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COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

Report from the Commission to the European Parliament and to the Council
on 2013 EIB external activity with EU budgetary guarantee and on the application of
Decision No 1080/2011/EU of 25 October 2011 covering the EIB financing operations
signed during the period from 2007 to June 2014

{COM(2014) 674 final}

1. INTRODUCTION AND OVERVIEW

This Staff Working Document (SWD) reviews the implementation of the current EIB external mandate at regional and country level in 2013 as well as the contribution of EIB financing operations to the fulfilment of external policy objectives, taking into account the operational objectives of the EIB.

The tables below summarise the overall EIB external lending activity for the period of the mandate: overall signatures (Table 1), the signatures and available headroom under the mandate (Table 2), the signatures and available headroom under EIB own risk facilities (Table 3).

Table 1: Overview of overall EIB lending signatures outside the EU (all resources)

EUR m	2007	2008	2009	2010	2011	2012	2013	Gross Total Signed
Pre-Accession	2.926	3.453	4.309	3.360	3.381	3.106	2.958	23.493
Mediterranean	1.438	1.290	1.596	2.547	975	1.689	583	10.118
Eastern Neighbours, Russia	230	170	233	631	776	934	1.805	4.779
Asia and Latin America	925	469	1.251	1.222	1.171	700	1.240	6.977
South Africa	113	203	280	50	165	100	260	1.171
Total in Mandate Regions	5.632	5.584	7.669	7.809	6.469	6.530	6.845	46.538
ACP countries/OCTs	748	558	827	967	591	644	728	5.063
EFTA countries	146	-	170	50	200	236	144	945
Total Signatures outside EU	6.526	6.142	8.666	8.826	7.260	7.409	7.717	52.546

NB: Implementation of the Mandate started in August 2007; volumes in 2007 partly comprise the end tail of the former mandate.
Volumes in 2007-2012 include EUR 2bn signed under the Pre-Accession Facility in Croatia before its accession to the EU.

Table 2: EIB lending signatures under the Mandate

EUR m	2007	2008	2009	2010	2011	2012	2013	Gross total 2007-2013	Cancell.	Net signed	Ceiling	Headroom available
Pre-Accession	389	2.009	2.859	1.535	874	821	610	9.096	147	8.949	9.048	99
Mediterranean	1.205	1.195	1.510	2.009	926	1.305	530	8.680	299	8.381	9.700	1.319
Eastern Neighb, Russia	-	170	233	631	675	934	1.443	4.085	241	3.844	3.848	4
Asia, Latin America	305	469	1.051	643	310	300	584	3.662	378	3.284	3.952	668
South Africa	-	203	280	50	115	100	260	1.008	96	912	936	24
General Mandate Total	1.899	4.045	5.932	4.867	2.900	3.460	3.427	26.530	1.161	25.369	27.484	2.115
Climate Change Mandate (2011-13), of which in					150	500	1.006	1.656	-	1.656	2.000	344
Pre-Accession					150	-	350	500	-			
Mediterranean						350	-	350	-			
Eastern Neighb, Russia							243	243	-			
Asia, Latin America						150	413	563	-			
South Africa							-	-	-			
Total Mandate	1.899	4.045	5.932	4.867	3.050	3.960	4.433	28.186	1.161	27.025	29.484	2.459

Notes: In Pre-Accession, the amount cancelled comprises the net impact of contractual increases and decreases which occurred after the year of signature.

Table 3: EIB lending signatures under EIB own risk facilities

EUR m	2007	2008	2009	2010	2011	2012	2013	Gross total
Pre-Accession	1.176	1.444	1.450	1.796	2.358	2.285	1.998	12.507
Mediterranean	185	33	56	516	39	11	-	840
Eastern Neighb, Russia	-	-	-	-	101	-	119	220
Asia, Latin America	500	-	200	579	861	250	242	2.632
South Africa	-	-	-	-	50	-	-	50
Total	1.861	1.477	1.707	2.891	3.409	2.546	2.359	16.250

2. OVERALL CONTRIBUTION TO EU POLICY OBJECTIVES

The objective of EIB operations under the Mandate is to support relevant external policy objectives of the EU. In particular, the Decision provides for some specific policy goals to be addressed through EIB external operations in all regions covered by the EU budgetary guarantee:

- (i) Climate change mitigation and adaptation;
- (ii) Development of social and economic infrastructure;
- (iii) Local private sector development, in particular support to SMEs.

Additional underlying objectives include the contribution to the general principles guiding external action, as referred to in Article 21 TEU and regional integration among partner countries, including economic integration between pre-accession countries, neighbourhood countries and the Union.

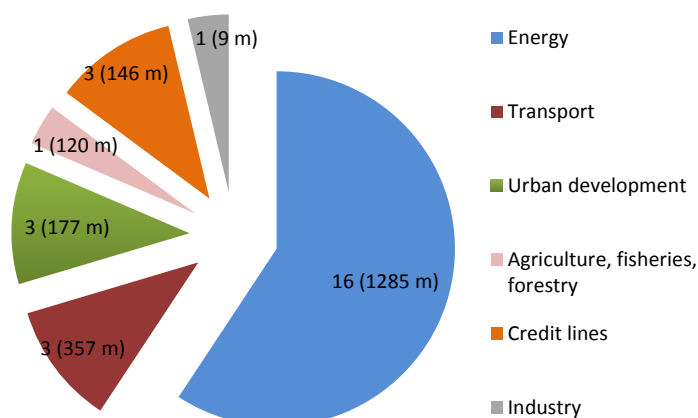
2.1. Climate change mitigation and adaptation

As regards climate action, 2013 overall EIB signatures amounted to EUR 2.1 bn, representing 31% of total EIB financing in the regions covered by the Decision (38% of signatures under the EU guarantee, either under the general or the Climate Change Mandate envelopes). This proportion is above the EIB's global target of 25% of overall lending. This is more than in 2012 (signatures amounted to EUR 1.6bn representing 24% of total EIB financing in the regions).

The EIB's support to investment projects in this area has been growing in line with the its general objectives both inside and outside the EU. The release of the EUR 2bn envelope of the Climate Change Mandate in 2011 as part of the Decision has clearly helped to widen the EIB's support to climate action. At the end of 2013, the volume of operations signed equalled 83% of the Climate Change Mandate, and the balance was already fully earmarked for additional operations in pipeline.

Many of the world's least carbon efficient economies are situated in the ALA regions. Therefore, climate action lending remained strong in Asia with almost 90% of signatures contributing to climate action; it reached close to 50% in Latin America and Central Asia. In South Africa where climate-friendly energy projects have significant potential, 2 climate projects were signed in 2013 which equal 88% of the new financing volume in this country. In the Mediterranean, around half of the financing signed in 2013 supported climate action. Substantial amounts of climate action finance were also mobilised for projects in the Pre-Accession and Eastern Neighbourhood regions, but the overall proportion is less there in the light of strong other lending priorities, notably private sector development.

Chart 1: Climate action by sector



The energy sector accounted for the largest part in terms of climate financing volume (EUR 1.3bn) and number of projects (16), reflecting especially the strong demand for investments in energy efficiency and renewable energy. Other projects which contributed to the EIB's climate action objective were in the sustainable transport (EUR 357m) and urban development (EUR 177m) or "natural resources" (EUR 120m) sectors including Turkey's afforestation and erosion control project. An additional EUR 146m in credit lines were extended through financial intermediaries for on-lending to small and medium sized climate change and energy efficiency projects in Kazakhstan and in Sri Lanka. The EIB applies its carbon footprint methodology to all sectors, not only climate projects. Greenhouse gas (GHG) emissions are estimated and reported for projects where emissions are expected to be significant, i.e. above defined thresholds, thus capturing approximately 95% of emissions from EIB's investment projects .

Projects aimed at improving the efficiency of energy generation also lead to CO₂ savings, as is the case in the Bangladesh Power Energy Efficiency operation, which it is estimated will produce 419 kt of CO₂-eq savings per year (zero CO₂ absolute emissions, as electricity production derives from using waste heat).

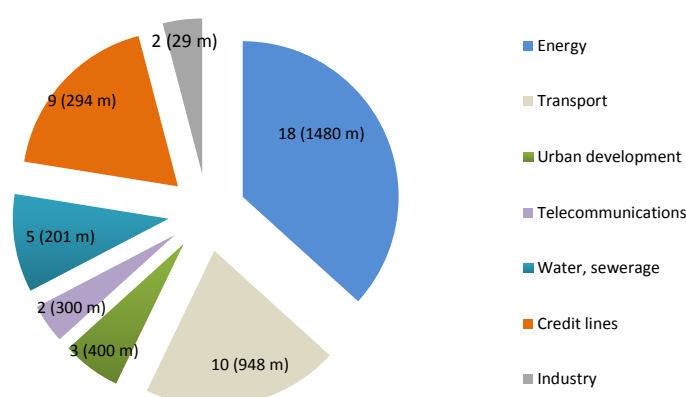
Transport projects can also generate decreases in CO₂ emissions, where they incentivise shifting to more environmentally friendly means of transport (typically, from road-based to metro or railway). In the 2013 portfolio, for example the Istanbul-Ankara Railway Tranche B project is estimated to produce 91 ktons CO₂ savings (185 ktons CO₂ absolute emissions).

In 2013, 13 projects signed in the regions covered by the Mandate had estimated emissions above the Absolute or Relative emissions thresholds and were included in the 2013 Carbon Footprint Exercise. They represent total EIB signatures of EUR 1.25bn. The related total absolute GHG emissions are estimated as 0.33 Mt CO₂-eq/year, with an overall saving from the same financing estimated at 0.67 Mt CO₂-eq/year.

2.2. Development of social and economic infrastructure

In 2013, the EIB signed a total of 46 operations worth EUR 3.6bn in order to help developing social and economic infrastructure in various sectors. This includes 9 intermediated operations (credit lines) where the actual sector distribution is not known in advance. As in previous years, the largest share was in the energy (18 projects) and transport (10 projects) sectors. The rest was distributed as illustrated below.

Chart 2: Projects signed in 2013 contributing to economic and social infrastructure by sector

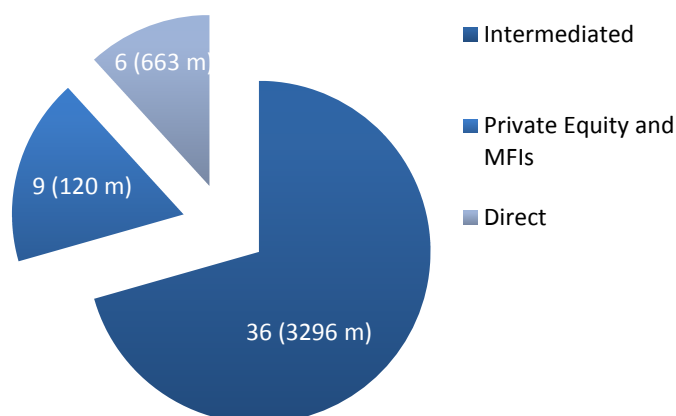


Notes: Projects may contribute to more than one sector. Share of the number of projects by sector. Total signed amounts in EUR million indicated in brackets.

2.3. Local private sector development, support to SMEs

The EIB supports local private sector development in different ways, most commonly by extending credit lines to financial intermediaries (mainly banks) for on-lending to small and medium enterprises. Overall, in 2013, of the 51 operations that contributed to local private sector development, 36 were loans to intermediaries providing EUR 3.3bn worth of credit lines for on-lending to SMEs. Another 12% of these operations were direct loans to larger private companies, and 9 operations represent investments in private equity funds and microfinance institutions (MFIs).

Chart 3: Operations contributing to local private sector development by type of operation

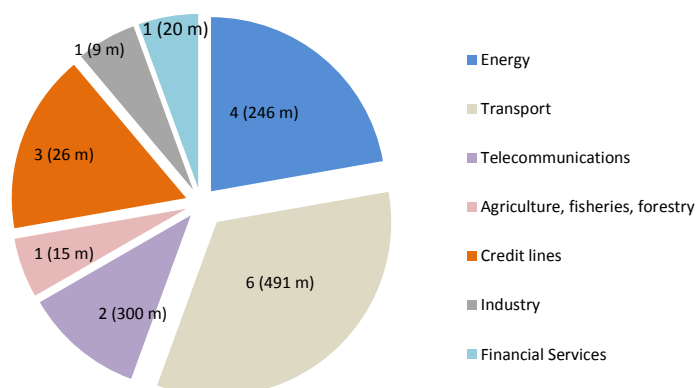


2.4. Contribution to underlying objective – Regional integration

Projects in a number of sectors are expected to contribute to regional integration. In 2013, of the 17 projects (EUR 1.1bn) contributing to regional integration, 6 are direct operations in the transport sector. These are mainly cross-border roads, such as the Armenia North-South Road Corridor connecting Georgia, Armenia and Iran, and regional air navigation networks, such as the air traffic control upgrade in Egypt which is part of the implementation of a Euro-Mediterranean Common Aviation Area. Four projects contribute through the energy sector, such as the Central America Climate Change Framework Loan contributing to regional electricity supply through the transmission lines of the Central American electrical interconnection system.

This dimension was strongest in the Pre-Accession and Eastern Neighbourhood region where roughly three quarters of the total lending volume in support of regional integration is concentrated.

Chart 4: Projects contributing to regional integration by sector



Notes: Projects may contribute to more than one sector or region so total number of projects may exceed 17. Amounts are pro-rated by region and sector.

3. ACTUAL AND EXPECTED RESULTS OF EIB OPERATIONS: RESULTS MEASUREMENT FRAMEWORK (REM)

3.1. The REM framework

The REM framework provides an assessment of the EIB financing operations throughout their lifecycle. It helps to select sound projects which are in line with EU priorities based on concrete results, and where the EIB involvement will add value. At appraisal, results indicators are identified, with baselines and targets that capture expected economic, social, and environmental outcomes of the operation. Achievement against these specified performance benchmarks is monitored throughout the project life and reported at two major milestones: at project completion and 3 years after project completion ("post completion") for direct operations; at the end of the investment period and at the end of life of private equity funds; and at the end of the allocation period for intermediated lending.

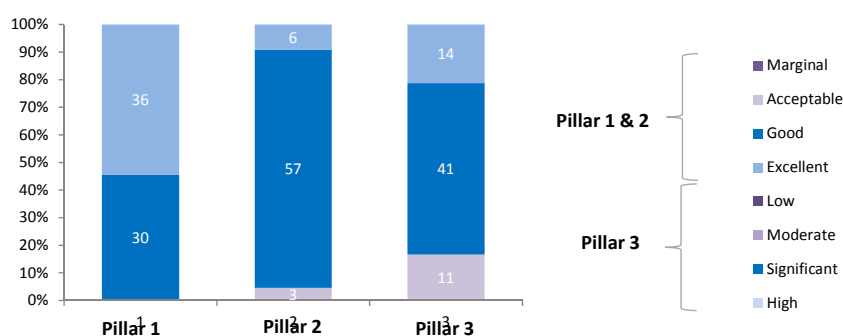
Pillar ratings are based on a four-point scale (4-excellent, 3-good, 2-acceptable, 1-marginal)¹. Ratings are based on a series of objectively measurable indicators and guidelines, while a process of quality control ensures that all ratings are checked for consistency across operations.

Projects are rated according to three "Pillars":

- (i) Pillar 1 rates the expected contribution to the EU and the countries' priorities and eligibility under EIB mandate objectives.
- (ii) Pillar 2 rates the quality and soundness of the operation, based on the expected results.
- (iii) Pillar 3 rates expected EIB financial and non-financial additionality.

Distribution of ratings by pillar:

Chart 5: REM ratings by pillar for all 2013 signed operations



As the distribution of **Pillar 1** ratings shows, more than half of the operations signed in 2013 are expected to make an excellent contribution to mandate objectives, meaning that they are not only fully in line with the EIB mandate objectives, but they also are expected to make a high contribution to both the countries' own development objectives and the EU priorities for the country and/or region. Those projects that will make a "good" contribution are in line with

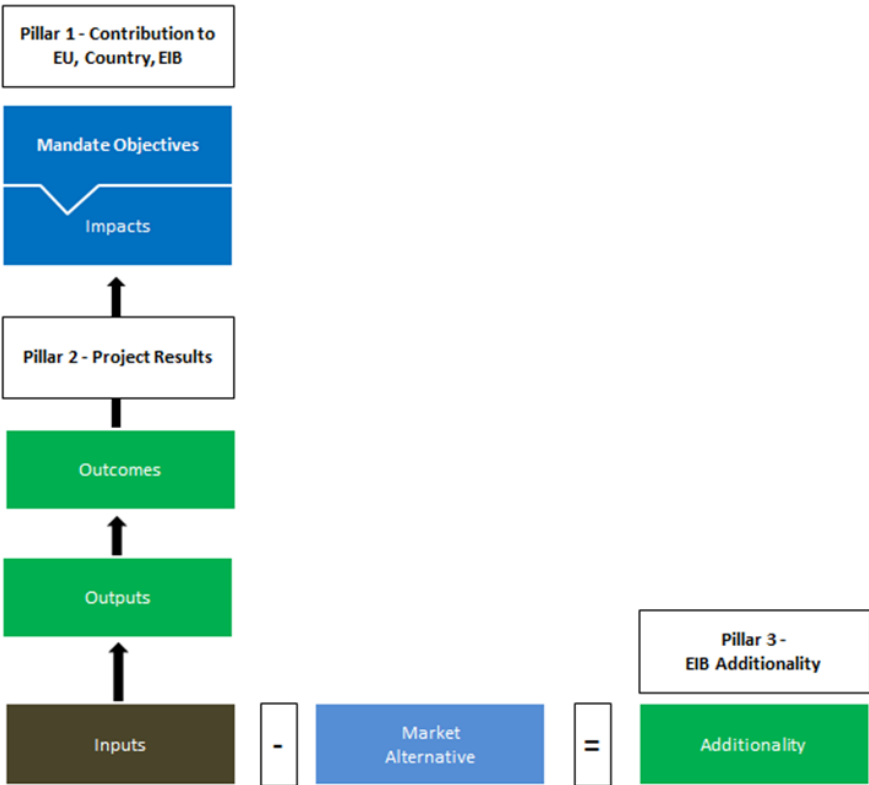
¹ Pillar 3 ratings for additionality are slightly different: 4-high, 3-significant, 2-moderate, 1-low.

mandate objectives and should make a high contribution to either the country's own development objectives or those of the EU and a moderate contribution to the other.

