

## The Accountability of Pan-European Public Financial Institutions: A Scoping Review and Meta-Synthesis

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### Abstract

*With the launch of Next Generation EU, scholarly interest in pan-European borrowing has increased, even though the European Union (EU) has been raising funds on capital markets for a variety of purposes for seven decades. In this working paper, we provide the results of a scoping review to identify relevant literature on the accountability of the various pan-European-level public financial institutions. A meta-synthesis then finds competing narratives in this corpus of studies, which frames accountability as providing democratic legitimacy, checks and balances, justice for affected communities, and learning opportunities. These findings highlight the contested meaning of accountability when it comes to pan-European public borrowing, but also a degree of unevenness in how borrowing instruments are analysed. Informative though existing studies are, few focus on more than one facet of accountability or compare the accountability of different borrowing instruments. Further comparative research is warranted to help hold European borrowing instruments to a more consistent set of accountability standards.*

### 1. Introduction

Borrowing and lending operations are the ‘second financial arm’ of the European Union, alongside its budget (Laffan, 1997, p. 217). In recent years, the former has been considerably strengthened as European public bodies have been empowered to borrow immense amounts of money on capital markets. The European Stability Mechanism (ESM), created in 2012, can raise up to €500 billion to provide loans to member states facing financial crises. The European Commission is responsible for several borrowing instruments, including the Recovery and

Resilience Facility (RRF), a key strand of Next Generation EU, which can allocate up to €672.5 billion in grants and loans to help member states' economic recovery from the COVID-19 pandemic. Such borrowing comes in addition to the activities of the European Investment Bank (EIB), which provides loans to projects that advance the EU's objectives and priorities, and the European Bank for Reconstruction and Development (EBRD), a European institution dedicated to economic transition and developing the private sector that counts the EU and its member states as majority shareholders. In 2021 alone, the EIB and the EBRD lent €65 billion and €10.4 billion respectively to a variety of private and public sector projects (EIB 2022, Porter 2022). This expansion of European-level borrowing powers amounts to a considerable re-shaping of European public finances.

The increased significance of European-level borrowing operations raises new questions for the study of European political economy. One is how financial propriety is safeguarded. If Next Generation EU is subject to the same error rate as conventional budgetary resources, more than €20 billion of borrowed European funds under the RRF alone could be subject to irregularities under EU and national rules.<sup>1</sup> An additional question is how European-level borrowing can be legitimated. Some pan-European public financial institutions have significant policy-making autonomy and their actions have clear distributive consequences. To legitimise such institutions, it is commonly held, they should be answerable to democratically elected representatives (Majone, 1994; Tucker, 2019).

This working paper presents the results of a scoping review and meta-synthesis of the literature on the accountability of pan-European public financial institutions. Widely employed in medical sciences and more recently extended to political science, a scoping

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<sup>1</sup> In 2021, the error rate in EU spending was 3% according to the European Court of Auditors (2022).

review is a method for mapping the extent and quality of research on a given topic (Dacombe 2018: 150). A meta-synthesis, meanwhile, is a qualitative method for summarising key themes and findings in a specific corpus of studies (Volpe et al. 2019). For the purpose of our analysis, we define pan-European public financial institutions as bodies founded for the benefit of several European states, which are mandated with raising funds on financial markets to provide grants, loans or guarantees to public or private actors (Wurm, 2010, p. 193). For accountability, we begin with a minimal consensus definition that denotes the ‘relationship between an account-giver and an account-taker, in which the former has to answer to the latter by providing information and justification of conduct’ (Akbik, 2022, p. 37).

Our scoping review compares the various understandings of accountability that can be found throughout the scholarly literature on pan-European public financial institutions and the policy recommendations they put forward. We considered a scoping review appropriate for our purpose because both the fields of study of accountability and pan-European public financial institutions are fragmented across political science, law and public administration. Scoping reviews can overcome such divisions by tackling broad questions and mapping areas of agreement and disagreement in the literature.

Our meta-synthesis identifies multiple narratives about the accountability of pan-European borrowing instruments in this body of literature. Concretely, authors have framed accountability as providing democratic legitimacy, checks and balances, justice, and learning opportunities, depending on the forum to which accountability is rendered. Few studies, we find, focus on more than one facet of accountability or compare the accountability of different borrowing instruments. Further comparative research is warranted to ensure that borrowing instruments are held to a consistent set of accountability standards.

