Journal of Economic Policy Reform

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/gpre20

The European Investment Bank to the rescue? COVID-related lending as incremental change

David Howarth & Helen Kavvadia

To cite this article: David Howarth & Helen Kavvadia (20 Oct 2023): The European Investment Bank to the rescue? COVID-related lending as incremental change, Journal of Economic Policy Reform, DOI: 10.1080/17487870.2023.2268251

To link to this article: https://doi.org/10.1080/17487870.2023.2268251

Published online: 20 Oct 2023.

JOURNAL OF ECONOMIC POLICY REFORM
https://doi.org/10.1080/17487870.2023.2268251

The European Investment Bank to the rescue? COVID-related lending as incremental change

David Howarth and Helen Kavvadia

University of Luxembourg, Belval-Esch-sur-Alzette, Luxembourg

ABSTRACT
The European Investment Bank (EIB) was officially part of a coordinated European Union (EU) strategy to address the impact of the COVID-19 pandemic. However, we argue that despite the worst socio-economic crisis to hit most European countries since the Second World War, the EIB failed to deviate from a set path that delimited acceptable forms of lending. We apply a historical institutionalist analysis to explain how and why the EIB continued to engage in principally low risk lending activities via the commercial banking sector, and failed to significantly increase lending to the public health sector.

ARTICLE HISTORY
Received 19 January 2023
Accepted 4 October 2023

KEYWORDS
European Investment Bank (EIB); European Guarantee Fund (EGF); European Investment Fund (EIF); European Union (EU); Covid-19; health; small and medium-sized enterprises; historical Institutionalism; path dependence

Introduction

Public banks around the world were at the forefront of the public sector response to the socio-economic impact of the COVID-19 pandemic (Barrowclough, Marois, and McDonald 2020; Bilal 2020a, 2020b). At the level of the European Union (EU), the European Investment Bank (EIB) was part of a coordinated strategy to address the impact of the pandemic (CEU 2020a; CEU 2020c). Created in 1958, the EIB was explicitly tasked to address market failures in long-term capital flows in support of the European Community's policy objectives (Bussière et al., 2008; Coppolaro and Kavvadia 2022). On its path to become one of the world's largest multilateral public banks[1] – as measured by loans, assets and resources – the EIB often modified its lending activities in order to adapt to evolving European and member state policy objectives. As a result, the bank was transformed into an institution that supported market-making (Clifton et al., 2018) and later became a quasi multi-purpose EU economic booster mechanism (Kavvadia 2021), before claiming its pivot to a climate bank in 2019 (EIB, 2019a), benefiting larger EU member states (ECA, 2019). Clifton et al. (2018) demonstrate how EIB lending patterns largely corresponded to EU member state capital contributions to the bank, which shied away from riskier lending activities (see also Bruszt et al. 2020). The bulk of EIB funding was channelled via the banking sector and to large infrastructural projects, mostly under state guarantees.

CONTACT David Howarth david.howarth@uni.lu

The COVID-19 pandemic and the socio-economic crisis it provoked can be seen as a critical juncture resulting in a number of significant shifts in pre-existing institutional frameworks and policies at the EU level (Fabbrini 2022; Rehm 2022; Tesche 2022). The crisis sparked a significant shift in EU policy on emergency financial assistance, notably with the agreement to create the Next Generation EU (NGEU) and the Recovery and Resilience Facility (RRF). Consequently, with the aim to provide up to €400 billion in grants and additional long-term low-interest loans to struggling member states, the European Commission has been assigned with the borrowing of the collective funds and has hence been transformed within a short time into one of the world's largest public issuers of debt. While not entirely unprecedented, the scale of this EU funding activity combined with the European Commission's need to borrow the funds was a significant departure from previous emergency financial assistance which principally involved lending subject to conditionality.

We demonstrate in this article that the COVID-19 pandemic cannot be seen as a critical juncture with regard to the operation and activities of the EIB. The pandemic did result in a shift in the EIB institutionally and in terms of its activities in at least three respects: the creation of the Pan-European Guarantee Fund (EGF),[2] the provision of guarantees via this fund to cover the liquidity-lending mainly to small and medium-sized enterprises (SMEs) (EIB 2022b), and the EIB's parallel lending to SMEs through financial intermediaries under the EGF and its own resources. However, we also show that the EIB (both the bank itself and the EIB group) did not respond to the COVID-19 crisis through a significant increase in its lending to the health sector or a major shift in the target of this lending, despite the bank's public emphasis upon lending to the health sector. Above all, we argue that the reforms adopted are better interpreted as forms of incremental change – and more specifically "layering" – that were induced by the pandemic but largely followed an existing path. These reforms cannot be seen as radical change involving a punctuated equilibrium.

The EIB's Board of Directors approved an earlier announced limited Emergency Package in April 2020 (EIB 2021b), whilst the bank's COVID-related activity began in the autumn of that year, predominantly under the specially created EGF agreed in June. Funded by the EU Member States, the EGF was established to keep SMEs afloat during the lockdown-engendered recession, by de-risking the EIB, and enabling it to provide bank-intermediated finance (EIB 2022b). The fund – to consist of €25 billion with the aim to leverage additional lending of up to €200 billion through guarantees covering losses on SME loans by financial intermediaries – was presented by the EIB as a "decisive response" (EIB 2022f, 1) to the pandemic, and a "high impact" initiative (EIB 2021b: XI), with political support from some EU member states (Bank of Greece BoG 2022; Maas 2020). We argue here that this response served predominantly the banking system and, to a lesser extent, SME recipients. The EIB's response through both the Emergency Package and the EGF exploited the bank's extensive existing client network of financial institutions, for which new operations, including lending and guarantees, could be provided on a "light" due diligence, as a repeat operation. The EIB thus demonstrated proactiveness, without contributing much to EU and national efforts to halt the spread of COVID-19.

The socio-economic crisis engendered by the COVID-19 pandemic failed to provide the incentive for the EIB to reposition itself as a public bank which could better address pressing health-related issues. The EIB acknowledged that "access to health should be universal" and claimed that a main tenet of its approach to the sector was that "healthcare should be effective, safe and affordable" (EIB 2021a, 1). However, the EIB's response to COVID-19 has focused upon support for SMEs rather than support for the health sector. From its total COVID-related lending within the EU in the 12-month period from March 2020 to March 2021 only 4 billion euros were lent to the health sector, representing 12% of the bank's total lending of €35 billion during the same period. Changes since the start of the pandemic demonstrate incremental change. In this context, we ask the following research question: *How can the European Investment Bank's COVID-related response be best understood?*

Our contribution is structured as follows. In the next section, we examine the limited relevant literature on public banks and, specifically, EIB lending. Here, we also justify and summarise our analytical framework and present our methodology. In section three, we provide a brief overview of the EIB's pandemic-related activities. In section four, we provide a historical institutionalist analysis to explain the limited development of EIB lending during the COVID-19 pandemic. Section five concludes.

The added value of an historical institutionalist study of EIB lending

Heldt and Schmidtke (2019) apply historical institutionalism and path dependence to explain how despite a significant increase in the number of regional development banks since the creation of the World Bank (initially the International Bank for Reconstruction and Development), core governance features designed at Bretton Woods continue to shape more recently created institutions in the regime complex of international development banking.[3] Here, we apply the concept of path dependence to explain the surprisingly limited shifts in EIB lending patterns during the COVID-pandemic. Path dependence can be seen as the flip side of incremental change (Thelen and Conran 2016). In the historical institutionalist literature four forms of incremental institutional change have been developed (Mahoney and Thelen 2010; Streeck and Thelen 2005): displacement, layering, drift and conversion. With regard to EIB lending patterns, we emphasise the importance of layering, which is the introduction of new rules on top of or in parallel to existing rules. There has been limited evidence of displacement – the replacement of rules – or conversion (redirection) – the changing of existing rules. We detect evidence of drift – the changing impact of existing rules due to shifts in the environment in which the EIB operates – but this is secondary in the context of our attempt to explain (limited) change in EIB lending patterns due to COVID-19. Forms of incremental change operate within path dependence to explain both continuity and change of specific elements of the institutional framework (Ackrill and Kay 2006). In particular, we draw on the work of Van der Heijden (2011) and other scholars who demonstrate how the concept of layering combines both punctuated and incremental change (see also Mahoney 2010; Salines et al. 2012; Verdun 2015).