Pillar 2 measures the expected results, the quality, and the soundness of projects. 9% of operations signed received an excellent rating. This includes direct operations with an economic rate of return (ERR) greater than 15%, or intermediated operations (credit lines) which would make an exceptional contribution to increasing access to finance as well as developing the financial sector, in a relatively low risk environment. More than 86% of operations are expected to be "good". These would be direct operations with an average ERR of 10% to 15%, or intermediated operations which contribute strongly to increasing access to finance and financial sector development yet in a high risk environment with less likelihood of results. Only 5% of projects, mainly intermediated loans, were rated with lower expectations, as "acceptable".

Pillar 3 measures the EIB's expected additionality. About 21% of operations signed in 2013 are expected to have high additionality - typically, extending the longest maturity of debt available to the borrower from the market by more than 100%; matching economic life of the assets to be financed by at least 80%; taking a lead role in project preparation, structuring and/or implementation support. Another 62% are considered to have good expectations, providing significant additionality - typically, combining significant financial additionality with significant technical and sector contribution or standards and assurance. The 17% of signed operations that were rated as expecting moderate additionality were typically standard products where limited contribution to project design, structuring or implementation was necessary.

Chart 6: REM conceptual framework



REM indicators have been harmonised - to the extent possible - with those of other International Financial Institutions and EU development agencies to simplify client reporting requirements for co-financed operations. The Bank is engaged in a number of working groups that bring together International Financial Institutions, European Development Finance Institutions and EU development agencies aiming to improve coordination and harmonization of results indicators.

3.2. Expected results by sector all resources

Table 4 presents the sectoral distribution of all EIB financing operations signed in 2013.

Credit lines to financial institutions for private sector development were the most prominent activity by volume of operations signed in 2013, in particular in the Pre-Accession region and the Eastern Neighbourhood. These were followed by energy - in particular in the ALA regions - transport and urban development. The breakdown by sector and region is provided below.

Table 4: Sectoral breakdown of external operations signed in 2013 under the Mandate and at EIB own risks

EUR mn	Pre-Accession	Mediterranean	Eastern Neighbourhood Russia	Asia and Latin America	South Africa	Total
Energy	199	253	105	867	110	1.534
Transport	460	50	438	-		948
Water, sewerage	6	77	64	60		207
Credit lines	1.450	80	1.193	283		3.006
Agriculture, fisheries, forestry	150		6	21		177
Industry		20		9		29
Financial Services	192			-		192
Telecommunications	300			-		300
Urban development	200	50		-	150	400
Total	2.958	530	1.805	1.240	260	6.793

Nota Bene: In addition to the above volumes, equity and microfinance operations amounting to EUR 53m were signed on third party resources in the Mediterranean.

3.2.1 – Results from EIB support to the economic and social infrastructure sector

Table 5 summarises the REM standard indicators and values of relevance for the expected outputs and outcomes of EIB loans for economic and social infrastructure signed in 2013. These key indicators summarize how EIB projects are expected to provide access to basic services such as electricity, water and sanitation to millions of people. Social services such as health care, education and housing are also targeted by EIB financing. Access to secure transport and mobile services will not only improve the living conditions of population, but

will provide for basic infrastructures necessary for the economic development of the countries. The infrastructure projects providing for these basic services are equally reflected in the table.

Table 5: Expected outputs for key indicators on operations signed in 2013 – economic and social infrastructure development

Outputs - Infrastructures and services	Quantity	Units
Energy production capacity	2.600	MW
Length of transmission or distribution lines	2.800	km
Length of rail track constructed	480	km
Water supply capacity	423.000	m3
Sewerage treatment plant capacity	673.500	Person - Equivalent
New housing units	19.000	Households
New / improved school area	544.000	m2
New / reconstructed hospital area	357.000	m2
Homes connected to fixed broadband networks (xDSL)	1,38	million Households
Newly planted or rehabilitated forest area	210.000	Ha
Outcomes - Population reached through access to new or improved services	Quantity	Units
Households potentially served by new electricity generation capacity	4,84	million Households
Population benefitting from improved municipal transport	2,15	million People
Additional vehicles transiting on new or improved roads and motorways	32.000	vehicles per day
Increase in air traffic movements	284.000	flights per year
Households benefitting from new or improved access to water supply	328.400	Households
Households benefitting from new or improved access to sanitation facilities	134.700	Households
Population accommodated in new housing units	66.000	People
Students in new or renovated schools	158.000	Students
Additional patients treated in new or renovated care facilities	740.500	Patients
Additional fixed broadband lines activated (xDSL and cable)	906.000	Lines
Additional mobile subscribers	3,80	million People

The following sections go into more detail of the expected results analysis, starting with operations to support private sector development, the largest field of activities in 2013.

3.2.2 – Results from EIB support to SMEs and mid-caps sectors

In 2013, the EIB signed 24 operations providing credit lines worth EUR 2.8bn to banks for on-lending to SMEs and mid-caps. In addition, it signed 5 operations investing a total of EUR 40m in private equity funds which target SMEs. The EIB also signed 3 operations providing credit lines through financial intermediaries for on-lending to small and medium sized projects aimed at social and economic infrastructure development.

- **Expected impact of credit lines through financial intermediaries**

Overall, the credit lines signed in 2013 are expected to have a significant impact on increasing access to finance. The EUR 2.8bn in credit lines to financial intermediaries for on-lending to SMEs are expected to generate about 49,000 loans for a total amount of EUR 6.5bn. Average size loans range from EUR 98,000 and EUR 119,000 in Asia and Eastern Neighbourhood to EUR 144,000 in the Pre-Accession region up to EUR 1.7m in a loan for mid-caps in Egypt.

EIB credit lines are also expected to have a significant impact on increasing access to longer term funding, which is critical for SMEs to cover long term investment needs. SME Credit lines signed in 2013 had an average maturity of 6.4 years, which was considerably longer than the longest maturity available to local SMEs as partner banks largely price SME loans from short-term client deposits.

Table 6: SMEs - expected outcomes by region

Operation type	Number of operations	EIB credit lines signed 2013 (EUR m)	Loans to - SMEs (EUR m)	Loans to - SMEs (#)	Average Loan Size (EUR m)	Average tenor of loans weighted by loan size (in years)
Credit lines for SMEs and mid-caps						
Pre-Accession	12	1.200	3.410	23.698	0,1	4,4
Mediterranean	1	80	160	95	1,7	4,0
Eastern Neighbours, Russia	8	1.193	2.370	19.947	0,1	8,5
Asia and Latin America	3	283	526	5.355	0,1	7,4
Total	24	2.756	6.466	49.095	0,1	6,4
Credit lines for social and economic infrastructure						
Pre-Accession	3	450	700	181	3,9	4,5

- **Expected results of credit lines for SMEs and midcaps**

About 83% of the loans financed through EIB's credit lines (44% of the lending volume) are expected to go to micro enterprises. According to the EU definition, micro enterprises are those with less than 10 employees while small enterprises have 10 to 50 employees. Average loan size increases in line with firm size, from an average of EUR 70,000 for micro-enterprises to around EUR 2m for medium enterprises.

Table 7: Credit lines for SMEs - expected outcomes by enterprise size

Enterprise Size	Number of operations (#)	Loans to final beneficiaries (#)	Loans to final beneficiaries (EUR m)	Average loan size (EUR m)	Jobs sustained through intermediaries (#)
Credit lines for SMEs and midcaps					
Micro	13	40.689	2.830	0,1	304.196
Small	12	7.946	2.366	0,3	191.852
Medium	11	455	1.070	2,4	57.666
Large	1	5	200	40,0	18.000
Total:	37	49.095	6.466	0,1	571.714
Credit lines for social and economic infrastructure					
Micro	1	116	300	2,6	1.100
Medium	1	65	400	6,2	9.685
Total:	2	181	700	3,9	10.785

Notes: Some operations finance both SMEs and mid-caps, therefore the total number of credit lines for SMEs exceeds 24. One credit line for social & economic infrastructure did not contain jobs data and is therefore excluded.

- **Expected results of microfinance institutions loans**

In 2013, the EIB continued also to support microfinance institutions (MFIs) directly, in the form of 3 loans to microfinance institutions, and 2 equity participations, one in a microfinance institution (ACAD Microfinance Palestine) and one in a special fund investing in a number of microfinance institutions which are selected by its management (European Fund for South East Europe - EFSE III). The total volume signed in 2013 is EUR 51m. The MFIs are expected to provide approximately 98,600 loans to micro-entrepreneurs of which roughly two thirds are expected to be women. Loans are expected to be in the range of EUR 500 to EUR 1800 on average, depending on the institution and region. The following 4 operations (excluding the EFSE microfinance investment vehicle) are expected to support roughly 59,000 existing jobs in micro-enterprises and 1,653 jobs in microfinance institutions.

Table 8: Expected results of microfinance institutions loans

Project Name	EIB Amount signed in 2013	Loans to final beneficiaries			Average loan size	Direct employment in EIB intermediary	Direct employment in final beneficiaries (including self-employed)
	(EUR m)	(EUR m)	(#)	(women %)	(EUR)	(# FTE)	(# FTE)
ENDA INTER-ARABE III	4,0	16,0	32.000	70	500		21.333
ACAD MICROFINANCE PALESTINE	0,8	31	17.500	70	1.790	55	10.345
FONDEP II	4,0	28	31.111	60	900	1.200	15.556
AL MAJMOUA II	4,0	18	18.000	50	1.000	398	12.000
Total:	12,8	93,3	98.611	63	946	1.653	59.234

- **Expected results of Private Equity funds - support for SMEs**

Apart from microfinance, the EIB uses private equity funds also to support SMEs. The EIB committed in 2013 to invest in 5 private equity funds, aimed at supporting SME development. The expected impact of the investments is significant in terms of leverage, as the EIB leveraged about 5 times its contribution. The funds are expected to invest in approximately 61 mid-sized companies, which are estimated to employ some 10,000 people. The average investment in the SMEs will range from EUR 400,000 to EUR 10m. In addition to providing much needed start-up and growth capital to SMEs, these funds will also support the growth and competitiveness of the SMEs by providing strategic and managerial advice and transferring know-how and good industry standards in terms of transparency, reporting, accounting and administration. Moreover, the majority of these funds target local companies that have potential to become regional leaders, thereby fostering greater integration within the Mediterranean region.

Table 9: Expected results of Private Equity funds - support for SMEs

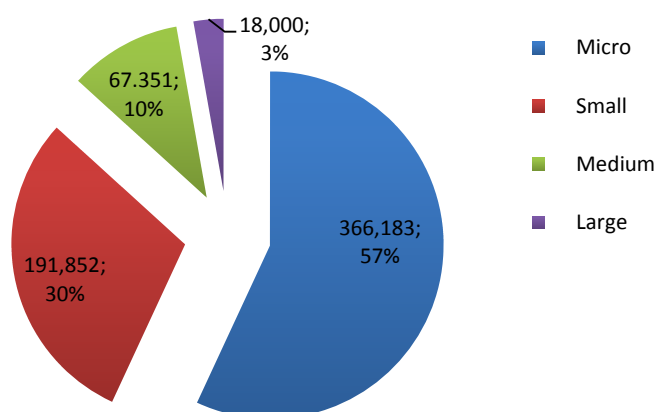
Project Name	EIB commitment	Fund Size	Number of investee companies	Net creation of direct permanent employment	Direct employment in investees	Average Investment (EUR M)	Leverage (X)
CAPITAL NORTH AFRICA VENTURE FUND II	20	100	10		2.900	8,0	5,0
BADIA IMPACT FUND	8	20	21		638	0,5	2,5
FUND FOR THE MEDITERRANEAN REGION II	20	120	10		2.000	10,0	6,0
EUROMENA III FUND	20	115	7	1.500		1,6	5,8
CAPMEZZANINE FUND II	15	71	13	900	2.300	0,4	4,7
Totals:	83	426	61	2.400	7.838	3,4	5,1

- Expected employment impact - Jobs sustained through intermediated operations**

In 2013, the EIB signed 31 intermediated operations with banks and microfinance institutions, which are expected to sustain roughly 643,385 existing jobs in micro, small, medium and large enterprises. In addition, participation in 8 equity funds is expected to create or sustain approximately 17,299 jobs, bringing the total jobs expected to be sustained through this year's intermediated operations to 660,684.

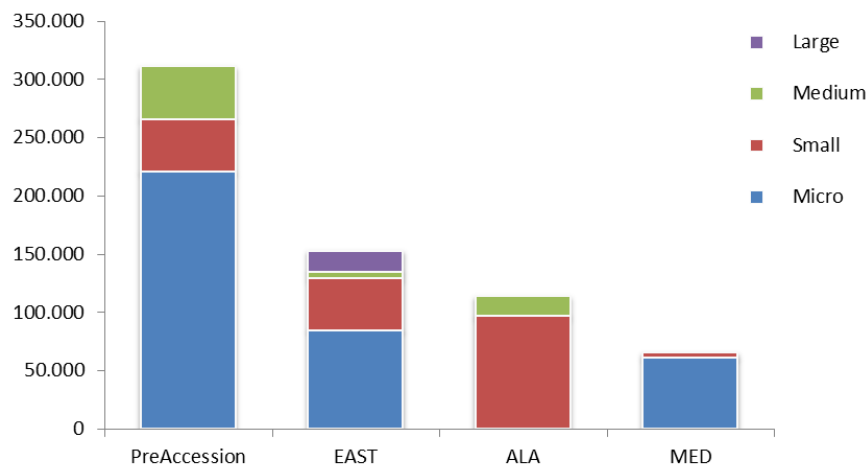
Operations with banks and microfinance institutions will mainly support jobs in micro (57%) and small (30%) enterprises. Micro enterprises include a range of sizes from the self-employed benefiting from loans from microfinance institutions (1,653 jobs) to enterprises with up to 10 employees benefiting from credit lines to banks (304,196 jobs). Small enterprises with 10 to 50 employees will employ roughly 192,000 people.

Chart 7: Jobs by enterprise size (credit lines and microfinance institutions)



The highest share of jobs sustained (47%) will be in Pre-Accession countries. About 24% will be in enterprises in the Eastern Neighbourhood, 18% in Asia/Latin America and 11% in the Mediterranean region. In the Pre-Accession and Eastern Neighbourhood region, the vast majority of jobs will be in micro- enterprises, with a considerable share also in small enterprises. In the ALA region, jobs will be exclusively in small enterprises (10-50 employees) while in the Mediterranean, the vast majority will be in micro- (self- employed) enterprises.

Chart 8: Jobs by region and Enterprise Size



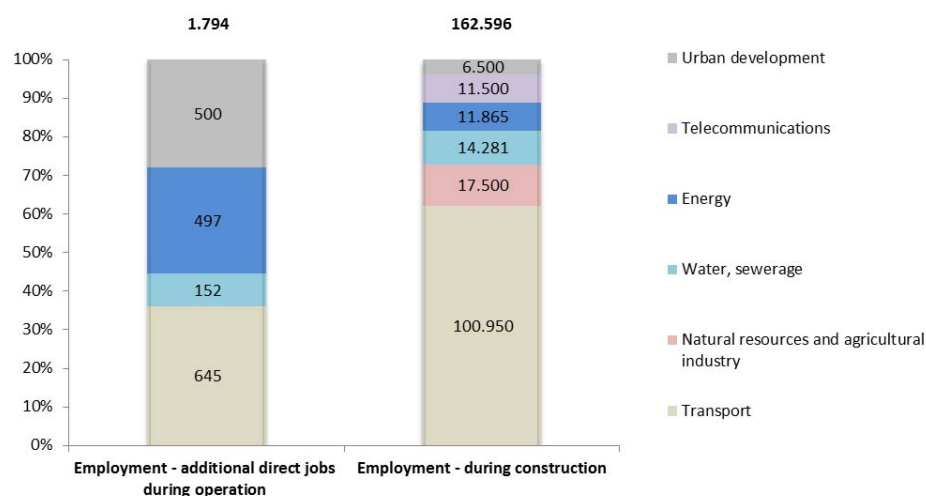
- **Expected employment impact - Jobs sustained through economic and social infrastructure operations**

Infrastructure investments generally have high employment multipliers, which work through several channels—direct, indirect, and induced, and often generate many more indirect and induced jobs than direct jobs. For example, providing a reliable electricity supply allows enterprises to produce more and hence create additional employment. There is direct employment created in the short term during the construction period or permanent employment generated in infrastructure service enterprises as a result of the projects financed by the EIB.

The EIB estimates employment during construction of the infrastructures which it finances, the latter expressed in person-years equivalent. Estimating the specific impact of an infrastructure investment in terms of indirect and induced employment in the local economy is not done for each of the projects, due to the complexity of assumptions which would be necessary.

Of the projects signed in 2013, 31 are direct financings for which direct employment creation data have been estimated. These projects are mainly in the social and economic infrastructure area. They are expected to create approximately 1,800 new permanent full time jobs and around 160,000 person-years equivalent in terms of temporary employment during construction.

Chart 9: Employment supported during operation and during construction, by sector



In terms of temporary employment, the main sectors contributing in 2013 are transport, natural resources and water and sewerage, requiring approximately 100,950, 17,500 and 14,281 person-years respectively, or 81 per cent of the total.

The main contributors to temporary employment during construction in the transport sector are Istanbul–Ankara High-Speed Rail Link project with 30,000 person-years or 30% of the sector and the North South Road Corridor project in Armenia with 21,000 person-years or 21%. In terms of full-time jobs created, these are more evenly spread among sectors, being transport, urban development and energy those with major job creation.

• Highlights

Compared to the previous year, the volume of local private sector support more than doubled. Most of this increase in signatures relates to activities in Russia, where now, signing of the potential operations will be subject to the relevant EU sanctions.

Three credit lines were signed in Ukraine and Kazakhstan, for a total of EUR 440m. The operations in Kazakhstan are geared in part towards supporting climate action, in line with the EIB's lending priorities in Asia. Climate action was also a strong focus for an "SME and Green Energy Global Loan" signed in Sri Lanka which uses the Central Bank as channel, in the absence of intermediaries which would be acceptable by EIB's credit risk standards. In the Mediterranean region one credit line was signed with NBE a leading Egyptian bank, which is state-owned but operates on a purely commercial basis. NBE has established a specialised business entity employing approximately 1,000 staff in order to provide SME clients with a full range of banking services. EIB's support is part of the Deauville Partnership and also implements the Bank's commitments towards the EU-Egypt task force.

