European Investment Bank

The EU bank

2014 Report on results outside the EU

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Foreword
by the President

In 2014, the EIB continued to strengthen its role as a leading financer of sound investment projects in the countries neighbouring the EU and around the world. 92 new projects worth nearly EUR 8bn were signed in 2014. We expect these projects to help provide some 4 million people with improved water supplies or sanitation and to produce enough electricity to serve 1.5 million households, the great majority from renewable sources of energy. Through intermediary financial institutions, we expect to help around 13 000 small and medium-sized enterprises and around 23 000 microenterprises to gain better access to the finance they need, helping to sustain some 450 000 jobs.

Tracking results like these is really important to fulfilling our role in supporting EU external policies and development objectives. To do this effectively we use the Results Measurement (ReM) Framework, which we introduced in 2012. This is used to complement our existing due diligence and monitoring, to enhance project appraisal, the tracking of results achieved and how we report on the results of our investments. Alongside results, it also helps us to track the difference that EIB involvement makes – the "additionality" – that goes beyond the alternative of pure market financing.

Being at the heart of Europe, it is sometimes forgotten that EIB activity spans the globe with an enormous range of very diverse projects that promote EU external policies and development objectives in very many different ways. In the Africa, Caribbean and Pacific region, for example, we approved EUR 1bn in funding that will have a strong focus on the energy sector and on promoting local private sector development. Energy projects – 100% from renewable energy sources – will produce enough new electricity supplies to give 870 000 households access to electricity, with 45 000 households being directly connected by projects. 235 000 people are expected to benefit from improved water supplies while improved access to finance for small businesses will help to sustain 75 000 jobs, including through over 11 000 microfinance loans.

In Asia and Latin America, the water and transport sectors were the main focus of the EUR 1.5bn in EIB lending. In São Paolo, Brazil, for example, the new metro trains we are financing will benefit some 1.7 million passengers in the city, every day. Water and wastewater treatment projects in Bangladesh and Mongolia will improve the supply of safe drinking water for around 2.5 million people.

In the Eastern Neighbour countries, where we lent EUR 1.2bn, helping small businesses to maintain jobs and grow was a key focus, with 1 800 loans by intermediaries expected to help sustain 79 000 jobs. A critical widening of a rail tunnel in Ukraine will enable 4.3 million tonnes more cargo to be carried by rail between the country and its EU neighbours. Indeed, our lending to Ukraine more than doubled over 2013 in response to the critical economic situation in the country. This also included innovative projects in the agriculture sector that will help the region adapt to climate change by coping better with harvest volatility.

In the Mediterranean region, our lending has nearly tripled to EUR 1.7bn, supporting the region in the wake of the political upheavals of the Arab Spring. Lending to Tunisia alone has risen more than fivefold to EUR 570m. We are helping to build or refurbish 369 schools in the country to enable 36 000 more students to be enrolled, to help tackle youth unemployment and improve the long-term economic prospects of the country. Lending in the region will also increase electricity supplies from renewable energy sources by 1 423 GWh/year, enough to serve 320 000 households. Modernising electricity generation from gas will achieve another 1 400 GWh/year in energy efficiency gains.

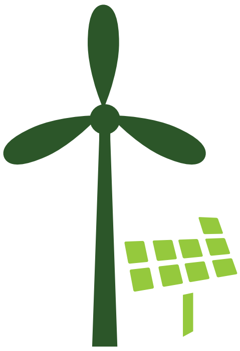
Finally, in the pre-accession countries, we lent EUR 2.5bn, with a strong focus on local private sector development. Credit lines are expected to help almost 10 000 businesses employing 219 000 people gain better access to finance. We also supported two R&D projects in Turkey that will contribute both to local economic diversification and to cross-border R&D cooperation with the EU.

At the EIB, we know how important it is to be able to track results and the difference we make throughout the project cycle. We also recognise how important it is to be able to report on results. This report aims to provide a structured overview of the results of our operations outside the EU. We are proud of how we serve the Union in pursuing its objectives in its neighbourhood and around the globe. I am very happy to share through this report what this means in practice. The EIB is about achieving concrete results in the real economy. This holds true for our operations outside as much as it does inside the EU.

Werner Hoyer

Reporting results

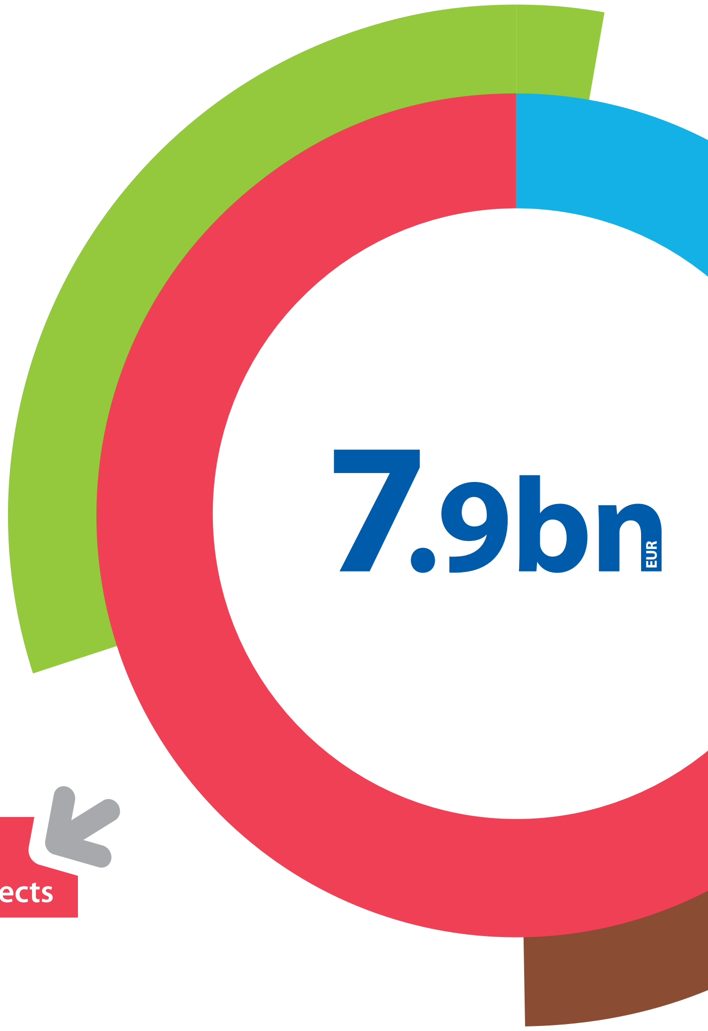
Expected results:



3 787 GWh/year new renewable energy supply, potentially serving

1.2 million households

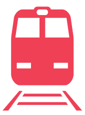
2.6bn (32%) supporting **climate change** mitigation and adaptation, through 26 projects



4.7bn (59%) supporting **economic and social infrastructure**, through 49 projects

Expected results:

4 million people with improved water supply or sanitation



1.7 million passengers benefiting daily from improved rail transport

Expected results:

13 000 SMEs and mid-cap companies and

23 000 microenterprises with improved access to finance, helping to sustain

450 000 jobs

First ex post results from credit lines approved under the ReM Framework show that

105 000 jobs

were sustained through loans to SMEs and mid-caps through 8 projects in Turkey, Serbia and FYROM

3.3bn (41%) supporting **access to finance**
for local private sector development, through 53 projects

EIB additionality

Long-term loans:

20 years
on average for infrastructure

41% **of projects** benefiting from **technical assistance**

2.1bn (26%) supporting
regional integration, through 26 projects

Facilitating cross-border mobility, trade, collaboration and convergence

Introduction

Promoting sustainable growth globally

Outside the EU, the EIB invests in sound projects that promote sustainable and inclusive growth. Whether in pre-accession countries and the EU's immediate neighbourhood, in the African, Caribbean and Pacific countries or in Asia and Latin America, the EIB works to support EU external policies and development goals.

The EIB uses its Results Measurement (ReM) Framework to track project results, the contribution that projects make to the Bank's objectives, and the difference that EIB involvement makes – the "additionality" – that goes beyond the alternative of pure market financing. The ReM Framework does not replace our due diligence and monitoring but is used to complement and enhance project appraisal, monitoring, reporting and the ex post evaluation of projects.

This report focuses on project results, and the difference that the EIB can make. It describes the new projects that the bank financed in 2014, the results that are expected and the additionality we have been able to offer, in order to show why the Bank has funded these projects.

This report also looks back at completed projects, to review the actual results achieved. This year is the first year in which some projects approved under the ReM framework (introduced in 2012) have reached completion, allowing systematic reporting of ex post results for these projects. However, as the number of projects completed under the framework is still limited, this report also includes case studies of completed projects that were approved before 2012, examining results achieved through a ReM framework lens.

EIB objectives

The EIB's lending beyond the EU 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 (Figure 1). The External Mandate covers 68 countries and/or territories in four regions: pre-accession countries; the EU Southern and Eastern Neighbourhood and Russia (MED and EAST); Asia and Latin America (ALA); and the Republic of South Africa. The Cotonou Partnership Agreement covers operations in the 78 ACP States.

All EIB lending outside the EU supports one or both of two key objectives: local private sector development and the development of social and economic infrastructure. Many projects also support two cross-cutting objectives: climate change mitigation and adaptation, and regional integration. 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.

New projects financed in 2014

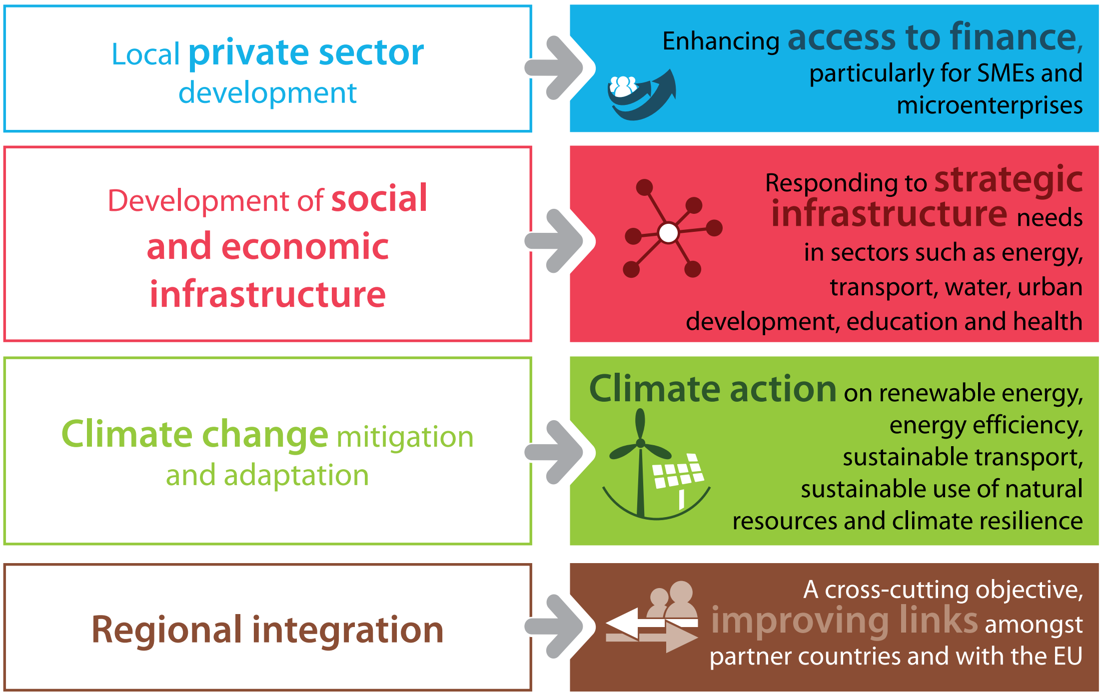
In 2014, the EIB signed financing contracts for 92 new projects outside the EU. Total approved EIB financing for these new projects is EUR 7.98bn. This amount is helping to mobilise a further EUR 13.9bn in finance from other sources to enable total investments of EUR 21.9bn to take place.

These new projects are those for which the first financing contract was signed in 2014. For each of these projects, the full approved financing volume is reported. This covers both the amount "signed" in 2014 and any outstanding amount due to be signed under future contracts. Likewise, for each new project, the full total investment cost and the full expected results are reported.

The largest number of new projects was – like last year – in the Africa, Caribbean and Pacific (ACP) region. Projects in this region tend to be relatively

Figure 1

EIB objectives outside the EU



small in financial terms, but have a very high impact in terms of social and economic development and the difference they make to people's lives. In terms of funding volume, the pre-accession region was again the most significant, a region that is particularly important in relation to EU regional integration objectives.

New projects were almost evenly split between local private sector development and the development of social and economic infrastructure. In terms of approved lending volumes for these projects, 59% (EUR 4.7bn) is supporting infrastructure development while 41% (EUR 3.3bn) is supporting private sector development. This represents a slightly stronger focus on strategic infrastructure development relative to last year.

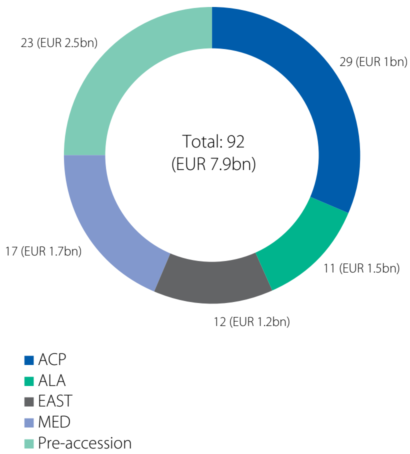
Thirty-two percent of approved lending for new projects, or EUR 2.6bn, is supporting the cross-cutting objective of climate change mitigation and adaptation, an increase over last year. These are mostly infrastructure projects, but also include some climate-focused credit lines supporting local private sector projects. One quarter of total lending is supporting regional integration, both through infrastructure development and through support for local private sector access to finance.

To avoid double counting of project results, follow-up contracts signed under projects that have already been reported in previous reports (because earlier financing contracts were signed under them in previous years) are not reported here. However, for the sake of transparency a breakdown of 2014 lending volumes, including the volume of such follow-up contracts, is given in Table 1. Further lending details are given in the following chapters and a full list of projects, including follow-up signatures, is given in the Annex.

This methodology is different from that used in the previous report, which reported total signatures. For this reason lending volumes and project counts may not always be strictly comparable.