A number of historical institutionalist studies also analyse crisis-induced change and its impact on institutional development through the concepts of critical juncture and punctuated change. For example, Rehm (2022) develops historical institutionalism as an analytical framework to explain how crises operated as critical junctures to bring about changes to European financial support mechanisms. Crisis moments are analysed in order better to understand when and why an institutional setting is overwhelmed and its appropriateness brought into question (see Braun 2015; Mahoney 2010). Crises can be interpreted as critical junctures, which are defined as short moments of institutional fluidity, allowing for agency and an increased range of choices from which to be selected (Capoccia 2015; Capoccia and Kelemen 2007; Mahoney et al. 2016). However, we do not identify a critical juncture resulting in a punctuated change in the EIB's response to the COVID-19 crisis.

Applying a historical institutionalist analysis, we test the following hypothesis to answer the question presented above: *The EIB's COVID-related institutional changes and new policies reflect path dependent lending patterns that embody a series of incremental changes and, specifically, layering.*

We thus argue that these EIB responses to the COVID-19 pandemic were neither tailor-made to tackle health-related concerns and the linked socio-economic crisis nor were they well-suited. Moreover, these responses cannot be explained in terms of EIB agency, whether by the bank's member state shareholders operating through the Board of Governors or bank staff. Rather, we argue that the EIB's COVID-related response reflected significant path dependence in two respects: the organisation of EIB lending via the banking sector and the EIB's preference for lower risk lending to protect the bank's prized Triple-A credit rating. We explain the creation of the EGF, the introduction of SME liquidity support and the marginal increase in public health funding in these terms. For the EIB then, the crisis failed to operate as a critical juncture that punctuated the existing equilibrium. While the creation of the EGF and the introduction of SME liquidity support can be seen as important developments, we argue that these institutional and policy innovations should be interpreted as a form of layering in the context of a pre-existing path that delimited EIB lending patterns prior to and during the pandemic. Thus, the adopted reforms are best understood as forms of incremental change. The EIB's COVID-related lending activity reflected the bank's institutionally embedded norms that were largely indifferent to the implications of the crisis for national health-care systems and societies.

Our analysis is based on primary EIB statistical data and other EIB and EU documentary evidence. We also examine a range of professional and academic sources on development bank and specifically EIB lending. With regard to SMEs and the health sector specifically, we analyse the data on EIB lending in the framework of the bank's response to COVID and compare this lending with the bank's pre-COVID activity.

The EU's and EIB's COVID-related measures 2020–2022

The EU responded to the unprecedented twin health and economic COVID-crisis in an integrated and holistic way, involving all its economic governance institutions (EC 2020a). The twin policy response was part of the EU's strategy "to deal with health emergency needs, to support economic activity and to prepare the ground for the recovery" (CEU 2020a) and was followed by all EU funding institutions. The European Commission's €750 billion NGEU (EC 2020a) was to support both the economy and health sector through the Recovery and Resilience Facility (RRF) for investments across sectors, by supplementing loans with grants. The Commission also moved to bring forward spending from the EU's 2021–2027 budgets (Multiannual

Financial Framework), with REACT-EU for bolstering cohesion and the EU4Health programme for public health. Finally, the Commission created a €100 billion temporary recovery fund (SURE) to support member state government job furlough schemes. The European Stability Mechanism (ESM) created the Pandemic Crisis Support (PCS), a credit line available to the Eurozone countries in support of health care, cure and prevention-related costs due to the COVID-19 crisis (ESM (European Stability Mechanism), 2020). The PCS is based on the ESM's Enhanced Conditions Credit Line (ECCL), which could add up to €240 billion as a safety net for Eurozone sovereigns. The ECCL offered a novel flexibility "bonus", as it did not impose any structural reform conditionality upon recipient governments (Mertens et al. 2020). The European Central Bank (ECB) increased its Asset Purchase Programme (APP) and launched the Pandemic Emergency Purchase Programme (PEPP) (ECB 2020). The Council of Ministers and Commission agreed to launch the escape clause of the Stability and Growth to suspend fiscal rules and also suspended elements of EU Competition policy.

The EIB was part of the EU's response and therefore followed the twin priorities "to contain the economic effects of the crisis and tackle immediate health-related emergencies" (EIB 2022c, 13). The member state shareholders of the EIB agreed two sets of initiatives. In March 2020, they agreed a rather limited €28 billion emergency package to be introduced immediately, which was approved by the EIB Board of Directors in April 2020. In effect, this package "re-purposed" some of the EIB's existing lending programmes in the form of "bridge loans or top-ups to existing EIB and EIF operations" (EIB 2022g). More significantly, in May 2020, some of the member state shareholders agreed to contribute capital of up to €25 billion to provide credit guarantees to leverage up to €200 billion for additional funding to SMEs. The institutional mechanism that made this additional funding possible was the intergovernmental European Guarantee Fund (EGF). Eventually, only 22 of the 27 EU member states paid in capital to this fund and could receive financing from it. In December 2020, the fund provided its first guarantee of €100 million to the Spanish Banca March (European Commission, 2020).

The EIB's COVID-related aggregate activity, including lending, equity and guarantees, during 2020 and 2021 amounted to a total of €58.71 billion, of which €25.46 billion in 2020 increasing by 30% in 2021 to reach €33.26 billion. In line with the EIB's long-standing operating pattern, 90% of this activity was within the EU, with the remaining 10% in a range of other countries around the world. EIB lending was provided predominantly through the bank itself, with €45.21 billion or 77%, while €13.5 billion was provided through the European Investment Fund (EIF) in the form of equity and guarantees, to a large extent from the EGF's resources (EIB 2022f).

Hit by severe health uncertainties and health-care capacity gaps (Forman and Mossialos 2021), the EU collectively called for "resolute action to reinforce [the Union's] public health sectors" in its territory (European Commission, 2022). The call by the heads of government and state of nine EU Member States for the issuance of "corona bonds" was motivated principally by concerns regarding additional health-care costs linked to the pandemic (Dombey et al. 2020). The European Council explicitly mandated the EIB to step up its support to the health sector (CEU 2020a). However, this support did not rise dramatically. During 2020 and 2021, the EIB lent a total of €7.73 billion to health-related investments (EIB 2022g), which represents 6.1% of its aggregate lending during this 2-year period. The additional EIB health lending reached only €3 billion more than during the 2-year period prior to the crisis.

The EU's response measures have been "exceptional" (CEU 2020b), exploiting a window of opportunity to bring about a rapid and fundamental change in the Union's economic governance. Acknowledging the pandemic's twin crisis as a profound threat, the EU member states appear to have innovated significantly from pre-existing paths on financial assistance within the existing Treaties, with the massive expansion of Commission debt issuance to fund the NGEU. Equally, the PCS appears to have shifted the ESM significantly from a pre-existing path of lending outlined in the intergovernmental treaty and the agreed – but yet to be ratified – pre-pandemic reform from December 2019. In this sense, the COVID-19 twin crisis can be depicted as a critical juncture for both EU and Eurozone funding mechanisms (Bisciari et al. 2021; Lionello 2020). Critical junctures have emerged during crises and have often ignited major changes at EU and Eurozone levels (Verdun 2015; Meunier 2013) and at the EIB level (Coppolaro and Kavvadia 2022; Kavvadia 2022; Shields 2022). We would expect then a similarly significant shift in EIB lending patterns – especially given that such a shift would involve less resistance from member state governments than either the creation of the NGEU or the elimination of conditionality on low-cost ESM lending. However, this shift did not occur.