Some of the EIB's credit lines will also help to increase access to finance in underserved markets. For example, part of the EUR 100m loan to MBDP bank in FYROM will provide much needed financing to SMEs in rural areas and particularly in the agricultural sector by co-financing investments eligible under EU's Instrument for Pre-accession Assistance for

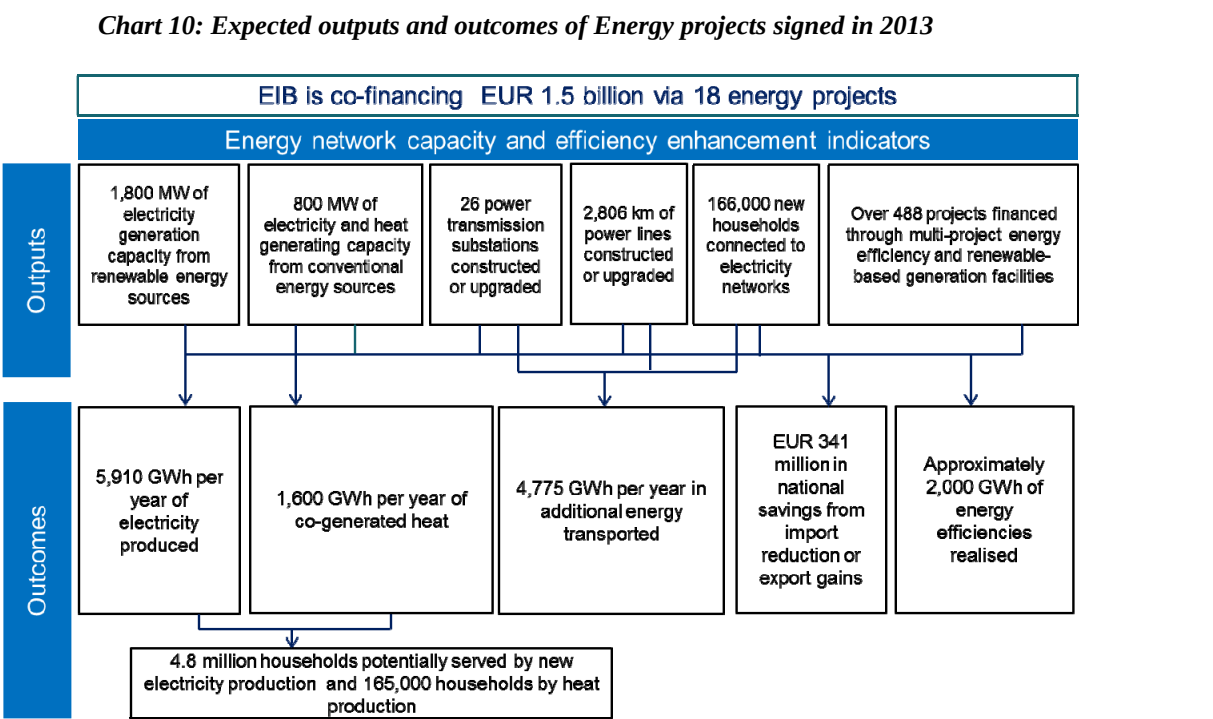
Rural Development (IPARD). They will also be extended to some shallow markets, such as Sri Lanka, Kazakhstan, Ukraine, Moldova, and some Western Balkans countries where credit to the private sector does not exceed 40% of GDP, thereby making a contribution to financial sector development. The contribution to financial sector development in countries with relatively less developed financial sectors also comes by promoting competition in those markets. This is achieved through partnerships with second tier institutions outside the group of blue chip commercial banks, such as for example TSKB and TKB in Turkey (private and state development banks), which account for only 1.6% and 1% of the Turkish corporate lending market respectively. The EIB also supports the development of financial sectors by supporting the introduction of new products such as mobile banking as is the case of the loan to NBE bank in Egypt. The EIB also uses innovative ways for avoiding that intermediaries and final beneficiaries get exposed to currency risk; this is achieved through local market swap instruments in Turkey, where loans in local currency were signed with 3 Turkish banks.

3.2.3. Results from EIB support to the energy sector

The EIB aims to support the development of sustainable, secure and affordable energy systems. It therefore prioritises renewable energy generation, the switch to clean energy production and energy efficiency.

In 2013, the EIB financed 18 projects in the energy sector (EUR 1.5bn signed for total investment cost of EUR 5bn), of which 10 direct lending operations and 8 multi-project facilities including 2 equity participations.

The following chart illustrates the key outputs and outcomes expected from energy projects that benefit from EIB financing signed in 2013.



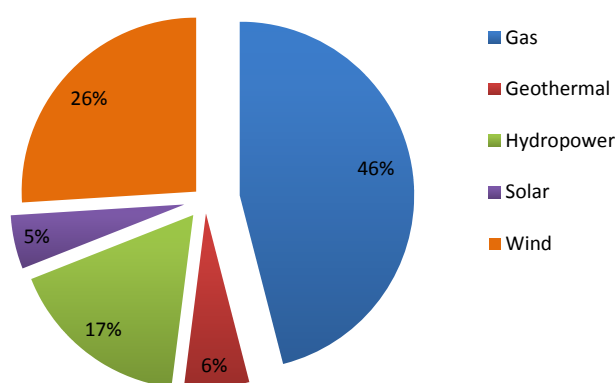
Because many of the key challenges in the energy sector are institutional and policy-related, such as inappropriate regulation, the use of fossil fuel subsidies or weak private sector

participation, the EIB's involvement at the country's institutional and policy level is often necessary, generally in close coordination and cooperation with the respective EU Delegation and other IFIs present. To increase its added value, the EIB also mobilise technical assistance and EU investment grants, the latter principally as incentives to encourage investments in energy efficiency and smaller renewable energy projects. The EIB also continues to explore options for alternative financing structures as well as new financial instruments to extend the reach and enhance the efficacy of the its financial interventions.

Highlights

Eight of the directly financed projects target **energy generation**. Jointly, these projects will create 1 789 MW of installed energy generation capacity and are expected to result in 6 139 GWh/year additional energy generation. Renewable energy sources will account for 989 MW capacity and 3 319 GWh/year. Wind is the main source of renewable energy financed, followed by hydropower.

Chart 11: Distribution of energy generation by source



Highlights from the expected results of these projects include the Tafila Wind Farms project in Jordan which will generate electricity at a cost significantly lower than the current economic cost of alternative power generation and is expected to reduce imports of fossil fuels by EUR 200m/year. The Nepal Tanahu hydropower project will operate as a peaking power plant (6 to 9 hours per day) from December until March, supplying base-load power for the rest of the year, while the Keyal Khwar hydropower project in Pakistan will displace alternative investments in conventional fossil fuel-fired generation. Both hydropower projects include rural electrification and community development programmes to benefit households affected by the projects. The Bangladesh Power Energy Efficiency project will significantly improve the efficiency of two gas-fired plants through the use of waste heat.

Table 10: 2013 signed direct-financed energy generation and efficiency projects - highlights

Operation	Country	Focus	Additional capacity	Additional generation
			(MW)	(GWh/year)
Ka Xu Concentrated Solar Power	South Africa	Solar	100	325
Las Pailas Geothermal	Costa Rica	Geothermal	55	
ONEE Project Eolien	Morocco	Wind	450	1236
Tafila Wind Farms	Jordan	Wind	117	354
Nepal Tanahu Hydropower	Nepal	hydropower	140	586
Keyal Khwar Hydropower	Pakistan	hydropower	127	428
Bangladesh Power Energy Efficiency	Bangladesh	Gas; energy efficiency	160	420

Two **energy transmission projects** were signed in 2013: the Sao Paulo Power Distribution - Elektro project in Brazil and the Yacyreta Transmission Line in Paraguay. The Elektro project will enable the promoter, owned by a major EU energy utility, to reduce losses, and improve the quality and the reliability of supply, thus meeting growing demand in existing distribution areas and reaching hitherto unserved areas. Together these projects will construct or upgrade 2 806km of power lines and transport an additional 4 775 GWh/year electricity.

The EIB also provided finance through eight multi-project facilities as a way of supporting mainly small and medium-sized energy projects. This includes the Central American Climate Change Framework Loan II for investments in renewable energy by private companies and public utilities and the Green for Growth Fund II, as well as in Turkey the Energy Efficiency Co-financing Facility and the Yapi Kredi Climate Change Facility II. Another two facilities are focused on India: the SREI Infrastructure Finance Limited framework loan and the EXIM Bank of India Climate Change Framework Loan II. The latter will contribute to the financing of small hydro (run-of-the-river), wind power, solar, geothermal, sustainable biomass for electricity and heat projects, as well as energy efficiency projects in cogeneration, district heating and industrial modernisation. It is expected to lead to an additional renewable energy capacity of 200 MW and 440 GWh/year of additional electricity production.

The Global Energy Efficiency and Renewable Energy Fund (GEEREF) is an innovative fund of funds mainly sponsored by the Commission, Germany and Norway, and advised by the EIB and EIF, catalysing private sector capital into clean energy projects in emerging countries and economies in transition. During 2013, GEEREF attracted new capital from private investors (totalling EUR 9.2m), with fund-raising continuing. Also the EIB signed a EUR 10m capital contribution from its own resources. At end of 2013, GEEREF commitments represented EUR 74m, on a portfolio of 7 funds.

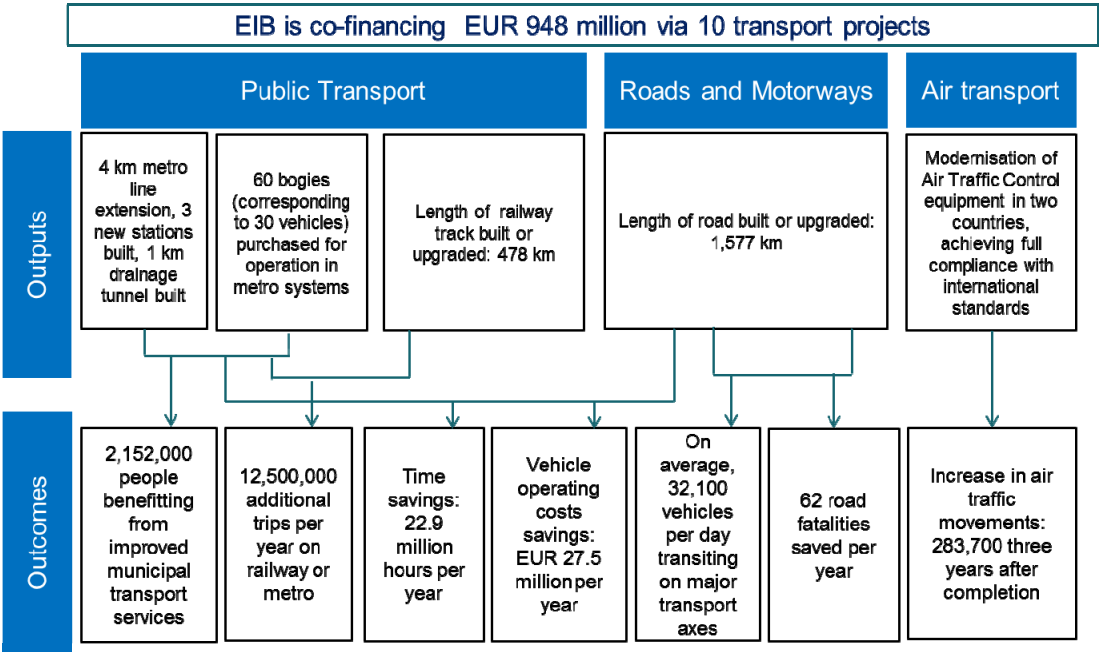
3.2.4. Results from EIB support to the transport sector

Efficient mobility infrastructure and services are indispensable for any well-functioning society and are necessary elements of any viable longer term economic strategy. Improved transport infrastructure decreases transport costs (through vehicle operating or maintenance costs savings), and reduces the number of accidents. It supports the development of trade and markets, economic growth as well as regional integration. It also provides the means for emerging markets to integrate into the global economy.

From a social perspective, transport supports individual mobility so that all people can benefit from access to essential public services. It can also lead to beneficial modal shifts, reduced energy consumption and improved safety. In 2013, the EIB signed ten transport sector projects, lending EUR 948m towards total project costs of EUR 6.4bn. These cover the road, rail, air transport and urban transportation sub-sectors.

Key challenges in the sector include effective planning and prioritization, institutional strengthening, ensuring appropriate maintenance of infrastructure, as well as financial sustainability. EIB involvement in the sector ensures that projects meet international environmental standards, social implications of project interventions adequately addressed, and good procurement practices followed.

Chart 12: Expected outputs and outcomes from 2013 transport projects



Highlights

Five road projects, supported by EUR 500m EIB lending, will improve national road and motorway networks in 5 Eastern Neighbourhood and Pre-accession countries, enhancing regional integration and economic growth:

- The Armenia North-South Road Corridor project will improve 145 km of the corridor between the capital city of Yerevan and Bavra, enhancing an important trading route for the landlocked country.
- The Georgia East-West Highway project will upgrade 183 km of the East-West highway. It addresses one of the Georgian Government's top priorities, namely the development of Georgia's competitiveness as a transit country. The corridor also forms part of the Extended TEN-T network in Eastern Neighbour countries.

- The Banja Luka - Doboj Motorway project in Bosnia and Herzegovina will construct a motorway between the two cities in Republika Srpska in Bosnia & Herzegovina. It will contribute to a significant reduction of travel times between Banja Luka and Sarajevo, the capital of the Federation of Bosnia Herzegovina (FBiH). The project will contribute to trade and business improvements and support private sector development within Republika Srpska and FBiH, and also in Croatia, and Serbia given the motorways proximity with the pan-European Corridor Vc linking Hungary, Bosnia Herzegovina and Croatia.
- The Moldova Roads III project will rehabilitate or upgrade key priority road sections throughout the country, improving transport conditions and rationalising transit traffic.
- The Road Rehabilitation and Safety project in Serbia will enhance the efficiency, effectiveness and safety of 1 100 km of trunk roads throughout the country that serve international, inter-city and local traffic demand. It will scale up the use of efficient road asset management practices, the institutionalisation of safe road design principles and road safety audits, while strengthening institutional capacity.

One railway project, the Istanbul-Ankara Railways Tranche B project in Turkey represents a second tranche (EUR 200m) of the financing of a 478 km double track electrified High Speed Line (HSL) between the two cities.

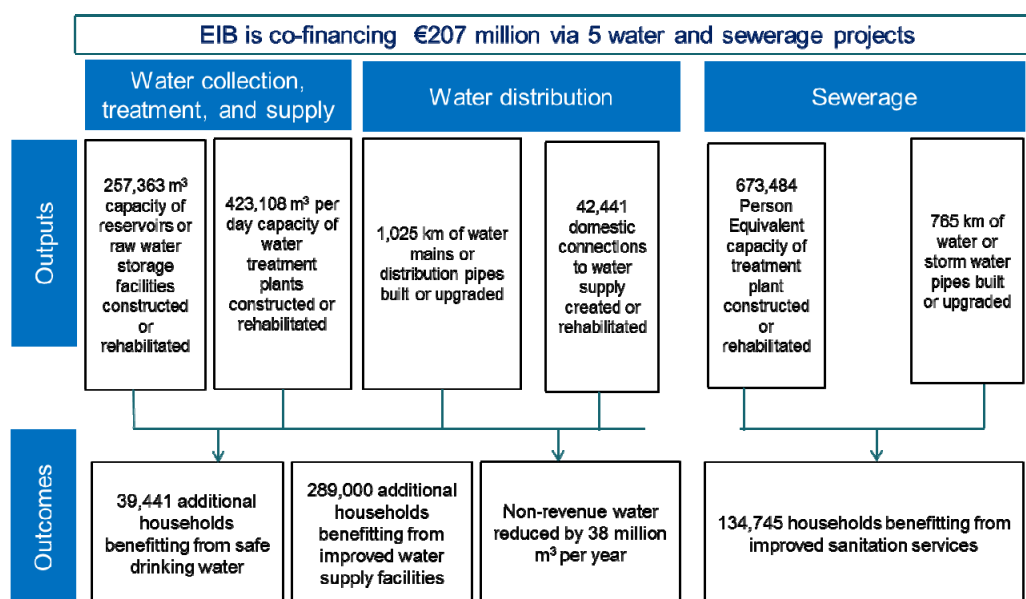
Two air navigation upgrade projects in Egypt and Ukraine (EUR 91m EIB lending) will involve modernisation of communications, navigation and surveillance systems to comply with ICAO and European requirements, improve safety and support increased air traffic. In Egypt the project forms an integrated part of the EUROMED Aviation Project, the country's roadmap towards a European-Mediterranean Common Aviation Area. In Ukraine, most of the air navigation infrastructure is outdated, incompatible with current European systems and standards, and increasingly becoming unserviceable. The project will assist the country in forming a Common Aviation Area with the EU and facilitate its operational compliance with the Single European Sky (SES) programme.

In urban transportation, the Yerevan Metro Rehabilitation project in Armenia will remedy the metro systems complex problems with water ingress which would otherwise force closure for safety reasons. The Dnipropetrovsk Metro project in Ukraine will extend the existing metro line through a 4 km double-track underground tunnel connecting the main railway station to the city centre and three new stations. It will shift travellers from buses and cars and therefore relieve traffic congestion in the city, reducing traffic accidents and GHG emissions. The two metro projects (total EIB financing: EUR 157m) will provide improved municipal transport services for 2.15m people.

3.2.5. Results from EIB support to the water and sanitation sector

Rapid urbanisation and changing consumption patterns set considerable challenges for water supply and sanitation. The EIB's support to developing vital infrastructure in this sector is very important in the move towards meeting the Millennium Development Goals.

Chart 13: Expected outputs and outcomes from 2013 water and sewerage projects



Challenges in the sector include mobilisation of sufficient financial resources on a concessionary and longer maturity basis given budgetary constraints at local levels, enhancement of the operational and financial performance of municipal utilities to ensure their sustainability, defining realistic service levels based on user preferences and ability to pay, regulatory reforms, proper phasing of investments, the implementation of physical water loss reductions measures, as well as environmental considerations.

Highlights

One project financed by the EIB in Central America will extend access to water and sanitation services benefitting lower-income populations. The Water Supply and Sanitation Programme in Nicaragua targets 19 medium-sized towns, in an area accounting for almost 10% of the country's population.