The remainder of the paper is divided into seven sections. Section 2 outlines the methodology employed for our scoping review. Sections 3-6 discuss our findings for, respectively, the European Commission, the EIB, the EBRD, and the ESM. Section 7 presents the results of our meta-synthesis. The final section summarises key findings and considers priorities for future research.

## **2. Scoping Review**

To map out the state of the literature on the accountability of pan-European public financial institutions, we conducted a scoping review of existing work. Scoping reviews serve to define a field of research by clarifying the ‘key concepts and definitions used in the literature’ and identifying ‘how research is conducted on a certain topic’ (Munn et al., 2018, p. 144). They are well-established in the medical sciences (Peters et al., 2015), but this method is also suitable for exploring and delineating the literature on a topic in political science and pointing out areas of agreement and dispute (Dacombe, 2018; van der Veer & Haverland, 2018).

The objective of a scoping review is to ‘identify all relevant literature regardless of study design’ (Arksey & O’Malley, 2005, p. 22), which implies a somewhat iterative research process. To ensure the transparency and reproducibility of our protocol nonetheless, we document our research in line with the reporting items of the PRISMA-ScR framework (Tricco et al., 2018), a protocol for conducting scoping reviews developed in the medical sciences. This framework allows us to document our research protocol systematically and comprehensively.

Our eligibility criteria for this review were set to be as inclusive as possible, given our prior expectation that this would not result in an overwhelming number of publications. We set no time constraints for the publications that we considered, which were inclusive of

publications from various disciplines (including political science, law, and public administration), and included not just peer-reviewed articles, but also books or book chapters, as well as three reports by civil society organisations which we found referenced in academic publications. We included only publications that specifically concerned the accountability of pan-European public financial institutions and, in the case of the European Commission, those explicitly focused on borrowing instruments for which this body is responsible.

Our sampling took place over three rounds. First, we searched the database SCOPUS for the term 'accountab\*'<sup>2</sup> and the full name and acronym of each of the institutions that we identified. This first round yielded 268 hits, of which 14 met the inclusion criteria concerning the institution and its accountability once overlaps were removed. In a second round, we searched the references of these publications, which yielded an additional 17 publications. Lastly, we hand-searched the terms through HeinOnline, a database of legal publications, which led to an additional nine publications.

Our final dataset was compiled in a database that contains the bibliographic data of all articles. Of the 40 publications, we counted 13 as belonging to the field of EU politics or political science, six studies were from International Political Economy, 17 from law, and three from public administration. Table 1 shows the number of publications discussing each institution. Most publications looked at the accountability of the EIB or the European Commission (many studies focusing on the Commission's accountability in other matters were excluded). We found four articles that discussed the accountability structures of borrowing instruments created in response to the COVID-19 pandemic, Next Generation EU, of which the

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<sup>2</sup> This search term captured both 'accountable' and 'accountability'.

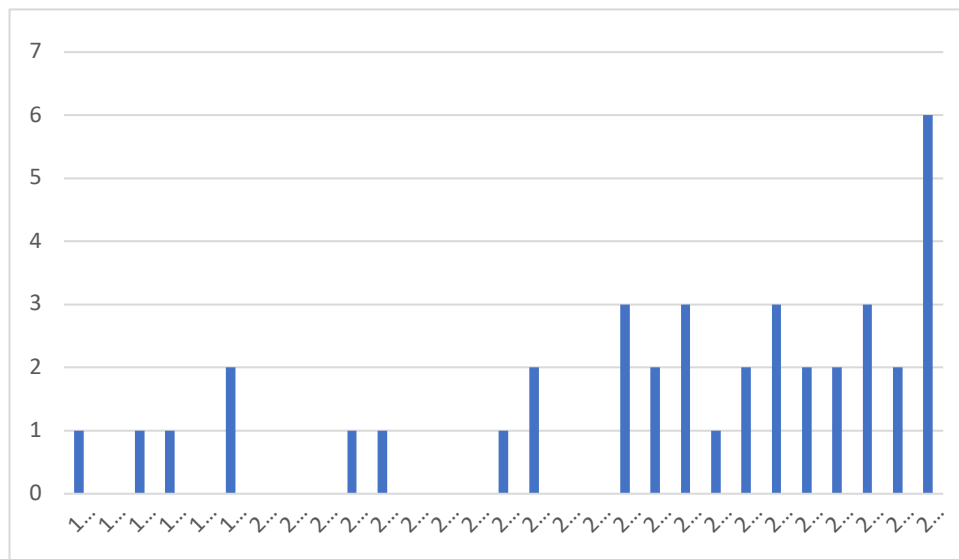
RRF is the most important strand, and Support to mitigate Unemployment Risks in an Emergency (SURE).