Despite the pandemic and the EIB's official commitment to tackling both the health and economic crisis, overall EIB lending levels did not significantly increase (EIB, 2022d; Tesche 2022). The EIB's total lending activity reached €60 billion in 2020 and €65 billion in 2021, compared to €63 billion in 2019 and €55 billion in 2018. Despite the pandemic, the bank's profits from lending in 2021 reached €2.6 billion exceeding the 2018 level of €2.3 billion. All the EIB's main financial indicators remained satisfactory (Fitch, 2020).

Long-established EIB lending patterns and incremental change

This section studies the EIB's pandemic response through an historical institutionalist analysis by drawing insights from the relevant four elements of the established path of EIB lending activity which have shaped the EIB's pandemic-related reforms which we explain as examples of layering. First, the bank focused on low-risk lending to large mostly state-guaranteed infrastructural projects which did not menace the banks prized Triple-A credit rating. Second, the EIB engaged in intermediated lending via banks and other private financial companies, including those organising Public-Private Partnership operations. Third, EIB support for higher-risk SMEs and through higher-risk products was provided notably through the EIF, the bank's subsidiary. Thus, the creation of the EGF reflects an established pattern of guaranteeing higher risk activities by the EU budget or directly by the member states. Fourth, EIB support for the health sector was previously limited and remained limited during the pandemic, reflecting the bank's lengthy due diligence process – ranging between 3 and 18 months – slowing down the EIB's quick response to demonstrate relevance (EIB 2021b) and lowering returns from such investments. This section analyses and compares past and pandemic-related EIB activity in the SMEs and health sectors to demonstrate the limited incremental nature of the changes adopted.

Low risk lending and shareholder satisfaction to defend the Triple-A

The EIB's Triple-A credit rating and related status of first-class borrower, allowing it to borrow on capital markets at the best conditions, have long been a recognized key feature of the bank's business model and noted explicitly in range of major reports and speeches by bank leaders (EIB 2011; Steering Committee 2010). Apart from liquidity, the EIB's rating is assessed on the basis of the bank's shareholders' strength – ability and willingness to support the bank if required – and the bank's capital adequacy, which in turn partly also depends on the shareholders' strength, as it reflects the availability of capital to cover assets in light of their weights on the basis of their inherent credit, which concerns mainly the risk that these assets could result in capital losses (Fitch, 2020; Moody's 2021). In other words, the EIB rating depends mainly on shareholder satisfaction (Kavvadia 2021) and the low risk of the bank's lending portfolio. For this reason, the EIB's involvement in the European response to the pandemic has been assessed positively by the rating agencies, especially as the EGF is backed by member states' "unconditional, irrevocable and on-demand guarantees, ensuring that the EIB does not bear any residual credit risk" (Moody's 2021, 3).

The EIB's reliance on shareholders to carry the risk and ensure its capitalisation is an integral part of the bank's business model (Bruszt et al. 2020; Kavvadia 2022) and reflects path dependence. Non-EU EIB lending has, since its early beginnings in 1964, been covered by guarantees from the EU budget or the member states. Even the establishment of the EIF in 1994 – with a tripartite ownership consisting of the EIB, the European Commission and a number of commercial banks[4] – can be partly seen as a form of layering of ongoing efforts to de-risk the EIB, through guarantees for EIB lending mainly to large infrastructure resulting from a 1992 Amsterdam European Council decision (EIB 1993) and the EU's 1993 White Paper on growth (EIB 1994). At a later stage, the EIF's venture capital operations took precedence over its guaranteed provision operations, by ring-fencing EIB risk, as SMEs gained importance in EU policies. Like the EIB more generally, the EIF does not fund SMEs directly but rather provides funding through financial companies, notably commercial banks and funds. The EIB's de-risking path dependence continued over the years, mainly through EU budget guarantees. Riskier operations in the EU under different schemes, such as the research-oriented Risk Sharing Finance Facility (RSFF) set up in 2007, the InnovFin product envelope for innovation support launched in 2014, or the European Fund for Strategic Investments (EFSI) in 2015, as part of European Commission's Juncker Plan's financial crisis response, all benefitted from the EU budget guarantee. The EGF was guaranteed by member states – specifically, only 22 of them – and not the EU budget which is typical of EIB operations within the EU. This appears to be a significant shift. However, we interpret this as another form of layering because the EGF was created to be a temporary fund and its organisation reflected well-established EIB risk-aversion and an effort to satisfy shareholders. This risk-aversion, while praised by rating agencies and reflected in the bank's uninterrupted Triple-A rating over the years, has also been criticised especially because it resulted in the EIB's increasing use of banking-sector intermediated SME financing (Clifton et al. 2020; Griffith-Jones and Naqvi 2020, CHRD, 2021; CB 2022; Hodson and Howarth 2022).

Intermediated SME financing

SMEs are of great importance to the EU economy, with nine out of ten companies, generating two out of every three jobs, and contributing to technological innovation, competitiveness, economic growth and social stability (Anginer, de la Torre, and Ize 2011; De la Torre et al. 2017; EC 2020a; Griffith-Jones et al. 2017; OECD 2020). According to the EU's own definition – which is followed by the EIB – these are companies with up to 250 employees, annual turnover up to €50 million and a balance sheet total up to €43 million, and which are not subsidiaries of large enterprises (EC 2003, 2020b). Historically, more than a third of the EIB's lending went to SMEs through public or private commercial banks and other financial institutions, which on-lend EIB funds in smaller amounts to SMEs. These intermediary financial institutions become the EIB's risk counterpart, perform due diligence and bear the risk of the final SME beneficiaries on their books.

Intermediated lending to SMEs is a necessity for the EIB, which was created as "an autonomous quasi-commercial entity, based on the model of the World Bank" (Gordon 2022, 35). In this sense, on the one hand, the EIB operates in the capital markets where its Triple-A serves for low-borrowing rates in order to provide "patient" and well-priced lending without seeking to maximise its profit (Kavvadia 2022). On the other hand, the EIB has to assure the full reimbursement of its lending, and therefore undertakes a multifaceted due diligence – covering financial, economic, technical and environmental issues – and requests first-class guarantees for its loans, such as state, bank and large corporate guarantees and assignment of rights over future revenue streams, but not physical collateral in the form of mortgages. Given the large number of SMEs in the EU, the EIB lacks sufficient staff numbers to undertake the due diligence of so many companies. Furthermore, the bank lacks deep knowledge of national financial markets and no means to monitor SME client accounts as their house-banks do. Thus, the EIB turned to intermediated lending immediately after its creation in 1958 as a solution borrowed from the World Bank, where intermediated lending for SMEs had been already widely used (Clifton et al. 2021, 10; EIB 1959). This learning was facilitated through the recruitment of World Bank staff. The bank's first intermediated lending to SMEs began in its first year of operation in 1958, when it financed an Italian public bank, the Cassa per il Mezzogiorno, in collaboration with the World Bank (EIB 1961, 18). Lending intermediation for the financing of SMEs was subsequently extended further to other public or private commercial banks, with the EIB's first loans granted in 1968 to ISVEIMER, a bank in Southern Italy focused upon lending to SMEs, through the Cassa per il Mezzogiorno, "relating to 20 industrial projects on a small and medium scale totalling 6.6 million" units of account (u.a.) (EIB 1970, 94). Originally labelled as an "overall loan", lending to SMEs, was later renamed as a "global loan" in 1972 (EIB 1973), and subsequently as a "credit line" in 2006 (EIB, 2007). However, the essence of decentralised distribution via financial intermediaries and EIB risk coverage carried by these financial institutions remained the same.