Two projects will focus on increasing the reliability of the local water and sanitation systems through the rehabilitation and construction of additional infrastructure. The Water and Sanitation Infrastructure Modernisation project in Georgia will finance 49 investment schemes involving the construction, extension and rehabilitation of water supply and some sewerage infrastructure in urban centres throughout the country. It will achieve water savings, reduce health hazards and the uncontrolled discharge of untreated waste water. The Chisinau Water Supply and Sanitation project in Moldova consists of the rehabilitation of water supply, sewerage and waste water treatment facilities. It will reduce water losses, improve energy efficiency and the environment and public health in a city of 800,000 inhabitants.

One project, the Lake Bizerte Integrated Depollution project in Tunisia, will address industrial pollution and solid waste in addition to sanitation. It will considerably reduce pollution, including from industrial sources, in the Lake Bizerte region. It also involves the rehabilitation of some 140,000 m³ of existing landfill and dumpsites. This project is part of the Horizon 2020 Initiative to depollute the Mediterranean Sea through the Mediterranean Hotspots Investment Programme (MeHSIP).

3.2.6. Results from EIB support to the health and education sector

EIB loans support not only economic infrastructure such as transport and energy, but also social infrastructure, such as health and education facilities. In 2013, only one direct operation in these sectors was signed, the Istanbul Earthquake Risk Mitigation II project for Turkey. The EIB financing will contribute to the reconstruction of three hospitals and the strengthening or reconstruction of around 10 health centres, 80 schools and 20 other public buildings.

Output indicators for improved services in these sectors include a total construction floor area in the largest two of the three hospitals reconstructed under the project of 357,000 m² including 517 new and 1,325 improved bed positions. Investment in schools will lead to 250,000 m² of newly constructed and 294,000 m² of improved school areas.

Expected outcomes include the number of patients treated in the hospitals which will increase by 35,000 for inpatients, 5,500 for day patients, and 700,000 for outpatients. The project will also lead to decreases in the rate of bed occupancy; the volume of surgical interventions per operating theatre and the average length of stay of patients, from 5 to 4 days. Places available in newly constructed schools will reach 66,000 pupils and in retrofitted schools 92,000 pupils.

3.2.7. Results from EIB support to the telecommunications sector

Telecommunications infrastructure plays a key role in encouraging investment and helping local enterprises remain competitive. It can enhance regional integration and economic opportunities in poorer regions. By financing this sector, the EIB helps to promote competition and lower transaction costs. Key sector challenges include rapidly evolving technology, convergence between telecommunications and other internet-based digital services, ensuring predictable regulation in areas such as licensing, pricing and interconnection rules, and separating ownership, operation and regulatory functions.

In 2013, the EIB financed two projects in the telecommunications sector in Turkey (EUR 300m signed for total investment cost of EUR 1.7bn). These projects will significantly increase the number of people having access to telecommunications broadband services and improve the quality of internet connection in Turkey. This will be achieved through investments in different types of technologies and at different levels of telephone networks. Investment in the upgrade and extension of second and third generation mobile networks will bring access to broadband internet through mobile technology to additional areas, and increase the speed of connection.

Expected outcomes of the projects will lead to increases in the quality and capacity of telecommunications networks, and to additional customers having activated fixed or mobile broadband services. An increase in broadband subscribers of 3,804,000 people is expected, as well as 800,000 additional DSL lines will be activated.

3.2.8. Results from EIB support to the housing and urban development sector

One operation (EUR 150m signed for total investment cost of EUR 469m) will provide affordable and social housing in South Africa. The operation is expected to lead to the construction, refurbishment and creation through building conversion of around 23,800

housing units throughout South Africa. The operation will result in a total population of 66,000 accommodated.

3.2.9. Results from EIB support to natural resources/agriculture and forestry sectors

Three operations in the natural resources sector (total EIB financing of EUR 177m for total investment cost of up to EUR 651m) are primarily focused on interventions aiming at environmental protection and climate change mitigation and adaptation, while also developing rural economies, in particular through new forestry plantations, improvement in forest health and conservation, reducing erosion, as well as the development of domestic wood processing industry and increased production of bioenergy from sustainable resources. It is estimated that the projects will contribute to afforestation of up to 100,000 ha, existing forest rehabilitation on some 110,000 ha, and erosion control activities on 155,600 ha. Additional support to agriculture projects was provided via credit lines. EUR 214 million was allocated via credit lines to 1100 sub-projects in 2013 including operations in ACP.

As expected outcomes, the projects co-financed by the EIB will contribute to increases in productive forest area by 500,000 ha, in additional area of protected forest by 1,470,000 ha, in Forest Stewardship Council- certified forest by 1.8 million ha, and will in addition support significant CO₂ sequestration and hence climate mitigation.

3.3. EIB Additionality

3.3.1. Concept and overall features

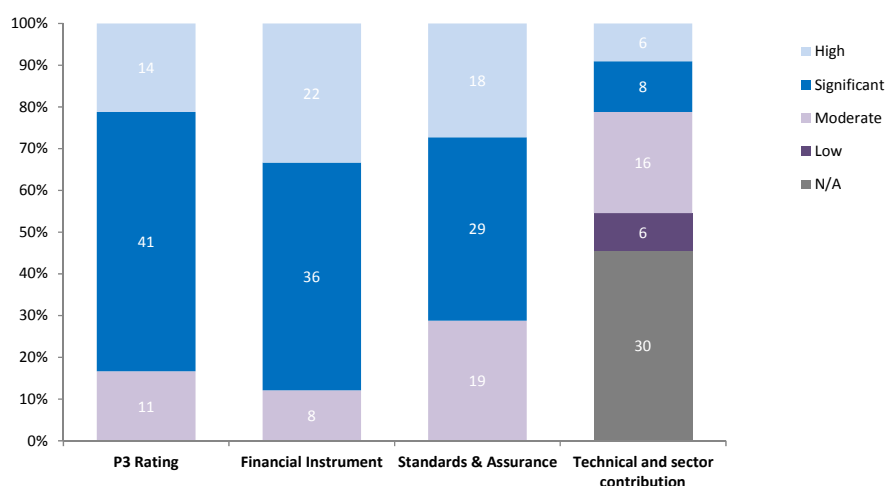
As the bank of the EU, fulfilling a public mission, the EIB is not expected to merely duplicate what the market is already able to provide. Its interventions provide more support than just standard loans. For example, EIB's loans may be of longer tenor than is usual in the market, or may be combined with technical advice where project promoters lack of experience or institutional capacity. The EIB may also use higher risk instruments. Furthermore, its role goes beyond lending and includes the ability to attract finance from other development institutions or private players, blending loans with grants and providing advisory services.

The REM framework measures this "additionality" (Pillar 3), the difference between the EIB contribution to an investment project and standard market finance, in three dimensions: the adequacy of financial resources for the needs of projects; EIB's technical contribution; and the impact in terms of raising standards and facilitating contributions from other sources. The overall EIB additionality is rated on a scale of 1-Low, 2-Moderate, 3-Significant and 4-High, taking into account the three dimensions above.

In 2013, all operations were expected to bring advantage to borrowers compared to market finance. None was rated low in terms of additionality; 17 % (11 operations) ranked moderate, almost two third (41 operations) ranked significant, and 21 % (14 operations) featured high expected additionality.

The following chart shows the breakdown of overall Pillar 3 ratings in 2013, as well as of the ratings of the three dimensions of Pillar 3, which will be commented upon in more detail in the following sections.

Chart 14: Pillar 3 rating



3.3.2. Finance adapted to the needs of projects

A large majority of EIB's financing operations is expected to provide significant (55 %) or even high (33 %) advantage to borrowers in terms of financial instruments. The operations rated significant extend the loan tenor considerably beyond standard market practice; some are combined with grant funding notably from the EU's regional blending mechanisms. Operations in the group rated high also offer local currency funding and are more often blended with grants, or provide innovative features.

- **Advantage of long tenor**

In 2013, the average tenor of EIB's financing operations signed in the regions covered by the Mandate was 14.6 years, varying from 10.3 years in credit lines for SME and mid-cap projects, to 18.7 years for infrastructure projects. Loan tenor on the local financial markets is usually significantly below 10 years, suggesting that EIB's funding tenors are often at least double the market average.

- **Innovative features**

Twenty-three operations offer innovative features which were rated significant or high, in particular private equity funds, and a number of indirect lending operations through intermediary banks. For example, the Halkbank Innovative Enterprises Global is the first financing package in Turkey combining an EIB Loan with an EIF Guarantee within the framework of the EIB Group Risk Sharing Instrument ("RSI") for Innovative and Research oriented companies. Under another innovative operation, the Denizbank Loan for SMEs II, the EIB will invest up to EUR 100m in a private placement of senior notes secured by a portfolio of SME loans.

- **Local currency loans**

The EIB subscribed in 2013 to 11 private equity funds, offering share capital denominated in local currency to private enterprises incorporated locally. This includes the Global Energy Efficiency and Renewable Energy Fund - GEEREF, a fund of funds.

A number of the EIB's credit lines for private enterprises and microfinance offer loans with repayment terms denominated in local currency. This is particularly important for enterprises which sell their products on the domestic or regional markets and cannot rely on hard currency income. In Turkey (for example the Denizbank Loan for SMEs II) the local currency denomination for end-borrowers is achieved through swap instruments available in the market. In the FEMIP region, the EIB (using funds from EU budget) absorbs the local currency risk and prices it itself. The Bank has direct access to local currency funds in the Republic of South Africa. A credit line for Affordable and Social Housing, and the loan for the Ka Xu solar plant, both signed in 2013, provide for the option of disbursing in rand.

3.3.3. Technical and Sector contribution

The EIB contributes to projects outside the EU also through:

- Involvement in project preparation (for example, in the review of feasibility studies or environmental and social impact assessments).
- Support to project implementation (may be provided through support or technical assistance to the Project Implementation Unit)
- Broader support to project operations or to the sector more generally (activities which will have an indirect positive impact on the project's operation, including contribution to the strengthening of the sector which the project pertains to).

As part of the REM framework, where relevant, projects are given a rating for each of these components, and an overall technical contribution rating summarising the assessment of the individual elements.

- **EIB accompanies projects throughout their lifecycle**

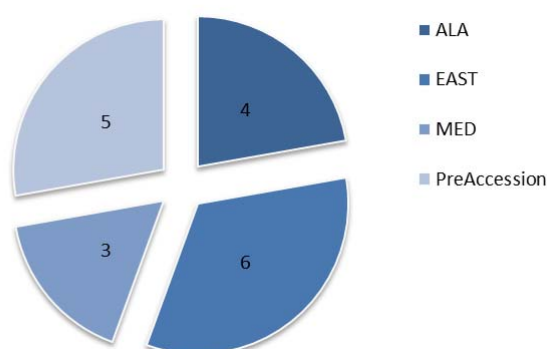
The EIB has provided technical contribution to 45 operations, representing over 70% of the projects signed in the regions covered by the mandate in 2013. EIB's technical support is intended to help clients prepare and implement projects more efficiently and effectively. For a large majority (71%) of the 45 projects involving technical contribution the EIB's support extended to all three elements mentioned above: preparation, implementation, sector capacity. This is especially true for the 14 projects rated high or significant on technical contribution overall. The EIB's input on each of the elements was also frequently scored as high or significant. For project preparation support, this applies to 36% of the operations including such contribution. The same applies to 46% for Sector support and 65% for Implementation support.

EIB's technical contribution is also valuable in the financial sector, for instance through representation in funds' supervisory boards and board committees, thus effectively contributing to the strategic guidance of the corresponding operations.

- **EIB mobilizes grants for Technical Assistance**

Technical assistance (TA) grants are mobilized by the EIB for 16 of the projects signed in 2013. As shown below, all regions (excluding South Africa) have benefitted in a similar manner from TA. In terms of the specific regions, in the Eastern Neighbourhood there were 6 projects with TA (40% of the operations in the region) while in the Pre-Accession, TA was provided in 5 countries (33% of the operations in the region).

Chart 15: Operations supported by TA mobilized by EIB by region

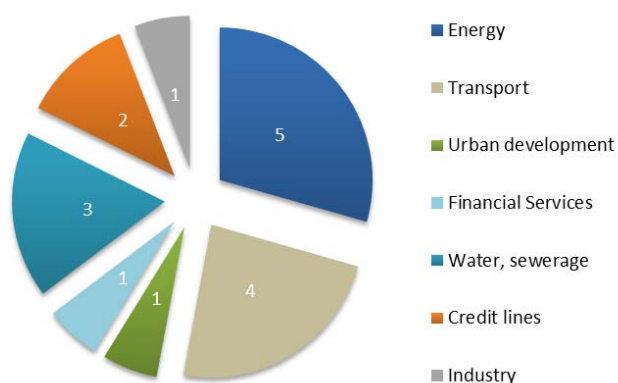


Notes: A single project may have distinct components located in distinct countries, and/or affecting different sectors. As a consequence, the total number of operations in the two charts is slightly larger than the total number of projects receiving technical assistance.

As shown in the following chart, in terms of sectors, energy has benefitted from TA most often (5 projects), along with operations in transport as well as water and sewerage sectors (4 and 3 respectively).

In Water and Sewerage, TA was mobilised for most of the projects. In energy there are 5 projects with TA, although this is low proportion of the projects signed in 2013 (26%) compared to other sectors.

Chart 16: Operations supported by TA mobilized by EIB by sector



EIB mobilizes grants to support projects and mitigate risks: TA is usually grant funded and EIB's positioning is often instrumental in helping unlock financing from different sources, particularly from the EU budget. These resources are then blended with EIB's (and other financial institutions') loans to form the full financing package offered to the beneficiary.

A typical form of technical assistance targets financial intermediaries which receive assistance in terms of applying eligibility criteria, product design and raising compliance standards. Additionally, TA is often offered in support to microfinance operations.

As an example of provision of TA, the conversion of two natural gas fired plants in Bangladesh with the aim of increasing capacity and efficiency as part of the Bangladesh power energy efficiency project will benefit from a EUR 5.7m grant from the EU Asia Investment Facility. This grant will be used for project preparation and implementation, and sector capacity-building.

3.3.4. Raising standards and mobilising other sources of finance

A large majority of the operations signed in 2013 are expected to generate a significant (44%) or even high (27%) contribution to raising standards and to mobilising complementary finance from other sources.

The partner countries' regulation regarding the environmental and social impacts of investment projects is not uniform, and may differ from the norms applicable in the EU, for example in respect of the need for Environmental Impact Assessment or public consultation, or the level of compensation of affected people. In this context, the EIB ensures that its own standards are applied, which in turn reflect the "EU acquis". One major source of standards is the EIB's Statement of Environmental and Social Principles and Standards. Promoters are requested to comply with the provisions in this Statement. In another area, procurement, the EIB also contributes to raising standards, in particular for projects in the public sector, by requesting that goods and works for a project be sourced on the basis of open competition. This helps reducing project costs to the benefit, ultimately, of the clients of public services such as the supply of drinking water or electricity. More than two thirds of all operations signed in 2013 are expected to contribute significantly or highly to raising standards.

The EIB's presence usually provides a 'stamp of approval' for a project - EIB's decision to finance a project sends a signal that the project is viable. This is expected to make it easier for other projects in the same sector and country, or for projects using similar technology, to be designed and financed. It may also encourage other financiers to participate - sometimes, EIB's participation is absolutely critical for a project to receive sufficient funding. 22 operations, one third of the total signed in 2013 scored "high" in terms of the demonstration effect of EIB's involvement.

The EIB has been very active in facilitating the successful closing of financing packages. In 28 projects (42 %) the EIB had either a strong (significant or high) role in structuring the package, or in facilitating or leading the co-financing relationship with other financiers. The leverage between EIB's contribution and co-financing from other external sources (leaving aside promoters' own funds) is roughly 2.1. The EIB typically has an even stronger multiplier effect in closing private equity funds as it often encourages other investors to join. In the Mediterranean region, the EIB (using resources from EU budget) has started co-investing in equity funds together with the Spanish Government.

3.4. Actual results based on selected case studies

During the first couple of years, the REM framework will not produce actual results until they can be measured for the projects approved under the new framework. During this time, the reporting on actual results will be based on selected case studies. 6 case studies are presented here to provide examples of actual results achieved by implemented projects. As they were approved before the introduction of the REM framework, no REM assessments were carried out at the approval stage.

3.4.1 - ProCredit Holding Loan for SMEs

In Georgia, registered micro, small and medium-sized enterprises employ 40.9% of all registered tax payers and generate roughly 22% of the total value added. The sector proved resilient during the 2009 crisis, safeguarding employment and preserving reasonable returns on activity, and is strategically important for the development of the private sector in the country.

However, available SME funding is typified by short-term bank loans (2 years or less) for working capital. This makes it hard to finance many investment projects that could enhance the productivity and diversification of the sector.

As part of the ProCredit Holding Loan for SME and Priority Projects, the EIB provided EUR 15m long-term funding in 2011. The loan maturity of 10 years, combined with attractive interest rates, has allowed ProCredit Georgia to extend the loan maturities it offers to SME clients, and to offer lower interest rates than would have been possible through commercial financing. This has enabled ProCredit Georgia to reach more SME clients, and has helped entrepreneurs to match loans with the economic lifetime of the underlining investments. With the EIB funds, ProCredit Georgia was able to reach 130 first time borrowers, as well as 220 clients in rural areas, supporting agriculture and rural development. In total, the lending helped to sustain 3427 jobs in the beneficiary SMEs.

Table 11: Project overview: ProCredit Loan for SMEs (Georgia)

Outputs	Outcomes	Impacts
• 593 SME investment projects • Average loan size EUR 26 500 • Average loan maturity offered: 5 years	• Loan maturities offered to SMEs increased by almost 1 year (or 20%) on average • Maturities of up to 10 years offered for certain investment projects • 3,427 jobs sustained in supported enterprises	• Enhanced competition among banks in the SMEs segment • Increased productivity in the SME sector, promoting economic inclusion • Improved access to finance for remote regions and agriculture

3.4.2 - Turkey: Supporting Afforestation and Erosion Control

Turkey's National Climate Change Strategy for the period 2010-2020 identifies the key importance of a number of climate change mitigation and adaption measures. The project financed in 2011 by the EIB through a EUR 150 m loan for a total project cost of EUR 378 m, focused on investments within the Ministry of Environment and Forestry's (MoEF) multi-annual Afforestation and Erosion Control Mobilization Action Plan. Specifically, it supported

afforestation, rehabilitation of degraded forest, erosion control, and forest fire-fighting equipment and measures over a 3-year period. It is estimated that the rehabilitation and afforestation measures will result in the sequestration of at least 218,000 tonnes of CO₂ annually.

