

To Mrs Nadia Calviño
President of the European Investment Bank

Dear Madam President,

We, the undersigned civil society organisations, again welcome the EIB's decision to develop and adopt the EIB Global Strategic Roadmap indicating strategic directions for the EIB as a development bank which was called for by the Council of the European Union in June 2021. With this letter we would like to deliver our opinion on the approved Roadmap, which we hope could be considered in the next steps of the EIB Global. However, we regret that it was not possible to provide inputs into the preparation of the draft document.

The Roadmap's key messages outline the importance of the Bank as the policy driven financial institution with development orientation embedded in the principles on which the European Union's external action is based. We believe that the EIB can support the realisation of these principles, contributing to achieving the UN Sustainable Development Goals and the objectives of the Paris Agreement if it introduces fundamental reforms in its operating model. EIB Global should demonstrate clear development additionality and contribute to the long-term structural transformation of recipient countries into socially and environmentally sustainable and equitable societies, rooted in their national development goals.

Nevertheless, the adopted Roadmap does not represent the relevant ambition required as to the content of the Strategy and the process of its adoption. Thus, we offer several recommendations for fundamental reforms at the EIB to support its transformation into the EU development bank.

1. Strengthening partnership and participation

The proposed Roadmap should be subject to a meaningful consultation process engaging various stakeholders from countries of operations, especially those most vulnerable to the impacts of the Bank's development operations in the Global South.

The adoption of the Roadmap without public consultations is in stark contrast with its declared values. On one hand, it commits to strengthening partnership with European and international, public and private partners from the global development community, including civil society, while on the other hand, it fails to open a structured discussion over its Strategic Roadmap, the most important policy declaration guiding the Bank's functioning as a development institution. We regret this lack of public consultation, all the more so as some civil society organizations did share their concerns¹ with the Board of Directors prior to the EIB Board Seminar, particularly regarding the limited public discussion and poor transparency that have characterised the EIB Global's approach since it was established. It is still unclear how EIB Global intends to deliver on its stated promises to 'work through efficient cooperation with ... partners and

¹ Accountability Counsel, Act Alliance EU, Arab Watch Coalition, CEE Bankwatch Network, Counter Balance, Global Responsibility, Recourse, World Wildlife Fund European Policy Office and Eurodad, [EIB Global Briefing for the EIB Board of Directors](#), *Counter Balance*, 28 April 2023.

beneficiaries ... and civil society', 'bring the EIB closer to local people, companies and institutions',² 'build closer partnerships around the world',³ and enhance the impacts of development finance. Therefore, once again, we urge the EIB to schedule a formal consultation process to allow for input from key stakeholders, including those working in the regions where EIB Global operates. As part of this process, EIB Global should invite stakeholders to formulate their comments on the Roadmap, to be delivered in consultation meetings and in written form within an adequate time frame.

The Roadmap does not address the problem of limited participation of recipient countries in the bank's decision-making process, since the EIB governance structure is centred around its shareholders (the EU Member States) and European institutions (via the representatives of the European Commission and European External Action Service in its Board of Directors, for example). The Roadmap privileges European voices and power in deciding who benefits, and how, from flows of European development finance abroad. EIB Global sees the importance of having a local presence but not of granting locals any oversight. This is clearly insufficient from a democratic developmental point of view. It is also less effective for achieving developmental goals. Hence, the EIB Global should modify its policies and governance structure to strengthen participation and ensure affected communities in recipient countries establish their own development strategies and priorities. Strengthening participation of civil society should not only concern international or European non-governmental organisations, but be focused first and foremost on the Global South and its civil society.

Finally, the Roadmap ignores trade unions as important social partners. For EIB Global it is important to look beyond project compliance with the relevant labour standards and to strive to create decent-quality, sustainable jobs. The bank could benefit from having a systematic dialogue with trade unions, for example in the form of a standing committee, in order to stay better informed on labour market conditions in various contexts, increase attention to decent work creation and ensure coherence with the development mandate and

The Roadmap should bring more clarity about the way the Bank will strengthen these partnerships with various stakeholders, including a framework plan for regional and national policy dialogues and inter-institutional relations. Detailed policy dialog plans should be included into the Business Implementation Plan.

2. EIB Global development objectives

The EIB operations outside Europe should be based on the general principles guiding EU external action, as set forth in Article 21 of the Treaty on the European Union, such as *supporting democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law*. The Union's action, and thus the EIB, shall, among others, *foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty; encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade and help to preserve and improve*

² European Investment Bank, [EIB Global Directorate](#), *European Investment Bank*, 1 August 2023.

³ European Investment Bank, [2022/2023 EIB Global Report: The Story](#), *European Investment Bank*, v, 21 June 2022.

the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development.