Lending to SMEs was streamlined in order to accommodate larger numbers of companies in 1997 and the appraisal of operations shifted from the appraisal of individual operations to portfolio-based financing. This involved the official abolition of individualized funding allocation reports. However, in practice, reports focused on individual companies had already been abolished in the mid 1980s, as in most cases the EIB did not receive detailed information on final beneficiaries and their projects. Moreover, the bank sought to improve efficiency and minimise bureaucracy in order to make its SME loans more attractive to intermediaries. This lighter treatment of SME lending resulted in increased lending volumes. However, the EIB no longer had an accurate picture of how its funds were being used and concerns were voiced relating to the EIB's oversight of the use of its funds in accordance with EU priorities and the bank's accountability to its national shareholders, other EU institutions and civil society (Ban and Seabrooke 2016; EP 2001; European Ombudsman 2020; Feiler and Stoczkiewicz 1999; Vervynckt 2015). A number of observers have also pointed to the inadequate transparency and accountability of the EIB's COVID-related activity given that SME support was channelled through cooperating financial institutions (for example, Clifton et al. 2020; CB (Counter Balance), 2020).

EIB lending to SMEs in aggregated terms steadily increased in total volumes through further layering, as the bank sought to widen both its geographical and sectoral eligibility criteria. Geographically, in 1968, the EIB clarified that it provided loans only to "assisted areas" which qualified for regional development funding, when regional development regions had been identified for prioritised funding (EIB 1969). In 1987, the EIB extended its SME lending to cover all European regions (EIB 1988). Neither move resulted from social-economic developments that might be labelled a critical juncture. A series of layering reforms expanded the number of sectors these "aggregated" loans included: small-to-medium scale infrastructure projects in 1979 (EIB 1980); the rational use of energy in 1980 (EIB 1981); the development of advanced technology in 1985 (EIB, 1986); environmental protection in 1986 (EIB 1987); retail and services to private individuals in 1995 (EIB 1996) and health and education in 1997 (EIB 1998). Health thus became eligible for EIB financing under the Amsterdam Special Action Programme (ASAP), which was approved by the bank's Board of Governors on 20 August 1997. The range of the financial toolkit used for SME lending also evolved in a series of layering reforms from "plain vanilla" lending, to equity and quasi-equity operations under the ASAP's "SME window" in 1997, in parallel with the EIF's funding of venture capital from 1999 (EIB 2000) and guarantees starting with the trade finance facility in 2013. Volume-wise, EIB lending to SMEs amounted to €447 billion during the 1957–2021 period, or 28% of the bank's aggregate lending. In the 2-year period preceding the COVID-19 pandemic (2017–2019), EIB lending to SMEs increased its share reaching 31% of total bank lending.

During the first 2 years of the pandemic (2020–21) – despite being a priority of the EIB's COVID-19 response – the bank's lending to SMEs increased only marginally to 37% of EIB aggregate lending in 2020 but then decreased to 32% in 2021. While limited, the increased share of total EIB lending to SMEs was complemented by additional pandemic-related funding to SMEs in the form of guarantees, and equity and quasi-equity operations, provided by the EIF. It is to be noted that in 2021, for the first time, the EIF's activity results surpassed the EIB's in an EU priority call. The EIF was 34 times smaller than the EIB in terms of capitalisation in 2021: €7.4 billion compared to €248.8 billion. In the framework of the EGF, the EIF approved guarantee operations amounting to €12.78 billion, whereas the EIB's reached only €10.44 billion. However, signed operations were in reverse order with the EIF having guaranteed a total of €8.04 billion by the end of 2021 and the EIB €10.05 billion. While a significant development in the history of the EIF, this increased importance must be seen as the result of incremental change and the gradually increased EIB focus on SME-oriented funding over more than six decades. The EGF-provided guarantees were to finish by the end of 2022, thus further pointing to the limited significance of this change and the increased relative importance of the EIF within the EIB group.

The most important change in SME funding through the EGF concerned the nature of funding. While significant – the use of guarantees involved a notably increased role for private finance – we argue that this should nonetheless also be seen as an example of incremental change and layering because it was time-limited, did not constitute mainstream EIB activity and followed the EIB's de-risking and shareholder-satisfaction path dependence. The EGF targeted fast-track funding aimed at providing liquidity to SMEs, instead of project-linked loans aimed at fixed-asset creation and/or modernisation, which had always been at the heart of the EIB's statutory operating principles (EIB 1959, 38; EIB; EIB 2022e). The EIB had consistently provided finance linked to fixed assets, whereby over the years, the bank limited its funding to an average of 30% instead of the initially applicable "40 [per cent] of the cost of the fixed assets" (EIB 1975, 8). Liquidity injection reinforced the view of SME lending as "treasury funding" (Kavvadia 2020, 5) for commercial banks and raised questions, even within the EIB, as to the long-term impact and relevance of the financing which came to the market too late, during the "phasing out of emergency economic measures across Europe" (EIB 2022c, 1). This also followed an EIB trend of substituting permanent supranational fiscal capacity (Mertens and Thiemann, 2022; Tesche 2022). Addressing primarily "the credit risk [. . .] and capital relief of intermediary banks" (EIB 2022c:X), brought the EIB criticism for serving predominantly the banking system and, to a lesser extent, the SME final beneficiaries (Clifton et al. 2020).

The European Guarantee Fund as incremental change

The limited change in overall EIB lending activity can be juxtaposed with institutional innovation and change in EIB governance provoked by the COVID-19 crisis. With the creation of the EGF, the pandemic unlocked the direct risk coverage of EIB activity by EU member states. The EGF was innovative in that it involved both a diversification of the guarantee provision for EIB operations but also an extension of the amounts that the bank could guarantee. Furthermore, the EGF unleashed the EIB's "increasing focus on using third party funds" (EIB 2021b, 12), allowing not only the bank's risk coverage but also increased revenues, through the collection of fees for the management of funds created with EU budget and member state resources (Kavvadia 2022). The EGF, however, should not be seen as unprecedented. The practice of direct risk coverage of EIB activity by the member states had been used from 1964 for EIB operations outside the then European Community (EC). In 1964, of a total of 394 million units of account allocated to operations outside the EC, loans of 331 million units of account were guaranteed directly by the then six member states (EIB 1965). More recently, for external action, member states guaranteed EIB operations in African, Caribbean and Pacific (ACP) states under the Cotonou Partnership Agreement, which involved €2.5 billion for the period 2014–2021 (EIB 2022d).

Given that the EGF was guaranteed by capital contributions from EU member states, national governments maintained a veto over their allocation. Indeed, the creation of the EGF can be interpreted as an important development of a pre-existing path of the EIB towards increased intergovernmentalism in the bank's decision-making and the corresponding decreased role for the European Commission. Indeed, a number of authors point to difficult EIB-Commission relations especially in the context of InvestEU, the successor programme of the Juncker plan and the NGEU (EP 2016; Kavvadia 2021; Mertens and Thiemann 2022). In this sense, the COVID-19 crisis can be understood as a window of opportunity for the member state shareholders of the bank to engage in institutional innovation which would have been less likely – and acceptable – previously. The creation of the EGF demonstrated that the EIB had other options of risk coverage than the EU budget and thus could avoid oversight by the European Commission and the European Parliament, and the scrutiny by EU watchdogs, and notably the European Court of Auditors (ECA 2019) and the European Anti-Fraud Office (OLAF), which the EIB historically resisted (EP 2020). Still, the turn to EIB operations guaranteed by the member states increased potential scrutiny by national audit and control bodies.