Table 12: Project Results Summary – Supporting Afforestation and Erosion Control

Outputs	Outcomes	Impacts
• Rehabilitation of 109,000 ha of degraded forest • New afforestation of 75,000 ha • Erosion control on a further 206,000 ha • Provision of forest infrastructure and firefighting equipment	• Major CO₂ eq. sequestration • Reduction in response time to forest fires in first-degree fire-sensitive areas from 20 to 18 minutes by end 2013 • Employment during implementation estimated at 13,000 person-years over the 3-year period.	• Contribution to climate change mitigation through afforestation and improvement in forest health and conservation • Contribution to climate change adaptation through reduced erosion • Reviving and diversifying rural economies in forest villages populated by low-income inhabitants • Supporting the development of domestic wood processing industry from sustainable resources • Increased production of bioenergy from sustainable resources

3.4.3 - Lao People's Democratic Republic: Electricity Generation from Sustainable Resources from Nam Theun 2 hydroelectric project

This project aims at exploiting Lao's large hydropower resources to generate electricity for export to Thailand as well as supplying power to the local grid. The environmental and social impact of the project is being addressed through important environmental and social mitigation and compensating measures, including improvement of living standards and economic development for the local population affected.

EIB financing signed in 2005 was EUR 45 million, for a total project cost of EUR 998 million. By providing a loan in support of the Nam Theun 2 hydroelectric project, EIB has allowed Lao PDR to part-finance its equity share in the NT2 Power Company (NTPC). EIB's financial support has thus contributed to making possible a build-own-operate-transfer (BOOT) long-term concession arrangement for the project which was able to attract significant private sector investment and expertise for this large scale infrastructure project.

Table 13: Project Results Summary – Nam Theun 2 hydroelectric project

Outputs	Outcomes	Impacts
• New electricity generation capacity from renewable resources of 1070 MW • 260 km of power lines constructed, including a 40 km distribution line to the Nakai Villages Resettlement Area • 3 main substations built	• 6,360 GWh/yr of electricity generated in 2011 • Over 3 million households which could be supplied with energy generated by the project in 2011 • Relatively low cost of energy generated taking into account environmental externalities: USD 37/MWh versus USD 122/MWh for combined-cycle power plant • Exports of energy totalling 5,956 GWh in 2011, with a value of more than USD	• Climate change mitigation by provision of power generation from renewable source • Strengthening the government's fiscal position through significant revenues • Promoting regional integration through energy trade • Demonstration of viability of private foreign direct investment and BOOT schemes in Lao PDR

3.4.4 - Improving urban transport in Turkey - Bursa's Light Rail Transit System

Bursa, the fourth largest city in Turkey at approximately 1,700,000 inhabitants, has experienced rapid growth in population and income, generating an increased demand for transport. The project signed in 2008 aimed at extending Bursa's Light Rail Transit System (LRTS), which provides a faster, safer, and more environmental friendly alternative to road-based transport. The Bank also financed an extension to the LRTS' eastern line in 2002.

Total project cost is EUR 230m while EIB finances EUR 100m. The project extended by 6.6 km the light rail line, connecting the city centre with a large residential area (Emirkoop), location of over 40,000 homes, and the Uludag University, with a population of 43,000 students at the time of project approval. The project supports modal shift to a faster and more environmental friendly mode of transport with expected savings in pollution and GHG emissions.

Table 14: Project Result Summary - Bursa's Light Rail Transit System

Outputs	Outcomes	Impacts
• 6.6 km of rail track constructed • 6 new stations built • 30 new trams purchased, with 227 passengers capacity each	• 65 million trips on the LRTS in the first year of operation of the western extension • Of these, 20 million trips would have occurred on buses without the project • The modal shift from bus to rail has generated time savings of value estimated at about EUR 3 to 4m	• Improved quality of life in Bursa through time savings and reduced environmental impact of transport • Improved safety for passengers travelling on rail rather than buses • The shift from bus to rail supported decongestion

3.4.5 - Tunisia Solid Waste

This project signed in 2000 presented a strategic opportunity to advance the implementation of Tunisia's solid waste management programme. The national programme aimed to set up environmentally-friendly regional solid waste management systems nationwide.

Modern solid waste disposal systems were implemented in nine regions of Tunisia, which host 30% of the country's population. Financing was provided by EIB (EUR 25 million, contributing to a total of EUR 58.9 m. In 2010, an estimated 700,000 tonnes of solid waste were disposed of in the new sanitary landfills, from a total production of 925,000 tonnes in the regions covered by the project. Significant reductions in GHG emissions have resulted from the operation of the projects and the promoter has been able to benefit from carbon credits generated by the projects.

Table 15: Project Result Summary - Tunisia Solid Waste

Outputs	Outcomes	Impacts
+9 new sanitary landfills with a capacity of 10.7 million m³ including gases and leachate treatment 41 transfer stations built - New equipment procured for transport between transfer stations and landfills	- Approximately 700,000 households served by new sanitary landfills 700,000 tonnes of solid waste disposed in new sanitary landfills in 2010 and increasing - Significant GHG emissions reduction - Creation of new operating agency	- Creation of modern solid waste sector - Attraction of private sector operators - Improved quality of environment and lower health risks - Enhanced attractiveness for tourism

4. CONTRIBUTION OF EIB LENDING ACTIVITY PER GEOGRAPHICAL REGION

This section provides more detailed information at regional, country and project level of operations signed in 2013.

4.1. Pre-Accession Countries

4.1.1. Activity by Country

Table 16: Summary of lending signatures under EU guarantee by Country (number of operations and volume)

Country	2007		2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Albania	1	23	-	-	1	10	1	50	-	-	1	35	-	-	4	118
Bosnia and Herzegovina	-	-	5	260	4	150	2	60	2	155	1	166	1	160	15	951
FYROM	-	-	1	10	1	100	1	50	1	65	-	-	-	-	4	225
Montenegro	-	-	6	50	3	108	2	45	2	18	1	20	-	-	14	240
Serbia	1	60	3	170	10	888	9	680	3	91	-	-	2	250	28	2139
Turkey	1	306	7	1519	6	1603	4	650	3	695	5	600	3	550	29	5923
Total	3	389	22	2.009	25	2.859	19	1.535	11	1.024	8	821	6	960	94	9.596

By the end of 2013, EIB had reached 99% of the Pre-Accession Mandate regional ceiling (net of cancellations) with EUR 99m remaining as headroom available for signatures in 2014 before the entry into force of the next mandate. Total cumulative lending between 2007-2013 equates EUR 9.6bn (of which EUR 500m under the Climate Change Mandate).

Considering the Mandate ceiling constraint, the lower lending volumes in recent years have been partly compensated by increasing volumes at EIB's own risk under the Pre-Accession Facility (PAF), with approximately EUR 1.9bn per year for a cumulative total of 11.9bn financed over 2007-2013. Croatia received some 1.8bn of this amount in 2007-2012, helping the country to meet the EU accession criteria and harmonise with economic developments in the EU. On 1 July 2013, Croatia became the 28th EU Member State.

In 2013, EIB lending under Mandate in the region amounted to EUR 960m (of which EUR 350m under the CCM), an increase of 17% compared to the prior year but significantly lower than the past average of EUR 1.5bn per year over the current mandate period. 6 public sector projects were signed under the Mandate of which 3 in transport, a priority sector across the region underpinning the growing economies and the need for more sustainable transport systems. Turkey continues to be the largest beneficiary of the EIB's lending activity in the region both under the Mandate and the PAF, reflecting the country's relative weight in terms of population and GDP among the Pre-Accession Countries, with continued support for loans to SMEs, transport, telecommunications and energy sectors.

Additional EUR 2.0bn was signed under the PAF (including the very first signature in Kosovo²), representing 68% of EIB total financing in the region in 2013. The majority of this support (13 of the 20 signatures) was for private sector beneficiaries in the form of credit lines - a key focus for the region as highlighted in the framework of the Joint IFI Action Plan with the EIB joining forces with the EBRD and the World Bank Group to stimulate growth in Central and South Eastern Europe.

A new action plan was designed in the context of the "Vienna 2 Initiative" and builds upon the success of the earlier Joint IFI Action Plan of 2009-2010. Support of growth has been reflected in actions to ensure that enterprises, particularly small and medium-sized enterprises (SMEs), have access to the credit they need. The region's financial systems are being strengthened and the basis for domestic capital markets is being laid, with the aim of allowing more reliance on domestic savings, while IFI lending to improve competitiveness, increase energy efficiency and raise productivity is helping develop strong export sectors.

In the Western Balkans, the EIB's work is closely coordinated within the Western Balkans Investment Framework (WBIF) – which provides an operational framework for blending grants with loans to fund strategic investments – providing a vehicle for coordination and mobilisation of funding and a platform for coordinating policy dialogue between the IFIs involved (EIB, EBRD, CEB, World Bank) the European Commission and bi-lateral donors.

² This designation is without prejudice to the positions expressed by the EU Member States on Kosovo's status and is in line with UN Security Council Resolution No. 1244/1999 and the International Court of Justice Opinion on Kosovo's declaration of independence.

4.1.2. Activity by Objective

Table 17: Summary of signatures under mandate by region-specific key lending objectives

Mandate Objectives	2007		2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Local private sector development, in particular support to SMEs	-	-	10	435	22	1011	12	226	6	84	3	350	1	105	54	2211
Development of social and economic infrastructure	3	389	15	1694	11	1614	13	1282	7	787	6	646	5	705	60	7116
Climate change mitigation and adaptation	1	306	4	1019	3	518	1	4	5	717	3	85	2	350	20	2999
Total *	3	389	22	2.009	25	2.859	19	1.535	11	1.024	8	821	6	960	94	9.596

* The above numbers cannot be added as a single operation may contribute to several objectives

In 2013 two loans totalling EUR 350m were signed under the Climate Change Mandate for urban development and reforestation in Turkey.

Strong support for the development of social and economic infrastructure continued in 2013 with total signatures of EUR 705m. The development of transport infrastructure is a prerequisite for economic and social improvements which EIB financed with 3 large transport infrastructure projects during 2013, totalling EUR 460m, in Turkey, Bosnia and Herzegovina, and Serbia:

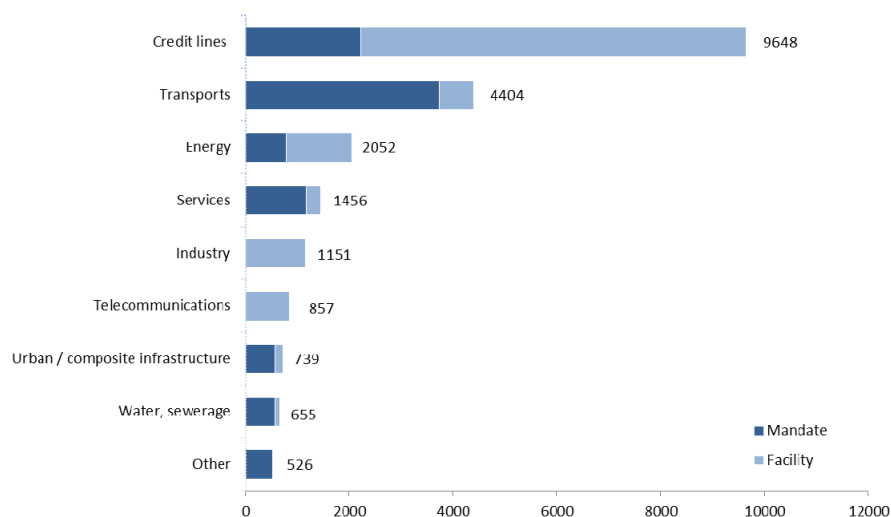
- Banja Luka-Doboj Motorway Project in Bosnia and Herzegovina – a EUR 160m loan co-financed with EBRD. The project involves the construction of a priority motorway development in Republic Srpska, a core east-west link making a significant contribution towards economic growth, trade facilitation and integration of Banja Luka within BiH and within the Balkans. It is anticipated to have a major impact on the competitiveness of the private sector as it directly improves accessibility to markets and services. A key outcome will be the increased connectivity among the regional capitals (Banja, Luka, Sarajevo, Zagreb and Belgrade).
- Road Rehabilitation and Safety project in Serbia – a EUR 100m project for the rehabilitation and safety improvements of 1100 km of trunk roads throughout Serbia. It also includes measures of institutional strengthening in respect of road safety management, investment planning and maintenance management. The project is co-financed with the World Bank and the Serbian Government and parallel-financed with the EBRD. It is expected to promote regional and national economic growth, facilitate trade, support private sector development and ultimately contribute to economic and social cohesion in the region. It is consistent with the national sector strategy, which identifies the rehabilitation of the national road network and the improvement of road safety as important priorities.
- Istanbul-Ankara Railway Tranche B in Turkey – a EUR 200 m loan as the second tranche of the first High Speed Line (HSL) project in Turkey under climate change mandate with a contribution of EUR 120 m from EC support under the IPA Transport Programme. The project concerns the construction of 478km double track electrified HSL between the country's political capital Ankara and the commercial capital Istanbul. The project is strongly supportive to key strategic objectives of EU policy. Furthermore, the project will increase efficiency and reliability of railway services and promote a sustainable mode of transport. The project will significantly decrease travel time between Istanbul and Ankara,

provide comfortable and safe public transport, increase the rail share in national passenger transport and thus contribute to a more sustainable transport system.

4.1.3. Activity by Sector

A total amount of EUR 21.5bn have been signed under Mandate and EIB own-risk facilities in the Pre- Accession region in the period 2007-2013. See chart below.

Chart 17: Signature in Pre-Accession countries by sector between 2007-2013



Given the continued slow growth, high unemployment and weak credit conditions in some countries, credit lines for SMEs are a key focus for the EIB financing in Pre-Accession countries. Credit lines for SMEs and mid-caps remained by far the highest supported sector with a total cumulative amount of EUR 9.6bn signed under the Mandate and Facility representing 45% of the total volume over the period 2007-2013.

Furthermore, EIB continues to support the economic convergence process needed for future EU membership. Transport continues to be a high priority and key sector for EIB's intervention in the region with 20% of cumulative financing underpinning the importance of regional integration. Similarly, the energy sector has also been a key focus for EIB's financing activity in the region under the Mandate. By the end of 2013, EIB had financed a total cumulative amount of EUR 2.1bn emphasising its commitment to the EU energy policy in supporting investments that strengthen the electricity grids, transmission capacity, energy efficiency and renewable energy.

Access to efficient telecommunication services is an important driver of economic growth. In a direct effort to reduce the digital divide and support the Europe 2020 Strategy to foster Smart Growth, EIB financed in 2013 under the Pre-Accession Facility 3 projects focused on broadband upgrade and expansion in Turkey.

4.2. Mediterranean Partner Countries

4.2.1. Activity by Country

Table 18: Summary of lending signatures under EU guarantee by Country (number of operations and volume)

Country	2007		2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Egypt	1	130	1	250	2	120	3	906	1	50	2	245	3	187	13	1.888
Israel	1	120	-	-	1	25	-	-	2	262	1	100	-	-	5	507
Jordan	1	50	1	37	1	166	-	-	1	81	-	-	1	53	5	387
Lebanon	2	295	1	52	1	70	-	-	1	30	3	140	-	-	8	587
Morocco	2	330	3	270	4	540	2	420	1	200	11	1000	1	200	24	2.960
Syrian Arab Republic	1	80	1	275	2	155	2	185	-	-	-	-	-	-	6	695
Tunisia	1	200	4	311	3	434	3	498	2	303	2	170	2	90	17	2.006
Total	9	1.205	11	1.195	14	1.510	10	2.009	8	926	19	1.655	7	530	78	9.030

The Southern Neighbourhood is going through an unprecedented phase of transformation. Despite the challenging operating environment, EIB financing in Mediterranean countries was EUR 530m, in support of 7 projects during 2013. The concentration of projects was approximately equal between the Maghreb and the Mashreq / Near East regions. By the end of 2013 EIB had achieved 86% of the Mediterranean regional mandate ceiling.

In addition to continued lending under mandate, private equity and microfinance operations on third party resources amounted to an additional EUR 53m in 2013, comprising of 6 operations (EUR 29m) signed under the FEMIP (ENPI) Risk Capital envelope and 3 operations (EUR 24m) under the risk capital envelope funded by the Kingdom of Spain.

Notably, during 2013, EIB signed the first microfinance loan in Palestine of USD 1m, a project supporting the transformation of the Arab Center for Agriculture Development (ACAD) from an NGO to a sustainable financial company. In addition, 10 technical assistance contracts were signed in 2013, of which 6 under the Technical Assistance Support Fund and 4 under the FEMIP Trust Fund.

From Syrian Government, defaults on interest payments and loans repayments continued in 2013 – see below 4.2.4.

4.2.2. Activity by Objective

Table 19: Summary of signatures under mandate by region-specific key lending objectives

Mandate Objectives	2007		2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Local private sector development, in particular support to SMEs	9	625	4	107	5	405	1	346	3	311	10	627	2	133	34	2.554
Development of social and economic infrastructure	4	580	9	1.088	12	1.175	9	1.663	5	615	13	1.323	6	450	58	6.893
Climate change mitigation and adaptation	-	-	1	1	2	65	1	119	2	131	5	463	2	253	13	1.032
Total *	9	1.205	11	1.195	14	1.510	10	2.009	8	926	19	1.655	7	530	78	9.030

* The above numbers cannot be added as a single operation may contribute to several objectives

EIB support for social and economic infrastructure accounted for 85% of the overall EIB signatures in the Mediterranean region in 2013. 6 projects were signed supporting the development of social and economic infrastructure, including a EUR 50m loan to the Caisse des Prêts et de Soutien des Collectivités Locales (CPSCL) to support lending to Tunisian local authorities under the 2014-2018 Multiannual Investment Programme.

