



**European
Investment
Bank**

The EU bank



2014

EPTATF

Eastern Partnership Technical
Assistance Trust Fund

Annual Report

Contents

- 2** Message from the Vice-President
- 4** The Eastern Partnership Technical Assistance Trust Fund (EPTATF)
 - 4** EPTATF priority sectors
 - 4** Types of support provided by the EPTATF
 - 4** The governing body
 - 5** The EIB's objectives and activities in the Eastern Neighbourhood
- 6** Results summary
- 8** Overview of the EPTATF activities
 - 9** Operations by sector
 - 10** Operations by country
 - 11** Operations approved in 2014
 - 12** Operations active in 2014 – main achievements
 - 13** Operations completed in 2014
 - 14** Contributions and financial status
- 16** Moving forward
- 17** Annexes
 - 17** Annex I. EPTATF indicative pipeline 2015-2017
 - 18** Annex II. Status of EPTATF projects
 - 19** Annex III. Abridged financial statements

This EPTATF Annual Report has been prepared in accordance with the “Rules relating to the establishment and administration of the EPTATF” and the “EPTATF Rules of Procedure”¹. It provides a comprehensive overview of results achieved in EPTATF-financed operations, and examines implementation progress during 2014 in more detail.

¹ “Rules relating to the establishment and administration of the EPTATF” and the “EPTATF Rules of Procedure” approved by the EIB’s Management Committee in November 2010 and by the Contributors Committee on 13 December 2010.

Message from the Vice-President



2014: Enhancing cooperation with the Eastern Partnership countries

Looking back over four years of operations, the Eastern Partnership Technical Assistance Trust Fund (EPTATF) has proven its worth. By supporting EIB clients in project preparation and implementation, it has contributed to the bankability of projects and strengthened institutional capacities, facilitating funding from EIB and other financiers.

2014 was a significant year. We continued to scale up EPTATF activity, with EUR 4.8m worth of approvals for five operations in four countries. Five technical assistance (TA) operations active in 2014 supported ongoing and planned EIB financing of EUR 555m. 18 individuals are benefiting from participation in the Bank's internship and secondment programmes. Furthermore, the EPTATF Strategic Orientations 2014-2016 have been approved by EPTATF contributors, providing the way forward in supporting the local private sector, social/economic infrastructure development and climate action. Significantly, Germany and Lithuania made their first contribution to the Fund in 2014, joining the existing contributors Austria, France, Latvia, Poland and Sweden. Encouraged by our common achievements, I am confident that more countries will join the EPTATF in the near future.

Looking at the broader perspective, the launch of the Eastern Partnership Committee in March 2014 was a milestone, providing the EIB with an opportunity to develop a stronger relationship with its partner countries. 2014 also marked the beginning of a new seven-year period for our activities in the region. For 2014-2020, the Bank has been entrusted by the European Union with an External Lending Mandate of EUR 4.8bn to support projects in the Eastern Partnership countries. In addition, the Bank has established the Neighbourhood Finance Facility covering the whole neighbourhood region, under which it will finance EUR 3bn worth of projects at its own risk over the next three years.



EPTATF brings together the EU policy dialogue with EIB lending and donor grants to leverage investments in Eastern Partnership countries. It contributes to economic growth, job creation and sustainable development, helps to switch on lights, transport people and goods, and provide clean water. It makes a difference to people's lives.

I see great potential in what the EPTATF can do to ensure the quality and sustainability of investments in the Eastern Partnership countries. On this basis, we will strive to further enhance the added value and development impact of EPTATF operations.

Wilhelm MOLTERER
EIB Vice-President



President Werner Hoyer meets EPTATF interns 2014-2015.

Seminar with EPTATF contributors, 10 June 2014.



The Eastern Partnership Technical Assistance Trust Fund (EPTATF)



The Eastern Partnership Technical Assistance Trust Fund was established in December 2010 as a multi-donor, multi-sector trust fund designed to enhance the quality and development impact of the European Investment Bank's operations in the Eastern Partnership countries. The factors driving the creation of the Fund were the slow uptake of financing, attributed to lack of resources for project preparation, and the limited implementation capacity of promoters in the region.

Austria and Sweden were the first contributors to the Trust Fund, with an initial investment of EUR 6.3m in 2011. By the end of 2014, the EPTATF had received a total of EUR 21.3m, with Austria and Sweden reconfirming their strong support, followed by France, Poland and Latvia, as well as Germany and Lithuania who joined as new contributors in 2014. Other Member States have expressed an interest in contributing. Countries currently eligible for EPTATF support are Armenia, Azerbaijan, Georgia, Moldova and Ukraine. The Fund is also open to cross-border or regional projects.

