European Investment Bank

The EU bank

2015

The EIB outside the EU

Delivering on EU policies; reporting on results

Contents

Foreword
by the President

As the bank of the EU, the EIB has a special role to play, not only within the 28 Member States, but also outside the EU. We implement EU external policy objectives, extending the reach and effectiveness of our common efforts with concrete projects. We mobilise resources for economically sound projects with high social impact. Often our role is to blend grants from the European Commission or EU Member States with EIB loans to provide the right financing mix for projects that couldn't otherwise go ahead. At the same time, our advisory role can be critical to ensure that projects are well designed and successfully implemented – often becoming flagship projects to catalyse even greater investments.

This report is about the impact of these projects, which deliver on EU external policy objectives, supporting private sector development, investing in infrastructure, mitigating and adapting to climate change and fostering regional integration. To give you some figures about the impressive results of the new projects signed in 2015: enough energy generated to supply the needs of over 7 million households in the countries concerned; more than 1.3 million households benefiting from improved water supply or sanitation; half a million passengers benefiting daily from improved urban and rail transport and over 530 000 jobs supported in SMEs and midcap companies. These are just some of the results expected from almost EUR 7.7bn in new approved lending over 2015.

In different regions outside the EU, we are supporting projects that will address key priorities for the EU and the countries concerned. In the Mediterranean region, for example, we will improve access to safe drinking water for over 3 million people, half of whom are in northern regions of Jordan that house enormous numbers of refugees. In Egypt we will help to supply 4.8 million households with electricity to alleviate economically crippling power cuts.

In Europe's Eastern Neighbours, EIB lending in support of SMEs will sustain over 200 000 jobs. In Ukraine we are providing strong financing for rural busi-

"The EIB has a special role to play, not only within the EU, but also outside.

nesses and rehabilitating municipal infrastructure, while in Armenia our lending will improve waste management for nearly 500 000 people.

In the African, Caribbean and Pacific region EIB loans will directly support lending to 200 100 micro-enterprises, sustaining 230 500 jobs, with many more supported through microfinance investment vehicles. Infrastructure projects will also connect 300 000 households to the electricity grid and improve access to safe drinking water for 340 000 households. High-speed internet will be available for some 120 000 homes.

In Asia and Latin America, action on climate change is a top priority, with the EIB supporting new renewable energy generation to supply some 2.2 million households. A new urban transport system in Vientiane, People's Republic of Laos, will benefit some 40 000 passengers a day, while upgrading a key rail link in Bangladesh will allow 1.5 million tonnes of cargo to be carried by rail every year.

Finally, in the Pre-Accession countries, the EIB is supporting loans to 13 500 companies, which in turn sustain over 100 000 jobs. In Turkey afforestation and improved land management over 100 000 ha will lead to the sequestration of 840 000 tonnes of CO_2 equiv/year, while an extension to the Istanbul metro will benefit some 460 000 passengers daily.

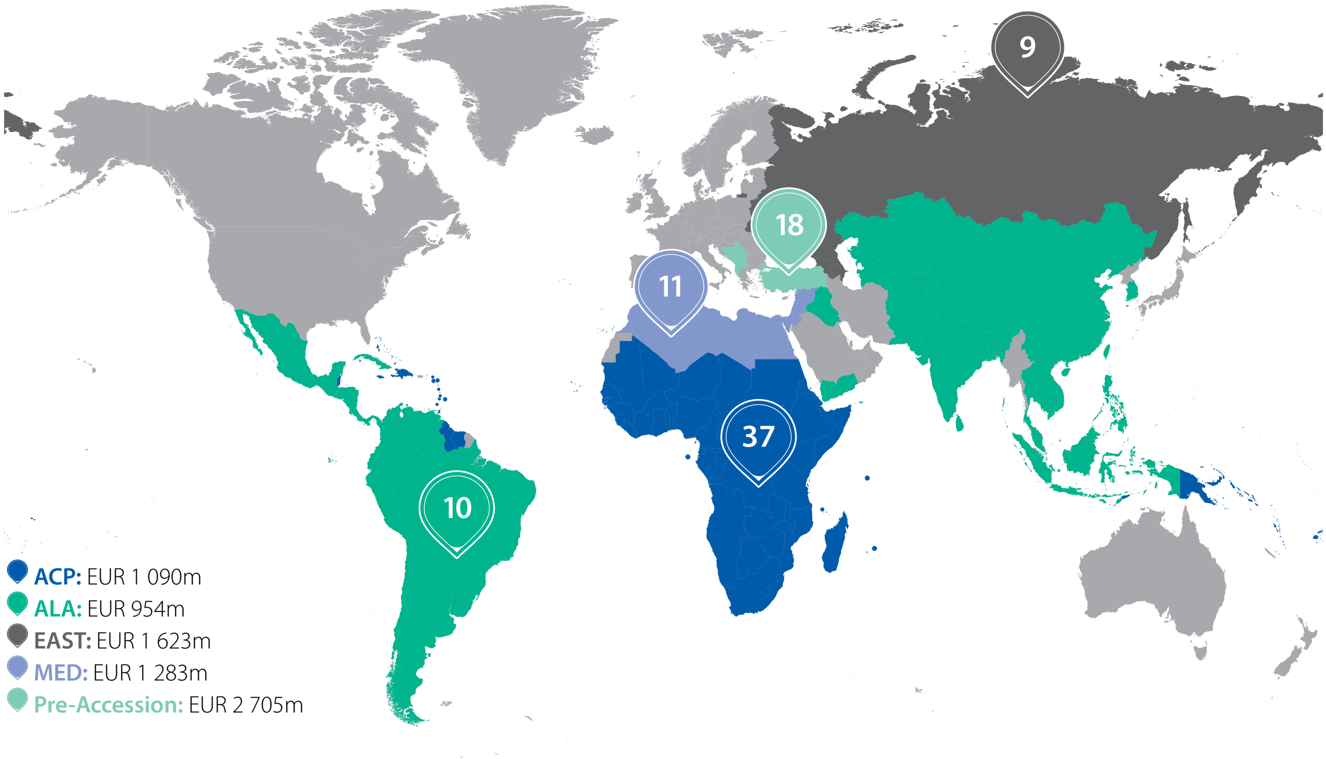
Since 2012 we have been implementing our Results Measurement Framework for projects outside the EU to track impact on the real economy through tangible results. That's why we can increasingly also look back and learn from the results achieved by past projects. For example, 10 credit lines that completed in 2015 supported 131 000 jobs in SMEs and midcap companies. The first infrastructure project completed under the framework has connected an additional 129 000 customers to the electricity network in Brazil, installing 2 640 km of power lines and reducing power outages.

Being able to achieve results like these is all important when we think of the dramatic challenges facing developing and emerging markets nowadays. The refugee crisis in the Mediterranean and Pre-Accession regions is one pressing example. The general economic downturn in emerging economies is another, affecting the ability of sound projects and business to get the financing they need and putting development progress at risk. Finally, we have to address the epochal challenge of financing a path of development that both mitigates climate change and supports successful adaptation to its effects.

I am proud to say that the EIB is already playing a leading role in efforts to address these challenges and we are ready to increase our financing to meet growing needs, especially where we can have a higher impact.

Werner Hoyer

New projects by region



Lending outside the EU for new projects by EU policy objective

7.7bn

3.3bn → 50 projects → Local **private sector** development → Enhancing **access to finance**, particularly for SMEs and microenterprises

4.4bn → 45 projects → Social and economic **infrastructure** → Responding to **strategic infrastructure** needs in sectors such as energy, transport, water, telecommunications, education and health

Cross-cutting objectives:

2.1bn → 66 projects → **Climate change** mitigation and adaptation → **Climate action** on renewable energy, energy efficiency, low-carbon transport, sustainable use of natural resources and climate resilience

2.6bn → 23 projects → **Regional integration** → **Improving links** amongst partner countries and with the EU

Note: Many projects support more than one objective. "New projects" are those for which the first financing contract was signed in 2015. For each of these projects, the full approved financing volume is reported (see Annex 2).

Delivering on EU policies; **reporting on results**

Supporting local private sector development:

New projects will enable loans to

222 000 SMEs, midcaps and microenterprises

supporting

762 000 jobs

Developing social and economic infrastructure – expected results:

1.35 million households

with improved water supply or sanitation

Enough energy generated to supply

7.2 million households

Action on climate change – expected results:

2.4 million households

supplied with electricity from renewables

Energy efficiency savings:

538 GWh/year

Ex post results from 10 credit lines completed in 2015:

131 000 jobs

were supported through loans to

4 500 SMEs and midcaps

534 000 households

connected to the grid

534 000 passengers

benefiting daily from improved urban and rail transport

492 000 people

benefiting from improved waste management

Regional integration:

Facilitating **trade**, energy **security**, cross-border **finance** and economic **convergence**

Introduction

Investing in sustainable and inclusive growth around the world

As the EU bank, the EIB is active outside the EU, investing in sound projects that promote sus-tain-able and inclusive growth in support of the EU's external policy objectives. The Bank's operations aim to fill critical infrastructure gaps and support the development of a thriving local private sector. Action to mitigate and adapt to climate change is a cross-cutting objective, as is the improvement of economic links with the EU and within regions.

Outside-EU operations constitute around 10% of EIB lending. This activity covers Pre-Accession countries in the immediate EU Neighbourhood; the EU's neighbours to the East and around the Mediterranean; the African, Caribbean and Pacific countries; and Asia and Latin America.

This report focuses on the results of EIB activities outside the EU, and the difference that the EIB can make. It describes the expected results of new projects in 2015 and also looks back at completed projects to review the actual results achieved.

New challenges

Recent years have seen major advances in poverty reduction, food security and social development, as evidenced by the many achievements under the Millennium Development Goals. But as of 2015, developing and emerging economies are also facing an increasingly difficult economic environment that may undermine efforts to build on existing achievements through the new post-2015 sustainable development agenda.

Many of these economies are being placed under strain by widespread falls in commodity prices, partly driven by China's shift towards a more consumption-driven economic model. Alongside the effects of monetary policy tightening in the United States, this is leading to reverse capital flows and depreciation of emerging market currencies.

In this context, emerging economies face a tightening of financial conditions. Actors such as public authorities and local banks are beginning to suffer from increased balance sheet and funding strains. This can be expected to negatively impact investment, with implications for growth, poverty reduction, food security, political stability and climate action. Lending by IFIs is therefore becoming even more important to cover financing gaps for critical infrastructure and for providing small firms with the funds they need to grow.

The enormous investment needs for climate change mitigation and adaptation are another aspect of the challenge facing emerging and developing countries. The agreement in Paris in December 2015 sends a strong signal to private investors and public institutions alike that the future lies in a low carbon economy and specifically in renewable energy, energy efficiency and measures to protect vulnerable communities from the effects of climate change. Alongside the other multilateral development banks, the EIB has pledged to help turn the commitments made in Paris into reality: offering its significant expertise and helping to mobilise the finance that will be needed.

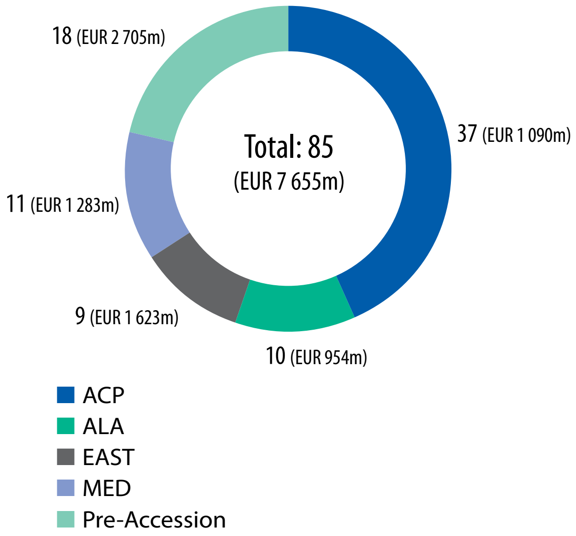
New projects financed in 2015

In 2015, the EIB signed financing contracts for 85 new projects outside the EU, with total approved financing

Figure 1

New projects by region

Number of new projects:



of nearly EUR 7.7bn. This is expected to enable total investments of EUR 21bn to take place, mobilising a further EUR 13.3bn of financing from other sources. These totals are very similar to those in the previous two years, although there has been a slow increase in the size of projects. Full details of approved and signed lending volumes are given in Annex 2.

The activities of the EIB outside the EU are guided by objectives set by the EU or the Member States. These are given in the External Lending Mandate and the Cotonou Agreement (see Box 1).

As usual, the largest number of new projects was in the Africa, Caribbean and Pacific (ACP) region. In this region projects tend to be relatively small in financial terms, although their impact can be disproportionately important. In terms of ap-proved funding volume, lending to new projects increased moderately in the ACP, Eastern Neighbours (EAST) and Pre-Accession regions and fell slightly in the Asia and Latin America (ALA) and Mediterranean (MED) regions.

All EIB projects outside the EU support local private sector development or the development of social and economic infrastructure, or both. Many projects also support two cross-cutting objectives: climate change mitigation and adaptation, and regional integration (see Figure 2).

In 2015, 58% (EUR 4.4bn) of approved new project lending contributed to social and economic infrastructure development, while 42% (EUR 3.3bn) supported local private sector development, principally by improving access to finance for small and medium-sized enterprises (SMEs), microenterprises and midcap companies.

28% of this lending will support the cross-cutting objective of climate change mitigation and adaptation. The great majority of this backing will come from infrastructure projects, but the relatively small contribution of a large number of credit lines to SMEs is also taken into account, resulting in a large number of individual projects supporting this objective.

Of the total approved lending, 33%, or EUR 2.6bn, will also underpin the cross-cutting regional integration objective, through both infrastructure development and support for local private sector access to finance.

Promoting environmental and social standards

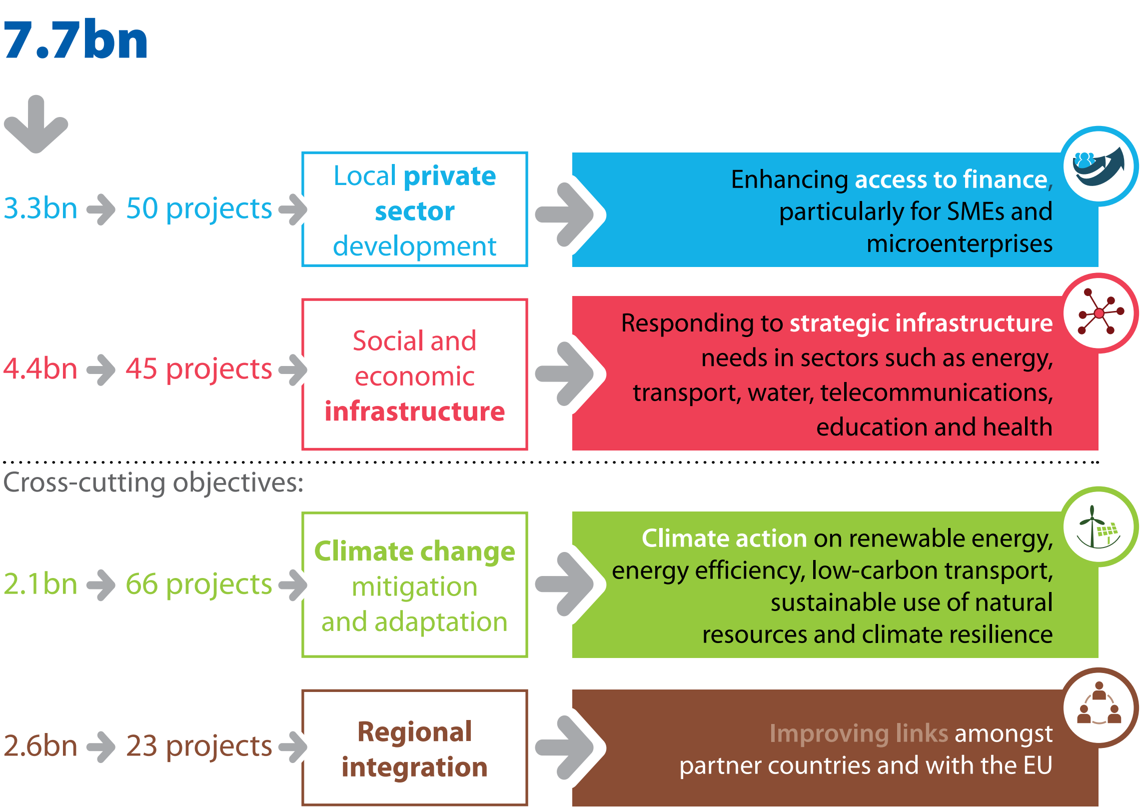
Alongside targeting EU policy objectives, the EIB seeks to ensure and enhance the environmental and social sustainability of all the projects that it finances. All EIB projects must comply with the environmental and social policies, principles and standards of the Bank. These derive from and reflect the evolving approach of the EU and other international institutions towards the promotion of environmental sustainability and social well-being. They are developed and overseen by the Bank's Environment, Climate & Social Office, and include:

- **Human rights** – the EIB is bound by the Charter of Fundamental Rights of the EU, including the commitment to upholding human rights; this is achieved by excluding specific types of projects or activities, and by a comprehensive due diligence process.