**Table 1: Number of Publications Per Borrowing Institution / Instrument**

Institution	Number of publications (includes overlaps)
EBRD	9
EIB	19
ESM	7
Next Generation EU/ SURE	4
Other Commission borrowing instruments	3

Figure 1 below shows that the accountability of pan-European public financial institutions has been studied more extensively over time. Seven studies were published between 1994 and 2006; 29 between 2008 and 2019; and the remaining twelve since 2020. This increase in attention is connected to two parallel trends, we conjecture. First, the general importance of accountability for political science scholarship has increased since the 1980s (Dubnick, 2014). Second, the successive addition and expansion of pan-European public financial institutions have increased not just their borrowing capacity, but also their relevance for European economic governance. Especially the creation of the ESM in 2011 and RRF and SURE in 2020 are noteworthy milestones in this regard.

**Figure 1: Number of publications per year**



### **3. European Commission**

Although the European Commission has been responsible for a borrowing instrument since the creation of the Community Loan Mechanism in 1975, our scoping review found limited literature that pertains explicitly to the Commission’s borrowing operations and less on the accountability of such operations. An early exception is Laffan (1997), who was one of the first political scientists to study the EU as a borrower in detail. A more recent example is Vitsentzatos (2014), who documents the Council of Minister’s attempts to exclude the European Parliament (EP) in 1979 from overseeing Commission borrowing (Vitsentzatos, 2014, pp. 138–139) and the requirement since 1995 that the Commission reports to the EP on budget guarantees for lending and borrowing operations alongside the budget.

Against this backdrop, a few general points about the accountability procedures applicable to the EU budget can be applied to the borrowing and lending operations therein. One point stressed by both Laffan (1997) and Vitsentzatos (2014) is that funds borrowed as part of the EU budget are on-lent to recipients which decide about their final allocation, posing

challenges for accountability. The EU budget is audited by the European Court of Auditors (ECA) and receives political scrutiny from both the EP and the Council, but less than a fifth of total EU funds is directly managed by the Commission (Cipriani, 2021, p. 487). Cipriani (2021, p. 469) notes that national bodies that fulfil EU budgetary tasks are only accountable to national parliaments and citizens. He concludes that ‘while in principle EU citizens should be able to hold each layer of government separately accountable for its activities, in practice, there is an accountability gap.’

This concern for the multi-level accountability of Commission borrowing and lending operations is also apparent in the context of Next Generation EU. A special issue in the *Journal of Legislative Studies* in 2022 was entirely dedicated to the democratic accountability of the EU economic governance after COVID-19. Two articles (Fasone, 2022; Fromage & Markakis, 2022) discuss the accountability of the European Commission towards the EP under the RRF Regulation. Fasone (2022) finds that the EP, by securing oversight of the EU’s pandemic facility, not only succeeded in strengthening its institutional position but also managed to ‘advance its democratic agenda for the EU to become more responsible and accountable for its own resources’ (Fasone, 2022, p. 380). Whereas Fasone’s assessment thus studies accountability as a constraint on power, Fromage and Markakis see accountability as a way of improving democratic legitimacy (Fromage & Markakis, 2022). They argue that to accomplish this, both the EP and national parliaments need to scrutinise the implementation of the RRF. While they see merit in the oversight mechanisms that the EP secured under Next Generation EU – such as the bi-monthly format of the Recovery and Resilience Dialogues with the Commission – they argue that to strengthen democratic accountability, the EP must cooperate more closely with national parliaments in EU budgetary decision-making.



Barrett (2022) and Dias Pinheiro and Dias (2022) focus on the influence of national parliaments on the formulation and scrutiny of National Recovery and Resilience Plans. Dias Pinheiro and Dias (2022) argue that the role of national parliaments is vague under the RRF Regulation, even though national parliaments play a vital role in complementing the EP's work by monitoring national compliance with national recovery plans. Likewise, while the EP may only hold European-level actors accountable once the funds have been disbursed to member state governments, national parliaments need to scrutinise the use of these funds 'to ensure full transparency and accountability and to enhance democratic legitimacy, as well as to sense of citizens' ownership of the RRF' (Dias Pinheiro & Dias, 2022, p. 5). However, after comparing the accountability arrangements of some national parliaments, they conclude that parliaments will need to cooperate both with each other and with other European and national watchdog institutions to counteract the increase in executive power and secure appropriate democratic oversight of the use of European funds.

