



Report on results of EIB operations outside the EU



2013

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Message from the President



The EIB has an important role in supporting sound investment projects, both inside and outside the EU. Inside the EU, the EIB had to significantly step up its lending in 2013 to help address the crisis in Europe. This was made possible by the capital increase decided by our shareholders, the EU Member States.

As the EU bank, we have not lost sight of our role in supporting EU external policies and development objectives. We have continued to work around the world to support local private sector development, the formation of critical social and economic infrastructure, climate change mitigation and adaptation and regional integration. In 2013, we maintained lending volumes in non-EU countries, providing EUR 7.6bn in total.

In last year's report, I introduced to you our Results Measurement Framework. When used as a tool for *ex ante* assessment, this framework helps us select sound projects which will achieve significant concrete results that are in line with EU priorities and where our involvement will truly make a difference.

Using this framework, in 2013 the Bank signed credit lines to improve access to finance for some

60 000 SMEs and 150 000 microenterprises outside the EU. This will help to sustain around 870 000 jobs. Fifty-four projects will contribute to the development of strategic infrastructure. These will create capacity to serve around 4 800 000 households with electricity and 656 000 with new or improved access to safe water. We estimate that around 2 150 000 people will benefit from improved municipal transport, while 100 600 will receive new homes. Nearly 200 000 households will be provided with adequate sanitation facilities and 740 000 additional patients will be treated in new health facilities.

The cross-cutting objectives of climate action and regional integration are also not forgotten. The projects we signed last year will increase power generation from renewables and generate energy efficiency savings of about 3 000 GWh every year, and our financing of these projects will contribute to an estimated greenhouse gas emissions reduction of 670 000 t CO₂ eq/year. Twenty-three projects will help build links between countries and with the EU.

The Bank follows projects throughout the whole project cycle. As projects approved under the REM framework mature, we will use the framework to assess how well the expected results have been



achieved. In the meantime, we are using it for *ex post* assessment of projects that have already been completed. Nine detailed *ex post* case studies are presented to show the longer-term outcomes and impacts that have been achieved, and how the EIB has made a difference in each case.

At the same time, we want our partners to be able to focus on delivering results. For instance, we have reached an agreement with some 20 other IFIs which are active in supporting the private sector to harmonise core results indicators, including cross-cutting indicators measuring support for jobs. This collective effort will help to aggregate results across IFIs and, more importantly, reduce the reporting burden for beneficiaries, very much in the spirit of the 2005 Paris Declaration on Aid Effectiveness.

This year also saw the development of a common EU-level results reporting framework in the context of the EU Blending Platform for External Co-operation for all investment projects supported by the different EU regional blending facilities. These are expected to play an increasingly important role in leveraging both public and private investment in all parts of the developing world. I am proud to say that the EIB has taken the lead in this initiative,

working very closely with the European Commission and with other European financial institutions.

At the EIB, we care about results and the final impact of our investments. That is why we introduced the Results Measurement Framework in 2012 and why we are continuously improving it and learning from our experience. Looking forward, we will work with our partners to keep on improving how we measure results. And, of course, we will continue to build on the considerable development achievements described in this report, investing in sound projects that make a real difference to people's lives, both inside and outside the EU.

Werner Hoyer

Executive summary



The EIB finances investment projects in over 130 non-EU countries to support EU external policy objectives. In 2013, we signed contracts for 102 projects outside the EU worth EUR 7.6bn. The Results Measurement Framework (ReM) assesses the impact of these projects.

Implementing EU priorities

Outside the EU, the EIB is guided by objectives set by the EU or the Member States. These are given in the External Lending Mandate (implemented under an EU guarantee in pre-accession countries, Eastern and Southern neighbours and partnership countries in Asia and Latin America, plus South Africa), the Cotonou Agreement (involving funds or guarantees from EU Member States for operations in African, Caribbean and Pacific countries, and Overseas Countries and Territories) and dedicated “facilities” for own-risk lending.

How we measure results – the ReM framework

In 2013, the EIB implemented its Results Measurement (ReM) Framework for the second year. The framework is used for non-EU operations to guide



EIB objectives outside the EU:

Local private sector: Enhancing *access to finance*, particularly for SMEs and micro-enterprises

Development of social and economic infrastructure: Responding to *strategic infrastructure* needs in sectors such as energy, transport, water, urban development and health management

Climate change mitigation and adaptation: *Climate action* on renewable energy, energy efficiency, sustainable transport, sustainable use of natural resources and climate resilience

Regional integration: A cross-cutting objective, improving links amongst partner countries and with the EU

the *ex ante* assessment of expected results and to enhance the Bank's ability to monitor the actual results achieved by tracking results throughout the project cycle. At appraisal, results indicators with baselines and targets are defined and these are monitored at project completion and again three years after project completion. Projects are rated according to three "pillars":

| | |
|----------|---|
| Pillar 1 | Expected contribution to EU and authorities' priorities for the country |
| Pillar 2 | Quality, soundness and expected results of the operation |
| Pillar 3 | The EIB's contribution, beyond the market alternative |

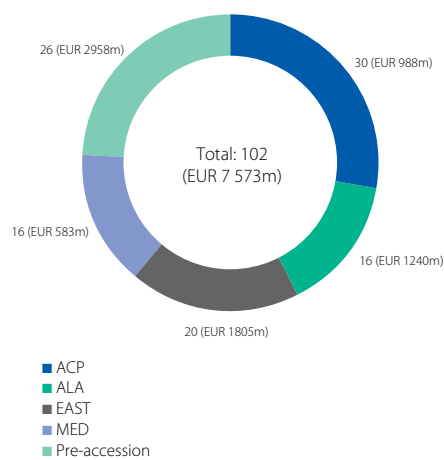
Contributions to mandate objectives of operations signed in 2013

Financial support for projects outside the EU amounted to EUR 7.6bn in 2013, just over 10% of EIB lending. Nearly EUR 3bn was lent in pre-accession countries, with the remainder spread between the

different regions. More than half of the operations signed were in the ACP and pre-accession regions.

Figure 1

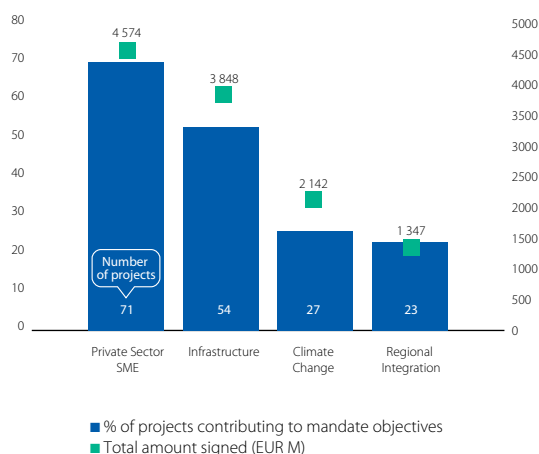
Number of operations by region 2013



Note: some operations are multi-regional, hence the sum of projects by region is greater than 102. Amounts signed are pro-rated by region. Figures in this report exclude EFTA countries (inclusion brings total non-EU lending to EUR 7.7bn).

Figure 2

2013 – Contribution to mandate objectives



Note: contribution to mandate objectives as percentage of overall number (left axis) and volume (right axis) of operations signed in 2013. A single project may contribute to more than one mandate objective.

Taking into account that operations may support more than one objective, EUR 4.6bn will support local private sector development through 71 operations and EUR 3.8bn will support the development of strategic social and economic infrastructure through 54 operations. Of the EUR 7.6bn, 27.6% will contribute to climate action through 27 operations and 17.7% will support regional integration through 23 operations.

Access to finance

Access to finance is one of the key constraints to growth and private sector development in developing and transition countries. EIB funding through intermediaries aims to ease this constraint, consolidate existing jobs and support the creation of new jobs. It also supports the development of local financial sectors to improve access to finance over time.

In 2013, the EIB provided credit lines worth EUR 3.5bn. Thirty-three projects worth EUR 3bn specifically target SMEs, while the remaining EUR 483m targets small social and economic infrastructure projects. These credit lines helped local financial intermediaries make EUR 7.8bn available to SMEs and mid-caps. Signatures totalling EUR 102m for private equity funds are expected to make EUR 1 066m available for investment in the SME, natural resources and agro-industry and energy sectors. Signatures totalling EUR 113m will make EUR 1.4bn

available for on-lending by microfinance institutions. Overall, these financial operations are expected to help sustain over 870 000 jobs provided by final beneficiaries.

Strategic infrastructure

The development of strategic social and economic infrastructure provides a foundation for economic growth, job creation and social development. It is also critical for the transition to a low-carbon future. The EIB supports sound infrastructure projects in a range of vital sectors, including energy, transport, water and sanitation, health, education, urban development, industry and natural resource management.

The energy sector had the highest number of projects in 2013 (18 projects, EUR 1.5bn of EIB funding). These will create sufficient generation capacity to serve an additional 4.8 million households. Transport projects (10 projects, EUR 948m) will improve urban transport for 2.15 million users, while water and sewerage projects (9 projects, EUR 424m) will create the capacity to treat sewage for 1.3 million people and ensure new or improved access to water for 656 000 households. In total, infrastructure projects will directly create around 3 000 permanent jobs and 220 000 person-years of temporary employment during construction, as well as having a wider multiplier effect on growth and jobs.

Table 1

Expected results of financial operations

| | (EUR m) | (#) |
|--|---------|---------|
| Loans to SMEs | 7 783 | 59 365 |
| Loans to microenterprises | 206 | 147 279 |
| Loans to financial institutions via microfinance investment vehicles | 1 165 | 112 |
| Equity investments via private equity funds | 1 066 | 109 |
| Jobs sustained through intermediaries | | 866 917 |



Table 2

Expected results of infrastructure projects

| Energy | |
|---|------------|
| Additional energy production capacity (MW) | 2 600 |
| Additional transmission or distribution lines (km) | 2 806 |
| Additional households connected to electricity networks | 166 000 |
| Households potentially served by additional generation capacity | 4 800 000 |
| Transport | |
| Length of road constructed (km) | 1 575 |
| Length of rail track constructed (km) | 478 |
| Additional trips per year on public transport | 12 500 000 |
| Population benefiting from improved urban transport | 2 150 000 |
| Water and sanitation | |
| Water supply capacity (m3/day) | 808 100 |
| Sewage treatment capacity (person-equivalent) | 1 316 983 |
| Households benefitting from new or improved access to water supply | 656 000 |
| Households benefitting from new or improved access to sanitation facilities | 200 000 |
| Health, education and housing | |
| Additional patients treated in new or renovated care facilities | 740 500 |
| Students in new or renovated schools | 158 000 |
| Population accommodated in new housing units | 100 600 |
| Telecommunications | |
| Homes connected to fixed broadband (xDSL) networks | 1 386 000 |
| Additional mobile subscribers | 3 800 000 |
| Employment | |
| Jobs during operation (# full-time equivalent) | 3 000 |
| Jobs during construction (person-years) | 222 000 |



Climate action

Climate action is a cross-cutting EIB objective. In 2013, 16 energy sector projects played a lead role (EUR 1.3bn of EIB funding) in reducing carbon emissions, when compared to the most likely alternative. Projects in other sectors will also contribute to renewable generation, energy savings, carbon sequestration and climate change adaptation. These include three transport projects (EUR 357m), three projects focused on sustainable natural resources (EUR 190m) and three credit lines for small and medium-sized climate action projects (EUR 146m). Together, these projects are expected to create 1 800 MW of generating capacity based on renewables, avoiding the use of fossil fuels. Total energy efficiency savings are expected to amount to around 3 000 GWh/year.

The EIB Carbon Footprint Exercise (CFE) estimates and reports on Greenhouse Gas (GHG) emissions from projects where, in one standard year of operation:

- absolute emissions (actual emissions from the project) exceed 100 000 t CO₂ eq/year; and/or
- relative emissions (estimated emissions increases or avoidance compared to the expected alternative) exceed 20 000 t CO₂ eq/year.

In 2013, 13 non-EU projects, representing signatures or large allocation approvals totalling EUR 13.8bn, were included in the 2013 CFE. The related total

absolute GHG emissions are estimated at 330 000 t CO₂ eq/year, with the overall related savings estimated at 670 000 t CO₂ eq/year. Further details are given on page 58.

EIB additionality – beyond the market alternative

The Bank supports projects not only based on expected results and how they match our remit. We also look for the difference we can make: the EIB contribution that goes beyond the standard market alternative.

All 2013 operations are expected to bring an advantage to borrowers in terms of how EIB finance is adapted to their needs. The average loan tenor was 14.8 years (18.8 for infrastructure), roughly double what is typically available on local markets. Many projects help borrowers through an innovative financing approach or by eliminating the currency risk through local currency funding. Half of the 2013 projects involved technical support for project preparation and implementation or broader sector capacity, with technical assistance grants provided in 29 cases.

Two thirds of projects are rated as having a significant or high impact in terms of the demonstration effect (“stamp of approval”) of EIB lending, raising environmental and social standards and helping to mobilise further resources. On average, EIB financing had a 2.2 multiplier effect in terms of funding from other external sources.

Table 3

Expected climate action results and carbon footprint estimates

| | |
|---|---------|
| Additional energy production capacity from renewable sources (MW) | 1 800 |
| Estimated energy savings from the energy and water sectors (GWh/year) | 3 000 |
| Newly planted or rehabilitated forest area (hectares) | 210 000 |
| Carbon Footprint Exercise estimates (not limited to Climate Action projects) | |
| Absolute GHG emissions (tonnes CO ₂ -eq/year) | 330 000 |
| Relative GHG emission reduction (tonnes CO ₂ -eq/year) | 670 000 |



Results of completed projects

The ReM Framework is also used to evaluate the actual outputs, outcomes and impacts of completed projects. As the actual results of projects approved since the introduction of the ReM Framework may still take some years to become available, this report includes nine case studies presenting the results of ex post assessments carried out in 2013.

Highlights include a loan to ProCredit Bank Georgia, which has increased loan maturities for SMEs by 20%, and the EIB's long-term support for Access Microfinance Holding, which has helped sustain 277 000 jobs in microenterprises mainly in East Africa. Extending the light railway system in Bursa, Turkey, is shown to have taken 20 million journeys a year off the city's roads, while a project in Maputo, Mozambique has brought safe and affordable drinking water to 84 000 households. The modernisation of a paper mill in Russia has integrated the best available technologies into the production process, while afforestation in Turkey is achieving significant CO₂ sequestration levels. The upgrading of Tunisia's solid waste system enables 700 000 tonnes of solid waste per year to be treated, generating a range of local environmental and economic benefits.





Introduction

As the European Union's long-term financing institution, the EIB supports sound investment projects that further the EU's economic and political cooperation objectives in some 130 non-EU countries around the world. Using the Bank's Results Measurement Framework, this report describes operations signed in 2013, their alignment with strategic objectives, the results we expect to achieve and the difference EIB support will make. It also reports on the outcomes of nine ex post assessments, to illustrate the results that have already been achieved.



In support of EU priorities



The EIB's strategic objectives outside the EU

The EIB undertakes operations outside the EU in support of EU external policies, mainly on the basis of multi-annual mandates entrusted to it by the EU or the Member States and implemented either from the Bank's own resources, with the coverage of a guarantee by the EU budget (External Lending Mandate) or the EU Member States (Cotonou Agreement), or with third party resources such as the ACP Investment Facility funded out of the European Development Fund.¹ These are increasingly complemented by dedicated lending facilities, at the Bank's own risk.

The Bank's strategic objectives for *all* operations outside the EU can be grouped into three high-level objectives and one cross-cutting objective.

The Results Measurement Framework

Whether inside or outside the EU, the EIB's mission is to support projects that make a significant positive impact on people's lives. The EIB applies the highest standards in its project appraisal to ensure that the investments it supports are economically and technically sound and comply with demanding environmental and social criteria. Moreover, the Bank approaches projects through a "results lens". Outside the EU, this is achieved through the Bank's Results Measurement (ReM) Framework.

Figure 3

EIB objectives outside the EU: External Lending Mandate and Cotonou Mandate

EIB objectives outside the EU:

- **Local private sector development:** Enhancing *access to finance*, particularly for SMEs and microenterprises
- **Development of social and economic infrastructure:** Responding to *strategic infrastructure* needs in sectors such as energy, transport, water, urban development and health management
- **Climate change mitigation and adaptation:** *Climate action* on renewable energy, energy efficiency, sustainable transport, sustainable natural resource use and climate resilience
- **Regional integration:** A cross-cutting objective, improving links amongst partner countries and with the EU

The ReM framework provides an assessment of the results of a project throughout its lifecycle. At the outset, clear, sector-specific, standardised and

¹ The External Mandate covers 68 countries and/or territories in four regions: (i) Pre-accession; (ii) EU Southern and Eastern Neighbourhood and Russia; (iii) Asia and Latin America (including Central Asia); (iv) the Republic of South Africa.

The Cotonou Partnership Agreement covers operations in the 74 ACP States. The over-arching objective of the Cotonou Agreement is to reduce and eventually eradicate poverty, in line with the objectives of sustainable development and the gradual integration of the ACP countries into the global economy.

measurable indicators are identified. Baselines and targets are set to capture expected economic, social and environmental outcomes of the operation. Performance against these benchmarks is monitored throughout a project's life and reported at two major milestones. For direct investments, results are reported at project completion and again three years after completion. For intermediated operations, results are reported at the end of the allocation period (credit lines) or at the end of the investment period (funds). Equity fund results are reported again at the end of the life of the fund.

Projects are rated according to three “pillars”:

| | |
|----------|---|
| Pillar 1 | checks eligibility under EIB mandates and rates the contribution to the EU and authorities' priorities for the country. |
| Pillar 2 | rates the quality and soundness of the operation, based on the expected results. |
| Pillar 3 | rates expected EIB financial and non-financial additionality. |

The three pillars of the REM framework are based on a logical framework approach (see Figure 4), which shows how EIB inputs (e.g. loans) generate outputs (e.g. an electricity transmission line) that enable outcomes (e.g. households and businesses supplied with electricity) and that, over time, lead to impacts (job creation, private sector develop-

ment) in line with the EU's priorities, national goals and the Bank's mandate. Therefore, Pillar 1 looks at how expected impacts contribute to the EIB's high level objectives and EU and national priorities, Pillar 2 quantifies expected and actual results (outputs and outcomes) and Pillar 3 measures inputs into the project that cannot be provided by a market alternative.

ReM indicators have been harmonised – in as far as 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 harmonisation of results indicators.

Results in 2013

There are two main parts to this report. **Operations in 2013** surveys projects that were signed in 2013. It draws on the ReM framework results to describe how projects will contribute to the Bank's mandate (Pillar 1), the outputs and outcomes that are expected to be achieved in relation to key objectives and different sectors (Pillar 2), and the contribution that the EIB will make over and above the standard market alternative (Pillar 3). An overview of project ratings is given in Annex 1.



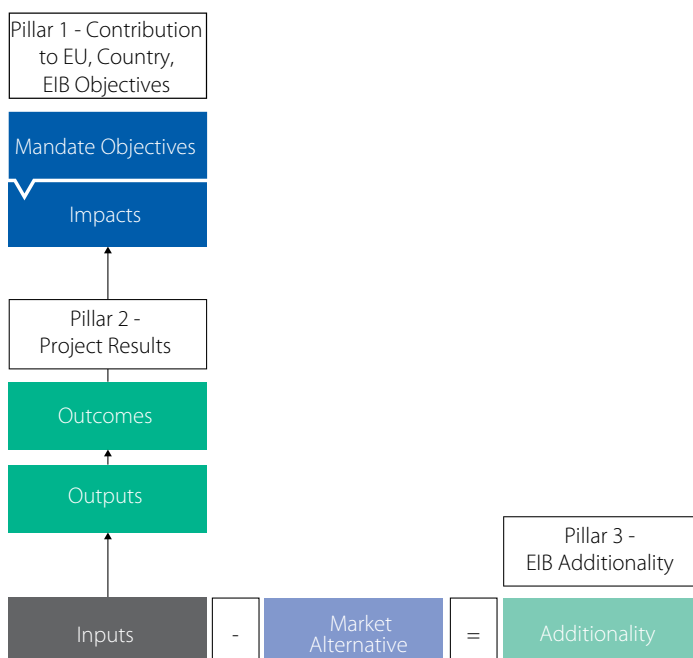


Results of completed operations reports on the findings of in-depth *ex post* monitoring carried out on a sample of nine projects in 2013. The ReM framework was introduced in 2012 and it will take several years before results can be reported for op-

erations approved under this framework. This year's report therefore presents nine detailed case studies that review the outputs, outcomes and impacts that have been achieved, and the contribution the Bank has made.

Figure 4

ReM Framework







Operations signed in 2013 Contribution to mandate objectives

In 2013, the EIB signed contracts for 102 projects outside the EU, totalling EUR 7.6bn². The total cost of the projects which the Bank co-financed was EUR 27.6bn. They are spread across all the regions where EIB is mandated to work, with ACP and pre-accession countries accounting for the majority. Projects are split between promoting the development of strategic social and economic infrastructure and promoting local private sector development by enhancing access to finance, particularly for SMEs and microenterprises. At the same time, a large number of the projects in all regions contribute to climate change mitigation and adaptation and to regional integration.

² Figures in this report exclude EFTA countries (inclusion brings total non-EU lending to EUR 7.7bn).

Profile of EIB operations outside the EU in 2013



In 2013, the EIB signed contracts for 102 projects outside the EU, totalling EUR 7.6bn³. This includes signatures under all envelopes, namely mandates guaranteed by the Member States, EIB own-risk facilities and third party resources.

Operations signed in 2013 were spread principally between the infrastructure and financial sectors (43% and 53% of projects respectively)⁴. Infrastructure projects were very diverse, covering 15 sub-sectors. The most significant of these were electricity generation (13 of 18 energy projects), water collection (8 of 9 water projects), and roads and motorways (5 of 10 transport projects). Financial sector projects typically took the form of credit lines for SMEs and midcaps (33 operations, accounting for nearly 40% of total signatures) as well as 12 microfinance operations, eight private equity funds (of which 5 for SMEs) and four credit lines for on-lending to small and medium-sized social and economic infrastructure projects.

³ EUR 7.7bn including EFTA countries.

⁴ 4% were in natural resources and agro-industry.



Figure 5
Operations by sector

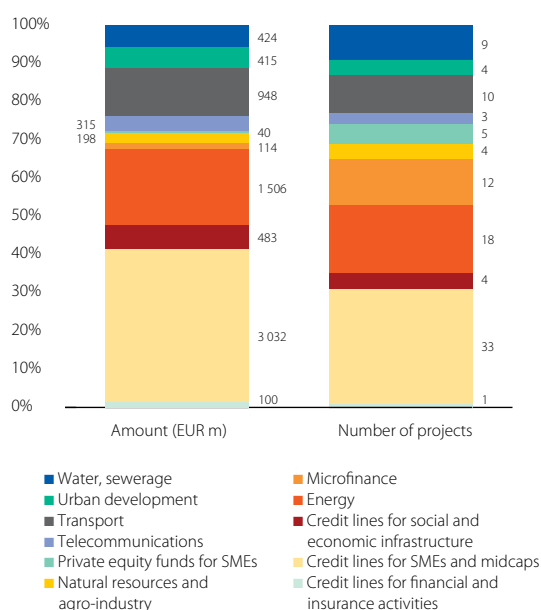
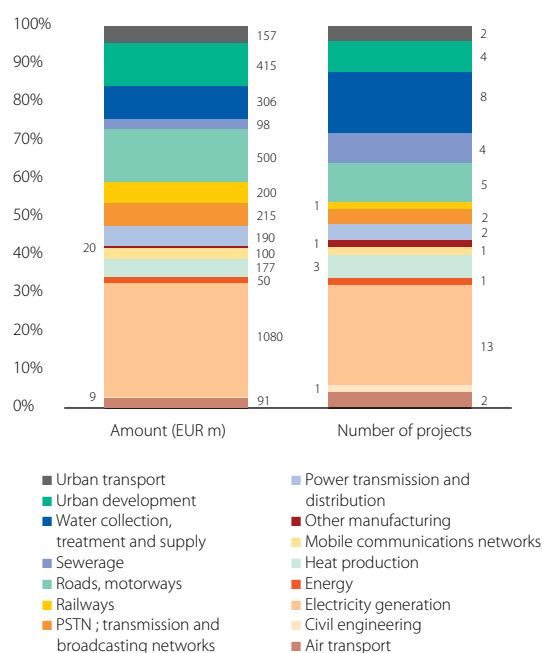


Figure 6
Operations by sub-sector

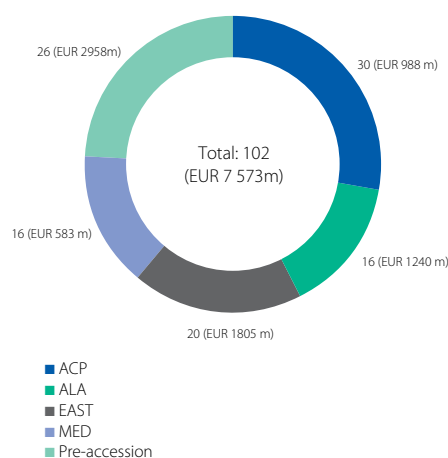


Note: Some operations are multi-sector/sub-sector or multi-regional/multi-national. As a result, the sum of the number of projects by sector, sub-sector, region or country may not be equal to the total number of projects

The most significant volumes were allocated to the regions bordering the EU, with 39% of lending for projects in pre-accession countries and another 24% in the Eastern Neighbourhood and Russia (EAST). However, the ACP region accounted for the highest share in terms of number of projects (28%) closely followed by the pre-accession region (24%). The Eastern neighbours made up 18% of projects, while ALA and the MED accounted for 15% each.

As in previous years, there were significant sectorial differences between regions, largely reflecting the specificities of the Bank's mandate and availability of instruments in each region. For instance, contributions to microfinance and private equity funds were mostly made in the ACP (EUR 63m), MED (EUR 53m) and pre-accession (EUR 38m) regions where the EIB is able to provide finance with a relatively high risk tolerance. Operations in the EAST and pre-accession regions were mainly focused on credit lines for SMEs and midcaps (8 and 12 projects respectively) and on a number of transport and energy projects. As in previous years, energy sector pro-

Figure 7
Number of operations by region 2013



Note: some operations are multi-regional, hence the total number of projects is greater than 102. Figures in this report exclude EFTA countries (inclusion brings total non-EU lending to EUR 7.7bn).

jects dominated operations in the ALA region (11 projects, EUR 876m) reflecting the EIB's mandate to support energy efficiency and other climate change mitigation in this region. ALA accounted for 58% of lending to the energy sector this year. Lending in ACP countries was spread among many sectors, but relatively concentrated in the financial sector (18 out of 30 projects).

This year saw an increased concentration in lending to pre-accession and Eastern Neighbourhood countries. As in past years, Turkey received the largest signed lending volume (EUR 2.3bn, 30% of the total). Russia saw a considerable increase in lending

with EUR 1bn signed (14%). This reflects changes brought about by the extension of the External Lending Mandate objectives to allow the EIB to provide loans for SMEs and midcaps in all non-EU regions, including EAST.

Lending was also particularly high in Ukraine (EUR 419m) and Serbia (EUR 318m). However, as a share of GDP, EIB financing in Turkey and Russia represented only 0.4% and 0.1% of GDP, whereas the impact was much greater in small economies such as Moldova (3.3% GDP), Bosnia Herzegovina (1.5% of GDP) and the Former Yugoslav Republic of Macedonia (FYROM, 1.3% of GDP).