Figure 2

New projects in 2014, by region



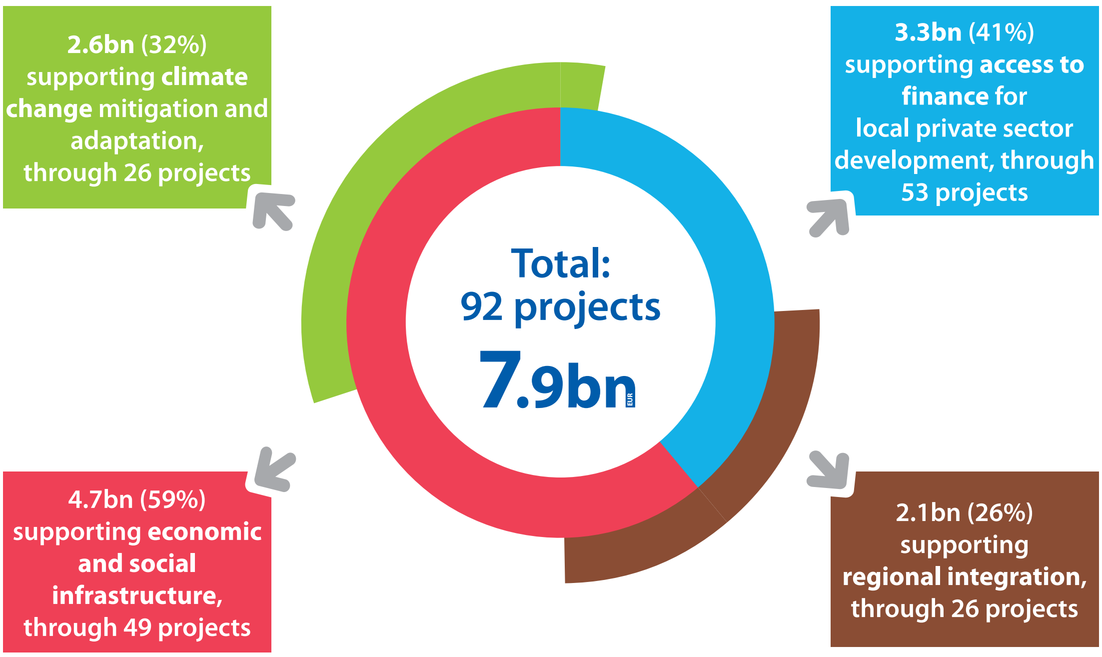
How we measure results

EIB lending is results-driven. Outside the EU we use the Results Measurement (ReM) Framework not only to strengthen the appraisal process, but to enhance the Bank's ability to monitor the actual results achieved, tracking results throughout the project cycle. It thereby complements the EIB's core due diligence and monitoring process.

At the outset clear sector-specific, standardised and measurable indicators are identified. And projects are rated according to three "pillars" (Figure 4). Baselines and targets are set to capture expected economic, social and environmental outcomes of the operation.

Figure 3

New projects in 2014 - Contribution to mandate objectives



Note: Many projects support more than one objective. Climate action and regional integration are cross-cutting objectives.

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 (equity funds). Equity fund results are reported again at the end of the fund's life.

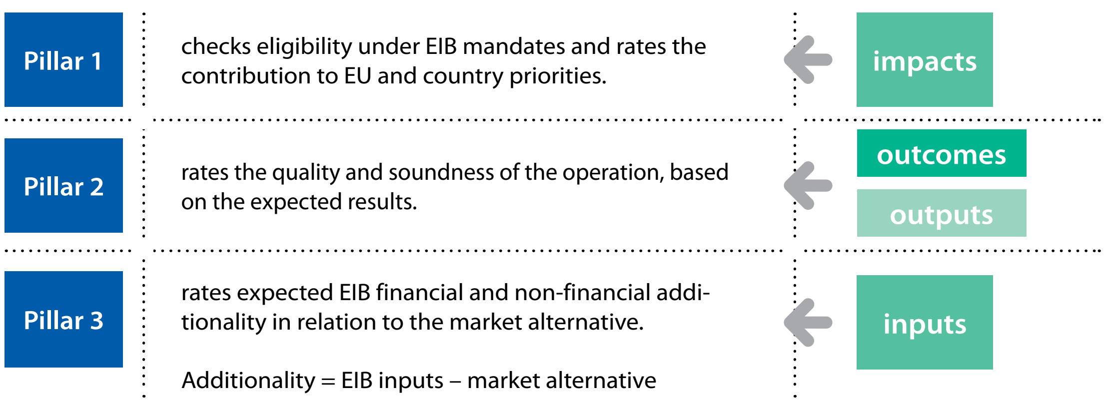
Insofar as possible ReM indicators have been harmonised with those of other international financial institutions, European development finance institutions and EU development agencies to simplify client reporting requirements for co-financed operations. We continue to be actively engaged in working with these partners to further improve coordination and harmonisation of results indicators.

Table 1
2014 lending volumes (EUR m)

	New projects (first signed in 2014)			Older projects (first signed before 2014)	Total contracts signed in 2014
	Funding approved	Contracts signed in 2014	Volume to be signed	Contracts signed in 2014	
ACP	1 021	1 018	3	150	1 168
ALA	1 540	1 370	170	0	1 370
EAST	1 178	1 176	2	0	1 176
MED	1 750	1 548	202	116	1 664
PA	2 491	2 011	480	425	2 436
Access to finance	3 280	2 955	325	303.5	3 259
Strategic infrastructure	4 699	4 167	532	387.5	4 554
Climate action	2 576	2 162	414	300	2 462
Regional integration	2 103	1 750	353	141	1 891
Total	**7 980**	**7 122**	**858**	**691**	**7 813**

Note: Republic of South Africa is included under ACP.

Figure 4
ReM Framework



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. Indeed, access to finance is an important constraint on growth, private sector development and social inclusion in developing and transition countries.

First ex post results from

credit lines approved under the ReM framework show that

105 000 jobs

were sustained through loans to SMEs and mid-caps through 8 projects in Turkey, Serbia and FYROM

New projects in 2014 will help

13 000 SMEs

and mid-cap companies and

23 000

microenterprises to gain access to finance, helping to preserve

450 000 jobs

The EIB supports local private sector development in a number of ways: credit lines to local financial intermediaries to modernise banking systems and support lending to SMEs; participation in private equity funds to provide expertise and risk capital to high growth potential companies; credit lines and equity finance for microfinance providers to support access to finance and basic financial services for the poorest; and direct loans to larger companies where this is critical to realising wider developmental benefits, particularly job creation.

In 2014, the EIB signed financing contracts for 53 new projects that will support local private sector development. Total approved EIB financing is EUR 3.28bn. Of the 53 new projects in 2014, 33 are credit lines supporting SMEs, while seven support microfinance through credit lines, equity investments with microfinance institutions or microfinance investment vehicles. Five support access to finance and expertise through private equity funds. Eight direct financing operations support local private sector development, of which three are infrastructure projects (reported in the Strategic Infrastructure chapter).

Taken together, credit lines and investments in private equity funds will help 13 000 SMEs and mid-caps and 23 000 microenterprises gain access to finance. This is expected to help sustain around 450 000 jobs in these businesses. Direct loans to industry investment projects are expected to create over 1 000 permanent jobs and 6 150 person-years of employment during project implementation.

2014 also saw the completion of the first projects approved under the ReM framework in 2012. These were credit lines for SMEs in the Pre-Accession (PA) region. In total these credit lines have provided over 1 000 loans, helping to sustain 105 000 jobs in the beneficiary companies.

Supporting access to credit for SMEs and mid-caps

Lending to SMEs and mid-cap companies through credit lines to local financial intermediaries is important to enhance access to longer-term funding for small businesses, to create and sustain jobs, particularly in mid-caps, and to strengthen local financial sectors. Small and medium-sized businesses often have great growth potential but face financing constraints because of their size and information asymmetries, such as a lack of credit history.

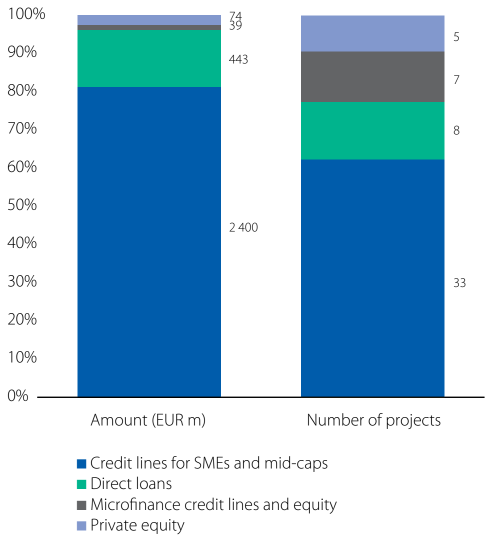
By providing funds to entrepreneurs to start new businesses or expand their existing business, credit lines can help create employment, extend and improve services for customers, contribute to export earnings and foster competitive local markets. In many contexts, improving access to formal funding may help the transition of informal enterprises into the formal sector, something which has further impacts on standards and access to credit.

Thirty-three new SME credit lines in 2014 are expected to enable intermediaries to make 13 000 loans to final beneficiary businesses, helping to sustain some 400 000 jobs. These loans, 96% of which will go to SMEs, are expected to have a total value of EUR 2.9bn. A number of credit lines have a strong focus on very small enterprises, particularly in the agricultural sector. SMEs are defined as having less than 250 employees (the EU definition), but the average number of employees per SME financed is 19.7.

These credit lines will also extend the maturities of the loans offered by financial intermediaries to SMEs and mid-caps, with the average loan tenor (weighted by loan size) expected to be 5.5 years. This will more closely match the economic life of investments than the maturities typically available to SMEs in developing contexts. For example, the Financial Sector Loan III

Figure 5

Contribution of new projects to local private sector development by type of operation



in Ghana is expected to extend maturities from an average of 1 year to about 4.5 years.

These expected results are reported just for the EIB-financed amount, and not for the matching funding provided by each promoter. The aggregate expected results of both sources of funding have been stated in previous reports. The figures presented here are therefore lower than those presented previously, but this does not reflect a real change in outcomes or impact.

Many credit lines have a particular impact on the development of local financial sectors and their capacity to support private sector growth. They may enhance competition by supporting a second-tier bank in expanding its market presence, help extend the range of products offered or enable banks to target currently underserved groups.

One project in French Polynesia, for example, aims to attract 80% first-time borrowers, as well as targeting small investment projects involving the environment,

Box 1:

Overcoming finance bottlenecks in Mexico

Mexico's 4.1 million SMEs account for more than half of the country's GDP and for 80% of employment in enterprises. Nonetheless, less than 35% of these firms have access to a bank loan or credit line. Bottlenecks that prevent small businesses from getting essential credit include high interest rates, short tenor periods, excess bureaucracy and strict guarantee requirements from banks.

The EUR 150m Mexico Global Loan for SMEs and mid-caps will help address the issues of availability and maturity of funding for these companies by providing long-term funding to Banco Santander (Mexico) S.A., which will pass on this funding advantage through EUR 300m in lending to companies in sectors such as manufacturing, services, health and social services, and tourism. The project will be beneficial to entrepreneurs with limited working capital and will give them the opportunity to expand their businesses. Furthermore, by making some entrepreneurs less dependent on informal sources of financing, the project may lead to a more level playing field for smaller businesses in the country.

Figure 6

Credit lines supporting SMEs and mid-caps – new projects overview

# operations	33
Approved EIB finance	EUR 2.9bn

Expected outputs	SMEs	Mid-caps	Other	All
Total loans (EUR m)	1 878	838	178	2 895
Total loans #	12 664	325	236	13 225
Average loan size (EUR '000s)	148	2 579	754	219
Average loan tenor (years)	5.7	5.4	4.9	5.5

Expected outcomes	
Jobs sustained (total):	407 457
in SMEs	250 291
in mid-caps	128 593
other	28 573

Number of operations	
Increasing access to finance for underserved markets	7
Increasing access to finance for first-time borrowers	11
Financing second-tier bank, improving competition	7
Lending in local currency	13
Supporting introduction of new products	4
Supporting lending in a shallow market	14

Supporting development of local financial sectors

Increasing access to financial services for underserved segments

Table 2
Credit lines for SMEs, expected results by region

Expected outputs	ACP	ALA	EAST	MED	PA
Number of projects	12	2	4	3	12
Total loans (EUR m)	345	350	545	170	1 485
Total loans #	760	720	1 810	207	9 728
Average loan size (EUR '000s)	454	486	301	821	153
Average loan tenor (years)	6.3	10.4	8.8	8.0	5.1

Figure 7
Private equity – new projects overview

# operations	4
Approved EIB finance	EUR 64m

Expected outputs	
Total fund size (EUR m)	533
Average leverage ratio:	8.4

Expected outcomes	
Number of investee companies:	56
Average investment (EUR m):	8.4
Net creation of permanent employment:	44 500

energy and waste treatment. The SBI Loan for SMEs and mid-caps in India will focus on financing in underserved rural areas, primarily agricultural SMEs.

In terms of regional spread, the largest number of new credit line projects are in the ACP and Pre-Accession regions, although the most important regions by lending volume are the Pre-Accession and Eastern Neighbours regions. Lending volumes have generally increased, except in the Eastern Neighbours region, where lending has declined considerably since last year as a result of instability in that region.

Extending the availability of private equity financing

Private equity funds are specialised in meeting the needs of start-ups and high growth potential companies for risk-absorbing finance. They complement this finance with professional expertise to help investee firms make a breakthrough to long-term financial sustainability and growth.

Four new private equity participations were signed in 2014. Together these will invest EUR 65m in funds worth EUR 531m, which will in turn invest in 56 companies. The net creation of employment during the period of these investments is expected to amount to around 44 500 jobs. This figure particularly reflects the high expected employment outcomes for the Novastar social impact fund (Box 2).

As an example, the Abraaj North Africa Fund II pools EUR 5m of EU budget resources and EUR 15m from the Agencia Española de Cooperación (via a partnership agreement) to support the growth of mid-market companies established in North Africa. This

Box 2:
Novastar – private equity for social impact

The Novastar Ventures East Africa Fund aims to back early-stage businesses led by entrepreneurs with the capability and ambition to transform low-income consumer markets by addressing proven demand for basic goods and services with innovative business models. Education, healthcare, financial services, small agri-businesses, access to food, water or critical information are among the Fund's priority sectors. For example, Novastar is backing the Paradigm Project's investment in the distribution of "EzyLife" fuel-efficient stoves that save half the fuel (and attendant time and cost) needed for traditional stoves, whilst eliminating 75% of toxic smoke emissions.

The Fund also targets m-Farm, a company started by three Kenyan women seeking to create an SMS-enabled commodity exchange for smallholder farms. Another investee company provides sanitation facilities to a large number of slum dwellers while offering micro-business opportunities to local entrepreneurs and enhancing environmental sustainability by converting waste into organic fertiliser. Another is creating a network of low-cost primary schools in the poorest areas that are projected to serve 500 000 pupils and employ 15 000 staff if the company reaches expansion stage. Novastar's objective is to generate around 40 000 jobs in 20 investee companies and to bring wider benefits to approximately 2 million poor and very poor individuals.

Social Impact Funds like Novastar are not set up to maximise financial returns, but social returns. Although a positive financial return is aimed for, they involve higher risks than normal funds. The EIB's USD 10m investment in the fund under the Impact Financing Envelope constitutes critical risk-absorbing finance, giving entrepreneurs the financial space they need to develop innovative solutions to the problems faced by the poorest. As early as 2011, the EIB was the first major financing institution to assist Novastar in designing and structuring the fund, and the Bank's support has had an important effect in catalysing the interest of other investors.

funding will be leveraged by a factor of nine by the EUR 180m fund. It will invest in 12 companies to create an estimated net total of 2 500 permanent jobs. The contribution of another fund (Portland Caribbean) to regional integration is described in Box 20.

In 2014, the EIB also signed an equity participation in First National Bank in Lebanon (not included in Figure 7). This will enable this second-tier bank to extend financing to an additional 680 SMEs.

Figure 8
Microfinance – new projects overview

# operations	6 microfinance credit lines 1 Microfinance Investment Vehicle (MIV) participation
Approved EIB finance	Credit lines: EUR 35m Equity investment in MIV: EUR 15m

Expected outputs	
Loans to final beneficiaries (#):	22 789
Loans to final beneficiaries (EUR m):	56
Average loan size (EUR):	5 823
Women as % of final beneficiaries:	69%
Total MIV fund size (EUR m):	61
Leverage ratio:	4

Expected outcomes	
Jobs sustained in final beneficiaries (including self-employed):	48 630
MF institutions supported (#):	10
Loans to final beneficiaries by supported MF institutions (#):	780 000

Box 3:
Supporting a new microfinance institution in Tunisia

The EIB is supporting the establishment of a new microfinance provider, Taysir, in Tunisia, a country that is relatively underserved by microfinance, with only one established provider. This goes hand-in-hand with the policy of the Tunisian government to create a well-regulated environment that is conducive to microfinance providers in the country.