Barrett (2022) takes a sceptical view of national parliaments' involvement in the management of recovery funds based on a case study of the Irish parliament's role in relation to NGEU. He argues that parliamentarians 'made no ex-ante contribution' (Barrett, 2022, p. 362) to the formulation of the Irish Recovery Plan and argues that ex-post accountability is only a poor substitute that has little influence on policy formulation. The Oireachtas (Irish Parliament) serves as a public forum for obtaining information, but, in Barrett's (2022) assessment, it fails to take a more proactive role in controlling the government or shaping policies, not least because these activities are seen as less electorally rewarding by members of parliament.

The difficulty of ensuring the accountability of how RRF funds are spent is thus compounded by the broad scope and multi-level nature of the instrument. The four special

issue contributions see accountability as either a way of ensuring the propriety of the spending or the democratic legitimacy of National Recovery Programmes. While the accountability mechanisms of the EP in relation to the Commission are noted, the contributions call for national parliaments to play a greater role in holding Next Generation EU to account.

#### **4. The European Investment Bank**

The EIB is accountable to a variety of different audiences, owing to its special position as an autonomous and largely intergovernmental body inside the EU's legal order. If accountability is principally understood as a mechanism of democratic control, the most important relationship to study would be between the EIB and its shareholders, the EU member states and the European Commission. While this relationship is noted in two reports (Ban & Seabrooke, 2016; CEE Bankwatch Network, 1999), these contributions provide few details about Member States' scrutiny of the EIB. While Ban and Seabrooke (2016, p.38) note the institutional role of the EIB's shareholders in approving loans and financial accounts, the report by CEE Bankwatch (1999, pp.11, 14) expresses scepticism about the degree of member states' scrutiny because the EIB's directors – unlike those of other development banks – retain their roles in national administrations. Nevertheless, a survey reported by van der Zwet et al. (2016) shows that most member states perceive the EIB as accountable, even if it does not always pay sufficient respect to Member States' comments. So far no study has investigated in detail how the bank's shareholders hold the EIB management to account or whether national parliaments scrutinise governments' actions in the EIB Board of Governors.

The EIB's status as an EU body also situates it within the EU's broader network of accountability watchdogs. Some earlier contributions looked at the ability of the ECA to act as an external control of the EIB's activities (Dunnett, 1994; Laffan, 1997; Skiadas, 1999). After

the Bank had resisted external scrutiny (Laffan, 1997, p. 223), the ECA's ability to audit the EIB's management of EU funds has since been bolstered through a series of tripartite agreements between the EIB, the ECA, and the Commission (Amoyel, 2003; Ban & Seabrooke, 2016). These reviews do not, however, amount to a systematic audit of the EIB's contribution to Union policies, such as Cohesion (van der Zwet et al., 2016, p. 92). Additionally, several contributions (Amoyel, 2003; Ban & Seabrooke, 2016; Hachez & Wouters, 2012) note that OLAF, the EU's anti-fraud office, cooperates regularly with the EIB. However, none of the more recent studies includes recommendations for strengthening these forms of administrative and financial control.

The role of the EP in ensuring the accountability of the EIB is discussed in two ways. Some studies explore how the EP holds the EIB to account, noting that the EIB voluntarily participates in the EP's debate on the Bank's annual report as part of its 'broader democratic accountability' (Amoyel, 2003, p. 266; Ban & Seabrooke, 2016, p. 39). EP reporting and monitoring of the EIB's contribution to EU cohesion objectives is also 'fragmented' (van der Zwet et al., 2016, p. 92). Ban & Seabrooke (2016, p. 39) propose that the EP's ability to hold the EIB to account should be strengthened by obliging the Bank to appear in parliament upon request and to provide formal responses to EP recommendations.

The EP is viewed as a key actor in pushing for the EIB to become more accountable. As Laffan (1997, pp. 222–223) shows, the two institutions clashed in the 1990s because the EP's resolutions in the 1990s were highly critical of the EIB's perceived lack of accountability. Similarly, Diamandouros (2012, pp. 22–23) highlights the role of the EP in encouraging the EIB to formalise its working relationship with the European Ombudsman in 2008. Vervynckt (2015, p.12) follows up on the EP's calls to strengthen the EIB's complaints mechanism. Not only is the EIB's voluntary participation in EP debates thus perceived as a way in which the Bank can

signal its democratic legitimacy, but the EP has also been a long-time proponent of increasing administrative oversight of the EIB.