Figure 8
Operations by country (EUR m and % GDP)

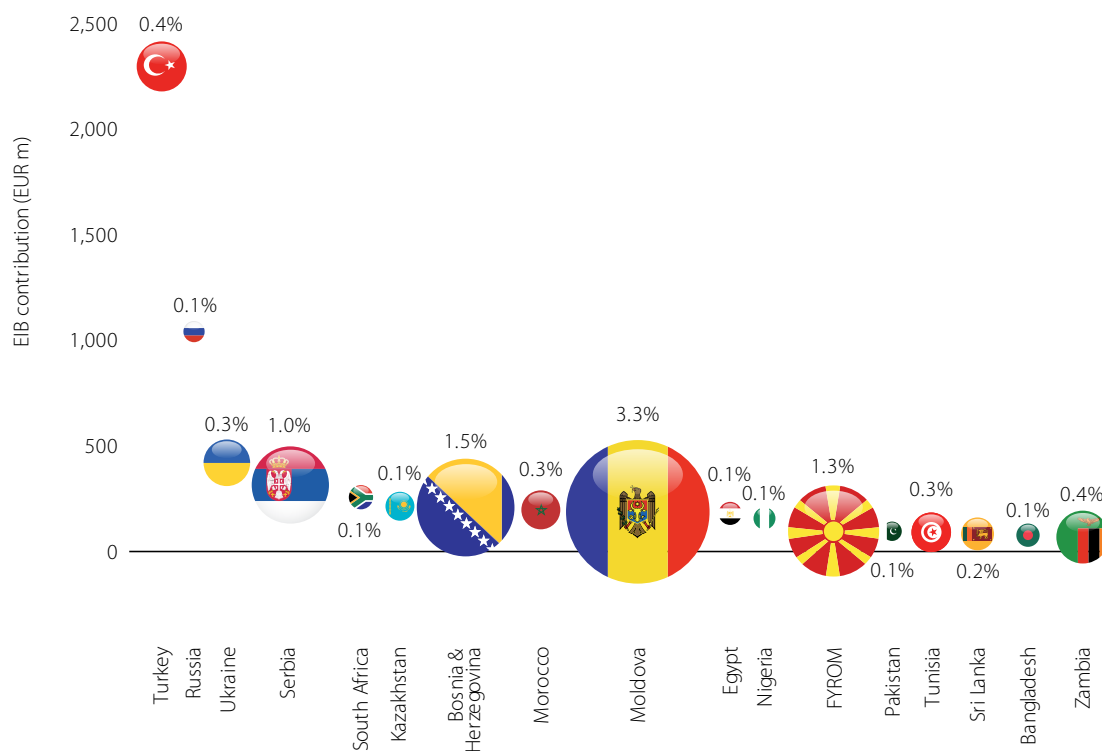




Figure 9a

**Sector allocation by region
(value of operations in EUR m)**

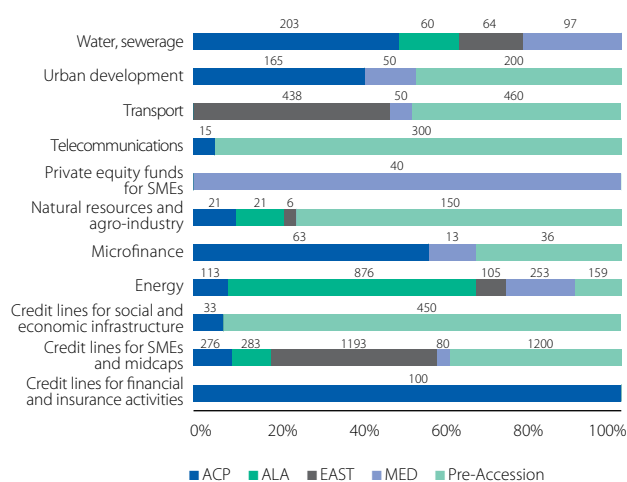
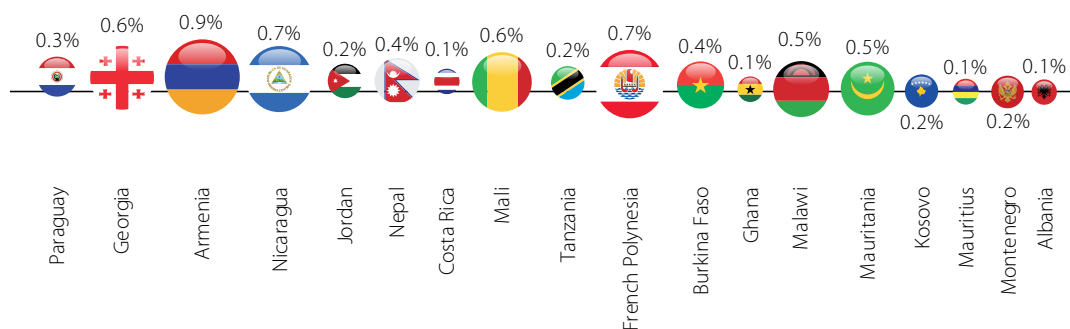
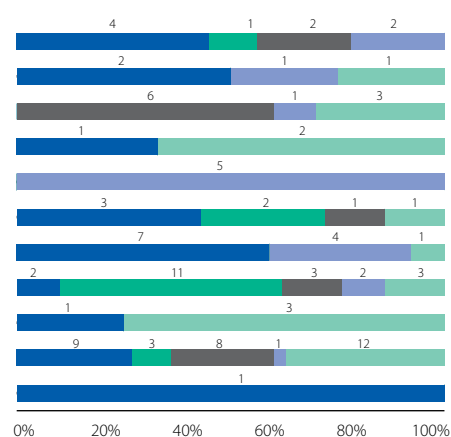


Figure 9b

**Sector allocation by region
(number of operations)**



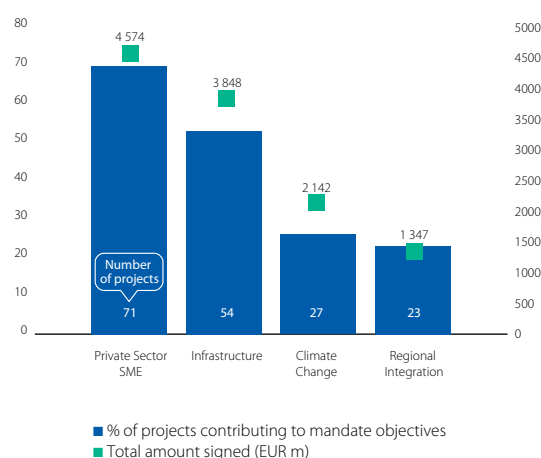
Contribution to EIB's objectives



More than two-thirds of projects signed in 2013 will contribute to private sector development and more than half will contribute to infrastructure development. Taking into account that operations may support more than one objective, EIB finance of EUR 4.6bn will support local private sector development through 71 operations and EUR 3.8bn will support the development of strategic social and economic infrastructure through 54 operations. Of the total EUR 7.6bn, 27.6% will contribute to climate action through 27 operations, while 17.7% will support regional integration through 23 operations.

The EIB uses a variety of instruments to enhance access to finance and to promote local private sector development. The most common are the credit lines to financial intermediaries (mainly banks) for on-lending to small and medium-sized enterprises. Credit lines are also used to finance small and medium-sized social and economic infrastructure projects. Of the 71 projects that contribute to local private sector development, 54 are loans to intermediaries providing credit

Figure 10
Contribution to mandate objectives



Note: contribution to mandate objectives as percentage of overall number (left axis) and volume (right axis) of operations signed in 2013. A single project may contribute to more than one mandate objective.

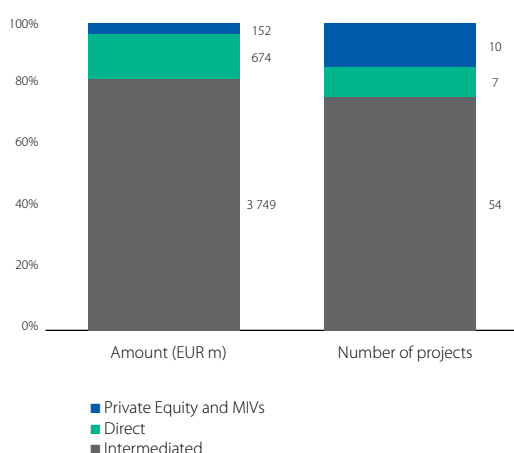


lines worth EUR 3.7bn for on-lending to SMEs. Another 10 operations are providing EUR 152m in support of SMEs and local private sectors through private equity funds and microfinance institutions. There are seven direct operations, mainly loans to private companies.

Operations support the development of strategic social and economic infrastructure in a wide range of sectors. Out of 54 infrastructure projects (EUR 3.8bn), 18 were signed in the energy sector, 10 in the transport sector and nine concerned the water sector.

About 57% of the projects contributing to the climate action mandate this year were in the energy sector (EUR 1.3bn), including renewable energy projects such as Tanahu Hydropower in Nepal. Other climate action projects were signed in the transport sector (EUR 357m), for instance the extension of the Dnipropetrovsk Metro, which will reduce car traffic and CO₂ emissions, and in the natural resources and agro-industry sector (EUR 190m). An additional EUR 146m will be provided through financial intermediaries for on-lending to small and medium-sized energy efficiency projects.

Figure 11
Contribution to local private sector
development mandate by type of operation



Note: intermediated operations include credit lines for SMEs and energy efficiency projects, credit lines and equity in microfinance institutions and intermediated framework loans for energy, transport and urban development. Total volumes contributing to the private sector development mandate may not equal the total signed amount because contributions to mandate objectives are pro-rated.

Figure 12
Contribution to economic and social
infrastructure mandate by sector

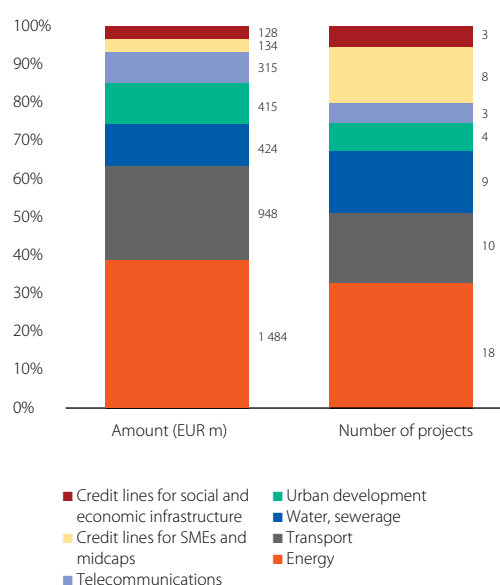
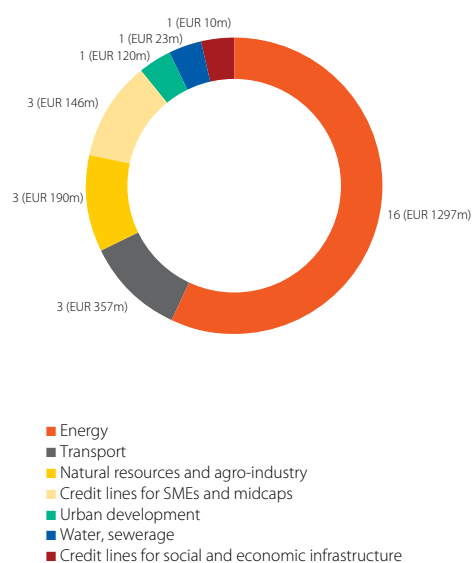


Figure 13
Contribution to climate action
mandate by sector



Of the 23 projects contributing to regional integration, six are in the transport sector and consist mainly of cross-border roads such as the Armenia North-South Road Corridor connecting Georgia, Armenia and Iran, and regional air navigation networks (e.g. an air traffic control upgrade in Egypt). Another three are private equity funds investing in companies with the potential to become regional players fostering south-south regional integration. Four projects contribute through the energy sector, e.g. support for the Central American electrical interconnection system.

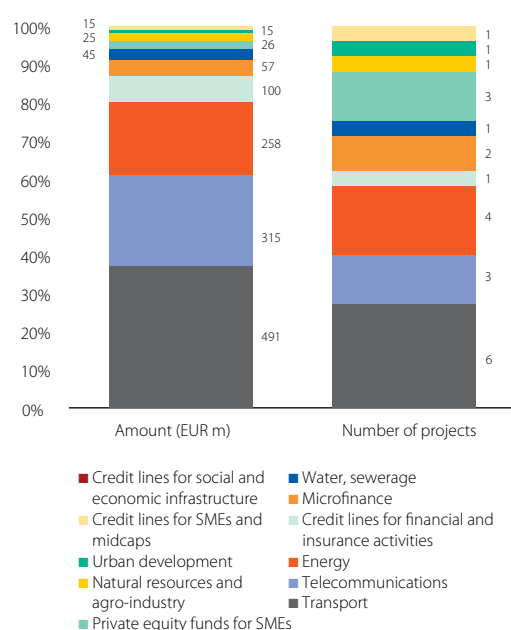
The mandate objectives in all regions have been met by the projects signed this year. The projects signed in 2013 contribute to all mandate objectives in all regions. The EAST and pre-accession regions accounted for the largest share of lending for local private sector development (26% and 43% respectively). Operations in the ALA region contribute significantly toward the climate action mandate (39%). There are projects in all regions contributing to infrastructure development and regional integration.





Figure 14

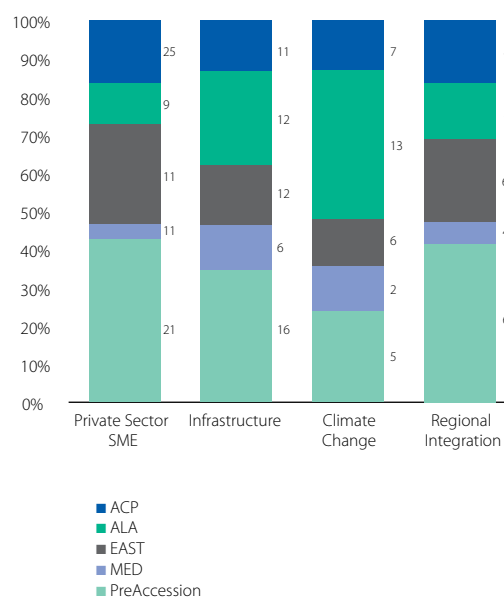
Contribution to regional integration mandate by sector



Note: projects may contribute to more than one sector. Amounts are pro-rated by sector.

Figure 15

2013 signatures by mandate objective and region



Note: a single project may contribute to more than one mandate objective.







Operations signed in 2013 Expected results

Access to finance: a dynamic private sector, in which entrepreneurs are able to obtain finance to implement sound business investments, is vital for job creation and inclusive growth. EIB credit lines worth EUR 8bn are expected to help sustain around 848 000 jobs by enabling financial intermediaries to make loans to 59 000 SMEs and midcaps and 147 000 micro-entrepreneurs. Through its equity participations in SME-targeting private equity funds, microfinance investment vehicles and microfinance institutions, the Bank expects to support further investments worth EUR 2.2bn in 109 enterprises and 112 MFIs, creating or sustaining more than 19 000 jobs.

Strategic Infrastructure: the development of strategic social and economic infrastructure provides a foundation for economic growth, job creation and social development. EIB lending for infrastructure in 2013 included EUR 1.5bn for energy projects that will create electricity generation capacity to serve 4.8 million households, EUR 948m for transport projects that will improve urban transport for 2.15 million users, and EUR 424m for water and sewerage projects that will bring new or improved access to water for 656 000 households.

Climate action is a cross-cutting objective addressed through EIB projects in different sectors that will ultimately reduce greenhouse gas emissions, or that improve resilience to the impacts of climate change. Projects signed in 2013 are expected to create generation capacity from renewables of 1 800 MW and to achieve energy efficiency savings of 3 000 GWh/year. This section also presents the estimated carbon footprint of EIB operations outside the EU in 2013.

Access to finance

Credit lines supporting SMEs



| | |
|----------------------|---|
| # operations | 37 |
| EIB finance | EUR 3.5bn |
| Total loans to SMEs | EUR 7.8bn |
| Key expected results | 59 000 loans to SMEs Average loan size: EUR 120 000 681 000 jobs sustained through intermediaries |

Operations signed in 2013 are expected to have a significant impact in terms of increasing access to finance. The EIB signed 33 operations providing credit lines worth EUR 3bn to banks for on-lending to SMEs and midcaps outside the EU. These are expected to generate a further EUR 4bn from client banks, enabling 58 000 loans to be provided to SMEs for a total amount of EUR 7bn. The Bank also signed four projects worth EUR 483m providing credit lines for on-lending to small and medium-sized projects developing social and economic infrastructure.

About 47% of the expected on-lending for SMEs will be extended in the pre-accession region, which traditionally accounts for the largest share of SME

lending. Another 34% will take place in EAST countries, in Russia in particular. This reflects changes brought about by the extension of the External Lending Mandate objectives to allow the EIB to provide loans for SMEs and midcaps in all non-EU regions, including EAST. In the ACP region, credit lines worth EUR 276m should enable EUR 552m to be lent to over 9000 SMEs. In the ALA region, it is expected that 2013 signatures will result in 5 400 loans worth EUR 526m. The single MED region operation will enable EUR 160m to be advanced to 95 medium-sized companies.

The expected outcomes in terms of the number of loans reflect, among other factors, the quality of the intermediaries and the availability of risk-bearing resources, while the average size of loans is related to the



Table 4

Increasing access to finance for SMEs: expected results by region

| Project type | Number of projects | EIB loan amount (EUR m) | Total loans to SMEs (EUR m) | Total loans to SMEs (#) | Average loan size (EUR) | Average tenor of loans weighted by loan size (years) |
|--|--------------------|-------------------------|-----------------------------|-------------------------|-------------------------|--|
| Credit lines for SMEs and midcaps | | | | | | |
| ACP | 9 | 276 | 552 | 9 139 | 60 400 | 4.9 |
| ALA | 3 | 283 | 526 | 5 355 | 98 226 | 7.4 |
| EAST | 8 | 1 193 | 2 370 | 19 947 | 118 815 | 8.5 |
| MED | 1 | 80 | 160 | 95 | 1 684 211 | 4.0 |
| Pre-accession | 12 | 1 200 | 3 410 | 23 698 | 143 892 | 4.4 |
| Total | 33 | 3 032 | 7 018 | 58 234 | 120 513 | 5.9 |
| Credit lines for social and economic infrastructure | | | | | | |
| ACP | 1 | 33 | 65 | 950 | 68 421 | 4.5 |
| Pre-accession | 3 | 450 | 700 | 181 | 3 867 403 | 4.5 |
| Total | 4 | 483 | 765 | 1 131 | 676 393 | 4.5 |

Note: total project cost may exceed the total value of loans to SMEs because some operations include more than a credit line (e.g. equity investment) or because no RM sheet exists as the operations were approved before the introduction of the ReM framework.

size of the target economies. Thus, loans to SMEs are expected to be of smaller size in ACP countries than, for instance, in the ALA, EAST and pre-accession regions.

EIB credit lines are expected to have a significant impact on the **access of SMEs to longer-term funding**, which is critical for meeting long-term investment needs. Moreover, by extending the funding maturities of financial intermediaries, operations will help to close pre-existing maturity gaps in those institutions' balance sheets. The average maturity of credit lines signed in 2013 was 5.9 years, which is considerably longer than the tenors available to local SMEs as partner banks largely price SME loans from short-term client deposits.

Some of the EIB's credit lines will also help to increase **access to finance in underserved markets**. For example, a EUR 100m loan to MBDP bank in FYROM will be used to provide much needed financing to SMEs in rural areas and particularly in the agricultural sector. Similarly, a EUR 100m capital

injection in two second-tier Nigerian banks will enable them to expand lending and reach the severely underserved Northern provinces, thereby also reducing concentration and increasing competition in the Nigerian banking sector.

EIB credit lines contribute to **financial sector development**, particularly in economies with low banking penetration. Credit lines will be extended to **shallow markets** in Africa (Malawi, Ghana, Kenya, Rwanda, Nigeria, Tanzania), Asia (Sri Lanka, Kazakhstan), Eastern neighbours (FYROM, Ukraine, Moldova) and French Polynesia where credit to the private sector does not exceed 40% of GDP. In some countries, such as Malawi and Ghana where credit to the private sector accounts for no more than 16% of GDP, the impact is expected to be particularly significant.

Partnerships with second-tier banks, which typically have a lower ability to mobilise cheap financing through deposits compared to first-tier banks, contribute to the emergence of new market players that

Table 5

Developing financial sectors and increasing access for the underserved: expected results

| OUTCOMES | Number of projects |
|--|--------------------|
| Increasing access to finance for underserved markets | 3 |
| Increasing access to finance for first time borrowers | 10 |
| Supporting financial sector development through a second-tier bank | 8 |
| Supporting financial sector development through local currency lending | 7 |
| Supporting financial sector development through introduction of new products | 3 |
| Supporting financial sector development by operating in a shallow market | 8 |

expand access to finance for SMEs and households. By **promoting competition**, this will also contribute to financial sector development. In 2013, the EIB lent to 16 second-tier banks in eight countries, including banks such as TSKB and TKB in Turkey, which account for 1.6% and 1% respectively of the Turkish corporate lending market. In Africa, the Bank lent to a number of second-tier banks such as Prime Bank and Family Bank in Kenya and Banque Commerciale du Rwanda in Rwanda.

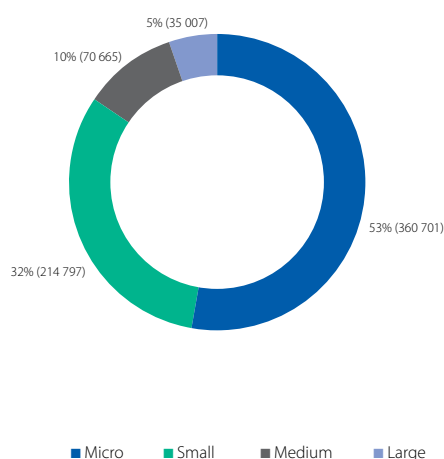
The EIB supports the development of financial sectors also by supporting the **introduction of new prod-**

ucts such as mobile banking, as in the case of loans to NBE bank in Egypt and Société Générale in Ghana. The EIB also uses innovative ways of **reducing exposure to currency risk** for intermediaries and final beneficiaries. In Turkey, where local currency loans were signed with three local banks, this has been achieved through local market swap instruments.

The EIB's SME portfolio includes a wide range of businesses from microenterprises to large corporates. According to the EU definition, microenterprises have fewer than 10 employees while small enterprises have 10 to 50 employees. About 83% of

Figure 16

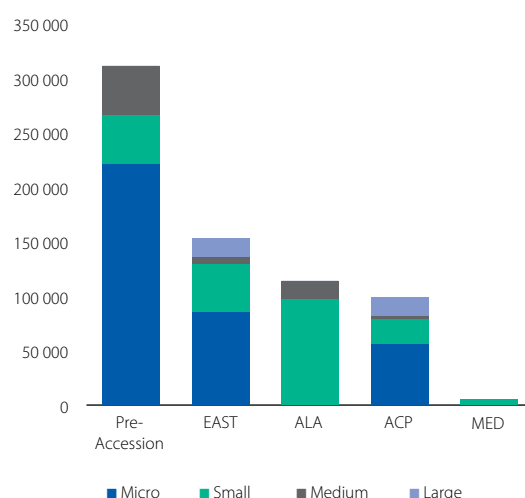
Jobs by enterprise size



Note: total jobs sustained through SME credit lines (33 projects) and credit lines for social and economic infrastructure (4 projects).

Figure 17

Jobs by region and enterprise size



Note: total jobs sustained through SME credit lines (33 projects) and credit lines for social and economic infrastructure (4 projects).



Table 6
Size of enterprise classification

| Size of enterprise - EU definition | |
|------------------------------------|-----------------------------------|
| Micro | average # of employees ≤ 10 |
| Small | 10 < average # of employees ≤ 50 |
| Medium | 50 < average # of employees ≤ 250 |
| Large | 250 < average # of employees |

Table 7
Credit lines for SMEs: expected results by enterprise size

| Enterprise size | Number of projects | Total loans to final beneficiaries (#) | Total loans to final beneficiaries (EUR m) | Average loan size (EUR) | Jobs sustained through intermediaries (#) | Average tenor of loans weighted by loan size (years) |
|-----------------------------------|--------------------|--|--|-------------------------|---|--|
| Credit lines for SMEs and midcaps | | | | | | |
| Micro | 16 | 49 392 | 2 957 | 59 868 | 359 601 | 5.7 |
| Small | 17 | 8 320 | 2 449 | 294 365 | 199 797 | 5.7 |
| Medium | 14 | 487 | 1 191 | 2 444 764 | 60 980 | 6.2 |
| Large | 4 | 35 | 421 | 12 032 857 | 35 007 | 4.6 |
| Total | 51 | 58 234 | 7 018 | 120 513 | 655 385 | 5.9 |

| | | | | | | |
|---|----------|--------------|------------|----------------|---------------|------------|
| Credit lines for social and economic infrastructure | | | | | | |
| Micro | 1 | 116 | 300 | 2 586 207 | 1 100 | 4.0 |
| Small | 1 | 950 | 65 | 68 421 | 15 000 | 4.5 |
| Medium | 1 | 65 | 400 | 6 153 846 | 9 685 | 5.0 |
| Total | 3 | 1 131 | 765 | 676 393 | 25 785 | 4.5 |

Note: some operations finance both SMEs and midcaps, so the total number of credit lines exceeds 33. One credit line for social and economic infrastructure did not contain jobs data and is therefore excluded.

loans (38% of lending) is expected to go to microenterprises and 14% of loans (31% of lending) to small enterprises. The average expected loan size increases in line with firm size, ranging from an average of EUR 60 000 for microenterprises to over EUR 12m for midcaps.

The EIB also signed four credit lines for on-lending to small and medium-sized projects aimed at social and economic infrastructure development. A EUR 32m

credit line to SOCREDO will mobilise an additional EUR 32m from the bank for financing around 950 small private and public sector projects in French Polynesia, averaging EUR 70 000, in areas that are perceived as more risky and/or less profitable. These include environmental or climate action projects, agro-processing, tourism, electricity, water, sanitation, education and health. Similarly, a EUR 200m loan to Vakifbank will be used to provide EUR 400m of financing for small (under EUR 25m) municipal

investments in sectors such as health, education, transport and information technology in Turkey.

Credit lines will support roughly 680 000 existing jobs in SMEs. These will mainly be in micro (53%) and small enterprises (32%). About 10% will be in medium and 5% in large enterprises.

The highest share of jobs sustained by credit lines signed in 2013 will be in pre-accession countries (46%). Around 22% will be in enterprises in the Eastern

neighbours, 17% in ALA and 15% in the ACP region. In pre-accession, Eastern Neighbourhood and ACP countries, the vast majority of jobs (73%, 55% and 66% respectively) will be in microenterprises with fewer than 10 employees. A smaller share will be in small enterprises with up to 50 employees (29% in the East, 15% in pre-accession and 9% in ACP). About 35 000 jobs will also be sustained in medium-sized enterprises with up to 250 employees in pre-accession countries. In the ALA region, jobs sustained will be exclusively in small and medium-sized enterprises.

SUPPORTING AGRICULTURAL DIVERSIFICATION IN MALAWI

BOX 1

With a GDP per capita of USD 223, Malawi is one of the poorest countries in the world. For micro, small and medium-sized enterprises, access to finance is a major constraint to growth: almost 60% of businesses are financially excluded; 10% rely on informal credit arrangements and only around 31% have access to formal financial services. Interest rates are as high as 45% for SMEs and 90% for microenterprises because of high inflation, the perceived risks of SME lending and the lack of conventional forms of collateral and of credit history information.

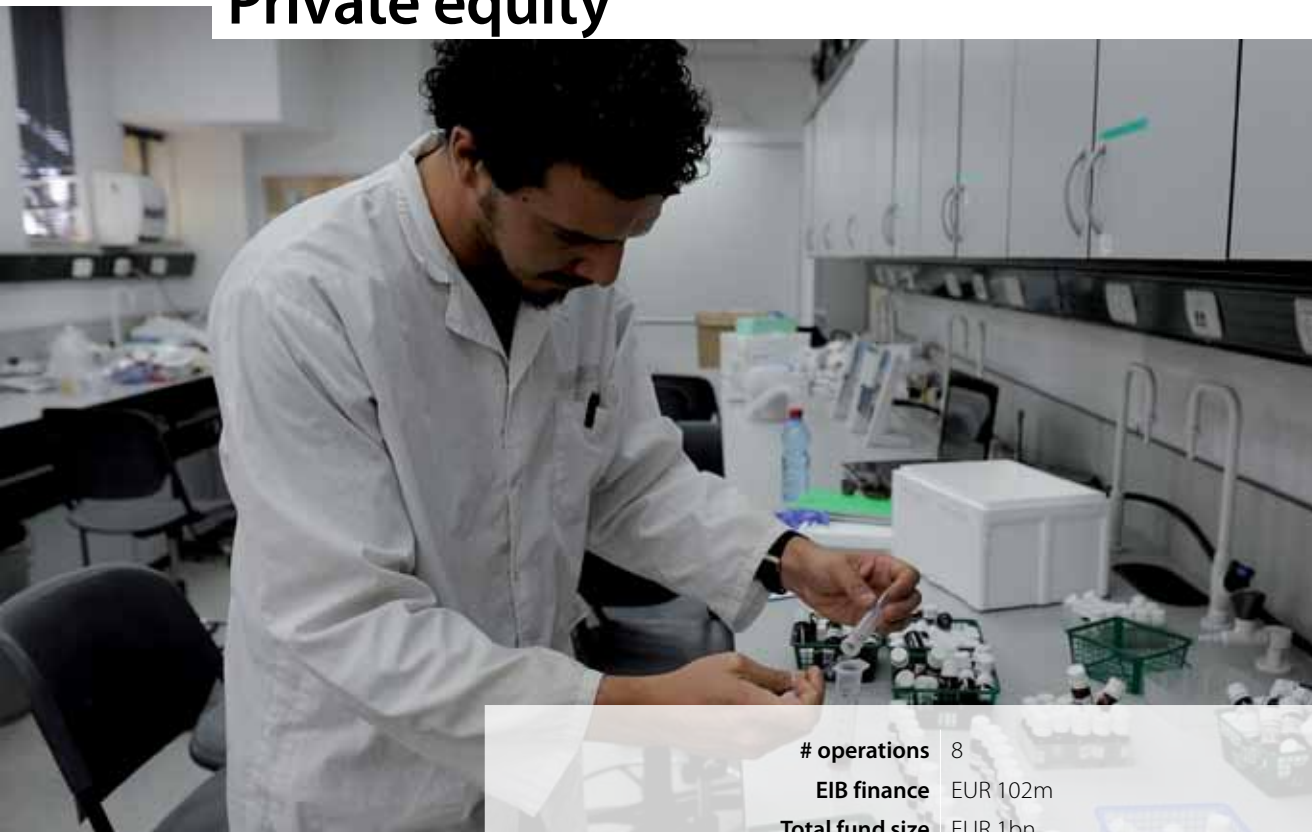
The Malawi Credit Line is a EUR 15m facility to be matched by local bank funding. It is expected to provide long-term finance to about 1 400 SMEs and 20 midcaps operating in the export sector, extending the average loan maturity of the local bank's lending portfolio from 1 to 3.5 years and providing a hedge against foreign exchange risk for exporting businesses. With a focus on labour-intensive agri-business, among other sectors, it aims to sustain 14 800 jobs and develop the value chain in the agricultural sector, which forms the basis of the Malawian economy. Against the backdrop of Malawi's foreign exchange crisis, the credit line also has an important macroeconomic dimension: by promoting export-led growth, it will support Malawi's efforts to stabilise the exchange rate and improve the economic outlook under the country's Growth and Development Plan and National Export Strategy.