A EUR 1m loan is being provided under the FEMIP Trust Fund's impact investing envelope for higher-risk and higher-impact projects. This will enable Taysir to lend an average of EUR 1 500 to 670 micro-entrepreneurs by the end of the drawdown period. 70% of these are expected to be women while 40% are expected to be first-time borrowers. By providing a subordinated, long-term, local currency loan at favourable pricing, the EIB is helping Taysir to become established and attract additional sources of finance. EIB requirements will also mean an accelerated implementation of good market practices in fields such as anti-money laundering, client protection principles and environmental standards. The establishment of Taysir will help to diversify the financial sector and extend access to finance to groups such as young micro-entrepreneurs and small farmers.

Box 4:
Supporting R&D for cleaner, safer vehicles

A EUR 55m loan will support a EUR 115m R&D project to improve the environmental performance and safety characteristics of vehicles. Tofas, an automotive manufacturer based in Turkey and co-owned by the Fiat Chrysler Group, will focus on improved fuel efficiency and safety, electric vehicle technology and components development, fuel storage systems and advanced manufacturing processes.

EIB funds will help address financing constraints often encountered with R&D because of the high degree of uncertainty inherent in this type of investment. An additional 75 engineers will be hired by Tofas, which also expects to be able to increase patent applications and carry forward its collaboration agreements with 11 universities across Turkey and Europe.

Supporting microenterprises

Arguably the most severe financial constraints are faced by micro-entrepreneurs, particularly women and those in rural areas that tend to be particularly underserved by financial systems. Microfinance combines social and economic development objectives to extend access to basic financial services to secure and improve livelihoods and drive development from the ground up.

In 2014, seven new microfinance operations included six credit lines to microfinance providers and one equity participation in a microfinance investment vehicle (MIV). Credit lines supported microfinance providers in the ACP and Mediterranean regions (three each). They will have a strong focus on women (69% of expected beneficiaries) and are expected to help sustain over 48 000 jobs in beneficiary microenterprises, including many self-employed persons.

A EUR 15m investment in Advans SA Sicar, meanwhile, will help this MIV to equip 10 affiliated microfinance institutions, predominantly in the ACP region, with the necessary financial resources and management capabilities to reach financially underserved populations through an expected 780 000 loans.

A credit line to Microfund for Women is the EIB's first intervention in the Jordanian microfinance sector. In this instance, the EIB is supporting a well-established institution with a very strong focus on women (95% of more than 100 000 borrowers). It is one of the few microfinance institutions in the region providing micro-insurance services on a large scale, therefore further contributing to improving living conditions amongst the poorest, through the cover of life and health risks. In Tunisia, by contrast, the EIB is supporting the establishment of a new microfinance institution, Taysir (Box 3), in a relatively underserved market.

Direct loans for local private sector development

Direct loans to large companies also support local private sector development, particularly where investment activities have positive knock-on effects for the local economy, regional integration or the environment. Public funding is important to ensure that such investment with positive externalities takes place.

Examples of such projects in 2014 include two R&D projects by Turkish manufacturers, in line with the priorities of the Instrument for Pre-Accession for Turkey (Box 4). They will contribute to both local economic diversification and cross-border R&D cooperation, supporting the creation of the Euro-Mediterranean Innovation Space (EMIS). Another project with a Turkish ethylene manufacturer is expected to have positive effects on local downstream industries. In Ukraine, two projects will enhance local grain storage and processing capacity, which is seen as important for enhancing resilience to the effects of climate change (Box 18). Direct loans to industrial projects in 2014 are expected to create 1 027 permanent jobs and 6 150 person-years of temporary employment during implementation.

Completed projects: results achieved from completed credit lines

The EIB's Results Measurement framework was introduced in 2012 to guide both ex ante appraisal and, eventually, monitoring and ex post evaluation. In

Table 3
Ex post results for eight credit lines

Results achieved	All SMEs	Micro	Small	Medium	Mid-caps	All
Total loans (EUR m)	527	56	163	307	183	710
Total loans #	937	204	421	312	74	1 011
Average loan size (EUR '000s)	562	275	388	984	2 473	702
Average investment size (EUR '000s)	863	458	593	1 692	4 164	1 179
Average loan tenor (years)	4.9	6.1	4.6	4.9	4.4	4.8
Jobs sustained	53 888	1 783	12 308	39 797	51 656	105 544

2014, the first operations approved under the ReM framework reached completion. The results of the ReM Project Completion Reviews for these operations are presented here.

These eight completed operations are all credit lines for SMEs in Pre-Accession countries: 5 in Turkey, 2 in Serbia and 1 in the former Yugoslav Republic of Macedonia (FYROM). Credit lines usually reach completion in a much shorter time than infrastructure projects. Also, considering the level of experience of the financial intermediaries in the Pre-Accession region, signature and disbursement processes can be relatively fast. The operation in FYROM is described in more detail in a case study below.

Results achieved: These eight operations helped to sustain over 100 000 jobs in the beneficiary companies, approximately half of which were in 74 mid-caps (Table 3). In total, EUR 710m was lent through just over 1 000 loans that went overwhelmingly to SMEs, the companies that are typically confronted with the most severe credit constraints. In accordance with lending criteria in the Pre-Accession region, intermediaries also undertook to provide additional matching funding to other SMEs.

Manufacturing was the sector that benefited most, with 38% of total lending. This was followed by the wholesale and retail sector (35%) and transportation (9%). Investment projects financed included a small-scale hydropower plant in Macedonia, as well as new machinery for a small food processing business and a production facility for a polyester manufacturer, both in Turkey.

Additionality through extended maturities: The average tenor of the loans provided to final beneficiaries was 4.8 years. For microenterprises, the average tenor offered was as much as 6.1 years. These are much higher durations than SMEs and mid-caps are typically able to obtain in these markets and will have helped the beneficiary companies to carry out long-term investments – in machinery and equipment, for instance – that raise productivity but require a longer payback period.

Were the results what we expected? Overall, these results match the Bank's expectations for these operations. However, some indicators were underestimated and others overestimated. This partly reflects hard-to-predict economic circumstances, such as demand for loans from different types of companies. For example, the number of jobs sustained in final beneficiaries was larger than expected. The number of loans, by contrast, was overestimated, with the average loan size being somewhat larger than expected. The average tenor of the loans to final beneficiaries was actually slightly longer than expected. This is valuable information that will help the Bank to refine its ex ante estimations.

Completed project case study:

AfricInvest II – Equity finance for African firms

In 2008, the EIB invested EUR 20m in the private equity fund AfricInvest II. Based in Tunis, AfricInvest II targets African firms with a good local market position and high growth potential, enabling these firms to seize opportunities to expand. With a hands-on approach to monitoring investments, it adds value by strengthening management teams; by improving corporate governance, reporting and transparency; and by capitalising on AfricInvest's extensive network throughout Africa.

Leveraging the EIB's EUR 20m with EUR 123m from other sources, AfricInvest II has invested in 15 companies across North, West and East Africa in insurance, pharmaceuticals, oil and gas services, telecoms and agribusiness. According to the latest results, these businesses have been able to expand successfully, with turnover increasing 37% on aggregate to EUR 803m. Employment has increased 42% on aggregate to reach 6 678 jobs. AfricInvest has also contributed to significant improvements in ESG standards, including in terms of working conditions and environmental aspects.

One investee company was Mansard Insurance in Nigeria. In a country where only 1.1% of the adult population have some sort of insurance, AfricInvest's support has been important in helping Mansard to expand and diversify the types of insurance it offers, extending access to insurance services among both businesses and individuals. For example, Mansard pioneered entry into micro-insurance in a partnership with telecom operator MTN, using mobile communications to help rural penetration increase from almost zero policies to more than 50 000. Over 200 jobs have been created at Mansard since the investment by AfricInvest, a workforce increase of over 40%. The fund has now successfully sold its stake in the company.

Access to equity finance is often very limited in African countries, particularly for small and medium-sized firms which are unable to access stock markets. The EIB not only provides much needed long-term risk capital, but also supports the emergence of local skilled fund managers and the growth of private equity as a vital funding channel for African businesses.

Figure 9
AfricInvest II

EIB contribution

EUR 20m equity participation

Context
- Existing companies with high growth potential constrained by lack of access to equity financing, particularly SMEs
- Underdeveloped venture capital/private equity sector in the region

Outputs

By AfricInvest II:
- EUR 143m in equity investments in 15 companies
- Technical support to strengthen management, governance, reporting and transparency

Outcomes

In investee companies:
- turnover increased by 37%
- 4 710 existing jobs sustained and another 1 968 created
- additional EUR 56m in taxes paid (up by 70%)
- improved working conditions and standards

Impacts
- Strong growth by medium-sized companies, supporting overall economic development
- Contribution to wider private sector development through increased exports and demand for inputs

Box 5:

Investee company – EXAT Agriculture

EXAT Agriculture is a rubber planting and processing company in Côte d'Ivoire. Formerly focused just on supplying raw rubber, in 2008 it started diversifying by expanding into processing. AfricInvest II has provided finance and expertise to support this expansion process, purchasing a 21% stake in the company in 2012.

In November 2013 a new production line was added, allowing EXAT to double processing capacity to 36 000 tonnes/year. AfricInvest's support has also been critical in helping to raise further funding for a 5 000 ha planting project that will increase the plantation area to 6 500 ha and greatly strengthen EXAT's market position. Certification by Goodyear and Continental (achieved in 2014) attests to the quality of EXAT's products and will help secure direct access to long-term sales channels.

AfricInvest's involvement has also improved environmental and social standards, including better health and safety practices such as better provision of protective clothing, while a health insurance policy has also been put in place for all employees. Training on the sustainable planting and harvesting of rubber is provided and the company has invested in better services (electrification and new school buildings) for the local community. A new water treatment system will enable nearly 90% of the water used to be recycled.

The rubber industry is an important export earner and source of growth in Côte d'Ivoire, the world's 39th-poorest country, with 68% of the population engaged in agriculture. In this context, EXAT's expansion enhances local job opportunities, both through direct employment and for independent farmers, who can sell production to EXAT, rubber providing a reliable, almost year-round income for rural families. Since 2012, EXAT has been able to increase its direct workforce by 50% to 240 employees.

Completed project case study:

Easing funding constraints for SMEs

In 2012 the EIB provided a EUR 100m loan to the Macedonian Bank for Development Promotion (MBDP) to improve access to finance for the country's SMEs. The third loan of this kind with MBDP, it enabled this national promotional bank in the former Yugoslav Republic of Macedonia to on-lend the funding to local banks and provide funding to 446 SMEs and four mid-cap companies. Loans averaged EUR 222 000, with an average tenor of 5.5 years, a significant improvement on the loan tenors typically available to SMEs in the local market.

This lending has helped to sustain 16 542 jobs in the beneficiary companies and create over 2 000 new jobs. It has helped to finance investments by beneficiary companies worth EUR 171m in total. In addition, EIB funding was matched by another EUR 100m raised by MBDP.

This kind of support is critical in a country where the SME sector makes up 80% of employment, but remains relatively stagnant and focused on low-productivity activities. Loan growth in the country remains weak following the global financial crisis. With regional parent banks under pressure, local banks generally need to secure funding locally and face funding constraints. In this context, the EIB loan and its terms have made a significant difference to SME access to finance, as well as to enhancing competition between local banks and helping the productivity and export performance of the SME sector.

The effectiveness of the operation has been improved by having an experienced local partner like MBDP that has established working relationships with local banks and can help to enhance the selection of final beneficiaries.

Figure 10

Easing borrowing constraints for SMEs – MBDP Loan for SMEs and Priority Projects III

EIB contribution

- EUR 100m loan
- Longer maturity finance at attractive rates

Context

- SMEs provide approx. 80% of non-agricultural private employment
- SME sector focused mainly on low-productivity activities
- Private sector growth constrained by limited long-term funding for local banks and SMEs.

Outputs

Financing by MBDP channelled through local commercial banks:

- Loans extended to 446 SMEs
- Average loan size EUR 222 000
- Average loan tenor extended to 5.5 years (up to 8 years in some cases)

Outcomes

- 16 542 jobs sustained in beneficiary companies
- 2 054 jobs created
- Investments worth EUR 171m supported

Impacts

- Enhanced competition among banks to finance SMEs
- Improved productivity in SMEs
- Economic diversification and exports supported

Box 6:

Dime bakery expands into local grain production

An EIB-funded loan from Komercijalna Banka has allowed the Dime bakery to grow and diversify, expanding from 82 to 170 employees in five years. Manager Illija Pavlickovski explained how he had built up this family-run business over 29 years but was increasingly facing volatile prices and supply constraints for imported grain. To stay competitive, he ventured into local grain production, buying land and collaborating with Skopje University to improve production techniques, using the EIB-financed loan to buy new tractors and trucks.

"Creating an integrated production chain", he said, "has allowed the company to expand, introduce new products and now supply some 28 000 loaves a day to over 500 sales outlets in the country." He says that successful grain production is encouraging neighbouring farmers to improve production and introduce new crops.

Box 7:

Soko Dooel – realising export potential

Outside Soko Dooel's premises in the capital, Skopje, it is hard to tell that this small family business produces some 15 million cartons of juice a year. Starting to export eight years ago, they now export 80% of their production, including to 15 European countries.

Marketing manager Vesna Ljusic explained how, with tight margins, they depend on favourable loan terms to be able to expand. The EIB-financed loan they received from NLB Tutunska Banka helped to finance a new packaging machine, doubling their capacity and enabling them to offer more flexible and better quality packaging. In 2014 their output increased by 28% and now they can also produce branded products for big retailers.

As a manufacturer of a low-cost bulk item, transport costs are also a big concern. Vesna Ljusic expressed the hope that improving infrastructure connections to neighbouring countries will also help their business.

Strategic infrastructure

The development of 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 infrastructure projects in a range of vital sectors: energy, transport, water and sanitation, health, education and urban development.

New projects in 2014 – expected results:

4 million people with improved water supply or sanitation

117 lives per year saved by road safety improvements

1.7 million passengers benefiting daily from improved rail transport

8 660 GWh/year energy generated, potentially meeting the needs of **1.5m** households

23 500 households with improved housing

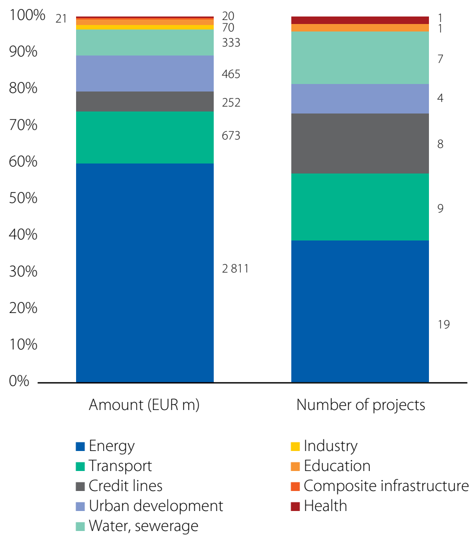
Forty-nine new projects contributing to infrastructure development in 2014 include 19 energy sector projects that will generate 8 659 GWh a year and support the energy needs of 1.5m households. Nine transport projects are expected to reduce road fatalities by 117 per year, to benefit 1.7m rail passengers every day and achieve annual operating cost savings of EUR 78m. Seven water sector projects are expected to improve the supply of safe water for 3.5m people, while four urban development projects are expected to provide improved housing for 23 500 households.