The most contested aspect of the EIB's accountability concerns the ability of citizens to hold the Bank to account. The EIB, like other multilateral development banks, has an independent accountability mechanism (IAM) through which citizens can seek recourse if they have been negatively affected by the Bank's decisions. A number of studies provide positive assessments of the EIB Complaints Mechanism (EIB-CM), arguing that the EIB-CM is strong by international standards, not least because the European Ombudsman, uniquely, functions as an appeal mechanism (Nanwani, 2014; Pistoia, 2014). Amoyel (2003, p. 268) reports that the European Ombudsman seems satisfied with the EIB's responses, while other authors have argued that the European Ombudsman has improved the EIB's transparency (Diamandouros, 2012; Harden, 2008). Though the European Ombudsman can only charge the EIB with 'maladministration' and issue special reports to the EP, Ban & Seabrooke (2016, p. 40) argue that the Ombudsman can still exercise effective accountability. While these studies often recommend strengthening the complaints mechanism, they stress the positive impact of the European Ombudsman on the EIB's responsiveness towards project-affected communities.

Several other scholars argue that these institutional arrangements have left the EIB insufficiently accountable to citizens. These studies take the view of accountability as a way of providing justice (cf. Dubnick, 2014). Vervynckt (2015) criticises various institutional aspects of the EIB-CM based on a comparison with the Transparency Charter for International Financial Institutions and calls for the mechanism to be strengthened and made more independent.

Some legal scholars focus on the enforceability of environmental and human rights against the EIB. Hachez and Wouters (2012) argue, for instance, that it is difficult to enforce

human and environmental rights in relation to EIB lending through the complaint mechanism or the European Ombudsman. This, they argue, is because EU law provides an unclear benchmark for EIB operations outside the EU and because external stakeholders cannot initiate a legal review of the EIB's acts. A case study illustrates this point by highlighting the difficulties of an affected Massai community in Kenya in holding the EIB accountable for human rights violations (Schade, 2017). She finds that the EIB-CM, despite its relative institutional strength, was unable to protect human rights in this case and that other forms of legal recourse were not available to complainants. She concludes that from a legal perspective, the EU and its member states 'have a human rights duty to improve the EIB's due diligence performance' (Schade, 2017, p. 97). Hachez and Wouters (2012) and Pistoia (2014) agree that 'more advantage should be taken of the EIB's being part of the EU legal order to guarantee effective accountability to external stakeholders.'

Taking stock, the EIB's accountability to various other European forums has been explored both based on analyses of legal provisions and case studies. Scholars have approached its accountability as a way of ensuring democratic legitimacy, proper financial and administrative conduct, and justice for affected communities. Most attention has focused on the role of other EU institutions and the EIB's complaints mechanism in holding the bank accountable, while the Bank's accountability towards its shareholders has not been studied in-depth yet. Recommendations to strengthen the EIB's accountability focus on bolstering the complaints mechanism and making the bank more responsive towards the EP.

## **5. The EBRD**

The EBRD sits outside the EU's legal and institutional framework and its accountability is often studied from an international perspective rather than an exclusively European one. Two

perspectives on accountability can be discerned from the literature that we found: one frames accountability as learning (cf. Bovens, Schillemans, & Hart, 2008) while the other sees accountability in terms of justice.

A learning perspective of the EBRD's accountability, which focuses on the Bank's system of internal controls, can be found in Korfker's (2013) contribution. He describes the institutional developments of the EBRD's evaluation department over 20 years, arguing that the EBRD's evaluation procedures aim both to generate lessons and hold the bank accountable. The article concludes that the EBRD's evaluation department can be strengthened through peer review by other multilateral development banks to ensure that they are perceived as independent. Seiler and Madir (2013) also study the EBRD's provisions of internal controls but contend that the three oversight procedures fulfil 'quasi-judicial' roles (Seiler & Madir, 2013, p. 135). Although the EBRD's procedures for ensuring the integrity of project finances, tenders, and the Bank's own policies are seen as 'essentially administrative', the authors trace the development of an internal judicial system inside the EBRD. Internal accountability, from their perspective, thus serves as a set of checks and balances.

