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INVESTING IN A SHARED FUTURE:
A CONVERSATION WITH EIB PRESIDENT NADIA CALVIÑO

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WELCOME

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KEYNOTE AND FIRESIDE CHAT

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ROUSE: Well, good afternoon, everyone. I am Cecilia Rouse and I'm president of the Brookings Institution. It's my pleasure to welcome you to Brookings for today's conversation on investing in a shared future with European Investment Bank President Nadia Calvino. This event is hosted by our Global Economy and Development program, and we're especially pleased to convene this conversation on the sidelines of the International Monetary Fund and World Bank Group spring meetings. I know it's a busy week, but we're getting started.

This year's meetings are focused on a central theme, how to build lasting prosperity through policy. Achieving lasting prosperity depends not just on growth, but on the policies, institutions, and investments that shape how that growth is created and shared. At Brookings, our mission is to equip decisionmakers with research and policy strategies to create a more prosperous and secure country and world. But the context in which we are operating is becoming more fraught. War in the Middle East, economic uncertainty and growing fragmentation are testing the foundations of global cooperation.

And yet the defining challenges of our time from climate change and energy transition to infrastructure gaps and sustainable development are global by nature. They require coordinated solutions and sustained investment across borders. This is why development finance institutions are indispensable. They help put evidence into action, mobilizing capital, reducing risk, and supporting investments that drive long-term inclusive growth.

The European Investment Bank is a central player in this effort. As a European Union's long-term lending institution, the world's largest multilateral financial institution, it plays a critical role in financing climate action, infrastructure, and sustainable development, both within Europe and globally. So we are delighted to be joined here today by President Calvino, who previously served as Spain's Vice first Vice President and Minister of Economy, and she's now the leading European Investment Bank at a pivotal moment for global cooperation and investment.

Today's event will explore how institutions like the EIB can help deliver on the promise of shared prosperity and what will, what it will take to strengthen cooperation in a fragmented world. I'm also pleased to welcome Homi Kharas, senior fellow in Brookings Global Economy and Development program who will moderate today's discussion.

Please join me in welcoming President Calviño.

CALVIÑO: Yes. Thank you. Good afternoon. It's a full room. I hadn't seen that all of you were here. Well, thank you very much for joining us this afternoon. Thank you very much to the Brookings Institution for organizing this debate and generally for providing a space, a forum, for people to debate, to discuss, to exchange views, and to try to build a better, a stronger, a more peaceful future for all of us.

It is a great pleasure to kickstart this week's very intense meetings with this exchange with the audience. Now, we are gathering at a moment where it's quite clear that the tectonic plates on which the global order was based for the past 80 years are shifting. And these shifts are quite deep and fast, and they generate conflict in some areas and gaps in others.

The escalation of the conflict in the Middle East, geopolitical tensions, economic uncertainty, these are realities that are stopping the world, that are marking the world, that are waking

up, us up every day. And I think that at moments like this, it is more important than ever that that we design and that people see that there's another path forward.

And this is the first message that I would like to share with you today. There is another way. There is a path that moves away from conflict and is built on cooperation, not on confrontation. It is a path where we work together with our partners because together we can achieve much more than each of us individually. And that I think, is the prevalent mood for all of us gathering this week for the spring meetings.

I know that President Stubb was here before at this podium speaking, the president of Finland, I should say, ex vice president of the European Investment Bank that I am honored to lead right now. And I'm quite sure that he sent the same message. We have to base this new global order on cooperation, on respect. We need to work together in the right direction.

The other feeling I sense around us is one of determination. Determination to rally our forces, all multilateral development banks working as a system, determination to try to build bridges, to find ways to talk to each other with respect in a constructive manner. Because these meetings at the European, the International Monetary Fund and the World Bank Group, are a great opportunity to strengthen the way we work together in contributing also to reinforce the global safety net. Combining our strengths working as a system and at scale, we can help deliver financial stability and resilience where it is most needed.

And this is more than an aspiration, this is actually already happening. In the last years, we have improved the synergies and the coordination between the multilateral institutions so that we are more efficient in delivering positive impact on the ground around the world.

We have heard the call for reform, another subject, another issue that surely is going to be debated this week extensively here in Washington. And we're more and more aligning our strategies, sharing risks, relying on each other's standards and procurement systems, and mobilizing private capital at scale. And this cooperation is already allowing us to move faster, to reduce duplication, remove overlaps, and to maximize the positive impact for our partner countries.

Actually, I had a meeting earlier today with Ajay Banga where we were discussing these issues. I had a meeting with Kristalina Georgieva. We were discussing these issues. How can we be more effective? How can we work better together as a system? And by the end of the week, on Friday, we will have a meeting with all fellow multilateral development institutions to see how we can take this to the next stage. So one key idea that I would like to leave with you is this idea of strong partnerships to design this more positive way forward for the world.