- **Gender** – the Bank is mainstreaming gender equality and women's empowerment in the Bank's lending portfolio, both through stand-ards-based due diligence and the impact of its lending.
- **Conflict sensitivity** – the EIB approach focuses on flagging and mitigating conflict-related risks to avoid aggravating conflicts and, whenever possible, contribute indirectly to conflict prevention, recovery and peace-building though its operations.
- **Biodiversity** – The EIB is committed to tracking and reporting biodiversity-related lending and is working with other development banks on a common methodology.
- **Climate change** – EIB climate standards require that its financing as a whole is aligned with EU climate policy. This is done not only by promoting climate change mitigation and adaptation projects but, for example, by mainstreaming climate risk considerations and assessing the Bank's carbon footprint across the portfolio (see Box 15).

Figure 2

Lending outside the EU for new projects by EU policy objective



Note: Many projects support more than one objective. "New projects" are those for which the first financing contract was signed in 2015. For each of these projects, the full approved financing volume is reported (see Annex 2).

Box 1

The main mandates for the EIB outside the EU

The External Lending Mandate (ELM) 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. It sets an overall ceiling of EUR 30bn for guaranteed loans over the period 2014-2020. The ELM sets four priorities:

- Local private sector development
- Social and economic infrastructure development
- Climate change mitigation and adaptation
- Regional integration

In addition, the EIB lends at its own risk for investment-grade operations in Pre-Accession and Neighbourhood countries, and globally in support of climate and strategic investments.

The Cotonou Partnership Agreement covers operations in the 78 African, Caribbean and Pacific (ACP) states. The over-arching objective of the Cotonou Agreement is to reduce and eventually eradicate poverty, in line with the objectives of sustainable development and the gradual integration of the ACP countries into the global economy.

How we measure results

Outside the EU, we use the Results Measurement (ReM) Framework to track project results, the contribution to EU and country objectives and the difference – or "additionality" – that EIB involvement makes relative to what local markets are able to offer. This strengthens the appraisal process, supports monitoring throughout the project cycle and complements the EIB's due diligence process.

At the beginning of the project cycle, appropriate indicators are identified for each project. Baselines and targets are set to capture expected economic, social and environmental outcomes of the operation. Projects are then rated according to three "pillars" covering the contribution to the achievement of the policy objectives, the quality and soundness of the operation and expected results, and the additionality (Figure 3). The EIB works continuously with other development agencies and financial institutions to further improve the coordination and harmonisation of the results indicators we use.

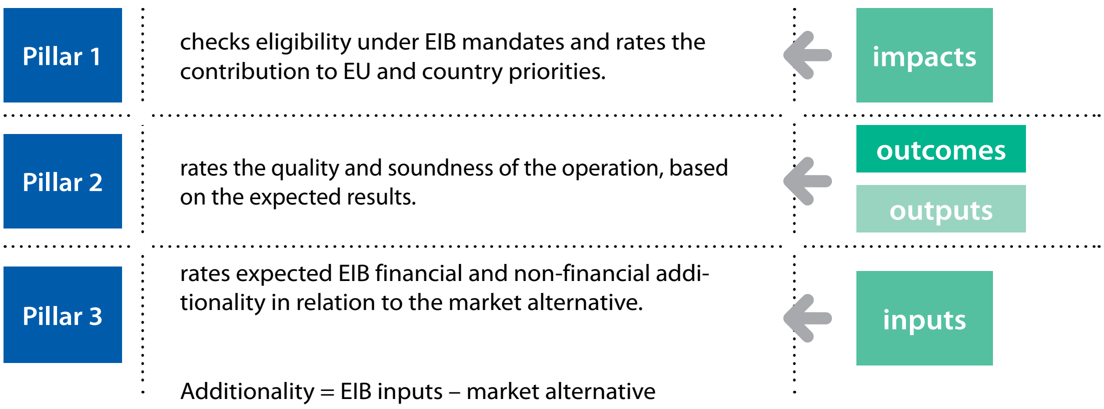
Project performance against the benchmarks set is monitored at different stages of a project's life. For direct investments (typically infrastructure projects), results are monitored at project completion and again three years after completion. For intermediated operations results are monitored at the end of the allocation period (in the case of credit lines) or at the end of the investment period (equity funds). Equity fund results are monitored again at the end of life of the fund.

Since the ReM framework was launched in 2012, nearly 400 projects have gone through ReM assessment at appraisal. Financial sector projects approved under the framework are now increasingly reaching completion and these completed project results are reported here along with the expected results of new projects. 2015 also saw the first ReM infrastructure project reach completion (see case study 2). Case studies of other completed projects approved before 2012 are still included, as in previous years.

The scope of the ReM framework has now been enhanced through the development of the REM+. This expanded framework goes further down the beneficiary line to assess impacts on final beneficiaries. It also goes deeper in terms of the profile of the final beneficiaries, estimating the share of bottom-of-the-pyramid beneficiaries as well as gender and youth dimensions. ReM+ is implemented for projects financed under our Impact Financing Envelope, which is used to finance high risk – high impact projects in the ACP region, and may be applied to similar projects in other regions in the future (Box 3).

Figure 3

ReM Framework



Supporting local private sector development

Ex post results from 10 credit lines completed in 2015:

131 000 jobs

were supported through loans to

4 500

SMEs and midcaps

New projects in 2015 will help

22 000 SMEs

and midcap companies gain access to finance, supporting

450 000 jobs

Loans to microenterprises will support

230 000 jobs

Supporting local private sector development is about creating the conditions to allow people in developing and emerging markets to grow and expand their businesses, creating jobs, fulfilling needs for goods and services, overcoming poverty and food insecurity and raising living standards. Ultimately, sustainable social and economic development cannot take place without this private sector development.

But starting and growing business activities requires access to appropriate sources of finance, something that is often severely lacking, particularly for smaller or younger firms, in higher risk economic environments, and in those with less developed financial systems. Often credit is unaffordable, too short term for patient, productive investment activities, or tied to prohibitive collateral requirements. Often firms can't find the risk-taking equity finance that is suited to rapidly expanding a promising new business, because in many contexts equity financing is so underdeveloped. Even larger firms can find it hard to find the resources needed for riskier activities such as research and development (R&D) or projects with positive spill-overs for society and the environment.

The EIB uses different instruments to support local private sector development. Credit lines to local financial intermediaries help to build effective and resilient banking systems and support lending to SMEs. Loans and equity investments in microfinance institutions assist these institutions in expanding their outreach to underserved areas and developing the sophistication of their services. Participation in private equity funds helps to provide much needed expertise and risk capital

Figure 4

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

Number of new projects: Lending volume:

Credit lines for SMEs and midcaps
Direct loans
Microfinance credit lines and equity
Private equity funds

Note: Lending volumes are prorated by degree of contribution to the local private sector development objective. Many operations also contribute to the cross-cutting climate and regional integration objectives.

to high growth potential companies. Lastly, direct loans to larger companies for strategic investment projects or to private firms or public institutions for R&D are used where there is a clear developmental impact that could otherwise be harder to finance.

New projects

50 new projects will foster local private sector development in 2015. The total approved EIB financing for these projects is EUR 3.3bn. 28 are credit lines supporting SMEs; 12 support microfinance institutions, either through loans or equity participation in microfinance vehicles; and four support private equity funds investing in young enterprises. Finally, six loans will directly support research and development activities or investment projects by private companies.

Credit lines for private enterprise – lending through credit lines is important to enhance access to longer-term funding for small businesses, to create and sustain jobs, and to strengthen local financial sectors. In underdeveloped financial systems, even medium-sized and midcap companies can face financing constraints because of information asymmetries such as a lack of credit history. Of these loans, 21 000 will go to SMEs which will have an average estimated size of just 18 employees.

The 28 new SME credit lines in 2015 will allow intermediary banks to make over 22 000 loans worth nearly EUR 3.0bn. These credit lines will also enable intermediary banks to extend the maturities of the loans they offer to SMEs and midcaps, with the average loan tenor (weighted by loan size) under the new credit lines in 2015 expected to be 4.4 years. This is substantially longer than the maturities typically available to SMEs in developing contexts. It is estimated that loan maturities across the 28 credit lines will be on average 142% higher than the local market norm. By providing essential financial resources to the final beneficiaries, including SMEs, midcaps and a small number of public bodies and larger businesses ("other"), these credit lines will help to sustain the jobs of the nearly 532 000 people they employ.

Credit lines can also be important by encouraging banks to expand into the more challenging SME sectors, or by fostering sector competition by supporting second tier banks, both of which can have an important indirect effect of enhancing access to finance for SMEs. Ten of this year's new credit lines will support second tier banks (smaller banks with a lower credit rating than the leading banks in a country), while four will support banks operating

Table 1

Supporting local private sector development – overview of key expected results

	Expected outputs			Expected outcomes	
SME/midcap credit lines	Total loans (EUR m)	2 989	→	Jobs sustained (total)	531 880
	Total loans #	22 149		In SMEs	360 300
	Average loan size (EUR)	134 000		In midcaps	164 100
	Average loan tenor (years)	4.4		In other	7 490
Microfinance institutions	Loans to microenterprises (EUR m)	184	→	Jobs sustained in microenterprises	230 500
	Loans to microenterprises (#)	200 100			
	Average loan size (EUR)	918			
	Women as % of final beneficiaries	66			
Microfinance investment vehicles	Total MIV fund size (EUR m)	272	→	MFIs supported (#)	88
	Leverage ratio	11.5		Loans to final beneficiaries by supported MFIs (#)	1 380 000
Private equity funds	Total fund size (EUR m)	695	→	Investee companies (#)	46
	Average leverage ratio	7.6		Average investment (EUR m)	7.8
				Net creation of direct permanent employment	10 500

Table 2

Credit lines for private enterprise – expected results by region and firm size

Expected outputs	ACP	ALA	EAST	MED	PA	SMEs	Mid-caps	Other
Number of projects	9	1	4	3	11	-	-	-
Total loans (EUR m)	399	150	630	240	1 570	1 996	883	80
Total loans #	1 901	1200	5 295	200	13 553	21 104	881	164
Average loan size (EUR '000s)	210	125	119	1 200	116	95	1 002	643
Average loan tenor (years)	5.4	2.5	4.8	5.8	4.1	4.1	5.0	8.6

in very shallow markets where credit to the private sector is less than 33% of GDP. Eight have a specific focus on increasing access to finance for underserved markets such as women or farming communities.

Supporting microenterprises – Microfinance institutions (MFIs) aim to extend access to basic financial services to the most financially excluded groups: microenterprises, particularly those run by women, young people and people in rural areas, who typically have least access to banking services.

The EIB supports microfinance institutions through both direct loans and the provision of equity to microfinance investment vehicles (MIVs) that in turn unlock funding for a larger number of institutions.

In 2015, the EIB lent EUR 58m directly to nine MFIs, all in the ACP region. With these funds, some 200 100 loans averaging EUR 918 each are expected to be made to microenterprises, sustaining around 230 500 jobs. Around two thirds of loan beneficiaries are expected to be women. One of these MFIs, Banco ADOPEM in the Dominican Republic, supported under the new Caribbean and Pacific Impact

Box 2

Revitalising Ukraine's agri-food sector

The Ukraine Agri-food Apex loan is designed to give a transformative boost to the country's SMEs and midcaps in the agricultural and food processing sector, in line with the new Ukrainian Agricultural Strategy 2015-2020. As a direct loan to the Ukrainian government it will allow resources to be allocated flexibly between direct investments in infrastructure supporting the selected agri-food value chains (e.g. laboratories and research capacity) and sub-lending through intermediary banks and companies that lease agricultural equipment. Funding is expected to reach around 1 400 companies working in the cereals, oilseed, fisheries and aquaculture value chains, helping to support some 60 000 jobs. It will promote technological modernisation in order to improve resource efficiency, reduce waste, and enhance product safety and quality. This will reduce negative environmental impacts of agriculture and contribute to making production less vulnerable to adverse weather conditions. By contributing to the adoption of EU technical, environmental and phytosanitary norms in Ukraine, the project will help Ukraine to benefit from the removal of trade barriers and tariffs on agri-food products, as envisioned under the 2014 EU-Ukraine Association Agreement.

Access to sufficient, long-term finance is a key obstacle to the further development of the sector, particularly at a time when the financial sector in Ukraine is under strain. Further support is expected through the EU Neighbourhood Investment Facility for blending with loans and for capacity building. It is expected that this may help to target particularly underserved groups such as small farms and tenant fish farmers. Given the lack of local experience with this type of project, the EIB is heavily involved in the design and implementation of the project, drawing on lessons from similar projects in the region.

Box 3

Bridging the financing gap for coops and the social economy

The EIB is financing CoopMed, an investment fund that will provide long-term financing to microfinance institutions and local small banks to support cooperatives, social economy enterprises, micro-entrepreneurs and initiatives led by NGOs. It is the first fund of its kind in the Mediterranean region. The management team will build on experience supporting the cooperative and social economy sector in Eastern Europe, bringing expertise as well as advantageous funding to partner institutions to help them to expand their activity in this sector. With operations initially focused on Morocco, Tunisia and Lebanon, it is expected that the fund will have a strong impact on the rural economy, through on-lending to both smallholders and agricultural cooperatives. Young people such as young micro-entrepreneurs are also expected to make up around half of the final beneficiaries.

The EIB is so far the only IFI participating. By subscribing the largest portion of the mezzanine tranche of the fund, the Bank will not only provide EUR 2m in stable financial resources, but is also expected to have a significant signalling effect, contributing to the first closing at EUR 10.5m and the leveraging of further resources to reach the target size of EUR 20m. Given the fund's strong explicit focus on social impact, the EIB has decided to use the enhanced "ReM+" framework to better monitor results at the final beneficiary level. An appropriate data collection system is being put into place.

Financing Facility, is notable for its focus on very small loans averaging only EUR 350. 73% of beneficiaries in the institution's current portfolio are women and 88% are from low income groups. The EIB's EUR 10m loan to Banco ADOPEM will fund nearly 129 000 micro-loans over the life of the investment.

As the EIB plays an important role in catalysing finance from other investors, its overall impact is much larger than the loans directly supported. EIB support can be expected to help these MFIs to make nearly 1.8 million loans worth over EUR 1.4bn to microenterprises, based on their whole portfolios and over the lifetime of EIB support.