The adopted Roadmap does not fully set the above development agenda as a priority of its core operations but rather position the EIB Global as a tool of economic diplomacy and geopolitical interests for the EU. The EIB Global's declared objectives such as supporting the EU external policies and priorities, including the Sustainable Development Goals and global public goods do not match with the stated main aim of strengthening "*the European Union's economic diplomacy objectives and position European companies in areas that are geopolitically important for the European Union*". At best, it doesn't offer any explanation how the EU's economic diplomacy objectives are supposed to contribute to the EU's development policy objectives and how this contribution will be measured and reported.

Also, the Roadmap lacks reference to the partner countries' development objectives and does not place the strengthening and integration of their economies into the world economy as the equally important objective for the EIB Global. For example, in access to raw materials and related value chains it is highly inappropriate for a development bank to be motivated to position already privileged European companies over the development of local productive capacities.

We are also concerned that the Roadmap presents a rather modest diagnosis of the needs and objectives of the EIB's interventions in particular regions and it does not provide meaningful justification of the selected focus of the EIB Global operations. For example, the Roadmap devotes merely one paragraph to Southern Neighbourhood. It refers to the New Agenda for the Mediterranean adopted in April 2021 but only declares EIB focus on making a substantial contribution to two of the New Agenda's five key priorities, without giving any justification as to this selective approach. Simultaneously, it modified one of these objectives compared to its original wording: The Bank added "*and human development*" to the second priority of the New Agenda, of which the original reads "*(2) Strengthen resilience, build prosperity and seize the digital transition*". This addition was taken from the original first priority which reads "*(1) Human development, good governance and the rule of law*". At a time of sharp decline of the rule of law, democracy, accountable governance and human rights in North African states, along with the rise of authoritarianism and counter-revolutionary trends to repress peaceful dissent, including on governance issues of public interest, it is impossible for the Bank to invest in human development without tackling the lack of the rule of law and good governance in the sub-region.

The Roadmap frames global challenges faced by Global South countries as technical and ahistoric, reinforcing a neo-colonial and neo-liberal narrative of helplessness, lack of self-governance capacity and mismanagement in these countries. African nations are not simply 'exposed' to chronic water shortages, land degradation and suffer from increase in prices of raw materials and food inflation caused by the Ukraine war. They have been subject to on-going neo-colonial injustices through their adverse inclusion in the global financial architecture and are most exposed to global price volatility owing to sustained liberalization which was conditioned upon them by major multilateral creditors. They continue to suffer from rampant corporate profiteering, capital flight, unjust debt burdens and transfer of illicit financial flows out of their economies. Before approaching Global South countries as 'equal partners', the EIB must understand the structural obstacles to their growth, which implicate Global North investors. Similarly, the Roadmap has chosen a paternalistic approach to EU neighborhood countries when it

mentions that their progress is hindered by a weak business environment and that their high indebtedness could be controlled through better management. Promoting a better business environment won't help if the rule of law and accountable governance is not being equally strengthened. This approach alternatively advocates market liberalization, enhancement of exports whilst continuing to ignore the structural problems of EU integration which has not acted equally in favor of all countries. EU neighborhood countries are thus approached as peripheries of Europe rather than parts of its model. This way of framing the challenges that these countries face has implications for the solutions offered, with detrimental impact on countries' capacities to chart their own path towards sustainable and inclusive development.

3. Ukraine reconstruction

The Roadmap acknowledges the challenge concerning delivering support to Ukraine attacked by Russia and it commits to focus on inclusive and sustainable development. A successful reconstruction of Ukraine cannot happen without involvement of the Ukrainian people. That's why we're calling on international donors to ensure that the financial structures to help impacted communities are put in place and that civil society groups have a say in this process. EIB is no exception. We would like to urge the Bank to ensure that all its operations in Ukraine are subject to consultations with civil society, their organisations, trade unions and impacted people, in line with its Standards on Stakeholders Engagement, even for projects which are not subject to Environmental Impact Assessment (EIA) and for which public consultations are not typically required. We also call on the EIB to engage directly with social partners through its local office in Kyiv.

For instance, the lack of transparency is observed within the current Bank's cooperation with the Ukrainian government and the Ministry for Communities, Territories, and Infrastructure Development of Ukraine (Ministry for Restoration) in selecting and implementing projects to support Ukraine's reconstruction at the municipal level.

The EIB's involvement is expected to increase further during the implementation of the Ukraine Facility, EU's financial instrument for Ukraine. So, the EIB as the EU institution must lead by example and showcase EU best practices across the board. This will help to ensure synergy with other donors in implementing the EU *acquis* towards the country's transition to a green, sustainable, digital and inclusive economy.