EPTATF priority sectors

- Local private sector development, small and medium-sized enterprises;
- Development of social and economic infrastructure: transport, energy, water, the environment, as well as information and communications technology;
- Climate change mitigation and adaptation.

Types of support provided by the EPTATF

- Support throughout the project cycle:
 - a. identification: e.g. sector and master plans;
 - b. preparation: e.g. pre-feasibility or feasibility studies; technical, economic and financial appraisal, environmental and social impact assessments;
 - c. implementation: strengthening project management and operations skills, e.g. procurement, financial, O&M and service functions.

c. implementation: strengthening project management and operations skills, e.g. procurement, financial, O&M and service functions.

EPTATF also provides support for capacity-building programmes such as the training of officials in client countries, as well as offering a secondment programme providing people from the beneficiary countries with the opportunity to work at the EIB for a period of time.

The governing body

The EPTATF is governed by a Contributors Committee that meets twice a year. Contributions come from Member States of the European Union, the European Commission, beneficiary countries and interested third parties. The Committee offers a valuable forum for contributors and the Bank to share ideas on strategy, policy and projects with a view to better responding to the challenges in Eastern Partnership countries.

The Committee met on 10 March and 17 November 2014 to approve five TA proposals, in addition to adopting the 2013 EPTATF Annual Report and Financial Statements. The Committee approved the EPTATF Strategic Orientations 2014-2016 and exchanged ideas on operational plans and methodologies. In 2014, the EPTATF rules relating to the establishment and administration of the EPTATF Contributors Committee were amended in order to change the accounting rules. They were approved by the contributors via the written procedure.

The EIB's objectives and activities in the Eastern Neighbourhood

The EIB's activity in the Eastern Neighbourhood is governed by its 2014-2020 External Lending Mandate (ELM), effective since July 2014, which establishes a maximum lending ceiling of EUR 4.8bn for operations in the Eastern Neighbourhood covered by an EU Guarantee for political risks. In addition, as of July 2014 the Neighbourhood Finance Facility (NFF) enables the EIB to extend financing of up to EUR 3bn to the Eastern and Southern (FEMIP) Neighbourhood over a three-year period at its own risk.

The EIB's strategic aim is to ensure that its financing both within and outside the EU complements and supports EU policies, programmes and instruments, and is fully aligned with the general ELM objectives, including:

- Local private sector development, in particular support for SMEs;
- Development of social and economic infrastructure;
- Climate change mitigation and adaptation.

Apart from supporting EIB lending to the Eastern Neighbourhood, the EPTATF complements other existing EIB mechanisms which blend EIB financing with other funding, including the Neighbourhood Investment Facility (NIF)² and the Eastern Europe Energy Efficiency and Environment Partnership (E5P)³.

² The Neighbourhood Investment Facility (NIF) is a financing mechanism aimed at blending non-refundable financial contributions from the EC and voluntary contributions from the Member States and other donors with loans from multilateral and bilateral Eligible Finance Institutions (EFIs), including the EIB. In 2014, the Bank was involved in six operations co-financed by the NIF in the Eastern Partnership countries, which thereby received EUR 63.2m in grant financing.

³ The Eastern Europe Energy Efficiency and Environment Partnership (E5P) is a multi-donor fund for supporting energy efficiency and environmental investments in the Eastern Partnership countries. Contributions from the European Union and from a number of countries, including the beneficiary countries themselves, are used mainly as investment grants in conjunction with loans from multilateral institutions such as the EIB.

"As one of the initiators of the Eastern Partnership, Sweden has a strong commitment to its Eastern European neighbours. The Eastern Partnership Technical Assistance Trust Fund (EPTATF) represents an important part of realising this commitment; Sweden is the biggest donor to the EPTATF with a total contribution of over EUR 10m. EPTATF plays a crucial role in supporting sustainable development in the Eastern Partnership region and in enabling further cooperation between the EU and EaP Member States, as it facilitates the work of the EIB in the region. The Fund has made it possible to further strengthen local capacity, especially in the area of the environment and climate change. This area is a Swedish priority in both domestic and foreign policy, as it is one of the biggest challenges of our generation, and one that we can only face together."

Statement of Mrs Isabella Lövin,
Minister for International Development Cooperation
Sweden



Results summary



The EPTATF portfolio has developed over the past four years, during which 17 technical assistance (TA) projects have been mounted for a total value of EUR 14.8m. This represents 70% of funds contributed to date.

Twelve operations targeted project preparation and implementation of priority projects proposed by beneficiaries. Two operations were for upstream work (regional studies) in two areas of high investment potential – energy efficiency and SME support. The remaining three operations constituted either cross-regional awareness-raising activities or capacity-building activities through the internship and secondment programmes.