A further EUR 23.5m was lent to three MIVs, two covering the ACP region and one operating in the Mediterranean partner countries (CoopMed – see Box 3). These three MIVs are expected to attract a total of EUR 272m to support, in turn, a total of 88 MFIs. This is expected to help these MFIs to make 1.38 million loans to final beneficiaries. One of these operations, AGRIF, will target microfinance institutions, banks active in rural areas and rural cooperatives in the ACP region, which suffer from poor access to funding. Supporting such institutions through a EUR 14m equity participation in AGRIF will help them expand their share of agri-business-oriented activities while fostering the financial inclusion of rural micro-entrepreneurs and smallholder farmers. Technical assistance will increase the capacity of the intermediaries to manage the growth of their agricultural loan portfolio in a sustainable way, monitor their social performance and implement client protection principles.

Promoting private equity financing – By combining risk capital on the part of the investors with the expertise and guidance that fund managers are able to bring, equity finance is particularly adapted to the needs of companies with high growth potential, usually SMEs. It aims to take the unrealised potential of a good company or idea and to facilitate a breakthrough to long-term sustainability and a wider market. Equity financing is very underdeveloped in most developing economies. Increasingly, many funds focused on these economies are also adopting a more targeted approach to sectors or operations expected to achieve significant social impacts.

Four new private equity operations signed in 2015 will invest EUR 92m (of which EUR 20m supporting infrastructure development) in funds expected to reach EUR 695m in size, which will in turn invest in 46 companies. It is possible to estimate the net creation of employment over the duration of

the investments for two of the funds at around 10 500 jobs. These include the health sector-focused IFHA 2 (see Box 4).

The EIB is also making a EUR 40m investment in TCX, a currency exchange fund, under the Bank's Impact Financing Envelope. Local currency financing is crucial particularly for microenterprises and SMEs, which have limited options, if any, to manage the risks of borrowing in foreign currency. By enabling intermediaries such as MFIs to hedge currency risks, TCX indirectly enhances the availability of long-term local currency financing. 63% of its portfolio is focused on microfinance and 23% on SME financing.

Direct loans for R&D and industry – Large investments can also have significant impacts, including significant positive economic and environmental spill-overs. Public funding can be important to ensure that such investment takes place. Three R&D projects in Turkey were funded in 2015. In addition, three projects will support strategic investments by large companies. These include the Europac project (see Box 5) and the Omnicane carbon burnout project, which will enable ash from coal/bagasse boilers (used to power sugar mills) to be re-processed to recover energy in the form of steam (which will be used in local sugar mills), with

Box 4

A capital injection for Africa's health sector

Improving health services is a key priority for most African countries. With only 11% of the world's population, Sub-Saharan Africa accounts for half of all maternal deaths, and deaths of children under five years worldwide. Investing in African health systems not only contributes to saving lives but also strengthens the foundations for economic development; it is essential for achieving the objectives of national poverty reduction strategies and the Sustainable Development Goals (SDGs).

The private sector plays an important role in African health systems, not only in running hospitals and clinics but also in providing health insurance, manufacturing and distributing healthcare products, and supporting industries such as education and ICT services. But raising the capital necessary for expansion to reach larger populations is not easy for the African healthcare sector, with little interest from private investors.

The EIB's EUR 22m participation in the IFHA 2 fund is targeted at this gap. The fund will provide equity funding to an expected 15 companies seeking capital to provide or improve healthcare services. Focusing on one sector will make it easier to track results. For example, it is expected that over 50 clinics will be created or acquired and developed, that approximately 6 000 jobs will be created over the life of the Fund, including for a large proportion of women, and that the training and qualifications of healthcare personnel will considerably improve. The EIB's early investment in the Fund will also have an important demonstration effect, helping to attract funding from investors who do not currently view African healthcare as a financially attractive sector.

Box 5

Adding value in Morocco

This project consists of funding for the Europac group, a Spanish paper and board manufacturing company, to establish a factory for the production of cartonboard packaging materials in Tangiers, Morocco. This will improve the ability of the company to supply local customers and respond to demand from the Moroccan automotive and agro-industrial sectors. The investment will contribute to the generation of employment and value added in the industrial sector in Morocco, a target of the country's national industrial strategy. Morocco is currently faced with high unemployment rates, particularly among young people (nearly 35% of 15-24 year olds are unemployed).

The EIB is funding EUR 15m of the EUR 31m investment cost. The construction of the plant, including the civil works and the installation of the new equipment is expected to generate 305 person-years of employment, while the factory will employ 115 full time staff when it becomes fully operational. Furthermore, having a global packaging company based locally will provide increased opportunities for local companies in a range of sectors to develop and expand export-oriented businesses in Tangiers.

the processed ash used as an additive in the local cement industry. This will reduce landfill, substitute imports of blast furnace slag and avoid emissions of 3kt CO_2 per year relative to the likely alternative.

Looking back: results of completed operations

In 2015, 15 projects that were originally appraised under the ReM framework reached completion, allowing for a more comprehensive monitoring of results achieved. 14 of these were focused on local private sector development – this was expected because credit lines and many industry projects have a relatively short implementation duration and thus were completed before projects in other sectors. The results of the ReM Project Completion Reviews for these operations are presented here.

Credit lines – The completed projects include ten credit lines, half of which were in the Pre-Accession region (Turkey, Serbia and FYR Macedonia). The remaining five are spread around the ACP, Mediterranean and ALA regions (in Egypt, Nigeria, Sri Lanka and French Polynesia).

The results achieved: In total, EUR 848m was lent

Table 3

Ex post results for ten completed credit lines

Results achieved	All SMEs	Micro	Small	Medium	Midcaps	All*
Total loans (EUR m)	632	152	216	264	209	848
Total loans #	4 397	2 999	1 034	364	98	4 496
Average loan size (EUR '000s)	144	51	209	724	2 131	189
Average investment size (EUR '000s)	262	64	380	1 555	4 174	352
Average loan tenor (years)	3.9	3.8	4.2	4.7	5.1	4
Jobs sustained	72 252	8 202	22 233	41 817	54 897	131 299

*Includes one loan to a large corporate, expected to create 500 jobs.

though nearly 4 500 loans that went overwhelmingly to micro and small-sized enterprises. These ten credit lines thereby supported companies employing 131 299 people. Just over half of these jobs were in nearly 4 400 microenterprises and SMEs (Table 3).

Some 30% of total lending supported manufacturing firms, followed by 21% for the wholesale, retail and vehicle repair sector, and 7% for the accommodation and food sector. While most credit lines had a broad sectoral mix, the credit line in Serbia had a strong focus on the agricultural sector, with very many loans supporting the purchase of agricultural machinery and equipment. The Sri Lanka SME and Green Energy credit line provided 22 loans worth EUR 34m (37% of the total) to renewable energy projects, particularly micro-hydropower schemes. Similarly, 29% of the loans provided by the credit line with Banque de Tahiti supported the installation of photovoltaic schemes.

Additionality through extended maturities: The average tenor of the loans provided to final beneficiaries was four years. This is considerably higher than these companies are typically able to obtain in the local market. It is slightly shorter than the average tenor reported for completed credit lines last year, reflecting the presence this year of credit lines in a number of developing countries where financing conditions are particularly difficult.

Were the results as we expected? Aggregate results were broadly in line with expectations. Nonetheless, some ex ante estimates for individual credit lines were less accurate that the overall estimates. The average tenor of loans provided in this sample was also lower than expected, but still acceptable.

For these early ReM operations, estimates of the number of jobs likely to be sustained were based on a model using income per capita and average loan size, as described in the 2012 edition of this report. Using this model for the ten credit lines described here provides an estimate of 159 000 jobs, reasonably close to the figure of 131 000 jobs indicated by the actual loan allocation data for these operations. This kind of information is valuable for identifying where the ex ante estimation of results can be improved.

Box 6

Completed R&D and industry projects

Turk Telekom R&D – The programme focused on the adaptation of new fixed and mobile broadband services to local needs through the development of advanced software applications, supporting the uptake of these services in sectors such as telecoms, education, health transport and energy. Although Turk Telekom has only recently started to file patents from the programme, so far 84 patent applications have been filed and 10 granted. The project has also resulted in collaboration agreements with EU-based institutions.

Mauritius Airport Hotel – This new 140-room business hotel has helped to improve facilities for business activities in the country, encouraging economic diversification away from the sugar and tourism sectors. The 2015 occupancy rate of 36% was still relatively low, but the target of 70% is expected to be reached by the seventh year of operation. However, the hotel is already employing over 100 staff (full-time equivalent) and generating EUR 367 000 per year in demand for inputs from local suppliers.

Mauritius Ethanol – The project comprised the relocation of an existing ethanol plant and its redevelopment, extension and operation as an integrated processing facility within a sugar mill. The revised plant is producing a wider range of products for sale, including food and industry-grade ethanol, mainly for export as well as for the transport sector (biofuel). In addition it produces liquefied food-grade CO_2 for use in soft drinks and other by-products used for fertilizer and animal feed. The project is thus adding value to the country's sugar industry by maximising and diversifying the use of the cane.

Direct loans for R&D and industry projects – Four direct loans for local private sector development, which were originally appraised under the ReM framework, were completed in 2015. Two focused on research and development in Turkey and two on industry and services in Mauritius (see Box 6 and Box 17).

Completed project case study: Rural Impulse Fund I – Extending access to rural microfinance

Figure 5

Rural Impulse Fund I

EIB contribution

EUR 3m long-term equity financing

Context

- Lack of financing available to the agricultural sector and value chain in the target regions.
- Particularly poor levels of financial inclusion in rural areas.
- Private sector growth constrained by limited long-term funding for MSMEs.

Outputs

By Rural Impulse Fund :

- Equity, debt and mezzanine investments in 28 MFIs
- Technical support to strengthen governance and capacity to monitor social performance and implement client protection principles.

Outcomes

- 1 101 branches opened in rural areas.
- 2.9 million micro-clients supported by MFIs financed, 79% of which women.
- Average loan size USD 1 471.

Impacts

- Increased financial inclusion for micro and small enterprises.
- Improved economic growth prospects and resilience in deprived and financially under-served areas.

In rural areas, getting access to financial services is even more difficult for micro-entrepreneurs than it is in urban settings. Rural microfinance activities are challenged by the strong seasonality that comes with the importance of agriculture in rural economies, high administration costs and limited resources, which increase the risks and difficulty of providing microfinance.

In 2007 the EIB invested EUR 3m in Rural Impulse Fund (RIF), a Microfinance Investment Vehicle managed by Incofin. Since then, the fund has been able to reach a first close of EUR 30m, enabling it to provide long-term capital to 47 microfinance institutions across 27 countries, including six in sub-Saharan Africa. Supported by these investments, these 47 microfinance institutions, which together employ over 20 000 people in 1 100 branches, have so far succeeded in reaching 2.9 million micro-clients, overwhelmingly in rural areas. 79% of clients are women. The average size of the loans provided has been USD 1 471.

Alongside finance, Incofin has been able to provide technical support to strengthen governance and the capacity of investee institutions to monitor social performance and implement client protection principles. The majority of these institutions now have a Social Performance Management (SPM) system in place, to ensure a double bottom line approach that covers both financial and social performance returns.

As a microfinance investment vehicle, Rural Impulse Fund offers an effective way to strengthen the financial structure and capacity of small rural microfinance institutions, and thereby to promote the delivery of socially responsible financial services in deprived rural areas. In this case, the equity participation by the EIB helped to leverage funding not only from institutional investors but also from a number of private financiers. The success of the fund in selecting and investing in institutions and directly encouraging activity outside of better served urban areas is helping to demonstrate that investments in rural microfinance institutions can be commercially viable. Indeed, Incofin has been able to build on the success of Rural Impulse Fund, establishing a successor fund (RIF II) that has succeeded in raising EUR 86m for rural microfinance.

Box 7

Investee MFI – KWFT Microfinance Bank

KWFT Microfinance Bank (KWFT) started operations in 1982 as an NGO (Kenya Women Finance Trust). It was founded by a group of professional Kenyan women and focused on women's empowerment through financial and social inclusion. Over time KWFT has developed a very strong network of branches and outlets throughout Kenya with specific targeting of rural areas, at the same time maintaining its traditional focus on credit for women. KWFT has now become the market leader with more than 50% of outstanding credit provided by MFIs in Kenya. It has over 350 000 clients (almost all women) who borrow the equivalent of USD 1 036 on average.

RIF I has supported the growth of KWFT since 2008 by providing it with the funding needed to grow its portfolio. This transformation has presented many challenges, such as the adoption of an upgraded information management system. Likewise, the post-election crisis in Kenya in 2007-08 severely impacted on its operations. Nonetheless, RIF I reaffirmed its support and kept full confidence in KWFT and its management to address these challenges, helping the institution though these difficulties.

An impressive turnaround was the result. In 2010 KWFT succeeded in obtaining a deposit-taking license, enabling it to provide clients with savings services. KWFT has also developed new agricultural loan products such as irrigation system loans, as well as environmentally friendly products like specific loans to set up biogas facilities or purchase solar powered lamps.

KWFT continues to expand its activities, seeking to broaden access to the financial services it provides through innovative delivery channels and new lending methodologies, and reaching out to new target markets. In its role on the Board, Incofin, the fund manager of RIF I, is able to bring forward the experiences and lessons learned from other banks in the Incofin portfolio that have faced similar challenges, ensuring that the development process is well thought through and supported. It will similarly play a critical role in advising on the next business plan of the company with targets for the years 2017-2021.

Developing social and economic infrastructure

Developing social and economic infrastructure – everything from roads and energy systems to healthcare facilities and broadband internet services – is one of the pillars of the development process. It is also a pillar where public financing is often vital, infrastructure goods often being public goods that have large positive spill-overs for the economy, the environment and human well-being. The EIB supports infrastructure projects in a wide range of sectors.

New projects in 2015 – expected results:

1.35 million households with improved water supply or sanitation

Enough energy generated to supply **7.2 million households**

534 000 households connected to the grid

534 000 passengers benefiting daily from improved urban and rail transport

492 000 people benefiting from improved waste management

45 new projects contributed to the development of social and economic infrastructure in 2015. For most of these it is possible to estimate expected results: urban transport and rail projects that will benefit almost 540 000 passengers per day, enabling them to save 37 million hours of travelling time each year; energy sector projects will connect over 534 000 households to the grid and generate enough electricity to potentially serve over 7 million households; and projects in the water and wastewater sector will provide 1.35 million households with access to improved water supply or sanitation. Total approved EIB lending for these 45 new projects is EUR 4.4bn, while their total investment cost is EUR 15.4bn. Many of these projects also support other objectives such as climate action.

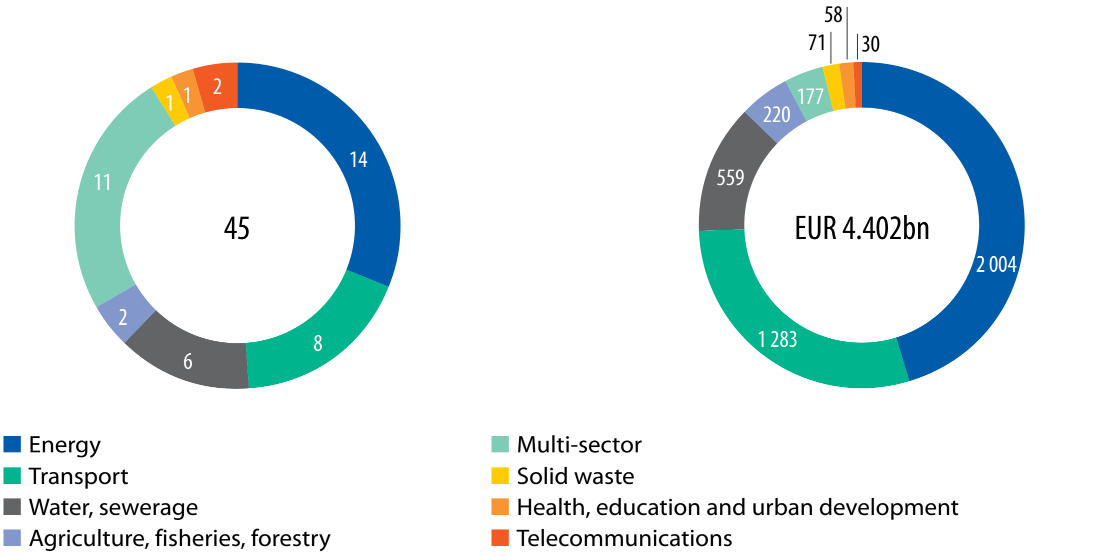
Infrastructure projects will create almost 160 000 person-years of employment during construction and nearly 5 500 full-time jobs during operation. While projects in the energy, transport and water sectors generate the most jobs in total, the single forestry project is notable for its strong employment impact.

