

EIB GLOBAL: AN OPPORTUNITY TO TRANSFORM THE EIB'S APPROACH TO DEVELOPMENT

In the last decades, the European Investment Bank (EIB) has become a significant player in the field of development finance. With the creation of its new 'EIB Global' development branch in 2022, the bank is planning to step up its development role in support of EU development policies.

As the European Union is revamping its toolbox on development finance, in which the EIB's role will be central, Civil Society Organisations (CSOs) are paying close attention to these recent developments. In fact, the new EIB Global will play a pivotal role in the new European Fund for Sustainable Development +, the main global investment tool of the EU in the post-2020 era. Indeed, the bank is the sole implementer of investment windows dedicated to lending to sovereign and sub-sovereign entities, and will be competing with other public banks to access guarantees from the EU budget to support the private sector.

CSOs have been following the EIB's record in the development field for years and they have documented serious problems with EIB-funded projects which include a lack of development orientation and transparency, failures in due diligence and major shortcomings in environmental, social and human rights standards. The harmful impact of diverse projects from [Nepal](#)¹ to [Kenya](#) and [Georgia](#) to [Bosnia and Herzegovina](#) has been consistently criticised by CSOs. The impacted communities have lodged numerous cases to the EIB complaints mechanism testifying on the seriousness of the impacts of EIB operations on their lives and their livelihoods. Over the last few years, the majority of cases dealt with by the EIB Complaints Mechanism related to projects outside of the EU².

On numerous occasions, civil society offered a series of detailed recommendations for fundamental reforms at the EIB so that the bank can better support partner countries' development priorities, for instance on the protection and promotion of [human rights](#). The significant gap between EIB standards and their implementation on the ground has been analysed in the [report](#) "Can the EIB become the EU development bank?".

Nevertheless, these demands have largely been unanswered. The EIB is not yet a development bank, and to date the changes promised around the creation of EIB Global seem rather technical and cosmetic. Therefore, civil society calls for a profound transformation at the bank.

This echoes demands from the European Council³, Commission⁴, Parliament⁵ and academics⁶ to strengthen the development orientation and effectiveness of the EIB.

The creation of "EIB Global" can be an opportunity for the bank to change course in its development operations, but only if it takes serious steps forward. If not, the creation of EIB Global will merely be a political marketing exercise and a missed opportunity.

¹ See also the Tanahu Hydropower Project: <https://cemsoj.wordpress.com/tag/tanahu-hydropower-project/>

² In 2020 and 2021, 55% of cases at the EIB CM came from complainants outside the EU. Data for 2020 https://www.eib.org/attachments/complaints_mechanism_annual_report_2020_en.pdf and 2021 https://www.eib.org/attachments/publications/complaints_mechanism_annual_report_2021_en.pdf.

³ Paragraph 9 of June 2021 Council conclusions "Invites the EIB to present improvements to enhance the development impact of its operations in partner countries" (<https://data.consilium.europa.eu/doc/document/ST-9462-2021-REV-1/en/pdf>)

⁴ <https://counter-balance.org/news/european-commission-criticises-the-eibs-role-as-a-development-bank>

⁵ See for example the July 2021 report led by the European Parliament ECON committee which calls on the EIB to "increase its monitoring of and reporting for its projects outside of the EU" and "strengthening human rights due diligence": https://www.europarl.europa.eu/doceo/document/TA-9-2021-0331_EN.html

⁶ https://www.eurodad.org/shaping_future_eib_global

This position paper seeks to inform decision makers at the EIB, as well as its shareholders and the EU institutions to which the bank is accountable, of the key principles and demands formulated by civil society to guide the future operations of EIB Global.

- 1** All EIB operations outside the EU should demonstrate clear development additionality and contribution towards **long-term structural transformation into socially and environmentally sustainable and equitable societies**, rooted in the recipient country's national development goals. Evaluation studies which go beyond short-term impact assessment should accompany this goal by demonstrating how countries strengthened the transformation of their socio-economic base through increased productive investment and enhanced quality of public services.
- 2** **Investment and strengthening of public goods and services** should be a priority and primary goal for all EIB-funded projects rather than a secondary aim. Public goods and services are essential pillars for pandemic recovery and resilience and also provide positive spill-over effects for the local economy and consequently contribute to long term economic development.
- 3** The EIB operations outside of Europe are 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 and the rule of law, human rights and fundamental freedoms. These principles should guide its operations as a public bank tasked with a development mandate. **Focusing on a pro-poor sustainable development agenda** should be a priority rather than acting as a tool of economic competitiveness and diplomacy supporting geopolitical interests of the EU.
- 4** **EIB Global must ensure inclusive and meaningful consultation and engagement with communities impacted by its projects prior to their approval and throughout project implementation.** Specific measures should be implemented to include indigenous peoples, women, persons with disabilities and other vulnerable groups during the consultations.

EIB Global must ensure the implementation and documentation of the free prior and informed consent (FPIC) of indigenous communities before approving projects that affect them, their lands, territories, and resources, as required in the UN Declaration on the Rights of Indigenous Peoples. This requires timely and proper identification and recognition of all the affected communities, and culturally appropriate consultation mechanisms.