Total approved EIB lending for new projects (projects with financing contracts first signed in 2014) is EUR 4.7bn, supporting the realisation of projects with a total investment cost of EUR 14.4bn. Of the total approved EIB lending for these new projects, financing contracts for EUR 4.2bn were signed in 2014. Contracts for a further EUR 304m were signed as second or later financing tranches for projects first signed and reported on in previous years.

Infrastructure projects will lead directly to the employment of over 6 700 people during operation and to around 195 000 person-years of employment during construction. Water and sanitation projects alone will involve 73 000 person-years of employment during construction, while health, education and urban development projects will create 4 107 permanent jobs.

Figure 11

Contribution of new projects to strategic infrastructure objective by sector



Note: Some projects are multi-sector. Approved lending volumes for these projects are prorated. In the project count, each project is included under the sector to which it contributes most.

Energy

The EIB signed contracts for 19 new projects in the energy sector in 2014. Among these, 10 energy generation projects are expected to add 1 526 MW of generation capacity, enough to serve an additional 1 534 300 households. Projects to extend and improve the transmission of electricity and gas will improve efficiency and extend essential energy supplies. For example, over 68 000 households are expected to benefit from additional connections to electricity networks.

The reliable, affordable and safe supply of energy is essential to the realisation of basic needs and to wider economic development. In Africa alone, 57% of the population still lacks access to electricity and around 90% of the continent's enormous economically feasible hydropower potential remains unexploited.

The path taken in the development of energy resources is also critical in the context of climate change. This is why the EIB prioritises energy generation from renewables, effective energy networks to integrate this renewable generation, and energy efficiency. Nine renewable energy projects will create 1 026 MW of additional generation capacity and 3 987 GWh/year supply, mostly from wind, solar and hydropower (Box 13). This additional supply is enough to potentially serve some 1.2m households. Greenhouse gas (GHG) estimates for the energy and other infrastructure sectors are presented in the Climate Action section.

The El Shabab Power Plant project in Egypt – the only fossil fuel-based generation project in 2014 – will convert an existing open cycle gas turbine power plant to modern combined-cycle technology, generating an additional supply of 4 672 GWh/year through improved efficiency, without needing to increase the quantity of gas used as fuel.

Table 4

Infrastructure projects – direct employment impact

	Employment during operation	Employment during construction
	(full-time equiv.)	(person-years)
Energy	1 325	23 205
Transport	151	41 140
Water and sanitation	157	73 293
Health, education, urban development	4 107	51 425
Total	**6 767**	**195 213**

Figure 12

Energy – new projects overview

# operations	19
Approved EIB finance	generation from renewables (9) generation from gas (1) gas production and transport (2) power distribution (2) facilities for renewable energy and energy efficiency projects (5)
Total investment cost:	EUR 9.2bn
Approved EIB finance:	EUR 2.8bn

Expected outputs		Expected outcomes	
Generation capacity:	1 526 MW	Annual electricity production: Households potentially served: Annual savings from import reduction or export gains:	8 659 GWh 1 534 300 EUR 166m
Power transmission substations constructed or upgraded: Power lines constructed or upgraded	149 4 120 km	Additional annual electricity transported: New households connected:	6 791 GWh 68 800
Gas pipelines constructed: Gas production capacity (barrels of oil equiv. per year):	501 km 60m	Gas transported per year:	249 900 GWh
Projects increasing energy generation and distribution efficiency:	4	Energy savings per year:	1 694 GWh

The EIB also supports the development of electricity and gas networks that increase the rational use of energy and economic development through regional integration, enhancing reliability and security of supply and improving access to affordable energy.

Two projects focus exclusively on extending and upgrading electricity networks to improve reliability and efficiency and reach more households and businesses. For example, the Tajik-Kyrgyz Power Interconnection project will re-establish regional electricity trade and ensure continuous power supply in Tajikistan.

The Urengoy-Pomary-Uzhgorod Gas Pipeline project, meanwhile, which comes under the EU support package for Ukraine, involves the replacement of two compressor units and 119 km of corroded sections on a pipeline that transports natural gas from Russia to Ukraine and the EU and also, through reverse flows, from the EU to Ukraine. The investment will reduce fuel consumption (saving 76 000 MWh/yr), improve security of supply and extend the operational life of the pipeline. Also in the gas sector, the ETAP South Tunisian Gas project will enable gas discovered in the south of Tunisia to be delivered to the north of the country. It will increase government revenue and help to achieve savings by reducing imports of oil products.

Five new intermediated loans will provide EIB finance to smaller renewable energy and energy efficiency projects, mostly in the private sector. These include two loans for renewable energy and energy efficiency projects in India (Box 14). Two loans in Turkey will finance energy and environmental improvements in industrial processes.

Box 8:

Projet Énergie, Republic of Guinea

This project will rehabilitate four hydropower plants, adding 47 MW of cost-effective renewable energy generation capacity and enabling an expensive 50 MW diesel motor emergency power plant to be replaced. This will achieve annual savings from import reductions of EUR 26m and result in significant improvements in service reliability. With effectively zero absolute emissions, GHG emissions avoided by electricity generation from this project are expected to be 122 kt CO_2-eq/year, compared to the likely alternatives for power generation.

The project will also rehabilitate three substations and 328 km of the distribution network in three districts of Conakry. It will install 130 000 connections, two thirds of which will replace illegal ones. It is estimated that during construction, the project will employ the equivalent of 500 people for one year.

The EIB will support this EUR 161m project with a EUR 60m long-term loan. As Guinea is one of the poorest countries in the world, the EIB loan is highly concessional, benefiting from a subsidy under the Cotonou Agreement. The Bank will also provide technical assistance to the Project Implementation Unit.

Many of the key challenges in this sector are also institutional and policy-related. These include insufficient expertise, inappropriate regulation, the use of fossil fuel subsidies and weak private sector participation. Because of this, the EIB can often make a big difference through mobilising technical assistance and providing advice, often in cooperation with other IFIs. Blending EIB finance with EC grants or EU interest rate subsidies encourages investment in new renewable energy technologies and the poorest recipient countries.

Transport

The EIB signed contracts for nine new projects in the transport sector in 2014. Every day, these projects are expected to benefit some 42 000 road users (vehicle/day) and 1.4m rail users, achieving a combined EUR 78m/year in saved operating costs and reducing road fatalities by 117 per year. Efficient and safe transport infrastructure is strategically important for social and economic development, for facilitating the movement of people for employment and for accessing other services, and for facilitating the movement of goods and services, cutting distribution costs. Transport infrastructure is also clearly critical for regional integration and the development of trade.

For example, the Programme de Modernisation Routière in Morocco will focus on improvements across the national road network, identified by the World Economic Forum as the most important of the country's infrastructure shortcomings. The Vlöre bypass project will reduce congestion on the roads of the second-largest port city in Albania, achieving time savings and improving safety.

In 2014, the EIB also funded essential airport rehabilitation work in two of Africa's capital cities: Monrovia, in Liberia, and Maputo, in Mozambique. In both cases, the state of runway pavements and other structures present a threat to safety and any further degradation would likely have led to the closure of the airports. More than a million passengers a year are expected to benefit from the rehabilitation works.

Meeting growing demand for transport services while limiting the environmental impact of mobility is one of this sector's key challenges. The EIB supports projects that promote the shift towards more environmentally friendly, lower-carbon modes of transport and satisfy demand in an efficient, economic and sustainable way.

Urban rail transport helps to reduce congestion and environmental impacts in cities, while railways in general tend to be the most energy efficient and least polluting land transport mode. In southwest Ukraine, the construction of a twin-track tunnel will remove a key bottleneck in a Trans-European Transport corridor, promoting trade. The acquisition of 73 train sets in São Paulo will alleviate the current overcrowding of the local metropolitan commuter railway services, benefiting some 1.7 million passengers every day.

Figure 13

Transport – new projects overview

# operations	9
Total investment cost:	EUR 2.0bn
Approved EIB finance:	EUR 673m

Expected outputs		Expected outcomes	
Length of road built/upgraded (lane km):	3 300	Vehicles/day benefiting:	41 900
		Road fatalities avoided, per year:	117
		Time savings (hours/year):	21m
		Annual vehicle operating cost savings:	EUR 71m
New urban transport trains:	73	# passengers benefiting daily:	1.7m
Length of track built or upgraded:	3.6 km	Passenger time savings (hours/year):	18m
		Annual operating cost savings:	EUR 7m
		Additional cargo carried (tonnes/year):	4.3m
Area of runway/taxiway upgraded (m^2):	791 000	Air passengers benefiting per year:	>1m

Box 9:

Upgrading Montenegro's roads

This project will improve transport conditions through the rehabilitation and upgrading of several sections of the national road system, which is vital for international transit traffic as well as for international and national tourist and goods traffic to the Adriatic Coast. It will also cover the construction of two city bypasses. These improvements are expected to benefit the passengers of nearly 30 000 vehicles every day, resulting in annual time savings of 200 000 hours and annual vehicle operating cost savings of EUR 18m. The project will improve safety, saving an estimated six lives every 10 years, and contribute positively to economic development in the country and improved living conditions in two cities (Niksic and Rozaje) by diverting transit traffic from residential areas.

Having already been active in financing road rehabilitation in Montenegro, the EIB was able to assist in project preparation and is providing a long-term loan of EUR 30m towards a total project cost of EUR 65.7m. As part of the project, technical assistance will also be provided in relation to road safety, institutional strengthening and project implementation. During construction, 2 400 person/years of employment will be created.

Water and sanitation

The EIB signed contracts for seven new projects in the water and sanitation sector in 2014. These projects are expected to extend access to safe drinking water to 3.5 million people and improve sanitation services for nearly 630 000 people.

In the non-EU countries in which the EIB operates, water and wastewater services are often of poor quality and water resources are often managed in an uneconomic and environmentally unsustainable way. Challenges include defining realistic service levels, reducing water losses, the institutional strengthening of municipal and regional utilities, and improving regulation. Rapid urbanisation, changing consumption patterns and climate change impacts add further to the challenges in this sector. The achievement of the water and sanitation targets of the United Nations Millennium Development Goals is a central component of EU development policy outside the EU.

One of the new projects signed in 2014, the Dhaka Environmentally Sustainable Water Supply project, is notable for the very large number of people who will benefit from improved water supplies. It is expected to improve the quality and resilience of the water supply for some 2.1 million people by substituting new sustainable surface water extraction for over-exploited groundwater resources, whilst addressing the impacts of increased flooding. Indeed, given the large proportion of the population that is still without adequate access to safe drinking water and adequate sanitation in many countries, projects in the water sector often bring important benefits to a very large number of people. For instance, 400 000 people are expected to benefit from an improved supply of safe drinking water in Ulaanbaatar, Mongolia (Box 10), while the North Moldova Water project is expected to benefit 231 000 people, around 6% of the country's population.

Adequate sanitation is no less important for health, and therefore for social and economic development.

Figure 14

Water and sanitation – new projects overview

# operations	7
Total investment cost:	EUR 1.1bn
Approved EIB finance:	EUR 333m

Expected outputs		Expected outcomes	
New or rehabilitated water treatment capacity (m^3/day):	573 000	Population benefiting from improved water supply:	3 541 000
New/upgraded water storage capacity (m^3):	13 800	Average % point reduction in non-revenue water:[1]	21.5
New/upgraded water mains/pipes:	995 km		
New/upgraded domestic water connections:	191 000		
New or rehabilitated wastewater treatment capacity (person-equiv./day):	388 900	Population benefiting from improved sanitation services:	627 500
New/upgraded sewer and storm pipes:	728 km	Reduction in untreated sewage discharged to environment (m^3/day):	67 700
New or rehabilitated domestic connections to sanitation services:	21 800	Additional wastewater treated to acceptable standards (m^3/year):	25m

[1]Non-revenue water (%) is the percentage of water supplied that is not billed because of leakage or illegal connections.

The Kafr El Sheikh Wastewater Treatment project in Egypt involves the construction of two wastewater treatment plants and the expansion of a further three, as well as the laying of 697 km of sewers. It will improve sanitation services for some 65 000 households, or an estimated 227 500 people, with an additional 25m m^3/year of wastewater treated to acceptable standards. It will also reduce the discharge of untreated sewage into the environment, including the Mediterranean Sea, by 67 700 m^3/day.

Health, education and urban development

Programmes to develop or renew urban areas, to improve the quality of life and promote economic growth, often involve infrastructure investments across a range of sectors. These can involve, for instance, laying sewage pipes and safe water connections, improving roads, creating parks and connecting households to the electricity grid. They also often involve the planned renovation or creation of new higher-quality housing, schools and hospitals.

In New Caledonia, the EIB will fund a new hospital that will become the leading hospital facility for the territory, improving the quality and scope of healthcare services and enabling an additional 16 000 patients to be treated every year. In Tunisia, the EIB is supporting a comprehensive programme to modernise the country's schools, which will enable an additional 36 000 school students to be enrolled (Box 11).

Multi-sectoral urban development programmes will support the provision of new or improved housing and services for 18 500 households in Morocco in a new town near the capital; replace or improve 5 000 residential buildings to improve earthquake resilience in Turkey; and renovate buildings used by 9 000 public employees in Quito, the capital of Ecuador, helping to improve the quality of public services.

Vital infrastructure development programmes often require financing through intermediaries such as public municipalities, which then channel funds to finance a large number of smaller projects. In some cases, it is possible to report at the outset the expected results of a defined programme of investments. In other cases the EIB approves finance for an interme-

Box 10:

Basic infrastructure for informal settlements in Mongolia

In Mongolia's capital city, Ulaanbaatar, approximately 800 000 people live in growing peri-urban "Ger" areas. These expanding, unplanned settlements of low and medium-income households are characterised by unserviced plots, unpaved roads and limited infrastructure. A large majority of the population in the Ger areas only has access to water through kiosks operated daily between 10 am and 8 pm. The lack of wastewater collection infrastructure means that large amounts of pollutants are being released into the ground, seriously threatening the quality of groundwater, the city's main source of water supply.

Co-financing with the Asian Development Bank, the EIB is providing a EUR 50m long-term loan for a multi-sector urban development investment project aimed at improving the living conditions in these informal settlements. It will extend water distribution and wastewater collection infrastructure, including 20 000 new domestic connections, to up to 400 000 inhabitants of the Ger areas. This is expected to reduce waterborne diseases by a third.

diary to implement a flexible programme of investments, so although the main aim of such a "framework loan" is known, specific quantifiable results can only be reported ex post.

For example, the EUR 200m Ukraine Early Recovery framework loan will finance the repair or replacement of small-scale infrastructure damaged during the conflict in Ukraine. This will cover utilities such as water and sanitation systems, electricity and district heating; damaged roads and railways; and the repair of administrative buildings, schools and hospitals. It will also assist municipalities affected by significant influxes of displaced persons due to the conflict.

Figure 15

Health, education and urban development – new projects overview

# operations	6
Total investment cost:	EUR 1.6bn
Approved EIB finance:	EUR 576m

Expected outputs		Expected outcomes	
New beds in hospital facilities:	183	Additional patients treated annually:	16 000
New or refurbished schools:	369	Additional students enrolled:	36 000
Value of new school equipment:	EUR 29m		
New or refurbished housing units:	23 500	Households with improved housing:	23 500
Urban streets and associated infrastructure built or upgraded:	29 km	Public employees in new buildings:	9 000
New/upgraded sewer and storm pipes:	70 km	Residents benefiting from more open spaces and parks:	300 000
Area developed:	219 ha		

Box 11:

Modernising Tunisia's schools

This EUR 213m programme, supported by a EUR 70m EIB loan, will target a quarter of all secondary schools in the country as well as some primary schools and other facilities. In total, it will build 59 new schools and renovate a further 310, creating 36 000 new places for students and increasing the number of teachers and support staff by 3 350.