Energy – Investment in energy generation and transmission infrastructure is essential to meeting basic needs and to wider economic development. While an intermittent and poor quality elec-

Figure 6

Contribution of new projects to strategic infrastructure objective by sector

Number of new projects: Lending volume:



Note: Lending volumes for these multi-sector projects are prorated by sector where allocation by sector is defined at appraisal. Many infrastructure projects also contribute to the cross-cutting climate and regional integration objectives.

Table 4

Infrastructure projects - direct employment impact

	Employment during operation (full-time equivalent)	Employment during construction (person-years)
Energy	1 750	76 040
Transport	1 490	42 910
Water and sanitation	710	28 460
Waste management	50	1 200
Telecommunications	160	280
Agriculture, forestry	1 300	8 000
Total	5 480	156 990

tricity supply is a major constraint on businesses in many developing economies, access to affordable grid electricity can make an enormous contribution to standards of living, with positive knock-on effects on education and health. The energy sector is also central to efforts to mitigate climate change, both through the expansion of generation from renewables and the achievement of greater efficiencies within existing infrastructure.

The 14 new energy sector projects signed in 2015 include nine focused on expanding and upgrading power transmission and distribution networks. These projects will enable over 29 300 GWh of electricity to be supplied every year, and will connect more than 534 000 households to the grid. For example, the CI Energies Network Upgrade project in Côte d'Ivoire will reinforce the national distribution network, with new sub-stations and 597 km of powerlines installed or upgraded. This will help improve the quality and availability of electricity in the cities of Abidjan, Bouake and San Pedro, achieving new connections to 224 000 households and businesses.

Table 5

Addressing infrastructure needs – overview of key expected results

	Expected outputs		Expected outcomes	
Energy	Generation capacity	2 615 MW	Annual electricity production	17 400 GWh
			Households potentially served	7.2 million
	New/upgraded substation capacity	4 769 MVA	Annual electricity transported	29 300 GWh
	New/upgraded power lines	5 486 km	New households connected	534 100
Transport	Length of road built/upgraded	967 lane km	Vehicles benefiting, per day	208 700
			Time savings (hours/year)	2.9 million
			Annual vehicle operating cost savings	EUR 2.3m
	New/upgraded urban transport route (bus/tram/metro)	34 km		
	New/upgraded urban stations or stops	39	# passengers benefiting, per day	534 000
	Vehicles or rolling stock purchased	396	Passenger time savings (hours/year)	37 million
	Railway track built or upgraded	221 km	Rail cargo carried (tonnes/year)	2.7 million
	New/upgraded railway stations	11		
Water & sanitation	New/upgraded water treatment capacity, per day	207 000m³	Households benefiting from improved water supply	947 000
	New/upgraded water mains/pipes	3 000 km		
	New/upgraded domestic water connections	65 000		
	New/upgraded wastewater treatment capacity (person-eq.)	1 288 000	Households benefiting from improved sanitation services	399 500
	New/upgraded sewer/storm pipes	945 km	Wastewater treated to acceptable standards (person-equiv.)	1 288 000
	New or rehabilitated domestic connections to sanitation services	60 000		
Solid waste	New sanitary landfill capacity (m³)	8.4 million	Waste disposed in new sanitary landfill (t/yr)	400 000
	Closed/rehabilitated landfill (m³)	7 million	Population served by new sanitary landfill	492 000
Telecoms	Homes passed by broadband	201 000	Household broadband connections activated at completion	64 900
	Homes connected to broadband	120 000		
Agriculture & forestry	New forest planted	80 000ha	Annual GHG emissions sequestered by forests (tonnes CO_2 eq.)	840 000
	Area under improved management	20 000ha		

Electricity transmission projects are also important for meeting domestic demand by enhancing the capacity of existing networks to integrate electricity generation from renewable energy sources such as wind and hydropower, as in the Nepal Power System Expansion Project (see Box 13).

Four projects in 2015 focus on energy generation, three of these on the development of renewable sources of energy. Together these will generate 3 136 GWh of electricity annually, sufficient to supply 2.45 million people in the countries concerned. In one case, the EIB is taking over the risk from hydropower, transmission system and energy efficiency projects initiated by the World Bank in the Ukraine. This will also free up World Bank lending capacity to help Ukraine finance energy imports in the shorter term to avoid the occurrence of a severe energy crisis.

The single project developing non-renewable energy resources is the Damanhour Power Plant in Egypt which will build a new efficient combined cycle gas turbine which will have a massive impact in overcoming electricity shortages in the country, producing enough electricity to potentially serve 4.7 million households. Power cuts are not just an inconvenience for Egyptian households; a recent EIB-EBRD-World Bank survey has revealed that local businesses lose 5% of their annual revenue to these interruptions. The EIB is also supporting the rehabilitation of municipal infrastructure in Ukraine, which will have a strong focus on energy infrastructure (see Box 8).

Transport – The EIB signed eight new transport sector projects in 2015. Two of these are developing inter-urban rail links. The Route 10 rail rehabilitation project will upgrade 149 km of track

Box 8

Rehabilitating municipal infrastructure in Ukraine

The Ukraine Municipal Infrastructure Programme will help address the problem of the aging and inefficient infrastructure in Ukraine's towns and cities. The EUR 800m programme, 50% funded by the EIB, will include 20 to 40 selected projects to rehabilitate district heating systems, power plants, public lighting, ventilation and air conditioning systems, solid waste management systems and facilities, water supply systems or wastewater treatment facilities. This will extend the coverage and improve the quality of essential services. It will also reduce negative environmental impacts and the waste of raw materials and energy.

Each sub-project will be individually appraised by the EIB and the banks will provide technical assistance to strengthen the institutional and technical capacity of the Ministry of Regional Development and of municipalities. This will focus on ensuring efficient project implementation and compliance with the Bank's environmental and social standards, procurement guidelines and corruption prevention.

through Kosovo from the Serbian border to the border with FYR Macedonia. By allowing trains to travel at up to 100 km/hour and enabling axle loads in line with EU standards, it will encourage a modal shift from road transport to rail and promote greater integration with neighbouring economies. As well as developing economically important infrastructure, this project is also contributing 100% to the climate action objective, as it supports a shift to a lower carbon mode of transport. The other rail project will upgrade a critical trade link in Bangladesh (see Box 9).

Urban transport is another area that can combine significant positive impacts on the environment, the economy and quality of life. Three new projects will launch a new urban transport system in Laos (see Box 12), support varied small-scale municipal transport investments in Turkey and expand the underground metro system in Istanbul. The latter project will benefit about 460 000 passengers daily and help to reduce traffic congestion in the city.

Projects to improve road transport will upgrade 967 lane km of road surface, with accompanying measures such as drainage, bridges and safety features. Together, these

Box 9

Removing a trade bottleneck in Bangladesh

In Bangladesh, the rail corridor linking Dhaka, the capital, with Chittagong, the second city and main port, is of vital economic importance. However, the condition of the existing line presents a significant barrier to the expansion of trade and personal travel. Currently, 203 km of the line is served by a single track. As part of a programme to upgrade the whole rail corridor, the EIB is lending EUR 132m towards the upgrade of a central 70 km section of the corridor between the towns of Laksam and Akhaura.

The project intends to maximise the capacity of the line by not only upgrading the existing track but also building a second track and implementing a dual-gauge to allow not just more trains but trains of different gauges to use the line. A new signalling system, extended stations and overhead capacity will increase the capacity of the line by facilitating the use of longer trains and enabling freight containers to be double-stacked. After completion, an additional 1 million tonnes of freight (a 200% increase) and 2.7 million passengers are expected to be carried every year. The improvements are expected to encourage a modal shift from road to rail that will save passengers 9.9 million hours and avoid 64 kt of CO_2 emissions every year, with actual emissions from the project estimated at 62 kt of CO_2-eq/year. As well as being economically important for Bangladesh, the upgraded rail line will enhance trade links and regional integration with neighbouring Indian states and Bhutan.

Box 10

Improving access to water in Ethiopian towns

In Ethiopia, only 67% of the population has access to safe drinking water and only 39% has access to adequate sanitation services. The existing infrastructure also suffers from a poor technical condition and inadequate maintenance. In response, the EIB will contribute EUR 40m to a EUR 94m fund to finance projects in small and medium-sized towns across Ethiopia to build or rehabilitate water treatment plants, reservoirs and raw storage facilities. These projects are expected to connect 65 000 more households to the water network and provide access to safe drinking water for an additional 120 000 households, reducing the prevalence of water-borne diseases. Members of households who are tasked with collecting water outside the house – often children, and for two hours per day on average – will be able to devote this time to other activities.

The EIB will also provide a EUR 1.9m grant to fund technical assistance by the Bank to support the promoter in appraising, funding and monitoring the projects. This will improve its institutional capacity and ensure technical quality and compliance with social and environmental standards.

projects will benefit over 200 000 vehicles a day, saving road users around 2.7 million hours and EUR 2.3m in operating costs every year. An estimated eight road accident fatalities are likely to be avoided annually. One road project in Honduras that will be particularly important for regional economic integration is described in Box 16.

The Papua New Guinea Rural bridges project is the first EIB operation in the country. It will replace temporary road bridges with permanent two-lane bridges, improving safety and travel times. This is expected to enhance access to employment, markets and basic government services in a country where some 85% of the population lives in rural communities.

Water, sanitation and waste – Six new projects in the water and sanitation sector are being supported by over EUR 559m of EIB lending. Together they will improve the access to sanitation or supply of safe drinking water for some 1.35 million households. This can be expected to have very significant knock-on impacts in countries where poor water supply is a major cause of disease, as well as posing significant financial and time burdens on low income households (see Box 10).

Of particular note is also the Wadi al Arab Water System 2 project which will be important in helping the northern parts of Jordan cope with large populations of refugees from Syria. It consists of a new water intake facility from the King Abdullah Canal (fed by Lake Tiberius), a treatment plant, pumping facilities and a transmission pipeline to the Zabda Reservoir on the western side of the City of Irbid. The system will provide an additional 30 million cubic metres of potable water per year to the Northern Governorates, and areas estimated to have an urban non-refugee population of around 1.47 million people, and to be housing around 163 000 refugees at the time of appraisal. Some 10% of this project has been counted as contributing to adaptation to climate change impacts, specifically lower overall rainfall and more extreme drought events.

Adequate sanitation and wastewater treatment is also vital for human health and a healthy environment. The Wastewater Treatment Project in Guayaquil, Ecuador, will connect 30 000 households to the sewer system in the city. With the building of a wastewater treatment plant, associated pumping stations and 41 km of major sewage collectors, the project will improve sanitation services for around 300 000 people in total. The reduction of health risks related to water-borne diseases will improve living conditions, particularly for people living in low-income and vulnerable areas.

A single project in the solid waste management sector will make an important contribution to managing the environmental impacts of waste disposal in Yerevan, the capital of Armenia (see Box 14).

Telecommunications – Access to high-speed internet is becoming increasingly important to economic development and also to how people access information and public services – and not just in advanced economies but also in emerging ones. Reflecting this reality, two new projects and EUR 30m of EIB lending are supporting the expansion of broadband networks, one in Angola (see Box 11) and one on the Caribbean island of St Maarten. Together, these projects will bring fibre networks past 200 000 homes, achieving 120 000 household connections. It is expected that almost 65 000 of these connections will already be active by the end of the projects.

Agriculture and forestry – Building on two earlier successful EIB-funded projects, the Afforestation and Erosion Control Project 3 will support reforestation over 80 000 ha of degraded land in Turkey, forest rehabilitation on 20 000 ha and erosion control measures on a further 155 000 ha. Alongside significant positive impacts with regard to both climate change mitigation and adaptation, this project is expected to have a significant direct employment impact, creating 8 000 person-years of employment during implementation and 1 300 permanent jobs associated with natural resource use and management.

Box 11

Connecting Angolans to the web

In the face of falling oil prices, economic diversification and the reduction of dependence on oil is considered a top priority for Angola. Infrastructure investment, including in telecommunications, is vital to achieve this. In this context, the EIB will finance EUR 20m of a EUR 47m investment by TVCABO, a multimedia service provider, to install or expand broadband networks in seven cities across the country. A total of 83 400 additional homes will be passed by fibre networks able to provide ultra-high speed broadband services, with 45 300 new connections and nearly 25 000 new fibre lines activated. Expanded access to broadband connectivity will contribute to the development of the Angolan broadband market: increased volumes will lead to reduced prices for international connectivity, and increased competition through the expansion of TVCABO is expected to exert downward pressure on retail prices.

Access to broadband connectivity can lead to increased productivity across the entire economy by allowing better flows of information. A connected environment is more favourable to private sector development, and more attractive to international investors. This project is therefore expected to contribute to the diversification of economic activity and to enduring economic growth in Angola.

Completed project case study: Extending access to grid electricity in Brazil

Elektro Electricidade e Serviços S.A. distributes electricity to a 120 000 km² area of Brazil's São Paulo and Mato Grosso do Sul states, home to 5.7 million people. The aim of this project was to meet regulatory requirements to guarantee a certain quality and reliability of supply, reduce losses and increase access to electricity, including for low income households in urban, peri-urban and rural areas. Enhancing the capacity of the electricity distribution system is also needed to support economic growth.

The project, completed on time and on budget, involved the construction or upgrade of 2 640 km of powerlines and 21 substations. Power outages have decreased by over 8% to 8.29 hours per year, the best performance among Brazilian distributors. The installation of 69 000 new meters has contributed to Elektro reducing network losses to 6.8%, improving the performance of the system. It has been possible to connect 129 000 new customers to the network, thus expanding access to this vital service.

The EIB provided a EUR 95m loan towards this EUR 191m project, with a 12-year repayment period. This is significantly longer than maturities available in the local market which typically span a maximum of seven years. Importantly, the EIB has also absorbed the foreign exchange risk on this loan, further facilitating investments of this type.

This is the first infrastructure project appraised under the ReM framework that has also reached completion. Expectations at appraisal were largely met and in some cases exceeded. The number of new customers connected to the network was notably 11% higher than expected and the improvement in power outages was also greater than the initial estimates.

Figure 7

São Paulo Power Distribution project

EIB contribution

- Loan equivalent to EUR 95m
- FX risk taken by EIB
- 12-year tenor period, 5 years longer than the typical maximum maturity available in the local market

Context

- Growing demands on electricity network
- High system losses
- Demand to increase reliability of supply and electrification rates (e.g. among low income groups and rural areas)

Outputs

- 2 640km power lines new or upgraded
- 21 new or upgraded substations
- 69 000 meters installed
- 1 200 person-years employment during construction

Outcomes

In first full year of operation (2014):

- 129 000 additional customers connected
- Power outage time reduced 8.3%

Impacts

- Expansion of access to electricity and improved quality of supply, supporting economic growth and poverty alleviation

Completed project case study: Access to water in Ouagadougou

When the AEP Ouagadougou II project was appraised in 2007, it was estimated that the existing water supply infrastructure in the capital of Burkina Faso would become unable to meet the increasing demand within the next two years. While the existing water treatment plant was in need of rehabilitation, the population of the city had increased by 30% since 2001 and growth was expected to continue. In the peri-urban areas of the city that absorb many new migrants, drinking water could only be accessed from private resellers at an inflated price, or by travelling to water points in the inner areas of the city.