Health sector financing

The first EIB discussions on the health sector, and in particular "health protection in industry" took place in the framework of the fifth meeting of the Committee of International Development Institutions on the Environment (CIDIE), hosted by the EIB in June 1984 (EIB, 1985:22). Two loans totalling 13.3 million ECUs were provided to the Venice municipal health sector in the 1987–1989 period. However, the health sector was added to the EIB's eligibility criteria only more than a decade later in an agreement of the Heads of Government and State at the Amsterdam European Council of June 1997 and was incorporated into the EIB's ASAP adopted the following August. The Amsterdam European Council highlighted the need to increase investment in human capital (health and knowledge) as a key driver of economic growth, an emphasis also made in the Lisbon Strategy (Armstrong 2012; Ruijter and Hervey 2012). Thus, increased EIB health-oriented financing should be seen in terms of incremental change, and notably layering. It did not result from any critical juncture. Rather, it was justified and managed in terms of long-standing EIB financing goals. Furthermore, the addition of the health sector was not based on health's value as a public good, but rather on its "labour-intensive" (EIB, 1997:5) growth potential, as was the case for the window for SME lending previously agreed. The EIB funding in the health sector was concentrated on the extension and modernisation of health infrastructure and the production of healthcare goods, such as pharmaceuticals and medical equipment. Nonetheless, the EIB failed to develop a health sector strategy, despite the move in 2017 by the European Commission and the EIB together to look into the health sector, resulting in a 2018 report: *Health Sector Study EU* (EIB-EC, 2018). Since its establishment, the EIB has provided to the health sector a total of €39 billion (EIB 2022g), which represent 2.5% of the bank's aggregate lending over the period 1958–2021. The bulk of this expenditure was allocated to the construction of new hospitals and modernising older ones (notably, by funding new medical equipment and IT systems) (Health Management 2007). In the run-up to and following the 2004 enlargement, the EIB also financed health infrastructure in the new Central and Eastern European member states, but less compared to the World Bank and the Council of Europe Bank (Bowis et al. 2001). The form of EIB lending in the health sector can also be seen in terms of path dependence, incremental change and layering: it increasingly came in the form of Public Private Partnerships (PPPs), which the EIB had promoted actively from the 1990s notably in large infrastructural projects (Liebe and Howarth 2020). Through these PPP projects, the EIB followed a path of de-risking its activity by transferring design and construction risk in the health-care sector to the private sector (Health Management 2007).

The EIB increased it sannual lending to the health sector by approximately 5% in real terms in both 2020 and 2021 (EIB 2023). The EIB also made use of the full range of the bank's available existing financial instruments to fund the health sector, including those shared with the European Commission, notably the InnovFin Infectious Disease Finance Facility (IDFF) (EIB 2020). This funding, however, cannot be seen as part of a radical change in the EIB's approach to the sector. The EIB's total lending for health was not commensurate to the extent of the health crisis. Only one of the fourteen IDFF operations can be associated with the halting of COVID-19; and non-related projects and operations signed prior to the outbreak of the pandemic were included in the COVID-19 results (Clifton et al. 2020). The EIB's BioNTech financing is a major example of the EIB's efforts to exaggerate its results in the health sector during the pandemic. While a - €50 million BioNTech cancer-related project had been financed in December 2019 (EIB 2019b), a COVID-related BioNTech project of €100 million was in the list of EIB projects to be financed already in March 2020, before the approval of the EIB's COVID emergency support, and prior to the vaccine clinical tests which started in Europe in April and in the US in May 2020 (Noerr 2020). Questions are raised given the EIB's usually long appraisal time. EIB president Hoyer explained that

> when the pandemic appeared on the horizon, the masterminds at BioNTech [came to the EIB] and said: The mRNA technology which you have helped finance might be applicable to fight the pandemic. So [the EIB] was well positioned to take up the COVID challenge

(EIB 2022f). Nonetheless, BioNTech cannot be showcased as an example of the EIB's contribution to halting the pandemic, as the €100 million EIB loan to BioNTech signed in June 2020 consisted of two credits of €50 million each, and only one of them has 'been drawn down but was effectively repaid during [. . .] 2021, [whilst the additional €50 million] was cancelled effectively during the year [. . .] 2021" (BioNTech 2022, 46). As the €50 million loan of 2019 is not in the BioNTech books, and at "the start of the crisis the bank reviewed its loan portfolio of existing deals [. . . and identified] BioNTech" (EIB 2020, 1), one might consider that the €50 million loan drawn down "repurposed" the cancer project to fit into the EIB's COVID-related activity. Following its path dependence, the EIB de-risked BioNTech by providing the loan under the InnovFin risk-sharing initiative, within the framework of Horizon 2020 (Noerr 2020).

In its COVID-related operations (EIB, 2022c-d), we detect a significant deviation from the bank's previous lending policies and path dependence in only one regard. The EIB financed for the first time a limited amount of lending for non-fixed assets related projects, for the purchase of vaccines in more than a hundred non-EU countries. Nonetheless, a path dependence can also be observed in this case, notably in that EU guarantees were combined with EIB financing. The lack of a significant rethink in EIB health sector lending attracted the criticism of observers who called for the development of an EIB health sector strategy (Clifton et al. 2020; CB, 2020).

Conclusions

In this article, we demonstrate why the institutional and policy changes adopted as part of the EIB's response to the COVID crisis must be seen as a form of incremental change and specifically layering. Thus, the pandemic was not a critical juncture with regard to the operation and activities of the EIB. The crisis did not provoke significant deviation from established paths of EIB funding activities. The EIB failed to align its de facto policy response to the COVID crisis to that of the EU more generally. The incremental changes adopted concern a "repurposed part of the [EIB's] existing mandates and own resources to support both existing and new operations" (EIB, 2021a:IX). The EIB notably accepted forms of lending to SMEs, while the bank also moved to provide liquidity to SMEs, which was unprecedented. The second incremental change involved the coverage of direct risk of EIB group funding activities by EU member states. Previously, member states only covered the direct risk of a limited amount of lending outside the EU. The creation of the EGF extended this coverage significantly, thus increasing the intergovernmental dimension of the EIB's EU-focused lending. However, the most surprising development – or rather the lack thereof – was that the COVID crisis failed to operate as a critical juncture and thus failed to provoke any significant deviation from the established path on EIB health sector lending. The most significant incremental change in this area of EIB activity was the extension of a limited amount of lending for non-fixed assets related projects for the purchase of vaccines in a number of non-EU countries. Thus, the path of public health-related lending was arguably "stickier" than the path of SME lending and the path that determined what funding was acceptable for direct risk coverage by EU member states.

Applying a historical institutionalist analysis, we argue that the main path that set the norms directing how the EIB lends – principally low risk lending designed to maintain the bank's Triple-A credit rating via private financial intermediaries – was rigidly set and resulted in specific forms of institutional layering. This path encouraged the creation of the EGF for unprecedented emergency SME liquidity funding – that was higher risk but also guaranteed by individual member state shareholders of the fund – which nonetheless still benefited the banking sector. The EIB did not move to increase lending significantly to the public health sector because of the need for due diligence and the low potential for returns. The EIB's focus on its bottom line and its prized Triple-A credit rating sorely undermined its contribution to tackling the COVID-related health and economic crisis.

The EIB was called upon by EU member state governments – the bank's shareholders – to be at the forefront to bolster EU policies to halt the pandemic, support economic activity during multiple lockdowns, and jump-start the post-pandemic economic recovery. However, we argue that the EIB failed to provide adequate increased financial support to struggling national health-care services and failed to increase lending significantly to health sector companies that could contribute to tackling the health crisis or at least mitigating its impact. The EIB thus failed to align its response to the COVID crisis to that of the EU more generally. The EIB failed to come to Europe's rescue.

Notes

1. The EIB and others refer to the bank as the largest multilateral development bank. Nonetheless, others present it as second after the World Bank, based on consolidated group figures for both organisations (Kavvadia 2022).
2. Not to be confused with the EU's European Globalisation adjustment Fund (EGF) created in 2007, designed officially to mitigate the impact of globalisation employment.
3. Bruszt et al. (2020) provide an excellent overview of the potential contribution of the main European integration theories to understanding the role of the EIB in European integration.
4. The EIF started at its establishment as an EIB minority-owned subsidiary and developed into an EIB majority-owned subsidiary, with its current shareholding being EIB (62%), the European Commission (29%) and 30 privately owned EU financial institutions (9%). Its principal operations were in venture capital and guaranteeing loans.

Acknowlegments

The research for this article was funded in part by the Luxembourg Fonds National de la Recherche, project INTER/UKRl/21/15560511/Bank-EU. 'Banking on Europe' is a co-funded project with the UK Economic and Social Research Council. We are grateful for the helpful comments of Dermot Hodson, Lukas Spielberger and two anonymous referees.

Disclosure statement

No potential conflict of interest was reported by the author(s).