As well as expanding access to education, the programme will provide better facilities for teachers and students, enhance safety, enable more children with special needs to attend normal schools and reduce maintenance costs. Particular attention will be paid to schools in disadvantaged areas. The ultimate goal of the programme is to ensure that young people leave school with better skills in order to help tackle the high youth unemployment in the country.

The EIB is providing long-term finance – otherwise unavailable in the market – to match the economic life of school buildings. It also helped to mobilise a EUR 12.5m grant from the EU Neighbourhood Finance Facility and to define a large technical assistance package. This level of involvement on the "soft" side of an education sector programme is unprecedented for the Bank, which will dedicate substantial staff resources to support the project during implementation.

Completed project case study:
Restoring reliable energy supplies in Kenya

The EIB supported the Energy Sector Recovery project initiated in 2004 to rehabilitate Kenya's then overburdened electricity grid. Improvements to this vital infrastructure were successful in enhancing the reliability of supply for households and businesses, helping an additional 526 000 customers to gain access to electricity.

An overburdened grid

At the time of project appraisal the electricity distribution system in Kenya suffered from heavy overloading, particularly in urban areas. This contributed to a high level of technical losses of electricity from the system and also impacted negatively on the quality of supply.

The operator of the national grid, the Kenya Power & Lighting Company Ltd (KPLC), was also in a poor financial situation and faced a significant shortage of capital for meeting investment needs for renovation and system reinforcement. This was due in large part to a persistent drought that hit Kenya starting in 1998 and reduced hydropower generation, forcing KPLC to resort to more expensive fuel-fired generation. By 2004 KPLC's financial position was improving, but it was still unable to support sustained grid development, which is essential to support economic growth and improve living conditions in the country.

Investing to meet growing demand

The overall EUR 123.5m project was established to reduce technical and commercial losses, improve the reliability and quality of power supplies and increase access to electricity in urban and peri-urban areas.

In total, 2 144 km of distribution lines and 38 substations were constructed or upgraded. The grid control system (Supervisory Control and Data Acquisition/Energy Management System) was also comprehensively upgraded. These investments were successful in improving transmission line availability and reducing monthly supply interruptions to a range of 0.16 to 0.2 per 100 km, meeting targeted values. System losses were reduced from 18.7% in 2004 to 14.5% in mid-2009.

According to estimates from KPLC, it was possible to connect an additional 526 000 customers as a direct result of the project. Demand for electricity continues to grow. In fact this has meant that transmission losses have risen again since 2009 because of increased long-distance transmission from the coastal region and the ever-increasing number of households and businesses connected to the network. This is being addressed by further ongoing investments by KPLC.

Supporting access to electricity for the poorest

As the largest co-financer, the EIB provided a EUR 43m loan to the project, which was led by the World Bank. The loan was provided with a 20-year tenor to match the life of the investments. It also carried with it an EU-funded interest rate subsidy worth EUR 4.8m. This was essential to ensure that the financing met the minimum concessionality obligations agreed between Kenya and the IMF, thus supporting the sustainability of the country's external debt.

The subsidy was conditional on its use by KPLC for facilitating access to electricity for rural and low-income households (Box 12).

Box 12:

Connecting underserved rural areas

Many low-income communities in rural areas in Kenya live far from the existing national power grid. Investments to extend electricity connections to these communities are not commercially viable without the provision of specific support.

This is why under the Energy Sector Recovery Project, the EU-funded interest subsidy provided with the EIB loan is being used to set up group schemes, with a revolving credit fund, to help low-income groups in rural areas overcome the hurdle of upfront connection costs. Initiated in 2011, and with 12 group schemes completed by the end of 2012, this ongoing programme is expected to help some 5 250 low-income households to connect to the electricity grid through more than 80 group schemes by 2016.

Figure 16
The Energy Sector Recovery Project, Kenya

EIB contribution

- EUR 43m 20-year loan
- Mobilisation of EUR 4.8m EU interest rate subsidy, to enable financing within fiscal constraints and to support access for poor and rural households.

Context

- KPLC unable to finance required investment from own resources
- Limited availability of long-term concessional financing as required under IMF agreements
- Distribution system suffering from heavy overloading, unable to support further demand growth

Outputs

- Upgraded network management systems
- 2 114 km distribution lines new or upgraded
- 38 new or upgraded substations
- 84 group schemes (by 2016) to facilitate access for poor/rural households

Outcomes

- 526 000 additional customers connected
- Improved reliability: monthly transmission line interruptions per 100 km 0.16-0.2
- 5 250 poor/rural households connected through group schemes by 2016

Impacts

- Greater electricity supply reliability and capacity, supporting economic growth and improved living conditions
- Greater energy sector financial sustainability, with enhanced ability to cover long-term costs of power supply

Completed project case study: **Addressing Mediterranean pollution in Mersin, Turkey**

In Mersin, a city of over 900 000 inhabitants on the south-eastern coast of Turkey, wastewater used to be discharged into the Mediterranean Sea untreated. This had severe environmental consequences and posed risks to the health of the local population. The problem was being exacerbated by the rapid growth of the city.

Meeting environmental standards for wastewater treatment

The Mersin wastewater project was designed to provide the city with adequate wastewater collection and treatment infrastructure to ensure compliance with national environmental legislation and with the more stringent environmental standards set by European directives on urban wastewater. This project supported the EU policy to protect the environment in the Mediterranean region, as formalised in the EU-ROMED II Mandate.

The project consisted of upgrading the existing wastewater collection infrastructure and constructing a wastewater treatment plant with a 1.1 million person-equivalent capacity, a deep sea outfall and an adequate sludge disposal system.

Wastewater from the Mersin area is now no longer discharged into the sea without prior treatment. As a result, bacteriological concentrations near the shore and the risk of groundwater contamination are now limited, reducing health risks for the local population. The 49m m^3 of sewage water treated every year represents a substantial annual reduction in the discharge of various pollutants: organic matter (9 800 tonnes in terms of biochemical oxygen deficiency (BOD_5)), nitrogen (1 850 tonnes) and phosphorus (230 tonnes).

This has benefited the aquatic environment of the bay of Mersin, which serves as the natural habitat of sea turtles and a wide variety of fish species. Improved water quality has made the beaches and coastal waters in the proximity of Mersin suitable for recreation, potentially providing a boost to local tourism.

The EIB's EUR 60m long-term loan to MESKI, the municipal company responsible for water and wastewater services in Mersin, was essential to the realisation of the project, due to the lack of alternative long-term financing sources for Turkish municipalities. It covered approximately 50% of the total EUR 116m cost of the investment.

The importance of sharing expertise

Due to the limited experience of MESKI with projects of this size, the Bank also had an important role in preparing the project and putting in place the necessary conditions for satisfactory implementation. Management of the project was assigned to an independent Project Management Unit, assisted by consultants with international experience and reporting to the EIB. The Bank also ensured that an adequate plan for the disposal of sludge would be in place prior to disbursement of the loan.

This investment in Mersin is part of the EIB's wider involvement in the region's wastewater sector, which includes two other sanitation projects in the neighbouring cities of Adana and Tarsus. The EIB encouraged MESKI to meet regularly with the service providers of the two neighbouring cities, to seek common technical solutions and exchange managerial experience.

The expected outcomes for this project were achieved despite challenges in project implementation. A long delay at the beginning of implementation was largely due to administrative changes impacting on the scope of the project. After the Project Management Unit was formed in 2004, the administrative area of Mersin was significantly enlarged to encompass all municipalities and villages within a 20 km radius from the city centre, enlarging also the responsibilities of MESKI and the scope of the project, and resulting in a delay in implementation. The technical support by the Project Management Unit consultants and the exchange of experiences with the neighbouring areas proved to be important in overcoming challenges linked to limited local experience in wastewater treatment and the implementation of large-scale projects.

Figure 17
Mersin wastewater project

EIB contribution
- EUR 60m loan
- Assistance for project preparation and to set up an independent Project Management Unit
- Support for knowledge-sharing across the region

Context
- Untreated discharge of wastewater into the Mediterranean at Mersin bay, posing health risks and harming tourism
- Limited access to long-term finance

Outputs
- Biological wastewater treatment plant, with 1 110 000 person-equivalent capacity, and deep-sea outfall
- Upgrading of collection infrastructure, incl. pumping stations
- 10.2 km transmission mains and pipes
- Adequate sludge disposal system

Outcomes
- Annual treated sewage volume: 49m m^3, with potential to increase to 69m m^3
- Yearly reduction in pollutants: 9 800 t biochemical oxygen demand (BOD_5), 1 850 t nitrogen, 230 t phosphorus

Impacts
- Reduced human health risks
- Allowing recreational use of beaches and coastal waters, with potential positive impact on tourism
- Improved quality of aquatic environment in bay of Mersin

Climate action

Outside the EU, action on climate change is fundamental to promoting sustainable development. The EIB supports climate change mitigation through projects that reduce reliance on fossil fuels or increase energy efficiency and the use of lower-carbon transport modes. EIB projects outside the EU also contribute to climate change adaptation by improving resilience, for example to increased climate volatility in the water or agricultural sectors.

In 2014, 26 new projects will contribute to this climate objective, representing EUR 2.6bn (32%) of approved lending for these projects, for which financing contracts worth EUR 2.16bn were signed in 2014. Total 2014 signatures contributing to climate change mitigation and adaptation (including later financing contracts under projects reported on in previous years) were EUR 2.46bn, or 32% of the total, well above the Bank's commitment to allocating at least 25% of annual signatures to this objective.

A majority of the new climate action projects in 2014 are in the energy sector. Six non-infrastructure climate projects are ones that also support local private sector development, including R&D projects and support for access to finance for agricultural SMEs. Climate change adaptation has been mainly addressed in the water and agricultural sectors.

New projects in 2014 – expected results:

3 987 GWh/year
new renewable energy supply, enough for

1.2 million households

1 694 GWh/year
energy efficiency savings

5 agricultural and water sector projects will help mitigate increased drought risks

Estimated carbon footprint for ReM portfolio:

CO_2

Absolute GHG emissions:
2.08 Mt CO_2-eq/year

Avoided emissions relative to expected alternative:
1.17 Mt CO_2-eq/year

Mitigation

EIB-funded projects from a diverse range of sectors contribute to mitigating climate change. A particularly important role is played by energy sector projects that facilitate a shift to renewable or more efficient sources of energy. The nine new projects building new power generation infrastructure will all develop renewable sources of energy. The 1 026 MW in additional capacity provided by these projects will provide an alternative to fossil fuel-based generation in countries where renewables are often only a small proportion of total generating capacity.

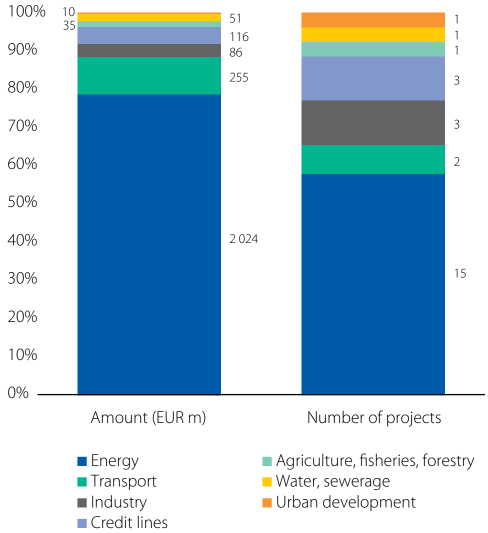
Energy generation projects can also contribute to climate change mitigation by increasing the efficiency of production from conventional sources. The conversion of the natural gas-fired El Shabab plant in Egypt to a combined cycle operation will increase electricity generation, providing much needed extra electricity in the country. The absolute emissions for this power plant after the conversion are estimated at 4 023 kt CO_2-eq/year; however the power plant will generate electricity in a far more energy-efficient manner after the conversion is complete, with an efficiency gain of 1 400 GWh/year. It is therefore estimated that it will reduce GHG emissions by around 502 kt CO_2-eq/year, compared to the likely alternatives for this power generation. Three energy transmission projects will achieve a saving of 294 GWh/year, to bring total estimated energy savings for new projects to 1 694 GWh/year in total.

Energy efficiency within the energy sector is also supported by the EIB through intermediated loans that fund smaller-scale investments, such as the framework loan for small energy projects provided to IREDA in India (Box 14). Small-scale energy efficiency operations include, for example, investment in cogeneration – the simultaneous generation of electricity and useful heat to serve business and household needs.

Promoting the shift from relatively polluting to more sustainable, lower-carbon forms of transport also makes a significant contribution to climate change mitigation. Two new projects in 2014 will promote a shift from private road transport to rail, with associated reductions in carbon emissions. In Brazil, the acquisition of train sets for use on metropolitan railway lines will reduce overcrowding and attract road users (Box 15), while work on the Beskyd railway tunnel in Ukraine will enable freight containers to be transported. As a result, an estimated 300 000 tonnes of cargo per year will shift from road to railway.

Figure 18

Contribution of new projects to climate change objective by sector



Note: Some projects are multi-sector. Approved lending volumes for these projects are prorated. In the project count, each project is included under the sector to which it contributes most.

Box 13:

Small-scale hydropower in Bosnia and Herzegovina

With electricity demand forecast to increase by 3% a year for the next 10 to 15 years, and with ageing, largely fossil fuel-based generation plant needing to be replaced, Bosnia and Herzegovina is faced with the challenge of expanding generation from renewables. The government has set a target of reducing electricity generation from coal from 50% (in 2009) to 34% by 2024. It has identified the Vranduk hydropower plant as a priority project.

This new run-of-river power plant on the Bosna river will generate 96 GWh per year. The EUR 86m investment will also include transmission infrastructure to connect the plant to the national grid and final consumers. As a co-financier with the EBRD, the EIB is providing a EUR 37.5m loan and has helped to define the scope of accompanying technical assistance, requiring, for example, a review of the dam safety element of the plant's technical design.

Box 14:

Mainstreaming Climate Action: the ReM portfolio carbon footprint

The EIB Carbon Footprint Exercise (CFE) estimates and reports greenhouse gas (GHG) emissions from projects in all sectors (not only from Climate Action projects) where, in one standard year of operations:

- absolute emissions (actual emissions from the project) exceed 100 000 t CO_2-eq/year; and/or
- relative emissions (estimated emissions increases or avoidance compared to the expected alternative) exceed 20 000 t CO_2-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 (other indirect emissions) are not normally included in project data; however, they 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 expected alternative scenario (e.g. different sources of energy or modes of transport).

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 are assessed at appraisal and reported on the Bank's Environmental and Social Data Sheets (ESDS), which are published on the Bank's website on the Public Register. For the purposes of annual reporting, the project emissions are aggregated – but with figures prorated to the volume of EIB funding of each project that year. 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 emissions reductions (relative) would be significantly larger but would risk double counting with other IFIs that are also reporting.

In 2014, 15 of the projects outside the EU (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 2014 Carbon Footprint Exercise. They represent total EIB signatures or allocation approvals of EUR 1.8bn. The related total absolute GHG emissions are estimated at 2.08 Mt CO_2-eq/year, with overall reduced/avoided emissions from the same financing estimated at 1.17 Mt CO_2-eq/year.

Investment in innovative low-carbon technologies also has the potential to contribute to climate change mitigation. For example, the EIB is funding research and development in Turkey on improving the fuel efficiency of passenger vehicles (Box 4).