Studies that focus on the EBRD's IAM tend to argue that this form of accountability is supposed to ensure not only compliance with the Bank's governing rules but also justice for external stakeholders. Susan Park (2017) argues that the norm of accountability as justice was institutionalised in the EBRD's IAM against the bank's resistance. She argues that the EBRD's belated creation and strengthening of its IAM were driven both by pressure from the US and other shareholders of the bank (Park, 2022) and by the increasing acceptance of the 'accountability as justice' norm among other development finance institutions. She concludes that, after a reform in 2013, the mechanism conforms to international best practices and reviews not just the bank's compliance with administrative procedures, but also the

protection of the bank's environmental and social standards (Park, 2021). Several studies compare the institutional provisions of the EBRD's IAM to those of other development banks and agree that although the EBRD's mechanism was set up rather late, it has successively been strengthened and made easily accessible (Bissell & Nanwani, 2009; McIntyre & Nanwani, 2020; Nanwani, 2014). Ultimately, however, these contributions were more interested in the institutional features of development banks' IAMs than the accountability of the EBRD.

Studies of the EBRD's accountability thus focus on the development of an institutional framework that allows stakeholders to file complaints against the bank and seek justice. Although the EBRD has an explicitly political character, we have found no scholarly work that discusses its accountability to its shareholders or democratic parliaments. To improve the bank's accountability, current scholarship instead argues for stronger internal controls and policies that create accountability mechanisms inside the EBRD.

## **6. The European Stability Mechanism**

The accountability of the ESM has received considerable scholarly attention (Ban & Seabrooke, 2017; Howarth & Spendzharova, 2019; Markakis, 2020; Pennesi, 2018), not least because the mechanism sits outside the EU treaties. And yet, despite a common acknowledgement of the limits that the ESM's international nature poses to its accountability, legal scholars seem more critical and less satisfied with these provisions than their political science colleagues.

The ESM is found to be formally accountable neither to the EP nor to national parliaments (Pennesi, 2018; Peticari & Simonelli, 2022; Sinha, 2018) but to its member states, which provides a form of 'decentralised accountability' (Howarth and Spendzharova 2019; Ban and Seabrooke 2017). This is because members of the ESM Board of Governors are euro area

finance ministers who can be held domestically accountable for their decisions on the ESM's Board of Governors, according to their capital share, but not the operations of the ESM itself. According to Howarth and Spendzharova (2019), the fact that parliaments of euro area creditor states (i.e. Germany, the Netherlands and Finland) have been the most active in scrutinising ESM activities due to their legal powers to vote over ESM capital raising and lending can reinforce the democratic accountability of the ESM.

The willingness of the ESM Managing Director to visit national parliaments and attend public hearings at the EP has been positively assessed by Ban and Seabrooke (2017), as well as Howarth and Spendzharova (2019). According to the latter, although the political accountability of the ESM 'remains limited' (Howarth and Spendzharova 2019, p. 907), it is reinforced by (1) the flow of information from the ESM to national finance ministries and, through the latter, to national parliaments, and (2) by national parliaments that have voting powers over ESM capital raising and lending. The fact that the ESM 'has been responsive to the demand for more engagement with national parliaments' (Howarth and Spendzharova 2019, p. 908) is posited to contribute to the political accountability of the ESM.

Other authors remain rather critical of the ESM's accountability, emphasising the 'weak democratic control' of the EP (Pennesi 2018, p. 515) which has not been corrected by the reform of the ESM Treaty agreed upon by the Eurogroup in December 2020 (Markakis 2021, p. 361). In this regard, Peticari and Simonelli (2022) emphasize that the voluntary practice of the Managing Director to attend hearings before the EP has not been codified in the revised ESM Treaty – a recommendation that was advanced by Ban and Seabrooke (2017, p. 7).

According to Sinha (2018, 330), the EP lacks the power to sanction the ESM and force it to change its behaviour, a point emphasized by Peticari and Simonelli (2022, p. 123) when



observing that the future ESM treaty does not foresee any direct involvement of the EP in ESM governance, thereby strengthening its intergovernmental character. According to Markakis (2021, p. 383), the ‘improvements to the ESM’s accountability’ brought by the revised ESM Treaty ‘have been minimal’, especially if compared to its ‘expanded role’ in European economic governance. Consequently, the accountability architecture of the ESM is posited to be neither ‘democratic in nature’ nor ‘enough to affect decision-making by the Board of Governors and Board of Directors’ (Sinha 2018, p. 329) – a point made also by Pennesi (2018, p. 544).

Looking at the internal control systems of the ESM, Sinha (2018), Howarth and Spendzharova (2019), and Ban and Seabrooke (2017) recall that the ESM developed a code of conduct and an auditing architecture composed of a Board of Auditors, an internal audit department, and externally selected auditors within the private sector to carry out a financial audit of the ESM. In 2016 an independent evaluation was commissioned by the ESM over its role in financial assistance programmes. Given how the evaluation was conducted and the recommendations offered in the final report, Howarth and Spendzharova (2019) are particularly optimistic about its potential positive impact on the ESM’s financial accountability.

