

## 'Taking the EIB's external activities under review – reflections from the group of wise persons' in EIB-Information (2010)

**Caption:** In 2009, a committee of 'wise persons', chaired by Michel Camdessus, former Managing Director of the International Monetary Fund, assessed the operations carried out by the European Investment Bank outside the European Union (EU). In this article, Michel Camdessus sets out the main thrust of the report published on 24 February 2010.

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# Taking the **EIB's external activities** under review – reflections from the group of wise persons

**F**or the past year an independent committee, which I had the honour of chairing, pondered the issue of how the EIB can contribute to making European cooperation and development policy more effective. Reflections about the EIB's lending operations outside the EU have been ongoing as part of a scheduled review. Since 2006, when the EIB's current mandate was negotiated, the global context has changed considerably.

The committee therefore decided to provide policymakers with "pistes de réflexion" to address future challenges in a more structured way: to enhance the impact, effectiveness, efficiency and visibility of EU financing activity outside the Union.

Whereas the financing of investment projects within the 27 Member States remains the EIB's core activity, its operations outside the EU have reached a substantial size over the years: with a business volume of nearly EUR 9bn in 2009, the EIB lent more than the European Bank for Reconstruction and Development, twice as much as the African Development Bank and half as much as the World Bank.

Our panel had a remit to review the performance of the EIB's current mandate – some EUR 25.8bn over the period 2007-13 – for lending in regions of the world covered by an EU budgetary guarantee.

The EIB is clearly a powerful tool. But we concluded that it could further enhance



by Michel Camdessus, chairman of the group of wise persons and former IMF Managing Director

its support for EU external action if it were provided with the means in terms of staff and access to concessional funds, which are clearly below the levels of other international financial institutions.

We also recommended focusing EIB financing activity on the delivery of global public goods, specifically for fighting climate change, including an extra EUR 2bn of lending, as well as on economic infrastructure, support for private sector development and regional cooperation.

In the short term, we recommended that the EIB and European Commission establish an "EU platform for cooperation and development" to blend grants and loans from various European financing sources. We also said that the EIB should prepare for potentially bigger changes by consolidating its existing external activity in a separate entity.

We then suggested two alternatives for further study: bringing EIB external lending and European Commission investment-related aid together in a "European agency for external financing"; or the creation of a "European Bank for Cooperation and Development", possibly also incorporating the portfolio of the EBRD, subject to negotiations with that institution's non-EU shareholders.

None of these would be new EU institutions, but would bring together the disparate sources of finance currently deployed outside the EU – more than EUR 100bn for 2007-13 alone – in line with the European Consensus on Development adopted in 2006.

It is now up to policymakers to make the right strategic choices for the EU in order to dispose of a single powerful "financial arm" to serve the EU's external ambitions and policies. ■

## The group of wise persons

Following a decision by the European Council, a group of wise persons was set up in 2008 to take a close look at and evaluate the EIB's operations outside the Union since 2006 that are covered by an EU budget guarantee. Based on the expert group's report and recommendations, the European Commission will bring forward a proposal that will be subject to joint decision by the European Parliament and Council. The members of the group of wise persons are:

**Michel Camdessus** chairs the group of wise persons. A former Managing Director of the International Monetary Fund (IMF) from 1987-2000, he is an Honorary Governor of Banque de France. Previously, he was head of the French Treasury and Chairman of the European Monetary Committee and of the Paris Club. He is a member of the Africa Progress Panel, an independent authority that aims to focus world leaders' attention on delivering their commitments to the continent, and of the UN Secretary General's Advisory Board on Water and Sanitation. He has been the Chairman of the French Financing Corporation (SFEF), a member of the Commission for Africa, and Chairman of the World Panel on Financing Water Infrastructure.

**Kemal Derviş** is a former Minister of Economic Affairs of Turkey and was Executive Head of the United Nations Development Programme (UNDP) from 2005-09. Kemal Derviş currently holds the position of Vice-President and Director of Global Economy and Development at the Brookings Institution and is a member of the International Board of Overseers of Sabancı University. He chairs the International Advisory Board of Akbank and is an Adviser to the Director-General of the ILO. Prior to this, he also served as a member of the Turkish Parliament and Turkish Treasury and as a World Bank Vice-President.

**Norbert Kloppenburg** is a Member of the Board of Managing Directors of KfW Bankengruppe in charge of international financing activities. He has worked for KfW Bankengruppe since 1989 holding various posts. Previously, Norbert Kloppenburg gained experience abroad working in India and Burundi. He serves as First Deputy Chairman of the Supervisory Board at Deutsche Investitions- und Entwicklungsgesellschaft, a development finance institution.