Now, to illustrate this cooperation this week, we will be signing a number of agreements, the European Investment Bank, having to do with water. For example, joining the Water Forward initiative with an EIB pledge to provide 300 million people with water security. And that is a great contribution to the overall target of covering 1 billion people by 2030.

Global health is also a top priority for the EIB. We support health infrastructures, life sciences, vaccine production around the world. Actually this week, alongside our partners, we will sign and we will, a contract, a financing contract for a truly groundbreaking project in the sector, which is the first end-to-end multi vaccine manufacturing hub in Africa, in South Africa. And this comes after the previous agreements to finance vaccine production facilities

in Senegal, in Ghana, in Rwanda. And that is a model of cooperation. We're doing that together with the World Bank Group. We're also working together with the private sector and with the Vaccine Alliance and the World Health Organization to make a difference on global health.

I wanted to make to mention and to share these examples just to show how we are walking the talk. This is not just words. This week here in Washington, we will be signing agreements that illustrate the important role of multilateral institutions to support growth and prosperity around the world.

And this brings me to my second message, which is that cooperation must translate into systemic impact at scale, because cooperation is a nice word, but it only matters if it does deliver at scale and with speed. In this fast moving world, we need systems that work efficiently and that requires more than public resources alone.

And that's why another of the issues that we will be discussing not only this week but in the coming months, is how to mobilize private capital so that we can bring the private sector to also support these shared goals, these common public goods that should shape the world of tomorrow. And that involves money, but it also involves data and information.

So today in my meeting with Ajay Banga, we were also highlighting the importance of the Global Emerging Markets database, a database of incorporating the data for the past 40 years of all multilateral institutions and also some national financial institutions for development that provides a wealth of data, a very important input for rating agencies and for private investors.

And this database is telling a very powerful story. Default rates in emerging markets are comparable to those in emerging, in advanced economies, and recovery rates are often higher. And that is a very important message to mobilize the private sector, to mobilize private investment, to foster development and progress around the world.

So, we are a very proud member of the multilateral development bank family, and we feel that our contribution is not just based on the financing and co-financing of individual projects, but the the assets and the information that we can share throughout the world to mobilize private investment.

Next year, the European Investment Bank Group will chair this family of multilateral development institutions. And that's a responsibility we take very seriously, especially in the current geopolitical context. And we will be discussing this week what are going to be our priorities. Private sector mobilization surely is going to be one of them. Water and sustainability, another; global health, human capital will be a third one. We were also discussing today with Kristalina, the importance of artificial intelligence, the impact on our economies, on our societies, and of course, critical raw materials. An emerging subject that is also quite important for the strategic autonomy of our economies.

And this brings me to my third and final point, and that is the power of values. The European Investment Bank is in a somewhat unique position in today's world. Our shareholders are the European Union's 27 member states, neither more nor less and they have unanimously endorsed our strategic orientation. We were just discussing that for our operations inside the EU, but also our operations around the world. Our global operations, which represent around 10% of our annual financing volumes, which last year reached in total 100 billion euros.

So our activities outside the EU are fully aligned with the objective of building win-win partnerships, fostering development and prosperity, but also aligned with European priorities and with European values so that we put our money where our mouth is. Every project we finance is actually underpinning and representing this commitment. Every school which is rebuilt in Ukraine; every girl that is vaccinated against cervical cancer in Angola; every woman that is provided access to contraception and at the end of the day is put on the driving seat of their own life around the world; every drop of clean water in Bangladesh, The Gambia, Jordan; every metro line which is financed by the European Investment Bank in Vietnam or India; or clean energy projects in Egypt, in Central America; loans helping farmers in Côte d'Ivoire or Sierra Leone, connecting remote regions in Cameroon. We feel that each and every one of our projects is supporting prosperity. It is also reflecting European values, our shared values. And through these kind of projects, we are making a concrete contribution to peace, to growth, to global stability and global security.

Let me conclude my introductory remarks. I know that we will have a very intense and interesting, I hope, exchange with you and also with the audience in a moment, just to make a public pledge and stress this public commitment by the European Investment Bank, the financing arm of the European Union.

We are really committed to continue to build win-win partnerships. I want to stress this idea. Those partnerships where we all win, where it is not necessary for someone to win, that somebody else is losing, partnerships that are based on mutual respect, on democracy, on peace, this is the right thing to do, but it is also the smart thing to do because investing in open trade rules-based trade, in growth, ensuring that this prosperity is sustainable also from the environmental point of view, ensuring that we have fair and stable societies around the world and in particular in the neighborhood of Europe, of course, ensuring that we can diversify supply chains, that we can strengthen security, protect health, global health expand markets, create good quality jobs, this means, at the end of the day, investing in our future, building lasting as the motto goes for this week's meetings, but also shared prosperity. Let me leave it here, and very happy to take your questions. Thank you very much.