Self-identification as indigenous or tribal shall be regarded as a fundamental criterion to determine the groups to which the Convention applies and the reasons for excluding the application of indigenous people's standards should be published and disseminated as soon as such a decision is adopted, so that the affected people can challenge it.

Human rights defenders have been subjected to reprisals in the context of projects supported by the EIB⁷. To ensure participation is free of intimidation and coercion, EIB Global should develop protocols to assess and mitigate reprisal risks and establish procedures to effectively respond to reprisals when they do occur. Reprisal risk assessments should identify restrictions to civic space, be country and project specific and based on consultations with affected communities and human rights defenders. The EIB should respond in a timely and effective manner to any threats or attacks carried out in reprisal, in consultation with the defenders at risk, to prevent future attacks and ensure the accountability of those at fault. This includes potential sanctions, withholding of disbursements or cancellation of contracts and disqualification from entering a contractual relationship with the EIB in the future.

⁷ "Can the EIB become the 'EU development bank'?", Bankwatch Network and Counter Balance, <https://counter-balance.org/media/episode-13-can-the-eib-become-development-bank>. See also "The EIB must walk the talk and uphold its zero-tolerance policy on reprisals against communities in Lamjung District, Nepal," FPIC & Rights Forum, LAHURNIP, and Accountability Counsel, <https://accountabilitycounsel.org/2022/05/the-european-investment-bank-must-walk-the-talk-and-uphold-its-zero-tolerance-policy-on-reprisals-against-communities-in-lamjung-district-nepal/>.

Clients have an obvious conflict of interest that may prevent them from disclosing information that could potentially risk the approval of the project. To ensure independent and proper supervision of stakeholder engagement, EIB Global should not rely exclusively on information generated by the clients to identify project-affected people, determine the results of consultations with the communities, assess risks and prevent reprisals.

5 There is little 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). **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.** EIB Global should also be accountable for compliance with the principles stated in the Paris Declaration on Aid Effectiveness and Accra Agenda for Action (ownership, alignment, harmonisation, managing for results and mutual accountability).

6 EIB Global, especially when operating in fragile contexts, must ensure that local communities have knowledge about and **access to effective, independent and safe complaints mechanisms** (an independent project-level grievance mechanism, a reinforced EIB Complaints Mechanism and access to the European Ombudsman), including the right to effective redress.

The EIB Complaints Mechanism (CM) is a key tool for anyone to seek remedy for harmful impacts of the bank's investments. Still, its independence and legitimacy have been jeopardised, for instance during a policy review process in 2018⁸. In recent years, complainants have raised issues related to the effectiveness and transparency of CM processes, over-reliance on data and information coming from project promoters⁹ and a lack of authority to make sure that the CM's recommendations are properly implemented by the EIB. Therefore, **the CM should be reformed and its effectiveness and safe access should be reinforced so that it becomes a more meaningful and less risky avenue for impacted rights-holders and so that its cases result in rights-based remedy for complainants**¹⁰.

7 As a body of the European Union, **the EIB should abide by EU transparency standards and principles.** Transparency of EIB operations, especially its active dissemination of information, remains limited. Despite reviewing its Transparency Policy, the bank is still failing to meet the EU's obligation to conduct its work as openly as possible. Official EIB's statistics are telling: only 60% of projects were disclosed at least 3 weeks in advance of their approval in 2020, while 96% were in 2010. Among those not disclosed in a timely manner were projects for which environmental and social impacts assessments were required.

In April 2022, the European Ombudsman called on the EIB to improve transparency practices in relation to projects financed directly by the bank and those financed through financial intermediaries¹¹. Among other things, the Ombudsman requested that the EIB inform the public about all the documents it holds which contain environmental information concerning the projects it finances, and disclose more information about any financial intermediary sub-projects that have a significant impact on the environment.

⁸ The 2018 Complaints Mechanism policy leaves room for EIB staff and services — those whose decisions may well be the cause of adverse impacts — to interfere with the CM's decisions, thus further weakening its capacity to operate independently for those in urgent need of redress.

⁹ The conclusions report of the complaint on the Mombasa access road shows how the CM relied on information from the promoter's powerpoint presentation; See, point 5.1.2, page 14, <https://www.eib.org/en/about/accountability/complaints/cases/mombasa-port-access-road>

¹⁰ Recommended Policy Paper: Guiding Practice from the Policies of Independent Accountability Mechanisms <https://www.accountabilitycounsel.org/2021/12/new-guide-for-making-accountability-mechanisms-more-effective/>

¹¹ <https://www.ombudsman.europa.eu/en/news-document/en/155122>

Increased transparency is needed at the new EIB Global, especially for the people affected by EIB-financed projects, as well as for societies globally who should be given the information to understand the costs and benefits of EIB operations that are relevant to them. **In addition to transparency at the project level, EIB Global's decision-making structure - including its 'Advisory Board' - should operate in full transparency via disclosing its membership, agendas and minutes.**

8 Following the adoption of the new Environmental and Social Sustainability Framework, **the EIB's environmental and social due diligence practices should be reviewed and strengthened.** Currently the quality of the bank's due diligence and monitoring remains insufficient.