ORCID

David Howarth http://orcid.org/0000-0003-2697-165X

References

Ackrill, R., and A. Kay. 2006. "Historical-Institutionalist Perspectives on the Development of the EU Budget System." *Journal of European Public Policy* 13 (1): 113–133. https://doi.org/10.1080/13501760500380775.

Anginer, D., A. de la Torre, and A. Ize. 2011 "Risk Absorption by the State: When is It Good Public Policy?." Policy Research Working Paper Series 5893, Washington, DC: The World Bank.

Armstrong, K. A. 2012. "The Lisbon Strategy and Europe 2020. In *The EU's Lisbon Strategy,* edited by Copeland, P., and Papadimitriou, D., 208–228. London: Palgrave Macmillan.

Bank of Greece (BoG). (2022, March 2) "Opening Remarks by Governor Yannis Stournaras at the EIB-Bog Online Conference: Investment in Greece Post-COVID-19." available at https://www.bankofgreece.gr/en/news-and-media/press-office/news-list/news?announcement=fa930c17-2695-41e5-b6ce-92a6c7e24d9f.

Ban, C., and L. Seabrooke. 2016. *Investing in Integrity?: Transparency and Accountability of the European Investment Bank*. Brussels: Transparency International EU.

Barrowclough, D., T. Marois, and D. A. McDonald. 2020. "Introduction: Public Banks Matter at a Time of COVID-19." In *Public Banks and COVID-19 Combatting the Pandemic with Public*

Finance, D. A. McDonald, T. Marois, and D. Barrowclough edited by, 1–26. Municipal Services Project (Kingston) and UNCTAD (Geneva). Available from: https://publicbankscovid19.org/images/PDF_FILES/Chapter_6_EIB.pdf.

Bilal, S. 2020a. "The Role of DFIs and Their Shareholders in Building Back Better in the Wake of Covid-19', Tri Hita Karana (THK) Working Paper for Development Finance Institutions." October 2020. THK Team, Organisation for Economic Cooperation and Development (OECD),

Bilal, S. 2020b. "Towards an EU Global COVID-19 Response 2.0: Boosting Smarter Finance." Discussion Paper No. 273, June 2020. Maastricht: European Centre for Development Policy Management.

BioNTech. 2022. "Consolidated Financial Statements BioNtech SE." Mainz as of December 31, 2021'; available at https://investors.biontech.de/static-files/4853e94f-d557-4b46-8403-cbd5604d98c6.

Bisciari, P., P. Butzen, W. Gelade, W. Melyn, and S. Van Parys. 2021. "The European Union Budget and the Next Generation EU Recovery Plan: A Game Changer?" *Economic Review* 2 29–67.

Bowis, J., W. Hager, and M. Suhrcke. 2001. A European Bargain Investing in CEEC health' Report of a CEPS Task Force. Brussels: Centre for European Policy Studies.

Braun, B. 2015. "Preparedness, Crisis Management and Policy Change: The Euro Area at the Critical Juncture of 2008–2013." *The British Journal of Politics and International Relations* 17 (3): 419–441. https://doi.org/10.1111/1467-856X.12026.

Bruszt, L., D. Piroska, and G. Medve-Bálint. 2020. "The EIB in the Light of European Integration Theories: Conserving the Tilted Playing Field." In *Deciphering the European Investment Bank: History, Politics, and Economics*, edited by H. Kavvadia and L. Coppolaro, 189–210. London: Routledge.

Bussière, É., Dumoulin, M., and Willaert, É. (2008). The Bank of the European Union; the EIB 1958-2008. Luxembourg: EIB; available at: https://www.eib.org/attachments/general/the_eib_1958_2008_en.pdf

Capoccia, G. 2015. "Critical Junctures and Institutional Change." In *Advances in Comparative Historical Analysis*, edited by J. Mahoney and K. Thelen, 147–179. Cambridge: Cambridge University Press.

Capoccia, G., and R. Kelemen. 2007. "The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism." *World Politics* 59 (3): 341–36. https://doi.org/10.1017/S0043887100020852.

CB (Counter Balance). 2020, April. "Policy Brief on Eib's Role in the EU COVID-19 Crisis response." available at: https://www.counter-balance.org/policy-brief-eibs-role-in-the-eu-covid-19-crisis-response.

CB (Counter Balance). 2022, April. A Missed Opportunity on Due Diligence at the EU bank. available at https://euagenda.eu/upload/publications/eib-essf-analysis-report.pdf .

CEU (Council of the European Union). 2020a. "Conclusions by the President of the European Council Following the Video Conference with Members of the European Council on COVID-19." Press Release, 17 March; available at https://www.consilium.europa.eu/en/press/press-releases/2020/03/17/conclusions-by-the-president-of-the-european-council-following-the-video-conference-with-members-of-the-european-council-on-covid-19/.

CEU (Council of the European Union). 2020b. "'European Council. Special Meeting of the European Council: Conclusions." *EUCO 10/20*. July, 21. https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf

CEU (Council of the European Union). 2020c. Report on the Comprehensive Economic Policy Response to the COVID-19 Pandemic. Press release, 9 April. Available at https://www.consilium.europa.eu/en/press/press-releases/2020/04/09/report-on-the-comprehensive-economic-policy-response-to-the-covid-19-pandemic/.

CHRD (Coalition for Human Rights in Development). 2021 "Missing Receipts. Where Did International Financial institutions' COVID-19 Misc Funding Go." available at https://www.brettonwoodsproject.org/resources/missing-receipts-where-did-international-financial-institutions-covid-19-funding-go/.

Clifton, J., D. Díaz-Fuentes, and A. L. Gómez 2018. "The European Investment Bank: Development, Integration, Investment?." *Journal of Common Market Studies* 56 (4): 733–750.
Clifton, J., D. Díaz-Fuentes, and D. Howarth. 2021. "Regional Development Banks in the World Economy." In *Regional Development Banks in the World Economy*, edited by J. Clifton, D. Díaz-Fuentes, and D. Howarth, 2–30. Oxford: Oxford University Press.
Clifton, J., D. Díaz-Fuentes, D. Howarth, and H. Kavvadia. 2020. "The Role of the European Investment Bank in Times of COVID-19." In Public Banks and COVID-19: Combatting the Pandemic with Public Finance. *Municipal Services Project (Kingston) and UNCTAD (Geneva)*, D. A. McDonald, T. Marois, and D. V. Barrowclough edited by, 135–148. Available from https://publicbankscovid19.org/images/PDF_FILES/Chapter_6_EIB.pdf
Coppolaro, L., and H. Kavvadia. 2022. "Introduction: The European Investment Bank." In *Deciphering the European Investment Bank: History, Politics, and Economics*, edited by L. Coppolaro and H. Kavvadia, 20–33. London: Routledge.
De la Torre, A., J. C. Gozzi, and S. L. Schmukler. 2017. *Innovative Experiences in Access to Finance. Latin American Development Forum*. Washington, DC: The World Bank.
Dombey, D., G. Chazan, and J. Brunsden. 2020, March 25 "Nine Eurozone Countries Issue Call for Coronabonds." *Financial Times*; available at https://www.ft.com/content/258308f6-6e94-11ea-89df-41bea055720b .
ECA (European Court of Auditors). 2019. European Fund for Strategic Investments: Action Needed to Make EFSI a Full Success. Special report 3/2019. Available at https://op.europa.eu/webpub/eca/special-reports/efsi-3-2019/en/.
ECB (European Central Bank). 2020. "Europe's Response to the Crisis." Lagarde, C. ECB Blog post, 23 July; available at https://www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200723~c06fafabb6.en.html.
EC (European Commission). 2003. 'Commission Recommendation Concerning the Definition of Micro, Small and Medium-Sized enterprises', (Notified Under Document Number C(2003) 1422) (Text with EEA Relevance) (2003/361/EC), Brussels. 6 May 2003. Available at https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:124:0036:0041:en:PDF.
EC (European Commission). 2020a. "Europe's Moment: Repair and Prepare for the Next Generation', Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. COM(2020) 456 Final." Brussels: 27 May 2020. Available at https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0456&from=EN.
EC (European Commission). 2020b. *User Guide to the SME Definition*. Available at file:///C:/Users/Helen/Downloads/sme_definition_user_guide_en.pdf. Luxembourg: Publications Office of the European Union.
EIB (European Investment Bank). (1959) Annual Report 1958. Brussels: European Investment Bank.
EIB (European Investment Bank). (1961) Annual Report 1960. Brussels: European Investment Bank.
EIB (European Investment Bank). (1965) Annual Report 1964. Brussels: European Investment Bank.
EIB (European Investment Bank). (1969) 'Annual Report 1968. Brussels: European Investment Bank.
EIB (European Investment Bank). 1970. Annual Report 1969. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1973. Annual Report 1972. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1975. "'EIB Information." N1, January; available at http://aei.pitt.edu/83602/1/1975_January_-_No_1.pdf.
EIB (European Investment Bank). 1980. Annual Report 1979. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1981. Annual Report 1980. Luxembourg: European Investment Bank.

