To Mrs Nadia Calviño  
President of the European Investment Bank

Dear Madam President,

We, the undersigned civil society organisations, once again express our support for EIB Global’s decision to develop and adopt the EIB Global Strategic Roadmap, which outlines the strategic direction of EIB as a development bank, as requested by the Council of the European Union in June 2021. Since we were not provided the opportunity to provide input on the preparation of the draft document, our purpose in writing this letter is to express our opinion on the approved Roadmap, which we hope will guide the actions of EIB Global going forward.

The key messages outlined in the Roadmap emphasise the EIB as a policy-driven financial institution with a focus on development in alignment with the principles guiding the European Union’s external actions. As long as EIB Global fundamentally reforms its operating model, we believe that it can support the application of these principles and help to achieve the UN Sustainable Development Goals and the objectives of the Paris Agreement. To this end, EIB Global needs to clearly apply the principle of development additionality and contribute to the long-term structural transformation of recipient countries, aligning with their national development goals of promoting socially just and environmentally sustainable societies.

However, we believe the Roadmap lacks the necessary ambition to fully implement the strategy outlined in the document. Therefore, we offer several recommendations aimed at helping the EIB introduce fundamental reforms and support its transformation into the development bank that the EU deserves.

1. **Strengthening partnership and participation**

The proposed Roadmap should be subject to a meaningful consultation process that engages key stakeholders in the EIB’s countries of operation, especially those most vulnerable to the impacts of development operations in the Global South.

That the Roadmap was adopted without consulting the public runs counter to the declared values of EIB Global. Although EIB Global has publicly stated its commitment to strengthening partnerships with European and international public and private partners from the global development community, including civil society, it has completely failed to include them in any structured discussion of its Roadmap, the most important policy declaration guiding the functioning of the EIB as a development institution.

We deeply regret this lack of public consultation, all the more so given that some civil society organisations had already shared their concerns with the EIB Board of Directors prior to the EIB Board
Seminar with Civil Society on 2 May 2023, particularly regarding the limited public discussion and poor transparency that have characterised the approach taken by EIB Global since it was established. It is still unclear how EIB Global intends to deliver on its stated promises of working through efficient cooperation with partners, beneficiaries and civil society, bringing the EIB closer to local people, companies and institutions, building closer partnerships around the world, and enhancing 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 limited participation of recipient countries in the bank’s decision-making processes, since the EIB governance structure over-relies on its shareholders – the EU Member States – as well as European institutions such as the European Commission and the European External Action Service, whose representatives sit on the EIB’s Board of Directors. In short, the Roadmap privileges European voices and power in deciding who benefits, and how, from the 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 democratic and developmental points of view. It is also less effective for achieving developmental goals.

We therefore call on EIB Global to modify its policies and governance structure so that it strengthens participation and ensures that affected communities in recipient countries establish their own development strategies and priorities. Empowering civil society should not only concern international and European non-governmental organisations. First and foremost, the focus should be on the Global South and nurturing civil society in the region.

Finally, the Roadmap ignores trade unions as important social partners. EIB Global should look beyond simply complying with relevant labour standards and instead strive to create decent, sustainable jobs. The bank could benefit from having a systematic dialogue with trade unions. For instance, establishing a standing committee would allow trade unions to stay better informed on labour market conditions in various contexts, place more focus on creating fair employment opportunities, and ensure coherence with EIB Global’s development mandate.

The Roadmap should bring more clarity to the way the EIB Group intends to strengthen these partnerships with key stakeholders, including a framework plan for regional and national policy dialogue and inter-institutional relations. Finally, detailed policy dialogue plans should be included incorporated into the Business Implementation Plan.

2. EIB Global development objectives

The EIB’s 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 EU’s actions, and those of the EIB, must, among other things, ‘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 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 positions EIB Global as a tool of economic diplomacy and geopolitical interests for the EU. EIB Global’s declared objective of supporting the EU external policies and priorities, including the Sustainable Development Goals and global public goods, does not match with its 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 fails to offer any explanation for 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 fails to reference the development objectives of partner countries or acknowledge the consolidation and integration of their economies into the world economy as an equally important objective of EIB Global. For example, it is highly problematic that a development bank such as the EIB is focused on elevating the already privileged access of European companies to raw materials and related value chains instead of developing the capacities of local producers.