The summary of the EIB's environmental and social appraisal is not made public before projects are approved by the Board which makes it impossible for civil society and project impacted people to meaningfully engage with the bank. Also the EIB does not indicate which of its standards apply to a project or if any derogation was granted. The EIB should pay heightened attention to the quality of Environmental and Social Impact Assessments, in order to adequately capture all impacts and to secure the right to a clean environment and sustainable development for project-impacted persons. Other important documents such as Resettlement Action Plans or Environmental and Social Management Systems should also meet the highest standards and be subject to consultations and approval by the impacted persons – achieving broad community support – in order for the EIB to approve them. **Ultimately, the EIB should not support any project which does not fully comply with all relevant environmental and social standards.**

9 The EIB does not have a dedicated system of **human rights due diligence.** Instead, it claims that it applies a 'human rights responsive environmental and social due diligence'. Concrete figures bring this approach into question. Since 2015, no standalone human rights impact assessments have been required by the EIB to be carried out by promoters. Meanwhile, the EIB keeps providing support to projects associated with human rights violations, as proven by more than 500 complaints submitted to the bank regarding human rights abuses for a single project in Kenya¹². The existing social safeguards neither sufficiently prevent intimidation, threats and forced evictions nor protect the existence and wellbeing of the most vulnerable project stakeholders. The bank's new safeguards, known as the Environmental and Social Sustainability Framework (ESSF), did not incorporate proper human rights due diligence - despite calls from global civil society and human rights related international bodies. Because of this, **the EIB must develop a Human Rights Strategy and adequate, publicly accessible procedures for human rights risks and impact assessments at project level.**

10 Despite being informed by CSOs working with project-impacted communities that harm caused by EIB projects is rarely remedied and a UN report published in February 2022 reporting the same¹³, the EIB has yet to begin to put in place a remedy framework that applies to all of its projects. The launch of EIB Global provides both an opportunity and need for EIB to demonstrate its commitment to sustainable development by embedding remedy throughout the investment cycle, from planning to supervision to response. **The EIB must commit to designing a rights-based remedy framework that incorporates the UN report's recommendations for all of its projects and undertake a public consultation on that design.**

¹²The project in question is: <https://www.eib.org/en/projects/pipelines/all/20140546>. Only under the case SG/E/2018/44 there were more than 250 complaints. In 2018 a mediation process covered another 316 complainants under a different CM case.

¹³"Remedy in Development Finance: Guidance and Practice," Office of the United Nations High Commissioner for Human Rights, <https://www.ohchr.org/sites/default/files/2022-03/Remedy-in-Development.pdf>.

11 In 2019, the EIB took a landmark decision to end support for fossil fuels, including for investments outside Europe. It also committed to unlocking €1 trillion in climate and environmental investments by 2030 and to earmark at least 50% of its finance to climate action and environmental sustainability. **In light of the climate emergency, the EIB must swiftly deliver on its climate commitments and align all its operations with the objectives of the Paris Agreement.** In pursuing these objectives, it is of the utmost importance that the EIB strictly requires all its environmental and social standards and the “Do No Harm Principle” to be strictly implemented.

Nevertheless, concerns over the climate impacts of the development model promoted by the EIB remain legitimate. For example, the bank is supporting the expansion of ports and roads for exporting raw materials, as well as airports, special economic zones and logistical centres. **The gigantic scale and global nature of this infrastructure will have a devastating impact on the climate.** Mega-corridors all over the world are based on high-carbon transport (e.g airports and motorways) and energy infrastructure (including fossil fuels). As a result, this infrastructure agenda does not fit with the EIB’s recent commitments to align with the objectives of the Paris Agreement, nor is it compatible with the European Green Deal. **The EIB should instead aim to support infrastructure that prioritises social and environmental justice and is demanded by communities in the global South,** instead of scaling up efforts to de-risk projects which harm the poorest and most marginalised communities. EIB Global’s interventions should be recentred around the public good for a truly just ecological transition that meets the needs of people and their territories.

SIGNATORIES



Accountability Counsel



Arab Watch Coalition



Balkani Wildlife Society



Cairo Institute for Human Rights Studies



CEE Bankwatch Network



Community Empowerment and Social Justice Network



Counter Balance

Defenders in Development Campaign



Ecoaction



Ecolur



European network on debt and development

European Network on Debt and Development



FIDH - International Federation for Human Rights



Gender Action



Global Responsibility
- Austrian Platform
for Development and
Humanitarian Aid



Green Alternative



Jamaa Resource
Initiatives



Lawyers' Association
for Human Rights of
Nepalese Indigenous
Peoples



Lumière Synergie pour
le Développement



Oil Workers' Rights
Protection Organization
Public Union



ReCommon



Recourse



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