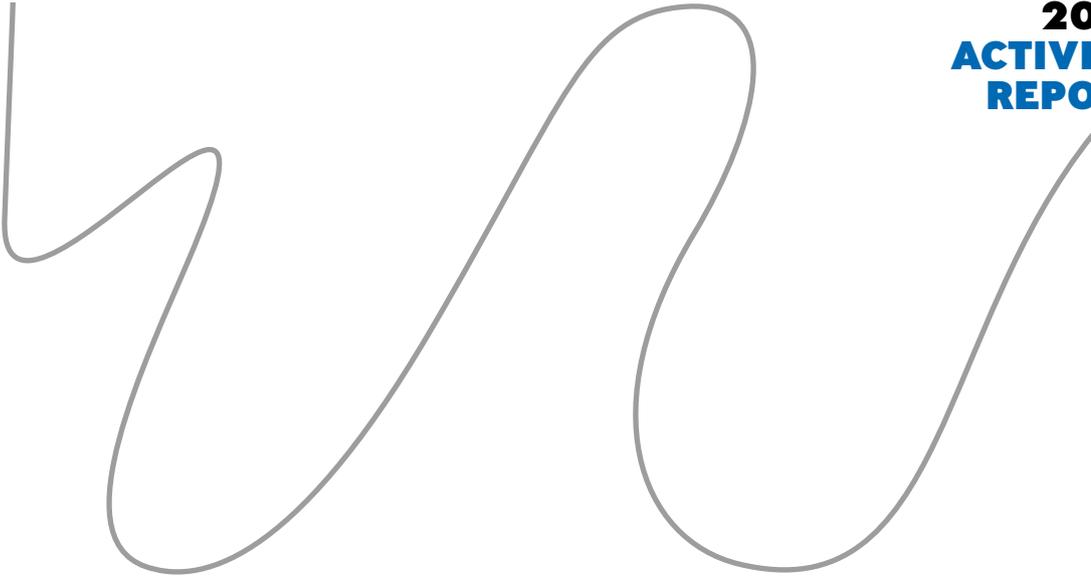


# OPPORTUNITY DELIVERED



**2018  
ACTIVITY  
REPORT**



**EUROPEAN INVESTMENT BANK**

**ACTIVITY REPORT 2018**

# **OPPORTUNITY DELIVERED**

## **European Investment Bank Activity Report 2018**

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Published by the European Investment Bank.

Editors: EIB EditorialTeam

Layout: EIB GraphicTeam

Printed on FSC Paper. Cover: Soporset Premium Offset, FSC Mix; interior: Munken Polar, FSC Mix

print: QH-BF-19-001-EN-C ISBN 978-92-861-4149-2 ISSN 2599-6630 doi:10.2867/688551

pdf: QH-BF-19-001-EN-N ISBN 978-92-861-4132-4 ISSN 2599-686X doi:10.2867/11304

eBook: QH-BF-19-001-EN-E ISBN 978-92-861-4144-7 ISSN 2599-686X doi:10.2867/690795

## **HOW THIS REPORT IS STRUCTURED**

The European Investment Bank is the biggest multilateral financial institution in the world. If you want an overview of what that means in terms of lending volume, you can read the **2018 HIGHLIGHTS** and **THE EIB GROUP IN YOUR COUNTRY**. Accompany that with the **FOREWORD BY THE PRESIDENT**, in which Werner Hoyer lays out the strategy and the thinking behind the EIB's activity in 2018, and you'll have a clear idea of the Bank's massive impact and of its rationale.

But volume isn't the whole story. That's why we wrote this report to include three sections that focus on key aspects of our goals: **JOBS AND GROWTH, SUSTAINABILITY** and **GENDER EQUALITY**. The sections on jobs and sustainability each draw a narrative from the source of the finance – an individual pension investor in both cases – through the great process of bond issuance and lending, until our story reaches the final beneficiary. There you'll meet the woman in Croatia whose job as an engineer was created by that complex mechanism and the inspirational microfinance leader making such a vital difference on the ground in Senegal. In the gender equality section, you'll find a range of projects, each of which contributes to the security or advancement of women in EIB deals from India to Ireland.

Underlying all this is our ambition to tell you about the EIB's sustainable approach to creating opportunity for EU citizens and for people in developing countries. This is the story of what we set out to do in 2018. As we look back on the year, we can say with confidence and pride: **OPPORTUNITY DELIVERED**.



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# FOREWORD

In its 60<sup>th</sup> year of operations, the European Investment Bank encountered an environment in need of strong European support and beacons of stability. European values and multilateralism came under fire from parochial nationalism. At the same time, the Bank had to respond to changing economic circumstances, the ongoing decline in European competitiveness and a shortfall in innovation finance.

I am proud of the fact that the EIB Group has navigated these hazards with an agility and responsiveness not usually associated with large, venerable institutions. This report details the impact the EIB made during the year on the key issues of our day, such as competitiveness, jobs, gender equality and sustainability. We reached out to new partners, sought out new clients and investigated new ideas. We worked under constant pressure caused by external events, such as Brexit and the consequent need to secure our capital requirements. The EIB has emerged from this year stronger than ever before, and it delivered new investments that will be a source of jobs and sustainable growth for decades ahead. We continue to invest in Europe's future.