We are also concerned that the Roadmap presents a rather modest diagnosis of the needs and objectives of the EIB’s interventions in vulnerable regions without providing any meaningful justification for the selective focus of its operations. For example, the sole paragraph dedicated to the Southern Neighbourhood states that just two of the five key priorities of the New Agenda for the Mediterranean will be prioritised without giving any reason for the restricted focus. Adding to the confusion, the original wording for the second of these objectives, which reads ‘strengthen resilience, build prosperity and seize the digital transition’ has been modified to include the words ‘and human development’. These three words have been taken from the original first priority, which reads ‘human development, good governance and the rule of law’.

In the countries of North Africa, the sharp decline in the rule of law, democratic practices, accountable governance, and human rights, along with the concomitant rise in authoritarianism, counter-revolutionary trends, and the repression of peaceful dissent, particularly on matters of public interest and good governance, present a significant challenge for the EIB’s human development investments.

The Roadmap frames the global challenges faced by countries in the Global South as technical and ahistoric, reinforcing the neocolonial and neoliberal narrative that these countries are helpless, lack the capacity for self-governance, and mismanage their own affairs. It is disingenuous to claim that African nations are simply ‘exposed’ to chronic water shortages, land degradation, and increases in the prices of raw materials and food inflation caused by Russia’s war in Ukraine. The reality is that they have been subjected to ongoing neocolonial injustices and excluded from the global financial architecture, which
makes them particularly susceptible to global price volatility, a direct result of the sustained liberalisation conditioned upon them by major multilateral creditors. They continue to suffer from rampant corporate profiteering, capital flight, unjust debt burdens, and the illegal diversion of financial resources from their local economies. Before conflating Global South countries as ‘equal partners’, the EIB must understand the structural obstacles to their growth, which implicate investors in the Global North. Similarly, the Roadmap has chosen a paternalistic approach to countries in the EU Neighbourhood, suggesting that their progress has been hindered by a weak business environment and that their high indebtedness could be controlled through better management. The focus on promoting a better business environment will not help if the rule of law and accountable governance are not strengthened in equal measure.

In contrast, the EIB’s approach involves advocating for market liberalisation and boosting exports whilst continuing to ignore the structural problems of EU integration. As a result, certain countries are overlooked, particularly those in the EU Neighbourhood, which the EIB treats as peripheral rather than essential components of its operational model. This way of framing the challenges these countries face has implications for the solutions offered, with detrimental impacts on the capacities of countries to chart their own path towards sustainable and inclusive development.

3. Ukraine’s reconstruction

The Roadmap acknowledges the considerable dual challenge of delivering wartime support to Ukraine while making sure the reconstruction of the country is rooted in inclusive and sustainable development. For the reconstruction of Ukraine to be a success, Ukrainian people have to be involved. For this reason, we are calling on international donors to ensure that the financial structures for helping impacted communities are put in place and that civil society groups have a say in this process. The EIB is no exception. In line with the EIB Standard on Stakeholder Engagement, we urge the EIB to ensure that all of its operations in Ukraine are subject to consultations with civil society, their organisations, trade unions and impacted people, including projects that are not required to publish an 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, there is a lack of transparency in how the EIB cooperates with the Ukrainian government, particularly the Ministry for Restoration, during the process of selecting and implementing projects aimed at supporting 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. The EIB, as the lending arm of the EU, must lead by example and showcase EU best practices across the board in its dealings with the Ukrainian government and local authorities. This will also ensure coordination with other donors in implementing the EU acquis, helping the country 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 very little transparency with regard to how this impact measurement works. First, the summaries outlining the EIB Group’s Additionality and Impact Measurement (AIM) Framework does not apply to all EIB projects. The summaries that have been published are far too brief and fail to build upon the pillars of the AIM methodology. Moreover, there is nothing in the Roadmap to suggest that monitoring indicators or monitoring information based on the adopted criteria will be made publicly available during project implementation. Therefore, it is highly unlikely that the EIB Group’s current impact measurement practice will strengthen its accountability and transparency.

