



European
Investment
Bank

The EU bank



Overview

Report on results of EIB operations **outside the EU**



2013

As the bank of the EU, the European Investment Bank finances investment projects to support EU external policy objectives in over 130 countries worldwide. We finance sound projects that are expected to produce significant results, in which the EIB will make a difference that goes beyond the market alternative and which promote our mandate objectives. These are private sector development, the development of strategic social and economic infrastructure, climate change mitigation and adaptation and regional integration.

Promoting sustainable growth

outside the EU

Outside the EU, the EIB plays an important role investing in sound projects that promote sustainable and inclusive growth. Whether in the EU's neighbourhood to the east and the south, in the African, Caribbean and Pacific countries or in Asia and Latin America, the EIB works to support EU external policies and development goals. It is guided by objectives set by the EU or the Member States. These are given in the External Lending Mandate, the Cotonou Agreement and under dedicated facilities for own-risk lending.

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 use of natural resources and climate resilience

Regional integration



A cross-cutting objective, improving links between partner countries and with the EU

How we measure results – the ReM framework

The EIB's Results Measurement (ReM) Framework is used for non-EU operations to guide the ex ante assessment of expected results and to enhance the Bank's ability to monitor the actual results achieved, tracking results throughout the project cycle. In 2013, the EIB implemented the ReM for the second year. Projects are rated according to three "pillars":

Pillar 1

Expected contribution to EU and national priorities for the country

Pillar 2

Quality, soundness and expected results of the operation

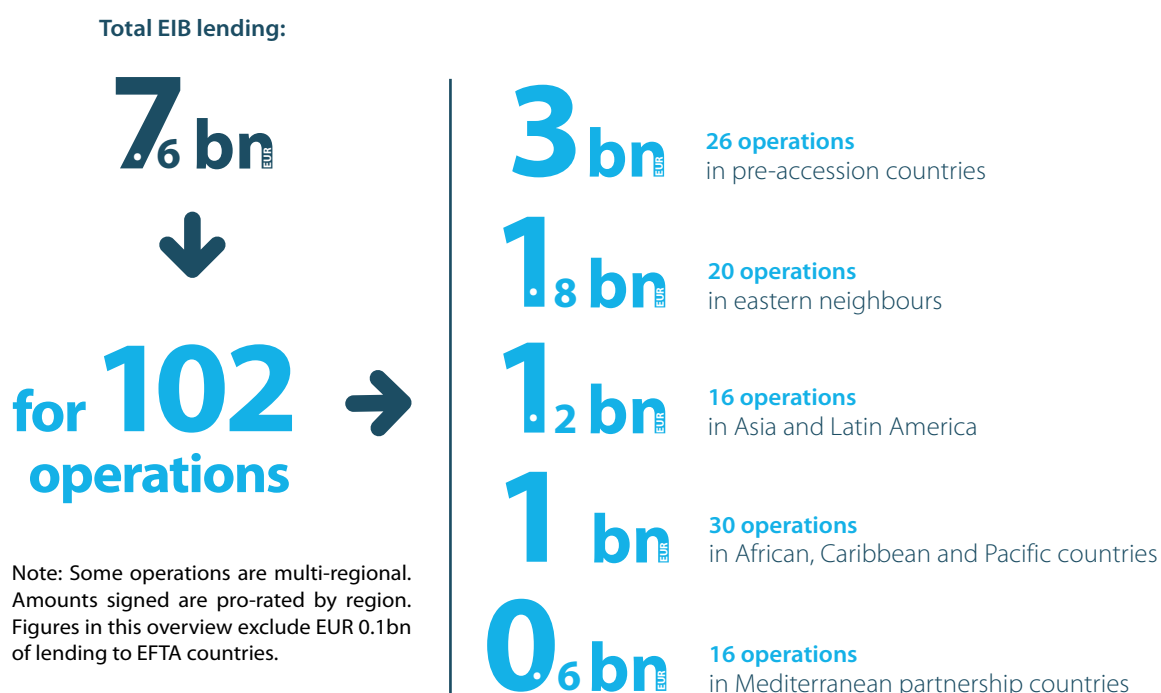
Pillar 3

EIB contribution, beyond the market alternative

Operations signed in 2013

Lending for global impact:

Financial support to projects outside the EU amounted to EUR 7.6bn in 2013, just over 10% of EIB lending.



Contribution to mandate objectives:

(Some operations support more than one objective)



Expected results

of operations signed in 2013

EIB operations will help

60 000 SMEs and

147 000
microenterprises

gain access to finance, helping to preserve

867 000 jobs

Access to finance

EIB support is expected to help preserve 867 000 jobs in SMEs and microenterprises. This will be achieved through operations that will enable financial intermediaries to lend over EUR 7.7bn to nearly 60 000 SMEs, and EUR 206m to 147 000 microenterprises. EIB participation in microfinance investment vehicles will support a further EUR 1.2bn of lending to microfinance institutions. Private equity investments by the EIB are expected to make EUR 1bn available to finance SMEs and small sustainable energy and natural resource management initiatives.

Strategic infrastructure

Energy sector projects supported by the EIB in 2013 will create an additional 2 600 MW of energy generation capacity, potentially serving an additional 4.8 million households. 2.15 million people will benefit from improved urban transport, with an additional 12.5 million journeys on public transport every year. 656 000 households will obtain new or improved access to water. Health, education and housing projects will benefit 740 000 patients and 158 000 students and provide homes for 100 000 people in new housing units.