The EPTATF has proven to be an efficient and flexible instrument which the EIB uses to accelerate the preparation and implementation of projects and to finance sector studies which facilitate the planning and prioritisation of investments.

In line with the main purpose of the EPTATF, 80% of the Trust Fund's operations have helped or will help to enhance the quality of EIB projects in the Eastern Partnership countries. Five TA operations active in 2014 supported EUR 555m worth of EIB investments at different stages of preparation. In this way donors' assistance helps to address the challenges in the infrastructure sector, facilitating investments that will enhance utility performance, accelerate sector reform, transform markets and improve services to people. Furthermore, the Trust Fund has proved to have broader impact: for example, the ELENA East study on possibilities for energy efficiency investments in municipal infrastructure in the EP countries inspired the EU programme "Municipal Project Support Facility" (MPSF⁴), which is designed to support municipal investment projects.⁵

The EPTATF has contributed to the Bank's lending in the Eastern Neighbourhood, which by the end of 2014 had reached a total of EUR 6.2bn. Despite the heightened political instability affecting Ukraine, and the EU economic sanctions imposed on Russia, including the suspension of new EIB loans in the country, the Bank lent EUR 1.2bn in this region in 2014. This is the second-highest amount ever extended by



⁴ This programme is entrusted by the European Commission to the EIB for implementation through the Neighbourhood Investment Facility (NIF).

⁵ Statement of Simone Rave, Head of Sector for Energy and Economic Cooperation at the European Commission's Regional Programmes Neighbourhood East Unit, made at the Eastern Partnership Committee meeting in Luxembourg in April 2015.

the Bank in the Eastern Neighbourhood. In terms of per capita financing, Moldova, Georgia and Ukraine, the three countries that have signed an Association Agreement with the EU, were the main recipients of EIB financing. In line with the strategic orientations for 2014, the Bank has continued to step up its support for the local private sector. Loans for SMEs and midcaps accounted for 44% of the Bank's portfolio in the region at the end of the year; the share of transport and energy declined slightly to 24% and 19% respectively, while the share of environmental projects increased to 8% (vs 5% at end-2013). Progress was also made in implementing lending operations in the Eastern Neighbourhood, although the overall amount of disbursements remained below target, in particular because of the suspension of disburse-

ment of EIB loans to entities in Russia sanctioned by the EU.

The EPTATF has helped enhance the Bank's role in the Eastern Partnership countries and contributed to the EU Eastern Neighbourhood Policy's objectives. The European Neighbourhood instrument, and the Eastern Partnership in particular, is of strategic importance to the EU, in both economic (trade, energy, migration) and political (security, stability) terms. It encompasses or supports a series of policy frameworks and initiatives. On 27 June 2014, Georgia, Moldova and Ukraine signed Association Agreements (AA) with the EU including on Deep and Comprehensive Free Trade Areas (DCFTA).

"Germany strongly supports the EIB's operations in the Eastern Neighbourhood. The Eastern Partnership Technical Assistance Trust Fund is a valuable asset in meeting the region's challenges by providing a strategic, yet flexible, approach while complementing existing mechanisms and financing instruments. By supporting measures in a wide range of crucial sectors, like road and railway infrastructure in Ukraine and Armenia or flood protection in Moldova, the EPTATF plays an important role in fostering necessary reforms with concrete benefits for people, businesses, administrations and the environment. Therefore, Germany was pleased to announce its first contribution to the EPTATF in 2014."

Statement of Mr Martin KOTTHAUS
Director-General for European Affairs,
Federal Foreign Office, Germany



Overview of the EPTATF activities



As of 31 December 2014, 17 operations amounting to EUR 14.8m had been approved by the Contributors Committee since the inception of the EPTATF:

- Twelve technical assistance operations targeted project preparation and implementation of priority projects proposed by the beneficiaries.
- Two operations supported upstream work (regional studies) in areas of high investment potential – energy efficiency and SME support.
- The remaining three operations constituted either cross-regional awareness-raising activities or capacity-building activities through internship and secondment programmes.

There is a good distribution of TA across the sectors of environment, energy, transport and SME support, and there is also a reasonable allocation of TA funds among the beneficiary countries, as shown in the charts below.

Implementation progress has been varied, but is generally satisfactory:

- Three projects have been completed, of which one is TA for project preparation and two are regional upstream studies.
- Five TA operations were ongoing and producing results as per the detailed progress reports; one of them was completed at the end of 2014.
- Five TA operations approved by the Contributors Committee in 2014 are at different stages of the procurement process.
- The internship and secondment programmes and the cross-regional awareness-raising activities are ongoing; the main highlights are five interns and three secondees hosted by the Bank in 2014.

