Interview



Manana Kochladze

Manana Kochladze is Regional Coordinator for the South Caucasus at CEE Bankwatch Network.

She spoke to EIB Info at the Eastern Partnership Summit in Vilnius, Lithuania, in late November about the Bank's activities in her region, and where its strengths and weaknesses lie.

"If we are not careful, there may be another Spring"

[1] *The steering committee of wise persons was set up at the request of the European Parliament and the Council of the EU to supervise the independent evaluation of the EIB's financing activities outside the Union. It was chaired by former IMF Managing Director Michel Camdessus.*



You were part of the wise persons[1] group established to supervise the EIB's financing activities outside the EU in 2010. What conclusions from then remain key today?

"The EIB is a powerful tool for the EU's external architecture and contributes to its development policy. The Bank has good technical expertise to help ensure it only finances projects that are sound, particularly from a design and technology point of view. It is also the only bank that is fully EU, meaning that it should implement EU policies and standards also outside of the EU. This is a valuable and unique feature of the EIB, and one that is not always sufficiently recognised by our politicians and legislators.

As the Bank has a role in promoting European values and interests, it has an indirect development mandate that accounts for several billions for numerous countries outside of the EU. It could do this more effectively if it had more human resources both at its headquarters and on the ground in those countries in which it operates, in my opinion. This would further facilitate compliance of the project standards with EU standards and foster a better understanding of the context in which the projects contribute to a country's economic and sustainable development. It would also result in less controversial projects that may have a potential reputational risk for the EIB."

Where do you think the Bank has made progress over the past few years?

"I have always been concerned that development is understood as a by-product of EIB financing; improving living standards for local people should be the objective of EIB financing, rather than GDP growth. I recognise that you only invest in sound business projects, and I am encouraged by the steps taken to better measure the results of your projects. There were a number of significant improvements in recent years in external lending, including the Results Measurement Framework and the indicators, that should be used to provide very useful insights on project outcomes for people locally. The role of the Bank's evaluation group is really crucial, as they give recommendations on how societal and environmental consequences of projects can be better managed."

Where do you see room for improvement?

"On its private sector lending, and more particularly lending through financial intermediaries to SMEs, I remain sceptical, however. Why do you not use more local credible banks and ensure that financing goes to local projects that benefit local people? We would welcome more transparency. Not a full list of final beneficiaries, but better information on where the money goes and how it is being used, to see the final development impacts: number of jobs created, reduction of poverty, etc."

Going forward then, where should the Bank set its ambitions in your opinion?

"The Bank is making a major contribution on climate action, but I feel you can do more. We would like to see a more ambitious target on climate action than the current 25%, and we would appreciate the Bank investing more in renewable energies, for example supporting the European Energy Community Treaty implementation by Ukraine, Moldova and Georgia.

We would also like the Bank to finance only large hydro rehabilitation, and not get involved in large new dams. In some cases there is urgent work to do on rehabilitation, and the people living near to these dams are at serious flood risk if that work is not carried out. As new large dams usually require resettlement of a large number of people, that itself presents human rights challenges, to which the Bank should not be exposed.

Sharing the same offices with EU delegations on the ground would also support EIB financing and EU country strategies. It strengthens compliance and gives a strong signal to the local partner country that the EU and the EIB are fully joined up, and that EU joint programming starts on the ground."

In the context of the Eastern Partnership Summit, what message would you give regarding your region?

"I encourage the EIB to continue financing local SMEs to help the Eastern Partners build a middle class, the rule of law and better governance and transparency. The EU and the EIB should continue to engage strategically with the Eastern Partners, and maintain dialogue with civil society. There is too much at stake in countries like Ukraine, Moldova and Georgia, as well as Azerbaijan and Belarus. Poverty is increasing while economic welfare is going down. If we are not careful, there may be another Spring, but this time on the eastern borders of Europe." ■