4.8 m

households potentially served by new energy generation capacity

656 000

households with new or improved access to water

12.5 m

extra journeys on public transport every year





Climate Action

EIB-supported projects will create new energy generation capacity of 1 800 MW from renewables, avoiding fossil fuel use. They will achieve energy efficiency savings of around 3 000 GWh/year in the energy, transport and water sectors by making use of advanced technology and facilitating the shift to more sustainable transport modes. Other projects and financial operations will enhance the sustainable management of forests and other ecosystems. For example, one project in Turkey will involve the planting or rehabilitation of 210 000 ha of forest.

1 800 MW
renewable energy generation capacity

3 000 GWh / year
energy efficiency savings

Beyond the market alternative

The Bank supports projects based on expected results and how they match our mission. We also look for the difference we can make; the EIB contribution that goes beyond the standard market alternative. All operations signed in 2013 provide long-term finance that is adapted to project needs. The loan tenor was 14.8 years on average (18.8 for infrastructure), roughly double that on local markets. Many operations help borrowers through innovative financing approaches or local currency funding. Half of 2013 operations involved technical support for project preparation, implementation or broader sector capacity, with technical assistance grants provided in 29 cases. Two thirds are expected to have a demonstration effect, raising environmental and social standards and helping to mobilise further resources.



Results of completed projects

As projects approved under the REM framework mature, the framework will be used to assess how well the expected results have been achieved. In the meantime, it is used for ex post assessment of pro-

jects that have already been completed to show the longer-term outcomes and impacts, and how the EIB has made a difference in each case.



Renewable energy harnessed –
3 enough to supply
million households
with electricity

Meeting energy demand with renewables in Laos

The Nam Theun 2 Hydroelectric project is helping meet rapidly growing demand in the region, supplying enough electricity for 3 million households in its first year of operation and avoiding the CO₂ emission levels of the likely alternatives. With much of the electricity exported, government revenues from the project are expected to rise from USD 27m to USD 110m as debt service is completed, improving the fiscal position of Lao PDR. Extensive social and environmental programmes to ensure positive impacts for affected local communities have accompanied the project and continue to be monitored by international experts. The EIB's EUR 45m loan, signed in 2002, helped the Lao Government finance its equity contribution to the EUR 998m project, without which the overall financing might have been impossible.

Extending finance to Georgian SMEs

"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," explains Nodar Stepanishvili. He and a friend first set up a small grocery store 13 years ago, but soon saw an opportunity to specialise in oatmeal products. With the help of a USD 150 000 EIB-financed loan from ProCredit Bank, Georgia, in 2013, they were able to purchase a large warehouse near Tbilisi, enough for all their stock and to allow for expansion into packaging. The business now employs 40 people.



593 SME investments financed



Broadening access to water in Mozambique

84 000 households in Maputo, Mozambique, have gained access to safe and affordable drinking water as a result of this project. It has also increased the daily supply duration from 10 to 16 hours on average and has contributed to improved public health and time savings for newly connected households. The project, signed in 2004, received a EUR 31m concessional EIB loan and extensive technical assistance when being set up. The EIB helped the promoter secure a EUR 25m grant from the ACP-EU Water Facility and led the coordination among the different donors.

Safe, affordable drinking water extended to 84 000 households

Coordination with NGOs was also vital to ensure that poor households were able to benefit from the increased water supply. As Baghi Baghirathan, Project Director of Water and Sanitation for the Urban Poor (WSUP), explains, "One of the key reasons for WSUP to go forward with our programme in Maputo was the knowledge that the significant EIB-supported project to improve the water service and supply was going ahead. Maputo is an example of the real benefit of this type of coordinated programme."



The EIB's EUR 15m credit line to ProCredit Holding, signed in 2009, has enabled its Georgian subsidiary to finance 593 SME investment projects, extending the average loan maturity by 20% and helping to preserve around 3 450 jobs. The support has enhanced competition among banks in the SME segment.

Loan maturities extended by 20%

Nino Bitskinashvili, another ProCredit client, explains why she took out a USD 30 000 loan to help set up her catering firm, Avokado: "In the beginning our production was only twenty croissants a day. But we decided to make this an investment for the future so we bought a special machine for preparing the dough for croissants." Her strategy paid off: after one and a half years, her outlet is busy with people picking up ready-made dishes or sitting down for coffee and cake. On another site, a new bakery is just going into operation. Avokado now employs twenty people.



Shifting to sustainable transport in Turkey

The western line extension to the light rail system in the Turkish city of Bursa has achieved time savings worth EUR 3m to 4m in its first year, shifting 20 million journeys from the congested bus system. Like 10% of Bursa's population, Lamia Avşar uses the light rail system almost daily, "I know that by car, it would have taken 45 minutes, or probably an hour in the congested times, to go from my current job to home, but with this train it only takes about 35 minutes." The extension, co-financed by a EUR 100m EIB loan signed in 2006, is contributing to a reduction in greenhouse gas emissions and improved safety for both road and rail users.

Time savings worth up

to **4m**^{EUR} a year

"If we had not been successful in obtaining a loan such as the one from the EIB, the project could not have been completed in such a short period or in such a comprehensive manner" says mechanical engineer Eren Kural, Head of Bursa's Rail Department. He cites the long repayment period and attractive interest rates as the main reasons for approaching the EIB for finance, as well as the positive experience they had with EIB financing in an earlier phase of the network.



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For more information
please read the
"Report on Results
of EIB operations
outside the EU – 2013"

www.eib.org/infocentre/publications/all/eib-rem-annual-report-2013.htm