Adaptation

As the effects of climate change become ever more apparent, investments that support adaptation to climate change and the reduction of adverse impacts for social and economic development will become increasingly important. In lower-income countries, the poor state of existing infrastructure and the fragility of livelihood systems makes investments in adaptation doubly important. This is an issue that is growing in importance for the EIB and will continue to do so.

Two sectors in which climate change adaptation is particularly important are the agricultural and water sectors because of their particular sensitivity to changing weather patterns – both extreme events and long-term trends. Four new agriculture-focused projects will make a contribution to climate change adaptation. The Ziraat Bank credit line in Turkey and the Fruit Garden of Moldova project (Box 17) will support investments by some 5 000 agricultural SMEs. The operation with Ziraat Bank will contribute to ad-

Box 15:

Investing in cleaner energy in India

The electricity sector in India suffers from chronic energy shortages and relies heavily on imports of fossil fuels to meet growing energy demand. India will need an estimated 100 GW of additional generating capacity over 2012-2017, 30% of which should come from renewables according to government targets.

To help meet this goal, the EIB is providing EUR 200m to the Indian Renewable Energy Development Agency (IREDA) for small and medium-scale renewable energy and energy efficiency projects, some of which will be implemented by small and medium-sized enterprises.

Although it is not possible to quantify detailed outputs and outcomes before allocations to sub-projects are submitted and approved, the framework loan is expected to assist India in addressing a severe power supply deficit, contributing to sustainable economic growth by reducing energy imports and carbon emissions. The operation supports the EU-India Strategic Partnership, which provides for cooperation in fighting climate change.

The availability of long-term funding dedicated to climate change mitigation projects is scarce in the Indian market. EIB funding will enable IREDA to extend loan tenors provided to the final beneficiaries so as to match the economic life of projects financed. IREDA will also apply the EIB's eligibility criteria and standards with regard to technical, economic and financial viability, environmental and social issues and procurement, with all allocations reviewed ex ante by the EIB.

aptation in the agricultural sector and rural areas by providing support for environmental, climate action and resource efficiency investments. The Fruit Garden of Moldova project will support sustainable land use and the implementation of resource-efficient systems throughout the horticultural value chain. These include more efficient irrigation systems to facilitate optimum use of water, an increasingly precious resource in a context of increasing drought risk.

Box 16:

Encouraging more commuters on to the railways in São Paolo

The São Paulo regional rail network carries more than 2.5 million passengers every day. During peak hours trains are overcrowded, carrying eight passengers per square metre, far exceeding the European comfort standards of four passengers per square metre.

This EUR 765m project, supported by a EUR 200m loan from the EIB, will finance 73 eight-car "Electric Multiple Unit" trains to alleviate peak hours overcrowding and enable passenger numbers to rise to a planned 3.6 million a day in 2015. By encouraging a modal shift from road transport (particularly buses) to rail, the project is expected to reduce fuel consumption and pollution emissions, achieve operating and maintenance cost savings of EUR 11m a year and bring wider economic benefits to the metropolitan area of São Paulo. As well as providing long-term finance to match the economic life of the rolling stock, the EIB was also able to enhance the procurement standards applied.

Box 17:

Revitalising the horticultural sector in Moldova

The Fruit Garden of Moldova project will support the revitalisation of the horticultural sector, an important source of employment in the country. In line with the EU/Moldova Action Plan and Partnership Agreement, the objective is to support rural employment and income generation through developing holistically the entire value chain: from improving the quality of fresh produce to the final dispatch of processed products.

A EUR 120m long-term loan will be accompanied by a EUR 6m Neighbourhood Investment Facility (NIF) grant that will fund partial loan guarantees to enable local banks to extend loans worth EUR 300m to underserved agricultural SMEs. The project will finance long-term loans (mainly for orchard and vineyard development), the leasing of equipment and investments in infrastructure such as testing laboratories and training facilities. Around 1 000 loans are expected to be provided to SMEs through local intermediaries. A EUR 2.2m technical assistance package funded by the NIF will support implementation through training for SMEs and local banks. It will also be key to raising the quality of agricultural produce to ensure marketability in the EU.

The project will improve the resilience of the horticultural sector to climate change impacts by establishing new fruit tree plantations on land exposed to erosion and by research into seed varieties better adapted to Moldova's future climate. The project will also reduce GHG emissions by funding drip irrigation systems for fruit orchards and table grape vineyards; reducing the use of fertilisers and other inputs; reducing waste along the value chain; and replacing existing equipment with more energy-efficient technologies (e.g. for storage and transportation).

Two directly financed projects will increase resilience to increasing climate and harvest volatility in Ukraine by expanding crop storage capacity (714 000 tonnes for grain, 200 000 tonnes for oilseed, or 2% of the country's cereal production). This will help to improve the resource efficiency of the country's agri-food sector and contribute to better food security and self-sufficiency by helping to buffer supply against adverse climate events, particularly more severe droughts. It will help secure the yearly consumption needs of 5.8 million people (Box 18).

In the water sector, the adaptation impact of the Dhaka Environmentally Sustainable Water Supply project is particularly notable. It will develop a new sustainable surface water resource based on water intake at the Meghna river that will reduce extraction from overexploited groundwater resources and improve the resilience of the city's water supply system to droughts and risks of more extreme floods, which are likely to be an increasingly frequent adverse impact of climate change.

Box 18:

Adapting to increased harvest volatility in Ukraine

Ukraine has extensive fertile arable land and high agricultural production potential. However, as a result of climate change harvest results have registered increased volatility in terms of quantities and prices. As the country's certified storage capacity is around half of what is required in good harvest years, this volatility has resulted in fertile lands being left uncultivated and some excess harvests even being destroyed. Creating adequate storage capacity is one of the most effective ways for agricultural enterprises to mitigate increasing climate-related risks.

Furthermore, while the country is a large net exporter of staple grains, oil crops and vegetable oils, it is a net importer of processed feeds and foods such as soya meal. Investing in processing capacity will help mitigate the effects of dependence on volatile external markets.

This is why the EIB is providing a EUR 50m long-term loan to subsidiaries of Astarta-Kiev, an agricultural company, to support the construction of eight grain elevators and a soybean processing facility. This loan comes at a time when long-term financing is very much constrained in the Ukrainian context. It will help Ukraine realise its high potential in the agricultural sector and promote self-sufficiency in processed feeds and food ingredients, while also supporting adaptation to climate change.

Completed project case study: La Venta III – Wind energy in Mexico

Electricity generation in Mexico is mostly based on thermal combustion plants, of which 90% rely on fossil fuels. The country is also experiencing strong growth in energy demand and the promotion of renewable energy is one of the targets of Mexico's energy policy. The La Venta III Wind Farm project, signed in 2010, provided an opportunity for the EIB to promote the development of clean energy supply through private sector investment, the alternative being thermal power generation from fossil fuels with associated greenhouse gas emissions.

Capitalising on local wind resources

The project consisted of the construction of 121 turbines with a generating capacity of 103 MW, and 10 km of overhead transmission lines to connect the wind farm to the grid. Located in the State of Oaxaca, it capitalises on the strong winds in the area that blow from the Gulf of Mexico in the north to the Pacific Ocean in the south.

The promoter, Iberdrola S.A., is a leading European company in the energy sector with experience in the wind sector internationally. The company obtained a licence for La Venta III wind farm following an international public tender.

An Environmental Impact Assessment was carried out to evaluate potential impacts of the project, including on migratory birds and local communities. Lease arrangements with affected landowners were implemented, providing them with an attractive revenue stream for 30 years, whilst also allowing continued use of the land for agricultural purposes. The promoter has also carried out further investments in local communities, including the construction of a comprehensive community school in the town of La Blanca and the expansion of selected water and sewerage facilities in the town of Santo Domingo Ingenio. Further local infrastructure works will be implemented, and periodic monitoring of potential impacts is being carried out.

Renewable energy for 140 000 households

The project entered commercial operation at the end of 2012. It was delivered at 4% below the original cost estimates. In its first year of operation it produced 254 GWh of electricity – enough to supply over

140 000 households – with annual generation expected to reach 267 GWh/year. The cost of electricity production at La Venta III, at an estimated EUR 66 to EUR 91 per MWh (at 5% and 10% discount rates respectively) is considerably lower than for mature, grid-connected renewable energy in the EU. With effectively zero absolute emissions, it is estimated that GHG emissions avoided by electricity generation from this project are 120 kt CO_2-eq/year compared to the likely alternatives for power generation.

The added value of EIB involvement in this project was both financial and related to the standards applied. The EUR 78.5m EIB loan provided long-term finance that contributed to the financial sustainability of the project at a time of increased difficulty in obtaining this type of finance as a result of the global financial crisis. The other half of the finance was provided by the promoter. The concession agreement guarantees access to the grid for the electricity generated by the project for the duration of the concession.

Prior to disbursement, the EIB also required specific commitments from the promoter and turbine supplier relating to the design of the foundations and turbines in order to mitigate risks from extreme weather and seismic events. Further undertakings related to additional assessments of project impacts – including cumulative impacts – on residential and migratory birds and bat species, and appropriate mitigation measures to minimise any residual risk. These requirements were satisfactorily met.

Figure 19
La Venta III

EIB contribution
- EUR 78.5m loan
- Long-term maturity, improving economic sustainability
- Requirements on impact monitoring and mitigation

Context
- Substantial wind power potential
- Growing electricity demand, with fossil fuels the main alternative
- Promotion of renewable energy sources a target of Mexico's energy policy

Outputs
- 103 MW new renewable generating capacity provided via 121 wind turbines
- 10 km of power lines constructed

Outcomes
- In first full year of operation:
- 254 GWh electricity generated, enough to supply over 140 000 households
- Estimated generation cost: EUR 66 to EUR 91 per MWh (at 5% and 10% discount rates respectively)

Impacts
- Near-zero absolute GHG emissions
- GHG emissions reduced/avoided: 120 000 t CO_2-eq/year
- Meeting energy demand to support social and economic development

Regional integration

Improving links amongst partner countries, and between partner countries and the EU, is a cross-cutting objective of the EIB's action outside the EU. EIB projects can contribute to regional integration by facilitating the physical movement of goods and labour, but also by fostering international collaboration in the private sector, and by supporting the convergence of neighbouring countries' economies with those of the EU.

Promoting regional integration:

- **Optimising the use of energy resources across regions**
- **Facilitating cross-border mobility and trade**
- **Spreading financial expertise and capital to underserviced markets**
- **Supporting private sector convergence with the EU in Pre-Accession countries.**

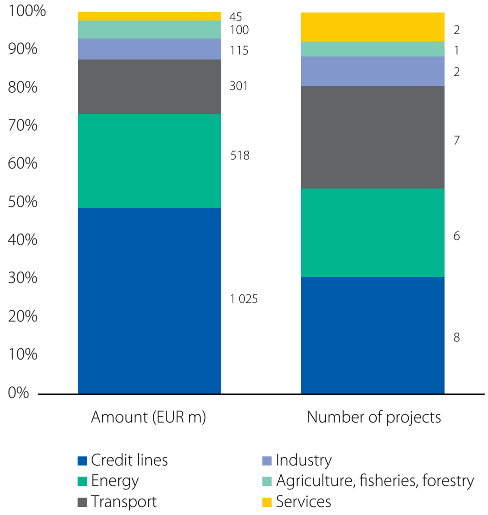
In 2014, the EIB signed 26 operations contributing to regional integration. EUR 2.1bn of EIB funding for these new projects contributed to this mandate objective (amounts are prorated according to the assessed contribution of each project to the objective). These projects include transport and energy infrastructure, investment in innovation, as well as credit lines and regional funds supporting local financial sector development.

Of the financing signed in 2014 for new projects, EUR 1.75bn contributes to regional integration. Contracts contributing a further EUR 141m were signed as second or later financing tranches for projects first signed and reported on in previous years.

Infrastructure projects will lead directly to the employment of over 6 700 people during operation and to around 195 000 person-years of employment during construction. Water and sanitation projects alone will involve 73 000 person-years of employment during construction, while health, education and urban development projects will create 4 107 permanent jobs.

Figure 20

Contribution of new projects to the regional integration objective, by sector



Note: Some projects are multi-sector. Approved lending volumes for these projects are prorated. In the project count, each project is included under the sector to which it contributes most.

Transport

The majority of projects funded by the EIB in the transport sector not only upgrade national infrastructure but also facilitate mobility across borders. Funding the rehabilitation of air transport facilities will allow the continued operation of key international gateways to Liberia and Mozambique (Box 19), where air traffic has been rising in recent years and is expected to continue to grow in the future. Improved land transport can also contribute to regional integration, particularly where the road or railway segments concerned link directly to international borders or are part of wider international networks. Two road operations, in Bosnia and Herzegovina and in Albania, will improve connectivity along pan-European corridors in Eastern Europe. Moreover, the upgrading of the Beskyd tunnel in the Carpathian mountains in Ukraine will remove a key transport bottleneck – in particular for long-distance freight movements – along Trans-European Corridor V, linking Trieste, Italy to Lviv, Ukraine.

Box 19:

Rehabilitating Liberia's main airport

The runway of Roberts International Airport in Monrovia, the capital city of Liberia, was damaged extensively during the course of Liberia's civil war and still remains in poor condition, presenting a serious safety risk to aircraft. Without rehabilitation the airport would probably have had to close, forcing traffic to drive from neighbouring countries or a smaller regional airport. Keeping Liberia's main airport open is critically important for maintaining Liberia's trade and business links with the rest of the region and beyond.

This project, co-funded by the EIB along with the Saudi Fund for Development, the Arab Bank for Economic Development in Africa (BADEA) and the Government of Liberia, consists of rehabilitation works for a total investment cost of EUR 43m.

In line with the Government of Liberia's Poverty Reduction Strategy, in which the rehabilitation of infrastructure, including transport, is one of four key pillars, the works will rehabilitate 200 000 m^2 of runway and taxiway, upgrade the drainage system, replace the airfield lighting system and provide new safety-related ramp and passenger handling equipment. As well as allowing the safe operation of aircraft, the project is expected to reduce time spent on maintenance by 90%.

The EIB is contributing to this EUR 43m project through a EUR 19.6m loan matching the economic life of the assets. The Bank has also supported the promoter in defining the role of the Project Implementation Unit and by identifying some technical inconsistencies within the preliminary design, which have now been addressed and rectified.

Energy

Regional integration can be crucial in enhancing access to energy in countries that may lack natural energy resources. It may also open up opportunities for further development of renewable resources. At the same time, cross-country connections provide producers with the opportunity to export energy.

Two projects funded by the EIB in 2014 support international trade by connecting energy networks across countries. In particular, new transmission lines between Kyrgyzstan and Tajikistan are part of a wider project to re-establish regional electricity trade, which broke down in 2009 after transmission connections to Tajikistan and Uzbekistan were cut and dismantled. This project highlights one of the key issues in supporting the integration of energy markets: the importance of a conducive economic and political context.

Other energy projects, such as the Jiji Mulembwe hydropower project in Burundi and the Projet Energie Guinée in Guinea (Box 8), contribute to regional integration by expanding generating capacity, allowing cross-border energy trade using existing connections to improve the cost, reliability and sustainability of energy supplies across a region.

Industry

Supporting eligible projects in the private sector can also contribute to regional integration where the implementation of the project involves or will result in international cooperation. This is often the case when the EIB co-funds investment in research and development outside the EU. Innovative firms tend to have international links, as they may attract skilled labour from abroad and participate – sometimes formally – in international R&D networks. Both R&D projects funded by the EIB outside the EU in 2014 will strengthen cooperation in innovation activities across Europe and the Mediterranean. The firms involved, operating in Turkey in the consumer electronics and automotive sectors, regularly cooperate with firms and research institutions in the EU.

