financing supported by 25 NGOs

\* Increased space for civil society to develop a counter-narrative to the mega projects mantra



# ORGANIZATIONAL DEVELOPMENT

AN ACTIVE AND FORWARD-LOOKING  
ORGANIZATION

## Cooperation

Counter Balance strongly believes in cooperation and collective efforts which are central to our everyday work as a coalition. As a small organisation challenging giant institutions, our successes depend on how effectively we manage to work together with other NGOs, policy makers, grassroots organisations and affected communities.

The core of our coalition consists in the nine member organisations and the Brussels based secretariat. Together we form a solid base of like-minded organisations fighting for fundamental change in the culture of public financial institutions. The geographical coverage of our member groups based in both Western, Central and Eastern Europe enables us to launch pan-European campaigns around public finance.

Beyond that, we work together with many partner organisations specialised in topical issues such as transparency, tax matters, human rights, development finance, etc. We rely on their expertise and support to tackle public banks on specific matters. The “No More Gas!” webpage is an example of how Counter Balance operates as a hub to collect relevant input from partner organisations to bring our case forward at European level.

Thanks to our Southern advisory board, we are guided in our work outside the EU. Besides, our contact with many

local organisations keeps us connected to local struggles and to the impacts of EU projects on local communities.

In a nutshell, cooperation is our strength. We can cover a wide range of issues and accurately investigate cases in different continents. As such, it allows us to increase our capacity by many times.

## Geographical focus

In its first years Counter Balance focused mostly on development issues such as mining projects, large dams and the role of the private sector in the Global South. However, the EIB’s emerging role in Europe’s recovery programmes and the financing of some controversial projects led us to focus more on the bank’s activities within Europe.

We do not intend to make a clear distinction between so called “development finance” and “EU financing”. Indeed, numerous sensitive issues such as tax dodging, fossil fuel investments and large infrastructure projects affect people both in the North and in the South.

Our mission is clear: we want European public finance to become a key driver for the transition towards socially and environmentally sustainable and equitable societies, no matter where it is operating.



A black and white photograph of a wooden ladder lying on a sandy beach, leading towards the ocean. The sky is filled with dramatic, dark clouds. A yellow rectangular overlay is positioned in the upper center of the image, containing the title text in white.

# **STRUCTURE AND FINANCES**

# Counter Balance

## Members and Structure

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Counter Balance includes members from the following countries:

\* **Central and Eastern Europe:**

CEE Bankwatch Network

\* **France:** Les Amis de la Terre

\* **Germany:** urgewald

\* **Italy:** Re:Common

\* **Netherlands:** Both ENDS

\* **Spain:** ODG

\* **UK:** Bretton Woods Project,  
Platform London and The Corner House



### Organisational chart

Counter Balance is an independent European non-profit, membership-based organisation. It is legally represented by its Board and its Director upon delegation by the former.

Its governing bodies are:

- General Assembly

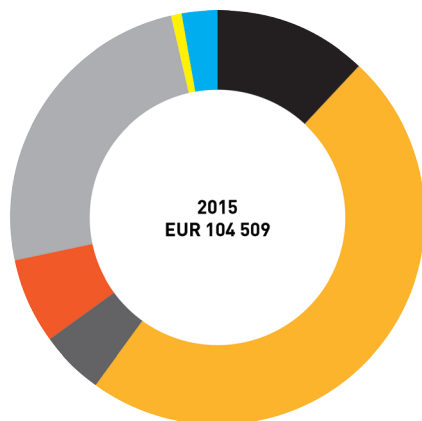
- Board

- Southern Advisory Group - an external advisory body to Counter Balance consisting of a maximum of twelve people (from partners in the Global South).

Both the Board and the Southern Advisory Group are elected by the General Assembly of Counter Balance.



# Counter Balance's Finances



	2015 (EUR)
■ EC - Europe Aid	12 620
■ EC - DEAR	50 093
■ Contributions of members and partners	5 500
■ Polden Puckham Charitable Foundation (GBP)	6 742
■ Stiftung Open Society Institute	25,907
■ Scurrah Wainwright	1,000
■ XMINY, Amsterdam	2,645

Transparency Index Number 02902955023-04

In line with its demands for increasing transparency for European Public Banks, Counter Balance fully supports efforts undertaken at EU level to enhance the openness of organisations engaging in European affairs, including NGOs.

**Counter Balance would like to thank all its donors for their support.**

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