KHARAS: President Calviño, thank you so much for for those remarks. It's nice to hear you end on such a positive note. And so, I wanted to take you back to the beginning and maybe just start with Europe. You are Europe's bank. You are the implementing lender of the European Union, and most of what you do is to address challenges in Europe. So tell us a little bit about how you see these challenges emerging in Europe. We all know about Ukraine. We all know about the the oil crisis. We've just had perhaps some surprises with the Hungarian election changing things in Europe. But tell us a little bit about how you see some of these fissures and fractures affecting Europe, changing the way people should think about Europe, and what you can do to help make Europe into a a real powerhouse.

CALVIÑO: Well, two, two remarks. I cannot help but smile when you mention Hungary. Of course, today we are, I think all all of us pro Europeans are feeling that this was a very important day. Consolidating democracy, consolidating a more pro-European sentiment throughout the continent and hope, bringing hope to the world at the end of the day.

But let me, there are a number of words and ideas that you have used in your question, which I would like to elaborate on very briefly. The first one is that when I was talking about tectonic shifts, I was not exaggerating. The truth is that the current geopolitical situation is putting to the test all the fundamentals, all the bases, the main pillars on which the phenomenal success of the European Union has been based for the past 80 years, in some countries a bit later. Because the EU has been built as a space for peace, for security. Based on global trade, it is an extremely open economy. Liberal societies, win-win

partnerships and a multilateral order with a number of institutions that are also bringing prosperity and supporting this view of the world. And all of this is put to the test, if not openly, not only questioned, attacked by some instances.

So yes, the challenges are great, but I would like to challenge you saying what should we do to make Europe a superpower or a-- I am absolutely convinced Europe is a superpower. The European Union is a global superpower. Whether we're thinking about economy, whether we're thinking about technological leadership, we many times don't look around sufficiently ourselves to realize how many global leading companies are based in Europe, how Europe is leading in key areas. For example, aerospace, quantum computing, high performance computing, clean tech, we were discussing that a moment ago, the energies and the new technologies for a more sustainable, productive system. Health. Bioeconomy. So we have a very strong basis. We have first class universities, research centers. Actually, the current situation is making Europe even a, an attractive beacon, a place where a researchers know they can continue their research. Like a sanctuary, attracting talent, attracting investment, and providing a sense of legal certainty, stability, trust, which is a very valuable currency in a context of these massive shifts and very high volatility.

So I, I think that we have a strong basis. We have to believe in ourselves maybe more than we do, and we have to ensure that we have a strong, strong voice in the shaping of the new global order. And there, the European Investment Bank is obviously a key player to invest where it matters, to invest where we can make a difference.

KHARAS: Thank you. So, part of where you invest, make a difference as you mentioned is obviously climate change. And perhaps in this country, we haven't put quite the same emphasis, I would say, on climate change with a little bit of oscillation in the priority it gets. But Europe has been quite firm and steadfast through all of these changes on the need to really change the way in which they think about energy security. How are they able to sustain that kind of commitment over all kinds of political transitions?

CALVIÑO: Well, actually I think the political commitment is maybe even stronger today that it may have been in the past, because 2022, when Russia launched the full scale invasion of a Ukraine was already a shock in and then the escalation of the conflict in the Middle East makes it absolutely crystal clear that Europe needs to break free from the dependence on fossil fuels.

So we need to bolster our capacity to have homegrown energy, whether it is sun, wind, hydro, or nuclear, or new technologies. So that's why Europe wants to lead these technologies of the future. And I have to tell you, my perception is that there is an energy revolution in full swing. The political rhetoric may go in one direction. But the reality is that companies are investing in this green transition. Our most recent survey shows that more than 90% of European companies are investing to boost their energy efficiency, to reduce their energy bills, and to support a clean transition that is not only the right thing to do, but also the smart thing to do.

KHARAS: So, you talked about impact at scale in your remarks. And obviously what you are trying to do is to move to a completely different kind of economy based on, I think the phrase you used was to break free from fossil fuels. That's a big transformative change, and it implies investments, it implies policy change, it implies companies and reporting.

How do you package all of that together to make sure that what actually emerges is not just a few more wind turbines here or something else there, but really has some kind of transformative change at the end of the day?

CALVIÑO: Yes, what I usually say is not break free from fossil fuels altogether, but break free from the dependence on fossil fuels.