One aspect attracting wide and shared criticism concerns the accountability of the ESM in its relationship with EU agencies and judicial institutions. Being outside the EU treaties shields the ESM from any accountability towards the ECA, OLAF, the European Ombudsman, the CJEU and the European Data Protection Supervisor (Ban and Seabrooke 2017; Sinha 2018; Howarth and Spendzharova 2019). This way, the ECA has no right to audit the ESM, mediation with EU citizens cannot be outsourced to the European Ombudsman, and EU legal provisions such as the EU Charter of Fundamental Rights and the EU Staff Regulation do not apply to the ESM (Ban and Seabrooke 2017; Pennesi 2018).

Consequently, the role of the ECJ in ensuring the ESM's judicial accountability is significantly limited. When assessing the impact of the ESM revised treaty over ESM accountability towards the EU, Peticari and Simonelli (2022) argue that the accountability of the ESM vis-à-vis the ECA and OLAF has remained 'essentially unaltered', thereby enhancing its 'isolation from the EU' and 'further exacerbating [the ESM's] lack of democratic accountability vis-à-vis the EU institutions' (Peticari and Simonelli 2022, p. 116).

As regards the ESM's accountability towards the general public, Ban and Seabrooke (2017) point to the 2016 Transparency Initiative, which was meant to increase the transparency of ESM decision-making. Although this initiative led to some improvements such as the publication of documents like annotated agendas and summaries relating to ESM bailouts, Ban and Seabrooke (2017) contend that these changes will not allow citizens to understand why specific decisions were taken (or not) by their finance ministers, thereby having a limited impact on the ESM public accountability.

The revised ESM treaty strengthens the role of the Managing Director, as they will join the European Commission in assessing the eligibility conditions to receive financial support, negotiating the conditionality requirements enclosed to financial assistance programmes, and monitoring the implementation of the latter (Markakis 2022; Peticari and Simonelli 2022). And yet, legal scholars highlight that the increase in the competences of the Managing Director is not matched by any extension of the powers of the European Commission to ensure that ESM activities comply with EU law. According to Peticari and Simonelli (2022), these changes leave the accountability framework of the ESM unaltered, thereby the recommendation to incorporate the ESM into the EU legal order to strengthen its accountability and democratic legitimacy (Pennesi 2018; Markakis 2022; Peticari and Simonelli 2022).

## 7. Meta-synthesis

The literature selected in our scoping review is disparate. Our meta-synthesis nonetheless highlights some recurring concerns and themes. Regarding the first objective of this working paper, that is, identifying the sorts of questions that have been studied and the methods used to answer them, we find that many studies concentrated on the legal provisions regarding accountability (e.g. Cipriani, 2017; Hachez & Wouters, 2012; Peticari & Simonelli, 2022), while some also explored the question of how accountability works in practice (Howarth & Spendzharova, 2019; Schade, 2017). While these studies often offered relatively broad-based assessments and evaluations, they tended to focus either on accountability towards parliaments (both the EP and national ones), the ECA, and, for the EBRD and EIB, towards project-affected communities. Somewhat surprisingly, we found no scholarly work that systematically probed how shareholders held management boards to account.

All studies that aimed to describe accountability relationships were at least in part based on analyses of the legal provisions that govern the accountability of individual institutions. While in some cases authors compared the accountability of one actor towards several audiences (Amoyel, 2003; Howarth & Spendzharova, 2019), a few papers compared the accountability of several actors to the same forum, as in the case of Nanwani's (2014) juxtaposition of the IAMs of eight development banks. Few works explicitly compared the accountability of one pan-European public financial institution to those of another, as Howarth and Spendzharova (2019, p. 14) did in their conclusion for the ESM and the EIB.

The second set of questions pertained to how accountability arrangements have changed over time and which factors drove these developments. The literature that we reviewed has identified the EP as an important driver behind the strengthening of the accountability of the EIB (Laffan, 1997) and the Commission within the NGEU context (Fasone,

2022), whereas the EBRD's reform of its complaints mechanism appears to be driven by shareholder pressure and community norms (Park, 2021, 2022). In the ESM's case, by contrast, efforts by the Commission and the EP to strengthen accountability remained unsuccessful during the revisions to the ESM Treaty in 2020 (Howarth & Spendzharova, 2019; Markakis, 2020; Peticari & Simonelli, 2022).