The EUR 60m project supported by the EIB was part of a wider national programme in Burkina Faso to improve access to water and sanitation, itself part of efforts to achieve the Millennium Development Goals in the country. The EIB provided a EUR 8.5m loan to the promoter, the Office National de l'Eau et de l'Assainissement (ONEA). EIB funding was also linked to the development and implementation of measures to ensure the financial sustainability of the water supply system in Ouagadougou through improved payment of water bills and improved management of ONEA itself. The EIB also provided support to ensure that procurement was carried

Figure 8

AEP Ouagadougou II

EIB contribution
- EUR 8.5m long-term loan
- Support to strengthen cost recovery model and procurement processes

Context
- Rapid growth of Ouagadougou
- Expansion of peri-urban areas with no access to the existing water distribution system
- Existing water treatment plant needing rehabilitation

Outputs
- New water treatment plant with 900m³/h capacity
- Rehabilitation of existing plant
- Total treatment capacity increased by 30 000 m³/day
- Expansion of distribution network

Outcomes
- 32 000 new households connected
- 500 000 people benefiting from improved water supply in total, 120 000 of which in peri-urban areas

Impacts
- Reduction of money and time cost of accessing water for beneficiaries in peri-urban areas
- Impact on poverty reduction and health
- Improved financial sustainability of water supply system

out appropriately. The project builds on a previous operation, funded by the Bank in 2001, which set up key elements of the water production, treatment, and distribution system in Ouagadougou. A third project is currently under way to ensure that peak demand during the dry season can be met.

The project has constructed a new water treatment plant with a capacity of 900m³/hour, in addition to the rehabilitation of the existing plant. This has achieved an increase in the total water treatment capacity of the system from 60 000 to 90 000m³/day. The project also included the expansion of the existing distribution network, including 32 000 new user connections. It is estimated that in total, more than 500 000 people now benefit from improved water as a result of the project. Nearly 25% of these beneficiaries reside in the periphery of the city where they are likely to benefit from significantly reduced money or time costs for accessing water, thereby contributing directly to poverty reduction, as well as to public health improvements. The changes to the cost recovery model applied as part of this project have also enhanced the financial sustainability of ONEA: current drinking water tariffs can cover the cost of service and no tariff increases are planned until at least 2017.

Climate action

Facing up to the reality of climate change will increasingly require the mobilisation of resources at the global level to invest in strategies for both mitigation and adaptation. As both the cause and effects of climate change are global, extending and expanding climate finance beyond the borders of the EU is a vital part of EU external and development policy. Climate change cannot be tackled on a regional basis alone. Not only are the effects global, we have a moral obligation to help less developed and emerging economy countries to invest to achieve a sustainable development path and to adjust to the effects of climate change that are already becoming apparent.

New projects in 2015 – expected results:

3 136 GWh/year

new renewable energy supply, enough to supply

2.4 million households

538 GWh/year

energy efficiency savings

As the bank of the EU, and as the world's largest single provider of climate finance in volume terms, the EIB has a central role to play in these efforts. This is even more so the case after the ground-breaking global agreement in Paris at the UNFCCC conference. Not only does the Bank have an impressive track record in mobilising financial resources, which it can bring to support countries and their Nationally Determined Contributions, targeting pathways to keep global warming well below an average of 2°C, but we can also build on our extensive technical and financial experience with climate finance within the EU in our lending in the rest of the world.

Estimated carbon footprint for ReM portfolio:

Absolute GHG emissions:

1.4 Mt CO_2-eq/year

Avoided emissions relative to the expected alternative:

1.4 Mt CO_2-eq/year

Figure 9

Contribution of new projects to climate change objective by sector

Number of new projects: Lending volume:

- Energy
- Transport
- Water, sewerage
- Agriculture, fisheries, forestry
- Multi-sector
- Solid waste
- Credit lines
- Other

Note: Lending volumes for multi-sector projects are prorated by sector where allocation by sector is defined at appraisal. The climate change objective is cross-cutting: all projects also contribute to the private sector development or social and economic infrastructure objectives.

Of the new project lending approved in 2015, EUR 2.115bn will contribute to the cross-cutting policy objective of climate change mitigation and adaption. This will be achieved through a large number of projects across almost all sectors, all of which also contribute to local private sector development or the development of social and economic infrastructure.

In many cases, only part of a project contributes to the climate change objective, and only a proportion of that project's lending total is accordingly reported as contributing towards the objective. Analysis of the results of past EIB projects has revealed how many projects make a small contribution to action on climate change even if this is not the main objective of the project. A typical example is a credit line for SMEs in which some investment projects by SMEs involve achieving greater energy efficiency in buildings or installing small-scale renewable energy generation capacity, such as solar panels. Such small contributions add up and make a difference, and this is why it is important to keep track of these results. Accordingly, some 66 of the new projects in 2015 contribute to the climate action objective. This includes 24 credit lines. The Bank applied in 2015 an estimate of 2% as the likely climate content that will be found in future allocations under credit lines signed in 2015. The 2% is based on an analysis of earlier credit lines, namely of the activities financed at allocation level (financial intermediaries' on-lending to final beneficiaries) under similar non-dedicated credit lines in 2012-2014.

In fact, because many climate action projects covering renewable energy development, energy efficiency, local transport, forestry and various kinds of adaptation are often small in scale, credit lines and equity funds are playing an increasingly important role in the provision of finance.

Nonetheless, by far the largest contribution to climate action continues to come from larger projects in the transport and energy sectors which together account for 73% of new project climate action lending outside the EU in 2015. Agriculture and forestry also continues to play an important role.

Climate-friendly modes of transport – Investing in lower-carbon modes of transport such as rail and urban mass transit systems, enabling and encouraging a shift from heavily polluting road transport, is an important way of reducing carbon emissions overall. At the same time, it is a way of improving the quality of life for passengers and urban dwellers and fostering economic growth and poverty reduction.

New climate action projects in 2015 include six transport sector projects. The Istanbul Underground Rail Network project will construct a new 23 km metro line with 18 stations. It will facilitate the movement of Istanbul's citizens through the heavily congested business and economic core of the city, linking it with the more residential areas in the north-western districts of Istanbul. It will offer a sustainable mode of transport, saving time, improving living conditions, reducing air and noise pollution, as well as protecting human lives through the reduction of accidents. It will be used by around 460 000 passengers every day. The absolute carbon footprint of the project is estimated at 33 kt CO_2-eq/year. However, by encouraging a modal shift from road transport, it is estimated that emissions will be reduced by 43 kt CO_2-eq/year.

Another project will establish an urban mass transit system in Vientiane, the capital of the Lao People's Democratic Republic (see Box 12), whilst the Laksam-Akhaura rail project in Bangladesh (Box 9)

Box 12

Sustainable urban transport in Vientiane

The development of urban transport in Vientiane, capital of the Lao People's Democratic Republic, has followed an increasingly unsustainable path. Car ownership almost tripled between 2005 and 2012, while motorcycle ownership doubled. Only 1% of journeys are made by bus, and the rest by motorcycle, car or auto rickshaw or "tuk tuks". The consequences of increased motorisation are increased congestion, road accidents and greenhouse gas emissions.

The EIB supports the national government's sustainable development strategy to facilitate a shift from private to public transport. The Bank will provide a USD 20m loan to help finance a Bus Rapid Transit system with 11.5 km dedicated bus-ways, 21 enclosed stations and 96 new buses that will improve traffic flow and safety across the capital. The introduction of parking management and vehicle registration systems will enable traffic management and improve accessibility for pedestrians and other non-motorised traffic. These improvements are expected to encourage a shift from private to public transport that will reduce $C0_2$ emissions whilst saving 1.5 million hours per year for bus passengers. The project will benefit from technical assistance provided by the EIB and funded through a EUR 5m grant provided by the Asian Investment Facility.

will enable 1.5 million tonnes of cargo to be carried by rail every year. It will be associated with absolute emissions of 62 kt CO_2-eq/year, whilst achieving an emissions reduction relative to the likely alternative scenario of an estimated 64 kt CO_2-eq/year. Smaller-scale urban mass transport projects will be the focus of a EUR 250m credit line to Iller bank in Turkey.

Energy from renewables – Eight new energy sector projects in 2015 will contribute to action on climate change, as will a number of multi-sector projects with a component focused on renewable energy generation. Total renewable energy generation capacity of 797 MW is expected to be installed, enabling a supply of 3 136G Wh/year, potentially serving some 2.4 million households.

The Warsak hydroelectric project in Pakistan will consist in the rehabilitation of an existing, 50-year old hydropower plant, which would otherwise be required to cease operation due to the deterioration and obsolescence of plant and equipment. The

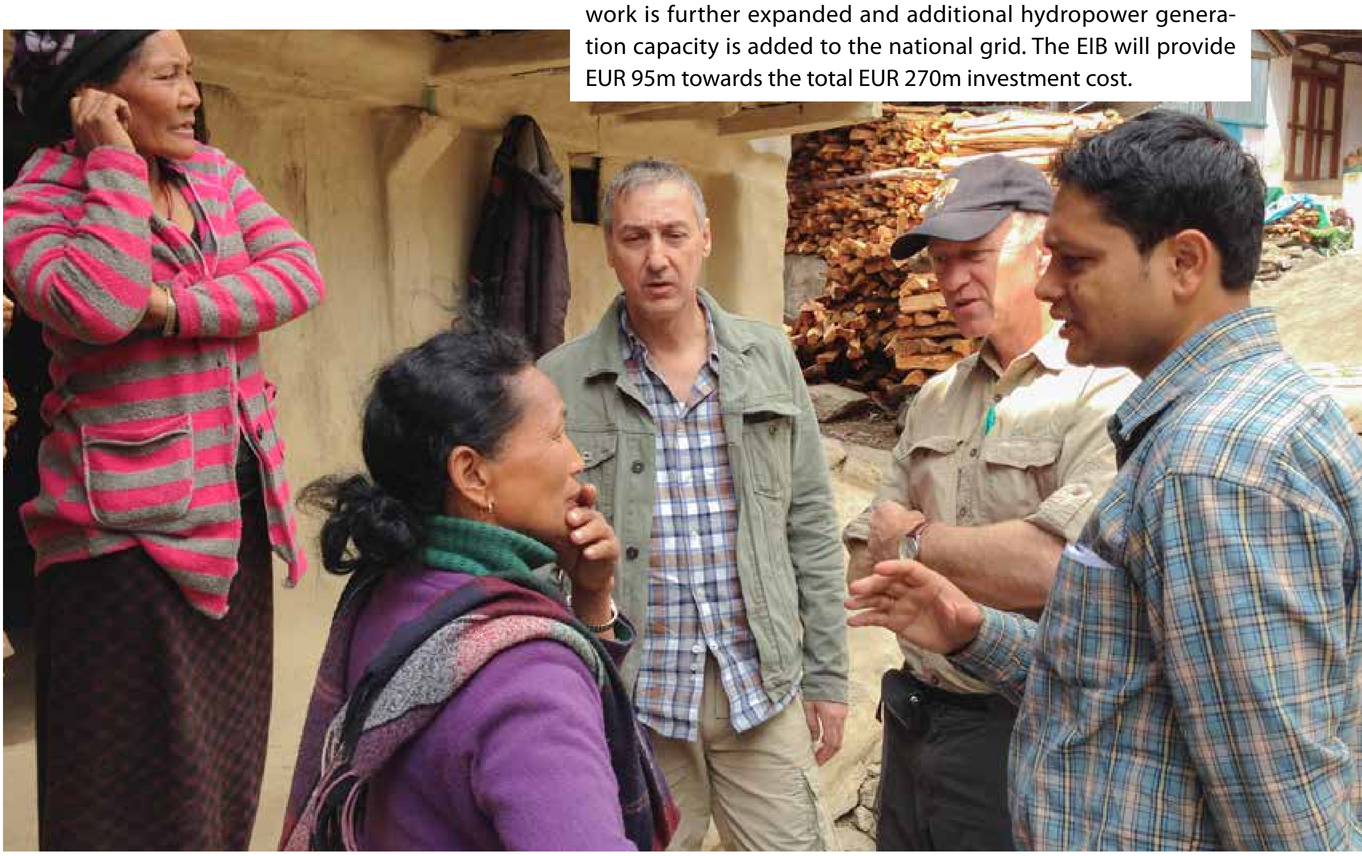
Box 13

Expanding Nepal's power grid

Nepal is facing chronic power shortages, particularly during the dry season. Only 65% of the country's households have access to electricity, with only 56% connected to the national grid. Many Nepalese are becoming increasingly reliant on self-generation from diesel generator units.

This project will provide modern, efficient and reliable transmission infrastructure to supply electricity from hydropower schemes in the Himalayan region to meet the increasing demand for power in the main load centres in Nepal, in particular in the Kathmandu Valley. The economic benefits include an increase in electricity access rates, a reduction in unmet demand, lower transmission system losses and substitution of clean energy from indigenous hydropower resources for expensive and polluting oil-fired diesel generators.

The project will construct seven new high voltage transmission lines (386 km in total) to connect hydropower schemes in the Himalayan region to the national grid. This will enable the delivery of an estimated 1 900 GWh/year, helping to alleviate the acute power deficit. In the longer term, Nepal will increasingly be able to export energy, as the high-voltage transmission network is further expanded and additional hydropower generation capacity is added to the national grid. The EIB will provide EUR 95m towards the total EUR 270m investment cost.



rehabilitation will restore its generating capacity to the original 243 MW, enabling the plant to produce enough electricity once more to supply the equivalent of around 810 000 households in the country. With absolute emissions of effectively zero, it will reduce emissions by an estimated 335 kt CO_2-eq/year compared with the expected alternative.

The Negev Solar Thermal project in Israel is smaller, but will be important for helping to demonstrate the viability of this new technology in a region with enormous solar energy potential. It will supply the equivalent of around 87 000 households.

One of the key challenges with the development of renewable energy sources is their integration into electricity transmission networks. Creating capacity for the future expansion of renewables is thus a key aim of a number of new electricity transmission projects. The Nicaragua hydro development project will combine the installation of a 253 MW hydropower plant capable of supplying nearly 1.4 million Nicaraguan households, but increase the capacity of the national transmission system by 21%, also creating space for further development of renewables.

This kind of grid adaptation to accommodate generation from renewables is also a central objective of the Nepal Power System Expansion Project and the Nepal Grid Development Programme (see Box 13).

One new operation addressing the need for financing for smaller renewable energy projects is the Africa Renewable Energy Fund. The EIB played a substantial advisory role in shaping the fund and ensuring that it is able to attract development finance. It will provide equity or quasi-equity funding to around 10-12 enterprises, enabling them to build, develop and commission an equal number

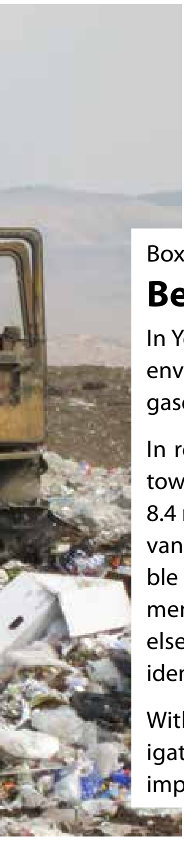
of renewable energy projects in sub-Saharan Africa, contributing to sustainable growth and access to energy, whilst also mitigating climate change.

Energy efficiency – The rehabilitation of existing infrastructure as well as all kinds of commercial and residential buildings can achieve important reductions in demand for energy and thus our demands on the environment.