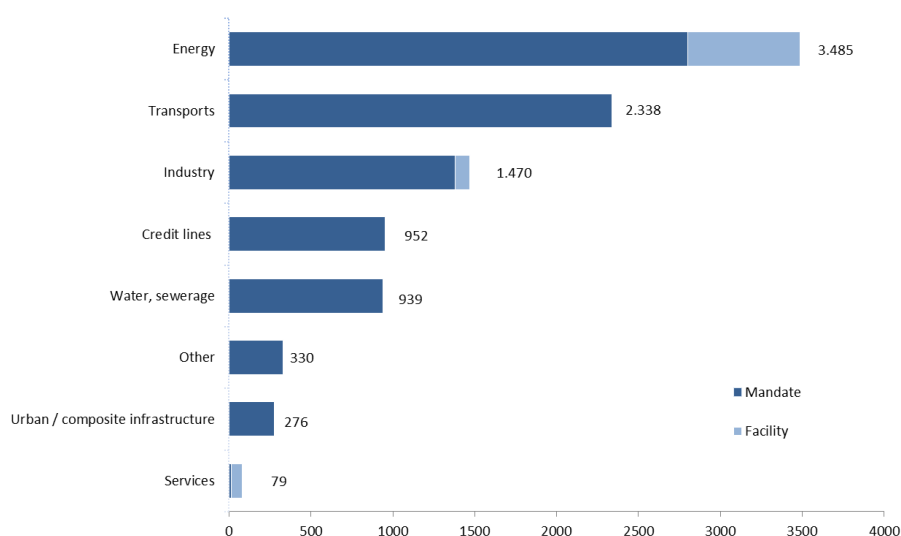
To address the growing energy needs of the region, the EIB has financed 2 large infrastructure projects, for a total of EUR 253m, in Morocco and Jordan. Renewable energy currently accounts for a very small share of the total energy provision in the region, but its role is expected to increase substantially in the short to medium term. Potential for developing renewable energy projects, in particular solar and wind is significant. Both energy projects signed during 2013 concern the construction of wind farms and thus also contribute to the climate objective:

- Office National de l'électricité et de l'eau (ONEE) –Wind project in Morocco – a EUR 200m loan for the construction of three wind farms included in the Moroccan Wind Programme. This project was co-financed by KfW and the African Development Bank and has received a grant from the Neighbourhood Investment Facility (NIF). The wind farms will require the reinforcement and construction of connection lines to the national grid. This project is aligned with the comprehensive energy strategy launched by the Moroccan government in 2008, prioritising the development of renewable energy to cover the increasing electricity demand with low carbon power generation.
- Tafila wind farm in Jordan – a EUR 53 m loan co-financed by the International Finance Corporation. The project supports the development, construction and operation costs of a wind farm as well as the associated electrical facilities. The project supports the Mediterranean Solar plan objectives and is the first large on-shore wind farm in Jordan and will contribute to defining the framework for the future development of this sector in Jordan.

4.2.3. Activity by Sector

A total amount of EUR 9.9bn have been signed under Mandate and EIB own-risk facilities in the Mediterranean region during the period 2007-2013. Approximately 91% of EIB financing activities in the region were under the Mandate. See chart below.

Chart 18: Signatures in Mediterranean Partner countries between 2007-2013



Job creation remains the priority of policy makers across the Mediterranean region. The EIB will continue to support these efforts by promoting private sector led growth, by supporting the local industry, improving access to finance for SMEs and by investing in much needed economic and social infrastructure.

Building on the existing credit lines already signed across the region, EIB signed its first credit line in the current mandate period in Egypt with the National Bank of Egypt (NBE) for financing small and medium sized projects in productive sectors (EUR 80m). This loan aims to increase much needed liquidity to final SME beneficiaries, extend tenors beyond the limits of what NBE can currently offer and improve the possibility of extending foreign currency loans, which would support external trade.

Energy, transport and environmental (mainly water) infrastructure remain a high priority for the EIB and a key focus for the region with a cumulative total of EUR 6.8bn, accounting for 69% of the total lending in the region between 2007-2013.

4.2.4 Defaults of guaranteed loans to Syria

In the wake of the deteriorating situation in Syria, the Foreign Affairs Council, the European Parliament and the European Council took certain decisions in 2011 towards the country. In particular, they prohibited disbursements by the EIB in connection with existing loan agreements. This decision was thereafter consolidated in Council Decision 2011/782/CFSP, Council Regulation (EU) No 36/2012 and Council Decision 2013/255/CFSP.

Whereas in previous years Syria had fully and timely serviced its loans to the EIB, since November 2011 the bank is facing arrears on loans to projects in Syria³. As a consequence, and in line with the Guarantee Agreement between the EU and the EIB, the EIB made 4 calls on the EU guarantee in 2012 for a total amount of about EUR 42 million. During 2013, 9 supplementary calls were made, for a total amount of 64.8 EUR million. An amount of EUR 2.1 million was recovered in 2012.

End of 2013, the total outstanding capital of guaranteed loans related to Syria amounts to approximately EUR 551 million with the last loan maturity in 2030. When the EU has made a payment under the EU Guarantee, it subrogates into the rights and remedies of the EIB. Recovery proceedings are to be undertaken by the EIB in respect of the subrogated sums, in accordance with the Recovery Agreement between the EU and the EIB.

³ See Report from the Commission to the European Parliament and the Council on the Guarantee Fund and its management in 2013 COM(2014) 463 and its SWD (2014) 241.

4.3. Eastern Europe, the Southern Caucasus and Russia

4.3.1. Activity by Country

Table 20: Summary of lending signatures under EU guarantee by Country (number of operations and volume)

Country	2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Armenia	-	-	-	-	1	5	1	15	2	37	2	65	6	122
Georgia	-	-	-	-	4	175	1	15	3	230	2	70	10	490
Republic of Moldova	1	20	-	-	5	185	1	20	2	27	3	194	12	446
Russia	-	-	2	133	1	250	-	-	-	-	6	944	9	1327
Ukraine	1	150	1	100	1	16	2	625	4	640	3	413	12	1944
Total	2	170	3	233	12	631	5	675	11	934	16	1.686	49	4.328

2013 has been an exceptional year for the region whereby signature volumes under Mandate increased by approximately 80% compared to the prior year, with 16 projects signed representing a total volume of EUR 1.7bn. As a result, the Mandate regional ceiling was reached. Financing in the Southern Caucasus (Armenia and Georgia) is growing steadily. Looking forward, the new Framework Agreement signed with the Republic of Azerbaijan will allow further geographical diversification of EIB financing.

Most of the increase in signatures under the mandate relates to activities in Russia – the EIB opened its office and six new operations were signed in 2013. However, political events forced the EIB to postpone three operations in Ukraine and Russia, which would otherwise have been concluded over the mandate period. Signing of further potential operations in Russia will be subject to the relevant EU sanctions. The Commission will monitor and evaluate the likelihood of further activation (and possible need for replenishment) of the Guarantee Fund – see also 4.2.4 on defaults of guaranteed loans to Syria.

4.3.2. Activity by Objective

Table 21: Summary of signatures under mandate by region-specific key lending objectives

Mandate Objectives	2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Local private sector development, in particular support to SMEs	-	-	1	70	2	114	1	35	6	410	7	1087	17	1716
Development of social and economic infrastructure	2	170	2	133	9	501	2	625	6	434	10	599	31	2462
Climate change mitigation and adaptation	1	150	-	-	5	360	-	-	1	195	3	248	10	953
Total *	2	170	3	233	12	631	5	675	11	934	16	1.686	49	4.328

* The above numbers cannot be added as a single operation may contribute to several objectives

The high volume of operations signed during 2013 ensured all mandate objectives were well supported. Financing with focus on SME support was signed in all Eastern Neighbourhood countries. A large proportion of infrastructure projects across the region have been carried out in cooperation with the EBRD and the Asian Development Bank (ADB). More than 70% of operations supporting the social and economic infrastructure development in 2013 focused on transport, with 4 projects improving connections with European transport networks.

EIB carefully built up their position in Russia leading to signing a high share of new loans in 2013. They incurred considerable efforts and costs over the time before loan signatures could be achieved. EIB could not foresee the political developments accelerating in 2014, culminating in the recent EU sanctions.

EIB signed the first 2 projects in the region under the Climate Change Mandate. Complementary to the on-going climate lending activities, a EUR 1.6m Technical Assistance agreement supporting flood protection in Moldova has also been signed during 2013.

The following projects describe the response to the demand for improved strategic infrastructure within the region with parallel support to climate change and regional integration objectives:

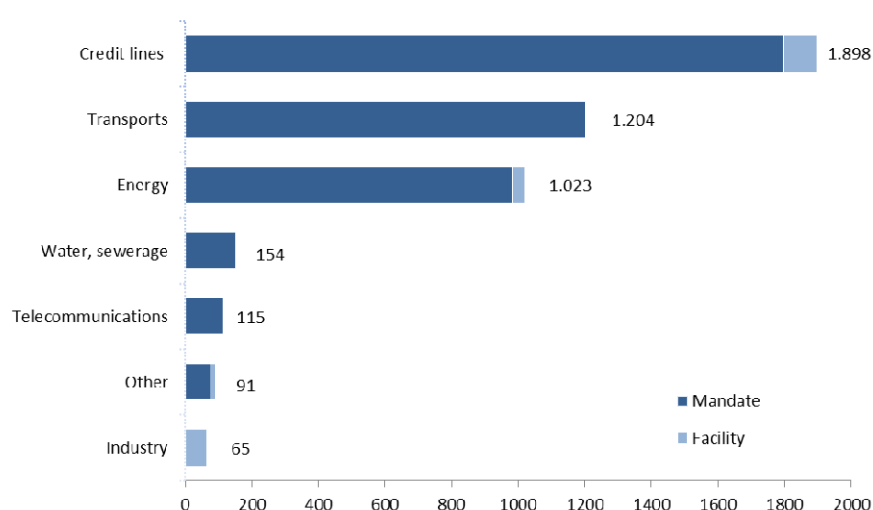
- North – South road corridor in Armenia – a EUR 60m transport project in cooperation with the ADB. The project is aimed at improving the North-South Road Corridor (NSRC) in Armenia as part of an overall larger programme extending also to Georgia. Improving regional integration and connectivity is of importance for boosting economic development and trade in the region. This is the second operation by the EIB in the road sector in Armenia.
- Dnipropetrovsk Metro Completion in Ukraine - a EUR 152m loan signed under the Climate Change Mandate and co-financed in equal proportion by EBRD, for the extension of the metro line in Dnipropetrovsk city. The project consists of the extension of an underground metro tube and the construction of 3 new stations. The objective of this project is to improve the provision of public transport in the city as part of an overall strategy to achieve sustainable and clean urban transport having a positive environmental impact.

4.3.3. Activity by Sector

The total volume signed under Mandate and EIB own-risk facilities in the region over the current mandate period amounted to EUR 4,549m. Credit lines for SMEs and Mid-Caps account for 42% of the overall EIB signatures in the region over the period 2007-2013, more than half of which relates to signatures in 2013. The SME sector studies funded jointly by the Eastern Partnership Technical Assistance Trust Fund (EPTATF) and EIB identified widespread gaps in medium and long term financing for SMEs which the EIB can help to address.

Improved transport connections, Pan-European energy markets and environmental projects of common interest are other priorities for the region. Significant support for these sectors is illustrated in the chart below, with transport and energy financing accounting for 49% of the overall lending across the period.

Chart 19: Signatures in Eastern Europe, Southern Caucasus and Russia by sector between 2007-2013



4.4. Asia and Latin America

4.4.1. Activity by Country

Table 22: Summary of lending signatures under EU guarantee by Country (number of operations and volume)

Country	2007		2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Bangladesh	-	-	-	-	-	-	-	-	-	-	-	-	1	82	1	82
China	-	-	-	-	1	59	-	-	-	-	-	-	-	-	1	59
India	-	-	1	150	1	100	-	-	-	-	-	-	1	150	3	400
Kazakhstan	-	-	-	-	-	-	-	-	-	-	-	-	2	220	2	220
Nepal	-	-	-	-	-	-	-	-	-	-	-	-	1	54	1	54
Pakistan	-	-	-	-	1	100	-	-	-	-	-	-	1	100	2	200
Tajikistan	-	-	-	-	-	-	-	-	1	7	-	-	-	-	1	7
Viet Nam	-	-	-	-	2	147	2	223	-	-	1	150	-	-	5	520
Sri Lanka	-	-	-	-	-	-	-	-	-	-	-	-	1	90	1	90
Asia, including Central Asia Sub-total	-	-	1	150	5	406	2	223	1	7	1	150	7	696	27	1.632
Argentina	-	-	-	-	1	170	-	-	1	76	-	-	-	-	2	246
Brazil	1	250	1	200	-	-	3	420	1	100	1	100	1	115	8	1185
Colombia	-	-	-	-	1	100	-	-	-	-	-	-	-	-	1	100
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	1	52	1	52
Ecuador	-	-	-	-	-	-	-	-	-	-	1	200	-	-	1	200
Mexico	-	-	1	50	-	-	-	-	1	73	-	-	-	-	2	123
Nicaragua	-	-	-	-	1	15	-	-	1	54	-	-	1	60	3	129
Panama*	1	27	-	-	1	359	-	-	-	-	-	-	-	-	2	386
Paraguay	-	-	1	69	-	-	-	-	-	-	-	-	1	75	2	143
Uruguay	1	28	-	-	-	-	-	-	-	-	-	-	-	-	1	28
Latin America Sub-total	3	305	3	319	4	644	3	420	4	303	2	300	4	301	23	2.593
Total ALA	3	305	4	469	9	1.050	5	643	5	310	3	450	11	997	49	4.224

• * Following a change in the foreign exchange rate valuation methodology (to the exchange rate at the end of the month preceding the signature date), the counter-value of the USD 500m loan signed in Panama in 2009 has been revised to EUR 359m (instead of EUR 397m reported previously).

The EIB opened its office in Dominican Republic in 2013. By the end of 2013, EIB had achieved 83% of the Asia and Latin America (ALA) regional mandate ceiling with Asia reaching 91% and Latin America 80% of their sub-ceilings. In 2013, lending volumes under

Mandate more than doubled compared to the prior year with a peak of 11 operations signed. This significant increase partly reflects resumed activity in several countries across the two regions as well as pioneering new signatures in Costa Rica, Bangladesh, Nepal, Sri Lanka and Kazakhstan, contributing to the gradual increase of the number of countries benefiting from EIB financing.

Notably, 2 loans were signed with financial intermediaries in Kazakhstan, partly under the Climate Change Mandate (EUR 127m) as well as the general mandate (EUR 93m). Kazakhstan's economy continues to feature a high level of concentration and insufficient sectorial diversification. Both operations signed will support climate change and the SMEs development objectives and constitute a significant step in extending EIB support to Central Asia. Technical assistance will be provided to help the intermediaries to familiarise with the EIB procedures and eligibility criteria, concerning in particular procurement and environment as well as climate change measurement methodologies. These are the first signatures in Kazakhstan since the signing of the Framework Agreement in April 2010.

In September 2013, a new Framework Agreement was signed with Kyrgyz Republic. Negotiations were started with Myanmar and Bhutan, paving the way for the signature of the Framework Agreements in 2014. In addition to the operations signed in 2013 under the Mandate, EUR 242m was signed under the own-risk Energy Sustainability Facility (ESF) comprising two climate change framework loans in Central America (regional operation) and in India as well as participations in 2 multi-regional climate funds.

4.4.2. Activity by Objective

Table 23: Summary of signatures under mandate by region-specific key lending objectives

Mandate Objectives	2007		2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Local private sector development, in particular support to SMEs	-	-	1	49,5	5	469	1	130	2	149	1	75	4	385	14	1257
Development of social and economic infrastructure	3	305	3	369	6	700	5	513	3	161	3	375	9	732	32	3155
Climate change mitigation and adaptation	-	-	1	101	3	173	4	263	1	51	2	350	8	592	19	1529
Total *	3	305	4	469	9	1.050	5	643	5	310	3	450	11	997	40	4.224

* The above numbers cannot be added as a single operation may contribute to several objectives

The high volume of operations in 2013 ensured all objectives were well supported. Notably, 8 of the 11 operations financed in 2013 support the climate change mitigation and adaptation objective compared to 2 operations in 2012. Overall, 67% of total ALA signatures in 2013 contributed to climate action.

Following an initial signature in 2012, 5 new operations (totalling EUR 413m) have been signed under the Climate Change Mandate in 2013. As a result, total signatures in ALA came close to the regional ceiling of EUR 600m under this mandate at the end of 2013.

Of the 11 EIB financed projects across the mandate objectives, the following are given as examples:

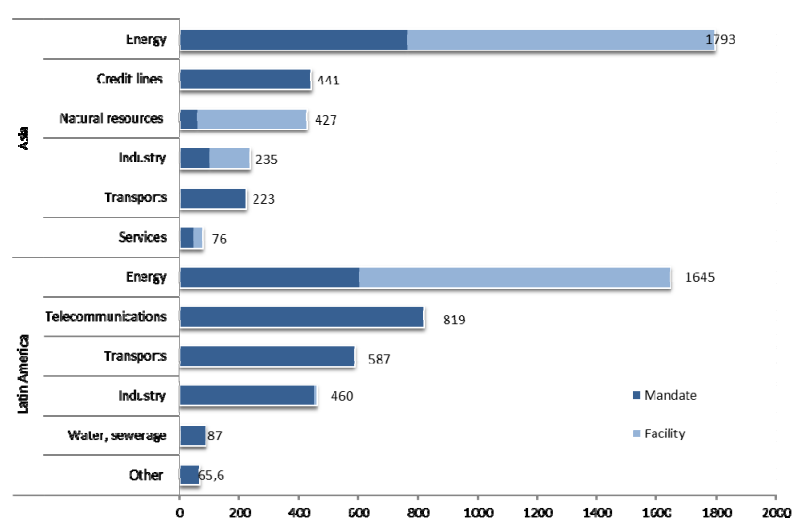
- SME and Green Energy Framework loan in Sri Lanka – EUR 90m loan to the Government of Sri Lanka to support a series of investments in the field of climate change and the development of the local private sector through SME finance. The facility will target the financing of smaller scale projects in the private and public sectors to combat climate change mitigation through renewable energy and energy efficiency projects across the country. This line of credit will be channelled primarily through three participating financial institutions allowing a wide geographic spread and diversification in all eligible sectors throughout Sri Lanka.
- Water Supply and Sanitation Programme in the Republic of Nicaragua – EUR 60m to support an investment programme addressing the deficit in access to drinking water and sanitation in 19 medium-sized towns. At present it is estimated that less than 39% of the population across Nicaragua is connected to waste water and sewerage treatment infrastructure. The programme is co-financed with the Central American Bank for Economic Integration (CABEI) and the Spanish Agency for International Development Cooperation (AECID) and benefits from a large EUR 50.7m grant contribution from the Latin America Investment Facility (under AECID lead).
- Las Pailas Geothermal Project in Costa Rica – EUR 52m operation co-financed with Japan International Cooperation Agency (JICA) and Inter-American Development Bank (IADB). The project comprises the expansion of an electricity generating capacity at an existing geothermal power plant in Costa Rica. It aims at meeting the growing electricity demand in Costa Rica and regionally. The Las Pailas operation represents the first signature in Costa Rica under the current mandate.