Our second objective was to map the different understandings of accountability that are applied to pan-European public financial institutions. We identified four narratives of accountability (based on the typologies in Bovens et al., 2008; Dubnick, 2014). The first narrative conceives accountability as a relationship that confers democratic accountability. Parliamentary accountability towards the EP is seen as a source of legitimacy both when it is the consequence of formal legal requirements, as in the case of the European Commission in the context of Next Generation EU (Fromage & Markakis, 2022), and when it occurs voluntarily, as in the case of the ESM (Ban & Seabrooke, 2016; Peticari & Simonelli, 2022). However, as emphasized by Barrett's (2022) study of the role of the Oireachtas in the implementation of the RRF, parliamentary accountability can be exercised with different degrees of stringency and may lose its effectiveness as a tool to confer legitimacy.

The second narrative of accountability took a 'constitutional' perspective, seeing it as providing checks and balances. This perspective has been applied both to the role of parliaments within the Next Generation EU context (Dias Pinheiro & Dias, 2022; Fasone, 2022) and to the different watchdog institutions within the EU that can hold the EIB and the Commission to account (Ban & Seabrooke, 2016; Cipriani, 2017; Skiadas, 1999). In this context, it was noted how the powers of both the ECA and the European Ombudsman have been strengthened over time, not least with the support of the EP, which has been a steady advocate of improving the EIB's accountability (Laffan, 1997; Vervynckt, 2015). The

constitutional perspective is also applied to the internal control systems of the EBRD, EIB, and ESM (Ban & Seabrooke, 2016, 2017; Seiler & Madir, 2013). Lastly, the unique role of the European Ombudsman in relation to the EIB's complaints mechanism is widely acknowledged as an additional control (Nanwani, 2014; Pistoia, 2014)

The third narrative, in which accountability is a form of providing justice, can be found in studies of the EIB's and EBRD's complaints mechanisms. Many scholars note that these mechanisms fulfil 'quasi-judicial' functions and Park (2022) argues that 'accountability as justice' is in itself a policy norm among multilateral development banks. Yet, assessments of whether these mechanisms succeed in providing justice differ. While there is a consensus that the EBRD's complaints mechanism is now in line with international best practices (Mcintyre & Nanwani, 2020; Park, 2022), evaluations of the EIB-CM diverge both regarding the mechanism's institutional design (Nanwani, 2014; Vervynckt, 2015) and its operation (Ban & Seabrooke, 2016; Schade, 2017).

The last narrative implies that accountability serves to facilitate learning. This understanding informs both Korfker's (2013) analysis of the EBRD's evaluation department and Howarth & Spendzharova's (2019) account of the ESM's accountability. Both studies argued that internal accountability structures – the EBRD's evaluations department and the ESM's audit committee – help inform institutional reforms to improve practice over time. While emphasising learning processes, Park (2021) argues that peer accountability toward other multilateral development banks is what contributed to the institutionalisation of stronger project complaints mechanisms at the EBRD.

## 8. Conclusion

With Pan-European public financial institutions assuming an increasingly prominent role in the EU, this working paper has explored how the accountability of these bodies is understood in the scholarly literature. Its scoping analysis identified 40 contributions on the accountability of the European Commission, the EBRD, the EIB, and the ESM as institutions with the power to raise funds on financial markets to provide grants, loans or guarantees to public or private actors. A meta-synthesis distilled key concerns and themes from this literature.

A key finding of this exercise is that scholarship on the accountability of pan-European public financial institutions is fragmented. Scholars generally look at the accountability of individual bodies, thus missing an opportunity to compare how accountability mechanisms operate across different borrowing instruments and institutions. Further comparative analysis would help not only to develop a more complete picture of the EU as a borrower but also to highlight instances of best practice when it comes to fostering accountability.

Our meta-analysis identified four broader understandings of accountability, encompassing accountability as strengthening democratic legitimacy, ensuring checks and balances, providing justice, and offering learning opportunities. These narratives capture the contested meaning of accountability as well as its multifaceted character. Few studies engage with more than one facet, bringing the risk that different pan-European public financial institutions are compared to different accountability standards. For example, while several studies explore the accountability of the Commission as a borrower to national parliaments, insufficient attention has been paid to the question of whether the EIB and EBRD should be subject to the same checks and balances. Similarly, scholars have explored the role of complaints mechanisms in holding the EBRD and EIB to account, but less attention has been given to whether individuals should be allowed to raise complaints over the environmental

and social impact of Commission borrowing instruments. Informative though existing studies are further comparative research is warranted to apply a more consistent set of accountability standards.

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### Further Information

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