Aging power transmission systems present an opportunity for efficiency gains that are often very large. For example, a project to reinforce the power transmission and distribution infrastructure in and around Lusaka, the capital of Zambia, will remove bottlenecks from the current aged power network infrastructure, which is reaching its limits. This will improve the security and reliability of local supply, reduce power disruptions, cater for increasing demand and allow some 30 000 new household connections. It will also reduce technical losses, thereby avoiding GHG emissions and also saving 110 GWh per year.

Smaller energy efficiency gains can also be achieved in other infrastructure sectors such as water, with the wastewater treatment project in Guayaquil, Ecuador, for instance, achieving a saving of 0.75 MW per year through more efficient equipment. The solid waste sector can make an important contribution to mitigating climate change, not so much through energy efficiency gains in the narrow sense, but by increasing the efficiency of materials recovery through recycling and by reducing GHG emissions from landfill (see Box 14).

A substantial contribution to greater energy efficiency will be made by framework loans for smaller projects implemented by local public authorities, and by certain dedicated credit lines for SMEs. The Ukraine Municipal Infrastructure Programme will both extend the coverage and reduce the energy intensity of essential services including district heating, municipal lighting and new water, wastewater and solid waste systems. The refurbishment of buildings will also contribute to efficiency gains.



Box 14

Better waste management in Armenia

In Yerevan, the capital of Armenia, the existing unsanitary landfill poses considerable risks for public health and the environment. Effects include windblown litter, fires, discharge of contaminated water and emissions of greenhouse gases. Improvement of solid waste management is a priority for the country.

In response, the EIB is lending EUR 17m and has mobilised a EUR 2m investment grant from E5P Regional Fund towards a EUR 35m project to close and rehabilitate the old landfill and build a new sanitary one. With approximately 8.4 million m^3, the new landfill will receive 400 000 tonnes per year of solid waste, serving 1.9 million residents in Yerevan and surrounding areas. In addition, measures for reducing and diverting waste such as the collection of recyclable materials and bio-waste, recycling centres, material recovery and composting facilities will be evaluated and implemented. These measures are expected to have a demonstration effect, leading to similar projects being developed elsewhere in Armenia. The EIB will provide technical assistance for both the rehabilitation of the old landfill site and identifying waste diversion measures.

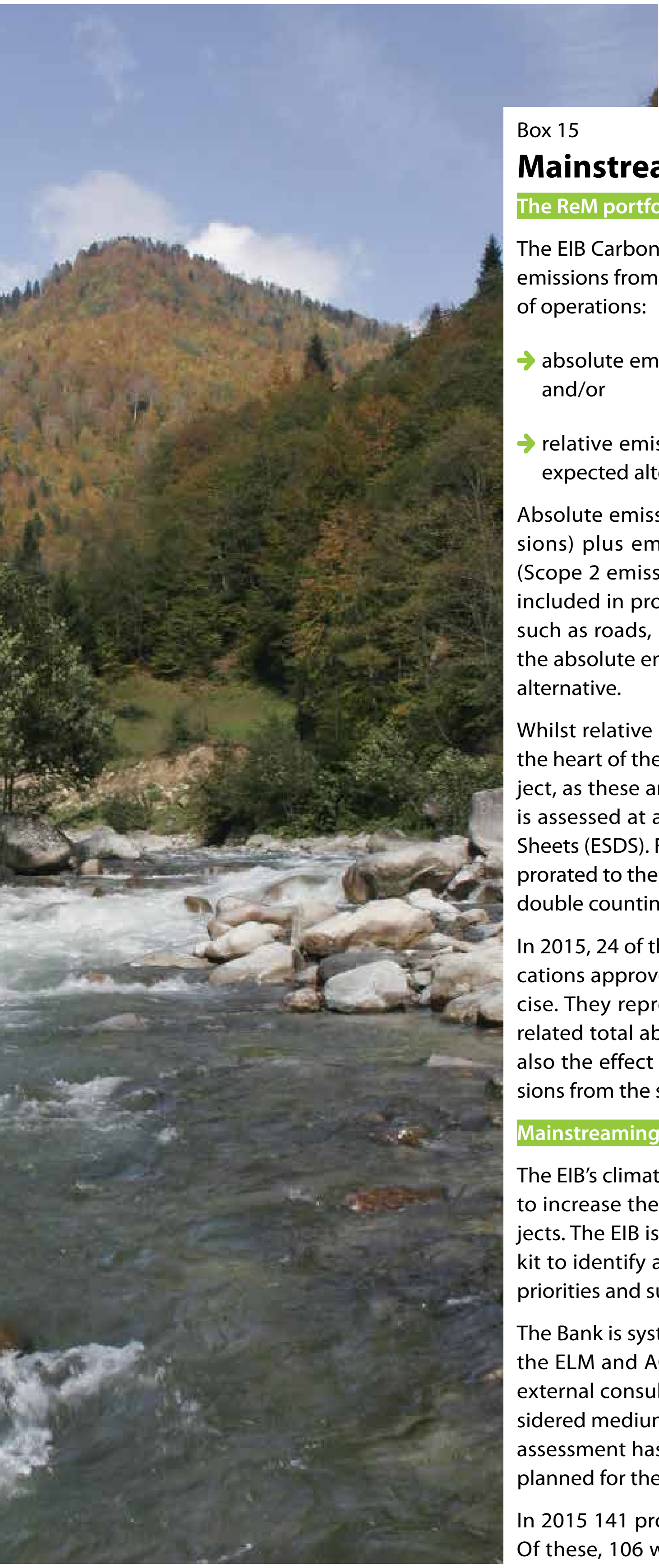
With emissions during operation estimated at 87 kt CO_2-eq/year, the project will contribute to climate change mitigation, by reducing greenhouse gas emissions from waste disposal by 140 kt CO_2-eq/year. The project will help to improve public health and quality of life in Yerevan.

Another significant new intermediated operation is the FEMIP Sustainable Energy Facility, which contributes 100% to the climate action objective, under which credit lines will be provided to local financial institutions in Jordan and Morocco to finance energy efficiency and small renewable energy investments by industry, SMEs, agribusinesses and households. It is envisaged that 75% of the Facility will be used to finance energy efficiency investments and 25% for small renewable energy investments.

It is in the nature of these intermediated operations that the selection of sub-projects is not known ex ante and that climate impacts and other results cannot therefore be meaningfully estimated in advance. Energy efficiency gains for the new projects where estimates have been possible total 538 GWh per year. A further 67 GWh per year will be saved through losses reduction in two power distribution projects.

Agriculture and forestry – Investment in these sectors can play a critical role, not just in mitigating climate change through carbon sequestration, but also in enhancing the resilience of food production systems to changing climatic patterns. The Ukraine Agri-food Apex Loan will promote greater resource efficiency in the agriculture-food value chain but will also help to improve the climate resilience of the sector.

The Afforestation and Erosion Control Project 3, mentioned above, will contribute strongly to climate change mitigation through enhanced forest growth and the fixation/sequestration of carbon. With the planned afforestation and forest rehabilitation, sequestration is estimated to increase to 840 kt CO_2-eq/year versus a baseline of 60 kt CO_2-eq/year by the existing degraded forests. The operation is also expected to ensure the future supply of forest-based renewable resources to the local private sector. Around 15% of the annual harvest may eventually be used for renewable energy production from wood. In addition, this project supports adaptation to climate change impacts by focusing directly on erosion control in a climate change scenario.



Box 15

Mainstreaming Climate Action

The ReM portfolio carbon footprint

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

- absolute emissions (actual emissions from projects) exceed 100 000t CO_2-eq/year; and/or
- relative emissions (estimated emissions increases or avoidance compared to the expected alternative) exceed 20 000t 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.

Whilst relative emissions are important for comparing technologies and projects, at the heart of the EIB's footprinting approach are the absolute emissions from each project, as these are what will ultimately affect our climate. Individual project GHG data is assessed at appraisal, and reported on the Bank's Environmental and Social Data Sheets (ESDS). For the purposes of aggregated annual reporting, project emissions are prorated to the volume of EIB funding of each project that year, thus avoiding possible double counting with the reporting of other IFIs.

In 2015, 24 of the projects outside the EU (including signed operations and large allocations approved during the year) were included in the 2015 Carbon Footprint Exercise. They represent total EIB signatures or allocation approvals of EUR 2.8bn. The related total absolute GHG emissions are estimated at 1.4Mt CO_2-eq/year (reflecting also the effect of CO_2 sequestration by forests), with overall reduced/avoided emissions from the same financing estimated at 1.4Mt CO_2-eq/year.

Mainstreaming climate risk assessment

The EIB's climate strategy emphasises the promotion of risk management approaches to increase the resilience of assets, communities and ecosystems related to EIB projects. The EIB is currently developing a climate risk and vulnerability assessment tool kit to identify and address project vulnerabilities. This will allow it to better identify priorities and support adaptation actions in its financing.

The Bank is systematically screening all new operations (at pre-appraisal stage) under the ELM and ACP mandates. An immediate climate risk screening by EIB experts or external consultants is carried out for projects where the climate change risk is considered medium or high, where appraisal is expected within six months and where no assessment has been carried out by another institution, with further screening work planned for the later projects.

In 2015 141 projects under the ELM and ACP mandates were at pre-appraisal stage. Of these, 106 were considered medium to high risk, with 52 requiring a climate risk assessment by the EIB.

Completed project case study:
Supporting growth with wind power in Morocco

Morocco has experienced rapidly growing demand for electricity as living standards improve. At the time when this project – ONE Parc Éolien de Tanger – was appraised in 2003, electricity demand was predicted to double in 15 years, a prediction which is so far proving accurate. Sustaining this growth without severe negative impacts on the environment remains a key challenge for the country, however. In 2003, generation from renewable sources accounted for only 6% of Morocco's electricity supply.

The aim of this EUR 237m project was to develop a wind farm 15 km east of Tangiers, on the northern coast of Morocco, to expand and diversify the country's generation capacity using an abundant renewable resource. The EIB provided EUR 80m of funding to be repaid over 15 years, the expected life of the project.

The project is sited in a sparsely populated area, on poor quality land mostly used for livestock grazing and forestry, and with no nearby areas of conservation significance. However, the site is located on one of the main routes for birds migrating between Western Europe and Africa. The Bank was therefore heavily involved in project preparation and early implementation, to minimise risks of negative impacts of the farm on migratory birds. With the support of a leading international ornithological institute, the placement of the wind turbines was carefully designed to create safe corridors for migrating birds and to minimise the risks of bird strike.

The Bank also linked its financial support to a number of actions to be taken by the promoter in the project preparation phase. These actions included the appointment of an engineering consultant to provide technical assistance during implementation; the selection of wind turbines acceptable to the Bank based on proven operating experience; and satisfactory completion of a public consultation procedure by the local authorities to ensure

Figure 10

ONE Parc Éolien de Tanger

EIB contribution

- EUR 80m loan
- Involvement in project design and implementation to minimise impact on migratory birds and ensure proper consultation with local communities.

Context

At appraisal:

- Electricity demand in Morocco projected to double within 15 years
- Only 6% of local electricity generation from renewables
- High coastal wind power potential

Outputs

- 165 wind turbines with a generating capacity of 140 MW
- 225 kV substation and underground grid connecting the site.
- 3km transmission cable

Outcomes

- 454 GWh/year electricity generated, enough to supply 320 000 households
- Cost of generation around EUR 95 per MWh, competitive with modern gas-fired generation

Impacts

- Supporting economic growth and improving living standards
- Significant GHG emissions reduced/avoided

that impacts on local communities were minimised. Successfully addressing these environmental issues required some delays in implementation.

The completed project comprises 165 wind turbines with a combined generation capacity of 140 MW, an underground electrical grid connecting the turbines to a new 225 kV substation and 3 km of overhead line linking the project to the existing high voltage substation at Melloussa.

Since entering into full operation, the wind farm has so far generated around 454 GWh per year, enough to supply about 320 000 households in Morocco. This is around 10% lower than expected due to wind conditions that have been slightly less favourable than forecast over this period. Nonetheless, the farm remains an economically competitive alternative to thermal generation within the Moroccan power system, such as a combined cycle gas turbine, generating an economic rate of return of around 13%: a renewable power source operating with very low absolute GHG emissions.

This was the second wind farm to be developed in Morocco, after Parc Éolien de Tetouan, which was also part-financed by the EIB and which first demonstrated the potential of wind power in the country. The farm in Tangiers contributes to the realisation of this potential.

Regional integration

Bringing countries closer together through regional integration is an additional policy objective of the EU that guides EIB lending around the world. In practice this can mean creating physical infrastructure links such as road, rail and energy networks. It can also mean facilitating trade and financial linkages across regions and the process of convergence in economic output and standards of living. Fostering links and convergence between EU and neighbouring partner countries is particularly important in this regard.

The EIB signed 23 new projects in 2015 that contribute to regional integration. The total approved EIB finance for these projects was EUR 2.586bn. These projects cover energy interconnections, transport links, regional equity funds and support for convergence through local private sector development.

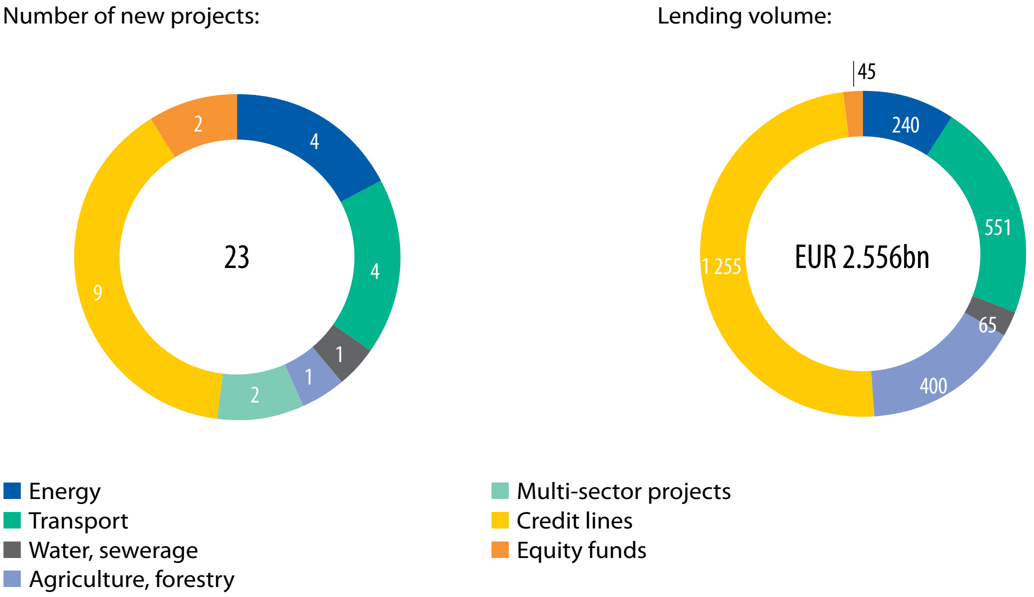
Energy interconnections - The regional integration of energy resources can be important in opening up opportunities for the development of renewable resources, matching generation potential in one location to demand in another. Energy network connections can also be vital for enhancing security of energy supplies.

Promoting regional integration:

- **Facilitating cross-border mobility and trade**
- **Supporting energy security and renewable energy development**
- **Spreading financial expertise and capital to underserved markets**
- **Supporting private sector convergence with the EU in Pre-Accession countries.**

Figure 11

Contribution of new projects to the regional integration objective by sector



Note: Lending volumes for multi-sector projects are prorated by sector where allocation by sector is defined at appraisal. The regional integration objective is cross-cutting: all projects also contribute to the private sector development or social and economic infrastructure objectives.