Implementation of two TA projects (in Ukraine) has been held up for various reasons, mostly due to the political challenges facing the country.

The main reason why the delivery of TA operations is time-consuming and resource-intensive is the protracted interaction with counterparts to prepare and launch TA proposals. This reflects fragmented decision-making structures, limited professional capacity and a lower level of knowledge about technical assistance in the partner countries. The situation is particularly difficult in Ukraine, where the already challenging working environment has been further complicated by the current political and economic problems. Nevertheless, efforts to reduce and avoid unnecessary TA delays will be maintained.

The EPTATF complements the TA that the Bank finances from its own budget. In 2014 the EIB financed three TA assignments in Moldova, Georgia and Armenia, where support was provided in parallel by the EPTATF.

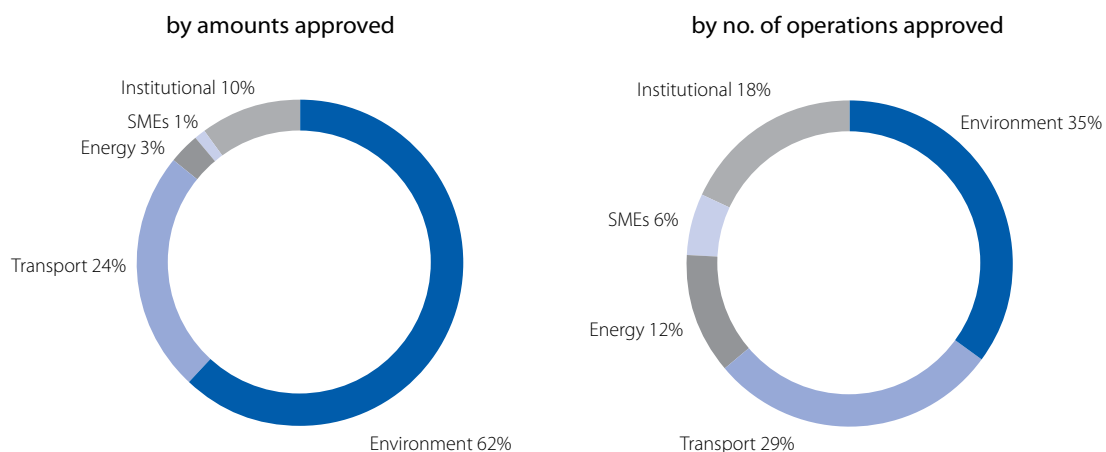
The complete list of operations and their status as of 31 December 2014 is presented in the table "Status of EPTATF Projects" (Annex II).

OPERATIONS BY SECTOR

A key feature of the EPTATF is its focus on projects that fall within the priority sectors of EIB activity and meet the orientations agreed by the Fund's contributors. The charts below show the sector

breakdown of the 17 operations approved by the end of 2014 as a share of total approved EPTATF funding.

EPTATF sector distribution as of end-2014:

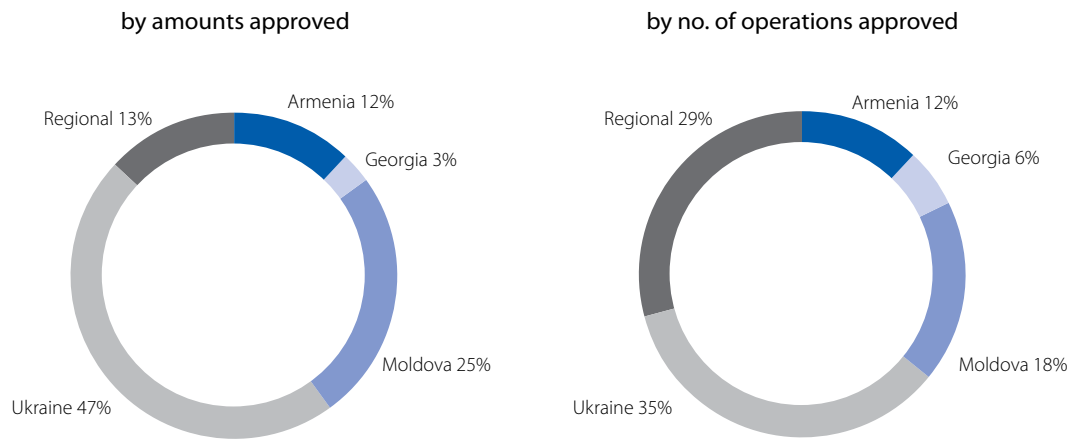


Accounting for 62% of approved amounts and 35% of approved operations since 2011, TA operations in the **environment** sector lead the sectorial distribution, followed by **transport** with 24% of committed amounts and 29% of approved operations. After that comes TA in upstream work on **energy** (3% and 12%) and **SME** financing (1% and 6%). Operations addressing institutional issues account for 10% of approved amounts and 18% of approved operations.