And we have some examples, right now where, with the escalation in of the conflict in the Middle East, we see that some countries, those where renewables have a higher share, are actually much more protected. They are less vulnerable and energy prices are not going up like in others, which are still too dependent on gas and oil. So we, we see that change is possible in a matter of a few years, and that's the right way forward. And from the European Investment Bank, we are the main financiers of these change. In terms of for example, energy grids and interconnectors, the EIB is financing around half of the ongoing projects in Europe, one out of five solar plants in Europe, one out of three onshore wind power plants, and the majority of offshore wind power plants.

So the, this, I think, highlights the important role of the EIB group in financing this energy transition which is fully supported by the 27 member states. And that is an important message, I think, to the world, but also to our citizens because that is the right way to ensure security and more competitiveness going forward. And these priorities and the identification of the key interconnectors, et cetera, is fully aligned to the approach of the European Commission in terms of energy planning and building an integrated energy market. And the member states that have identified where their priorities lie in this area.

So my sense is one of being on the right track in that regard. And if anything, we need to accelerate in view of the changes that are going at the global level.

KHARAS: So I think at least conceptually it's easy to understand the, the engineering of the, we need to improve, strengthen the grid in this fashion, add these kinds of things. But what about the the side of adaptation, resilience? You talked about those as well. What kinds of investments do you and importance do you put on that side of the equation?

CALVIÑO: Yes, and we see that very clearly in Europe, which is at the forefront of the impact of climate change, whether it is floods, droughts, or floods and droughts almost simultaneously, one day it may be one thing, the next a different one. And we see the massive damage created by the impact of climate change. And again, it's rational. It makes business sense because every euro we invest in adaptation and prevention of climate induced disasters. We save five to seven euros in repair of those damages, not to talk about the losses and damages that cannot be repaired.

So we agreed last year that we want to duplicate the financing we are providing for adaptation. And we have embedded this in all our infrastructure projects. So when we are building a metro line, whether it is in Europe or in in India, for example, where we're financing the main metro infrastructures, we are already thinking about resilience to climate change. How do we embed these elements in the shaping and the engineering of these projects? And that, I think is also the sensible way forward so that these infrastructures can be prepared for the world of tomorrow.

KHARAS: So let's shift a little bit to the MDBs. That's really why you are here, and you gave us a little bit of a teaser that said on Friday, the heads of all of the institutions will meet and

come up with something. What do you think we should look forward to in terms of we've all seen the G-20 roadmaps and this and that, but where do you see the real impact of something that the MDBs are doing now that let's say they weren't doing three years ago-- that's before your time, so it won't implicate you-- that you think will really make a big difference?

CALVIÑO: Well, generally I think that we're working very well together, maybe better than ever. We are all the leaders the home of these institutions, we are good friends. We've been working together, many of us for decades. We know each other. We trust each other. And that explains why we're signing a memorandum of understanding for mutual reliance so that processes, due processes can only conduct, should only be conducted once by one of the institutions and the others are relying on this process. Actually, during this week, I will be signing a tripartite agreement with the Council of Europe Development Bank and the European Bank for Reconstruction and Development. So we are going to be getting together to see how we're going to rely on each other, and that reduces costs, that accelerates the project development, that brings efficiencies in the way we work together as a system.

Earlier today, I was discussing with Ajay Banga, they have a platform for projects for the different countries. So we are putting together our projects and we are seeing how we can co-finance in an efficient manner. We are also focusing in clear, impactful objectives. The Mission 300, which the European Investment Bank is contributing to with a very important pledge, 1 billion pledge, very important contribution, aims at ensuring that 300 million persons in Africa will have access to energy. That's, it's an ambitious objective, but we will achieve it working together. And this week we will be announcing and also making an important pledge ourselves within this Water Forward initiative, which will, on the side of the European Investment Bank, we will pledge to ensure clean water for 300 million persons.

That way of working, setting objectives and then working together to achieve them was not there in the past. And I would argue that the fact that multilateral development institutions are working better than ever as a system and acting as a family and as a team to reinforce our global safety net is more important than ever also in the current geopolitical context.

KHARAS: This is really one of the first times that the multilaterals have set themselves quantitative targets and timelines for actually achieving impact. Do you see this as, you've mentioned energy, you've mentioned water, do you see this spreading into all kinds of other areas? Is this the way in which now one should see the and judge the, the multilaterals hold them accountable for these kinds of achievements?

CALVIÑO: I really think that if we don't set ourselves ambitious and impactful targets, there is a risk that our efforts are dispersed and they don't lead to a real change, a material change for the world. And we're multiplying, leveraging public money. We are working with, we are really the most important underlying network, providing financial stability to the world and shared prosperity to the world. And we need to make sure that every effort we make is really leading to the desired impact and making a difference for the world and citizens and businesses, especially with a very special focus on Africa, obviously right now, and we have started on this journey the leadership I see very committed.