Financial sector development

Cross-border financial services are an important aspect of regional integration, helping to spread service models and expertise, and achieving synergies and economies of scale across markets that are often small and financially underserved. This is why many private equity funds, particularly in the Mediterranean and ACP regions, have a regional rather than a national focus. A regional perspective can also be important for identifying and capitalising on opportunities for cross-border investment and partnership. In 2014, the EIB signed four new private equity par-

ticipations worth a total of EUR 138m. These are expected to leverage a further EUR 497m. One is in the Mediterranean region and three in the ACP, including one in the Caribbean (Box 20).

Eight new credit lines to enhance access to finance for SMEs will also support regional integration. All but two of these projects, involving EUR 1bn in EIB lending, are located in the Pre-Accession region, where they will support convergence with the EU in terms of local private sector development, enhancing opportunities for trade and business relationships with the EU.

Box 20:

Fostering regional integration in the Caribbean through private equity

In the Caribbean, SMEs and mid-cap companies are the main contributor to job creation and economic dynamism, but nonetheless struggle to access long-term finance. Economic growth is weak in most of the region and local financial sectors remain relatively underdeveloped. The Portland Caribbean Fund will address these issues by providing USD 300m in long-term equity and quasi-equity funding to 10 to 12 medium-sized companies in the region. The fund will help sustain around 2 000 existing jobs in investee companies, as well as facilitate expansion.

Caribbean markets suffer from fragmentation across a number of small island states. This is why the Fund will focus on the development of cross-border opportunities, especially in relation to the energy sector. Other sectors expected to be addressed include agribusiness, tourism and corporate and financial services. This will contribute to higher levels of regional integration and promote sustainable growth, in line with the objectives of the EU Latin America and Caribbean Partnership (EU-LAC).

The EIB's USD 32m participation in the first closing of the Portland Caribbean Fund is expected to play a crucial role in mobilising additional resources as well as in fostering interest for more growth projects. Moreover, as a cornerstone investor in this project with a seat on the advisory committee, the EIB will ensure that best market practices and environmental and social standards are implemented.

Completed project case study:

Rehabilitating vital road connections in Moldova

The importance of road links in Moldova

With the accession of Romania to the European Union in 2007, the Republic of Moldova became a border state between the EU and countries further east. Seizing this opportunity to access EU markets required transport infrastructure adequate to support the movement of goods and people from, to and within Moldova. This is especially the case in Moldova, as the country's economy and exports are heavily reliant on agriculture and agro-industry, both of which are highly dependent on adequate road infrastructure. However, more than half of national roads and around three quarters of local roads were in poor condition at the time. About 400 km of roads had even lost their pavement and reverted to unpaved gravel.

Responding to a critical need for road repairs

Responding to this situation, the EIB has supported a series of projects to extend rehabilitation work across the national road network and urban roads in the capital Chisinau. The first of these projects, in 2007, provided a EUR 30m long-term loan to Moldova to fund the rehabilitation of 70 km of some of the worst affected sections of the national trunk road network, including parts of a pan-European transport corridor. The total project cost was EUR 60m.

The project works included a wide range of localised repairs and reconstruction, such as levelling, drainage improvement and resurfacing, and also road safety-related improvements such as carriageway separation, guardrails, signing and marking, and junction layout improvements. It also had a strong focus on technical assistance, addressing issues such as axle load control, to reduce long-term road damage, and improving the funding of road maintenance. A commitment by the Government of Moldova to increased resources for road maintenance works and the adoption of a new road financing mechanism was a condition of the loan.

Outcomes for road users

In addition to preserving key public capital infrastructure assets, the project was effective in reducing vehicle operating costs by an estimated EUR 7m per year, achieving time savings for road users estimated at 3 500 hours per year. While these estimates are somewhat approximate, given the weakness of information on the pre-project situation, the project also put in place monitoring systems to improve results monitoring in the future, also for subsequent projects.

The project can also be regarded as having improved safety for the 7 700 vehicles that use the improved sections on an average day, but the number of accidents that has occurred on these sections since the completion of the works has been too low to provide a statistically meaningful estimate of this outcome.

The project has thus helped to implement the country's comprehensive Transport Sector Programme for the period 2008-2017. It has enhanced Moldova's links with neighbouring Ukraine and Romania, increasing Moldova's trade opportunities in the region, both by facilitating access to EU countries and by maintaining contact with its traditional markets in former Soviet countries. It has therefore helped to foster regional integration and Moldova's economic and social development.

Figure 21
Rehabilitating vital road connections in Moldova

EIB contribution
- EUR 30m loan for rehabilitation works and technical assistance
- Ensuring the adoption of new strategies for road financing and maintenance

Context
- Degraded road network, including part of a pan-European corridor
- Importance of road network for largely agriculture-based economy, and for expanding trade links with EU
- Unsustainable road maintenance funding mechanism

Outputs
- 70 km of roads rehabilitated
- Implementation of road safety-related improvements
- Technical assistance and implementation of new road funding mechanism

Outcomes
- 7 700 vehicles benefiting per day
- EUR 7m/year reduced vehicle operating costs
- 3 500 hours/year time savings for road users
- Improved road safety
- Law reform and establishment of fund to ensure sustainability of investments

Impacts
- Better access to markets in EU and post-Soviet countries, positive for trade and growth
- Support for regional integration, including increased trade opportunities

Additionality of EIB support

15-year
average loan tenor

20-year
average tenor for infrastructure projects

41%
of projects
to benefit from
technical assistance

EIB funding leveraged
2.7 times
in terms of finance from other sources

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.

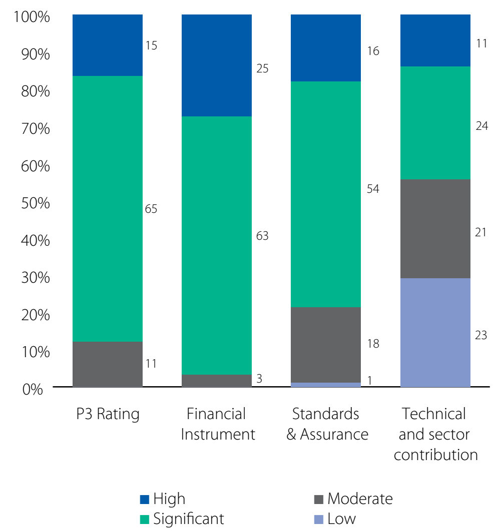
In a very large majority of operations, the additionality of EIB support is rated significant (72%) or high (14%). The degree of additionality provided in each case reflects the needs of projects and promoters – it will be higher for complex projects in less developed regions, and less pronounced where the EIB is dealing with highly experienced promoters or sophisticated intermediary banks.

This gives rise to regional differences. Additionality tends to be higher in Mediterranean and certain ACP countries. In the Pre-Accession region, additionality is less often rated significant or high.

Significant or high additionality is provided most frequently by the characteristics of the "Financial Instrument" provided, followed by "Standards & Assurance" (raising standards, demonstration effects and mobilising resources).

Technical and sector contribution takes place where needed, depending on the experience and capacity of promoters and government entities.

Figure 22
Pillar 3 ratings – new projects



Financial additionality

Tenor extension: Nearly all operations provide a tenor to project promoters or financial intermediaries which considerably exceeds the standard maturity available in the local markets and matches the economic life of the assets to be financed. The tenor provided by the EIB is usually two to three times the standard tenor available in the local market, and sometimes up to 5 times greater.

Table 5

Average tenor provided, by type of operation

Type of operation	Years
Direct and framework loans for infrastructure projects	20.5
Credit lines for SMEs, mid-caps and microenterprises	10.7
Direct and framework loans for industry projects	9.7
Equity-type operations	10.8

Funding in local currency: In certain operations the EIB can use different mechanisms in order to absorb the local currency risk. This makes its funding more attractive for borrowers, including the final beneficiaries of intermediated operations, whose activities are focused on domestic markets. It also makes EIB funding more attractive for infrastructure projects whose revenue stream is based on tariffs in local currency and which would come under pressure if the financing were in foreign currency.

For example, in the Republic of South Africa the EIB raises funds through issuing bonds in rand on the local capital market, such as for the Eskom Kiwano Concentrated Solar Power Project. In Turkey the EIB uses swap products that are available in the market and indeed contributes to deepening the market for such products. In the Mediterranean region the EIB has access to third party funds from the EU's Neighbourhood instrument, which allow for higher risk taking (the EIB prices anticipated currency losses, but potential excess losses are borne by these funds and potential gains credited to them). Operations benefiting from local currency funding include credit lines for SMEs and mid-caps in the ACP and Pre-Accession regions and microfinance providers in the ACP and Mediterranean regions.

Blending loans and grants: The EIB manages grants from third parties alongside its loans. These are typically investment grants. This is a significant source of additionality, particularly in the ACP, MED and Eastern Neighbourhood countries. Eighteen new projects benefited from grants in 2014.

These grants originate from the EC's regional blending mechanisms, such as the Neighbourhood Investment Facility, and typically are used to support projects that strongly promote EU policy orientations, meeting more than one policy objective. For example, two projects benefiting from grants are the Ouarzazate solar plants in Morocco, which will contribute to infrastructure development and climate action, and the Fruit Garden of Moldova project, which contributes to private sector development, infrastructure and climate action. Six projects benefiting in the ACP region are the three renewable energy projects in Burundi, Guinea and Burkina Faso, airport rehabilitation projects in Mozambique and Liberia, and the AEP Niamy water sector project in Niger.

Innovation: EIB operations are considered innovative when the EIB can offer certain activities or products in a specific market context that other IFIs do not offer, or because the structure of the operation provides for a special partnership with project promoters. Innovative operations are most frequent in the ACP, ALA and MED regions.

For example, the EIB is collaborating with Réseau Entreprendre in Tunisia, a civil society organisation that promotes the establishment of micro-enterprises by providing interest-free loans combined with customised coaching for entrepreneurs during the early years of their businesses. As part of this collaboration, Réseau Entreprendre will select such enterprises and introduce them to the intermediary Banque Tuniso-Koweitienne (BTK) for possible financing at a preferential rate of interest under the EIB line of credit, as well as providing continuous support to the selected enterprises.

Technical contribution

The technical contribution that the EIB makes to projects includes 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 a Project Implementation Unit; and broader sectoral support such as strengthening the capacity of key institutions. Under the ReM framework, each of these components is rated and an overall technical contribution rating is calculated.

The EIB also contributes technically to financial sector projects, for instance through representation on funds' supervisory boards, thus effectively contributing to the strategic guidance of the corresponding operations.

More than two thirds of new projects in 2014 (66 in total) will benefit at least moderately from EIB technical support for project preparation, implementation or broader sector capacity. Support is covering all of these three areas for 35 projects. In 38 cases projects have benefited from specific technical assistance measures, which the Bank is either providing directly, funding, or for which the Bank has helped to mobilise resources from other sources.

The Bank's overall technical contribution was rated high or significant for 53% of the projects where a technical contribution is provided. Projects in the Mediterranean, ACP and Pre-Accession countries most often benefited from a significant technical contribution.

The EIB often plays an important role in helping unlock grant financing for technical assistance, particularly from the EU budget. In financial sector projects a typical form of technical assistance targets financial intermediaries, which receive assistance in terms of applying eligibility criteria, product design and raising compliance standards. Projects in the energy and transport sectors were the most frequent beneficiaries of technical assistance in 2014.

Figure 23

New projects in 2014, by region

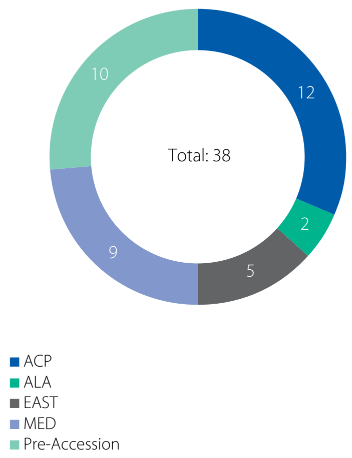
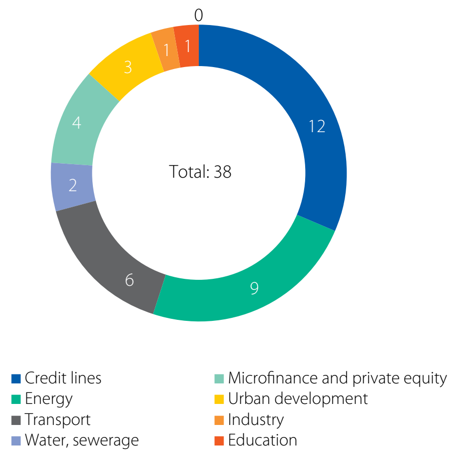


Figure 24

New projects in 2014 - Contribution to mandate objectives



Box 21:
Technical assistance in action

Sonabel Solar Plant, Burkina Faso –
support for updating environmental and social studies necessary to meet the required quality standards.

Electricity Distribution, Bosnia and Herzegovina –
extended support for project preparation by the EIB, plus TA support for the preparation of a programme to install over 300 000 smart meters.

Zenata Urban Development, Morocco –
technical assistance supports the monitoring of social impacts in a project involving the resettlement of low-income slum dwellers to improve living conditions.

AEP Niamey water supply, Niger –
EIB-financed TA is developing a water master plan for the capital city.

Kafr El Sheikh Waste Water Treatment Plant, Egypt –
EIB-managed technical assistance funds under the Horizon 2020 Initiative are supporting the identification and development of sub-projects to tackle a Mediterranean pollution hotspot.

Enhancing standards and mobilising resources

Raising standards: The EIB plays an important role in raising the environmental and social or procurement standards for the implementation of the investment projects to be financed. In 73% of operations this additionality dimension is rated significant or high. This effect of the EIB's intervention is particularly strong in framework loans in the Pre-Accession region (e.g. operations in 2014 with TSKB Bank and Development Bank) and ALA (e.g. with IREDA in India, and Chile CCFL), where intermediaries have to adhere to the EIB's strict requirements, notably in the field of environmental impact assessment and mitigation.

Demonstration effect: In certain regions, notably MED and ALA, the EIB's intervention has a significant demonstration effect. The EIB provides assurance to other financiers about the quality of projects that are assessed by the EIB and thereby encourages the participation of other institutions in the financing of these projects or similar projects in future. The EIB has a demonstration effect that is rated significant or high in more than three quarters of all operations.

This is usually the case in complex infrastructure projects, road projects with a regional dimension such as road rehabilitation projects in the Pre-Accession region, or large urban infrastructure projects in the water sector, such as the Ulaanbaatar Water Supply project (Box 10). This is also the case for operations that promote environmental protection, where the EIB may make a significant contribution in terms of its expertise during the assessment phase, or in operations where the EIB takes a leading role in the financial structuring and coordination of other financiers. It may also arise in credit line operations where the EIB is working outside the mainstream with smaller, second-tier or specialised banks or in partnership with sector-specific public institutions. The demonstration effect in the Mediterranean region is notably rated significant or high in 94% of the operations.

Mobilising resources: The EIB works with project promoters and co-financiers on the design of financing packages or to accelerate the financial close. In 38% of the operations the EIB's role in structuring the financing package is rated significant or high. In 28% of the operations the EIB dedicates significant or high efforts towards working closely with co-financiers in order to reach financial close.

This has an impact on mobilising finance from other institutions. 62% of new projects attracted private finance, which was equal to 82% of total IFI finance for these projects on average. Overall, the EIB financed 33% of the total investment cost of projects in 2014 – a multiplier of 2.74.

