European Investment Bank

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The European Investment Bank (EIB) is the financing institution of the European Union. The EIB was created on 25 March 1957 by the Treaty of Rome establishing the European Economic Community (EEC) and enjoys its own legal personality and financial autonomy within the Community system.

The Bank has decision-making bodies and its own administrative structure and is the only institution that is not common to the three Communities, falling within the scope of only the Treaty establishing the European Community (EC) [Articles 266 and 267 and the Protocol (No 10) on the Statute of the European Investment Bank].

Its task is to contribute to the balanced and steady development of the common market by financing investment projects on a non-profit-making basis. It likewise contributes to economic integration, the strengthening of economic and social cohesion and the implementation of development cooperation operations.

The idea of creating a financial structure for European regional development projects came about in the period following the Second World War under the Organisation for European Economic Cooperation (OEEC). The Treaty establishing the European Coal and Steel Community (ECSC) of 18 April 1951 — which expired on 23 July 2002 — provided for the carrying out of investment programmes by granting loans and giving guarantees to undertakings through only the High Authority (Articles 54 to 56). The Foreign Ministers of the Six, meeting in Messina from 1 to 3 June 1955, reached agreement on the objective of creating a 'European Investment Fund'. The Spaak Report of 21 April 1956 emphasised the creation of an 'investment fund', but the formula ultimately adopted was the idea of setting up a 'bank', a solution which was in keeping with the interests of the majority of the Member States.

The European Investment Bank is the subject of Title IV of Part Three of the EEC Treaty entitled 'Community policies'. Article 129 establishes the Bank and Article 130 defines its task. Its Statute is laid down in a protocol annexed to the Treaty. Under Article 3 (j) of the Treaty, the establishment of the Bank is 'intended to facilitate the economic expansion of the Community through the creation of new resources'.

As a public body governed by Community law, the EIB has a legal personality distinct from that of the Community itself (Article 210 of the EEC Treaty). The EIB is modelled on the International Bank for Reconstruction and Development (IBRD) and the intention of the authors of the EEC Treaty was to ensure that the Bank has operational and institutional autonomy in carrying out its tasks on the capital markets, as is the case for any other bank. Nevertheless, as clearly set out by the Court of Justice, '[…] the fact that the Bank has that degree of operational and institutional autonomy does not mean that it is totally separated from the Communities and exempt from every rule of Community law. It is clear […] that the Bank is intended to contribute towards the attainment of the Community's objectives and thus […] forms part of the framework of the Community' (Judgment of the Court of 3 March 1988, Commission of the European Communities v Board of Governors of the European Investment Bank, C 85/86, *Rec.* 1988, p. 1281).

Provisions relating to economic and social cohesion included in the Single European Act of 17 and 28 February 1986 (Articles 130a and 130b of the EEC Treaty) clearly lay down the task of the EIB with regard to promoting the 'overall harmonious development' of the Community.

The Treaty on European Union (TEU) of 7 February 1992 introduces a new Article 4b under Part One entitled 'Principles' of the EC Treaty which establishes the EIB as a European Community body further to the institutions and bodies of Article 4 and the institutions of economic and monetary union (European System of Central Banks and European Central Bank) laid down in Article 4a. Provisions relating to the EIB are similarly included under the institutional provisions of Part Five of the EC Treaty entitled 'Institutions of the Community'. The Protocol on economic and social cohesion reaffirms 'that the European Investment Bank should continue to devote the majority of its resources to the promotion of economic and social cohesion' and declares that the Member States are willing to review the capital needs of the Bank for that purpose. This firmly establishes the EIB as the 'European bank for regional development'.

The Edinburgh European Council of 11 and 12 December 1992 resolved to give urgent consideration to the creation of a European Investment Fund with a view to promoting economic recovery in Europe. Accordingly, the Member States of the Community decided by way of an Act signed in Brussels on 25 March 1993 to amend the statute of the EIB for the purpose of empowering the Bank to establish the Fund.

The **European Investment Fund (EIF)** was created by decision of the EIB Board of Governors of 25 May 1994. The Fund has legal personality and financial autonomy and its task is to contribute to the achievement of Community objectives. The relationship between the EIB bodies and those of the EIF is laid down in the Fund’s Statute. The Bank is entitled to participate in the management of the Fund and to contribute to its subscribed capital. This capital is distributed among the Fund’s members as follows: the EIB (60.5 % of the capital), the European Community (30 %) and the European financial institutions (9.5 %).

Following the Lisbon European Council of 23 and 24 March 2000, which called for the creation of a friendly environment for starting up and developing innovative businesses, in particular small and medium-sized enterprises (SMEs), the EIB Board of Governors reached agreement in June 2000 on the constitution of the **EIB Group**, consisting of the EIB and the EIF and under which the Bank grants medium- and long-term loans and the Fund specialises in venture-capital operations and the provision of guarantees to SMEs.

The Treaty of Amsterdam of 2 October 1997 makes no amendments to the institutional provisions relating to the EIB.

The Treaty of Nice of 26 February 2001 introduces an amendment to Article 266 of the EC Treaty allowing the Council to alter certain provisions of the Bank’s Statute.