Access to finance

Private equity



| | |
|-----------------|----------|
| # operations | 8 |
| EIB finance | EUR 102m |
| Total fund size | EUR 1bn |

Key expected results 109 investee companies
Average investment: EUR 5.5m
18 760 jobs sustained in investee companies

During 2013, the EIB signed contracts for participations worth EUR 102m in eight private equity funds targeting the SME, natural resources and energy sectors. The funds are expected to reach 109 investee companies in ACP, ALA, MED, EAST and pre-accession countries with an average investment size of EUR 5.5m. They will support around 18 760 new and existing jobs, mainly in small and medium-sized companies. The funds are expected to be profitable with an average return (IRR) of 16.8%.

As figure 18 shows, the expected impact of the investments is significant in terms of leverage and the catalytic effect of private sector equity mobilisation.

Figure 18

Private equity funds: EIB's contribution vs that of other financiers (EUR m)

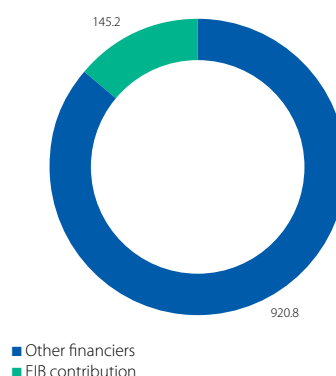


Table 8

Private equity funds: expected results

| Equity Funds | Sector | Region | EIB commit- ment (EUR m) | Signed amount (EUR m) | Fund size (EUR m) | Leverage (X) | Gross IRR (%) | Number of investee companies (No.) | Average investment (EUR m) | Jobs in investees (FTE) |
|--|----------------------|-------------------|-----------------------------------|-----------------------------|----------------------|-----------------|------------------|---|----------------------------------|-------------------------------|
| Althelia Climate Fund | Natural resources | ACP, ALA | 25.0 | 25.0 | 150 | 6.0 | 10.0 | 20 | 0.4 | 3 600 |
| Dasos Timberland Fund II | Natural resources | ACP, ALA, EAST | 14.7 | 14.7 | 300 | 20.4 | 12.0 | 4 | 37.5 | 123 |
| Green For Growth Fund II | Energy | EAST, Pre-acc | 22.5 | 22.5 | 190 | 8.4 | 3.5 | 24 | 10.0 | 4 800 |
| Capital North Africa Venture Fund II | SMEs | MED | 20.0 | 10.0 | 100 | 5.0 | 20.0 | 10 | 8.0 | 2 900 |
| Badia Impact Fund | SMEs | MED | 8.0 | 4.0 | 20 | 2.5 | | 21 | 0.5 | 638 |
| Fund for the Mediterranean Region II | SMEs | MED | 20.0 | 10.0 | 120 | 6.0 | | 10 | 10.0 | 2 000 |
| Euromena III Fund | SMEs | MED | 20.0 | 10.0 | 115 | 5.8 | 30.0 | 7 | 1.6 | 1 500 |
| Capmezzanine Fund II | SMEs | MED | 15.0 | 6.0 | 71 | 4.7 | 25.0 | 13 | 0.4 | 3 200 |
| Total | | | 145.2 | 102.2 | 1 066 | 7.3 | 16.8 | 109 | 5.5 | 18 761 |

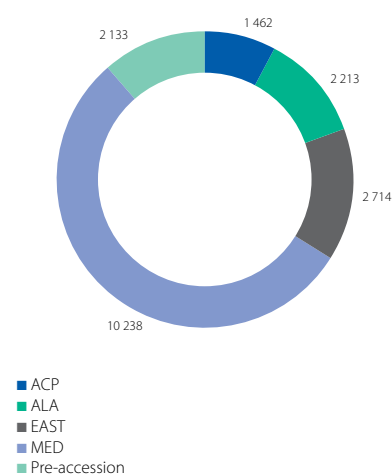
As can be seen from Figure 19, more than half of the 18 760 jobs expected to be sustained through private equity investments will be in the MED region.

Five of the funds will target the development of SMEs in the Mediterranean region. They are expected to invest in around 60 companies which together will employ roughly 10 200 people. The average investment size per fund 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 their growth and competitiveness by providing strategic and managerial advice, transferring know-how and raising 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. The EIB-approved investment of EUR 83m in these funds is expected to be leveraged about 5.1 times.

The other three funds target projects that help to mitigate climate change by providing finance and capacity building either for energy efficiency and renewable energy projects (the Green for Growth Fund II) or forest

protection, biodiversity conservation and sustainable agriculture (Althelia Climate Fund and Dasos Timberland Fund II).

Figure 19
Private equity funds: jobs by region





The EUR 25m EIB investment in the Althelia Climate Fund will help mobilise a total of EUR 150m in private equity investments in Africa, Asia and Latin America. At least 1.2m hectares of forest will be protected. The Fund's carbon investments are expected to result in total avoided emissions of 10 000 kt of CO₂ eq/year.

An investment of EUR 22.5m in the Green for Growth Fund will leverage a total of EUR 190m. It is expected to achieve portfolio-wide energy or emissions savings

of at least 20% from energy efficiency and small renewable energy projects focused particularly on households and SMEs. The fund will play a pioneering role in the Western Balkans, Turkey, the Caucasus and Ukraine, where the use of renewable energy is still a relatively new development. The funding will be complemented by technical assistance aimed at increasing energy efficiency awareness, product and pipeline development for energy efficiency lending and the promotion of environmental and social best practice for small renewables initiatives.

FOSTERING SMES IN JORDAN THROUGH PRIVATE EQUITY

BOX 2

Badia Impact Fund is a venture capital fund targeting start-up and expansion investments in innovative technology, media and telecom SMEs based predominantly in Jordan and other Mediterranean partner countries where the venture capital industry is underdeveloped. The EIB has leveraged over three times its commitment to reach a target fund size of USD 20m.

The fund will provide long-term equity and quasi-equity funding, but also strategic and operational guidance, fostering early stage entrepreneurship by supporting the growth and

internationalisation of tech start-ups. The fund expects to invest in around 20 companies (75% early stage and 25% expansion phase), generating or supporting over 600 mostly highly qualified jobs.

By participating in the fund's first closing, the EIB has played an important catalytic role for other potential investors in order to ensure the target level of commitments is reached. The fund's investor base at first closing blends private and public resources including CISCO and the King Abdullah Fund for Development.



Access to finance

Microfinance



| Support to: | MF institutions | MF investment vehicles |
|--|--|---|
| # operations | 10 | 2 |
| EIB finance | EUR 56m | EUR 57m |
| Total loans to microenterprises | EUR 206m | - |
| Total fund size | - | EUR 1.16bn |
| Key expected results | 147 000 loans (59% to women) Average loan size: EUR 1 400 165 000 jobs sustained in microenterprises | 112 loans to microfinance institutions |

The Bank's microfinance strategy focuses on job creation and improving access to financial services for microenterprises and the self-employed, including the poorest and underserved segments of the population. This is achieved through investments in microfinance holding companies and funds investing in microfinance institutions (microfinance investment vehicles) as well as intermediated lending through regulated MFIs and local commercial banks targeting micro and small enterprises. In many cases, the EIB can also provide local currency funding, reinforcing the stability

and financial standing of the financial intermediaries with positive effects on financial systems as a whole. In 2013, the EIB signed 12 loans supporting access to finance for microenterprises. These included eight loans to financial intermediaries worth EUR 53.5m in total, two equity participations in MFIs (EUR 2.5m) and two equity participations worth EUR 57m in microfinance investment vehicles (funds investing in microfinance institutions).

Of the ten operations with financial intermediaries, six were with microfinance institutions in the



Table 9

Microfinance partner institutions: expected results

| Operation Name | Region | EIB Amount (EUR m) | Signed Amount (EUR m) | Total cost (EUR m) | Loans to final beneficiaries | | | Avg. loan size (EUR) | Direct employment in EIB intermediary (# FTE) | Direct employment in final beneficiaries (including self-employed) (# FTE) |
|--|--------|-----------------------|--------------------------|-----------------------|------------------------------|----------------|-----------|-------------------------|--|---|
| | | | | | (EUR m) | (#) | (women %) | | | |
| Microcred Côte D'Ivoire (Equity) | ACP | 2.2 | 1.7 | 11 | 29 | 11 376 | 46 | 2 514 | | |
| DR Microfinance Facility II | ACP | 1.0 | 1.0 | 2.0 | 5.8 | 17 000 | 60 | 341 | | 56 100 |
| EAC Microfinance Global Authorisation (DFCU) | ACP | 5.0 | 5.0 | 10 | 6.0 | 292 | 21 | 20 548 | | 10 000 |
| EAC Microfinance Global Authorisation (Rwanda) | ACP | 6.0 | 6.0 | 12 | 12 | 2 000 | 40 | 6 000 | | 6 000 |
| ENDA Inter-Arabe III | MED | 4.0 | 4.0 | 20 | 16 | 32 000 | 70 | 500 | | 21 333 |
| ACAD Microfinance Palestine (Equity) | MED | 2.0 | 0.8 | 11 | 31 | 17 500 | 70 | 1 790 | 55 | 10 345 |
| FONDEP II | MED | 4.0 | 4.0 | 20 | 28 | 31 111 | 60 | 900 | 1 200 | 15 556 |
| Al Majmoua II | MED | 4.0 | 4.0 | 10 | 18 | 18 000 | 50 | 1 000 | 398 | 12 000 |
| EAC Microfinance Facility II (Nmb) | ACP | 20 | 20 | 40 | 40 | 8 000 | 50 | 5 000 | | 24 000 |
| EAC Microfinance Facility II (Family Bank) | ACP | 10 | 10 | 20 | 20 | 10 000 | 50 | 2 000 | | 10 000 |
| Total | | 58 | 56 | 156 | 206 | 147 279 | 59 | 1 397 | 1 653 | 165 334 |

ACP region and four in the MED. The Bank leveraged 2.7 times its committed amount, bringing the total amount available for lending to microenterprises through these projects to EUR 156m. These ten projects are expected to provide approximately 147 300 loans to micro-entrepreneurs, supporting roughly 165 000 existing jobs in microenterprises. About 100 000 jobs will be in the ACP region and the rest in the MED. In addition, it is expected that roughly 1 600 jobs will be sustained in MFIs in the MED region. On average, around 59% of final beneficiaries are expected to be women. Loans are expected to range on average between EUR 340 and EUR 20 600, depending on the institution and region.

In addition to providing access to credit for micro-entrepreneurs, the EIB's partner MFIs are also expected to deliver other significant development results. All

operations in the ACP region will provide **access to savings** for beneficiaries, which are critical for investment and enterprise growth, as well as for reducing vulnerability to unforeseen shocks both at the micro-enterprise and household level. Three of the financial intermediaries will provide specific services for the handling of remittances (Fondep II in Morocco, Family Bank in Kenya and National Microfinance Bank in Tanzania), which have been shown to have a significant impact on household welfare and poverty alleviation. Three partner institutions in Morocco, Kenya and Tanzania will provide mobile banking services, helping entrepreneurs and individuals with no access to formal banking services to carry out even very small banking transactions.

The EIB's investments in microfinance investment vehicles (Leapfrog II and EFSE II), worth an approved

EUR 63m, were leveraged 18.5 times for a total investment of EUR 1.16bn in 112 financial institutions in ACP and pre-accession regions.

Leapfrog II will invest in 10-14 financial services companies in Sub-Saharan Africa that deliver mainly insurance products to low income and financially excluded households and enterprises. The current Fund I portfolio is estimated to reach 21 million people and this fig-

ure is likely to more than double with this year's operation. It will sustain roughly 50 000 jobs and will create 10 000 new jobs in insurance providers. EFSE II is expected to expand its portfolio of financial intermediaries in the pre-accession region from 67 to roughly 100, including microfinance institutions, local commercial banks and other non-bank financial institutions. The total number of SMEs financed is expected to grow from 337 000 to 500 000 over the life of the project.

Table 10

Microfinance partner institutions: qualitative results

| OUTCOMES | Number of projects |
|---------------------------------|--------------------|
| Savings services offered | 6 |
| Remittances services offered | 3 |
| Mobile banking services offered | 3 |

Table 11

Special operations (microfinance investment vehicles): expected results

| | | EIB amount (EUR m) | Signed amount (EUR m) | Total fund size (EUR m) | Leverage (X) | Loans to financial institutions (#) |
|--------------|---------------|-----------------------|--------------------------|----------------------------|-----------------|---|
| EFSE III | Pre-accession | 38.1 | 38.2 | 865.3 | 22.7 | 100 |
| LEAPFROG II | ACP | 25.0 | 18.8 | 300.0 | 12.0 | 12 |
| TOTAL | | 63.1 | 57.1 | 1 165.3 | 18.5 | 112 |



BOX 3

HELPING MICRO-ENTREPRENEURS IN EAST AFRICA (EAC MICROFINANCE FACILITY)

In 2013, EIB made a first EUR 20m disbursement under the EUR 75m East Africa Community Microfinance Facility II (EAC MF II). The purpose of the Facility is to establish a lending framework targeting local financial intermediaries with a focus on micro and small enterprises (MSEs). EAC MF II aims to lend amounts averaging around EUR 5 000 to at least 30 000 MSEs, supporting roughly 100 000 jobs. 53% of the final beneficiaries are expected to be women. The first disbursement has enabled National Microfinance Bank (NMB) Tanzania to fund 4 625 MSEs, employing 26 825 people. EAC MF II will build on the success of EAC MF I which, as of end-2013, has enabled more than 87 000 MSEs to benefit from local currency funding, sustaining more than 245 000 jobs in the trade, services, agricultural and production sectors in Kenya, Uganda and Rwanda. The actual results have surpassed initial expectations by a large margin.

Strategic infrastructure

Energy



| | |
|--------------|-----------|
| # operations | 18 |
| EIB finance | EUR 1.5bn |
| Total cost | EUR 5bn |

| | |
|-----------------------------|---|
| Key expected results | 2 600 MW additional generation capacity |
| | 166 000 additional households connected to electricity networks |
| | 4.8 million households potentially served by new electricity generation |

The EIB supports the development of sustainable, secure and affordable energy systems. It thus prioritises renewable energy generation, the switch to clean energy production and energy efficiency. Of the projects signed in 2013, six are direct lending operations focused on expanding electricity production from renewable resources (total EIB financing: EUR 569m); two combine highly efficient gas-fuelled electricity generation with energy efficiency measures or usable heat generation (EUR 17.3m); while two others are focused on the transmission and distribution of electricity

(EUR 190m). Another eight operations are indirect, multi-project facilities (EUR 574m; including two equity participations of EUR 33m) channelling funding through financial intermediaries to medium-sized and smaller energy efficiency and renewable energy generation projects.

Because many of the key challenges in this sector are institutional and policy-related, such as inappropriate regulation, the use of fossil fuel subsidies or weak private sector participation, the Bank's involvement at the institutional and policy level is



often necessary, generally in cooperation with other IFIs. To increase its added value, the Bank also mobilises technical assistance and EC 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 effectiveness of the Bank's financial interventions. Energy projects are expected to create nearly 500 permanent full-time jobs and over 11 800 person-years of employment during construction.

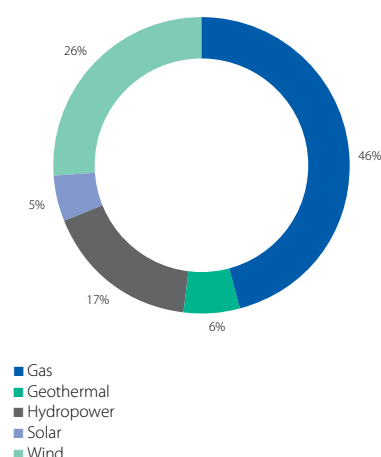
Energy generation and efficiency

Eight of the directly financed projects signed in 2013 target energy generation. Together, these projects will create 1 789 MW of installed energy generation capacity and are expected to generate an additional 6 139 GWh/year of energy. Renewable energy sources will account for 989 MW of the capacity and 3 319 GWh/year. Wind is the main source of renewable energy financed by the EIB, followed by hydropower.

Highlights from the expected results of these projects include reducing imports of fossil fuels by EUR 200m a year in Jordan (the Tafila Wind Farms

Figure 20

Distribution of energy generation financed by source



project), increasing renewable power generation in Nepal (the Tanahu Hydropower project) and replacing conventional fossil fuel-fired generation by hydropower in Pakistan (the Keyal Khwar project). Both hydropower projects include rural electrification and community development programmes to benefit households affected by the projects.

Table 12

Directly financed energy generation and efficiency projects

| Operation | Country | Focus | Additional capacity (MW) | Additional generation (GWh/year) |
|------------------------------------|--------------|------------------------------|-----------------------------|-------------------------------------|
| Ka Xu Concentrated Solar Power | South Africa | Solar | 100 | 325 |
| Las Pailas Geothermal | Costa Rica | Geothermal | 55 | 390 |
| ONEE Project Eolien | Morocco | Wind | 450 | 1 236 |
| 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 |
| Vladivostok CHP | Russia | Gas; combined heat and power | 640 | 800 (electricity) 1 600 (heat) |
| TOTAL | | | 1 789 | 6 139 |

In Bangladesh, an energy efficiency project will significantly improve the efficiency of two gas-fired plants through the use of waste heat, increasing generation capacity. In Russia, the Vladivostok CHP project will install modern gas-fuelled generation capacity, increasing energy efficiency. It will also supply useful heat to nearby urban areas, avoid coal-based generation and diversify the power generation mix in the Russian Far East region.

Together these projects will construct or upgrade 2 806 km of power lines and transport 4 775 GWh/year of electricity.

Multi-project renewable energy and energy efficiency facilities

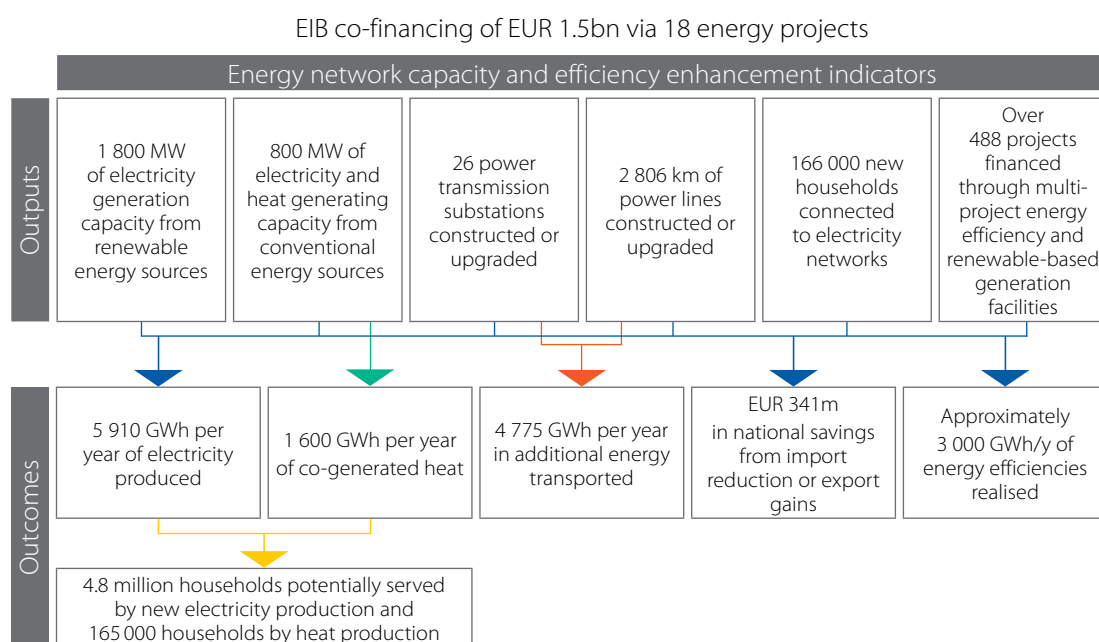
The EIB provided finance to seven facilities to support mainly small and medium-sized projects for renewable energy generation, energy efficiency improvements and climate change mitigation. These include the Central American Climate Change Framework Loan II, which will support investments in renewable energy by private companies and public utilities and the Green for Growth Fund II (see page 28).

In Turkey, two facilities (the Energy Efficiency Cofinancing Facility and the Yapi Kredi Climate Change Facility II) will contribute to energy security, diversify sources of electricity supply and demand

Power transmission and distribution

The two projects in the power transmission and distribution category are the São Paulo Power Distribution – Elektro project in Brazil and the Yacyreta Transmission Line in Paraguay (see Box 5). 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.

Figure 21
Expected outputs and outcomes of 2013 energy projects





management, and reduce overall CO₂ emissions, as well as dependence on expensive energy imports. In India, two facilities (the SREI Infrastructure Finance Limited framework loan and the EXIM Bank of India Climate Change Framework Loan II) will help mitigate the effects of climate change by increasing renewable energy and energy efficiency. The latter is expected to add 200 MW of renewable energy capacity and 440 GWh/year of electricity production. Another facility (SME and Green Energy Global Loan) aims at financing SMEs and renewable energy and energy efficiency investments in Sri Lanka.

The Global Energy Efficiency and Renewable Energy Fund (GEEREF) is a fund of funds advised by the EIF and the EIB, targeting principally renewable energy and energy efficiency funds in Africa, Asia, the Pacific, non-EU Eastern Europe, Russia, Latin America and the Caribbean. It will add at least 400 MW in generation capacity and 800 GWh/year of electricity production.

BOX 4 DIVERSIFYING RENEWABLE ENERGY SOURCES IN COSTA RICA

A 55 MW geothermal power plant in Las Pailas, Costa Rica, is expected to generate 390 GWh/year (net) of electricity, equivalent to the consumption of close to 200 000 households. Part of the energy produced will be supplied to neighbouring countries, such as Nicaragua where electrification rates are still below 80%, raising an expected EUR 2m/year. Absolute emissions of 4 000 t CO₂ eq/year are expected for a standard year of operation, with estimated emissions avoidance of 65 000 t CO₂ eq/year. It will also reduce dependency on hydropower (currently more than 80% of generation), itself highly dependent on hydrometeorological conditions. Long-term EIB financing (EUR 51.8m) will cover 21% of the project cost.

BOX 5 ENHANCING THE RELIABILITY OF PARAGUAY'S ENERGY GRID (YACYRETA TRANSMISSION LINE)

This EUR 200m project, supported by a EUR 75m long-term EIB loan, involves the construction of a 360 km, 500 kV high-voltage transmission line and the upgrading of three substations. It also includes the installation of 650 000 electricity meters to allow for the regularisation of connections in informal settlements. The transmission line will transport 4 000 GWh/year and enhance the reliability of the country's energy grid, achieving savings of 105 GWh/year and potentially generating EUR 80m/year from increased exports. It will improve the functioning of the regional electricity market and connect an additional 50 000 households to the network.



Strategic infrastructure

Transport



| | |
|---------------------|-----------|
| # operations | 10 |
| EIB finance | EUR 948m |
| Total cost | EUR 6.4bn |

Key expected results 478 km of railways and 1 577 km of roads built or upgraded
12.5 million additional journeys/year on railway or metro
23 million hours/year time savings

The EIB supports efficient transport infrastructure and services, which are indispensable for any well-functioning society and for long-term economic prospects. Key challenges in the sector include effective planning and prioritisation, institutional strengthening and ensuring appropriate implementation and maintenance of infrastructure, as well as financial sustainability. EIB involvement covers the road, rail, air transport and urban transport sub-sectors. It ensures that projects meet international environmental standards and adequately

address environmental and social impacts, while applying good procurement practices.

Roads and motorways

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



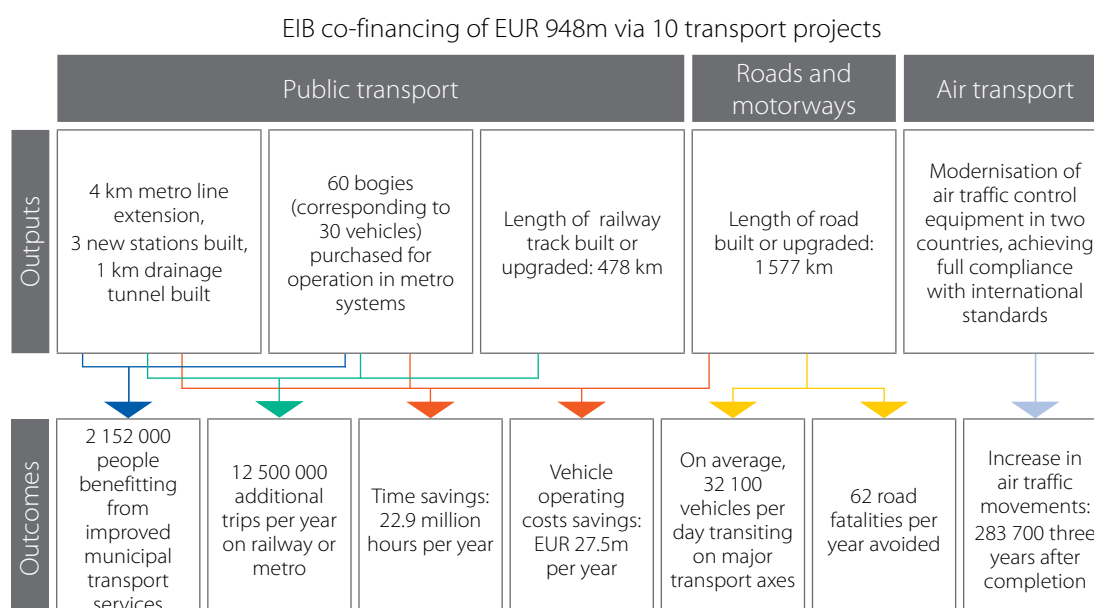
- The Armenia North-South Road Corridor project will improve 145 km of the corridor between the capital city of Yerevan and Bavra, enhancing an important trading route for the landlocked country.
- The Georgia East-West Highway project will upgrade 183 km of the east-west highway. It addresses one of 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 Neighbourhood countries.
- The Banja Luka–Doboj Motorway project 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, Bosnia & Herzegovina's capital. It will improve trade and business links and support private sector development within the country, as well as in the wider region given the motorway's proximity to 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 and the institutionalisation of safe road design principles and road safety audits, while strengthening institutional capacity.

Railways

The Istanbul-Ankara Railways Tranche B project in Turkey concerns the second tranche (EUR 200m) of financing for a 478 km double track electrified high-speed line (HSL) between the two cities. This will significantly reduce travel times and road traffic (see Box 11).

Figure 22

Expected outputs and outcomes of 2013 transport projects





Air transport

Two air navigation upgrade projects in Egypt and Ukraine (total EIB loans: EUR 91m) will modernise communications, navigation and surveillance systems to comply with International Civil Aviation Organisation and European requirements, improve safety and support increased air traffic. The project in Egypt 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 becoming increasingly 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.

Urban transport

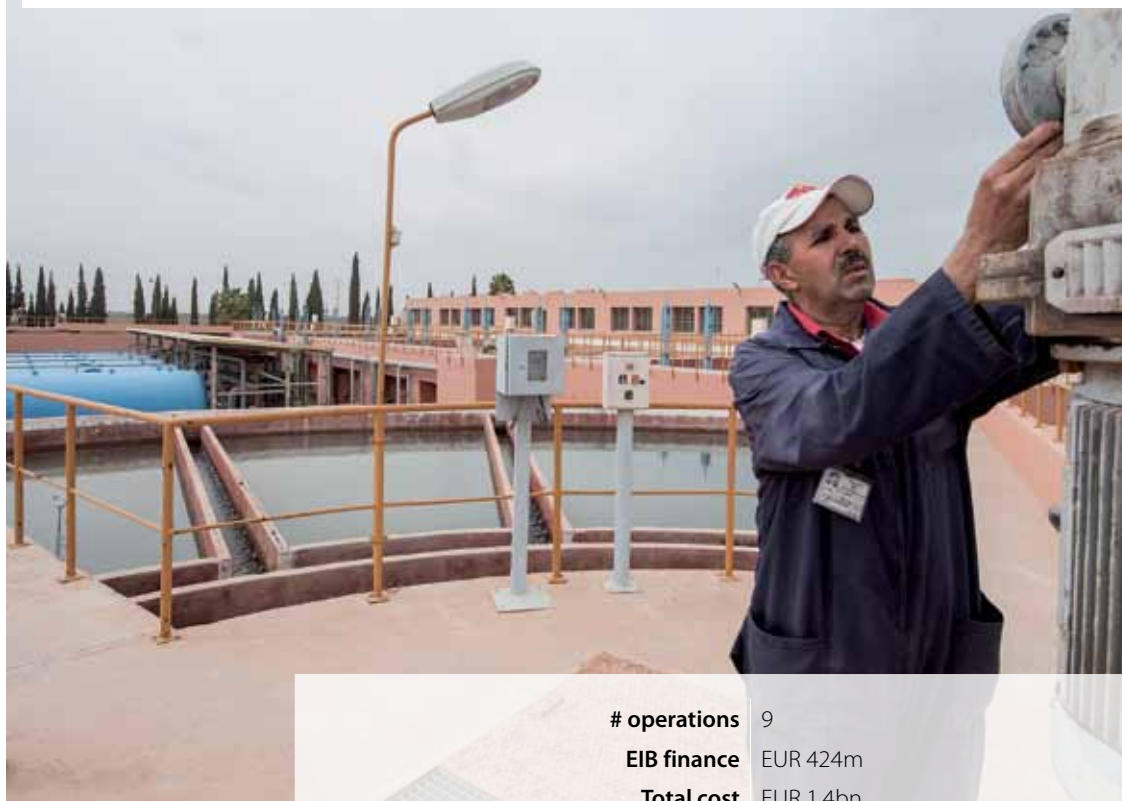
In Armenia and Ukraine, two metro projects (total EIB financing: EUR 157m) will provide improved municipal transport services for 2.15 million people. The Yerevan Metro Rehabilitation project will remedy the metro systems complex problems with water ingress which would otherwise force closure due to safety concerns. The project includes the rehabilitation of rolling stock, track and power supply system components, the purchase of maintenance equipment and the replacement of water pumps, as well as additional track and safety improvements. The Dnepropetrovsk Metro project 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 relieve traffic congestion in the city, reducing traffic accidents, pollution and GHG emissions.