Box 16

Connecting Honduras, Guatemala and El Salvador

The Corredor de Occidente connects the industrial capital of Honduras, San Pedro Sula, by road to Guatemala and El Salvador. The corridor is of both national and international importance due to its impact on regional integration and cross-border trade. Recently signed customs agreements between the three countries are expected to lead to increased trade and traffic along the route. However, sections of the corridor are in a very poor state: large potholes, gravel sections, landslides and lack of signage increase travel times and undermine safety. The EIB will contribute EUR 83.8m to rehabilitate 116 km of the corridor, bringing it into line with the European Commission's Road Safety Directive – a first for the country. In partnership with the Latin America Investment Facility, the project encompasses a capacity-building programme that will ensure enhanced road safety through capacity-building for road safety audits. The improvements implemented by the project are expected to save travellers 2.5 million hours and reduce vehicle operating costs by EUR 2.1m every year, whilst also reducing the number of road fatalities. Moreover, the increased connectivity and trade is expected to support development in the Copán region, one of the most deprived regions in Honduras, and strengthen Honduras's position as a logistical centre in Central America.

The Caucasus Transmission Network project consists of the construction of an electricity transmission line and a high voltage direct current station to create an interconnection link between Armenia and Georgia. The link will allow continuous energy trade between the two countries, enabling Armenia to better access regional and, via Georgia and Turkey, European (ENTSO-E) markets. The link will transport an estimated 1 073 GWh annually and improve security of electricity supply in both participating countries. For these countries, ensuring a reliable supply of electricity is one of the conditions for attracting and encouraging investment which will further lead to job creation and poverty alleviation.

Inadequate access to a reliable electricity supply is likewise a key constraint for business in the West African countries Gambia, Guinea-Bissau and Senegal. These will be linked by a 925 km coastal transmission line to Guinea-Conakry, establishing the capacity to further develop the latter's substantial hydropower potential, which has so far been only 2% exploited.

Transport links – Transport projects can promote regional integration in the most tangible of ways: by enabling easier, faster and safer movement of people and goods across borders and regions. Four new transport projects will have this effect. The Laksam-Akhaura rail project in Bangladesh will dramatically increase the capacity of a key trade route, not only for Bangladesh but also for neighbouring countries India and Bhutan. The Honduras road project, meanwhile, will encourage greater economic integration between Honduras, Guatemala and El Salvador (Box 16).

The Route 10 rail project in Kosovo runs directly from Serbia to FYR Macedonia and will help to bring these three economies closer together by facilitating movement between them. Lastly, one project will implement essential safety upgrading works in the main airports of Malawi, helping to ensure that international carriers can use these airports and thus maintaining vital links with the rest of the region and the world.

Supporting economic convergence – The process of private sector development, which the EIB supports through its credit lines, can lead to regional integration where it helps enterprises meet the standards that are required for exports into other regions – such as the EU. That is why EIB support for SMEs and midcaps in the Pre-Accession region and some other EU neighbours is regarded in general as contributing to the objective of supporting regional integration. In some cases, such as the Ukraine Agri-Food Apex Loan (Box 2), helping local producers to meet EU standards, thereby opening

up opportunities for regional trade with the EU, is an explicit focus.

Equity funds such as the APIS Growth Fund and the Energy Access Fund, both focusing on the ACP region, are also important for regional integration because of their regional focus, spreading financial expertise and capital across regions to markets where this kind of finance is still very much lacking. Funding for research and development activities may also have a strong regional integration element, with funding often leading to intensified collaboration between EU research institutions and institutions outside the EU, helping to develop lasting economic links. One such R&D project that was originally appraised under the ReM framework reached completion in 2015 (see Box 17).

Box 17

EU-Turkey research collaboration

The Tübitak Research Promotion project was signed in 2012 and completed in 2015. It helped to fund the Turkish public research promoter's academic and industrial RDI programmes, covering both basic research and downstream innovation activities. In line with EU priorities concerning the strengthening of the common European Research Area and the integration of Turkey into this area, the programme resulted in an average of 140 applications for EU FP-7 and Horizon 2020 funding in collaboration with researchers in EU countries (on average 15% were successful). The programmes also resulted in an average of 1 250 patents granted per year and helped to support 212 000 person-years of employment. The EIB loan provided upstream financing to research targeted, since 2014, by the European Investment Fund's TTA Fund focusing on commercialisation of intellectual property. The RDI investment financed can be expected to help the Turkish economy to diversify and raise productivity, improving long-term growth prospects and economic integration with the EU.

Completed project case study: Connecting Mauritania

Before the implementation of the Mauritania Submarine Cable Connection project in 2010, the telecommunications infrastructure of Mauritania relied mainly on costly satellite links and was unable to provide sufficient international connectivity to address demand. The existing links only allowed an international bandwidth of 1 gigabit per second (Gbps), or 250 bits per inhabitant. This compares with the figure of around 30 000 bits per inhabitant that was typically available in Europe at the time. This limited capacity resulted in high retail prices, blocking the diffusion of internet use in the country. According to the World Bank, only 2.3% of the population used the Internet in 2010.

The project consisted of the connection of Mauritania to the 'Africa Coast to Europe' submarine fibre optic cable that currently runs from France to São Tomé. This goal was in line with the Africa-EU Infrastructure Partnership, which established bridging the digital divide between Africa and Europe as a key priority.

The EIB lent EUR 6.6m towards this EUR 21m project, which was critical in enabling the Mauritanian State's participation in the project. In addition, a EUR 1.65m interest rate subsidy was provided by the EU-Africa Infrastructure Trust Fund. The EIB was also influential in requiring open access to the cable for multiple telecoms providers in the country to ensure competition in the sector and that prices are as affordable as possible. The new undersea cable, landing in the capital Nouakchott, has a capacity of 40 Gbps and has allowed a rapid growth of internet use, with 6.5 Gbps already used by telecoms operators by 2015. As of 2014, 10.7% of the population of Mauritania had access to the internet.

The new undersea connection has also made possible additional investments that will allow for further increases in use over time. The inter-urban fibre optic network in Mauritania is being expanded by another EIB project approved in 2013. This will also involve the instalment of further connections to the borders of Senegal and Mali. In this way, the submarine cable connection is facilitating better integration both within the immediate region and with global markets, which can be seen as a component of basic infrastructure for social and economic development.

Figure 12

Mauritania submarine cable connection

EIB contribution

- EUR 6.6m loan with a EUR 1.7m EU-AITF interest rate subsidy
- Requirement for open access to the cable, to ensure competition

Context

In 2010:

- Very limited availability of international internet connectivity (1 Gbps), driving up prices for broadband
- Only 2.3% of the population use the internet

Outputs

- Undersea fibre-optic cable connection (capacity 40 Gbps) to the rest of the African coast and to Europe, with landing in Nouakchott, capital of Mauritania

Outcomes

As of May 2015:

- 6.51 Gbps in use so far
- Installed capacity allows for further investment in inter-urban connections and connections to Mali and Senegal

Impacts

- Increased number of internet users (10.7% of the population in 2014)
- Better links to other countries in the region, and to global markets, facilitating economic development

The EIB contribution – Beyond what local markets offer

14 years
average loan tenor

21 years
average tenor for infrastructure projects

36%
of projects
to benefit from
technical assistance

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

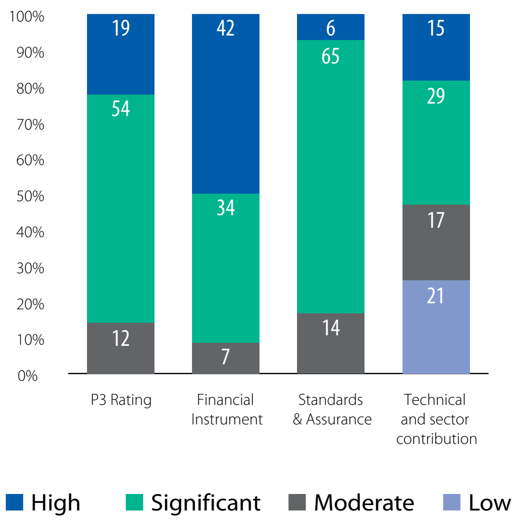
An important part of the EIB's appraisal process is an evaluation of the difference EIB involvement will make and why it makes sense for the EIB to be involved. This is what we can offer above and beyond what local markets are able to offer.

In a large majority of the 85 new projects in 2015, the "additionality" of EIB support is rated "significant" (54), or "high" (19). 12 received a "moderate" rating. The degree of additionality tends to be higher for complex projects in less developed regions, where the needs of project promoters are greatest, and less pronounced where the EIB deals with very experienced promoters and intermediaries. For this reason, the most projects with a "high" additionality rating (12) were in the ACP region, while the additionality of five projects in the Pre-Accession region was only "moderate".

Financial contribution

Tenor extension: The ability of the EIB to provide long-term funding that is often otherwise unavailable is one of the key elements of the Bank's contribution. Nearly all new operations in 2015 provide a tenor to project promoters or financial intermediaries which exceeds the typical maturity available in local markets. In most cases, the terms of EIB finance offer a close match to the economic life of the assets to be financed. The tenor provided for

Figure 13
Additionality ratings – new projects



new projects in 2015 is estimated to be around two and a half times greater than that available in the local market, on average.

Funding in local currency: For selected operations, the EIB can use different mechanisms in order to absorb foreign exchange risk. This makes funding more attractive for borrowers, including the final beneficiaries of intermediated operations whose activities are focused on domestic markets. 19 new projects in 2015 benefited from local currency funding, comprising ten credit lines for SMEs and midcaps and nine microfinance operations. 16 are in the ACP region where this is a significant source of additionality. Three are credit lines in Turkey where the EIB uses swap products which are available in the market to offer local currency funding.

Blending loans and grants: The EIB works to mobilise and manage grants from third parties alongside its loans. This is a significant source of additionality, particularly in the ACP, MED countries and Eastern Neighbourhood. 20 new projects benefited from grants in 2015, eight in the ACP, five in the Eastern Neighbours, four in ALA and three in the Mediterranean region.

For example, the FEMIP Sustainable Energy Facility aims to provide credit lines to local financial intermediaries (FIs) in Jordan and Morocco to finance energy efficiency and small renewable energy investments in the industrial, SMEs, agrifood and residential sectors. The project, which is co-financed with the EBRD (lead financier), AFD and KfW, is expected to receive two EU investment grants from the Neighbourhood Investment Facility (NIF) to provide investment incentives to sub-borrowers and to finance technical assistance.

In the ACP region, the Lilongwe Water Resource Efficiency Programme aims to bridge the gap between water demand and supply in Malawi's fast-growing capital city. The project is expected to benefit from an interest rate subsidy with a 35% grant element from the Cotonou Investment Facility subsidy envelope.

Innovation: EIB operations are considered innovative when the EIB can offer certain activities or products in a specific market context that other market players do not offer, or because the structure of the operation provides for a special partnership with project promoters.

The Meridiam Infrastructure Africa Fund, for example, aims to be a pioneer in the development of infrastructure projects procured under the public-private partnership (PPP) model across Africa. The Fund's objective of developing PPP models on the continent is likely to involve a number of transactions to serve as benchmarks for the future.

Technical contribution

The contribution of the EIB's technical staff, or external staff in advisory missions financed by the EIB from external grants, before and during project implementation, is often critical to ensuring that projects are a success and that potential negative impacts are avoided. Such technical contributions include involvement in project preparation such as financing and supervising sector studies, providing guidance on the terms of reference for feasibility studies or environmental and social impact assessments; support for project implementation, such as technical assistance to a project implementation unit; and broader sectoral support such as strengthening the capacity of key institutions. Each of these components is rated under the ReM framework to derive an overall rating for the technical contribution. For some financial sector projects, the EIB contributes technically, such as through representation on funds' supervisory boards.

For some 52% of new projects in 2015 – 44 in total – the technical and sector contribution of the EIB is rated significant or high. Projects in the ACP region, where the experience of promoters with project planning and implementation may be particularly weak, are the chief beneficiaries of such assistance, with support rated high or significant for 27 projects.

In 31 cases (36%), projects are expected to benefit from specific technical assistance measures for which the Bank will seek to procure funding from external sources such as the trust funds administered by the EIB or the EC's regional blending mechanisms.

Table 6

Average tenor provided by type of operation

Type of operation	Years
Direct and framework loans for infra-structure projects	20.7
Credit lines for SMEs, midcaps and microenterprises	8.8
Direct loans for industry and R&D	8.8
Equity-type operations	12.4

In financial sector projects, such as credit lines, a typical form of technical assistance targets financial intermediaries which receive assistance in terms of applying eligibility criteria, designing improved products and raising compliance standards. Technical assistance for the intermediaries' customers – that is to say, the private enterprises – is also being developed and expanded.

Enhancing standards and mobilising resources

Raising standards: The EIB seeks to ensure that all the projects it lends to have high environmental, social and procurement standards, and the requirements that accompany EIB funding often play an important role in raising such standards. In 79% of operations, the Bank's role in this regard is rated significant or high. One example is the Modernisation Routière 2 programme, which will fund a series of road improvement projects in Tunisia. The EIB is taking a leading role in ensuring that adequate standards are met for Environmental and Social Impact Assessments as well as the resettlement policy. The Bank has organised training courses to strengthen the promoter's capacity to carry out the assessment of environmental and social risks, including appropriate public consultation.

Demonstration effect: EIB involvement often helps to build the confidence of other investors in a project, including in infrastructure projects and funds that are designed to attract substantial

Figure 14

Operations supported by technical assistance by region

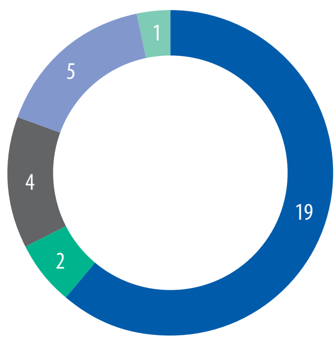


Figure 15

Operations supported by technical assistance by sector

finance from the private sector. At the same time, many projects that the Banks supports are path-breaking in that they demonstrate the viability of a technology, practice or financing mechanism in a country or sector, contributing to the build-up of local expertise and making similar follow-up investments more likely.

In this way, the CoopMed fund is important as the first microfinance fund with a specialised focus on cooperatives in the Mediterranean region, building on the fund team's previous experience in Eastern Europe. The Negev Solar Thermal Plant is significant in helping to demonstrate the viability of this emerging technology in a region with abundant solar energy potential but very heavy reliance on fossil fuel-based generation. The EIB's demonstration effect is rated high or significant in 79% of operations.

Mobilising resources: The EIB often plays an active role in helping to design the financial package used to support projects, working with project promoters and co-financiers to achieve an effective project design and a faster financial close. In 47% of the operations, the EIB's role in working closely with co-financiers and structuring the financing package is rated significant or high.

This also helps to mobilise finance from other sources, including both other public lenders and, more importantly, private investors. 62% of new projects attracted private finance in 2015. This private finance was equal to 91% of total IFI finance for these projects on average. Overall, the EIB is financing 37% of the total investment cost of projects outside the EU in 2015 – achieving a multiplier of 2.72.

Box 18

Technical assistance in action

AGRIF, Africa region –
Technical assistance under this fund will help MFIs to develop loan products for smallholder farmers and with social and environmental performance management and monitoring.

NEPCO Green Corridor, Jordan –
Feasibility studies financed from NIF resources made available by the EIB have been essential for the development of this electricity transmission project, designed to allow future solar power development.

Lusaka Power Transmission Network, Zambia –
The EIB has contributed to the project design, while Investment Facility-funded TA will strengthen corporate governance and compliance.

Honduras Sustainable Roads –
The Bank will provide advice on road safety audits and stakeholder engagement, in particular to protect the rights and interests of indigenous peoples. TA will be financed with a LAIF grant.

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.

In 2015, all new projects 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. 46 were rated "excellent" for making a high contribution to both EU priorities and national development objectives.