5. Promoting EU values and standards

We are glad to see that the Roadmap commits to promoting EU values and standards, including human rights. However, the general lack of transparency across EIB operations needs to be urgently addressed if it is to 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 exact opposite has happened. The EIB flouts the 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 approving 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 the considerable efforts the EIB has undertaken to strengthen the integration of human rights considerations into its environmental and social due diligence procedures, there are still systemic obstacles that prevent it from effectively protecting and promoting human rights.
The Roadmap should be more specific about the actions the EIB will take to protect human rights. First, the EIB should make site visits an obligatory part of due diligence for all projects where specific human rights risks have been identified. Second, it should gather information from rights holders, particularly local residents and employees impacted by harmful projects. Third, it should publicly report on the environmental, social and human rights due diligence carried out by the bank. Fourth, 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. Fifth, 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 EIB Group Complaints Mechanism (EIB-CM) should be more than just a mechanism to hear complaints, as 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 any instances of harm identified.

In the context of the need to secure environmental, social and human rights standards across 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 as 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 civil society organisations, 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 Civicus Monitor, ‘not free’ by Freedom House and ‘under siege’ by Human Rights Watch.

The EIB should undertake activities that promote public participation and partnership with civil society organisations 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.
No EIB project should result in the unequal treatment of people. The Roadmap should clarify the EIB’s gender equality target. Currently, it suggests that the bank accepts that, in the case of 70 per cent of its lending, gender equality will not be guaranteed. This is simply unacceptable.

6. Climate

The Roadmap focuses on climate finance in the context of delivering quantity rather than quality. Notably, 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’. However, the Roadmap provides only a very brief presentation of the EIB Global’s strategy for achieving this objective. Also, it does not address the debt burden that developing countries and their public institutions ultimately have to shoulder in order to finance climate change adaptation, for which they are not responsible. The Roadmap should contain a more explicit description of the role of financial additionality in supporting adaptation projects, particularly on matters of concessional lending versus non-concessional lending and the blending of grants.

7. EIB Global and the 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 reducing the risk of 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 that 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, one that is accountable to citizens of the EU and recipient countries. An integral part of this is to direct its risk-taking capacity to finance socially beneficial projects that deliver public services in the countries of the Global South.

8. Detrimental partnerships with export credit agencies

The EIB aims to expand partnerships with export credit agencies. We see this as a very negative development, given that these partnerships blur the distinction between development and credit export finance. Pursuing EU commercial interests is not compatible with achieving positive development impacts. The objectives of export credit agencies hold back the local economies of recipient countries from becoming less dependent, building capacity for high-value chain production, and following their own sustainable economic development path. Furthermore, partnerships between development finance and export credit agencies often result in more complex designs, costlier projects and greater debt burdens for recipient countries. The EIB should refrain from further developing these partnerships and review existing partnerships on ongoing projects.

9. Risks of low-carbon hydrogen
The strategy incorporates a review of the EIB’s energy lending policy, including its focus on low-carbon hydrogen technology. From a sustainable development perspective, this technology comes with multiple risks. First of all, it leaves the door open for fossil-fuel-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. Therefore, the focus is more oriented towards exports rather than supporting local development, an approach that benefits EU businesses while increasing the debt levels of recipient countries. It also diverts local renewable energy capacity from tackling local needs to meeting export demand, as the hydrogen production process itself consumes large volumes of water. The EIB should withdraw all of its financial support for investments in fossil-fuel-based hydrogen, and instead prioritise green hydrogen projects which have a clear positive development impact. This will encourage local access to energy production, job creation, technology transfer and the local use of production capacity while minimising detrimental impacts on the environment.

10. Global public goods must remain public

The EIB Global strategy disproportionately empowers multilateral development banks to deliver global public goods, a model that over-relies on mobilising capital from the private sector to support climate, biodiversity and health needs. This strategy also encourages the financialisation of public goods, which in turn limits democratic access to these goods. This situation is all the more alarming given the lack of success development banks have when it comes to mobilising private money for climate finance in low-income countries, where the funding gap is the largest. This makes it imperative to explore different public investment solutions that focus on fostering collaborating between multilateral development banks and other public investors. Ideally, this would form part of a broader economic overhaul, including measures to improve the fiscal resources of low-income countries such as tackling structural imbalances in the global financial architecture.

We thank you for taking the time to consider our recommendations and look forward to your response.

Signatures

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