Transport projects have a large direct impact on employment. In total, the transport projects signed in 2013 are expected to employ the equivalent of 101 000 people for one year during construction, with the Istanbul-Ankara High-Speed Rail Link project and the North-South Road Corridor project in Armenia creating 30 000 and 21 000 person-years of employment respectively. Together, the ten projects will create an estimated 645 permanent full-time jobs.



Strategic infrastructure

Water and sanitation



| | |
|--------------|-----------|
| # operations | 9 |
| EIB finance | EUR 424m |
| Total cost | EUR 1.4bn |

| | |
|-----------------------------|---|
| Key expected results | 119 600 new or rehabilitated domestic water connections |
| | 656 000 households benefiting from new or improved access to water supply |
| | 199 700 households benefiting from improved sanitation services |

Water, sewerage and solid waste sector projects signed in 2013 will extend access to water and sanitation services to millions of people through the expansion of supply and distribution facilities, significantly benefitting lower-income populations. For example:

- In Burkina Faso and Mali, projects focused on the capital cities of Ouagadougou and Bamako involving the construction of new water treatment plants and distribution infrastructure, including individual connections, will extend the safe drinking water supply to an estimated 1.4 million people.
- In Zambia, the extension and improvement of services in urban areas of Copperbelt Province, will help implement the separation of water supply operations from the copper mines in the area. A significant portion of the project, which will create 12 700 person-years of temporary employment, addresses formal and informal low-income areas.
- In Tanzania, the Lake Victoria project will expand and upgrade the water supply and sanitation systems in Mwanza and three satellite towns, as well as sanitation in the towns of Musoma and Bukoba.

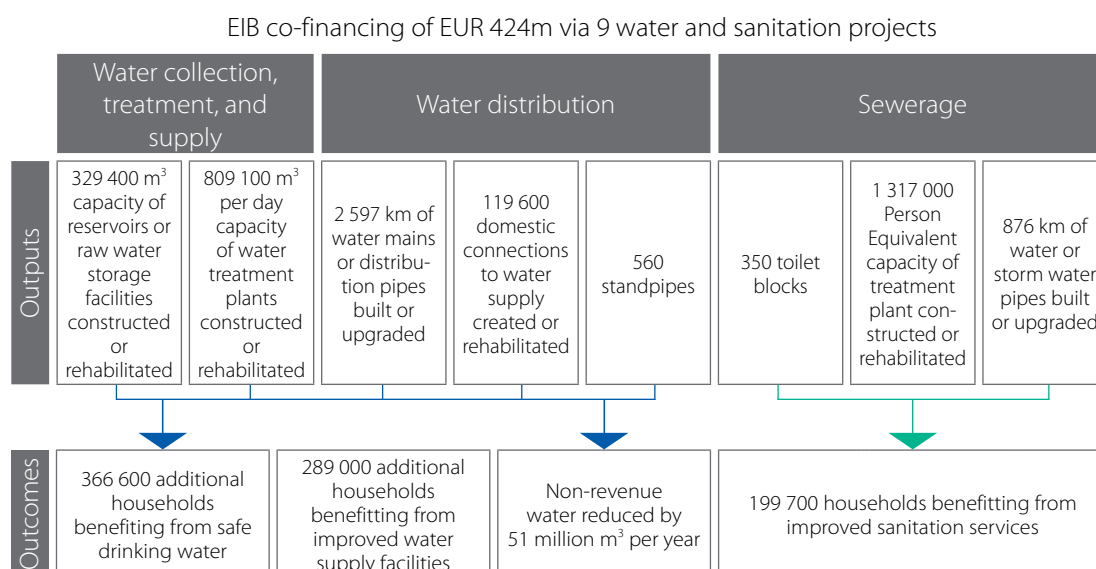
- In Egypt, the Egypt Water and Wastewater Service programme will improve water supply and wastewater disposal systems in four Governorates (Qena, Sohag, Assiut and Minya) with a total population in 2009 of 15 million. It aims to ensure that the systems become economically viable and affordable for the population, particularly the poorer inhabitants of peri-urban areas and small rural towns. It will also improve water quality for irrigation purposes and is expected to help advance the reform process in the sector.
 - In Nicaragua, 10% of the country's population will benefit from the Water Supply and Sanitation Programme targeting 19 medium-sized towns and extending services to unserved segments of the population.
- extension and rehabilitation of water supply and some sewerage infrastructure in urban centres throughout the country. It will achieve water savings and reduce health hazards and the uncontrolled discharge of untreated wastewater. In the Moldovan capital of Chisinau, the rehabilitation of water supply and sewage collection infrastructure, as well as the modernisation of wastewater treatment facilities, will reduce water losses and improve energy efficiency, the environment and public health for the 800 000 inhabitants of the city.
- In Tunisia, the Lake Bizerte Integrated Depollution project involving the rehabilitation of some 140 000 m³ of existing landfill and dumpsites will considerably reduce pollution, including from industrial sources, in the Lake Bizerte region.

Two projects will focus on increasing the reliability of existing water and sanitation systems through the rehabilitation and construction of infrastructure. The Water and Sanitation Infrastructure Modernisation project in Georgia will finance 49 investment schemes involving the construction,

Water sector projects make the second most important direct contribution to employment, after transport. Projects signed in 2013 are expected to employ the equivalent of 67 000 people for one year during construction, creating an estimated 532 permanent jobs.

Figure 23

Expected outputs and outcomes of 2013 water and sewerage projects





CLEAN WATER FOR BAMAKO (MALI)

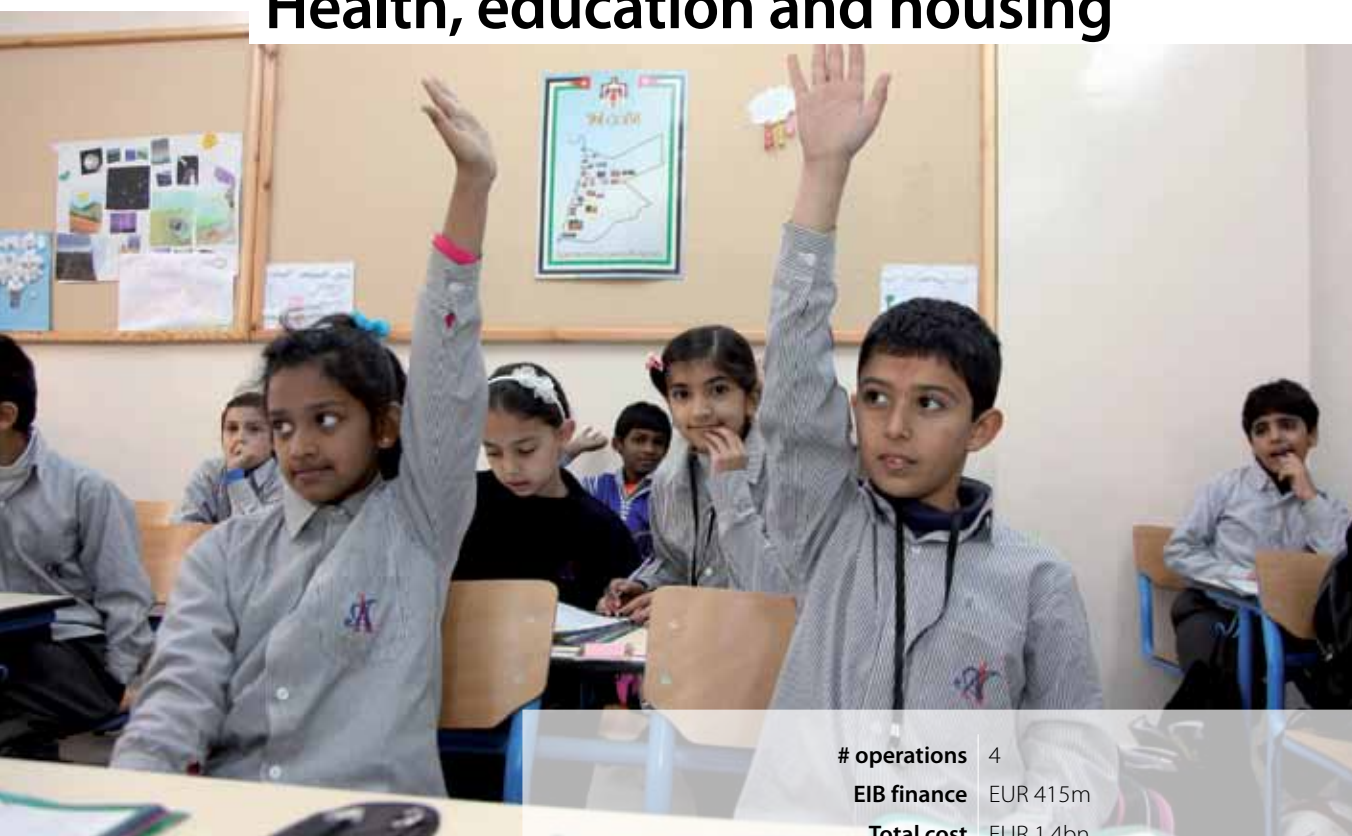
BOX 6

Mali is one of the poorest countries in the world. The Kabala Water Supply project will provide access to drinking water for 200 000 households via network connections and standpipes. It is the first phase of the expansion of the drinking water supply in the capital city Bamako (2.3 million inhabitants) and involves the construction of a new drinking water plant with a capacity of 140 000 m³/day, as well as transfer and distribution network infrastructure (including 20 000 m³ of reservoirs, 450 km of new or rehabilitated pipes and 400 standpipes). Project activities are expected to employ the equivalent of 34 000 people for one year.

At the institutional level, the project will help build the capacity of the operators established by the state as part of sector reform. The long-term concessional funds provided by the Bank (EUR 50m loan, with an EU-funded interest subsidy on the EIB loan equivalent to a EUR 13.4m grant), will make it possible to limit tariff increases which would be difficult for the population to afford.

Strategic infrastructure

Health, education and housing



| | |
|--------------|-----------|
| # operations | 4 |
| EIB finance | EUR 415m |
| Total cost | EUR 1.4bn |

| | |
|-----------------------------|---|
| Key expected results | 740 500 additional patients treated in new or renovated care facilities |
| | 158 000 students in new or renovated schools |
| | 100 600 people accommodated in new housing units |

This section refers to the urban development sector, in which health, education and housing are often the main focus of EIB-supported projects. Small-scale sub-projects in other areas such as urban transport and information technology may also be included. In 2013, the EIB signed one project focusing on the upgrade of health and education facilities and two focusing on the construction of affordable and social housing. A further urban development facility will finance a range of small municipal social and economic infrastructure projects.

In Turkey, the second phase of the EUR 660m Istanbul Earthquake Risk Mitigation project (EIB finance: EUR 200m) targets the strengthening and modernisation of vulnerable earthquake-prone public buildings, mainly health and education facilities. The project also provides an opportunity to adapt the capacity and design of health and education facilities to the needs of a growing and developing population.

A EUR 15m EIB loan is helping Shelter Afrique Community Development to develop its regional role.



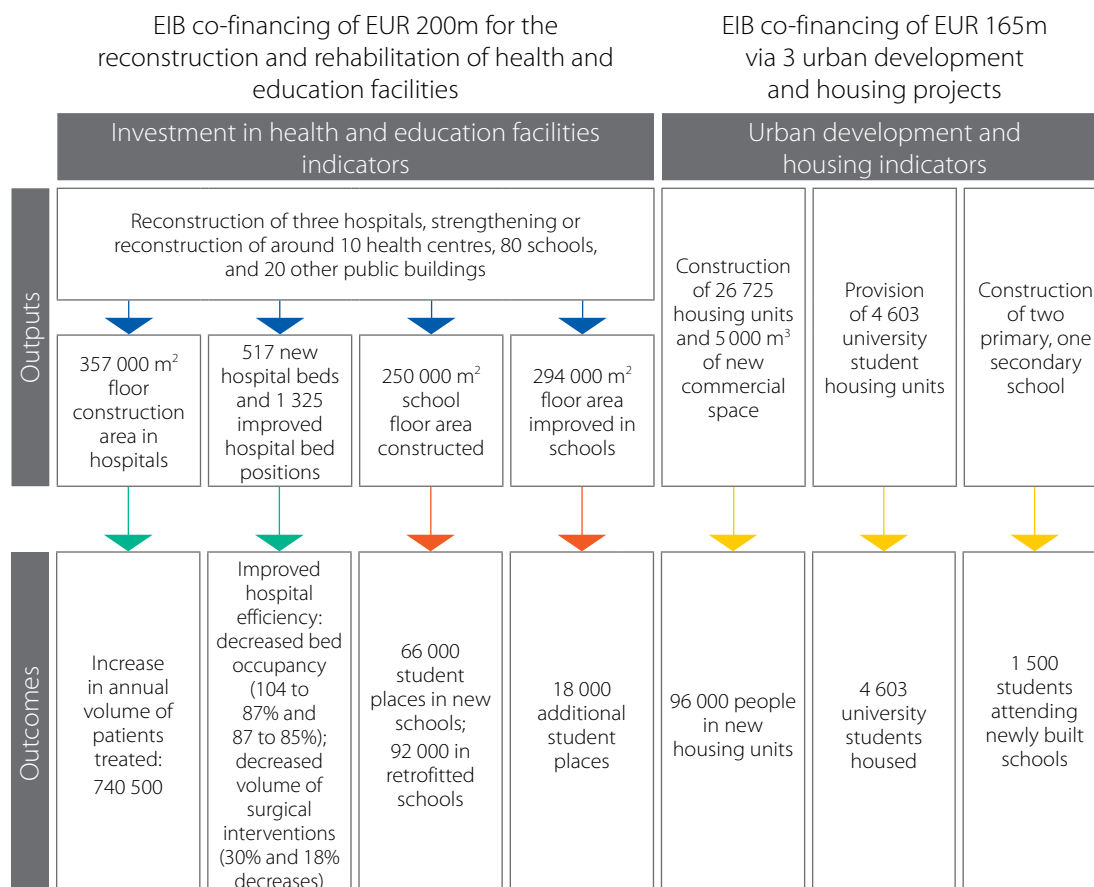
Owned by 44 African countries, the African Development Bank and the Africa Reinsurance Corporation, Shelter Afrique provides a wide range of housing finance products and services, increasing the number of housing units available for low-income households in eligible Sub-Saharan countries and providing new schools and commercial and green spaces. Its projects promote SME activities and create significant numbers of construction jobs, both of which help alleviate poverty. They can act as a demonstration for further housing finance initiatives and have considerable positive environmental and social impacts. The Affordable and Social Housing project

in South Africa is the second financing operation by the EIB in support of affordable and social housing in that country (see Box 7).

In Tunisia, the CPSCL multi-sector global loan for Tunisia (EUR 50m) will finance municipal social and economic infrastructure projects (of less than EUR 25m) in secondary and smaller municipalities, in sectors such as information technology, transport, health and education. In total, these four projects will create around 1 250 permanent jobs and 12 500 person-years of temporary employment during the construction phase.

Figure 24

Expected outputs and outcomes of 2013 health, education and housing projects

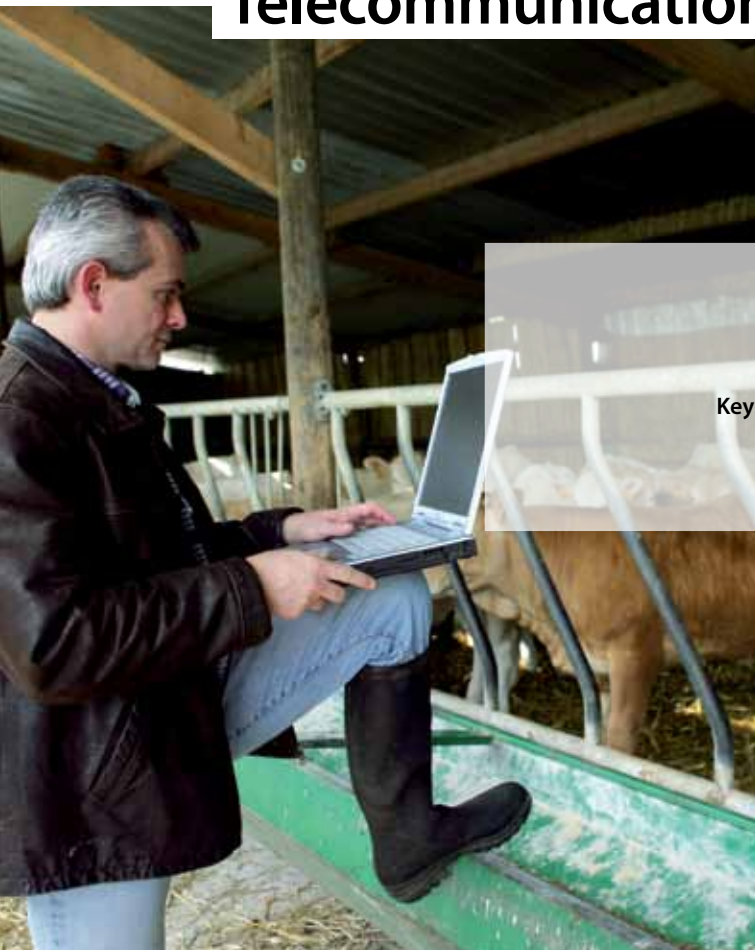


**BOX 7****AFFORDABLE SOCIAL HOUSING IN SOUTH AFRICA**

This project will finance urban renewal and regeneration projects and greenfield housing developments throughout South Africa. It will provide rental social housing (including student housing), affordable housing, and associated urban and social infrastructure. It is anticipated that around 66 000 people will be housed in 23 800 new housing units. In addition, 4 603 university student housing units will be built. This second EIB operation in support of affordable and social housing in South Africa involves the same four financial intermediaries: the Development Bank of Southern Africa, the National Housing Finance Corporation and two commercial banks, Nedbank and Standard Bank. EIB lending of EUR 150m will contribute to a total project cost estimated at EUR 469m.



Strategic infrastructure Telecommunications



| | |
|-----------------------------|---|
| # operations | 3 |
| EIB finance | EUR 315m |
| Total cost | EUR 1.4bn |
| Key expected results | <p>1.6 million people potentially benefiting from new fixed and mobile connectivity</p> <p>1 386 000 homes connected to fixed broadband networks</p> <p>3.8 million additional mobile subscribers</p> |

provided as well as expand access in rural parts of the country to provide coverage to all villages with at least 500 inhabitants.

Also in Turkey, the Broadband Roll-Out in Eastern Regions project will extend fixed broadband telecommunication services in six regions of Turkey where there is little existing broadband coverage. It will help targeted regions benefit from the significantly improved quality and availability of very high speed broadband services, reducing the gap in household penetration between Turkey (40%) and the EU (60%). By deploying its fibre-based core network to the eastern regions of the country, the promoter will support the market entry of alternative broadband operators, promoting competition.

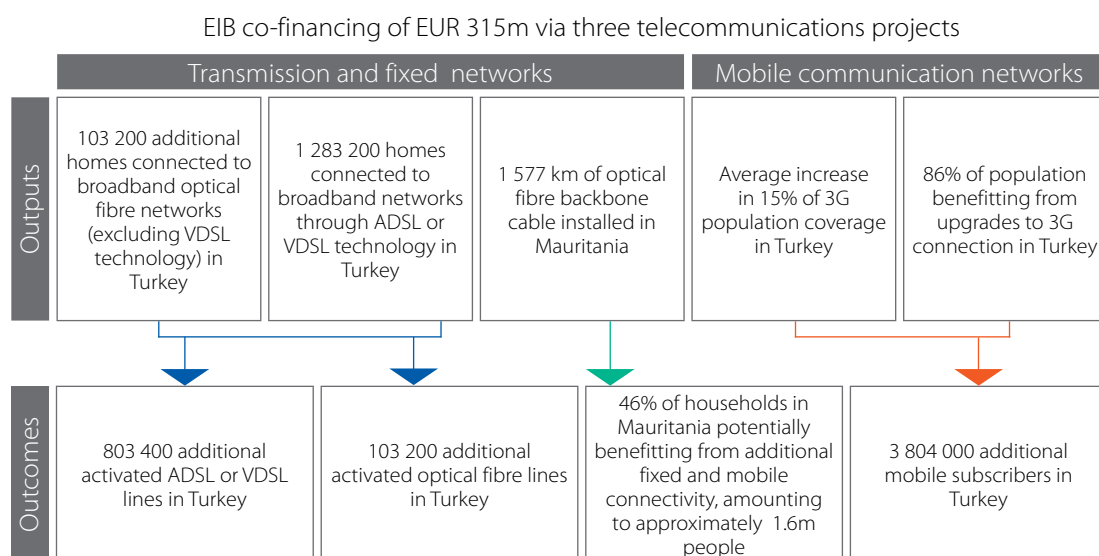
A second fixed broadband project addresses access in Mauritania (see Box 8), while a EUR 4m equity investment in the Badia Impact Fund (not included in the figures for this sector) will support technology, media and telecoms SMEs in Jordan and the Mediterranean partner countries. Telecommunications projects are expected to create 42 permanent jobs and 11 600 person-years temporary employment.

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, allow products to reach new markets and improve access to education and health services. The sector presents considerable opportunities for involving the private sector. By financing this sector, the EIB helps to promote competition and lower transaction costs. In 2013, the EIB signed two projects in the fixed-line broadband access and backbone subsector and one addressing mobile communications networks.

In Turkey, coverage by the existing 3G network will expand from 75% to 86% thanks to the Vodafone SEE Mobile Broadband project. A network upgrade will bring increases in the speed of data services

Figure 25

Expected outputs and outcomes of 2013 telecommunications projects



EXTENDING BROADBAND ACCESS IN MAURITANIA

BOX 8

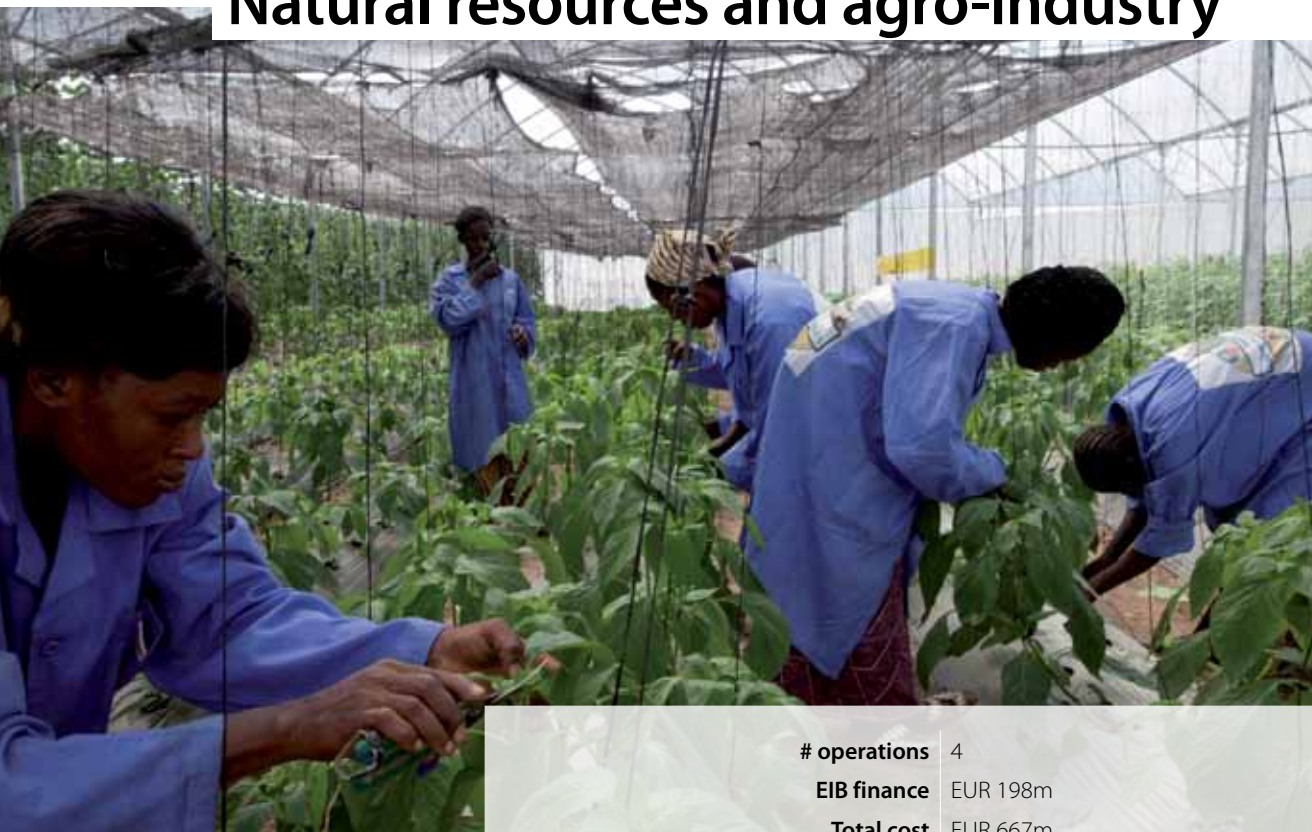
In Mauritania, there are fewer than 100 000 internet users in the country, i.e. less than 3% penetration. The current telecommunications infrastructure is unable to provide sufficient connectivity to address current and future demand. The Terrestrial Telecom Cable project will significantly increase the availability and quality of both mobile and fixed broadband telecommunications services primarily in the more remote locations of the country. The project involves the deployment of inter-urban fibre-optic backbone links with an international link to Mali. A data centre located in the capital Nouakchott will act as a connection hub for the terrestrial cables, connecting them to the Africa Coast to Europe submarine cable, itself co-financed by the EIB in 2010. Ultimately, the project is expected to decrease end-user prices, further promoting broadband internet penetration and bringing considerable economic benefits and scope for economic development.





Strategic infrastructure

Natural resources and agro-industry



| | |
|--------------|----------|
| # operations | 4 |
| EIB finance | EUR 198m |
| Total cost | EUR 667m |

Key expected results 210 000 ha newly planted or rehabilitated forest area
Erosion reduced over 155 000 ha
Enhanced protection of nearly 1.5 million ha of forest

This sector includes agriculture, forestry and related processing industries. EIB operations in this sector are primarily focused on environmental protection and climate change mitigation and adaptation, while also promoting the development of rural economies.

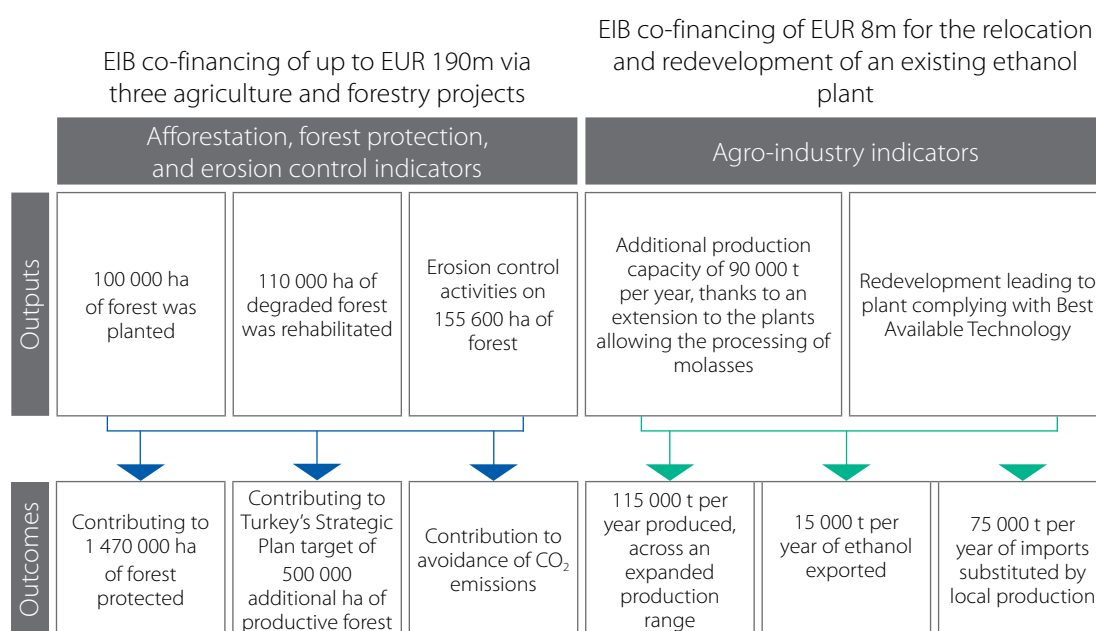
Two of the projects signed in 2013 are forestry sector multi-country private equity funds focused primarily on Africa, Latin America and Asia (EIB investment up to EUR 40m). The Althelia Climate Fund is a path-breaking initiative which will develop communities'

income in two ways: (i) by investing in forest carbon and other socially and environmentally-oriented tradable carbon assets, targeting voluntary carbon markets and generating an income stream from standing forests; and (ii) by increasing the volume and quality of a range of sustainably produced, certified agricultural commodities to generate side revenues. The Dasso Timberland Fund (see Box 12) will promote sustainable private sector forestry and biomass projects.

In Turkey, one of the most erosion prone countries in the world, the Turkey Afforestation and Erosion

Figure 26

Expected outputs and outcomes of 2013 natural resources and agro-industry projects



Control II project (EIB loan of EUR 150m) focuses on afforestation, forest rehabilitation and erosion control measures. It follows a first phase also co-financed by the EIB (see case study, page 100) in a country where forests contribute to the livelihood of a large segment of the population, usually of a lower income level.

In Mauritius, the EIB also signed a EUR 8m loan (total project cost EUR 18m) to support the relocation of an ethanol plant from an inappropriate city centre location, as well as its redevelopment and extension.