And I think that on Friday we are going to come out with a communication that confirms that this is the approach that we are taking, but don't expect any exciting tweets, or surprising pictures or, we're multilateral financial institutions and therefore very risk aware and conservative in the way we act, but quite forward looking and with a broad perspective of how we can make, we can play a, an important role and a positive role for the world.

KHARAS: So no announcement of a plan of how you are actually going to achieve the sustainable development goals by 2030.

CALVIÑO: Well, I'll, let me leave this as at the teaser so that everybody on Friday is looking at the communicate that we will be issuing, but more important that what we announce and the words, I think is our acts, what we are doing. And to me, the fact that we have identified a number of water infrastructures, for example, key water infrastructures in Africa, in Central Asia, and that we're joining our forces to, to make them happen is a very needed, a very necessary development for the future, yeah.

KHARAS: I mean in Europe and when you were discussing some of your priorities, you also mentioned things like social infrastructure. And I think health has been, health and education have long been central planks for many of the multilaterals initiatives in those areas as well.

CALVIÑO: Certainly this is going to be one of the priorities for next year. Global health, as I said, and also human capital more generally linked to human health. Again, it's not only the right thing to do, it is the smart thing to do because when we invest in women's health, just to give you an example, we invest in stable and safe societies. We invest in growth, we invest in our security.

And that, that approach explains that yes we are very important players. The European Investment Bank is a key player in the area of health. Not only in terms of technologies and vaccine manufacturing capacity, but also support to primary health systems in a number of countries together with the other multilaterals. That I think is a very important development if we want to have sustainable prosperity and growth and stability and security also going forward.

KHARAS: I did see, you mentioned women's health, I did see that you've just had a a new gender strategy of how you're gonna mainstream many of these things. Do you think that that is something that's shared with all of the other development banks? Here, obviously, we hear some pushback against that type of agenda in some instances as not being core to the mission. But I suspect you probably feel it is core to the mission.

CALVIÑO: He's so diplomatic. You're so diplomatic, and you say, no, but I will do.

KHARAS: You'll answer.

CALVIÑO: Oh, no, I absolutely will answer. So, and I will make a personal comment. I didn't think the change would be so fast. I didn't think that so fast we would see that for some people and some institutions, some words are revolutionary. Words like climate, women, gender development. I was told sea level rise. There are a number of words that have been banned, from some programs.

And so that makes it even more important, as I said in my introductory remarks, the fact that the European Investment Bank is proudly carrying the flame and carrying the flag. And so we do talk about climate action. We talk about adaptation to climate change. We are proud to be supporting this energy revolution. We are proud to adopt a gender-- and third gender strategy is already mainstreamed into all our activities. And we are proud to talk about supporting sustainable development and shared prosperity win-win partnerships where we all win.

And this is based on our values, but this is mostly based on the European history because European, we Europeans, we've spent all our history killing each other. So we know very well the way of distrust, animosity, war, destruction. We know that was the situation until the European Union was created. And that's why it's so important to preserve the European Union. It's a project for peace, for shared prosperity and and democracy and those values that I was referring to in my introduction.

And, just to come back to your first question and my first reply, I sometimes feel how powerful must the European Union be when so many people want to destroy it? Isn't that the most important sign that it is an important voice and an important project for the world?

KHARAS: Let's come with the values to the role of the private sector, because certainly in the development community that has generated, for some time, some issues. Is this just business or is this real development? I think by now people have understood that the private sector can play a significant role in a development. But it, and you've done a lot of that in Europe, but in developing countries that hasn't really been moving that rapidly, how are you gonna fix it?

CALVIÑO: Well, it's not only for the European Investment Bank, obviously, to fill all the gaps and solve all the problems in world.

KHARAS: No, I'm talking about using your voice as part of Europe and your experiences.

CALVIÑO: Yeah, indeed. Last year in July, there was this Finance for Development conference that took place in Seville. And it was at a very delicate moment.

KHARAS: We were all there.

CALVIÑO: You were there. And it was a very delicate moment for the UN system. I think we started the week on Monday with a strong sense of how are we going to end the week, question mark. And everybody went there, there was, and we ended the week with a very, I think, on a much more optimistic note and with a lot of determination because the feeling I got out of that conference was that while some were pushing back and trying to design a different path, the rest of the world is moving on and new partnerships are being built, which are enshrined in new trade and investment agreements, as you know very well.

The European Union has 76 trade and investment agreements already, but only in the last months we have closed with MERCOSUR, with India, Indonesia, with Australia. So that, that already is a sign of where we see the road ahead. And those partnerships are desired by developed countries and highly developed economies, but also emerging economies around the world.

