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Juncker investment plan highlights lack of transparency at European Investment Bank

Alex Johnson · Tuesday, November 15th, 2016

15/11/16 Brussels. The European Investment Bank needs greater transparency in its decision-making if the European Union is serious about steering its way out of the euro-crisis, according to Transparency International EU. The EU's bank, which has higher lending volumes than the World Bank, needs much more stringent rules on transparency and accountability, according to new research published by the group.

"In times of squeezed Member State budgets, the EIB is key to the EU's economic recovery. It's essential that the bank becomes more open and accountable to the citizens," said Leo Hoffmann-Axthelm, Policy Officer at Transparency International EU. *"With the increase of EIB coffers with the Juncker investment fund (EFSI), much more transparency is needed to see how this fund is used,"* said Hoffmann-Axthelm.

Transparency International EU's new report Investing in '[Integrity: Transparency and Accountability of the European Investment Bank](#)' calls for the EIB to make public the assessments that determine which projects receive EFSI support, otherwise EU money may end up subsidising risks taken by private investors without generating any additional investment, according to Transparency International EU. Publishing these assessments and meeting minutes is particularly important as the Committee is composed mostly of independent businesspeople, exposing them to conflicts of interest.

The report identifies a similar problem with the EIB's governance bodies. *"The fact that eight EIB Vice-Presidents are in charge of their own countries presents a potential conflict of interest. This would never be acceptable for European Commissioners, so why is it ok for the EIB?"* said Hoffmann-Axthelm. *"The EIB's Board of Directors approves over 1 billion euro worth of loans per meeting hour, so it clearly does not have the time to check the projects. Its members also do not publish conflict of interest declarations, despite some members having close ties to global corporations,"* concluded Hoffmann-Axthelm.

Key recommendations:

- EIB Vice-Presidents should no longer be responsible for projects from their home countries.
- The EIB should urgently develop a more effective debarment policy. It currently excludes 3 entities while lending more than the World Bank, which has debarred 820

entities.

- All members of the Board of Directors should disclose declarations of interests, especially in view of the manifold private sector interests of some members.
- The EIB should join the EU Transparency Register and require lobbyists' registration for meetings with the President and Vice-Presidents, which should be published.
- The EIB should require the publication of beneficial ownership information of all bidders for any EIB-financed procurement.
- The EIB should follow the European Commission's calls to support its anti-tax avoidance agenda.

Notes: The EIB's non-executive Board of Directors is legally responsible for lending decisions, however its members only fly in for short meetings 10 times a year. Members only file ad hoc declarations of interests.

The EIB's Management Committee, composed of EIB President and 8 Vice-Presidents, prepares all lending decisions, which have to be approved by the Board of Directors.

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