This agro-industry investment will allow the plant to increase its product range and strengthen its competitiveness, enhancing the longer-term viability of the sector in Mauritius. The CO₂ generated by the ethanol production process will be captured and used in carbonated drinks, while the molasses residue will be used as either an animal feedstuff supplement or an organic fertiliser for local sugar cane fields. The projects signed in this sector are expected to create nearly 17 700 person-years of temporary employment and 37 permanent jobs.



Climate action

| | |
|---|--|
| # operations contributing | 27 |
| EIB finance | EUR 2.1bn |
| Key expected results | 1 800 MW additional generation from renewables |
| Estimated carbon footprint for ReM portfolio | 3 000 GWh/year energy efficiency savings 330 000 t CO ₂ eq/year absolute emissions 670 000 t CO ₂ eq/year relative emissions reduction |

Climate action is a cross-cutting objective addressed through EIB projects in different sectors such as transport, energy, natural resources and water. It involves the mitigation of climate change through operations that ultimately reduce greenhouse gas emissions or adaptation to climate change through those that improve resilience to climate impacts on societies and economic systems. Climate action can be achieved through a whole project or through part or components of a larger project, in which case a percentage of the project is allocated to climate change mitigation. Projects signed in 2013 contribute to climate action mostly through renewable energy generation and greater energy efficiency, but also by promoting a shift to more sustainable transport modes and more sustainable management of forests and other natural resources.

More than half of the projects signed in 2013 that contribute to climate action were in the energy sector (EUR 1.3bn lending in total). Other climate action

projects were in the transport (EUR 357m), natural resources and agro-industry (EUR 190m), urban development (EUR 120) and water sectors (EUR 10m). An additional EUR 156m was extended as credit lines through financial intermediaries, e.g. for small and medium-sized renewable energy and energy efficiency projects. This section presents expected climate action results as well as the estimated carbon footprint of EIB operations outside the EU in 2013 and the Carbon Footprint Exercise methodology used (see page 58).

Energy from renewables

The EIB prioritises efficient renewable energy generation projects based on non-fossil energy sources. In 2013, the Bank directly financed six such projects to create a total electrical energy capacity of 989 MW. These include wind power projects in Morocco (see Box 9) and Jordan, a solar energy project in South Africa, a geothermal energy project in Costa Rica (see Box 4, page 33) and hydropower projects in Nepal and Pakistan. Additional smaller renewable

power projects are funded through the multi-project facilities described in the energy section. These are expected to add at least another 810 MW of generation capacity. All of these projects contribute to the avoidance of greenhouse gas emissions. For example, the Ka Xu CSP solar energy project in South Africa with small absolute emissions of 8 000 t CO₂ eq/year will lead to an estimated CO₂ eq emissions avoidance of 263 000 t/year.

Energy efficiency

Five directly-financed projects signed in 2013 will contribute to energy efficiency gains. These are calculated principally as the difference between energy consumption before and after the project. Expected energy savings (in terms of primal thermal energy) total approximately 3 000 GWh/year from energy sector projects and 36 GWh/year from water supply and wastewater treatment projects.

For example, the Bangladesh Power Energy Efficiency project (see Box 10) involves the conversion

BUILDING WIND: WIND FARMS IN MOROCCO

BOX 9

Three new wind farms will be built in Morocco, Tanger II (150 MW), Midelt (100 MW) and Jbel Lahdid (Essaouira - 200 MW), under the ONEE Projet Eolien. They will generate around 1 240 GWh/year of electricity, equivalent to the consumption of around 900 000 households, at an estimated cost of EUR 84 per MWh. The project mitigates climate change impacts by partially displacing alternative higher emissions power generation. Avoided emissions are estimated at 771 000 t CO₂ eq/year, with absolute emissions being effectively zero. As Morocco imports around 95% of its net energy needs, the wind farms will contribute to the adequacy and security of the energy supply in the country, resulting in annual import savings of EUR 49m. The EIB is providing EUR 200m of long-term financing, with the remainder of the EUR 704m total project cost being financed by a EUR 15m Neighbourhood Investment Facility grant, other international lenders and private investors.





BOX 10

PROMOTING EFFICIENT POWER GENERATION IN BANGLADESH

The Bangladesh Power Energy Efficiency project will convert three natural gas-fired power plants (Baghabari, Shajibazar and Sylhet) from open-cycle to combined-cycle operation, in a country where only around 40% of the population has access to electricity. The existing generation capacity of the three plants (320 MW) will increase by 50% to 480 MW. Energy efficiency improvements of around 75% will be achieved as a result of the utilisation of waste heat from the open-cycle gas turbines. The project will therefore lead to near zero absolute CO₂ emissions and achieve a relative emissions reduction of approximately 419 000 t CO₂ eq/year. The additional capacity will supply the national grid with an estimated additional 420 GWh/year of electricity, equivalent to the consumption of 700 000 households. The EIB loan (EUR 82m) represents 49.7% of the project cost of EUR 165m. The EIB will also mobilise a EUR 5.7m grant from the Asia Investment Facility (AIF), set up by the EC to support project preparation and implementation as well as sector capacity-building.

of three gas-fired power plants from open to combined-cycle operation, and will result in generation efficiency improvements of around 75%. The Paraguay Yacyreta Transmission Line project (see Box 5) will reduce both technical losses through its construction and non-technical losses through the installation of consumption meters by 105 GWh/year.

In addition, a substantial number of the multi-project facilities signed in 2013 will target energy efficiency and are described in the energy section.

Energy efficiency gains for these funds will only become known at the end of the allocation period or at project completion.

Sustainable transport

Many EIB-financed transport projects, particularly in the metro and rail sub-sectors, contribute to reducing road and air traffic emissions. Three projects signed in 2013 – the Dnepropetrovsk Metro

HIGH-SPEED RAIL LINK BETWEEN ISTANBUL AND ANKARA IN TURKEY

BOX 11



The efficiency and reliability of railway services in Turkey will be increased with the second tranche of financing for a 478 km double-track electrified high-speed line (HSL) between Ankara, Turkey's political capital, and Istanbul, its commercial capital. It is a major axis of the Trans-European Networks programme and promotes a sustainable form of transport that will significantly reduce travel time, as well as road accidents, traffic load on highways and airport congestion. The project will provide capacity for an additional 3.5 million journeys by rail every year and lead to a shift from road and air transport.

The second tranche covers additional works stemming from new earthquake-related regulations as well as unforeseen geotechnical and geological problems, new alignments and the provision of maintenance facilities and equipment. Taking this second tranche into account, the Bank will provide 40% of the updated EUR 3.6 bn project cost. The project will support climate change mitigation: with absolute emissions estimated at 185 000 t CO₂ eq/year, the modal shift from less environmentally friendly transport modes should lead to estimated CO₂ emissions avoidance of 91 000 t CO₂ eq per annum.

Extension in Ukraine, the Yerevan Metro Rehabilitation in Armenia and the Istanbul-Ankara High Speed Railway Link in Turkey (see Box 11) – will result in energy savings for users of the existing public services and for additional users who will shift to these forms of transport. Road users will also benefit from reduced congestion and the resulting reduced energy consumption.

Sustainable forestry

The three projects in the natural resources sector signed in 2013 are primarily focused on climate change mitigation and adaptation through measures such as new or upgraded forestry plantations, improved forest management and forest protection, erosion control and increased production of bioenergy from sustainable resources. They are expected to achieve significant results in terms of CO₂ sequestration. For example, the Turkey Afforestation and Erosion Control II project will plant or rehabilitate 210 000 ha of forest. The other projects are investments in forest-related funds like the Dasos Timberland Fund (see Box 12).

Carbon footprint

The EIB Carbon Footprint Exercise (CFE) estimates and reports on the CO₂ emissions from projects where emissions are expected to be significant. It is therefore applied to projects where:

- **absolute emissions** (actual emissions from the project) are greater than 100 000 t CO₂ eq/year for a standard year of the project's operations; and/or
- **relative emissions** (estimated emissions increases or reductions/avoidance compared to the expected alternative) are greater than 20 000 t CO₂ eq/year.

Absolute emissions refer to the direct emissions of the project itself (Scope 1 emissions) plus emissions from generation of the power supply used by the project (Scope 2 emissions). Scope 3 emissions, such as indirect emissions from vehicles using the



infrastructure, are not normally included in project data, but are included for physical infrastructure links such as roads, railways and metros. Relative emissions are estimated by comparing the absolute emissions with the emissions from a baseline identified as the likely alternative scenario (e.g. different sources of energy or transport modes). Whilst relative emissions are important for comparing technologies and projects, at the heart of the EIB's footprinting approach are the absolute emissions from each project, as these are what will ultimately affect our climate.

Individual project GHG data is assessed at appraisal, but for the purposes of annual reporting, the project figures are aggregated on the basis of figures prorated

in accordance with the volume of EIB funding of each project. Thus if the EIB funds 50% of a project in a particular year, 50% of the project emissions will be reported in that year. Total project emissions (absolute) and savings (relative) would be significantly larger.

In 2013, 13 of the projects in the ReM portfolio (including signed operations and large allocations approved during the year) had estimated emissions above the absolute or relative emissions thresholds and were included in the 2013 Carbon Footprint Exercise. They represent total EIB signatures or allocation approvals of EUR 1.3bn. The related total absolute CO₂ emissions are estimated at 330 000 t CO₂ eq/year, with an overall saving from the same financing estimated at 670 000 t CO₂ eq/year.



BOX 12

SUSTAINING FORESTS INSIDE AND OUTSIDE THE EU

The Dasos Timberland Fund II will promote sustainable private sector forestry and biomass projects. It will only invest in certified or certifiable timberland and will pursue sustainable forest management and well-designed forestry investments that will have a positive impact on three major environmental issues: (i) climate change adaptation and mitigation through carbon sequestration and solid biomass production to be used as raw material for renewable energy; (ii) conservation of soil and fresh water (watershed protection against erosion, flood prevention); and (iii) protection of biodiversity through habitat protection and the creation of buffer zones and wildlife corridors. It will invest in both the EU and emerging markets. The latter will represent up to 49% of its investments and be concentrated mainly in South-East Asia, South America and Africa. Russia and Ukraine are also eligible. The EIB's contribution (up to EUR 14.7m) for investments outside the EU totalling up to EUR 147m are expected to yield the following results if fully invested: 82 800 ha of forest under sustainable management and 20 160 ha of new forest plantations.





Operations signed in 2013 EIB additionality

The EIB supports projects not just because of the expected results and how they match our objectives. We also look for the difference we can make: the EIB contribution that goes beyond the standard market alternative.

All 2013 operations are expected to bring an advantage to borrowers in terms of how EIB finance is adapted to their needs. The average loan tenor was 14.8 years (18.8 for infrastructure), roughly double what is typically available in local markets, while many projects help borrowers through an innovative financing approach or by eliminating currency risk through local currency funding. Half of this year's projects involve technical support for project preparation, implementation or broader sector capacity, with technical assistance grants mobilised in 29 cases. Two-thirds of projects are rated as having a significant or high effect in terms of the demonstration effect ("stamp of approval") of EIB lending, raising environmental and social standards and helping to mobilise further resources. On average, EIB funding was leveraged about 2.7 times in terms of financing from other external sources.

Financial additionality



Five ReM Framework indicators reflect to what extent borrowers may find the EIB's financial instruments advantageous compared to commercial sources – longer maturity, match with asset life, local currency funding, grant element and innovative product. Interest rate advantage is not part of this analysis. It is not the EIB's mission to lend at rates below market. The Bank's loans may however be combined with a grant from third party resources where justified, for example by special expenditure incurred by a borrower for environmental protection or social benefits, or for reducing a country's debt service burden.

A large majority (84%) of the EIB's financing operations are expected to provide a significant or high advantage to borrowers in terms of financial instruments. These operations extend the loan tenor considerably beyond standard market practice, use innovative approaches, help to manage currency risk

or are combined with grants, notably from the EU's regional blending mechanisms.

EIB provides long-term funding

In many non-EU countries, the local capital markets are shallow, and the depositors' and investors' liquidity preference often restricts the capacity of local financial institutions to offer long-term loans. Many small enterprises are forced to take up revolving loans for their investment projects, exposing themselves to significant liquidity risk. Similarly, for public infrastructure projects, long-term funds are not usually available in the local markets. The EIB's support through long-term loans, which often carry fixed interest rates, therefore provides significant additionality. It reduces very significantly the gap between funding tenor and the economic lifetime of the assets financed.



In 2013, the average tenor of the EIB's financing operations was 14.4 years, varying from 10.2 years for credit lines for SME and midcap projects, to 18.9 years for infrastructure projects. This exceeds by far the loan tenor on local financial markets, which is usually well below 10 years.

Supporting innovation

29 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 that combines an EIB loan with a European Investment Fund (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. A loan was also signed with Russian Vnesheconombank (VEB) to contribute to an international fund set up by VEB and KfW as an innovative instrument for assisting private enterprises in Russia.

Local currency finance

About one quarter of the credit lines to local banks for SMEs and microenterprises offer loans with repayment conditions in local currency. This is particularly important for enterprises which sell their products on 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 ACP and MED regions, the EIB (using funds from EU or Member States' budgets) evaluates and prices the local currency risk exposure itself.

The Bank has direct access to local currency funds in South Africa. The Affordable and Social Housing and the Ka Xu solar plant projects both provide funding in rands. In Russia, a currency swap agreement with

EBRD gives the EIB access to rouble funding. Financing infrastructure projects in roubles, such as the combined heat and power project in Vladivostok, helps to avoid cost pressures related to currency risks, for the benefit of the end consumers of public services.

The five private equity funds to which the EIB subscribed in 2013 offer share capital to private enterprises incorporated locally. This is denominated in local currency.

Blending long-term loans with grants

The EIB was active in raising investment grants or interest rate subsidies worth EUR 94m for 14 projects, 16% of all projects financed, and 29% of all operations targeting public infrastructure. In the case of investment grants, the average subsidy is equivalent to 16% of the EIB's financing. The majority of beneficiaries are projects in the area of drinking water distribution and wastewater treatment.

Technical contribution



The EIB makes a technical contribution to the projects it finances in different ways. These include involvement in project preparation, such as the review of feasibility studies or environmental and social impact assessments; support for project implementation, such as technical assistance for the Project Implementation Unit; and broader support to project operations or to the sector more generally. As part of the EIB's ReM framework, where relevant, projects are given a rating for each of these components as well as an overall technical contribution rating.

Accompanying projects throughout their lifecycle

The EIB made technical contributions to 51 operations outside the EU in 2013, more than half of the projects

signed during the year. The level of contribution was rated high or significant for 25 out of these 51 projects.

For a large majority (82%) of these 51 projects, the Bank's support extended to all three elements mentioned above: preparation, implementation and sector capacity. The Bank's input on each of the elements was frequently scored as high or significant. Projects in African, Caribbean, and Pacific countries most often benefitted from highly-rated technical and sector contributions, which were rated as high or significant for 67% of the operations in the region where a technical contribution was provided. This reflects the Bank's value added through early involvement in project appraisal and technical assistance where local capacity is more limited.

The EIB's technical contribution is also valuable in the financial sector, for instance through representation



Figure 27

Operations supported by TA by region

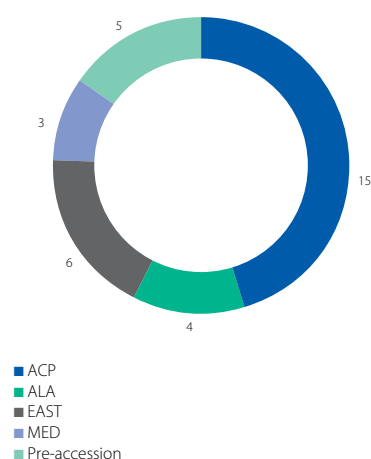
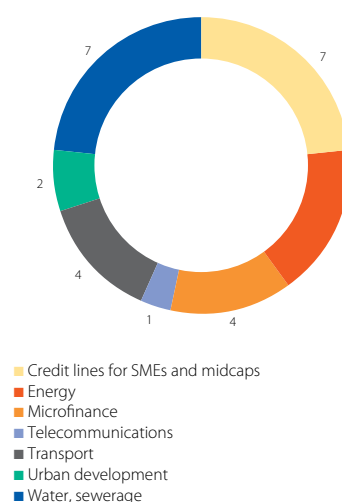


Figure 28

Operations supported by TA by sector



on funds' supervisory boards and board committees, thus effectively contributing to the strategic guidance of the corresponding operations.

Mobilising grants for technical assistance

Technical assistance (TA) grants were mobilised by the EIB for 30 of the projects signed in 2013. Projects in African, Caribbean, and Pacific (ACP) countries benefitted most often from TA, with a total of 15, representing half of the projects in the region. The provision of TA is spread more evenly across the remaining four regions.

Overall, by sector, credit lines for SMEs and midcaps and water and sanitation projects have benefitted from TA most often (seven projects each). In the water sector, TA was mobilised for nearly all of the projects financed. This reflects in part the fact that many projects in this sector are located in the ACP region. The third-largest sector in terms of the number of TA-receiving operations is energy (five projects),

although this is a low proportion of projects (29%) compared to other sectors.

The EIB's contribution to the construction and rehabilitation of the water and sewerage networks in Tanzania includes a EUR 10m TA package funded under the EU-Africa Infrastructure Trust Fund and the Investment Facility managed by the EIB. This will support several stages of the project, including preparatory studies, implementation and supervision. Also, owing to the EIB's efforts, 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.

TA is usually grant-funded and the EIB's positioning is often instrumental in helping to unlock financing from different sources, particularly from the EU budget. These resources are then blended with loans from the EIB and other financial institutions. In financial sector projects, a typical form of TA targets financial intermediaries, which receive assistance for applying eligibility criteria, product design and raising compliance standards.

Standards and resource mobilisation



The ReM framework also assesses whether the EIB's presence works as a catalyst for other sources of financing, and whether it promotes project quality.

Four indicators are assessed: demonstration effect, structuring, institutional cooperation and contribution to raising standards.

A large majority of the operations signed in 2013 are expected to generate a significant (48%) or even high (23%) contribution to raising standards and to mobilising complementary finance from other sources. The vast majority of operations also show significant or high expected demonstration effects.

Demonstration effects

The quality of the Bank's due diligence, regarding technical soundness as well as the economic and

financial viability of projects, is widely recognised. The EIB's decision to finance a project sends a signal that the project is viable – it provides a "stamp of approval". 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 participation by the EIB is absolutely critical for a project to receive sufficient funding.

Twenty-five operations, or 29% of signed lending in 2013, scored "high" in terms of demonstration effect. The majority of commitments for private equity funds signed in 2013 are in this group, since the EIB often plays a pioneer role in building confidence in a fund's activities and encouraging other investors to join. Three of these funds are dedicated to climate action (the Althelia Climate Fund, the Dasos Timberland Fund II and the Green for Growth Fund II), while the wind farm in Jordan and the geothermal project



in Costa Rica are in the group of projects with a high demonstration effect, promoting wider investment in climate action.

Contribution to raising standards

Regulation on the environmental and social impacts of investment projects varies widely in partner countries, for example with regard to Environmental Impact Assessments, public consultation or the level of compensation for affected people. The EIB ensures that its own standards are applied, which in turn reflect the regulations applied in the EU in this area. One major source of standards is the EIB's Statement of Environmental and Social Principles and Standards, with which promoters are required to comply. This contributes to reducing and mitigating environmental and social impacts and raises the quality of the projects financed. The EIB also contributes to raising procurement standards, in particular for projects in the public sector, by requiring that goods and works for a project be sourced on the basis of open competition. This helps to reduce project costs to the benefit, ultimately, of the clients of public services. Two-thirds of all operations signed in 2013 are expected to contribute significantly or highly to raising standards.

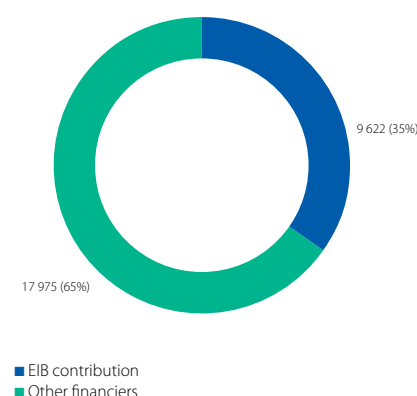
Resource mobilisation

The total investment cost of the non-EU projects for which EIB financing was signed in 2013 is estimated at EUR 27.6bn. The EIB is contributing a total of EUR 9.6bn to the financing of these projects, equivalent on average to 35% of the project costs.

The leverage between the EIB's contribution and co-financing from other external sources (excluding promoters' own funds which represent approximately 25% of project costs) is roughly 2.2. The EIB has been very active in facilitating the successful closing of financing packages. In 37 projects, 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. In two operations (the Zambia Water and Sanitation and the Lake Victoria Water and Sanitation projects), the

Figure 29

EIB financing as a proportion of total project cost



EIB is the lead financier under the Mutual Reliance Initiative (MRI) with AFD and KfW. This implies responsibility for a number of tasks which the two co-financing partners delegate to the EIB.

The EIB's contribution to the closing of private equity funds in 2013 typically has a strong multiplier effect as it often encourages other investors to join. In the Mediterranean region, the Spanish Government has started co-investing in equity funds which the EIB selects. The Bank's contribution to private equity funds in 2013 was about 14% of fund value on average, suggesting a leverage effect of 7.3.





Results of completed operations

The ReM Framework will also be used to evaluate the actual outputs, outcomes and impacts of completed projects. As the actual results of projects approved since the introduction of the ReM Framework may still take some years to become available, this report includes nine case studies presenting the results of ex post assessments carried out in 2013.

Highlights include a loan to ProCredit Bank Georgia, which has increased loan maturities for SMEs by 20%, and the EIB's long-term support of Access Microfinance Holding, which has helped sustain 277 000 jobs in microenterprises. Extending the light railway system in Bursa, Turkey, is shown to have taken 20 million journeys a year off the city's roads, while a project in Maputo, Mozambique has brought safe and affordable drinking water to 84 000 households. Modernising a paper mill in Russia has reduced GHG emissions by 450 000 t CO₂ eq/year, while afforestation in Turkey and upgrading Tunisia's solid waste system are achieving a range of local environmental and economic benefits.

Georgia

ProCredit Holding Loan for SMEs



| | |
|--------------------|---|
| Sector | Private sector development |
| Promoter | ProCredit Bank Georgia |
| EIB finance | EUR 15m |
| Key results | 593 investment projects financed with extended loan maturities 3 458 jobs sustained in supported enterprises |

Why did we support this project?

In Georgia, registered micro, small and medium-sized enterprises employed 41% of all registered tax payers and generated 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 (two 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. This is why the EIB provided a credit line to ProCredit Bank Georgia, a bank specialised in socially-conscious lending for SMEs, with the ultimate aim of supporting growth and poverty reduction through private sector development.

How did we add value?

As part of the ProCredit Holding Loan for SME and Priority Projects, the EIB provided EUR 15m of long-term funding to ProCredit Bank Georgia. The loan



maturity of 10 years, combined with attractive interest rates, has allowed ProCredit Bank 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 the bank to reach more SME clients and has helped entrepreneurs to match loans with the economic lifetime of the underlying investments.

What were the results?

ProCredit Bank Georgia has used the EIB credit line to finance 593 SMEs in different sectors of the Georgian economy, with an average loan size of EUR 26 500 and an average loan maturity of five years. This is a maturity extension – under the bank's

standard lending conditions, which have remained unchanged – of almost one year for the average client, over what the bank could otherwise have financed. For certain projects, maturities of up to ten years have been offered.

Irakli Zatiashvili, Member of the Extended Management at the bank, stresses their cautious approach to lending, "According to ProCredit Bank Georgia's responsible lending policies, the bank always finances SME projects with the right loan amount which is affordable to clients. We always carefully consider the instalment amount that SME clients can bear in order to avoid the risk of over-indebtedness. Lower interest rates result in lower loan instalments for clients. Consequently more SME businesses may enjoy affordable financial services."

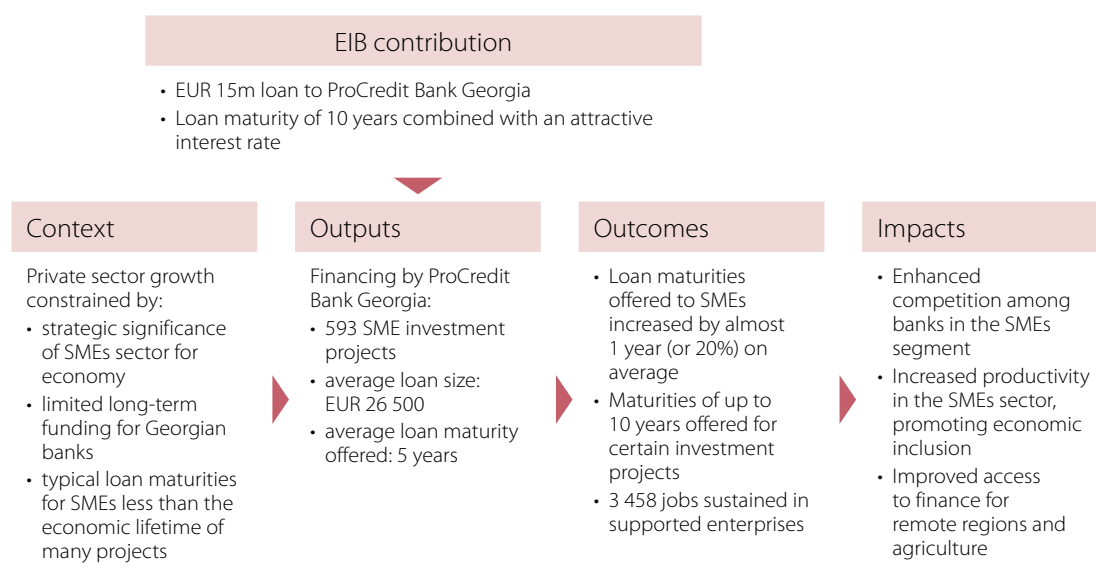


With cheaper EIB funding, through ProCredit's responsible way of lending, more and more SME clients will be able to benefit from cheaper loans thus contributing to the growth and development of their SME businesses and to the country's economy as a whole.

Irakli Zatiashvili, Member of the Extended Management, ProCredit Bank Georgia

Figure 30

Project overview: ProCredit Loan for SMEs (Georgia)





EIB support has enabled the bank to combine extended maturities with attractive interest rates, so that more SMEs have qualified for finance and been able to carry out longer-term investment. As Irakli Zatiashvili explains, “With cheaper EIB funding, through ProCredit’s responsible way of lending, more and more SME clients will be able to benefit from cheaper loans thus contributing to the growth and development of their SME businesses and to the country’s economy as a whole.”

With the EIB funds, ProCredit Bank 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 more than 3 400 jobs in the beneficiary SMEs.

BOX 13

AVOKADO – A CULINARY SUCCESS STORY

Nino Bitskinashvili used to work in Tbilisi city hall. With her husband, she also owned and rented out some commercial properties in the city. But what really motivated her was something else: cooking.

“Why did I start this business?” she explains, “It’s because I have always liked cooking; it’s something I feel comfortable with. We had this space already, and I know thousands of recipes and so I needed to use it somehow.”

But she also wanted to look to the long term and create a strong business. “In the beginning our production was only twenty croissants a day. It’s quite possible to do that by hand. But right from the beginning we decided to make this an investment for the future. So we bought a special machine for preparing the dough for croissants.” In fact, she took out a USD 30 000 loan from ProCredit Bank to spend on all the specialised catering equipment she would need.

After one and a half years, the business is already thriving. Her outlet in a fashionable district of Tbilisi is busy with people picking up ready-prepared dishes or sitting down for coffee and cake. On another site, a new bakery is just going into operation. Including herself and her sister, Avokado now employs twenty people.

Mrs Bitskinashvili approached three other banks before deciding in favour of ProCredit because of the interest rate and the high requirements of the other banks. “They wanted us to use all of our property as collateral, but I didn’t want to do that because I didn’t want to use my flat or my husband’s business property. I just wanted to use this retail space as collateral.”

“Access to attractive credit was one success factor,” she says, but she also does not play down the enormous personal commitment it has taken, often working sixteen hour days in the first year. She feels it was worth it: “To me and also my family it’s a source of joy that this is my business. It’s a big success for me personally.” In fact, she is already thinking about the next step: opening a second outlet in the city.



BOX 14

ACHIEVING FARM ECONOMIES OF SCALE

David Petriashvili's father and grandfather always farmed cattle and sheep, but it was often a difficult business, with high input prices and low margins. Mr Petriashvili himself worked in the wholesale trade until improving conditions 14 years ago persuaded him to move into farming.

He now owns and runs a large mixed farm with over 500 hectares of arable and grazing land, 200 cattle and over 2 000 sheep. It employs 20 to 40 people, depending on the season. Access to credit and a good relationship with ProCredit Bank has been one of the factors of his success, he explains, allowing him to both expand and sustain production when his own resources were not sufficient.

"I'm really very satisfied with the services of the bank. Other banks have approached me and offered their services, but we are happy to cooperate with ProCredit. The interest rate is quite acceptable to me, and if there is any problem, they always try to solve it on time."

He also runs a "Farmers' service centre" which rents machinery and supplies inputs to small farmers in the area. Many households farm part-time on only a hectare of land or less. About two years ago, when local farmers received vouchers for fertiliser from a government programme, Mr Petriashvili used an EIB-supported USD 40 000 loan from ProCredit to buy fertilisers in bulk and distribute them.

"That was really valuable for the local small farmers because when the government gave them the vouchers, that was enough for only one sack of fertilisers," he says. "If it hadn't been for me or someone like me in this area, then they would have had to go to Tbilisi, and it wouldn't have been worthwhile."