**Manana Kochladze** is regional coordinator for the Caucasus area with the Central and Eastern European Bankwatch network, a non-governmental organisation, where she has been in charge of activities in Georgia since 1998. She has led various environmental NGO campaigns and is the founder of the Tbilisi-based environmental group 'Green Alternative'.

**Richard Manning** is a former Chair of the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (2003-07) and currently works as an independent consultant on international development. Previously, Richard Manning served as Director General for Policy at the UK Department for International Development (DFID) and its predecessor agencies, including periods spent serving in West Africa and South East Asia, and as Alternate Executive Director at the World Bank. He is currently Chair of the Board of the Institute of Development Studies.

**Luis Martí Espluga** is vice-chair of the group of wise persons. He is a former Executive Director with the World Bank (2004-06) and IMF (2003-04) and a former EIB Vice-President (1994-2000). Previously, he was chief executive officer of the Spanish Foreign Trade Institute and served for several years as director in the Spanish Export Credit Corporation. Prior to this, he was deputy director of the Spanish Exchange Control. Luis Martí currently lectures and publishes on world economic topics.

**Sauli Niinistö** is currently Speaker of the Finnish Parliament. From 2003-07 he was a Vice-President of the EIB and member of its Management Committee. Previously, he also served as Deputy Prime Minister, Finance Minister and Justice Minister of his country during the years 1995-2003. Sauli Niinistö is also an Honorary President of the European People's Party.

**Ewa Osniecka-Tamecka** has been Vice-Rector of the College of Europe campus in Poland since 2007. Previously, she served as Secretary of State for European Affairs and acted as Poland's Sherpa for the EU Constitution. Before that Ewa Osniecka-Tamecka was the Chef de Cabinet of the Minister for European Affairs, National Aid Coordinator, Director of the Programme Management Unit responsible for implementing EU aid programmes, and an Adviser to the Minister for European Affairs in the Prime Minister's Office. Ewa Osniecka-Tamecka is a Member of the Board of the Cooperation Fund.

**Mario Sarcinelli** is a former Deputy General Manager of the Bank of Italy, and also served as General Manager of the Italian Treasury and Foreign Trade Minister. From 1991 to 1994 he was also Vice-Chairman of the European Bank for Reconstruction and Development (EBRD). Until 2008, Mario Sarcinelli was a lecturer in monetary economics at 'La Sapienza' (Rome) University. Previously, he was appointed by the Inter-American Development Bank as an expert in the External Review Group for assessing the role of the IADB in the private sector.

**Jean-Louis Biancarelli** is the EIB's representative in the group of wise persons. He is a former EIB Director-General for operations outside the EU. He joined the EIB in 1977 as a loan officer for African countries and later held various posts dealing with lending operations in France, the African, Caribbean and Pacific countries (ACP) and the Mediterranean region. Previously, Jean-Louis Biancarelli held posts at the World Bank and the Tunisian Ministry of National Economy.

**David McGlue** is a representative of the European Commission in the group of wise persons. Until 2008, he was Director at the Commission responsible for financial market operations, management of investment financing programmes for small business and relations with the EIB Group. Between 1994-2000 he was full-time resident Executive Director of the European Investment Fund (EIF) after occupying various posts in the Commission in the fields of finance, energy and industrial policy. Previously, he worked in the UK diplomatic service. David McGlue is currently a member of the Board of Directors of the EIF.

# EIB's independent evaluation takes a close look at external activities

In 2009, the EIB's independent Operations Evaluation provided an important contribution to the mid-term review of the EIB's external mandates by delivering a full review of the Bank's operations and strategies outside the EU.

by Alain Sève and Werner Schmidt, Operations Evaluation

**O**perations Evaluation (EV) helps to provide transparency vis-à-vis the Bank's governing bodies as well as interested third parties by carrying out thematic, sector and regional/country evaluations of projects financed by the Bank, once they have been completed. In order to continuously improve the EIB's ac-

tivities, it assesses how the Bank conducts its operations, in the light of the relevant EU policies. EV also analyses related policies and strategies to identify aspects which may need to be reviewed and provides concrete recommendations according to its findings. Through its work covering all EIB activities, it reinforces accountability

and encourages the organisation to learn from experience. EV cooperates closely with evaluation teams from the European Commission and with other bi- and multi-lateral partners.

In 2009, EV provided an important contribution to the ongoing mid-term review of