And of course, there are a number of emerging economies that also want to have a strong voice in this new global order. I mentioned a couple of them actually I mentioned three of them. I mentioned India, Indonesia, South Africa, where we are going to be signing the agreement for the vaccine manufacturing capacity, Brazil, Mexico. There are a number of countries that want to have a stronger voice. So there is space for these new partnerships that can be actually building this new global order. And this necessarily involves the private sector. You are right to say we need to ensure that this is win-win. So yes, the private sector can have a return, but it contributes to stronger societies, more prosperous economies.

The approach I see on the side of the public institutions is quite clear. That is the sort of investments that we will be favoring, fostering and leveraging, in the mobilization of the private sector I mentioned.

KHARAS: So one place where people talk about this a lot is these country platforms. And you are involved in a number of them and the idea is to bring together official lenders, private lenders, government, et cetera, for transformational change. How have you seen the private sector role in those country platforms? What are they looking for? What can they contribute?

CALVIÑO: I think they, they could contribute more. I think initiatives like GEMs, the global emerging markets database, can play an important role. I was very encouraged, I am very encouraged by the increasing interest of rating agencies, and that can be a game changer when it comes to private investment. And, and when it comes to country platforms, it takes two to tango.

Maybe if I can share an insight: they work when the country is actually determined to make them work. I have worked with very strong ministers in Egypt, in Jordan, or, and these ministers are the ones that bring things together, that make sure that everything is coordinated and that foster cooperation by the multilateral institutions, the public sector, the private sector.

I hope that these examples are inspiring other countries also to join these country platforms. In the current circumstance, we need to mobilize every possible euro, every possible dollar. And yeah, if we want to really go on this direction and fill the gaps that have been created by the withdrawal of, of these countries' participation in this process.

KHARAS: Let's talk a bit about GEMs. You talked about the, the results from GEMs and how positive they were, and you've published reports on that. EIB is the secretariat that looks after GEMs. But some of the people we talked to in the private sector say what they're really looking for is really the granular data so that they can implement them in their own risk models, and you don't provide that. Why not?

CALVIÑO: Okay. Well, that's my understanding is that we're constantly upgrading the system so that we can provide more granular data. I take it back with me, actually the person leading this processes is in Washington today. So I'll make sure to pass the message.

KHARAS: Thank you. There's also a message that the private sector, especially banks, European banks, if they want to invest in this, they have to abide by some kind of regulatory thing. So infrastructure, strike one against capital. Long term, strike two against capital. Developing countries, strike three on their capital. The amount of capital that you have to set aside to meet the BIS regulations if you want to do project investment as a European bank in a developing country is high. And it's particularly high when you compare it against some of these losses that you talk about from GEMs. Are there things that you can do along with others to try to see if there's a workaround on this? Is guarantees the way in which to work around the system a little bit more? What's the technical solution here?

CALVIÑO: Well, I think that the role of multilateral and public investors is key precisely because we de-risk some of these projects, or we can provide the very long-term finance while leaving space for private investors in other parts of the project. We also provide a very important reassurance in terms of the engineering quality of the projects. The European Investment Bank has not only excellent bankers, but also engineers. And they do a thorough

due diligence of each of the projects. So many companies are telling us, we're interested in your finance, but we're even more interested in having this, the seal. This is EIB and that brings private investors into the project.

But are you planning to, to have a, in the course of the week, to interview any of the commissioners from the European Commission? You don't know. You don't know.

KHARAS: I do not have such a--

CALVIÑO: Okay. Because I would respectfully pass the ball to them. They are the ones with the regulatory initiatives.

KHARAS: Perhaps have more access to them than I do.

CALVIÑO: But finance ministers and commissioners are the ones doing legislation and regulation.

KHARAS: My point just being that we still have perceptions about risk that are embedded in models and regulations, and then you have the new reality which is emerging from your actual experiences and whether it's rating agencies or other kinds of things, bridging these two seems to have been a difficult thing to actually do.

And I was wondering, until we are able to do that, it may not be that easy for all the talk and willingness on both sides to really bring the private sector into these win-win partnerships because it has to be a win for them.

CALVIÑO: Beyond regulation, one common feature and one, one obstacle or hindrance to private sector investment also has to do with the regulatory framework in the recipient countries.

We have just signed a march and agreement with the World Trade Organization to finance a project, somewhat project preparation facility, but it's more an investment facilitation framework. So that we identify what kind of reforms are needed to ensure legal certainty, to ensure that investors can trust, you, know, that the, that investment is going to be following rules and that there are conflict resolution mechanisms that they can trust.

So we are starting to work also on that, which I think can be very important so that we identify what are the reforms, what are the actions that countries need to take. And I know the African Development Bank is also a very important player and we are working closely with them to see how we can address some of the shortcomings you were referring to.