Now Mr Petriashvili is thinking of expanding into chicken production, with the help of ProCredit. "We are going to bring chicks from Turkey. After five months they start to lay eggs. So when we have a party, we will have our own chickens on the table. We will not have to buy anything."

LORGO LTD – THE OATS BUSINESS

Childhood friends Nodar Stepanishvili and Levan Khvedeliani first went into business in the year 2000, running a small grocery store in a rented space. They soon saw a need to develop the business and started to import oatmeal, first from Russia, then from Germany. Their import business grew and last year, with the help of a USD 150 000 EIB-financed loan from ProCredit, they were able to purchase a large warehouse on the outskirts of Tbilisi, enough for all their stock and to allow for expansion into packaging. The business now employs 40 people.

The most important factor in their success, according to Mr Stepanishvili, has been hard work, “Because when we started, it was only Levan and me, and we were the drivers and we also loaded and unloaded the foodstuff. It was only us doing everything.”

But a long-term relationship with ProCredit was also vital: “Without credit it would have been impossible to reach the scale that we have. We would have developed our business, but

we would be something like five years behind where we are now,” Mr Stepanishvili explains. He says the interest rate and the repayment schedule were the most important criteria for choosing a loan, but also praised the excellent business relationship they have built up with ProCredit over the years, “I cannot really imagine having a relationship with any other bank now”.

Looking forward, they remain focused on oats. “We are now importing oatmeal,” says Mr Stepanishvili, “but our long-term goal is to produce oats locally and do our own packaging, so it will be an absolutely local brand.” And why oats? “In Georgia there is a lot of demand for oats and it looks like a very prosperous business for us. A few years ago, some people were even smuggling oatmeal.” In fact, he says he got the idea after visiting doctors who told him to eat oats to help him lose weight. “Actually, I have been importing oatmeal for 10 years and I haven’t really lost much weight, but I helped other people to lose weight!”





Kenya

Private Enterprise Finance Facility II



| | |
|--------------------|--|
| Sector | Private sector development |
| Promoter | African Banking Corporation |
| Total cost | EUR 18m |
| EIB finance | EUR 7m |
| Key results | Long-term finance provided to 20 SMEs and 4 midcaps 3 400 jobs sustained in supported companies |

Why did we support this project?

In Kenya, micro, small and medium-sized enterprises employ more than two-thirds of the labour force, account for over 40% of GDP and are a key driver of economic growth. However, the potential of this sector is reined in by challenges that include limited access to appropriate finance.

Kenyan banks have typically shown a strong preference for short-term, safe and liquid assets, largely

funded by deposits. This model has penalised the medium to long-term lending which is needed for many investment projects. In addition, lending has tended to favour large public and private enterprises in urban areas. This is why the EIB implemented the Private Enterprise Finance Facility (PEFF II) in Kenya, in 2011, to help address the financing needs of the SME sector. The ultimate aim was to support growth and poverty reduction through private sector development, including through improved productivity and diversification.

How did we add value?

Under the EUR 20m PEFF II facility, the EIB provided a EUR 7m credit line to the African Banking Corporation (ABC), which in turn co-financed expansion, diversification, modernisation and start-up investments by eligible businesses in Kenya through loans and leasing funds. As a mid-sized, second-tier bank, ABC did not have easy access to capital markets, despite significant growth rates. With a maturity of 7 years, the EIB facility was the first long-term funding source available to ABC. Furthermore, because 85% of the funds were provided in Kenyan shillings, ABC was better able to support enterprises' needs in different value chains, protecting them from local currency fluctuations.

What were the results?

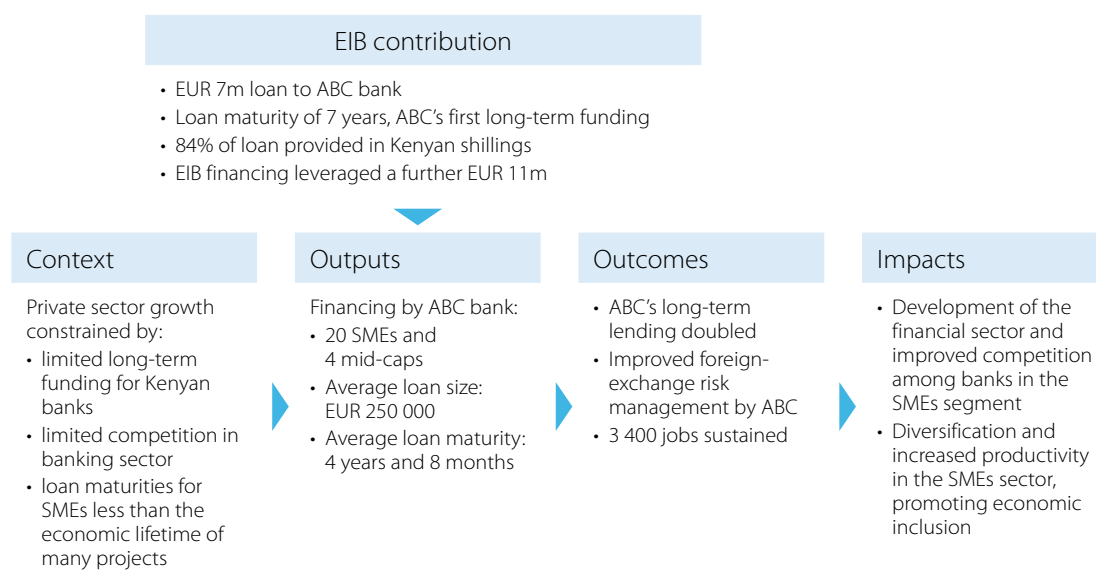
The EIB finance allowed ABC to narrow the financing gap with tier-one banks, increasing competition among banks focused on SMEs. It allowed ABC to double its long-term business lending with maturities of five years or longer. In total, EUR 18m was invested in projects by 20 SMEs and four midcaps. ABC was also able to extend the average maturity offered to four years and eight months, and the maximum maturity from five to ten years. In this way, its ability to provide finance to creditworthy SMEs planning longer-term investment was greatly increased.

Amongst the projects financed were three social infrastructure projects in education and healthcare, including creation of students' housing and facilities for a school in Nakuru. The investment has helped to sustain 3 400 jobs in the companies that were financed, 640 of which are estimated to have been created directly by the investment.

“The EIB finance allowed ABC to narrow the financing gap with tier-one banks, increasing competition among banks focused on SMEs. It allowed ABC to double its long-term business lending with maturities of five years or longer.”

Figure 31

Project overview: PEFF II Kenya





BOX 16

EXPANDING FACILITIES FOR THE TOURISM SECTOR

The new Nairobi Upperhill Hotel is a successful venture managed by three entrepreneurs: Martin Mwangi, Dalip Benawra and Wahome Moutia. With extensive experience in the tourism sector, Martin teamed up with Wahome an experienced entrepreneur, to buy land in Upper Hill, a neighbourhood of Nairobi where more and more businesses are relocating as an alternative to the expensive and overcrowded central business district.

But the entrepreneurs suffered a string of rejections as they sought a KSh 200m loan for their hotel project. The main hurdle was the high level of collateral required by very risk-averse lenders. In the end, it was ABC bank that recognised the potential of the project and was able to provide the financing to make it viable. They signed a seven-year loan co-financed by the EIB, using only the land for the hotel as collateral. The participation of the EIB gave the entrepreneurs the opportunity to borrow Kenyan shillings at a fixed rate, protecting them against local currency fluctuations.

Today the boutique hotel is equipped with 50 spacious rooms, conference facilities and leisure amenities. It achieves an occupation rate of 65-70% throughout the year, while the hotel's restaurant, "La Bonne Bouche", is popular in the neighbourhood for its French dishes. Overall, the hotel employs 50 full-time workers, generating a positive impact in a country where 40% of the labour force is jobless.

"Next year we plan to borrow EUR 10m to expand our chain by building a lodge in Nanyuki, a market town lying at the foot of Mount Kenya," says Martin Mwangi. "Swimming pools will be built and every bungalow will be surrounded by a garden. We believe this will positively affect employment in the area."



BOX 17

MEETING DEMAND FOR WAREHOUSE CAPACITY IN NAIROBI

Mr Singh is the Financial Controller of Kenroid Ltd., a Nairobi-based company that imports processed foods and wholesales them to supermarkets, small shops, hotels and restaurants all around Kenya. Since its establishment in 1994, Kenroid has grown considerably, from six to over 130 employees. It has become a major market player in Kenya, with over 400 food items distributed every day. One of the key ingredients of their success has been ABC's financial support: after the first loan to build the warehouse, which nowadays houses the company's main office, Kenroid has enjoyed various credit facilities to expand further.

However, as Kenroid was growing, Mr Singh recognised the need to diversify from its core activity by investing in other sectors of the economy. Identifying a need for expanded warehouse capacity in the industrial area of Nairobi, he took a EUR 1m loan from ABC to finance the construction of warehouses that could be leased to other firms. The seven-year loan, 50% financed through the EIB facility, enabled Kenroid to build five warehouses totalling 7 000 m² close to the Nairobi Kenyatta airport; each two-floor depository is equipped with open-space offices, restrooms and kitchenette. Since their launch in 2011, they have never been empty and they are currently rented out to other companies active in logistics and storage services.

Proud of how this investment has performed, Mr Singh has expressed his interest in expanding this line of business in the near future. He says that the stable cash flows generated by this EIB-financed project had helped Kenroid to reach its long-range financial goals while minimising risk.

CREATING ACCESS TO ADVANCED MEDICAL TECHNOLOGY

BOX 18

Plaza Magnetic Resonance Imaging Ltd is a Nairobi-based private health care company providing X-ray, ultra sound diagnostics, computerised tomography (CT) scan and magnetic resonance imaging (MRI) services.

The company received an EIB-financed EUR 718 000 loan from ABC to purchase an Acquilion ONE CT scanner and an MRI work station. This five-year loan was equivalent to 50% of the total cost of the equipment and was denominated in Kenyan shillings, reducing foreign exchange risks for the company.

"The new CT scanner has significantly increased the accuracy and speed of imaging services and raised the profile of our clinic given the increased confidence in our diagnosis," says Dr Alfred Odhiambo, radiologist and CEO of Plaza Magnetic Resonance Imaging.

"We are able to provide radiology services to a higher number of patients and at a lower cost than what is available in other hospitals and clinics in the country," he adds. "The number of patients served has increased from 20 to 30 per day and is rising. We are planning to employ an additional five support staff in addition to the current 49 employees in order to deal with the increased patient numbers." "With the new equipment, "There will be no need for patients to travel outside the country to access radiology services as we are providing high level imaging care with our new equipment."





Access Microfinance Holding



Where Azerbaijan, Liberia, Madagascar, Nigeria, Rwanda, Tajikistan, Tanzania, Zambia

Sector Private sector development

Promoter Access Microfinance Holding AG

EIB finance EUR 16m

Key results New banks established in developing and transition countries

277 000 jobs sustained in microenterprises and SMEs

Why did we support this project?

In the countries where the AccessBank Network operates, existing non-bank microfinance institutions are often inefficient and unable to offer many of the services that small entrepreneurs and their families require, such as deposit accounts and simple payment services. As a consequence, these institutions often remain small and unable to attain economies of scale that would allow them to be more cost-effective. Traditional commercial banks, by contrast,

fail to serve smaller clients, focusing instead on larger companies.

The AccessBank model is designed to bridge this gap and meet the needs of micro and small enterprises; thereby promoting the development of a sector that is vital for the creation of jobs and the reduction of poverty. The group has set up a series of new formal banking subsidiaries in developing and transition countries. The EIB played a critical role in this process by providing financial support to

transfer knowhow and set up these new banks on an efficient and sustainable basis. The EIB's financing under the Investment Facility was directed to the African countries in the Access portfolio.

// The establishment of this network of banks, which specifically focuses on low-income clients, is itself an important result laying the foundations for rising access to finance through organic growth and replication of the model in other markets. //

How did we add value?

The EIB is one of the founding shareholders of Access Microfinance Holding AG. Throughout the group's expansion, the EIB has acted as a long-term partner, providing a total of EUR 9.7m in equity financing and a EUR 2.6m loan. In addition, EUR 3.8m in grants has been provided for technical assistance to support the establishment of new

greenfield operations, the most recent of which is in Rwanda (see Box 19), and for purposes as diverse as developing agricultural lending and implementing mobile banking to extend access to financial services to remote areas. Technical assistance funds from the EIB have also been used to support the creation of AccessCampus, an in-house facility promoting field staff development throughout the network.

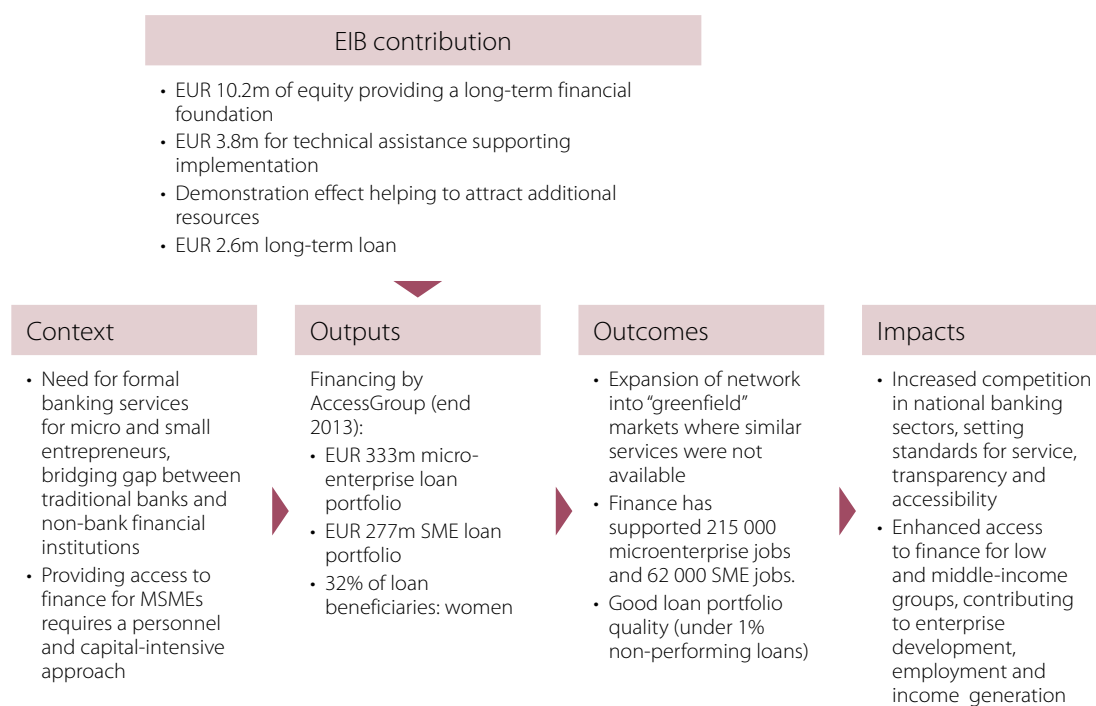
By providing equity funding, the EIB has helped to establish Access Holding and provide it with a financial foundation for the long term, going beyond what could be achieved with only fixed-term lending. The success of the AccessBank model is expected to have a significant demonstration effect, helping to attract additional resources from private and public sources to microfinance.

What were the results?

The EIB's support for Access Microfinance Holding has improved access to credit and other financial ser-

Figure 32

Project overview: Access Microfinance





vices for micro and small enterprises in the countries where an AccessBank has been established. The establishment of this network of banks, which specifically focuses on low-income clients, is itself an important result laying the foundations for rising access to finance through organic growth and replication of the model in other markets.

The results already achieved by the network are impressive. As at the end of 2013, Access Microfinance

had a combined microfinance loan portfolio of EUR 333m, spread over 220 000 clients, and a portfolio of EUR 277m in loans to 5 800 SMEs. Thirty-two per cent of the loan beneficiaries are women. These business loans have helped to sustain 215 000 micro-enterprise jobs and 62 000 jobs in SMEs. They have promoted economic diversification while raising income levels and living standards.

SETTING UP A “GREENFIELD” BANK IN RWANDA

BOX 19



AB Bank Rwanda received its banking licence in December 2013 and began operations shortly thereafter from its first branch in the Nyamirambo area of the country's capital, Kigali. It is an example of how the Access Group has set up new banks in “greenfield” locations where there is a lack of existing expertise.

For such a “greenfield” bank, resources for technical assistance constitute a vital seed funding element. That is why the EIB co-financed AB Bank Rwanda's pre-operational phase by providing EUR 300 000 for technical assistance. These funds were used to identify, hire and train personnel, laying a solid foundation for the bank's development.

The mission of AB Bank Rwanda is to be a socially responsible bank for the lower and middle-income strata of the Rwandan society and the one-stop bank of choice for micro and small enterprises. It aims to set new standards in the Rwandan microfinance sector for customer service and transparency, thus making a meaningful contribution to enterprise development, employment and income generation in the MSME sector. From its very first days of operation, the bank has seen a strong interest from the target clientele in its loan and deposit products. After five years of operation, it is expected that it will serve around 30 000 clients across the country, helping them improve living standards, accumulate assets, receive education and create jobs for the local community.



KINNA ZOLDUA – CLOTHING SHOPKEEPER, LIBERIA

BOX 20

Kinna Zoldua is a businesswoman selling clothes in Vai Town, a busy market in Monrovia, the capital of Liberia. She started her business in 1997 selling second-hand clothes from a table in the street. A few years later, she managed to open a small shop, but did not have enough resources to expand her new undertaking. At the time, her business was the only source of income for her family who had to live in crowded, rented accommodation.

Mrs Zoldua received her first loan from AccessBank in January 2010: USD 1 200 to purchase merchandise. After six months and a successful repayment history, Mrs Zoldua was able to borrow another 2 000 to finance a trip to a big apparel market in Conakry, Guinea. With a greater variety of fashionable clothing and footwear brought from Guinea, her business flourished and she was eventually able to finance the construction of a house for her family.

Mrs Zoldua is still a client of AccessBank Liberia. Now in her fifth loan cycle, she is planning a business trip to China and a move to larger premises where she can offer an even more diverse product range. Last year, she bought a piece of land in a popular neighbourhood in Monrovia and plans to start building what she calls her “dream house”.

AGNES JACOB MOLLEL – MUSHROOM AND PIG FARMER, TANZANIA

BOX 21

Agnes Jacob Mollel runs a business growing mushrooms and raising pigs in Mbesi beach, a residential area with emerging small business activity around 15 km outside Dar es Salaam, the capital of Tanzania. A 56-year-old widow of Maasai origin with two children living abroad, Agnes received two loans from AccessBank of TZS 1.6m (around EUR 900) each.

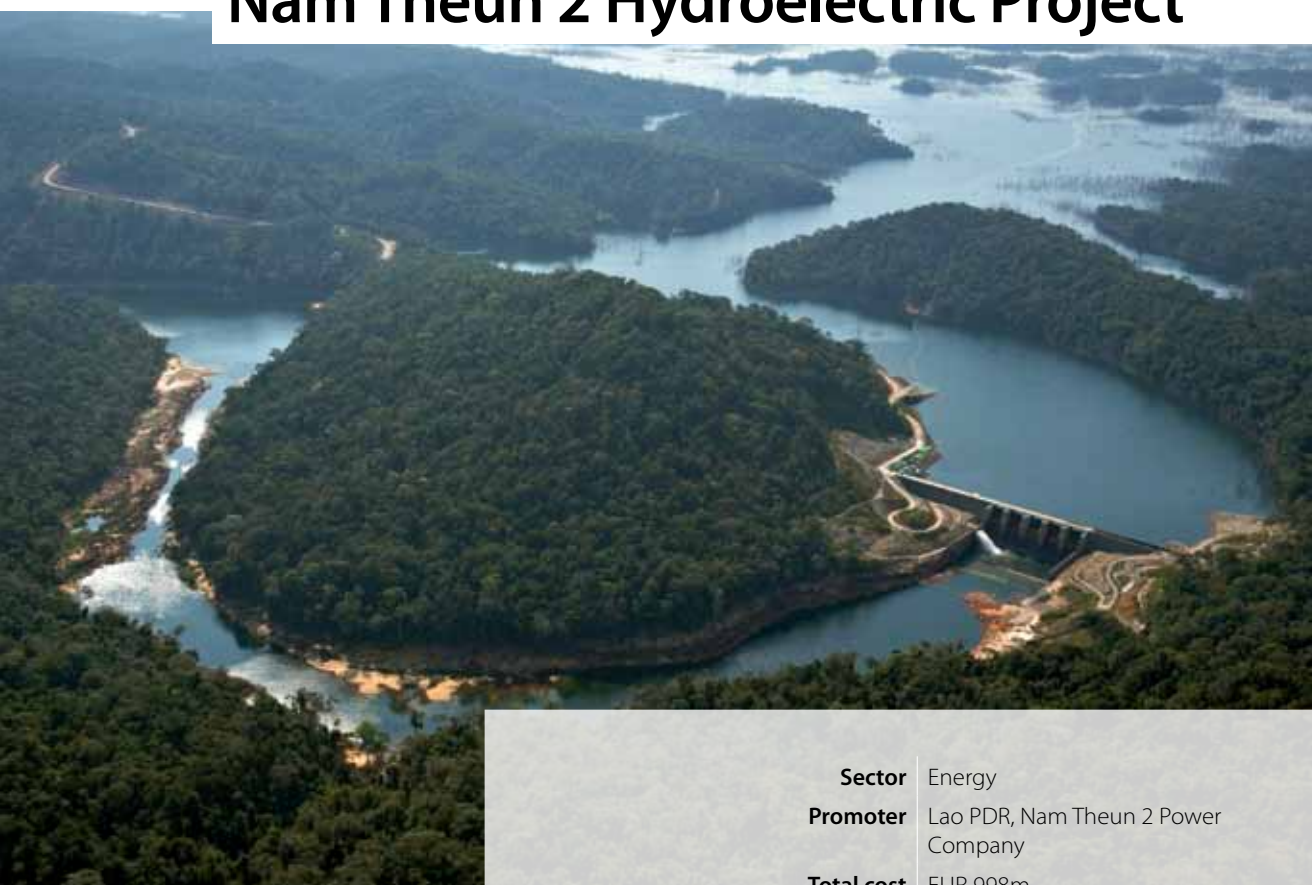
The first loan was used to construct additional shades for her pigs. The second allowed her to purchase more livestock and also to add shelves for the mushrooms she sells to supermarkets and a number of individual customers. Since Agnes became a client of AccessBank Tanzania, she has been able to double her business volumes.





Lao People's Democratic Republic

Nam Theun 2 Hydroelectric Project



| | |
|--------------------|--|
| Sector | Energy |
| Promoter | Lao PDR, Nam Theun 2 Power Company |
| Total cost | EUR 998m |
| EIB finance | EUR 45m |
| Key results | 6 115 GWh electricity generated in 2011, enough to supply over 3 million households Increased government revenue (USD 27m a year, expected to rise to USD 110m) |

Why did we support this project?

Demand for electricity is growing rapidly in this region, particularly in neighbouring Thailand. If this demand is not met by renewable sources, the alternative would be thermal power generation from fossil fuels, with associated greenhouse gas emissions. This project was therefore designed to make use of the natural hydropower potential of the Lao People's Democratic Republic (Lao PDR) to generate

electricity for export to Thailand as well as for supplying local needs.

It was also an opportunity to help address the Lao PDR Government's weak fiscal position through the generation of significant government revenues, allowing it to better finance social and environmental programmes. The project has thus contributed to

the EIB's mandate objectives of climate change mitigation, regional integration and development of social and economic infrastructure.

The environmental and social impacts of the project are being addressed through significant mitigation and compensation measures and programmes to ensure the economic development and improvement in living standards of local affected communities.

How did we add value?

A EUR 45m EIB loan to the Lao PDR Government enabled it to finance its equity share in the Nam Theun 2 Power Company (NTPC), without which the overall financing of the project might have been impossible.

"The EIB's ability to co-finance the Government of Laos' equity enabled the Government to realise more financial benefits from the project as a shareholder," said Somkiat Suttiwanich, NTPC's Chief Financial Officer. "The Government of Laos uses this shareholder dividend money to enhance and further fund its poverty reduction programmes for the benefit of the Lao people for today and in the future."

Nam Theun 2 was implemented under a "build-own-operate-transfer" (BOOT) long-term concession arrangement. The concession holder is NTPC, which is jointly owned by Lao PDR, with 25%, Electricité de France (EDF), with 35%, and Electricity Generating Public Company Ltd (35%). Once established, NTPC received further financing from other parties including the World Bank Group, Asian Development Bank and commercial banks. EIB financing was therefore

crucial for the establishment of this concession arrangement, which succeeded in attracting significant private sector investment and expertise.

The EIB loan was provided with a long-term maturity matching the length of the construction period plus that of the concession after the commissioning of the plant. The EIB also required, as a condition for disbursement, a specific commitment with respect to support for the affected communities. This commitment sets livelihood enhancement objectives for the affected downstream population and confirms the rights of the resettled and other affected people to forest resources, future reservoir fisheries and designated lands, through the necessary regulatory instruments. The Bank has also actively participated in monitoring with other international financial institutions.

What were the results?

The project, creating 1 070 MW of renewable electricity generation capacity, was signed in 2005 and entered commercial operation in April 2010. A 39-metre high gravity dam was constructed on the Nam Theun river, creating a 450 km² reservoir. The project also involved the construction of a power house, a headrace channel and intake structures, a headrace tunnel and other related infrastructure, a regulating pond and three main substations. A transmission system was constructed to transport electricity to the Lao grid and the Thai border, 218 km away, as well as a 40 km distribution line to the Nakai Resettlement Area.

In 2011, Nam Theun 2 generated 6 115 GWh of electricity, 93% of which was exported to Thailand. NTPC revenues from electricity sales reached USD 275m.



The EIB's ability to co-finance the Government of Laos' equity enabled the Government to realise more financial benefits from the project as a shareholder. The Government uses this shareholder dividend money to enhance and further fund its poverty reduction programmes. //

Somkiat Suttiwanich, Chief Financial Officer, NTPC.



ENSURING SUSTAINABLE IMPACTS

BOX 22

Given its nature, the project is associated with an extensive integrated environmental and social programme, monitored by independent international expert groups. It included the relocation of 15 villages on the Nakai plateau, mostly from ethnic minority groups, to new sites on the plateau, as well as measures to mitigate impacts on other affected communities. The programme provided improved or new housing, schools, clinics and places of worship, as well as electricity, water, road and irrigation infrastructure. Further measures were taken to enhance employment and economic development through Village Income Restoration Funds.

“In December 2013, the Government’s Resettlement Committee declared that the Household Income Target (defined as above the poverty line) for the resettled households had been achieved,” says Pat Dye, NTPC Director of Government of Laos Affairs & Corporate Communications. This is an important milestone for NTPC’s Environment and Social Programme: “Prior to the project, the majority of these households were below the poverty line. According to 2013 survey data, 97% are now above the poverty line, with average consumption levels being three times higher than the poverty line without any significant corresponding levels of household debt.”

NTPC’s support programmes will be ongoing until the resettlement objectives and provisions have been met. Continued supervision and monitoring by the international financial institutions involved in the project are also planned to ensure that the required impacts are achieved. Priority areas for future attention include government revenue management, sustainability of livelihood objectives for resettled communities, monitoring and remediation of the future impacts of the project on the population affected downstream, and improved watershed management.



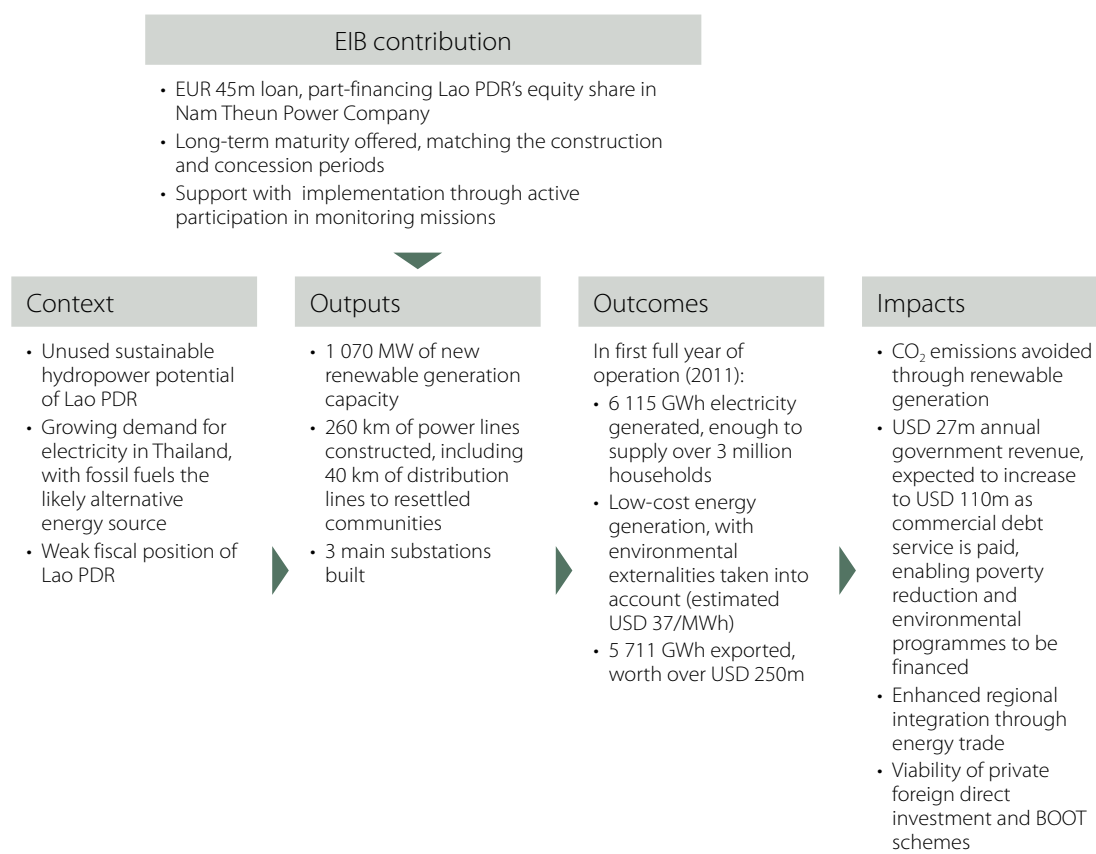
Taking into account environmental externalities, the cost of electricity generated was calculated to be USD 37/MWh. This compares very favourably with an estimated cost of around USD 120/MWh for a new combined-cycle power plant, including carbon costs and the opportunity cost of imported gas, which would have been Thailand's alternative for serving local demand had Nam Theun 2 not been built.