4. Impact measurement

The Roadmap states that *“impact measurement is crucial in terms of accountability to stakeholders and to communicate EIB Global's impact, but also as an instrument to learn and improve performance in achieving impact objectives.”* However there is currently little transparency behind the impact measurement. First, a summary of Additionality and Impact is not published for all projects. The Additionality and Impact summaries which are published are too brief and do not correspond to the pillars of Additionality and Impact methodology. Moreover, monitoring indicators are not disclosed, nor is any monitoring information pertaining to the adopted monitoring criteria, published throughout the project implementation.. Thus it is rather unlikely that the Bank's current impact measurement practice will strengthen its accountability and transparency.

5. Promoting EU values and high standards

We are glad to see the Roadmap committing to promoting EU values and high standards, including human rights. However, we would like to point to the need to increase transparency of EIB operations and ensure the stringent implementation of its environmental and social standards.

EIB Global rightly commits to “*ensure that its activities become better communicated to its stakeholders as part of the overall EU effort, including government partners, the private sector and civil society, and are seen more widely as an integral part of the European Union’s external action and development activities.*” However, the opposite takes place so far. The EIB doesn't follow good international practice of multilateral development banks of announcing projects in advance so that stakeholders can meaningfully contribute to the project environmental and social due diligence. In a [recent decision](#), the European Ombudsman found serious flaws in how the bank dealt with public access to environmental information, which led to unlawful denial of access to environmental information and undermining citizens’ participation in decision-making. The Ombudsman noted that denying access to environmental and social information from the bank’s due diligence prior to the Board approval undermines the citizens’ right to participate meaningfully in the EIB’s assessment of environmental and social aspects of projects it considers for funding. The Ombudsman then recommended that the EIB should aim to disclose Environmental and Social Data Sheets proactively in advance of its Board’s approval of loans.

The EIB, as the lending arm of the EU, is legally bound by the Charter of Fundamental Rights of the European Union. Human rights considerations should thus be integral to all stages of the project life cycle, from the initial assessment of the undertaking’s eligibility, through the application of safeguards, project implementation and operation, to the handling of complaints and ongoing negative impacts. Despite considerable efforts that the EIB has undertaken to strengthen integration of human rights considerations into its environmental and social due diligence, there are still systemic obstacles preventing effective protection and promotion of human rights. The Strategy should be more specific about the actions the Bank will undertake to protect human rights. First, the Bank should make site visits an obligatory part of its due diligence for all projects where specific human rights risks have been identified, and source information from rights holders, particularly local residents and employees impacted by such projects. Second, it should publicly report on the environmental, social and human rights due diligence carried out by the bank. Third, it should notify rights holders through local communication channels about the involvement of the bank, the standards it is expected to uphold, and how they can access accountability mechanisms, anti-reprisal protocols, and contact points. Also, it should disclose the periodic environmental and social reports conducted by promoters in addition to the bank’s own monitoring reports, including information on the implementation of the bank’s mitigation measures to address human rights risks and impacts.

The Complaints Mechanism (CM) should be more than just a mechanism to hear complaints, as it is described in the strategy. The CM should have a mandate to facilitate remedy, prevent harm, and serve as a source of learning and improvement for the EIB. The CM currently fails to live up to these aims, and the strategy should commit to improving the effectiveness of the CM and ensuring remedy for identified harms.

In the context of the need to secure environmental, social and human rights standards in the EIB Global projects, the Roadmap announcement that the EIB “*will identify ways to increase efficiency and reduce the appraisal cycle*” sounds at least concerning. The appraisal cycle should allow for a robust project assessment and for a meaningful public consultations (a part of the bank’s decision-making), which is a standard across the other development banks and which is currently entirely missing at the EIB. The roadmap should introduce a minimum prior disclosure period during project due diligence procedures, and prior to the project approval, and ensure documents containing environmental and social information are available for the public for comment during this disclosure period.

The Bank commits to “*prioritise [...] regular dialogue with civil society organisations, including on human rights issues, to ensure transparency and benefit operations.*” This would be welcome if the Bank delivers on this promise by presenting a plan for engaging CSOs, and other relevant organisations and institutions established to protect human rights, from the partner countries through its local offices and newly established regional hubs. In fact, in many countries civil society faces shrinking space for activism, including in numerous global south countries; civic space in Egypt, where the Bank’s new MENA region hub has recently been established, is rated “[closed](#)” by [Civics Monitor](#), “[not free](#)” by [Freedom House](#) and “[under siege](#)” by [Human Rights Watch](#). The Bank’s activities to promote public participation and partnership with CSOs in front of beneficiary governments and corporations could help to circumvent that negative trend in countries of its operation. The Bank can actively demand public participation in decision-making in the context of its projects based on the Stakeholder Engagement Standard; it can and should engage directly with rights holders and civil society organisations on its projects and in the context of policy discussions.