KHARAS: Well, thank you so much for talking to me. Let's leave some time for you to talk to everybody else in the audience. We have some mics that we'll go around. If you can identify yourself please and ask a question, please.

AUDIENCE QUESTION: Hello, my name's Uri. I'm managing director of GS Insights Gamba, a company based in Austria that does financial services.

And the question I have for you is, with all of the tensions happening in Iran, the national security interests of European energy is very vulnerable because of all the gas pipelines being affected. What steps can EIB take to invest in renewable and clean energy in the Carpathian basin countries, think Slovakia, or in the Balkans since there's ample mountains and conducive environments to renewable energy.

KHARAS: Would you prefer to --

CALVIÑO: -- couple of them, no? So that we listen to more people. We have more time.

AUDIENCE QUESTION: Hello, this is Walter Guevara from Juncture Policy. Thank you for the presentation, President Calviño. Earlier today, President Stubb spoke about values-based realism in the fragmented world. And given your speed to scale agenda, how do you plan to apply the mandate of EIB global, which currently represents only a fraction of the a hundred billion firepower, and can EIB truly match the agility of bilateral institutions? Thank you.

CALVIÑO: Of? What did he say? Match the agility of? Bilateral.

AUDIENCE QUESTION: Hi, I'm Finn, Finn Olson. I'm a student interning in DC for the semester. I'm curious, we one thing that was not touched on as much was the encroachment of Chinese development, think Belt and Road Initiative and then the Asian Infrastructure Investment Bank. I'm curious, can Western financial institutions like the EIB counter China's encroachment around the world and then doing so also potentially without the help of the United States?

KHARAS: Why don't we take these three?

CALVIÑO: Hey, very good questions. That is a very smart audience and they have very good questions. Maybe I take these three and then we go for another.

Well, firstly I wanted to the, I mentioned briefly in my remarks, the fact that 2022 was really the year, maybe, of awakening for a number of of European countries about the fact that we could no longer trust supplies of gas and oil and other inputs from Russia due to the attack against Ukraine. And since then, Europe has reinforced its resilience in this area. So, and you probably have seen the impact of what is going on the blocking of the Strait of Hormuz is affecting many more other economies around the world, and in particular the Asian region more than Europe.

Of course, at the end of the day we're talking about global markets. So the price of energy goes up but the actual risks and shortages, et cetera, are affecting more other parts of the world. But it shows that we need to accelerate with reinforcing our infrastructures, our interconnectors, et cetera. And we are actually very active in the region. Not only when it comes to reinforcing nuclear capacities, for example, but also infrastructures and interconnectors with a clear objective of totally decoupling from Russia and reinforcing the autonomy and of the whole of the EU in, in this critical area.

It's interesting this reflection on bilateral development institutions because necessarily they have a more partial approach than the European Investment Bank. We are partners. I will be having in April, so this month, I think it's the 25th. I have the meeting with the five plus one

with the five largest national promotional institutions. And we have we work together in identifying which projects around the world could we co-finance together and how. But the European Investment Bank necessarily has a broader perspective, a broader scope. We cover the whole world, but also we cover the whole of the EU when it comes to the companies that can participate and have the information and can be brought to develop those projects.

So I think we're complementary. This is not a competition, but I do see that the speed is obviously of the essence when we want to make a difference around the world. There again, it takes two to tango, if I may say, because many times we financial institutions we're fast, we can sign the contracts, and then it is the receiving member state that finds it difficult to actually develop the project, implement the project.

So technical assistance plays a very important role in achieving the desired impact on the ground. And we're working with the European Commission to see how we can maximize that technical assistance, not only now, but for the next budgetary period so that we can be more impactful. And I didn't coordinate my notes with President Stubb, but I, we were together in, in the last days. And we talk to each other a lot. And I know we share a vision which is not optimistic, it's quite realistic, but we're aware of the strengths of Europe and we are also aware of the importance of preserving our values as we progress in, in this brave new world which is being built around us. And with us.

And let me take a broader, your question from a broader angle. And maybe use an image that I have used previously in, in other conferences. Because in one of the conferences, the events we organized with African partners, they said, well, we feel that China and and the U.S. are like two elephants and they're fighting and we are the grass under the elephants and we're just trying not to be crushed. Okay. And that prompted a reflection on my side. I was feeling, is Europe the grass? No, Europe, the European Union is not the grass under the elephants. And that's why I would say no, we are a superpower. I think the European Union is a bit like a rhinoceros. So it's a quite strong, sturdy animal that can actually confront other animals in the savanna. Right now our horn is a bit covered by the fact that we, our capital markets are not as large and integrated as the U.S. We obviously have an excessive dependency in the area of energy and in the area of defense, but once we address those weaknesses, you better don't upset a rhino. Right? And that I think is a good image to illustrate that we need to play with the two elephants and to establish also our space in this world that is in the making. And I think it is to the benefit of everybody that Europe has a strong voice precisely to ensure that the rest of the world is not considered to be just the grass that's crushed under that fight.