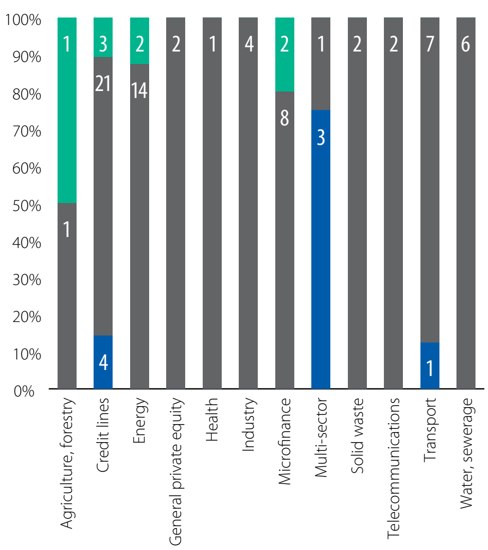
The **Pillar 2** rating is based on the project's soundness, financial and economic sustainability and environmental and social sustainability in the case of directly financed projects. For intermediated operations, the rating is based on the expected results, weighted by risk considerations as measured by the soundness of the intermediary and the quality of the operating environment.

Figure 16

ReM ratings by pillar

Figure 17

Pillar 2 ratings by sector



- P1&2: Excellent P3: High
- P1&2: Good P3: Significant
- P1&2: Acceptable P3: Moderate
- P1&2: Marginal P3: Low

With regard to the overall Pillar 2 rating, 69 projects were rated "good", with an average economic rate of return (ERR) of 10% to 15% in the case of infrastructure projects. Eight projects were rated "excellent". Notable among these were a number of equity investments in microfinance funds, including two operations appraised under the enhanced ReM+ framework. Another eight projects across all sectors received an "acceptable" rating, often because of high risk environments that impact on the probability of achieving planned results. As last year, projects in Ukraine feature prominently in this category.

Environmental and social impacts are also assessed under Pillar 2, for infrastructure and industrial private sector projects. The rating is based on both the nature of the impacts and the magnitude of risks. This thus includes an underlying assessment of the robustness of arrangements to mitigate risks. Projects are rated on a scale of:

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

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

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

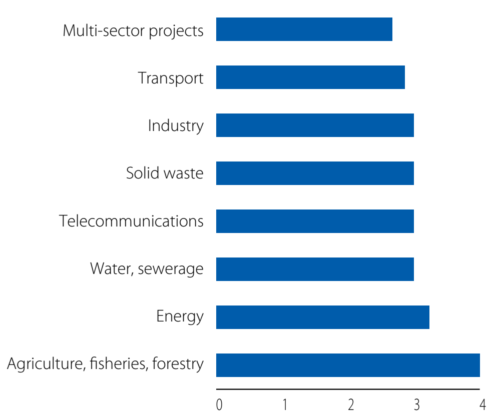
Excellent: Acceptable with positive or neutral residual environmental and/or social impacts.

Ratings for the assessed projects ranged from "2" (3 projects) to "4" (6 projects), with 31 projects rated "3". Sector average ratings were similar across sectors at around 3. No sectors were outstanding in terms of being associated with particularly high or low risks.

Pillar 3 ratings are presented in the chapter on additionality.

Figure 18

Average environmental and social ratings by sector



Annex 2:
2015 aggregate lending volumes

These new projects are those for which the first financing contract was signed in 2015. For each of these projects, the full approved financing volume is reported. This covers both the amount "signed" in 2015 and any approved balance planned to be signed under future contracts. Likewise, for each new project, the full total investment cost and the full expected results are reported.

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 above. However, for the sake of transparency, a breakdown of 2015 lending volumes, including the volume of such follow-up contracts, is given in Table 7. A full list of projects, including follow-up signatures, is given in Annex 3.

This methodology is different from that used in the reports before 2014. For this reason lending volumes and project counts may not always be strictly comparable.

Table 7

2015 lending volumes (EUR m)

	New projects (first signed in 2015)			Older projects (first signed before 2015)	Total contracts signed in 2015
	Funding approved	Contracts signed in 2015	Volume to be signed	Contracts signed in 2015	
ACP	1 090	1 032	51	54	1 086
ALA	954	951	5	170	1 121
EAST	1 623	1 481	134	0	1 481
MED	1 283	1 219	78	200	1 419
PA	2 705	2 312	393	210	2 522
Access to finance	3 253	2 742	508	302	3 045
Strategic infrastructure	4 402	4 252	153	310	4 562
Climate action	2 115	1 980	138	235	2 215
Regional integration	2 556	2 136	418	272	2 408
Total	**7 655**	**6 995**	**661**	**634**	**7 628**

Note: Republic of South Africa is included under ACP.

Annex 3:
List of projects signed in 2015

Project	Region	Sector	Approved amount*	Signed in 2015*	Project cost*	Mandate contribution (%)			
						PS	Inf	CC **	RI
Access Microfinance Holding III	ACP	Microfinance	15	2	130	100			100
Afforestation and Erosion Control III	PA	Agriculture, Forestry	120	120	331		100	100	
Africa Renewable Energy Fund	ACP	Equity Fund	15	15	180		100	100	100
AGRIF	ACP	Agriculture/Services	15	13	175	100			
Amen Bank – Prêts PME & ETI	MED	Credit Lines	50	50	100	100		2	
Apis Growth Fund I	ACP	Equity Fund	20	19	250	100			100
Bank of Georgia Loan for SMEs and Mid-Caps	EAST	Credit Lines	40	40	80	100		2	
Brazil Loan for SMEs & Midcaps	ALA	Credit Lines	150	150	300	100		2	
Cairo Metro Line (Phase 3)	MED	Transport	600	200	2418		100	100	
Caribbean and Pacific Impact Finance Facility (Adopem)	ACP	Credit Lines	40	10	80	80	20	2	
Caucasus Transmission Network	EAST	Energy	10	10	113		100		100
CI Energies Network Upgrade & Energy Efficiency	ACP	Energy	118	118	240		100	7	
COOPMED	MED	Microfinance	2	2	10	100			
Damanhour CCGT Power Plant	MED	Energy	538	550	1208		100		
DR Microfinance Facility	ACP	Microfinance	25	10	50	100		2	
EAC Microfinance Facility II (Faulu Bank)	ACP	Microfinance	10	10	20	100		2	
EAC Microfinance Facility II (AB Bank Tanzania)	ACP	Microfinance	4	4	8	100		2	
EAC Microfinance Facility II (AB Bank Rwanda)	ACP	Microfinance	1	1	2	100		2	
East & Central Africa PEFF (ABC)	ACP	Credit Lines	5	5	10	100		2	
East & Central Africa PEFF II for SMEs & Midcaps (CRDB)	ACP	Credit Lines	55	55	110	100		2	
East & Central Africa PEFF II for SMEs & Midcaps (NIC)	ACP	Credit Lines	50	50	100	100		2	
East & Central Africa PEFF II for SMEs & Midcaps (Family Bank)	ACP	Credit Lines	30	30	60	100		2	

Project	Region	Sector	Approved amount*	Signed in 2015*	Project cost*	Mandate contribution (%)			
						PS	Inf	CC **	RI
EB Loan for SMEs & Other Priorities	PA	Credit Lines	50	50	100	70	30	2	
Energy Access Fund	ACP	Equity Fund	10	10	55	50	50	80	25
Essential Aviation Safety Upgrade - Malawi	ACP	Transport	21	21	44		100		100
Europac Industrial Packaging Plant in Tangier	MED	Industry	15	10	31	100			
Eximbank Loan for SMEs and Midcaps II	PA	Credit Lines	200	100	400	100		2	100
FEMIP Sustainable Energy Facility	MED	Credit Lines	5	5	23	100		100	100
FinansBank Loan for SMEs and Midcaps	PA	Credit Lines	100	50	200	100		2	100
FNB Zambia Facility for SMEs and Midcaps	ACP	Credit Lines	14	14	28	100		2	
Ford Otosan RDI	PA	Industry	100	100	216	100			
Garanti Bank Loan for SMEs and Midcaps II	PA	Credit Lines	200	200	400	100		2	
Ghana Financial Sector Loan III	ACP	Credit Lines	10	10	20	100		2	
Ghana Financial Sector Loan III	ACP	Credit Lines	15	15	30	100		2	
Guarantee for Economic Development in Ukraine	EAST	Energy	312	307	1039		100	16	
		Transport	154	151	512				
HalkBank Loan III for SMEs Midcaps & Priorities	PA	Credit Lines	160	160	320	100		20	100
		Energy	40	40	80				
Honduras Sustainable Roads	ALA	Transport	84	79	168		100	3	100
IBA Loan for SMEs and Midcaps	EAST	Credit Lines	50	50	100	100		2	
IDF Loan for SMEs & Priority Projects II	PA	Credit Lines	70	40	140	70	30	2	
IFHA II	ACP	Equity Fund	22	22	145	50	50		
Iller Bank Urban Transport and Environment Loan	PA	Solid Waste	13	13	28		100	100	100
		Transport	225	225	495				
		Water, Sewerage	13	13	28				
IsBank Loan for SMEs and Midcaps	PA	Credit Lines	200	200	400	100		2	100
Istanbul Underground Rail Network	PA	Transport	350	295	1400		100	100	
Kutaisi Waste Water	EAST	Water, Sewerage	100	100	280		100	4	
Laksam Akhaura Double Track Rail Project	ALA	Transport	135	135	555		100	100	100
Lilongwe Water Resource Efficiency Programme	ACP	Water, Sewerage	24	24	49		100	20	

Project	Region	Sector	Approved amount*	Signed in 2015*	Project cost*	Mandate contribution (%)			
						PS	Inf	CC **	RI
Lusaka Power Transmission & Distribution Network	ACP	Energy	78	78	189		100		100
Meridiam Infrastructure Africa Fund	ACP	Education	2	2	15		100	20	100
		Energy	12	12	120				
		Health	3	3	30				
		Services	3	3	30				
		Solid Waste	1	1	10				
		Telecommunications	2	2	15				
		Transport	6	6	60				
		Water, Sewerage	2	2	20				
MicroCred III	ACP	Services	3	3	32	100			
Modernisation Routière II	MED	Transport	150	150	343		100		
Moma Titanium	ACP	Industry	80	21	347	100			
Montenegro Water and Sanitation	PA	Water, Sewerage	57	10	114		100		
Mozambique Financial Sector Line of Credit	ACP	Credit Lines	20	20	40	100		2	
Negev Solar Thermal Plant	MED	Energy	150	141	869	33	67	100	
Nepal Grid Development Programme	ALA	Energy	30	30	65		100	84	
Nepal Power System Expansion Project	ALA	Energy	95	99	270		100	100	
Nepco Green Corridor	MED	Energy	88	66	146		100	100	
Nicaragua Hydro Development and Transmission	ALA	Energy	146	146	1090		100	85	
Nigeria Second Tier Loan	ACP	Credit Lines	120	20	240	100		2	
Omnicane Carbon Burn-Out	ACP	Solid Waste	8	8	18	100		100	
OMVG - Interconnection	ACP	Energy	85	85	362		100		100
ONEE – Amélioration AEP et Assainissement	MED	Water, Sewerage	75	75	150		100	30	
PNG Rural Bridges	ACP	Transport	47	53	130		100	20	
Private Sector Development and Economic Growth	MED	Credit Lines	160	120	320	100		2	
ProCredit Loan for SMEs and other COP Objectives	EAST/ PA	Credit Lines	170	15	340	100		2	100
Rehabilitation Warsak Hydroelectric Project	ALA	Energy	50	50	150		100	100	
Restructuration des Réseaux Electriques - Benin	ACP	Energy	18	18	65		100		

Project	Region	Sector	Approved amount*	Signed in 2015*	Project cost*	Mandate contribution (%)			
						PS	Inf	CC **	RI
Route 10 Rail Rehabilitation	PA	Transport	80	42	208		100	100	100
São Paulo Power Distribution II	ALA	Energy	150	150	326		100		
SBI Loan for SMEs and Midcaps	ALA	Credit Lines	200	100	400	70	30	30	
SekerBank Loan for SMEs and Midcaps	PA	Credit Lines	100	100	200	100		2	100
SGRS Loan for SMEs & Other Priorities	PA	Credit Lines	100	80	200	70	30	2	
South Africa Private Sector Facility	ACP	Credit Lines	200	150	400	100		2	
Southern Africa Microfinance Facility (BIM)	ACP	Microfinance	10	10	20	100		2	
Southern Africa Microfinance Facility (EFC Pulse)	ACP	Microfinance	4	4	8	100		2	
Southern Africa Microfinance Facility (FNBZ)	ACP	Microfinance	6	6	12	100		2	
Southern Africa Microfinance Facility (AB Bank Zambia)	ACP	Microfinance	3	3	6	100		2	
Southern Africa Microfinance Facility (Moza Banco)	ACP	Microfinance	10	10	20	100		2	
St. Maarten Fibre to the Home (FTTH)	ACP	Telecommunications	8	8	21		100		
Tajic-Kyrgyz Power Interconnection	ALA	Energy	140	70	282		100		100
TCX – The Currency Exchange Fund N V	ACP	Equity Fund	40	40	520	90	10		
TSKB Loan for SMEs, Midcaps & Innovation	PA	Credit Lines	200	100	400	100		2	100
Tübitak Research Promotion II	PA	Services	200	200	536	50	50	3	
Turk Traktor RDI	PA	Industry	35	35	76	100		20	
TV Cabo Multimedia II	ACP	Telecommunications	20	20	46		100		
Ukraine Agri-Food Apex Loan	EAST	Credit Lines	400	400	800	75	25	35	100
Ukraine Municipal Infrastructure Programme	EAST	Energy	160	160	320		100	50	
		Solid Waste	40	40	80				
		Urban Development	40	40	80				
		Water, Sewerage	160	160	320				
Urban Water Supply Programme	ACP	Water, Sewerage	40	40	94		100	20	
Vakifbank loan for SMEs and Midcaps	PA	Credit Lines	200	100	400	100		2	100
Vientiane Sustainable Urban Transport	ALA	Transport	20	19	88		100	100	
Wadi Al Arab Water System II Project	MED	Water, Sewerage	51	50	102		100	10	100

Project	Region	Sector	Approved amount*	Signed in 2015*	Project cost*	Mandate contribution (%)			
						PS	Inf	CC **	RI
Wastewater Treatment Project in Guayaquil	ALA	Water, Sewerage	94	93	212		100		
Yapi Kredi Loan for SMEs and Midcaps	PA	Credit Lines	150	150	300	100		2	100
Yerevan Solid Waste	EAST	Solid Waste	17	8	35		100	25	
ZiraatBank Loan for SMEs and Midcaps II	PA	Credit Lines	200	100	400	100		2	100

*EUR million. Amounts for operations denominated in a currency other than EUR are converted on the basis of the exchange rate applicable at the time of approval (approved amount, project cost) or signature (signed amount).

** The 2% applied to standard credit lines signed in 2015 was applied globally and was based on an ex-post analysis of earlier credit lines, namely of the activities financed at allocation level (financial intermediaries' on-lending to final beneficiaries) under similar non-dedicated credit lines in 2012-2014.

Mandate contribution		Region	
PS	Local private sector development	ACP	African, Caribbean and Pacific countries + OCT
Inf	Social and economic infrastructure	ALA	Asia, Central Asia and Latin America
CC	Climate change mitigation and adaptation	EAST	Eastern Neighbours
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)

Annex 4:
Tables, figures and boxes

Figures

Tables

Boxes

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European Investment Bank
98 -100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
+352 437704
www.eib.org – info@eib.org

European Investment Fund
37B, avenue J.F. Kennedy
L-2968 Luxembourg
+352 2485-1
+352 2485-81200
www.eif.org – info@eif.org

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