

Counter Balance launches today a new report that critically analyses a little-known part of the European Investment Bank EIB's operations: its use of private equity funds.

The report presents a number of statistics and facts about recent investment funds financed by the EIB during the period 2011-2015. Main findings are that:

- The EIB supports private equity funds incorporated in tax havens and problematic jurisdictions;
- There is a systematic lack of transparency involved in these types of operations, both from the EIB and the investment fund's side;
- Cases of conflicts of interests and revolving doors are frequent since several fund managers previously worked for the EIB or other international financial institutions.

In this context, the report further challenges the business model underpinning this type of development finance.

At a time when public pressure is mounting on EU institutions to seriously crack down on tax havens, the report calls on the EU to make sure that its own financial institution, the EIB, ends such operations. Indeed, the EIB continues to systematically ignore calls from civil society and the European Parliament to increase the transparency of its operations and take further steps to tackle tax evasion and tax dodging.

The report also presents concrete recommendations on measures that the bank should implement in order to live up to its role. Among them, the adoption of a fully-fledged Responsible Taxation Policy by the end of 2017 should radically restrict its support to clients operating in tax havens and improve the transparency and due diligence conducted on its operations via financial vehicles.

The director of Counter Balance, Xavier Sol, explains:

"The findings of our research show that the EIB operates through obscure and opaque lending practices with dubious added-value in development terms. Therefore, we call on the European Investment Bank to clean up its act and establish a moratorium on its support to investment funds before it addresses and fixes the structural problems related to these operations. As the EIB's standing and political power has significantly increased over the last ten years, growing responsibilities are falling on the bank's shoulders."

source: counter-balance.org