4.4.3. Activity by Sector

The total volume signed under Mandate and EIB own-risk facilities in ALA over the 2007-2013 period amounted to EUR 6857m of which 62% under Mandate and 38% under Facilities.

The sector focus has been predominately energy with EUR 1.8bn signed in Asia and EUR 1.6bn in Latin America. Telecommunication, transport and industry accounted for 51% of the total signatures in Latin America, compared to Asia where the distribution of signatures is spread more evenly across forestry, transport, industry and credit lines.

Chart 20: Signatures in Asia and Latin America by sector between 2007-2013



4.5. South Africa

4.5.1. Signatures

Table 24: Summary of signatures under mandate by region-specific key lending objectives

Country	2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
South Africa	3	203	4	280	1	50	2	115	2	100	2	260	14	1.008
Total	3	203	4	280	1	50	2	115	2	100	2	260	14	1.008

By the end of 2013, EUR 1008m has been signed. With loan cancellations netted out, the mandate commitment level stood at 97% leaving a small amount of EUR 25m available for signature under the current South Africa sub-ceiling. In 2013 two loans for a total amount of EUR 260m were signed in support of renewable energy and urban development.

- Ka Xu Concentrated Solar Power Plan project – a first EUR 110m tranche of EUR 210m EIB financing foreseen for the development, construction and operation of a concentrated solar thermal power plant (CSP). The project will generate electricity from solar energy, stimulate the emerging renewable energy industry in South Africa and contribute to improving the environmental impact of power generation and security of energy supply in the country. Furthermore the project will improve the reliability of power supply, an essential requirement for sustained economic development by inviting independent power producers to invest in renewable energy production.
- Affordable and Social Housing II – following the successful implementation of the first affordable and social housing operation signed in 2008, a second EUR 150m facility was made available to two public and two private sector intermediaries for the financing of affordable and social housing and associated urban infrastructure, including social amenities. The intermediaries' indicative pipeline anticipates a delivery of around 23,800 housing units throughout South Africa. The operation is expected to lead to considerable positive environmental and social impacts contributing to the achievement of the UN Millennium development goals and support the use of renewable energy and energy efficiency measures.

4.5.2. Activity by Objective

Table 25: Summary of signatures under the Mandate by objective

Mandate Objectives	2008		2009		2010		2011		2012		2013		Cumulative	
	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m	#	EUR m
Local private sector development, in particular support to SMEs	3	203	2	100	-	-	-	-	-	-	2	260	7	563
Development of social and economic infrastructure	2	190	3	220	1	50	2	115	2	100	2	260	12	935
Climate change mitigation and adaptation	1	40	1	40	-	-	-	-	1	50	2	230	5	360
Total *	3	203	4	280	1	50	2	115	2	100	2	260	14	1.008

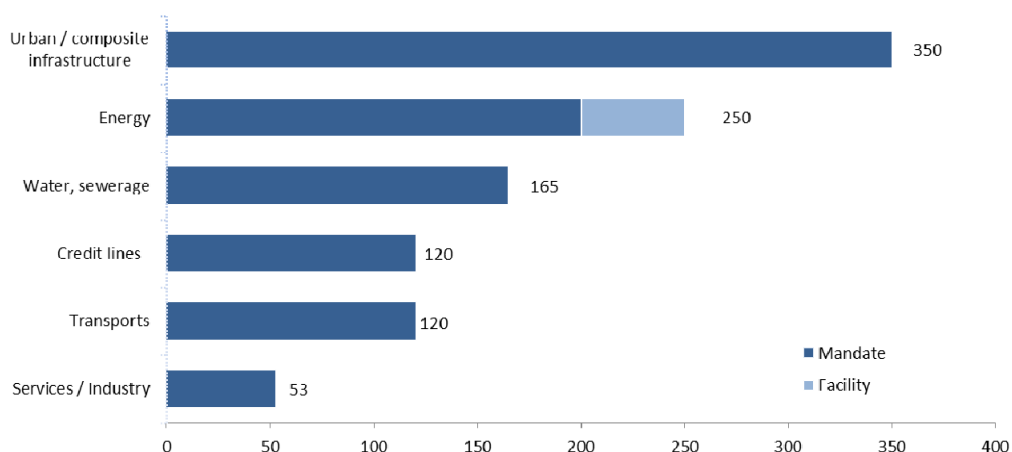
- * The above numbers cannot be added as a single operation may contribute to several objectives

Social and economic infrastructure development and climate change mitigation and adaptation remain key focus areas for EIB financing in South Africa. The EIB also continued to support the development of the local private sector and projects. Both operations signed in 2013 contributed to all 3 mandate objectives.

4.5.3. Activity by Sector

As illustrated by the below graph, EIB financing in South Africa has predominately focussed on urban development and infrastructure (energy, water/sewerage and transport) as well as the promotion of local private sector development. All loans were signed under the Mandate with exception of a EUR 50m loan to finance small and medium-scale renewable energy and energy efficiency projects signed in 2011 under the EIB own risk Energy Sustainability Facility.

Chart 21: Signatures in South Africa by sector between 2007-2013



5. LIST OF LOANS SIGNED IN THE REGIONS COVERED BY THE DECISION IN 2013

List of loans signed in the Pre-Accession Countries under the Mandate in 2013

Country	Project Description	Loan Amount (EUR m)	EU Guarantee
Bosnia and Herzegovina	Construction of a 2x2 72 km toll motorway from Banja Luka to Dobož in Republika Srpska	160	Comprehensive
Serbia	Rehabilitation and safety improvements of part of the national road network in Serbia	100	Comprehensive
Serbia	Financing of small and medium-scale projects carried out by SMEs and midcaps	150	Comprehensive
Turkey	Construction of electrified high-speed line between Ankara and Istanbul	200	Comprehensive
Turkey	Earthquake risk mitigation programme in Istanbul	200	Comprehensive
Turkey	Support to forest rehabilitation, afforestation and erosion control activities in Turkey during the period 2014-15	150	Comprehensive
Total		960	

List of loans signed under the Pre-Accession Facility in 2013:

Country	Project Description	Loan Amount (EUR m)
Albania ; Bosnia and Herzegovina ; FYROM ; Montenegro ; Serbia	Financing to micro and small scale enterprises, rural and housing loans through qualified financial intermediaries	38
Albania ; Bosnia and Herzegovina ; FYROM ; Montenegro ; Serbia ; Turkey	Equity participation in a fund focusing on small-scale energy efficiency projects in South-East Europe	10
Bosnia and Herzegovina	Financing of small and medium-scale projects carried out by SMEs	40
FYROM	Financing of SME projects and industrial investment in knowledge economy, energy, environmental protection and services.	100
Kosovo	Financing of small and medium-scale projects carried out by SMEs	10
Serbia	Financing of small and medium-scale projects carried out by SMEs and mid-caps	45
Serbia	Financing of small and medium-scale projects carried out by SMEs and mid-caps	5
Turkey	Financing of small and medium-scale projects carried out by SMEs	50
Turkey	Financing of small and medium-scale projects carried out by SMEs	50
Turkey	Upgrading and expansion of mobile telecommunications networks in Romania and Turkey through rollout of reinforced mobile broadband services	100
Turkey	Financing of hotel refurbishment, energy efficiency and sustainable tourism projects	100
Turkey	Framework Loan to finance renewable energy and energy efficiency projects in Turkey	99
Turkey	Financing of small and medium-scale projects carried out by export-oriented SMEs and mid-caps	100
Turkey	Support long-term lending to SMEs and midcaps	100
Turkey	Financing of small and medium-scale projects carried out by SMEs	100
Turkey	Framework Loan to finance renewable energy and energy efficiency projects in Turkey	50
Turkey	Financing of innovative enterprises in several sectors in Turkey	100

List of loans signed under the Pre-Accession Facility in 2013

Country	Project Description	Loan Amount (EUR m)
Turkey	Roll-out of advanced fixed broadband telecommunication services in Eastern regions of Turkey	100
Turkey	Financing of hotel refurbishment, energy efficiency and sustainable tourism projects	100
Turkey	Financing of small and medium-scale projects carried out by SMEs and midcaps	150
Turkey	Financing of projects carried out by SMEs and midcaps, with a window for environment and healthcare projects	150
Turkey	Financing of small and medium-scale projects carried out by SMEs and midcaps	150
Turkey	Financing of limited size investments carried out by municipalities and public sector companies	100
Turkey	Roll-out of advanced fixed broadband telecommunication services in Eastern regions of Turkey	100
Turkey	Financing of small and medium-scale projects carried out by SMEs	50
Total		1,998

List of loans signed in the Mediterranean countries under the Mandate in 2013:

Country	Project Description	Loan Amount (EUR m)	EU Guarantee
Egypt	Upgrading of air traffic control facilities through installation of state-of-the-art communications, navigation and surveillance systems	50	Comprehensive
Egypt	Construction and refurbishment of water and sanitation infrastructure in governorates of Qena, Sohag, Assiut and Minya (Upper Egypt)	57	Comprehensive
Egypt	Line of credit to the National Bank of Egypt (NBE) for the financing of small and medium sized projects in productive and related sectors in Egypt.	80	Political risk
Jordan	Development, construction and operation of a 117 MW wind farm as well as the associated electrical facilities in the Tafila Governorate in Jordan	53	Political risk
Morocco	Construction of three wind farms (Tanger II, Midelt and Jbel Lahdid) included in the second phase of the Moroccan Wind Programme	200	Comprehensive
Tunisia	Global loan to Caisse des Prêts et de Soutien des Collectivités Locales (CPSCL) to support its lending to Tunisian local authorities under the 2014-2018 Multiannual Investment Programme	50	Comprehensive
Tunisia	Priority investments to reduce pollution in the Lake Bizerte region	40	Comprehensive
Total		530	

List of loans signed in Eastern Europe, Southern Caucasus and Russia under the Mandate in 2013:

Country	Project Description	Loan Amount (EUR m)	EU Guarantee
Armenia	Rehabilitation and upgrading of a national road section along the North - South corridor	60	Comprehensive
Armenia	Rehabilitation and renovation of metro system	5	Comprehensive
Georgia	Upgrading of western section of East-West highway from Zestaponi to Batumi-South (10 km from Turkish border)	30	Comprehensive
Georgia	Construction, refurbishment and upgrading of municipal water facilities	40	Comprehensive
Republic of Moldova	Rehabilitation of the Chisinau water supply and wastewater collection and treatment facilities	24	Comprehensive
Republic of Moldova	Financing of small and medium-scale projects carried out by SMEs and midcaps	20	Political risk
Republic of Moldova	Rehabilitation and upgrading of key national roads sections, mainly on extended trans European corridors going through the country	150	Comprehensive
Russian Federation	Financing of small and medium-scale projects carried out by SMEs and midcaps	40	Political risk
Russian Federation	Financing of small and medium-scale projects carried out by SMEs and midcaps	300	Political risk
Russian Federation	Loan to finance projects promoted by SMEs and Mid-Caps in Russia through funding VEB's participation in an International Fund to Support Entrepreneurship in Russia set up by VEB and KfW	113	Comprehensive
Russian Federation	Financing of small and medium-scale projects carried out by SMEs and midcaps	200	Comprehensive
Russian Federation	Construction of a new gas-turbine CHP plant (with 140 MW of electric and 420 GCal/h of heat output) in the city of Vladivostok to replace production from existing coal fired plants	91	Comprehensive
Russian Federation	Financing of small and medium-scale projects carried out by SMEs and midcaps	200	Political risk
Ukraine	Upgrading and modernisation of Ukraine's air traffic control facilities	41	Comprehensive
Ukraine	Extension of Dnipropetrovsk metro line and construction of three new stations	152	Comprehensive
Ukraine	Financing of small and medium-scale projects carried out by SMEs and midcaps	220	Comprehensive
Total		1,686	

List of loans signed in Asia, Central Asia and Latin America under the Mandate in 2013:

Country	Project Description	Loan Amount (EUR m)	EU Guarantee
Bangladesh	Conversion of 3 natural gas-fired open-cycle power units to combined-cycle mode of operation by the addition of heat recovery boilers and steam turbines	82	Comprehensive
Brazil	Upgrading and expansion of electricity distribution networks in state of São Paulo and part of Mato Grosso do Sul	115	Political risk
Costa Rica	Extension of a geothermal power plant in Costa Rica	52	Comprehensive
India	Framework Loan supporting renewable energy and energy efficiency investment projects that contribute to climate change mitigation	150	Comprehensive
Kazakhstan	Financing of small and medium-scale projects carried out by SMEs and midcaps	120	Comprehensive
Kazakhstan	Financing of small and medium-scale projects carried out by SMEs and midcaps	100	Political risk
Nepal	Construction and operation of a 140 MW storage hydroelectric power scheme and its interconnection to the national grid.	54	Comprehensive
Nicaragua	Improvement and expansion of the provisioning of drinking water as well as sanitation in secondary cities in Nicaragua	60	Comprehensive
Pakistan	Keyal Khwar Hydropower comprises a medium-sized (122 MW) run-of-river hydropower plant with a small 1.5 ha reservoir for daily regulation	100	Comprehensive
Paraguay	Construction of 500 kV, 360 km high voltage transmission line Villa Haynes-Ayolas-Yacyretá, upgrading the three substations related to this line and a loss reduction component in the distribution network	75	Comprehensive
Sri Lanka	Global loan to finance SMEs (about 70% of the GL) and renewable energy and energy efficiency investments (about 30% of the total) in Sri Lanka	90	Comprehensive
Total		997	

List of loans signed in Asia and Latin America under the Energy Sustainability Facility in 2013:

Country	Project Description	Loan Amount (EUR m)
Brazil ; Indonesia	Participation in investment fund targeting sustainable biomass and forestry projects	6
India	Framework loan for financing renewable energy and energy efficiency projects contributing to climate change mitigation in India	40
Regional - Asia ; Regional - Latin America	Innovative pilot fund for forest-based carbon and other environmentally certified credits	15
Regional - Asia ; Regional - Latin America	Equity participation in a fund of funds focusing on energy efficiency and renewable energy projects in developing countries and economies in transition.	6
Regional - Central America	Framework loan supporting renewable energy and energy efficiency projects in Central America focused on hydropower, wind, geothermal and photovoltaic.	175
Total		242

List of loans signed in the Republic of South Africa under the Mandate in 2013:

Country	Project Description	Loan Amount (EUR m)	EU Guarantee
South Africa	Framework loan to several financial intermediaries for the funding of affordable and social housing projects and associated urban infrastructure, including social amenities, throughout South Africa	150	Political risk
South Africa	Construction and operation of a greenfield concentrated solar power (CSP) plant with 100 MW of installed power generating capacity	110	Political risk
Total		260	

6. COOPERATION WITH THE COMMISSION

A list of the existing frameworks within which the EIB and the Commission cooperated in 2013 with a view to strengthening the coherence of overall EU support in the regions covered by the Decision is included in this SWD, together with a summary table on the financing

volumes signed by the EIB upon its management of EU budget resources. Some of the main activities coordinated between the two institutions in 2013 are outlined below.

The EC-EIB MoU of May 2008 has been updated and extended to EEAS, and was signed in September 2013.

Three new framework agreements were signed in 2013 with Azerbaijan, Kosovo⁴ and the Kyrgyz Republic paving the way for EIB operations in these countries.

Negotiations between the Commission/EEAS, the Council and the European Parliament on the new External Lending Mandate for 2014 - 2020 were concluded at the end of 2013. The Decision was adopted by the European Parliament and the Council on 16 April 2014⁵. The new Mandate reinforces the alignment and complementarity between EIB operations and EU policy objectives. The same high level objectives were maintained and the overall size of the mandate as well as the regional ceilings were maintained at relatively similar levels than the 2007-2013 Mandate.

The EIB and EEAS have taken forward the principle of co-location of EIB offices within EU Delegations. All new EIB external offices are being located in Delegations, with an effort to relocate existing offices where possible.

Throughout 2013, geographical coordination meetings have taken place between the EIB, the Commission and EEAS in all regions covered by the Decision, with the aim of identifying concrete activities to enhance synergies among institutions.

The EIB continued its active involvement in the EU High Level meetings. In 2013, this notably involved the preparation of the Eastern Partnership Summit and Business. In Egypt and Ukraine, the EIB liaised closely with the EC/EEAS on the evolving situation in both countries. In 2013, the EIB organised in collaboration with the Observatoire Méditerranéen de l'Energie and the Union for the Mediterranean the thirteenth edition of the FEMIP Conferences.

The EIB continued to actively participate in the regional loan-grant blending mechanisms. It also closely cooperated with the Commission in the group of experts tasked studying the establishment of the EU Platform for Blending in External Cooperation (EUBEC). The Platform was established at the end of 2012 and the EIB took the lead in the working group responsible for developing a results measurement framework under the Platform, taking inspiration from the EIB's REM framework.

7. COOPERATION WITH INTERNATIONAL FINANCING INSTITUTIONS

Cooperation with other International Financial Institutions (IFIs) is an integral part of the EIB activities, ranging from dialogue on institutional matters, horizontal topics and thematic issues, and mutual consultation, to enhanced forms of operational co-financing and work sharing. A large portion of the dialogue between IFIs takes place within specialised working groups meeting periodically to share best practices or to address specific issues. One such

⁴ This designation is without prejudice to the positions expressed by the EU Member States on Kosovo's status and is in line with UN Security Council Resolution No. 1244/1999 and the International Court of Justice Opinion on Kosovo's declaration of independence

⁵ OJ L 135, 8.5.2014, p.1

group has been working on results harmonisation among FIs active in the private sector, and a similar working group was set up in 2013 on results harmonisation for public sector projects. In addition, ad-hoc working groups are established to address specific issues, for instance the G-20 and G-8 often call on the World bank and MDBs for input. The EIB participates in other dialogue initiatives such as the Heads of MDBs meeting (January 2014) which was organised by the EIB.

In 2013, co-financing with other IFIs or European bilateral institutions represented 47% of EIB total signatures with the EU guarantee. The list of co-financed operations signed in the regions covered by the Mandate in 2013 is included in this SWD.

Cooperation with the EBRD continued to take place under the framework of the EC-EIB-EBRD Memorandum of Understanding, as updated in November 2012. The MoU sets out a framework for cooperation outside the EU which seeks to enhance the combined impact of the two Banks' respective operations, in the interest of beneficiary countries and of the respective Banks' shareholders.