None of the EIB projects should lead to unequal treatment of people. The Roadmap should clarify the Bank’s gender equality target, as it currently suggests that the bank accepts that in the case of 70% of its lending, gender equality will not be guaranteed.

6. Climate

The Roadmap focuses on climate finance in the context of delivering quantity rather than quality, in particular it emphasises the EIB’s desire to increase climate adaptation financing. According to the EIB Climate Adaptation Plan “*adaptation to climate change will be a core element of the EIB development branch*” but the Roadmap provides only a very brief presentation of the EIB Global’s strategy towards achieving this objective. Also, it does not address the problem of debt burden which developing countries and their public institutions are supposed to bear, in order to finance adaptation to climate change which they are not responsible for. The EIB Global Strategic Roadmap should be more explicit in describing its financial additionality in support of adaptation projects, for example concessional lending versus non-concessional lending, blending with grants, etc.

7. EIB Global and Global Gateway

The Roadmap approaches the EU Global Gateway from an external EU perspective, focusing on both EU priorities and those of its external ‘partners’. However, the role of EIB appears to be overwhelmingly concerned with derisking private investment. The goal of enhancing its risk-taking lending capacity is not accompanied by the nature and development additionality of large infrastructure and investment projects which form part of the Global Gateway. Whilst the promise of mobilising more finance remains at the core of EIB’s role in the Global Gateway there has to be a more robust analysis of its public role as a financial institution which is accountable to EU citizens and citizens of recipient countries. An integral part of this is to direct its risk-taking capacity to finance socially beneficial projects delivering public services in Global South countries.

8. Detrimental partnerships with ECAs

The EIB aims to expand partnerships with export credit agencies (ECAs). We see this as a very negative trend as such partnerships blur the distinction between development and credit export finance, the latter pursuing EU commercial interests which is in conflict with achieving positive development impact. ECAs’ objectives stand in the way of making recipient countries’ local economies less dependent, building high value chain production capacity and pursuing their own sustainable economic development path. Furthermore, development finance and ECA cooperation also creates complex project designs that can result in costlier projects, and risks increased debt burdens for recipient countries. The EIB should refrain from further developing these partnerships and review existing partnerships in ongoing projects.

9. The risks of low carbon hydrogen

The strategy links to the reviewed energy lending policy and its focus on low-carbon hydrogen technology. Such technology involves many risks from a sustainable development perspective. First of all because it leaves the door open for fossil based hydrogen production. Developing green hydrogen production in targeted countries in the Global South is advantageous for the EU because the production costs are lower, hence the focus is more export oriented than supporting local development and often benefitting EU businesses while increasing recipient countries debt levels. It also deviates local renewable energy capacity towards export instead of tackling local needs and the hydrogen production process itself consumes large volumes of water. The EIB should be clear about not financing any fossil based hydrogen and only allow green hydrogen projects which have a clear positive development impact, allowing for local access to energy production, job creation, technology transfer and local use of production capacity, as well as avoiding detrimental local environmental impact.





10. Global public goods must remain public




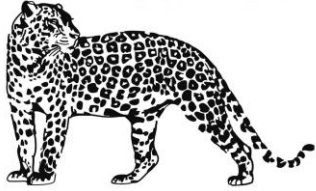


The EIB Global strategy favours an increased role by MDBs to support global public goods, such as climate, biodiversity and health by relying heavily on mobilising capital from the private sector. Such a strategy can risk the financialisation of these public goods, which can lead to less democratic access to these goods. Moreover the strategy is flawed since we see that the MDBs are currently [not very successful](#) in mobilising private money for climate finance in low income countries, even though this is where the funding gap is the largest. It is therefore of the utmost importance to look for different public investment solutions that focus more on collaborating between MDBs and other public investors and which are part

of a broader economic overhaul including measures to improving low income countries' fiscal resources by tackling structural imbalances in the global financial architecture.

We look forward to your consideration of these recommendations.

Signatures

Organisation	Logo
CEE Bankwatch Network	
Accountability Counsel	
MenaFem Movement for Economic, Development and Ecological Justice	
Lumiere Synergie pour le Developpement	
ActionAid International	

<p>Counter Balance</p>	<p>Counter  Challenging Balance Public  Investment Banks</p>
<p>Jamaa Resource Initiatives</p>	 <p>Jamaa Resource Initiatives Promoting the Spirit of Ubuntu</p>
<p>urgewald</p>	<p>urgewald</p> 
<p>Cairo Institute for Human Rights Studies</p>	 <p>Cairo Institute for Human Rights Studies Institut du Caire pour les études des droits de l'Homme مركز القاهرة لدراسات حقوق الإنسان</p>
<p>Recourse</p>	<p>RECOURSE </p> <p>Making finance accountable to people and planet</p>

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