

Comments, Question & Answer Panel 4 and closing remarks

What accountability mechanism are we looking for for the EIB?

Summary:

The last discussion round deals with arguments on why the EIB needs an appeal mechanism, suggestions on the actual mechanism and the pending cases with the Ombudsman against the EIB, and is initiated by Peter Maertens of the EIB.

He states that he has seen several examples of projects which went seriously wrong, however these were not EIB projects. He asks for stronger arguments on why the EIB needs these mechanisms to take back to the EIB. He agrees with the principles David Hunter gave in his presentation and states that the EIB will evaluate the standards and guidelines, the Ombudsman approach and will assess if it meets the stated principles. In addition he emphasizes that serious complaints need to be heard, looked at and followed up and that the complaint mechanisms should be easier and quicker. Concluding he points out: *“What I’m not yet taking back is why do we really need it? One hasn’t shown that we have disaster upon disaster in our projects? Convince me more.”*

Mr. Maertens’ remark triggered several responses from other conference participants. Magda Stoczkiewicz reacted first by underlining that she wanted this to be a constructive conference with a focus to solve the problems, CEE Bankwatch has been pointing to the problems of the EIB for the last ten years. She points out that the EIB has refused responsibility in past projects (which it has (co)financed). In future the EIB will be engaged in more lending outside of the EU with consequently a lot of potential for problems and conflicts. The EIB now has the chance to start in the right way and to make sure that people have a say in this. Responding Mr. Maertens says that responsibility for a project lies not only with the financiers, but also with the decision-makers, country and the project itself.

Ms. Stoczkiewicz again points out that in any case the EIB has the choice between financing a project or not. Another argument to apply and change the EIB mechanisms given by Mr. Hunter is that exactly the same dialogue took place ten years ago with the IFC and still people suffered from their projects. In addition he underlines that you need to bring your own norms and structures when financing in developing countries if you want to prevent difficulties. Magda Stoczkiewicz adds that if the EIB does not open space to listen to the people who are affected by the projects than they will not be heard. Furthermore she states that the EIB needs to acknowledge its responsibility as it is the EIB’s money that makes the project possible. She points out to the first case with Ombudsman when no maladministration could be found simply because the EIB put all the responsibility for the EIA to the client. She states: *“If you don’t have strong standards, which you need to adhere to, you won’t get evidence of wrongdoing.”*

In addition to the discussion on why the mechanism is needed, there are also suggestions on how the mechanism could be improved or for an innovative mechanism. Magda Stoczkiewicz finds a long-term follow-up of projects and earlier intervention in the process essential for effective appeal/complaints mechanism. Next to complaints in the post-project phase, understanding of local involvement in the decision-making phase is required. Tom Griffiths emphasises that public consultation standards for the pre-project review have to be tied down and that the participation of the civil society is important. David Hunter adds also that the principles of the EIB should be broadly discussed and

agreed upon first. In addition he points out that people should have the right to bring a complaint on their own initiative and that if they lodge a complaint, they know that an investigator will be sent and they will be listened to.

Mr. Geiger (WWF) suggests a joint work on these issues by the EIB and EBRD, as European financial institutions that have signed the European Principles on Environment. That is considered as an excellent suggestion by the EBRD staff member present. Mr. Maertens states that he will take the points home.

Mr. Raffer points out that we have a generally accepted legal principle of duty of care in a contract (tort law). Consequently you have to pay for the damage you cause. However, the only place where we don't apply this is in developing countries. He questions; if in case that Ombudsman actually reports to the European Parliament, does this shake the system? In case the EIB has to pay damage compensation once that would be a huge learning experience.

Antonio Tricarico brings more arguments on why the EIB needs appeal mechanisms and better standards – arguments vary depending on who they are presented to – banker, communication officer, corporation's representative or politician – but sustain the main cause – such a mechanism is useful and needed.

Mr. Tomasz Terlecki (CEE Bankwatch) closes the discussion. He concludes: *“With a new mandate come new responsibilities. There is no question about whether the EIB needs new mechanism and standards. The question is how and when. This is coming from MEPs, CSOs and a lot stakeholders in this room, but we are missing here the shareholders – therefore we will continue the dialogue with our governments. We are ready to propose that the next meeting takes place in the EIB during annual meeting, where we can convince shareholders directly. I welcome the openness of the EIB. I have seen the evolution of the Bank over the last 12 years and a real discussion is taking place. I hope that will continue.”*