From October 2011 to September 2012, the Lao PDR Government received USD 27m through resource usage charges and dividends. Over the first ten years, the project is expected to generate USD 30m

in government revenues annually (in nominal terms) as commercial debt service is paid. This is expected to increase to an estimated USD 110m per year from 2020 to 2034. These funds will increasingly be channelled to priority health and education programmes and the electrification of rural villages.

The project was delivered at 4% over the base cost estimate but well within the level of contingencies provided for in the financing plan, despite some delays due to late commencement of the main construction contract and technical difficulties encountered during construction.

Figure 33
Project overview: Nam Theun 2 Hydroelectric Project





Turkey

Bursa Light Rail Transit System II



Sector Urban public transport

Promoter The Bursa Metropolitan Municipality

Total cost EUR 230m

EIB finance EUR 100m

Key results 20 million journeys shifted from bus to rail in first year.

Time savings worth an estimated EUR 3m to 4m in first year

Why did we support this project?

Bursa, the fourth-largest city in Turkey, with approximately 1.7 million inhabitants, has experienced rapid growth in population and income, generating an increased demand for transport. The project aimed at extending Bursa's Light Rail Transit System (LRTS), which provides a faster, safer and more environmentally friendly alternative to road-based transport.

The improvement of urban transport is consistent with the EIB's objectives to finance the development of social and economic infrastructure in its operations outside the EU, whilst contributing to climate change mitigation.

How did we add value?

The EIB has been involved for a long time in the development of the LRTS in Bursa. In 2002, the Bank also financed an extension to the eastern line, assessed as vital for the effectiveness and economic sustainability of the network. Mechanical engineer Eren Kural, who is Head of Bursa's Rail Department,

//

If we had not been successful in obtaining a loan such as the one from EIB, the project could not have been completed in such a short period or in such a comprehensive manner //

Eren Kural, Bursa Head of Rail

says he approached the EIB with regard to funding this development phase of the rail system because of the positive experience with EIB support in the first phase. “The first and most important advantage is the low interest rates”, he explained.

“The second factor is that payment is spread over a long period, and that for a certain period we only had to pay the interest,” he adds. “When you look at projects like this one, it’s important to have the finance ready to proceed with the contractors for the implementation of the project in a timely man-

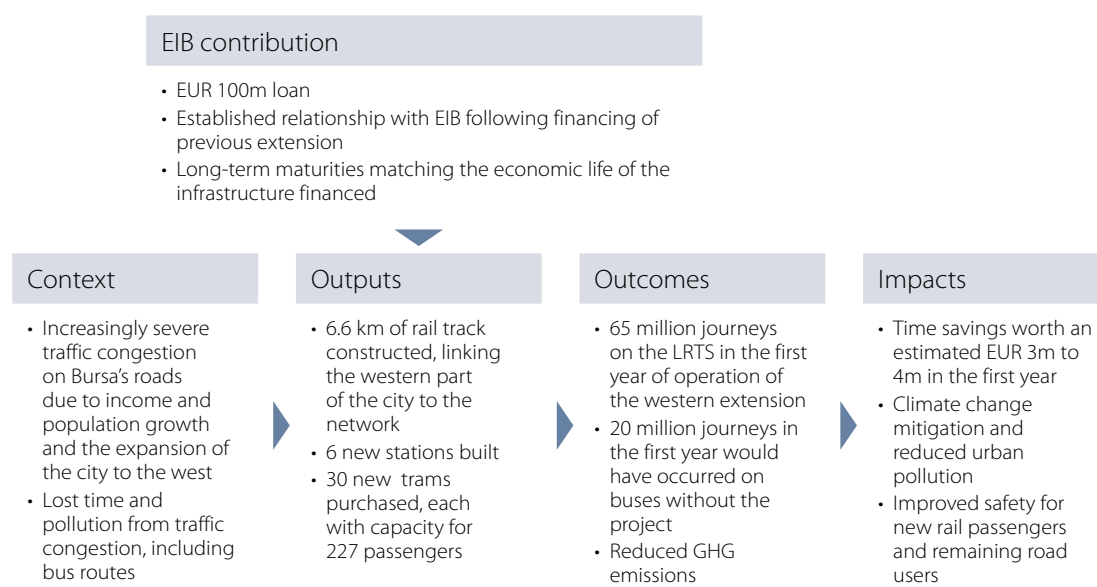
ner. If we are only required to pay the interest during construction, before the revenue starts coming in, that makes it very attractive.” Such access to long-term borrowing, matching the assets’ economic life, may not have been possible without EIB’s involvement.

From the perspective of the Bursa Municipality, finance of the type provided by the EIB is seen as critical for projects like this: “If we had not been successful in obtaining a loan such as the one from the EIB, we would have needed to implement the project through our own resources and it could not have been completed in such a short period or in such a comprehensive manner.” says Mr Kural.

The EIB also helped to ensure that the project was completed within a reasonable time and within budget. As part of the EIB financing, the promoter engaged an international consultant to provide technical assistance to the Project Implementation Unit. In line with the EIB’s tendering requirements, the promoter followed EU directives in its procurement procedures.

Figure 34

Project overview: Bursa Light Rail System II





What were the results?

The western line of the LRTS was extended by 6.6 km, connecting the city centre with a large residential area (Emirkoop) with over 40 000 homes and Uludag University, with 43 000 students at the time of project approval. Six new stations were also constructed on the new section of the line. The construction of the track, stations and rolling stock created an estimated 4 000 person-years of employment.

The project also involved the purchase of rolling stock for operation on the western line extension and the whole network, resulting in a capacity increase across the network. On the western line extension, the headway during peak hour is now five

minutes, for a capacity of approximately 21 800 passengers per hour.

In the first year of operation, 65 million journeys were made on the LRTS. This is an additional 20 million journeys compared to what the usage of the network would have been without the project. This increase is mainly explained by a shift from bus to rail.

//

I know that by car it would have taken 45 minutes, or probably an hour at peak times, to go from my current job to home, but with this train it only takes about 35 minutes //

Lamia Avşar, Bursa resident

SAVING TIME FOR BURSA RESIDENTS

BOX 23

Bursa resident Lamia Avşar is the business development manager for a small company called CCE Electric that played an important role in implementing the project. Like 10% of Bursa's population, she uses the light rail system almost daily.

"I live in Old Bursa, the historical city centre, and my current work is near the university," she says. "If the rail system did not exist I would probably have to take two buses or mini-buses and the services are not very frequent. I know that by car it would have taken 45 minutes, or probably an hour at peak times, to go from my current job to home, but with this train it only takes about 35 minutes."

In fact, the shift from bus to rail has generated total time savings estimated to be worth EUR 3m to 4m in the first year of operation, plus reductions in GHG emissions and transport pollution. Passenger numbers are in line with expectations at the appraisal stage, despite significant increases in fares, designed to ensure the system's financial sustainability. The quality of the service compared to road transport explains this success. As Mrs Avşar explains: "It's also more comfortable, you can travel in any weather conditions, and you know how long it will take; it's exactly on time, and services are more frequent."

The benefits in terms of time savings and reduced carbon emissions could be further enhanced by a full restructuring of Bursa's bus network to reduce the overlap between bus and LRTS services and increase complementarity. Such a restructuring is part of the Municipality's plan for the further development of the transport network.



Mozambique

Improving access to water in Maputo



| | |
|--------------------|--|
| Sector | Water |
| Promoter | FIPAG, the national water asset holding company |
| Total cost | EUR 95m |
| EIB finance | EUR 31m |
| Key results | Access to safe drinking water for additional 84 000 households Improved continuity of supply from 10 to 16 hours/day on average |

Why did we support this project?

As of 2006, approximately 60% of the population of Maputo had no access to safe drinking water. Connected households were only supplied for 10 hours/day on average and 62% of the water produced was not billed, much of it being lost due to leakages.

The goal of the Maputo Water Supply project was to extend access to safe drinking water and improve the efficiency of the supply system in a sustainable way. The project thus contributed to progress with the Millennium Development Goals in Mozambique,

which are central to the country's Poverty Reduction Strategy.

How did we add value?

The EIB provided a EUR 31m concessional loan to Fundo de Investimento e Património de Abastecimento de Água (FIPAG), the government agency that managed the project, via the national government. It also helped FIPAG to obtain a EUR 25m grant under the ACP-EU Water Facility, an EU initiative with grants from the European Development Fund. The EIB led the coordination between the



different lenders and donors (the EU Delegation, Agence Française de Développement (AFD) and ORET.nl) to facilitate the promoter's work.

// The EIB helped FIPAG to obtain a EUR 25m grant under the ACP-EU Water Facility and led the coordination between the different lenders and donors to facilitate the promoter's work. //

The EIB also helped to define the scope of the project and improve its financial sustainability. Alongside AFD and ORET.nl, the EIB provided technical assistance and support. This included advice on setting up a dedicated project management department within FIPAG, the definition of service levels and delivery, working with small-scale independent providers, improvements to FIPAG's financial model, monitoring of project implementation and facilitating coordination with other entities involved in water and sanitation in lower-income areas, such as

the NGO Water and Sanitation for the Urban Poor (WSUP).

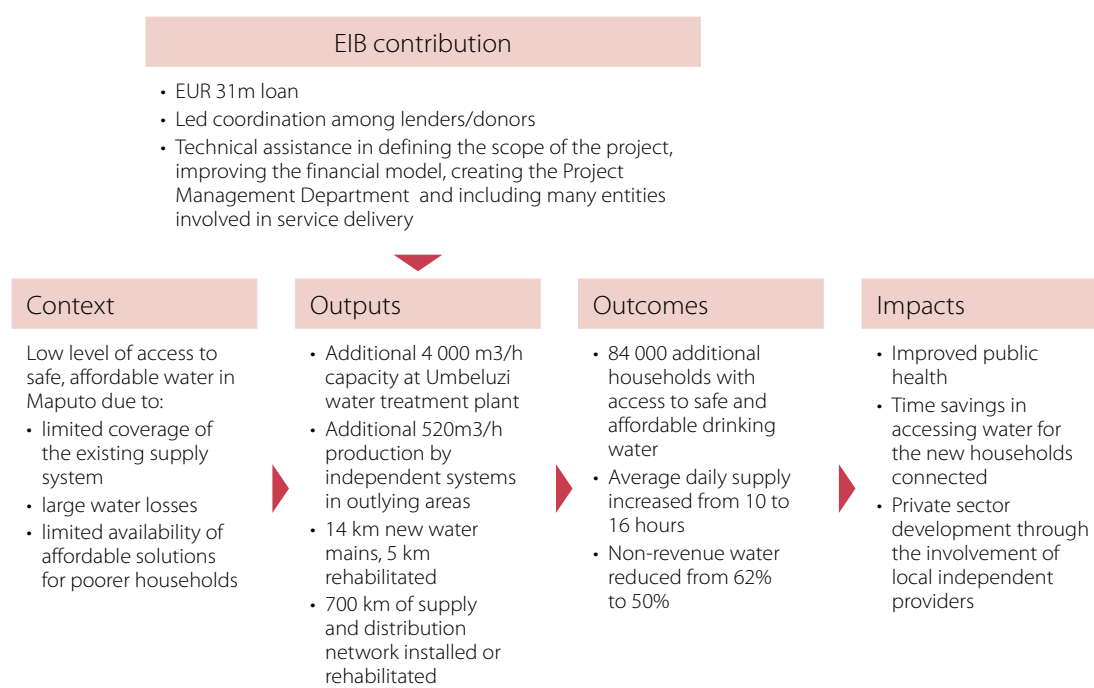
What were the results?

An additional 84 000 households were provided with access to safe and affordable drinking water, while the average duration of supply increased to 16 hours. Non-revenue water was reduced from 62% to 50%.

The project increased capacity at the Umbeluzi water treatment plant by 4 000 m³/h, added 14 km of new water mains and rehabilitated 5 km of existing mains. Approximately 700 km of supply and distribution networks were installed or rehabilitated. In outlying areas, the project focused on involving independent local suppliers, so that poor households could be reached through affordable, low-cost solutions. Additional production of 520m³/h was achieved by independent systems in these areas. North of Maputo Bay, production was increased through the installation of 23 boreholes, with

Figure 35

Project overview: Maputo Water Supply



several distribution systems set up to establish new household connections.

A pioneering approach was adopted for this project to ensure both the affordability of services and the financial sustainability of the supply system. Because differentiated service levels (house connections,

standpipes) and tariffs are offered, households are able to choose a price-service combination that suits their needs and their income level. The EIB promoted the involvement of independent private providers, relying on output-based aid mechanisms whereby funding is only obtained by operators on condition that they demonstrate that customers are being serviced.



Seeing people living in very small houses and shacks in these neighbourhoods now having their own water connection and access to good quality water at rates which are affordable is a huge positive change. //

Baghi Baghirathan, Project Director, Water and Sanitation for the Urban Poor



BOX 24

COORDINATING WITH NGOS TO ENSURE BENEFITS REACH THE POOR

Coordination with NGOs was vital in ensuring that poor households were able to benefit from the increased water supply in Maputo. "One of the key reasons for WSUP to go forward with the programme in Maputo was the knowledge that the important EIB-supported project to improve the water service and supply was going ahead," says Baghi Baghirathan, Project Director of Water and Sanitation for the Urban Poor (WSUP). "What we are doing at our end could not have gone forward without the increased water supply capacity."

WSUP focuses on facilitating delivery to poor neighbourhoods. "Maputo is an example of the real benefit of this type of coordinated programme," adds Mr Baghirathan. "The WSUP programme, together with the increased water supply capacity from the EIB programme, will provide access to water to a significant population of urban poor in Maputo city on a sustainable and affordable basis."

"I go through neighbourhoods where we have been working and the change is quite remarkable," he continues. "Seeing people living in very small houses and shacks in these neighbourhoods now having their own water connection and access to good quality water at rates which are affordable is a huge positive change."



Tunisia

Solid waste modernisation



| | |
|--------------------|--|
| Sector | Solid waste management |
| Promoter | Agence Nationale de Gestion des Déchets (ANGeD) |
| Total cost | EUR 59m |
| EIB finance | EUR 25m |
| Key results | 700 000 households served by new sanitary landfills GHG savings: carbon credits sold under Kyoto Protocol |

Why did we support this project?

Before the implementation of this project, it was typical across Tunisia for municipal waste to be disposed of in uncontrolled landfills and dumps. Such practices were a source of various forms of pollution, including greenhouse gas emissions and contamination of water sources. Dumps were often located in close proximity to towns, impacting on health and quality of life, and had a negative effect on tourism potential in many sites, particularly along Tunisia's coastline. In addition, the

management of the solid waste sector in Tunisia was poor, with operational and control functions combined under the Agence Nationale de Protection de l'Environnement (ANPE), and no private sector involvement.

Tunisia's Solid Waste Management Programme is designed to change this situation. Inspired by EU standards, it provides for the establishment of environmentally-friendly integrated solid waste management systems nationwide. EIB support was focused on advancing this programme in nine of Tunisia's

24 regions, thereby furthering the EIB's mandate objectives of developing social and economic infrastructure as well as climate change mitigation.



The EIB, together with KfW, took a risk in supporting this project at a time when other financial institutions were unwilling to become involved in the sector in this region. Today, other international and bilateral financial institutions are involved and Tunisia has become a regional champion of good practice in the solid waste sector.

economic life of the infrastructure financed. In addition, the Government of Tunisia benefited from a 3% interest subsidy financed by the European Community. The procurement procedures required by the EIB helped to achieve substantial project cost savings.

The EIB, together with KfW, took a risk in supporting this project at a time when other financial institutions were unwilling to become involved in the sector in this region, and when the institutional situation of the promoter was in transition. Today, other international and bilateral financial institutions are involved and Tunisia has become a regional champion of good practice in the solid waste sector.

How did we add value?

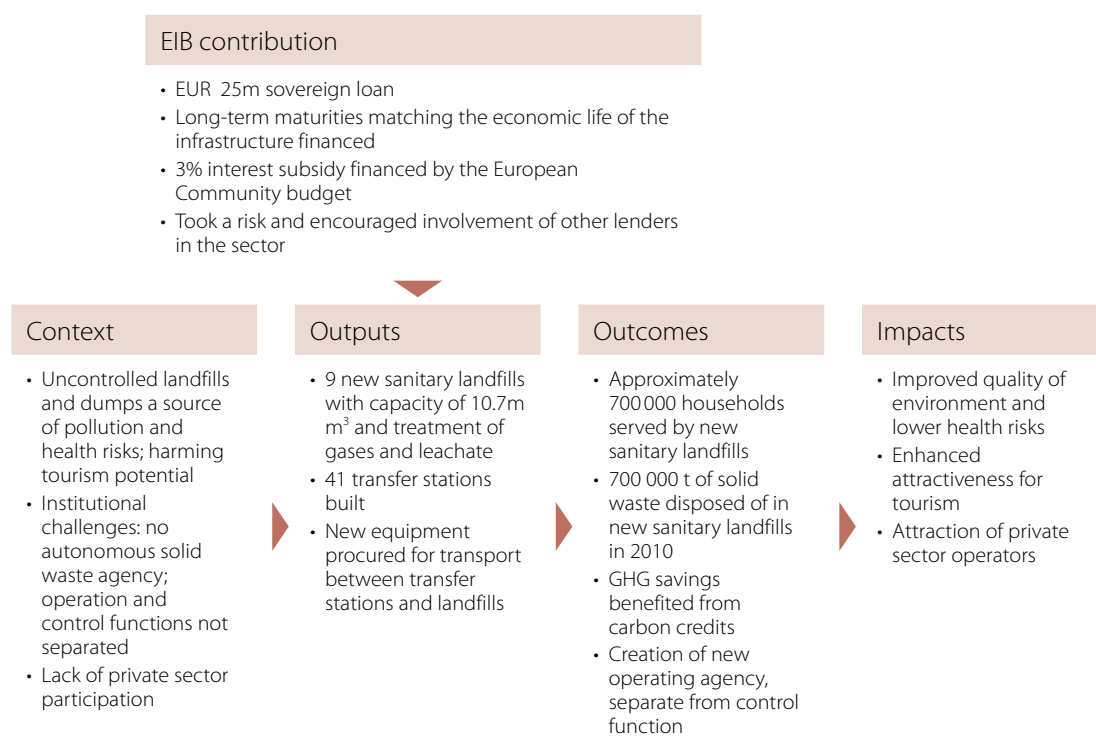
Co-financing for this EUR 59m project was provided by the EIB (EUR 25m), KfW (EUR 9m) and the Government of Tunisia. The EIB loan was provided with long-term maturities to match the technical and

What were the results?

Modern solid waste disposal systems were implemented in nine regions of Tunisia: Djerba, Gabès, Mednine, Monastir, Nabeuf, Sfax, Sousse, Kairouan

Figure 36

Project overview: Solid Waste Modernisation





BOX 25

SAVING KORBA'S LAGOON

The coastal town of Korba in the Governorate of Nabeul has a spectacular sandy beach, behind which lies a 12 km long lagoon, a Ramsar protected area and an important stop-off for many migratory bird species, including flamingos. Unfortunately, the lagoon also used to be the town's unofficial dumping ground.

"Around 15 years ago the situation was catastrophic," says Youssef Jerbi, Secretary General of the Nature and Environmental Protection Association in Korba. "People discarded their rubbish everywhere, including in the lagoon and the sea. The air had become unbreathable and there was a foul stench," he adds. "Fires lit in unauthorised landfills gave off toxic fumes; there were swarms of insects, flies and mosquitoes; there were rats everywhere."

ANGeD representative Hassen Belhadj says that many of Korba's residents used to be opposed to using municipal waste services. "People were throwing their rubbish straight into the waters of the lagoon. The impact was terrible for fish, soil, water and agriculture. Sometimes, the water even turned red because of bacteria and chemical reactions".

The establishment of the solid waste management system for Nabeul Governorate has enabled the town to turn its waste problem around. For Taoufik Barkouti, Secretary General of the Municipality of Korba, 60-70% of the household waste problem has been resolved. "We are now able to treat at least 35 t of waste a day," he says. "Without the financial and technical support of ANGeD and international lenders, we would never have been able to pull off such an achievement. Furthermore, several dozen jobs have been created locally."

According to Youssef Jerbi, the environmental situation has improved considerably, with growing numbers of birds now using the lagoon. Although the town's waste problems are still far from being fully resolved, members of his association are optimistic and have initiated a project to develop the region's ecotourism potential.

and Bizerte. These regions have 30% of the country's population (3.3 million in 2010) and are important for commerce and tourism. Issues of land availability, site selection and institutional changes resulted in considerable delays (completion took seven years instead of three). Nonetheless, the project was delivered well below budget, with an increased scope and very substantial achievements.

In line with EIB recommendations, the Agence Nationale de Gestion des Déchets (ANGeD) was formed in 2005 and became the implementing agency. The role of ANPE was changed to control, separating these functions. By 2009, all the landfills financed as part of the project had a private operator.

Nine new sanitary landfills were constructed, with a combined first cell capacity of 10.7m m³ and with capture and treatment of the gases and liquid leachate produced. In addition, 41 transfer stations were built and new equipment was procured for transport between the transfer stations and landfills.

In 2010, an estimated 700 000 t of solid waste was disposed of in the new sanitary landfills, from a total production of 925 000 t in the regions covered by the project. Because of the expected GHG emissions reductions from the project, ANGeD has been able

to benefit from the sale of carbon credits under the Kyoto Protocol.

The economic and environmental impact of the project has been very noticeable in many affected communities. Hassen Belhadj, ANGeD representative in the Governorate of Nabeul, describes how many rubbish pickers used to work in the dumps, "They sometimes resold on the market the expired food products that they collected such as yogurt or milk, with the consequences that one can imagine for health. Since the completion of this programme, some of these scavengers have been hired as workers in waste transfer stations. So they found a real job." He also highlighted the environmental impacts in his region, especially those on the Korba Lagoon (see Box 25).

In Sfax, the country's second-largest economic hub, "the quality of life and cleanliness have improved dramatically since the closure of the dump in Thina, which covered 22 ha and was located just 5 km from the city centre," says municipal Technical Director Riadh Hadjtaieb. "For the population it was really the priority." He estimates that around a hundred jobs have been created in the new local waste management system and credits the changes with contributing to the city's emerging role as a tourist destination.



Russian Federation

Mondi Syktyvkar Mill Modernisation



| | |
|--------------------|--|
| Sector | Industry |
| Promoter | Mondi plc (UK) |
| Total cost | EUR 463m |
| EIB finance | EUR 100m |
| Key results | 7 300 jobs preserved 1 200 GWh/year of electricity from renewable resource supplied to grid Absolute GHG emissions: 1 810 000 t CO ₂ eq/year Relative GHG reduction: 763 000 t CO ₂ eq/year |

Why did we support this project?

The Mondi Syktyvkar mill is owned by Mondi, a leading international packaging and paper group. The mill is the third-largest company in the remote Komi Republic, located roughly 1 000 km northeast of Moscow. It plays a vital role in the local economy, providing 6% of the Republic's employment and accounting for some 15% of its industrial output.

The goal of this modernisation project was to increase production capacity and improve energy efficiency, thereby safeguarding the future of the mill. In addition, the forest management practices of the

mill's subsidiaries were improved and the mill's capacity to generate electricity from local renewable resources was expanded. The project was declared to be of special economic interest to the region by the Russian Federation authorities. It contributed to the EIB's mandate objectives of economic infrastructure and local private sector development and climate change mitigation.

How did we add value?

This EIB loan in support of this modernisation is the Bank's first financing operation for an investment by a private European promoter in the Russian

Federation. The EIB provided a loan of EUR 100m with a long-term maturity matching the economic life of the investments financed. It was also instrumental in involving EBRD in the financing, and the project is a good example of effective EIB/EBRD co-operation in funding the private sector in the Russian Federation. The balance of the EUR 463m project was financed by Mondi Finance plc from other sources.

EIB financing was conditional on sustainable forest management, a stakeholder engagement plan and regular monitoring of SO, NOx/Nm³, total reduced sulphur and dust emissions, based on EU standards. The project is also significant in demonstrating the financial viability and competitiveness in the Russian market of enterprises using European technology and meeting European environmental standards.

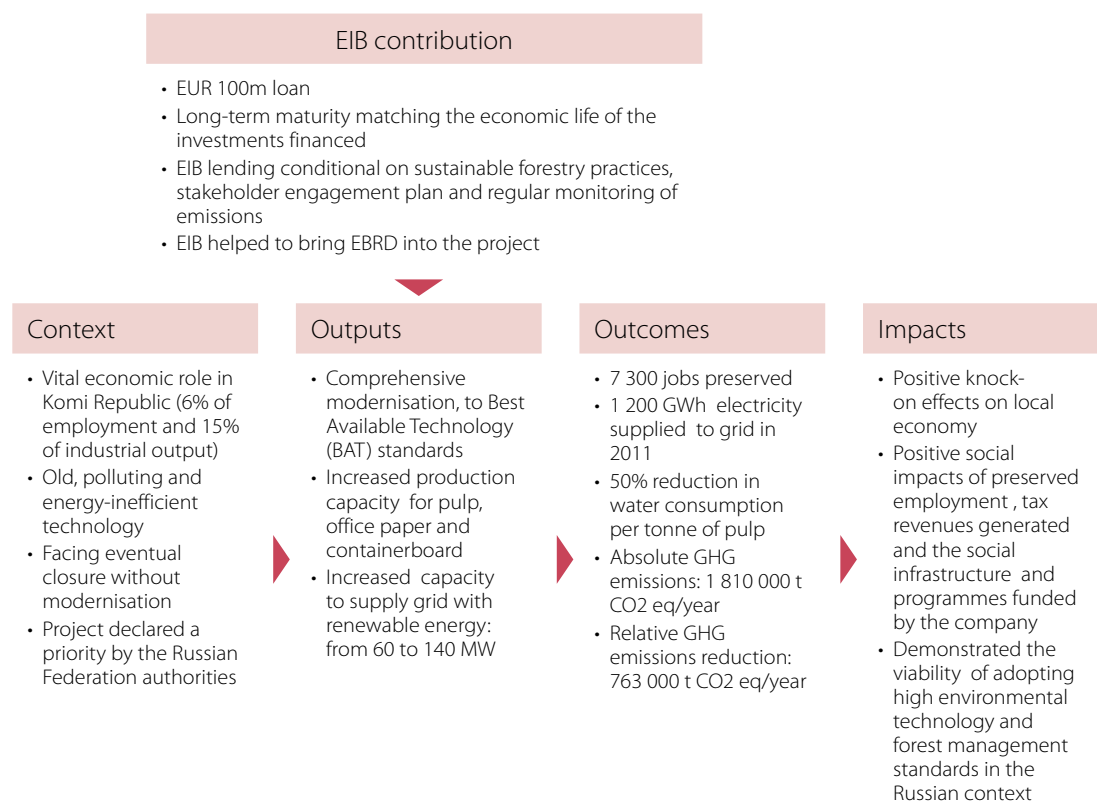
What were the results?

The project, implemented on time and within budget, expanded production capacities for office paper, containerboard and pulp. Electricity generation capacity from renewably sourced biomass was more than doubled, with 1 200 GWh of electricity sold to the public grid in 2011, helping to remedy local supply shortages at certain times of the year.

// The project demonstrates the financial viability and competitiveness in the Russian market of enterprises using European technology and meeting European environmental standards. //

Figure 37

Project overview: Mondi Syktyvkar Mill Modernisation





SPREADING EU ENVIRONMENTAL STANDARDS

BOX 26

Mondi Group has comprehensive environmental, health, safety and social policies and has been recognised as the global sustainability leader in the pulp and paper sector by WWF, CDP and other organisations. Mondi promotes resource efficiency, wherever economically and environmentally feasible, using innovative technologies and making continuous improvements, working with its staff, well-developed business systems and its stakeholders. This approach is now being implemented in the Mondi Syktyvkar mill. The investments are in compliance with Russian regulatory requirements and also meet EU environmental standards, as well as Best Available Technology (BAT) standards for pulp and paper manufacturing.