More than half the amounts approved and 41% of the number of operations address climate change and hence contribute to the EIB priority of climate action support in the Eastern Partnership countries.

OPERATIONS BY COUNTRY

EPTATF geographic distribution as of end-2014:



Just over a third of TA operations are located in Ukraine. Three (18%) are in Moldova, two (12%) in Armenia, and one (6%) in Georgia. The remaining one third of assignments (five) consists of horizontal regional initiatives (covering all countries

eligible for EPTATF support). As for the geographic distribution, almost half the funds for TA are concentrated in Ukraine, a quarter in Moldova, 12% in Armenia and 3% in Georgia, while 13% has gone to regional programmes.



OPERATIONS APPROVED IN 2014

Five new TA operations were submitted and approved by the EPTATF Contributors Committee in 2014 for a total amount of EUR 4.25m. In addition,

the second phase of the secondment programme (EUR 0.6m) began in 2014. The approved operations are as follows:

Operation	EURm	Status
Ukraine: Higher Education Energy Audits	0.25	Final stage of procurement process
Armenia: Asset Registration and Valuation in Water Sector	0.7	Procurement process is ongoing
Georgia: Implementation of Water Infrastructure Modernisation Project	0.5	Procurement process is ongoing
Moldova: Solid Waste Management Programme	1.2	Procurement process is planned
Ukraine: Modernisation and Safety Improvements on Road Network	1.6	Procurement process is ongoing
Eastern Partnership Secondment Programme extension	0.6	Recruitments in 2015
TOTAL 2014	4.85	



OPERATIONS ACTIVE IN 2014 – MAIN ACHIEVEMENTS

TA	HIGHLIGHTS
Moldova: Flood Protection	<p>In the final stage of implementation</p> <ul style="list-style-type: none"> • Preliminary flood risk assessment report submitted in July 2014. • Under preparation are surveys and assessment of existing infrastructure hydraulic modelling, the definition of strategies for flood risk management and the short-term investment plan.
Armenia: M6 Interstate Road	<p>In progress</p> <ul style="list-style-type: none"> • Finalised: feasibility study, preliminary engineering and project scoping. • Ongoing: final engineering design and environmental and social impact assessment. • To start: preparation of tender documents.
Moldova: Roads Technical Audits	<p>In progress, first audit in final draft</p> <ul style="list-style-type: none"> • In total 24 projects, including approximately 370 km of roads were inspected. • Issues identified and recommendations prepared. • Documents will be used as tools for quality check.
Ukraine: Mykolayiv Vodokanal	<p>Consultant selected and started work in November 2014, on providing advice to Vodokanal on all aspects of project implementation.</p>
Ukraine: Dnipropetrovsk Metro	<p>Contract award expected in Q3 2015</p> <p>Implementation to take two years and result in improved acceptance of the metro system and its affordability, and optimised traffic flows.</p>
Ukraine: Municipal Infrastructure Programme	<ul style="list-style-type: none"> • The Terms of Reference for 3 district heating projects ready and tender documentation prepared for publication in Q1 2015. • Similar process is ongoing in the water and waste sectors with tender documentation to be prepared in Q2 2015.
Internship Programme	<ul style="list-style-type: none"> • 15 trainees at the EIB so far, five of them in 2014. • Success in building skills in various areas – from finance to legal and policy analysis – and being part of an international and multicultural working environment. • As per the testimonials, internship has helped to open up new perspectives and boost interns' careers.
Secondment Programme	<ul style="list-style-type: none"> • Three secondees from Armenia, Moldova and Ukraine hosted by the Bank. • Additional positions advertised.
Dissemination Activities	<p>The regional water sector workshop in Armenia</p> <ul style="list-style-type: none"> • Gathered together more than 50 senior water management specialists and regulators from Ukraine, Georgia, Moldova, East Timor, the Philippines, and Uzbekistan. • Provided possibility to share general sector information, challenges and success stories, especially on PPPs. • High visibility of the EPTATF recognised by participants.

OPERATIONS COMPLETED IN 2014

Of the three completed EPTATF operations, one was concluded in 2014:

Identification and preparation of railway infrastructure projects in Ukraine

Problem

Transport is critical to Ukraine's economic development and there is significant EU interest in developing the country's transport and transit potential. At present the transport sector meets only the basic demands of the economy and population. There was no comprehensive master plan for rail network development which would enable financiers to assess and prioritise potential investments.