Annex 1: ReM Framework ratings

Under the ReM Framework, projects are rated at the time of Board approval according to three pillars:

- **Pillar 1** checks eligibility under EIB mandates and rates the contribution to the EU and country priorities.
- **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, beyond the market alternative.

Ratings are based on a series of objectively measureable indicators and guidelines, while a process of quality control ensures that all ratings are checked for consistency across operations.

Pillar 1

All new projects in 2014 were rated at least "good" under Pillar 1, signifying that they are in line with mandate objectives and make a high contribution to either national development objectives or those of the EU, and a moderate contribution to the other. Forty-two were rated "excellent" for making a high contribution to both national development objectives and EU priorities.

Pillar 2

For directly financed projects, the Pillar 2 rating is based on project soundness, financial and economic sustainability and environmental and social sus-

Figure 25
ReM ratings by pillar

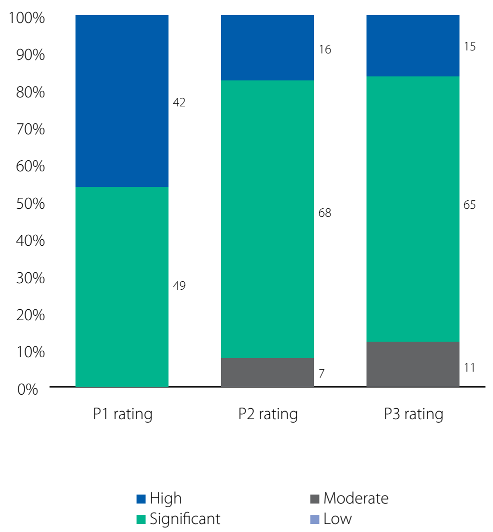
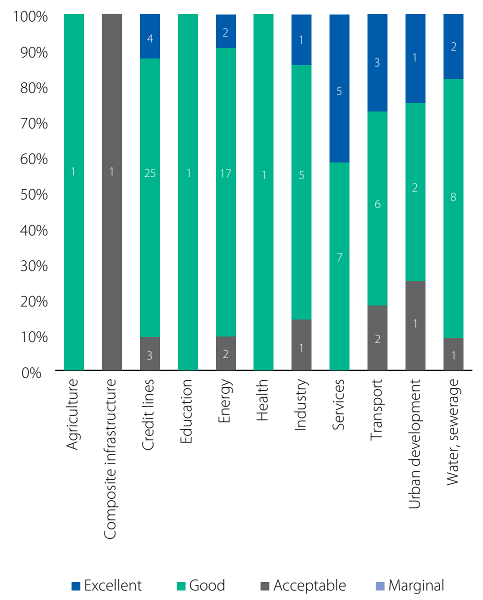


Figure 26
Pillar 2 ratings by sector



tainability. 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.

In terms of overall Pillar 2 rating, 68 projects were rated "good", with an average economic rate of return (ERR) of 10% to 15% in the case of infrastructure projects. Sixteen projects were rated "excellent". Notable among these were many microfinance operations (under "services") as well as some credit lines and transport projects. Only 11 projects across all sectors received an "acceptable" rating, often because of high risk environments that impact on the probability of achieving planned results. An example here is the Early Recovery Framework Loan to Ukraine.

Pillar 2 also assesses environmental and social impacts based on both the nature of the impacts and the magnitude of risks, and hence includes an underlying assessment of the robustness of arrangements to mitigate risks. Projects are rated on a scale of:

1. Marginal: Not Acceptable, for environmental and/or social reasons – not suitable for EIB financing.

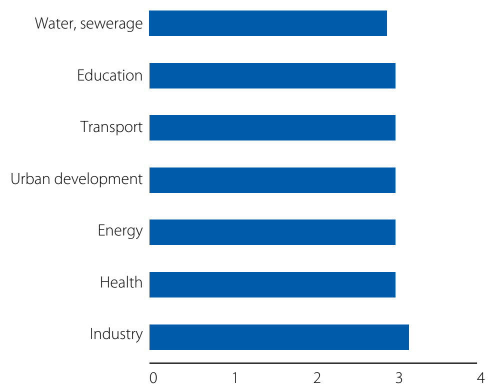
2. Acceptable: Acceptable with major negative residual environmental and/or social impacts.

3. Good: Acceptable with minor negative residual environmental and/or social impacts.

4. Excellent: Acceptable with positive or neutral residual environmental and/or social impacts.

Figure 27

Average environmental and social ratings by sector



Ratings for all projects (or components of multi-sector projects – total 2014 signatures) ranged from "2" (12 projects) to "4" (11 projects), with 30 projects rated "3". There was considerable dispersion of ratings over this range within each sector, but sector averages for different sectors were very similar. While industry projects (such as R&D) were least likely to involve negative impacts, projects in other infrastructure sectors were more likely to involve limited negative impacts that require mitigation measures.

Pillar 3 ratings are presented in the chapter on additionality.

Annex 2:
List of projects signed in 2014

Project	Region	Sector	Approved amount	Signed in 2014	Project cost	Mandate contribution
Abraaj North Africa Fund II	MED	Services	20	20	180	SME+RI
Accessbank Line of Credit Nigeria II	ACP	Credit lines	50	50	100	SME
Accessbank Azerbaijan Loan for SMEs	EAST	Credit lines	25	25	50	SME
Administrative & Urban Infrastructure (Ecuador)	ALA	Urban development	100	100	257	INF
Advans SA Sicar IIII	ACP	Services	5	4.5	20	SME
AEP Niamey	ACP	Water, sewerage	21	21	60	INF
Airside Safety Works – Roberts Airport Monrovia	ACP	Transport	22	22	43	INF+RI
Akbank Loan for SMEs and Midcaps II	PA	Credit lines	200	150	400	SME+RI
Apex Loan for SMEs & Midcaps (Ukraine)	EAST	Credit lines	400	400	800	SME
Armenia Apex Loan for SMEs	EAST	Credit lines	50	50	100	SME
Astarta Agri-Food and Climate Change Adaptation	EAST	Industry	50	50	100	SME+CC
Attadamoune (AMSSF II)	MED	Services	2	2	4	SME
BancABC Regional Facility for SME and Midcaps (B)	ACP	Credit lines	20	20	40	SME
BancABC Regional Facility for SME and Midcaps (Z)	ACP	Credit lines	25	25	50	SME
Banque de Tahiti Environmental and MF GL	ACP	Credit lines	14	14	28	SME+CC
Beskyd Railway Tunnel	EAST	Transport	55	55	163	INF+CC+RI
Bosphorus Tunnel Tranche B	PA	Transport	350	200	3749	INF+CC
Capmezzanine Fund II	MED	Services	15	6	71	SME+RI
Chile CCFL	ALA	Energy	150	150	490	INF+CC
Corridor VC Pocitelj - Bijaca	PA	Transport	100	100	225	INF+RI
Credit Agricole Loan for SME & Other Priorities II	PA	Credit lines	60	60	120	SME+INF
DenizBank Municipal MBIL	PA	Credit lines	100	100	200	SME+INF+RI

Project	Region	Sector	Approved amount	Signed in 2014	Project cost	Mandate contribution
Development Bank Energy and Environment Loan	PA	Energy	170	85	340	INF+CC
		Industry	20	10	40	
		Water, sewerage	10	5	20	
Dhaka Environmentally Sustainable Water Supply	ALA	Water, sewerage	100	100	493	INF+CC
EAC Microfinance Facility II (CRDB)	ACP	Services	20	20	40	SME
East & Central Africa PEFF (BOA Tanzania)	ACP	Credit lines	7	7	14	SME
East & Central Africa PEFF (Crane Bank Uganda)	ACP	Credit lines	28	28	56	SME
East & Central Africa PEFF (CRDB Uganda)	ACP	Credit lines	20	20	40	SME
East & Central Africa PEFF (HFB Uganda)	ACP	Credit lines	13	13	26	SME
East & Central Africa PEFF (CRDB Uganda)	ACP	Credit lines	20	20	40	SME
East & Central Africa PEFF (HFB Uganda)	ACP	Credit lines	13	13	26	SME
EcoBank Regional Facility III	ACP	Credit lines	81	80	160	SME+RI
Egyptian Pollution Abatement (EPAP) III	MED	Credit lines	70	70	149	SME+INF
El Shabab Power Plant	MED	Energy	205	205	413	INF+CC
Electricity Distribution BIH	PA	Energy	60	35	125	INF+RI
Eskom Kiwano CSP Project	ACP	Energy	75	75	857	INF+CC
ETAP South Tunisian Gas	MED	Energy	380	380	1009	INF
EU-EDFI Private Sector Development Facility EEDF	ACP	Credit lines	43	43	90	SME
EuroMena III Fund	MED	Services	20	10	115	SME+RI
EximBank Loan for SMEs and Midcaps II	PA	Credit lines	200	100	400	SME+RI
First National Bank	MED	Services	12.5	11	35	SME
Fruit Garden of Moldova	EAST	Credit lines	120	120	300	SME+INF+CC
Garanti Bank Loan for SMEs and Midcaps	PA	Credit lines	150	150	300	SME
Ghana Financial Sector Loan III (B)	ACP	Credit lines	20	20	20	SME
HalkBank Loan for SMEs and Midcaps II	PA	Credit lines	200	200	400	SME
IDF Loan for SMEs & Priority Projects	PA	Credit lines	50	25	100	SME+INF+RI
IIFCL Energy Sustainability & Climate Action FL	ALA	Energy	200	200	1000	INF+CC

Project	Region	Sector	Approved amount	Signed in 2014	Project cost	Mandate contribution
ING Bank Turkey SME and Mid-Cap Loan II	PA	Credit lines	200	200	400	SME+RI
Intesa Loan for SMEs & Other Priorities III	PA	Credit lines	35	35	70	SME+INF
IREDA – Renewable Energy and Energy Efficiency FL	ALA	Energy	200	200	400	INF+CC
Isbank Urban Transformation	PA	Urban development	200	200	200	INF+CC
Istanbul Earthquake Risk Mitigation II	PA	Urban development	300	100	660	INF
Jiji Mulembwe Hydropower Burundi	ACP	Energy	70	70	199	INF+CC+RI
Ka Xu CSP Project	ACP	Energy	210	100	569	SME+INF+CC
Kafr El Sheikh Waste Water Treatment (Egypt)	MED	Water, sewerage	77	77	164	INF
Lake Turkana Wind Power	ACP	Energy	225	225	613	INF+CC
Medipole Hospital	ACP	Health	20	20	419	INF
Megalim Solar Thermal Plant	MED	Energy	150	150	600	SME+INF+CC
Mexico Global Loan for SMEs & Midcaps	ALA	Credit lines	150	150	300	SME
MHP Agri-Food	EAST	Industry	85	85	172	SME+CC
Microfund for Women	MED	Services	2	2	4	SME
Modernisation Etablissements Scolaires	MED	Education	70	70	213	INF
Mozambique Financial Sector Line of Credit (MB)	ACP	Credit lines	5	5	10	SME
North Moldova Water	EAST	Water, sewerage	10	10	30	INF
Novastar Ventures East Africa Fund	ACP	Services	8.25	8	60	SME
Ouarzazate II (Parabolic)	MED	Energy	200	100	1069	INF+CC
Ouarzazate III (Tower)	MED	Energy	150	50	855	INF+CC
Partenariat BEI-BTK- Reseau Entreprendre	MED	Credit lines	20	20	40	SME
PEFF III Kenya	ACP	Credit lines	120	50	240	SME
Petkim Ethylene Plant	PA	Industry	40	40	92	SME
PG VI Tunisie	MED	Credit lines	200	100	400	SME
Portland Caribbean Fund II L P	ACP	Services	25	23	235	SME+RI
Private Sector Facilities IV	MED	Credit lines	90	90	180	SME
Programme de Modernisation Routiere	MED	Transport	150	150	340	INF
Projet Energie Guinee	ACP	Energy	60	60	161	INF+CC+RI

Project	Region	Sector	Approved amount	Signed in 2014	Project cost	Mandate contribution
PTA Bank – Credit Line for SMEs and Midcaps	ACP	Credit lines	80	80	160	SME
Rehabilitation of Maputo Airport	ACP	Transport	20	20	57	INF+RI
Renewable Energy HPP Vranduk	PA	Energy	38	38	86	INF+CC+RI
RLRS Loan for SMEs & Other Priorities	PA	Credit lines	20	20	40	SME+INF
Road F-21 Uyuni – Tupiza	ALA	Transport	50	50	130	INF+RI
Road Rehabilitation and City Bypass	PA	Transport	30	30	66	INF+RI
São Paulo Rolling Stock	ALA	Transport	200	200	765	INF+CC
SBI Loan for SMEs and mid-caps	ALA	Credit lines	200	100	300	SME+INF+CC
SGME Loan for SMEs & Priority Projects	PA	Credit lines	20	20	40	SME+INF+RI
Sonabel Solar Plant Burkina Faso	ACP	Energy	23	23	71	INF+CC
Southern Africa Microfinance Facility (ABC)	ACP	Services	5	5	10	SME
Southern Africa Microfinance Facility (Madison)	ACP	Services	4.5	4.5	8	SME
Synergy Private Equity Fund	ACP	Services	12	11	60	SME
Tajik – Kyrgyz Power Interconnection	ALA	Energy	140	70	282	INF+RI
Taysir	MED	Services	1	1	5	SME
Tofas RDI	PA	Industry	55	55	115	SME+CC+RI
TSKB Energy and Environment Loan	PA	Energy	170	85	340	INF+CC
		Water, sewerage	30	15	60	
Ukraine Early Recovery	EAST	Comp. infrastructure	21	21	21	INF
		Energy	30	30	30	
		Industry	35	35	35	
		Urban development	84	84	84	
		Water, sewerage	30	30	30	
Ulaanbaatar WWS	ALA	Energy	15	15	72	INF
		Transport	17.5	17.5	84	
		Water, sewerage	17.5	17.5	84	
Urengoy – Pomary – Uzhgorod Gas Pipeline	EAST	Energy	150	150	355	INF+RI
VakifBank Loan for SMEs and Midcaps	PA	Credit lines	200	100	400	SME+RI
Vestel Elektronik RDI	PA	Industry	60	60	204	SME+RI

Project	Region	Sector	Approved amount	Signed in 2014	Project cost	Mandate contribution
Vlore Bypass	PA	Transport	24	18	68	INF+RI
Water Sector Communal Infrastructure	EAST	Water, sewerage	25.5	25.5	73	INF
Yerevan Water Supply Improvement	EAST	Water, sewerage	7	5	18	INF
Zenata Urban Development Project	MED	Transport	7.5	7.5	40	SME+INF
		Urban development	135	135	720	
		Water, sewerage	7.5	7.5	40	
Ziraat Bank IPARD MBIL	PA	Agriculture, NR	100	100	270	SME+CC+RI
Ziraat Bank Loan for SMEs and Midcaps	PA	Credit lines	200	100	400	SME+RI

Mandate contribution		Region	
SME	Local private sector development	ACP	African, Caribbean and Pacific countries + OCT
INF	Social and economic infrastructure	ALA	Asia and Latin America
CC	Climate change mitigation and adaptation	EAST	Eastern Neighbours and Central Asia
RI	Regional integration	MED	Mediterranean partnership countries
		PA	Pre-accession countries

	Operations for which a contract was signed in a previous year (results reported in a previous year)
	Global authorisation. No Pillar 2 rating

Annex 3: Tables, figures and boxes

Figures

Tables

Boxes

The EIB wishes to thank the following promoters and suppliers for the photographs illustrating this report:

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Report on results outside the EU

2014

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