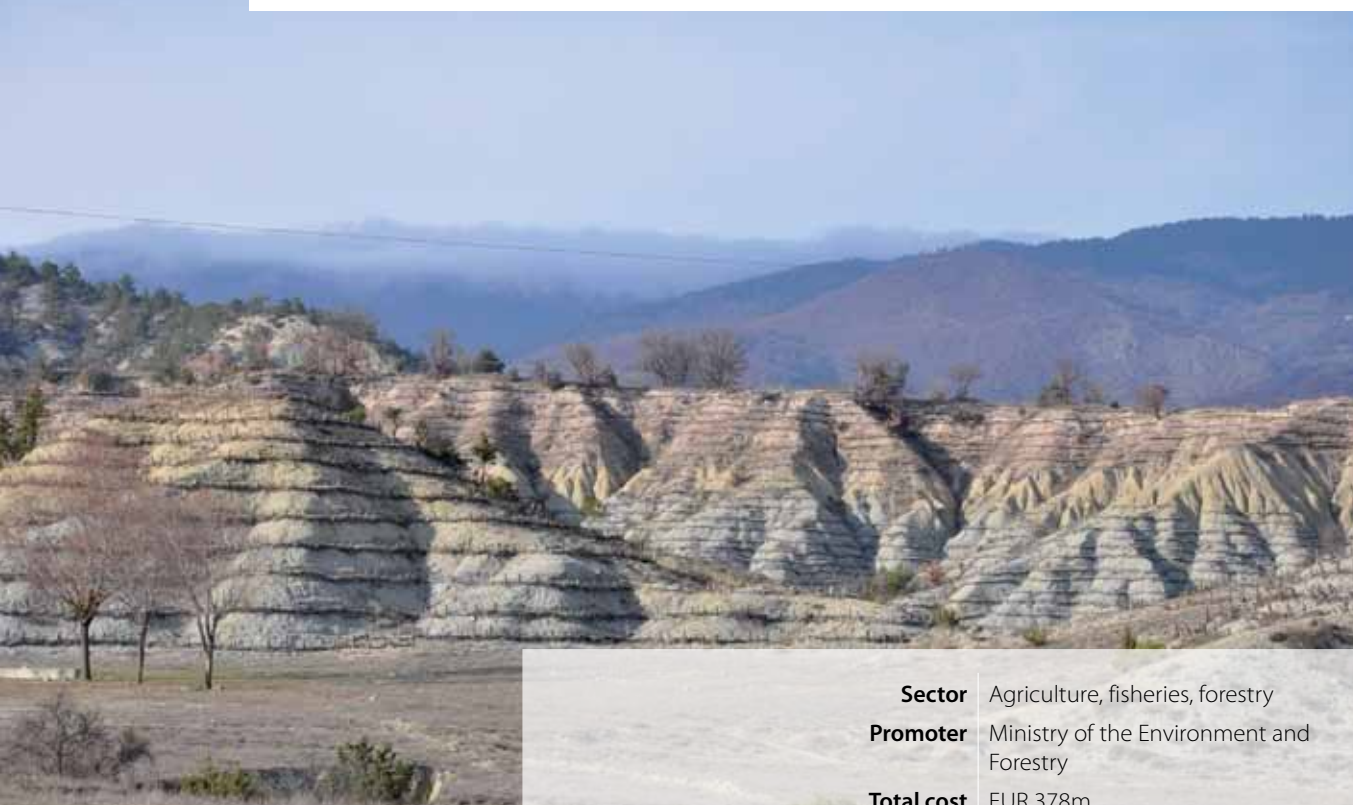
Productivity improvements did lead to a slight fall in employment figures at the mill and its local forestry subsidiaries, but the project has contributed to the future success of the operation. In 2011, after the modernisation, it provided jobs for 7 300 people.

The efficiency improvements achieved as a result of the modernisation programme have significantly reduced the environmental impact of the plant, leading to a 50% reduction in water consumption

per tonne of pulp. Although the absolute emissions of the project, given the size and nature of the facility (which also is responsible for the district heating supply to the nearby suburbs of the town of Syktyvkar), are high (estimated at 1 810 000 t CO₂ eq/year), it is also estimated that the energy efficiency measures and renewable energy resource included as part of the modernisation programme will result in major GHG emissions savings (relative emissions) of 763 000 t CO₂ eq/year in a standard year of operation.

Turkey

Afforestation and Erosion Control



| | |
|--------------------|--|
| Sector | Agriculture, fisheries, forestry |
| Promoter | Ministry of the Environment and Forestry |
| Total cost | EUR 378m |
| EIB finance | EUR 150m |
| Key results | Afforestation, forest rehabilitation and erosion control measures over 390 000 ha Increasing timber and other biomass resources |

Why did we support this project?

Turkey is one of the most erosion-prone countries in the world. This is due to its topography, climate, the vulnerability of its soil types and overexploitation of rangelands and forests. Some 500 million tonnes of soil are lost annually, causing siltation problems in rivers and dams and reducing soil fertility. Apart from reducing erosion, forests also play a vital economic and social role for an estimated 7 to 8 million people, usually from lower-income groups, living in Turkey's 20 000 forest villages.

Turkey's National Climate Change Strategy for the period 2010-2020 identifies the key importance of a number of climate change mitigation and adaptation measures. These include protection and improvement of natural forests, afforestation, prevention of forest fires, and the increased use of forest-derived bioenergy to replace coal. These measures contribute to CO₂ sequestration and reduced CO₂ emissions, as well as to the diversification of rural incomes.

The EIB-financed project focused on investments under the multi-annual Afforestation and Erosion



“ Thanks to the strong performance of this project, the Turkish government decided to continue its cooperation with the EIB for the implementation of a second phase, signed at the end of 2013. ”

Control Mobilisation Action Plan of the Ministry of the Environment and Forestry (MoEF). Specifically, it supported afforestation, rehabilitation of degraded forest, erosion control and forest fire-fighting equipment and measures over a three-year period. The project is consistent with the EIB's mandate objectives of climate change mitigation and adaptation applying to operations outside the EU.

How did we add value?

The EIB provided a EUR 150m sovereign loan to Turkey. This was matched by EUR 150m from Agence Française de Développement (AFD), with the remainder of the EUR 378m project cost being funded

from the national budget. The EIB loan has a long-term maturity of 20 years, matching the economic life of the investments. The project benefited from effective cooperation between the EIB and AFD in terms of sharing of expertise, monitoring, and other logistical aspects.

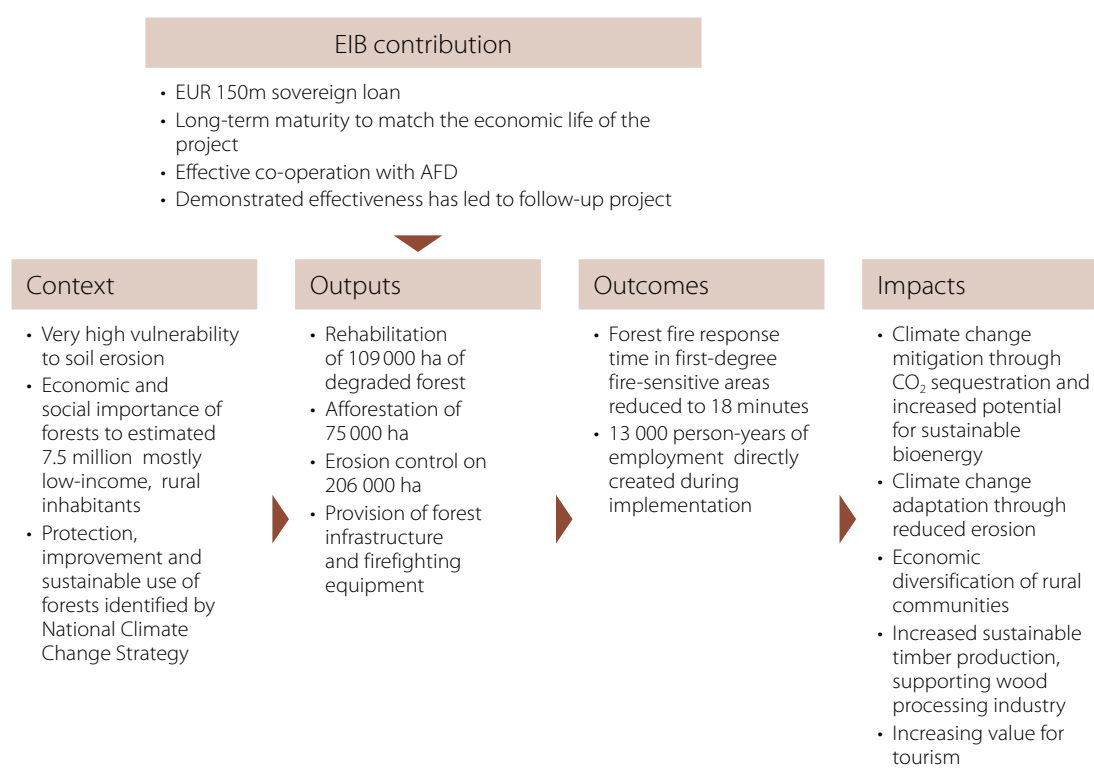
Thanks to the strong performance of this project, the Turkish government decided to continue its cooperation with the EIB for the implementation of a second phase, signed at the end of 2013.

What were the results?

The project supported the rehabilitation of approximately 109 000 ha of degraded forest, the establishment of new forest on 75 000 ha and erosion control measures on 206 000 ha. It also included the provision of fire-fighting equipment to strengthen forest protection.

Figure 38

Project overview: Afforestation and Erosion Control



Project implementation not only created 13 000 person-years of employment over three years but is also supporting the longer-term development and diversification of the rural economy by

increasing the supply of high-quality timber for the domestic wood-processing industry and non-timber forest products and by enhancing tourism potential.



BOX 27

REGENERATING FOREST ECOSYSTEM SERVICES

A mid-2013 review of this project confirmed the successful impact of afforestation and erosion control measures that have already generated visible benefits for the surrounding environment. Forest health has improved with increasing timber and other biomass resources. Forest fire response times have been reduced considerably. Recent measurements also show that the loss of soil to erosion is being successfully reduced. It is expected that the rehabilitation and afforestation measures will result in significant sequestration of CO₂.

As the new and rehabilitated forests grow, they are contributing to climate change mitigation both through carbon sequestration and by improving the supply of biomass for renewable energy. Meanwhile, both the forests and the specific erosion control measures contribute to climate change adaptation through reduced soil vulnerability, which also reduces siltation of rivers and reservoirs.



Annexes

1. ReM Framework ratings for 2013 operations

The ReM framework provides an assessment of the results of a project throughout its life-cycle. At the outset, clear, standardised and measurable indicators are identified, with baselines and targets that capture the expected economic, social and environmental outcomes of the operation. The project is rated at the time of Board approval according to three “pillars”. No overall project rating is provided.

| | |
|----------|---|
| Pillar 1 | checks eligibility under EIB mandates and rates the contribution to the EU and authorities’ priorities for the country. |
| Pillar 2 | rates the quality and soundness of the operation, based on the expected results. |
| Pillar 3 | rates expected EIB financial and non-financial additivity. |

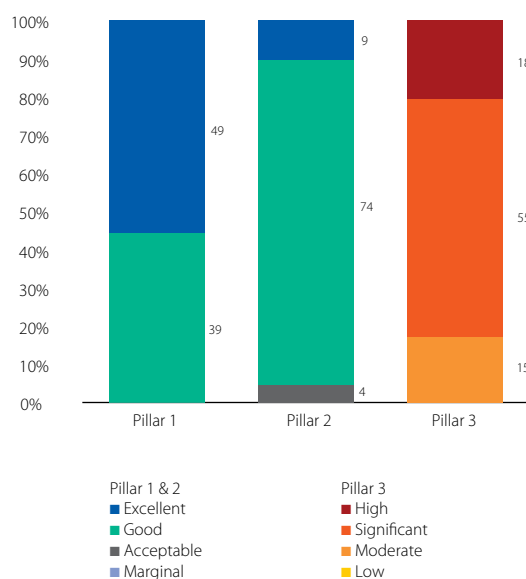
Pillar ratings are based on a four-point scale. For the first two pillars: 4-excellent, 3-good, 2-acceptable,

1-marginal. For the third pillar: 4-high, 3-significant, 2-moderate, 1-low. 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.

REM ratings for operations signed in 2013

As the distribution of Pillar 1 ratings shows, more than half of the operations signed are expected to make an excellent contribution to EIB mandate objectives meaning that they are not only fully in line with those objectives, but also make a big contribution to both the authorities’ 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 mandate objectives and make a big contribution to either the authorities’ own development objectives or those of the EU and a moderate contribution to the other.

Figure 39
REM ratings by pillar

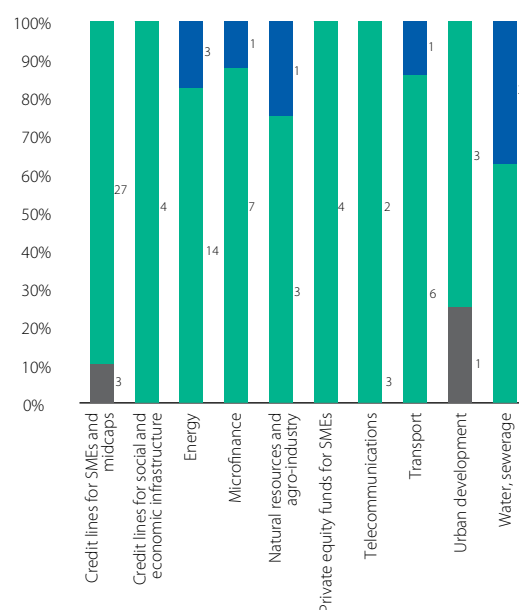


Note: 88 operations out of 102 have completed ReM sheets for Pillars 1 and 3 and 87 projects for Pillar 2 as one is a global authorisation so no rating for Pillar 2 is necessary

Pillar 2 rates the quality and soundness of an operation and its ability to achieve the expected results. For investment operations, the Pillar 2 rating is based on the soundness of the project, the financial and economic sustainability and the environmental and social sustainability. For intermediated operations, the rating is based on the expected results, weighted by risk considerations as measured by the soundness of the intermediary and the quality of the operating environment.

The expected overall quality of the projects signed in 2013 was rated mainly good. About 85% of operations are expected to be “good”, with an average economic rate of return (ERR) of 10% to 15%. Another 10% of operations approved received an excellent rating, indicating that results, either in terms of the net economic gains to society (for direct projects) or the expected results of intermediated operations, are likely to be excellent, i.e. greater than 15%. Only 5% received a moderate rating, largely because they are operating in a high-risk environment, where the probability of achieving the expected results is moderate.

Figure 40
Pillar 2 rating by sector



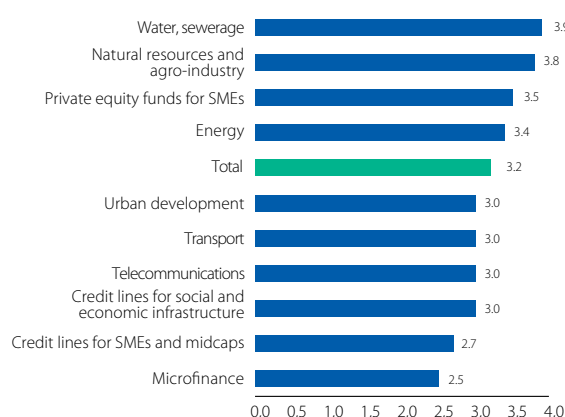
There were some sectoral differences, although given the limited number of projects per sector, it is not possible to establish general trends at this stage. Credit lines were less likely to receive an excellent rating and more likely to receive an acceptable ratings, as they were either in developed financial markets and therefore not expected to have a significant impact on increasing access to finance or developing the financial sector (e.g. in pre-accession countries) or they were in riskier operating environments (e.g. some Mediterranean countries).

Pillar 2 includes environmental and social ratings. The ratings (Environmental “E-rating” and Social “S-rating”) used in the methodology take into account not only the positive impacts related to the project but also the residual impacts and post-mitigation risk. The rating is on a scale from 1 to 4, with 1 (not acceptable – major residual impacts and/or risks), 2 (acceptable - moderate residual impacts and/or risks), 3 (good – low residual impacts and/or risks) and 4 (excellent – negligible residual impacts and/or risks).



Figure 41

Average environmental and social ratings by sector



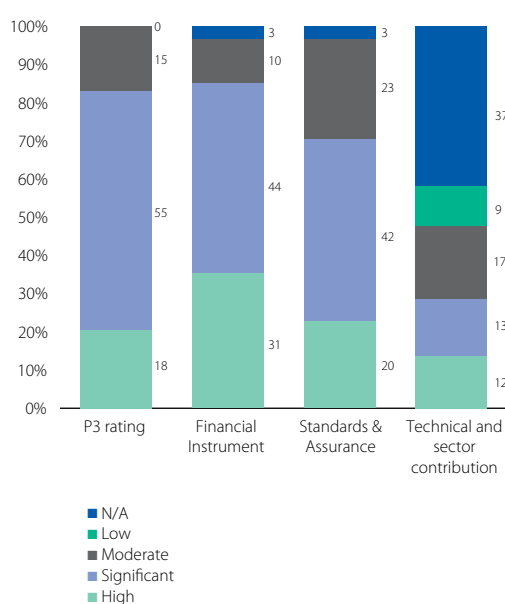
The combined environmental and social ratings by sector for projects outside the EU can be found in the figure above. In 9 out of 11 sectors, all projects were rated as at least good. In 6 of these 9 at least one project was rated as excellent. In water & sewerage and natural resources & agro-industry, around 33% were rated as excellent.

Pillar 3 measures the EIB's expected additionality. In 2013, all operations were expected to bring an advantage to borrowers compared to market finance. None was rated low in terms of additionality; 17% (15 operations) ranked moderate, almost two-thirds (55 operations) ranked significant, and 19% (18 operations) featured high expected additionality.

The moderate additionality recorded for a minority of operations should not be seen as a sign of lower quality. First and foremost, it reflects the individual context of operations and the particularities of certain lending instruments. It is sometimes possible to support projects that make an outstanding contribution to policy objectives or provide extremely

Figure 42

Overall Pillar 3 ratings



valuable outcomes, without particularly strong additionality. Indeed the 15 projects rated as moderate all supported projects rated as significant or high in terms of contribution to policy objectives. These 15 operations were almost all credit lines. Typically, the most important additionality feature in a credit line is the long tenor of funding, and the contribution to raising standards. Other features tend to be less prominent, with the exception of technical assistance, which the EIB may sometimes offer alongside a credit line operation (but the 15 operations in question did not have a technical assistance window). This explains the moderate evaluation.

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.

2. List of operations signed in 2013

| Project | Region | Sector | Signed amount | Project cost | Mandate contribution |
|---|---------------|---|---------------|--------------|----------------------|
| ACAD Microfinance Palestine | MED | Microfinance | 1 | 11 | SME |
| AEP Ouagadougou III | ACP | Water, sewerage | 33 | 160 | INF |
| Affordable and Social Housing II | ACP | Urban development | 150 | 464 | SME-INF-CC |
| Afforestation and Erosion Control II | Pre-accession | Natural resources and agro-industry | 150 | 354 | CC |
| Air Navigation Upgrade Egypt | MED | Transport | 50 | 101 | INF-RI |
| Air Navigation Upgrade Ukraine | EAST | Transport | 41 | 119 | INF-RI |
| Al Majmoua II | MED | Microfinance | 4 | 10 | SME |
| Althelia Climate Fund | ACP | Natural resources and agro-industry | 10 | 60 | SME-CC-RI |
| | ALA | | 15 | 90 | |
| APEX Loan For SMEs and other Priorities III | Pre-accession | Credit lines for SMEs and midcaps | 150 | 1000 | SME-INF |
| Armenia North-South Road Corridor | EAST | Transport | 60 | 381 | INF-RI |
| Badia Impact Fund | MED | Private Equity Funds for SMEs | 4 | 20 | SME |
| Bangladesh Power Energy Efficiency | ALA | Energy | 82 | 165 | INF-CC |
| Banja Luka-Doboj Motorway | Pre-accession | Transport | 160 | 565 | INF-RI |
| Banque de Tahiti Global Loan | ACP | Credit lines for SMEs and midcaps | 8 | 16 | SME-INF |
| Broadband Roll-Out Eastern Regions | Pre-accession | Telecommunications | 200 | 459 | SME-INF-RI |
| Capital North Africa Venture Fund II | MED | Private equity funds for SMEs | 10 | 100 | SME |
| Capmezzanine Fund II | MED | Private equity funds for SMEs | 6 | 71 | SME-RI |
| Central America Climate Change FL II | ALA | Energy | 175 | 400 | SME-INF-CC-RI |
| Chisinau Water | EAST | Water, sewerage | 24 | 62 | INF |
| CPSCL Tunisie 2013 | MED | Urban development | 50 | 190 | INF |
| Credit Agricole Loan for SMEs & Priority Projects | Pre-accession | Credit lines for SMEs and midcaps | 50 | 100 | SME-INF |
| | ACP | | 3 | 53 | |
| | ALA | | 6 | 131 | |
| DASOS Timberland Fund II | ALA | Natural resources and agro-industry | 6 | 131 | SME-CC |
| | EAST | | 6 | 116 | |
| DBK Loan to SMEs & Midcaps | ALA | Credit lines for SMEs and midcaps | 120 | 200 | SME-CC |
| Denizbank Loan for SMEs II | Pre-accession | Credit lines for SMEs and midcaps | 100 | 200 | SME |
| Depollution Integree Bizerte | MED | Water, sewerage | 40 | 80 | INF |
| Development Loan II SMEs Midcaps & Priorities | Pre-accession | Credit lines for SMEs and midcaps | 150 | 300 | SME-INF |
| Dnipropetrovsk Metro Extension | EAST | Transport | 152 | 305 | INF-CC |
| DR Microfinance Facility II | ACP | Microfinance | 1 | 2 | SME |
| EAC Microfinance Facility II (Family Bank) | ACP | Microfinance | 10 | 20 | SME |
| EAC Microfinance Facility II (NMB) | ACP | Microfinance | 20 | 40 | SME |
| EAC Microfinance Global Authorisation (DFCU) | ACP | Microfinance | 5 | 10 | SME |
| EAC Microfinance Global Authorisation (Rwanda) | ACP | Microfinance | 6 | 12 | SME |
| East & Central Africa PEFF (Family Bank) | ACP | Credit lines for SMEs and midcaps | 10 | 20 | SME |
| East & Central Africa PEFF (I and M Rwanda) | ACP | Credit lines for SMEs and midcaps | 8 | 16 | SME |
| East & Central Africa PEFF (Prime Bank) | ACP | Credit lines for SMEs and midcaps | 5 | 10 | SME |
| East Africa Regional PEFF (NMB Tanzania) | ACP | Credit lines for SMEs and midcaps | 50 | 100 | SME |
| EDFI European Financing Partners V | ACP | Credit lines for financial and insurance activities | 100 | 600 | SME-RI |
| EFSE III | Pre-accession | Microfinance | 38 | 865 | SME-RI |
| ENDA Inter-Arabe III | MED | Microfinance | 4 | 20 | SME |
| Energy Efficiency Cofinancing Facility | Pre-accession | Energy | 50 | 300 | SME-INF-CC-RI |
| Euromena III Fund | MED | Private equity funds for SMEs | 10 | 115 | SME-RI |
| EXIM Bank Of India Climate Change FL | ALA | Energy | 150 | 300 | SME-INF-CC |



| Project | Region | Sector | Signed amount | Project cost | Mandate contribution |
|---|---------------|---|---------------|--------------|----------------------|
| Eximbank Loan for SMEs and Midcaps | Pre-accession | Credit lines for SMEs and midcaps | 100 | 200 | SME |
| FONDEP II | MED | Microfinance | 4 | 20 | SME |
| Fund for the Mediterranean Region II | MED | Private equity funds for SMEs | 10 | 120 | SME-RI |
| GEEREF | ACP | | 3 | 65 | |
| | ALA | Energy | 6 | 130 | SME-INF-CC-RI |
| | EAST | | 1 | 22 | |
| Georgia East - West Highway | EAST | Transport | 30 | 592 | INF-RI |
| Ghana Financial Sector Loan III (A) | ACP | Credit lines for SMEs and midcaps | 20 | 40 | SME |
| Greater Anatolia SME Loan Extension | Pre-accession | Credit lines for SMEs and midcaps | 150 | 400 | SME |
| Green For Growth Fund II | EAST | | 13 | 106 | |
| | Pre-accession | Energy | 10 | 84 | SME-INF-CC-RI |
| Halkbank Innovative Enterprises | Pre-accession | Credit lines for SMEs and midcaps | 100 | 200 | SME |
| Isbank Facility For Sustainable Communities | Pre-accession | Credit lines for social and economic infrastructure | 150 | 300 | SME |
| ISP Loan For Smes & Priority Projects II | Pre-accession | Credit lines for SMEs and midcaps | 40 | 60 | SME-INF |
| Istanbul Earthquake Risk Mitigation II | Pre-accession | Urban development | 200 | 660 | INF |
| Istanbul-Ankara Railway Tranche B | Pre-accession | Transport | 200 | 3648 | INF-CC |
| IWSP II (Upper Egypt) | MED | Water, sewerage | 57 | 303 | INF |
| KA XU CSP Project | ACP | Energy | 110 | 569 | SME-INF-CC |
| Kabala AEP Bamako | ACP | Water, sewerage | 50 | 159 | INF |
| Keyal Khwar Hydropower Project | ALA | Energy | 100 | 222 | INF-CC |
| Las Pailas Geothermal Project | ALA | Energy | 52 | 255 | INF-CC |
| LEAPFROG II | ACP | Microfinance | 19 | 300 | SME-RI |
| LV Watsan - Mwanza | ACP | Water, sewerage | 45 | 105 | INF-CC-RI |
| Malawi Credit Line for Exporting Industries | ACP | Credit lines for SMEs and midcaps | 15 | 30 | SME-RI |
| Mauritius Ethanol Project | ACP | Natural resources and agro-industry | 8 | 18 | SME |
| MBDP Loan For SME & Other Priorities IV | Pre-accession | Credit lines for SMEs and midcaps | 100 | 200 | SME |
| Microcred Côte D'Ivoire | ACP | Microfinance | 2 | 11 | SME |
| Mobiasbanca Loan for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 20 | 40 | SME-INF |
| Moldova Roads III | EAST | Transport | 150 | 300 | INF-RI |
| NBE Global Loan (Egypt) | MED | Credit lines for SMEs and midcaps | 80 | 160 | SME |
| Nepal Tanahu Hydropower Project | ALA | Energy | 54 | 390 | INF-CC |
| Nigeria Second Tier Loan | ACP | Credit lines for SMEs and midcaps | 100 | 200 | SME |
| Onee - Projet Eolien | MED | Energy | 200 | 704 | INF-CC |
| Oschadbank Loan for SMEs & Midcaps | EAST | Credit lines for SMEs and midcaps | 220 | 400 | SME |
| PCH Loan For SME and Priority Projects | Pre-accession | Credit lines for SMEs and midcaps | 10 | 350 | SME |
| Raiffeisen Russia Loan for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 40 | 80 | SME |
| Road Rehabilitation and Safety | Pre-accession | Transport | 100 | 390 | INF |
| Sao Paulo Power Distribution - Elektro | ALA | Energy | 115 | 238 | INF |
| Sberbank Kazakhstan Loan for SMEs and Midcaps | ALA | Credit lines for SMEs and midcaps | 100 | 200 | SME-CC |
| Sberbank Loan for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 300 | 600 | SME |
| Shelter-Afrique Community Development | ACP | Urban development | 15 | 50 | SME-INF-RI |
| SME and Green Energy GL | ALA | Credit lines for SMEs and midcaps | 63 | 126 | |
| | | Energy | 27 | 54 | SME-INF-CC |
| Socredo Global Loan VI | ACP | Credit lines for social and economic infrastructure | 33 | 65 | SME-INF-CC |
| SREI Climate Change FL | ALA | Energy | 40 | 160 | SME-INF-CC |
| Sustainable Tourism & EE Global Loan | Pre-accession | Credit lines for social and economic infrastructure | 200 | 400 | SME-INF |
| Tafila Wind Farm | MED | Energy | 53 | 213 | SME-INF-CC |
| Terrestrial Telecom Cable Project | ACP | Telecommunications | 15 | 31 | INF-RI |

| Project | Region | Sector | Signed amount | Project cost | Mandate contribution |
|--|---------------|---|---------------|--------------|----------------------|
| Transmission Line Yacyreta (Paraguay) | ALA | Energy | 75 | 201 | INF |
| Tskb Loan II for SMEs Midcaps & Other Priorities | Pre-accession | Credit lines for SMEs and midcaps | 150 | 300 | SME-INF |
| Unicredit Russia Loan for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 100 | 200 | SME |
| Vakifbank Municipal Global Loan | Pre-accession | Credit lines for social and economic infrastructure | 100 | 400 | SME-INF |
| VEB Entrepreneurship Fund for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 113 | 250 | SME |
| VEB Loan for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 200 | 400 | SME |
| Vladivostok CHP Project | EAST | Energy | 91 | 245 | INF-CC |
| Vodafone SEE Mobile Broadband | Pre-accession | Telecommunications | 100 | 1246 | SME-INF-RI |
| VTB Loan for SMEs and Midcaps | EAST | Credit lines for SMEs and midcaps | 200 | 400 | SME |
| Water Infrastructure Modernisation II | EAST | Water, sewerage | 40 | 80 | INF |
| Water Supply and Sanitation Programme | ALA | Water, sewerage | 60 | 283 | INF |
| YAPI Kredi Climate Change Facility II | Pre-accession | Energy | 99 | 200 | SME-INF-CC |
| Yerevan Metro Rehabilitation | EAST | Transport | 5 | 35 | INF-CC |
| Zambia Water And Sanitation Project | ACP | Water, sewerage | 75 | 156 | INF |
| Zenith Bank Mid-Cap Loan | ACP | Credit lines for SMEs and midcaps | 60 | 120 | SME |
| Ziraatbank Loan for SMEs and Midcaps | Pre-accession | Credit lines for SMEs and midcaps | 100 | 400 | SME |

| Mandate contribution | |
|----------------------|---|
| SME | Local private sector development |
| INF | Infrastructure |
| CC | Climate change |
| RI | Regional Integration |
| | Operations approved before launching of ReM |
| | Global authorisation. No Pillar 2 rating |



3. Tables, Figures and Boxes

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Layout: EIB GraphicTeam



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Information Desk

Corporate Responsibility and
Communication Department

☎ +352 4379-22000

☎ +352 4379-62000

✉ info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg

☎ +352 4379-1

☎ +352 437704

www.eib.org

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