Task

The technical assistance assignment for the consultant was to assess the network development plans of Ukrainian Railways (UZ) and identify priority projects.

Key achievements

1. Four top-priority infrastructure investments of UZ were identified.
2. Two railway network infrastructure projects were selected for the next stage; the bankability evaluation documentation was prepared for presentation to IFIs.

Results

The TA assignment ensured that adequate prioritisation of investments will be factored into investment planning and enhanced project preparation in line with the expectations of the promoter and IFIs. This TA will therefore bring long-term benefits for railway sector infrastructure development in Ukraine.

The TA operation was structured to include a reasonable scope and timeframe. The promoter's commitment was obtained through its active involvement in the preparation of investment projects. The findings of the final report were successfully presented by the consultant in Kiev on 12 August 2014, to representatives from UZ, EIB, EBRD and IFC.

Financed within the EPTATF framework, this TA enabled the EIB to assess the feasibility of the proposed railway line electrification project in Ukraine. As a result, the Bank is now going ahead with the full project appraisal, targeting approval of a EUR 200m loan for early 2015 and the start of implementation later in 2015.

Cost EUR 190 000

Duration November 2012 – July 2014

It is clear that well-prepared projects raise the quality and development impact of EIB operations. The promoter of the railway project in Ukraine has described the TA results in the following way:

Statement of Oleksii Leontiiiovych Slipchenko,

Deputy General Director of Ukrzaliznytsia, beneficiary of the TA preparation of the study: "Railway Infrastructure in Ukraine: Project Identification and Preparation"

'As a result of this study, Ukrzaliznytsia, along with the EIB and EBRD, prioritised the "Electrification of the railway line Dolinska – Mykolaiv – Kolosivka" project. This project is expected to increase the capacity of an important railway connection between Kiev and the Black Sea ports of Odessa and Mykolaiv and to reduce the adverse impact of rail transport on the environment.

This study has allowed Ukrzaliznytsia to request loans from the EIB and EBRD. Ukrzaliznytsia highly appreciates the support of the EPTATF and the EIB in the preparation of this important project, as well as its feasibility studies for other investment projects in rail transport in Ukraine.

CONTRIBUTIONS AND FINANCIAL STATUS

In 2014, Sweden and Austria renewed their contributions to the EPTATF by pledging and paying in a further EUR 3.7m and EUR 3m respectively. In addition, Germany's and Lithuania's first-time contributions of EUR 817 000 and EUR 150 000 respectively were an encouraging sign of Member States' commitment to the Eastern Partnership, and of

the overall satisfaction with the activities and orientations of the Fund. These new donations increased the total EPTATF contributions to date to EUR 21.3m. 2014 was the most successful year so far in terms of contributions to the Fund, with an increase of 75% compared to 2013.

Country	Total contributions	Contributions in 2014
Austria	8 000 000	3 000 000
France	800 000	
Germany	817 000	817 000
Latvia	50 000	
Lithuania*	150 000	50 000
Poland	1 000 000	
Sweden	10 488 997	3 694 914
TOTAL	21 305 997	7 661 914

* Lithuania confirmed that it would contribute EUR 150 000 in tranches over the three-year period 2014-2016, paying in EUR 50 000 in 2014.

The value of technical assistance projects approved in 2014 (EUR 4.25m) is similar to 2013 and demonstrates the constant level of needs in the Neighbourhood countries, as well as the good

knowledge and appreciation of the EPTATF at stakeholder level. In 2014, the EPTATF improved the ratio of disbursements to total amounts approved. It rose from 3.4% in 2013 to 13.5% in 2014.

Overview of the financial situation of the Fund		EURm
		Situation in 2014
Contributions	21.3	7.7
Paid-in	21.2*	7.6
Committed	14.8 (of which 1.5 under provisional approval)	4.2
Signed	5.4	2.8
Disbursed	2.5	2.0
Fees	0.85	0.3
Available funds	5.55 (excluding the above-mentioned provisional approval)	

* Lithuania confirmed that it would contribute EUR 150 000 in tranches over the three-year period 2014-2016, paying in EUR 50 000 in 2014.

Financial Statements 2014 are presented as Annex III to this document.

“Lithuania has always supported the idea of strengthening the EIB’s involvement in the Eastern Partnership countries. In 2014 it became a donor to the Eastern Partnership Technical Assistance Trust Fund, which supports the preparation and implementation of investment projects and thus facilitates sustainable growth and development in the Eastern Partnership countries. Lithuania’s transition experience shows that in order to implement reforms and to achieve lasting results, it is crucial to build capacities and to strengthen project management skills. Lithuania’s contribution to the EPTATF is a sign of our strong commitment to the Eastern Partnership and our appreciation of the EPTATF results achieved so far.”