EIB (European Investment Bank). 1987. Annual Report 1986. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1988. Annual Report 1987. Brussels: European Investment Bank.
EIB (European Investment Bank). 1993. Annual Report 1992. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1994. Annual Report 1993. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1996. Annual Report 1995. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 1998. Annual Report 1997. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 2000. Annual Report 1999. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 2011. Annual Report 2010. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 2019a. "'EU Bank Launches Ambitious New Climate Strategy and Energy Lending Policy'." Press Release, 14 November; available at https://www.eib.org/en/press/all/2019-313-eu-bank-launches-ambitious-new-climate-strategyand-energy-lending-policy.
EIB (European Investment Bank). 2019b. "'Germany: EIB Provides Funding of EUR 50 Million to BioNtech as Part of the Investment Plan for Europe'." Press Release, 17 December; available at https://www.eib.org/en/press/all/2019-365-eib-provides-funding-of-eur-50-million-to-biontech-as-part-of-the-investment-plan-for-europe .
EIB (European Investment Bank). 2020. "Treat, Test, Vaccinate. Story by Chris Knight." 10 December; available at https://www.eib.org/en/stories/covid-19-vaccines-therapies-diagnostics .
EIB (European Investment Bank). 2021a. "Pan-European Guarantee Fund EGF." available: https://www.eif.org/what_we_do/egf/index.htm .
EIB (European Investment Bank). 2021b. *Rapid Assessment of the EIB Group's Operational Response to the COVID-19 Crisis*. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 2022a. "'EIB Group Response to the COVID-19 Pandemic and the EGF'." Luxembourg: European Investment Bank; available at https://www.eib.org/attachments/publications/eib_egf_flyer_en.pdf .
EIB (European Investment Bank). 2022b. "European Guarantee Fund at a glance." available at https://www.eib.org/attachments/publications/european_guarantee_fund_at_a_glance_en.pdf .
EIB (European Investment Bank). 2022c. "Financial Report 2021." Luxembourg: European Investment Bank.
EIB (European Investment Bank). 2022d. *Financing and Borrowing Activities 2021*. Luxembourg: European Investment Bank.
EIB (European Investment Bank). 2022e. "How to Prepare a Project proposal." available at https://www.eib.org/en/projects/cycle/how-to-prepare/index.htm.
EIB (European Investment Bank). 2022f. "'President Hoyer: Overview of 2021 Activities." Speech at the EIB annual press conference in Brussels', 27 January; available at https://www.eib.org/en/press/speeches/president-hoyer-overview-of-2021-activities.
EIB (European Investment Bank). 2022g. "Projects Financed-Health Sector 1959-2021." available at: https://www.eib.org/en/projects/loans/index.htm?q=&sortColumn=loanParts.loanPartStatus.statusDate&sortDir=desc&pageNumber=0&itemPerPage=25&pageable=true&language=EN&defaultLanguage=EN&loanPartYearFrom=1959&loanPartYearTo=2021&orCountries.region=true&orCountries=true§ors=5002&orSectors=true.
EIB (European Investment Bank). 2023. Projects Financed in the Health Sector. https://www.eib.org/en/projects/loans/index.htm?q=&sortColumn=loanParts.loanPartStatus.statusDate&sortDir=desc&pageNumber=0&itemPerPage=25&pageable=true&language=EN&defaultLanguage=EN&loanPartYearFrom=2020&loanPartYearTo=2021&orCountries.region=true&orCountries=true§ors=5002&orSectors=true

EIB-EC (European Investment Bank – European Commission). 2018. “Health Sector Study EU, Final Report.” March 2018; available: https://eiah.eib.org/publications/attachments/report-health-sector-study-20180322-en.pdf.
EP (European Parliament). 2001. “Final Report on Action Taken on the EIB Annual report’, (2000/2173(INI)) Committee on Economic and Monetary Affairs.” Rapporteur: Alain Lipietz, A5–0000/2001, 04/1/2001 25 January 2001.
EP (European Parliament). 2016. “‘Research for REGI Committee: Review of the Role of the EIB Group in European Cohesion policy.” Directorate General for Internal Policies. https://eurex.europa.eu/legalcontent/EN/TXT/PDF/uri=CELEX:/protect/unhbox/voidb@x/bgroup/def.{52000BP0089}/let/futurelet/@let@token/let/protect/relax/itshape52000BP0089/egroup(02)&from=FI.
EP (European Parliament). 2020. “Report on the Financial Activities of the European Investment Bank – Annual Report 2019.” (2019/2126(INI)), Committee on Budgets; available at https://www.europarl.europa.eu/doceo/document/A-9-2020-0081_EN.html.
ESM (European Stability Mechanism). 2020. ”ESM Board of Governors Backs Pandemic Crisis Support.” Press Release, 15 May; available at https://www.esm.europa.eu/press-releases/esm-board-governors-backs-pandemic-crisis-support.
European Commission. 2020. “First Operation Under Pan-European Guarantee Fund (EGF): EIB and Banca March Support Spanish Companies Affected by the COVID-19 Crisis”. Press release. 23 December. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2523.
European Ombudsman. 2020. “Letter to the European Investment Bank Concerning the Transparency of the Eib’s COVID-19 Crisis response.” (SI/3/2020/SF), 20 July; available at: https://www.ombudsman.europa.eu/en/correspondence/en/130527EUEA .
Fabbrini, F. 2022. “The Legal Architecture of the Economic Responses to COVID-19: EMU Beyond the Pandemic’, Special Issue: Macroeconomic Policy Coordination and Domestic Politics: Policy Coordination in the EU from the European Semester to the COVID-19 Crisis.” *Journal of Common Market Studies* 60 (1): 186–203. https://doi.org/10.1111/jcms.13271.
Feiler, J., and M. Stoczkiewicz. 1999 The EIB Accountable Only to the Market?. CEE Bankwatch Network in cooperation with the Heinrich Böll Foundation, Brussels Office (EU Policy paper No. 1, December); available at: file:///C:/Users/Helen/OneDrive/Documents/EIB%20CLIMATE%20CHANGE/PP-%20Bankwatch%20EIB-accountable-only-to-market%201999.pdf.
Fitch, 2020. “Rating Action Commentary, Fitch Affirms European Investment Bank at ‘AAA’; Stable Outlook”. 3 September. Available at https://www.fitchratings.com/research/sovereigns/fitch-affirms-european-investment-bank-at-aaa-stable-outlook-03-09-2020 .
Forman, R., and E. Mossialos. 2021. “The EU Response to COVID-19: From Reactive Policies to Strategic Decision-Making.” *JCMS: Journal of Common Market Studies* 59 (S1): 56–68. https://doi.org/10.1111/jcms.13259.
Gordon, B. 2022. “Banking the European Dream. The French Presence and Influence at the European Investment Bank (1958–2018).” In *Deciphering the European Investment Bank: History, Politics, and Economics*, edited by L. Coppolaro and H. Kavvadia, 35–49. London: Routledge.
Griffith-Jones, S., and N. Naqvi2020Industrial Policy and Risk Sharing in Public Development Banks: Lessons for the Post-COVID Response from the EIB and EFSI. In *Global Economic Governance Programme, WP 143, Blavatnik School of Governance*. University of Oxford available at Accessed September 22, 2020. https://www.geg.ox.ac. uk/sites/geg.bsg.ox.ac.uk/files/2020-07/GEG%20WP%20143%20July%202020%20Industrial%20policy%20and%20risk%20sharing%20in%20public%20development%20banks.pdf
Griffith-Jones, S., J. A. Ocampo, F. Rezende, A. Schclarek, and M. Brei. 2017. *The Future of National Development banks*. Oxford: Oxford University Press.
Health Management. 2007. “The European Investment Bank and Healthcare Funding.” (2)2; available at https://healthmanagement.org/c/it/issuearticle/the-european-investment-bank-and-healthcare-funding.
Heldt, E. C., and H. Schmidtke. 2019. “Explaining Coherence in International Regime Complexes: How the World Bank Shapes the Field of Multilateral Development Finance.” *Review of*