Under the Mutual Reliance Initiative (MRI) between AfD, EIB and KfW, operational guidelines were finalised in 2013, building on the experience of a 3-year pilot phase in the Southern Neighbourhood and in sub-Saharan Africa. The MRI provides a framework under which, when co-financing projects, one of the three partners takes the role of lead financier, relying on its standards and procedures as long as the minimum requirements of the other partners are met. In 2013, the initiative was extended to other geographical regions outside the EU. The active MRI portfolio counts some 30 operations.

The EIB has cooperated throughout 2013 with other lenders under the G8 Deauville Partnership to ensure that synergies are optimised in support of democratic and economic transition in the southern neighbourhood region.

The European Bank Coordination Initiative "Vienna Initiative" seeks to safeguard the stability of the financial sector in Central, Eastern and South-Eastern Europe (CESEE). The creation and development of the Vienna Initiative have been driven by the EIB, the European Commission, the EBRD, the IMF and the World Bank. It is a forum in which international private and public sector actors take coordinated decisions. The Initiative was re-launched in January 2012 in response to renewed risks for the region from the Euroarea crisis. The Initiative Full Forum met in Brussels in October 2013. It assessed recent trends in deleveraging, credit provision, and non-performing loans (NPLs) in the banking sectors of CESEE. It discussed the impact of the recently proposed Single Resolution Mechanism for a European banking union on CESEE.

8. LIST OF EC-EIB INITIATIVES / PARTNERSHIPS IN THE REGIONS COVERED BY THE DECISION

Cooperation between the EIB and the Commission is daily and pervasive throughout much of the EIB activities. A substantial part of operational cooperation and coordination between the Commission and the EIB, involving also other IFIs and European Bilateral Financing Institutions, takes place within the various regional blending mechanisms set up by the Commission including the Western Balkans Investment Framework (WBIF), Neighbourhood

Investment Facility (NIF), Asia Investment Facility (AIF), Latin America Investment Facility (LAIF) and Investment Facility for Central Asia (IFCA).

The **WBIF** Steering Committee allocated grants provided by the participating blending partners (the EU budget, the IFIs and 18 bilateral contributors) for a total amount of EUR 336m in support of 178 operations during the period 2008-2013. These operations are co-financed with loans for a total of EUR 7.4bn, of which EUR 3.1bn are signed. EIB has provided 54% of the signed loans. Considering that the WBIF blends grants from different sources, by including the IPA budgetary funds managed by the EU delegations, the EU grants directly linked to EIB-led or co-led WBIF projects amounted to EUR 229m over the period 2008-2013, of which approximately half blended from the budgets managed by the EU delegations. The other half funded by EU budget (EUR 115m) was combined with EUR 28m grants from the IFIs and the bilateral donors reaching a total of EUR 143m, representing 43% of the total grants allocated by the WBIF. These grants benefitted projects as follows: regional projects (45% of the grants), Bosnia and Herzegovina (25%), Serbia (13%), Montenegro (8%), Albania (5%), Croatia (3%) and FYROM (1%).

The EIB remains among the largest financiers in terms of volumes lent for **NIF** projects: it has co-financed half of the projects (52 out of 92) approved by the NIF Board since the inception of the Facility with total EIB financing of EUR 4.44bn of which EUR 1.54bn for projects where the EIB was the Lead Financier. The grants for projects with EIB in the Lead were distributed as follows: regional projects and projects in Egypt (22% each), Morocco (17%), Georgia (14%), Armenia (10%), Tunisia (7%), Lebanon (6%), Jordan and Moldova (1% each).

The **IFCA** Operational Board approved grants for a total amount of EUR 66.5m in support of 11 operations during the period 2007-2013. Two grants totalling EUR 4.3m were blended with EIB financed projects, representing 4% of the total IFCA approved amounts. These grants are allocated to EIB operations in Kazakhstan in support of the Energy and Private sectors, with EIB's associated loans amounting to EUR 162m.

The **LAIF** Operational Board approved grants for a total amount of EUR 196.6m in support of 24 operations in 2010-2013. EIB financed 3 projects blended with LAIF grants for an amount of EUR 25m, representing 13% of the total grants. These grants were provided in support of operations located in Nicaragua, Bolivia, and Paraguay, with EIB's associated loans totalling EUR 168m.

The **AIF** Operational Board approved grants for a total amount of EUR 37m in 2012-2013. To date, one EIB loan of EUR 80m was blended with a TA grant in support of an energy project in Bangladesh. This EUR 5.7m grant accounted for 16% of the total AIF approved amount.

Pre-Accession Countries

- 2 Energy Efficiency Finance Facilities (EE FF) were launched in 2006 and 2007 to tackle the Climate Change issue. They aim at stimulating the energy efficiency and renewable energy investments in all types of building and in the industry sector by making appropriate financing available. The EE FF combines IFI credit lines extended to financial intermediaries with incentives to improve the cost effectiveness of equipment and make the energy investment more attractive, and fees to the benefit of local financial intermediaries to

encourage them to lend for the purpose of energy efficiency financing, combined with technical assistance paid from the Facility. At the end of 2013, the total grant contribution made available by the EC amounted to EUR 19.5m and the EIB lending commitment is at least EUR 78m.

- Since 2001, the Commission and the EIB are co-operating under the SME Finance Facility (SME FF), merging the grant support with the EIB lending to help developing the SME lending capacities of Participating Financial Institutions in the eligible countries. In July 2011, an Energy Efficiency window was introduced under the SME FF programme. Total grants available under this EE window amount to EUR 25m and the EIB lending commitment is EUR 75m. At end 2013, the EIB's total grant available for the SME FF under the PHARE Programme was EUR 47m, and the EIB has committed to provide debt financing of at least EUR 470m.

- Since 2003, the Municipal Finance Facility (MFF) aims to encourage local financial intermediaries to extend loans to municipalities. The mechanism of the programme is similar to the SME FF. In July 2011, an Energy Efficiency window was introduced under the MFF programme. Total grants available amount to EUR 3m and the EIB lending commitment is EUR 15m. At end 2013, the EIB's total grant available for the MFF under the PHARE Programme was EUR 54m, and the EIB has committed to provide debt financing of at least EUR 432m.

Mediterranean countries

- The EIB manages in the context of FEMIP and on behalf of the EU, a budgetary envelope of EUR 32m per year under the inter-regional ENPI programme for risk capital investments and technical assistance. In 2013, six risk capital operations were signed for a total amount of EUR 28.8m while an additional EUR 9.2m were signed for six technical assistance operations.

- The FEMIP Trust Fund (FTF), a replenished financial envelope of EUR 40m funded by contributions of 17 Member States and the Commission, provides resources to upstream technical assistance and studies, targeted equity operations designed to support innovative private sector companies and concrete initiatives for Mediterranean partner countries committed to the transition to democracy. Since its creation in 2004, the FEMIP Trust Fund has given solid added value to the EIB's activities in the region. It has been operating as a think tank by financing research in new areas likely to help to develop the private sector in the region.

Global

- The Global Energy Efficiency and Renewable Energy Fund (GEEREF) is an innovative fund of funds sponsored by the Commission, Germany and Norway, and advised by the EIB and EIF, to provide clean energy to emerging countries and economies in transition. At end of 2013, GEEREF commitments represented EUR 74m, on a portfolio of 7 funds.

Table 26: Annual signatures on EU budget resources under EIB management in the regions covered by the Mandate in 2007-2013

	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
Regional blending mechanisms (grant approvals for projects with EIB as the lead IFI)								
Western Balkans Investment Framework (WBIF) and connected EU budget contributions*	-	52,50	50,25	8,40	49,36	20,72	47,35	228,58
Neighbourhood Investment Facility (NIF)	-	9,80	4,00	27,20	50,00	80,50	52,00	223,50
Investment Facility for Central Asia (IFCA)	-	-	-	2,50	-	-	1,80	4,30
Latin America Investment Facility (LAIF)	-	-	-	7,00	-	-	18,00	25,00
Asia Investment Facility (AIF)	-	-	-	-	-	-	5,70	5,70
Other TA and grants complementing EIB projects								
Structural Funds and non-WBIF related EU budget contributions to EIB projects in Western Balkans *	-	-			75,00	51,00	119,35	245,35
IPA contributions to EIB SME operations in Turkey **	-	-	-	62,00	18,00	-	-	80,00
IPA contributions to EIB financed transport projects in Turkey **	-	-	-	-	308,00	-	-	308,00
Municipal Finance Facility (MFF)	-	7,50	-	1,20	1,00	12,70	1,20	23,60
SME Finance Facility (SME FF) ***	-	1,00	3,50	(1,00)	-	1,50	-	5,00
Energy Efficiency Finance Facility (EEFF)	-	-	-	3,90	15,60	-	-	19,50
Turkey/FEMIP Support Fund	-	-	1,06	-	-	-	-	1,06
FEMIP Support Fund (excl. Turkey)	17,50	16,90	12,20	10,10	0,81	1,21	-	58,72
Support to FEMIP envelope (2007-2013)	-	-	-	4,10	7,24	1,03	9,24	21,60
FEMIP Trust Fund* (TA signed)	0,46	3,02	3,89	1,95	1,01	5,55	0,59	16,47
Risk Capital signatures								
MEDA / ENPI Risk Capital	46,45	62,00	25,00	21,50	10,00	19,00	28,76	212,71
FEMIP Trust Fund*	2,00	5,80	5,00	6,90	1,20	5,00	-	25,90
Global Energy Efficiency and Renewable Energy Fund*	-	-	22,24	10,00	12,52	20,23	9,00	73,98
TOTAL	66,41	158,52	127,13	165,75	549,74	218,44	292,98	1.578,97
<i>NB: the figures reported from the MFF, SME FF and EE FF include Croatia for the period 2007-2012, for a total of EUR 19.7m.</i>								
<i>* includes other sources of funding than EU budget</i>								
<i>** amount reported on the year of signature of the EIB project</i>								
<i>*** negative value corresponds to de-commitment</i>								

9. CO-OPERATION WITH EUROPEAN OMBUDSMAN

The Memorandum of Understanding signed between the EIB and the European Ombudsman (EO) in 2008 sets the basis for the two stages of the EIB Complaints Mechanism - the internal (EIB-CM) and the external (EO) - approved by the EIB Board of Directors in 2010 after extensive public consultation. It achieves a common understanding of purpose and

consistency of application across its internal and external parts, with a specific focus on:

- The existence of an effective internal Complaints Mechanism (the EIB-CM) that deals with complaints lodged by external parties to the EIB across all the business units of the Bank;
- Concerning complaints related to operations outside the EU, including the External Mandates, the European Ombudsman commits to use its own initiative power systematically in order to handle complaints when the complainant is not a citizen or resident of the European Union;
- The scope of the EO's review, with the recognition of the EIB-CM as the required prior approach.

Table below shows the evolution of the number of complaints handled by the EIB-CM in the past 5 years. The nature of the complaints refers to environmental, social as well as governance allegations related to the projects financed by the Bank.

Table 27: Project related complaints lodged with the internal part (EIB-CM) of the EIB Complaints Mechanism 2009-2013

	2009	2010	2011	2012	2013	5 years
EU Member States	5	13	13	11	11	53
Non-EU, of which	8	7	9	10	6	40
in External Mandate Countries	6	3	8	8	5	30
in ACP, OCTs	2	4	1	2	1	10
Total	13	20	22	21	17	93

As the above table shows, the number of project-related complaints remained relatively stable since 2010 with a slight decrease in 2013. New cases in the External Mandate regions are located in Albania, Georgia, Serbia, Tunisia and Gaza West Bank. Beyond the scope of the above table, the EIB-CM received 23 new procurement-related complaints in 2013, of which 17 are related to the regions covered by the External Mandate.

The outcome of the complaints handling process varied from "allegations not grounded" to "areas for improvement recommended". During 2013, the EIB-CM closed two cases concerning the Municipal and Regional Infrastructure Loan in Serbia. While one case was closed with recommendations, the other was closed with a mediation process facilitated by the EIB-CM. The EIB-CM also led a mission to Panama of Internal Accountability Mechanisms of the DFIs involved in the Panama Canal Expansion Project to discuss several allegations with the promoter, the Canal of Panama Authority. The EIB also did extensive work in analyzing the allegations concerning the Cairo Metro Line project in Egypt, including a fact-finding and stakeholder consultation mission.

At 31.12.2013, the EIB-CM was handling 23 registered project related complaints, of which 10 in the regions covered by the External Mandate. In addition to the Panama and Cairo cases mentioned above, it is worth mentioning:

- By-pass Project, in Serbia - alleged non-compliance with national law and with EIB social standards;
- Electricity Network Upgrading in Gaza West Bank: alleged potential health and environmental impacts.

Project related complaints escalated to external part (EO) of the EIB Complaints Mechanism in 2013

During 2013, only 2 complaints were escalated to the Ombudsman. One of the cases relates to access to information in Ukraine. This is the first escalation case accepted by the EO from a non-EU complainant.

10. LIST OF 2013 OPERATIONS CO-FINANCED WITH OTHER IFIs AND THE COMMISSION

Mandate/ Facility	Country	Contract Name	Project cost (EURm)	EIB loan signed in 2013 (EURm)	Multilateral Financing Institutions	European Bilateral Institutions	EU budget contribution
ALA Mandate	Costa Rica	LAS PAILAS GEOTHERMAL PROJECT	246,65	51,79	X		
ALA Mandate	Nicaragua	WATER SUPPLY AND SANITATION PROGRAMME	283,00	59,72	X		LAIF
ALA Mandate	Pakistan	KEYAL KHWAR HYDROPOWER PROJECT	222,00	100,00	X		
ALA Mandate	Paraguay	TRANSMISSION LINE YACYRETA (PARAGUAY)	222,97	74,90	X		LAIF
ALA Mandate, Climate Change Mandate	Kazakhstan	EIB LOAN TO DBK FOR SMES AND MIDCAPS	200,00	120,00			IFCA
ALA Mandate, Climate Change Mandate	Kazakhstan	SBERBANK KZ LOAN FOR SMES AND MIDCAPS	100,00	100,00			IFCA
Climate Change Mandate	Bangladesh	BANGLADESH POWER ENERGY EFFICIENCY	165,00	82,00	X		AIF
Climate Change Mandate	Nepal	NEPAL TANAHU HYDROPOWER PROJECT	390,38	53,85	X		
Climate Change Mandate	Russian Federation	VLADIVOSTOK CHP PROJECT	255,80	91,23	X		
Climate Change Mandate	Turkey	AFFORESTATION AND EROSION CONTROL II	353,75	150,00	X		
Climate Change Mandate	Turkey	ISTANBUL ANKARA RAILWAY TRANCHE B B	3.648,17	200,00			IPA
Climate Change Mandate	Ukraine	DNIPROPETROVSK METRO COMPLETION	305,00	152,00	X		EPTATF
ENP EE/SCA/RUS	Armenia	ARMENIA NORTH -	380,62	60,00	X		NIF

. Mandate		SOUTH ROAD CORRIDOR					
ENP EE/SCA/RUS . Mandate	Armenia	YEREVAN METRO REHABILITATION PHASE II	15,00	5,00			NIF
ENP EE/SCA/RUS . Mandate	Georgia	WATER INFRASTRUCTURE MODERNISATION II	80,00	40,00	X		NIF
ENP EE/SCA/RUS . Mandate	Georgia	GEORGIA EAST - WEST HIGHWAY	592,14	30,00	X		NIF
ENP EE/SCA/RUS . Mandate	Moldova, Republic of	CHISINAU WATER	61,80	24,00	X		NIF
ENP EE/SCA/RUS . Mandate	Moldova, Republic of	MOLDOVA ROADS III	300,00	150,00	X		NIF , EPTATF
ENP EE/SCA/RUS . Mandate	Ukraine	AIR NAVIGATION UPGRADE UKRAINE	118,56	41,18	X		
ENP MED. 1/2/2007- 31/12/2013	Egypt	IWSP II (UPPER EGYPT)	303,00	57,00	X	X	NIF and EC Grant
ENP MED. Mandate	Jordan	TAFILA WIND FARM	210,51	52,96	X		
ENP MED. Mandate	Morocco	ONEE - PROJET EOLIEN	704,00	200,00	X	X	NIF
ENP MED. Mandate	Tunisia	CPSCL TUNISIE 2013	190,00	50,00		X	
ENP MED. Mandate	Tunisia	DEPOLLUTION INTEGREE DU LAC DE BIZERTE	80,00	40,00	X		NIF
Pre- Accession Mandate	Bosnia and Herzegovina	BANJA LUKA-DOBOJ MOTORWAY	565,04	160,00	X		
Pre- Accession Mandate	Serbia	ROAD REHABILITATION AND SAFETY	390,00	100,00	X		
Pre- Accession Mandate	Turkey	ISTANBUL EARTHQUAKE RISK MITIGATION II	660,00	200,00	X		
RSA Mandate	South Africa	KA XU CSP PROJECT	569,00	110,00	X		
Energy Sustainability Facility	Regional - Central America	CENTRAL AMERICA CLIMATE CHANGE FL II	400,00	175,00	X		
Energy Sustainability Facility	Regional - Latin America ; Regional - Asia	ALTHELIA CLIMATE FUND	150,00	15,00	X		
Femip - RiskCap.&T	GAZA-WEST	ACAD MICROFINANCE	10,60	0,76			Support to

A	BANK	PALESTINE					FEMIP
Pre-Acc. Facility	Albania, Bosnia and Herzegovina, FYROM, Montenegro, Serbia	EFSE III	865,26	38,25	X	X	EIF
Pre-Acc. Facility ; Energy Sustainability Facility	Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, FYROM, Georgia, Moldova, Republic of, Montenegro, Serbia, Turkey, Ukraine	GREEN FOR GROWTH FUND II	190,00	22,50	X	X	
Pre-Acc. Facility	Turkey	BROADBAND ROLL-OUT EASTERN REGIONS	459,10	100,00	X		
Pre-Acc. Facility	Turkey	DENIZBANK LOAN FOR SMES II	200,00	99,95	X		
Pre-Acc. Facility	Turkey	ENERGY EFFICIENCY COFINANCING FACILITY	300,00	50,00	X		
Pre-Acc. Facility	Turkey	GREATER ANATOLIA SME LOAN II C	400,00	50,00			IPA
Pre-Acc. Facility	Turkey	GREATER ANATOLIA SME LOAN EXTENSION B	400,00	50,00			IPA
Spanish Initiative - RC Med	Regional - North Africa	CAPITAL NORTH AFRICA VENTURE FUND II / B	100,00	10,00	X		
Spanish Initiative - RC Med	Regional - North Africa	FUND FOR THE MEDITERRANEAN REGION II B	120,00	10,00	X		