Mr Algimantas Rimkūnas
Vice-Minister, Ministry of Finance, Lithuania





The EPTATF's operations in the Eastern Partnership will continue supporting the EU policy objectives defined in the European Neighbourhood Policy (ENP), and the implementation of the EIB's Operational Plan for Eastern Partnership countries.

It is envisaged that the countries that have signed an Association Agreement with the EU, including Deep and Comprehensive Free Trade Areas (DCFTA), will require new infrastructure investments if they are to achieve the benefits of closer trade relations, as they move towards legal approximation and convergence with EU norms and standards. In addition, improved access to finance for SMEs will be needed to facilitate the transition to a more EU-oriented trade structure. The agriculture sector in particular will have new needs, and enterprises in food production and processing, for example, will have to make investments to meet EU quality standards. In line with the objectives of the 2014-2020 ELM (where climate change mitigation and adaptation will account for at least 25% of operations), climate action projects will be targeted across all sectors of planned EIB activity.

The EIB operational plan indicates increased levels of activity and a greater need for technical assistance. Trust Funds in general, and the EPTATF in particular, have emerged as a valuable tool for the Bank in the form of concessional financing accessed through approval procedures that are streamlined for rapid deployment and flexible enough to tailor products to the specific needs of the EIB and its clients. The close cooperation forged with donors in the Trust Funds also offers the EIB an opportunity to tap into their respective aid programmes, which typically work upstream in the project cycle and as such can prepare the ground for EIB intervention and financing. For their part, donors benefit as their upstream work leverages EIB financing for project implementation. Closer cooperation between the EIB, donors and clients can lead to a more coordinated and strategic approach to long-term investment planning, adding projects to the EIB's pipeline, while blend-

ing of donor and EIB resources will increase investment in the region.

The increased need for technical assistance is reflected in the EPTATF Pipeline 2015-2017 (Annex I). Despite the continuing support of current EPTATF donors, the funding level is not sufficient to cover current needs. Therefore, during 2015 the primary objective of the EIB is to increase contributions to the Trust Fund, scale up EPTATF activities, and deepen cooperation with the donor community. In March 2015, the EIB requested donors to contribute to the replenishment of the EPTATF in order to meet the estimated needs of EUR 35m for the period 2015-2017.

In response to a dialogue held within the EPTATF in 2015, further emphasis will be placed on accelerating the implementation of approved TA operations. With a view to delivering on the financial commitments made by the Bank, donors have expressed support for such an initiative and Sweden's Ministry for Foreign Affairs is providing financial backing in an amount of EUR 500 000 to fund a TA consultant tasked with working with partner countries to improve the capacity of borrowers and beneficiaries in order to better manage EPTATF technical assistance operations, so that financing for projects is disbursed and projects' benefits materialise.

Annex I. EPTATF indicative pipeline 2015-2017

No	Country	Project	EURm
Municipal /Environment			
1	Armenia	School Seismic Safety Investment Programme (SSSIP)	1 100 000
2	Armenia	Yerevan Electrical Trolley Buses	400 000
3	Armenia	Yerevan Solid Waste	500 000
4	Moldova	Solid Waste Moldova	400 000
5	Moldova	Moldova Flood Protection	1 000 000
6	Regional	Municipal Project Support Facility (MPSF) management consultant	1 500 000
7	Armenia	Armenia water investment programme	2 500 000
Rural/Agriculture			
8	Armenia	Armenia Rural Framework Loan	2 000 000
Energy Efficiency			
9	Moldova	Energy Efficiency in public buildings in Chisinau	1 000 000
10	Ukraine	Ukraine Higher Education	500 000
11	Armenia	Yerevan Municipal Buildings Rehabilitation	200 000
Energy			
12	Ukraine	Ukraine power transmission	1 500 000
13	Ukraine	Hydro Power Cascades	1 500 000
Transport			
14	Armenia	North-South Road Corridor	800 000
15	Ukraine	Ukraine Railway Modernisation, and Railways Rolling Stock	750 000
Private Sector Development			
16	Georgia	Gardens of Georgia - improving access to finance and competitiveness	2 000 000
17	Ukraine	Agri-food value chain Ukraine - improving access to finance and competitiveness	3 000 000
18	Regional (Moldova, Georgia, Ukraine, possibly Azerbaijan, Armenia)	Microfinance	1 000 000
Multi-sector			
19	Ukraine	Early Recovery Framework Loan	2 250 000
20	Ukraine	Capacity development for the Ministry of Finance	1 500 000
21	Regional	Dissemination Activity	150 000
Other Capacity Building			
22	Regional	EPTATF Internship Programme	180 000
TOTAL INDICATIVE EPTATF PROJECT PIPELINE			25 730 000