KHARAS: Slow to get started, but moving rapidly when up to speed.

CALVIÑO: Voila. Yeah. And difficult to stop once it gets moving, eh, difficult to stop.

KHARAS: I don't know if you want to just mention the role that AIIB plays as a China bank.

CALVIÑO: Yes. Well,

KHARAS: --organized bank in the MDB system.

CALVIÑO: Well, it is actually one of the things that I will be doing this week is meeting the new head of the institution. So she has just been appointed head of the institution. So I

would rather not express anything, any concrete views until we have that meeting and we see how we can engage with the, with an important institution that has just changed leadership. So.

KHARAS: Another question.

AUDIENCE QUESTION: Good afternoon. From the One campaign. My question is first about the headroom at the EIB. There was a report a few months ago about an ample headroom. How do you see the direction of travel? What do you see the work ahead for the EIB to make use of that headroom, if that's relevant and about early, early capital for projects, pipeline development, same what do you see? Do you see any major change? Is that a relevant objective for the bank?

KHARAS: And one last question.

AUDIENCE QUESTION: Hi, I am Cathan Habale from the Nature Conservancy. Just reflecting on these meetings, maybe about a year ago, I think we were still in the afterglow, maybe, in part of the announcement of EIB's participation in the Barbados debt for climate swap. I'm wondering if you could speak a bit about EIB's position on debt swaps and

CALVIÑO: Yeah, okay. Well, I'm so glad that you mentioned that. I saw Mia Mottley today. We crossed each other in the, in front of the office of the managing directors.

KHARAS: She's gonna be sitting where you are sitting tomorrow.

CALVIÑO: Okay. Well, she's fantastic. One of the greatest leaders and and a good friend. And I saw her earlier today and I think we both feel like proud mothers of the debt swap. And but it's a very good question actually, because I thought this was going to be much more extended. It hasn't taken off as it should, as an instrument that should, would allow us to finance key infrastructures. In that case, it was water management and resilience in, in the country, the highly indebted country that is subject to so many catastrophes and extreme climate events.

So that is an area where we are certainly always interested to participate. Normally we're called when there is a need to fill a gap or to find a constructive, creative way forward. Happy to play that role in, in mobilizing finance for climate action resilience and development.

And and yes, on the, I don't want to get too technical on the issue of the headroom. Let me say, in the last years we have increased our financing amounts to this record 100 billion euros. And we also increased the maximum headroom that we can provide as a stock. Which is actually, this increase is what allows us to keep an ambitious 100 billion per year. So we are within the structure of the organization and the risk management of the organization, we are already at a very high volume.

Of course, we are responding to the priorities of our shareholders, so it may well very well increase in a number of areas. You have to bear in mind, we have discussed a lot this 10% of our activity around the world. Which is logical. But the European Investment Bank is mainly financing large scale, long-term projects in Europe. And unfortunately in the last years, we have had to step up our activity in the area of security and unfortunately, because

obviously we would all be much happier to be financing other types of projects. But that is an area where certainly Europe needs to step up its capabilities, and I'm sure we will be scaling up our financing in the coming years too.

I'm sorry, I don't want to finish on this note.

KHARAS: No. Give us a--

CALVIÑO: Can I finish on another note?

KHARAS: Yeah, up, uplift us.

CALVIÑO: I really I want to share with you this conviction, and I am speaking to a lot of people also businesses, and normally when you visit a company or when you discuss with business leaders, they are quite positive and quite determined to, to lead in the new technologies to help the world be better, I see a lot of hope. And when I exchange with young people, and I see a lot of young persons here today, the, I see a lot of hope in the future. And determination also to shape the future and to take your destiny in your own hands. And that gives me a lot of hope and a lot of confidence.

And I think this is the prevailing energy that we should be driving forward. There's so much noise, there's so, so much conflict around us these days, but at the end of the day, the future is not written. It depends on what we do today, the decisions we take today. And my main message is, insofar as the European Union is concerned and the European Investment Bank, we are determined to continue to make the right decisions for Europe and for humanity as a whole.

And it sounds a bit too big and too it may sound vague, but I think as we wake up every day and we see the news, it becomes crystal clear that actually this is the most important thing we can do, thinking about us and future generations count on us.

KHARAS: I think we will. And, and thank you for constantly just innovating about how you can make change happen at scale. I wanted to also just come back: you do things at scale and that's just so important in the world today. Thank you.

CALVIÑO: Thank you. Thank you.