International Political Economy 26 (6): 1160–1186. https://doi.org/10.1080/09692290.2019.1631205.
Hodson, D., and D. Howarth. 2022. "The European Guarantee Fund and COVID-19: Agile but in Need of Greater Accountability." *Banking on Europe Briefing* 1. https://bankingoneurope.eu/wp-content/uploads/2022/04/Banking-on-Europe-Policy-Brief-1-FINAL-rev.pdf.
Kavvadia, H. 2020. "From a Policy Bank to a Crowding-In Bank: The Development of the European Investment Bank in the Last ten Years, as Seen Through Its Business Model." *Croatian Regional Development Journal* 1 (1): 30–43. available. https://www.crdj.eu/crdj-issue/vol-1-no-1/.
Kavvadia, H. 2021. "The European Investment Bank's Quantum Leap to Become the World's First International Climate Bank." *Politics & Governance* 9 (2): 185–195. https://doi.org/10.17645/pag.v9i2.3921.
Kavvadia, H. 2022. "Small Words, Big Changes: Understanding the European Investment Bank Through Its Business Model." In *Deciphering the European Investment Bank: History, Politics, and Economics*, edited by L. Coppolaro and H. Kavvadia, 116–139. London: Routledge.
Liebe, M., and D. Howarth 2020. "The European Investment Bank as Policy Entrepreneur and the Promotion of Public-Private Partnerships." *New Political Economy* 25(2): 195–212.
Lionello, L. 2020. "Next Generation EU: Has the Hamiltonian Moment Come for Europe?" *Eurojus* 4:22–42. https://rivista.eurojus.it/wp-content/uploads/pdf/lionello-nextgen.pdf.
Maas, H. 2020. "A Response to the Corona Crisis in Europe Based on solidarity', 6 April." German Federal Foreign Office; available at https://www.auswaertiges-amt.de/en/newsroom/news/maas-scholz-corona/2330904.
Mahoney, J. 2010 "Conceptualizing and Explaining Punctuated versus Incremental change'." available at: http://politics.virginia.edu/sites/politics.virginia.edu/files/Gradual%20versus%20Punctuated%20Change%20Circulation.doc.
Mahoney, J., K. Mohamedali, and C. Nguyen. 2016. "Causality and Time in Historical Institutionalism." In *The Oxford Handbook of Historical Institutionalism*, edited by O. Fioretos, T. G. Falleti, and A. Sheingate, 71–88. Oxford: Oxford University Press.
Mahoney, J., and K. Thelen. 2010. *Explaining Institutional Change: Ambiguity, Agency, and Power*. Cambridge: Cambridge University Press.
Mertens, D., E. Rubio, and M. Thiemann. 2020. "COVID-19 And the Mobilisation of Public Development Banks in the EU." available at https://hal.archives-ouvertes.fr/hal-02586063/.
Mertens, D., and M. Thiemann. 2022. "The Politicization of the European Investment Bank? Managing Hybridity and Resource Dependence in European Economic Governance." In *Deciphering the European Investment Bank: History, Politics, and Economics*, edited by L. Coppolaro and H. Kavvadia, 140–164. London: Routledge.
Moody's. 2021. "EIB: Moody's Rating Credit Analysis." 09 July; available at https://www.eib.org/attachments/fi/external/Moodys_EIB_Report_09Jul2021.pdf .
Noerr. 2020. "‚Noerr berät EIB bei 100-Millionen-Euro-Finanzierung von BioNTech für die Entwicklung eines Covid-19-Impfstoffs'."Press Release, 17 June; available at https://www.noerr.com/de/newsroom/press/noerrberateibbei100millioneneurofinanzierungvonbiontechfurdieentwicklungeinescovid19impfstoffs.
OECD (Organisation for Economic Co-operation and Development). 2020. "Coronavirus." (COVID-19): SME Policy Responses'; available at https://read.oecd-ilibrary.org/view/?ref=119_119680-di6h3qgi4x&title=Covid-19_SME_Policy_Responses .
Ratings, F. 2020. "Rating Action Commentary, Fitch Affirms European Investment Bank at "AAA"; Stable Outlook." 3 September; available at https://www.fitchratings.com/research/sovereigns/fitch-affirms-european-investment-bank-at-aaa-stable-outlook-03-09-2020.
Rehm, M. 2022. "Shocks and Time: The Development of the European Financial Assistance Regime." *Journal of Common Market Studies*, Early view; available at: https://onlinelibrary.wiley.com/doi/full/10.1111/jcms.13338.
Ruijter, A., and T. Hervey. 2012. "Healthcare and the Lisbon Strategy." In The Eu's Lisbon Strategy, *Palgrave Studies in European Union Politics*, edited by P. Copeland and D. Papadimitriou, 130–148. London: Palgrave Macmillan.

Salines, M., G. Glöckler, and Z. Truchlewski. 2012. “Existential Crisis, Incremental Response: The Eurozone’s Dual Institutional Evolution 2007–2011.” *Journal of European Public Policy* 19 (5): 665–681. https://doi.org/10.1080/13501763.2011.646777.

Shields, S. 2022. “Never Waste a Crisis: The European Bank for Reconstruction and Development, the European Investment Bank, and the European Bank Coordination Initiative.” In *Deciphering the European Investment Bank: History, Politics, and Economics*, edited by L. Coppolaro and H. Kavvadia, 263–277. London: Routledge.

Steering Committee. 2010. “‘European Investment Bank’s External Mandate 2007–2013. Mid-Term Review. Report and Recommendations of the Steering Committee of “Wise persons”.” available at: http://www.eib.org/attachments/documents/eib_external_mandate_2007-2013_mid-term_review.pdf.

Streeck, W., and K. Thelen. 2005. “Introduction: Institutional Change in Advanced Political Economies.” In *Beyond Continuity: Institutional Change in Advanced Political Economies*, edited by W. Streeck and K. Thelen, 1–39. Oxford: Oxford University Press.

Tesche, T. 2022. “Pandemic Politics: The European Union in Times of the Coronavirus Emergency.” *JCMS: Journal of Common Market Studies* 60 (2): 480–496. https://doi.org/10.1111/jcms.13303.

Thelen, K., and J. Conran. 2016. “Institutional Change.” In *The Oxford Handbook of Historical Institutionalism*, edited by O. Fioretos, T. G. Falleti, and A. Sheingate, 51–70. Oxford: Oxford University Press.

Van der Heijden, J. 2011. “Institutional Layering: A Review of the Use of the Concept.” *Politics* 31 (1): 9–18. https://doi.org/10.1111/j.1467-9256.2010.01397.x.

Verdun, A. 2015. “A Historical Institutionalist Explanation of the Eu’s Responses to the Euro Area Financial Crisis.” *Journal of European Public Policy* 22 (2): 219–237. https://doi.org/10.1080/13501763.2014.994023.

Vervynckt, M. 2015. *An Assessment of Transparency and Accountability Mechanisms at the European Investment Bank and the International Finance Corporation*. Brussels: Eurodad.