Annex II. Status of EPTATF projects

EUR

No	Country	Title	Sector	Approved amount	% Disbursed	Contribution to Climate change
Completed operations				600 000		400 000
1	Regional	Energy Efficiency Programme, ELENA East	Energy	200 000	100	200 000
2	Regional	Private Sector financing and the role of risk-bearing instruments	SMEs	200 000	100	n.a.
3	Ukraine	Identification and preparation of railway infrastructure projects	Transport	200 000	100	200 000
Ongoing operations				6 700 000		3 650 000
4	Moldova	Flood Protection	Environment (Water)	2 000 000	59	2 000 000
5	Regional	Budget Envelope for Dissemination	Institutional	150 000	32	n.a.
6	Armenia	M6 border interstate road	Transport	1 000 000	60	n.a.
7	Regional	Eastern Partnership Internship Programme, Phase I and II	Institutional	300 000	64	n.a.
8	Regional	Eastern Partnership Secondment Programme Phase I and II	Institutional	1 100 000	48	n.a.
9	Ukraine	Mykolayiv Vodokanal Project	Environment (Water and Waste Water)	1 400 000	13	1 400 000
10	Moldova	Technical Audits in Road Sector Programme	Transport	500 000	50	n.a.
11	Ukraine	Higher Education Energy Audits	Energy	250 000	-	250 000
Operations approved by EPTATF Contributors Committee but contract not yet signed				7 500 000		4 950 000
12	Ukraine	Dnipropetrovsk Metro Traffic Concept and Marketing Study	Transport	200 000	-	200 000
13	Ukraine	Municipal Infrastructure Programme	Environment (Urban Development)	3 300 000	-	3 300 000
14	Armenia	Water Sector Assets Registration and Valuation	Environment (Water)	700 000	-	n.a.
15	Georgia	Water sector projects WIMP II and WIMP III	Environment (Water)	500 000	-	250 000
16	Moldova	Preparation of Solid Waste Programme	Environment (Waste)	1 200 000	-	1 200 000
17	Ukraine	Modernization & safety improvements on road network	Transport	1 600 000	-	n.a.
17 TOTAL EPTATF OPERATIONS				14 800 000		9 000 000

Annex III. Abridged financial statements

BALANCE SHEET

As at 31 December 2014

(in EUR '000)

	31.12.2014	31.12.2013
ASSETS		
Cash and cash equivalents	17 913	618
EIB Unitary Fund investments	-	12 048
Other assets	415	181
Total assets	18 328	12 847
LIABILITIES AND CONTRIBUTORS' RESOURCES		
LIABILITIES		
Other liabilities	17	17
Amounts owed to third parties	248	561
Total liabilities	265	578
CONTRIBUTORS' RESOURCES		
Contributions	21 206	13 644
Retained earnings	-3 143	-1 375
Total contributors' resources	18 063	12 269
Total liabilities and contributors' resources	18 328	12 847

INCOME STATEMENT

For the year ended 31 December 2014

(in EUR '000)

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Net gain on EIB Unitary Fund investments	10	6
Total operating income	10	6
Projects financed	-1 692	-827
General administrative expenses	-69	-182
Other expenses	-8	-7
Total operating expenses	-1 778	-1 026
Net loss for the financial year	-1 768	-1 020

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

© EIB Photolibrary

Authorisation to reproduce or use these photos must be requested directly from the copyright holder.

Layout: EIB GraphicTeam.

Printed by Imprimerie Centrale on MagnoSatin paper using vegetable oil-based inks.
Certified in accordance with Forest Stewardship Council (FSC) rules, the paper consists of 100% virgin fibre
(of which at least 50% from well-managed forests).



Information Desk

+352 4379-22000

+352 4379-62000

info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg

+352 4379-1

+352 437704

www.eib.org/eptatf

Operational contacts

Mr Heinz Olbers

Director of Neighbouring
Countries Department
Operations Directorate

+352 4379-87313

h.olbers@eib.org

Mr Anders Risberg

Head of Trust Funds and
Blending Division
Operations Directorate

+352 4379-86626

a.risberg@eib.org

Ms Eefje Schmid

Head of Trust Funds and Financing
Partnerships Unit
Operations Directorate

+352 4379-86832

e.schmid@eib.org

EPTATF

Eastern Partnership Technical
Assistance Trust Fund

Annual Report 2014