Jobs and growth are the overarching aims of the Investment Plan for Europe, and in 2018 the EIB more than hit its targets on both pillars of the Plan for which the EU bank is responsible. Ahead of the scheduled three years, the European Fund for Strategic Investments (EFSI) reached its €315 billion target for investment triggered. It did so with a regional balance across the EU. Its biggest direct impact is in the countries hardest hit by the financial crisis. In the cohesion regions, our economic analysis shows that EFSI has a tremendous long-term impact, enhancing competitiveness and boosting future economic growth.

EFSI de-risked investment and acted as a catalyst for private financing: the European Commission provided a guarantee that allowed the EIB Group to use its own funds to make loans for riskier projects than it normally would and to crowd-in private sector investors. EFSI focused on innovative sectors and small businesses, where the need was most acute. (Note that I refer to the EIB Group's delivery on EFSI because the European Investment Fund has been a powerful force in supporting the vital small and medium-sized businesses sector under the Investment Plan for Europe.) EFSI will continue to work in the sectors and regions where it is most needed, as we move towards our next target of €500 billion of triggered investment by 2020.

The second pillar of the Investment Plan, Advisory Services, made a bigger and ever more crucial contribution to Europe's future growth and innovation in 2018. Advisory worked on 528 new assignments in 2018, for projects that will support an estimated investment of €45 billion. Key to the work of this area of the Bank, of course, is the early stage at which Advisory provides expertise, helping to get innovative projects off the drawing board and making them a reality.

To accomplish all this, the EIB Group has changed. While it is the final impact of EFSI on EU citizens that is most important, I am proud that our bankers, lawyers, economists, risk managers and engineers adapted their own work so successfully to this new challenge. The Bank turned its focus to smaller, innovative companies and start-ups that truly need financing. This sector delivers great potential job growth



**“ The European Investment Bank emerged from this year stronger than ever before, and it delivered new investments that will be a source of jobs and sustainable growth for decades ahead. ”**

and is most valuable in securing Europe’s global competitiveness. We aimed for additionality, rather than volume – which is why each of the sections of this report focuses on specific beneficiaries of our projects.

The result has been an increase in the number of new clients and a 14% decline in the size of the average loan, with consequently higher demands on EIB staff in due diligence, legal analysis and reporting. We will continue adapting our business model to meet the evolving needs of the EU economy. In 2019, we expect half of all signatures to be with new clients, with as much as 80% in new products and initiatives in the higher risk segment.

The EIB Group is constantly strengthening its processes and its delivery to withstand economic and political shocks. The Group represents truly effective multilateral cooperation on issues from climate change to migration. The Bank’s 60<sup>th</sup> anniversary has served as a welcome reminder of the impact our work has had on the lives of EU citizens for decades. We reaffirm our commitment to investing in Europe’s future and building a prosperous and sustainable growth path for EU citizens.

**Werner Hoyer**

# 2018 HIGHLIGHTS <sup>1</sup>

## EIB GROUP RESULTS

EUROPEAN INVESTMENT BANK (EIB) FINANCING	€55.63 billion signed
EUROPEAN INVESTMENT FUND (EIF) FINANCING	€10.06 billion signed
EIB GROUP FINANCING <sup>2</sup>	€64.19 billion
NUMBER OF OPERATIONS SIGNED	854
TOTAL INVESTMENT SUPPORTED (INDICATIVE)	around €230 billion
TOTAL EIB BORROWING	€60 billion

## PRIORITY AREAS

SMES & MID-CAPS	€23.27 billion
INNOVATION	€13.52 billion
INFRASTRUCTURE	€12.25 billion
ENVIRONMENT	€15.15 billion
CLIMATE (EIB)	> 29% of total financing
ECONOMIC AND SOCIAL COHESION & CONVERGENCE (EIB, EUROPE)	31.8% of total financing

## INVESTMENT PLAN FOR EUROPE <sup>3</sup>

EFSI FINANCING APPROVED	€70.4 billion
NUMBER OF OPERATIONS APPROVED	1 031
TOTAL EFSI-RELATED INVESTMENT	€375.5 billion
% OF €500 BILLION TARGET	75%
TOTAL EFSI INVESTMENT SIGNED (EIB)	€39.1 billion
TOTAL EFSI INVESTMENT SIGNED (EIF)	€14.6 billion
TOTAL EIB GROUP FINANCING SIGNED UNDER EFSI	€53.7 billion

1 All figures are unaudited and provisional. All figures are for the EIB Group unless otherwise specified.  
 2 EIB Group total financing figure excludes a small overlap due to joint engagements of the EIB and the EIF.  
 3 Figures are from the beginning of the Investment Plan for Europe until December 2018.

## EIB GROUP IMPACT<sup>4</sup>

<b>TOTAL INVESTMENT SUPPORTED IN 2017</b>	<b>€232 billion</b>
<b>NEW JOBS CREATED BY 2021</b>	<b>1.2 million</b>
<b>IMPACT ON EU GDP BY 2021</b>	<b>+ 1.1%</b>
<b>NEW JOBS CREATED BY 2036</b>	<b>650 000</b>
<b>IMPACT ON EU GDP BY 2036</b>	<b>+ 0.7%</b>

## DRILLING DOWN<sup>5</sup>

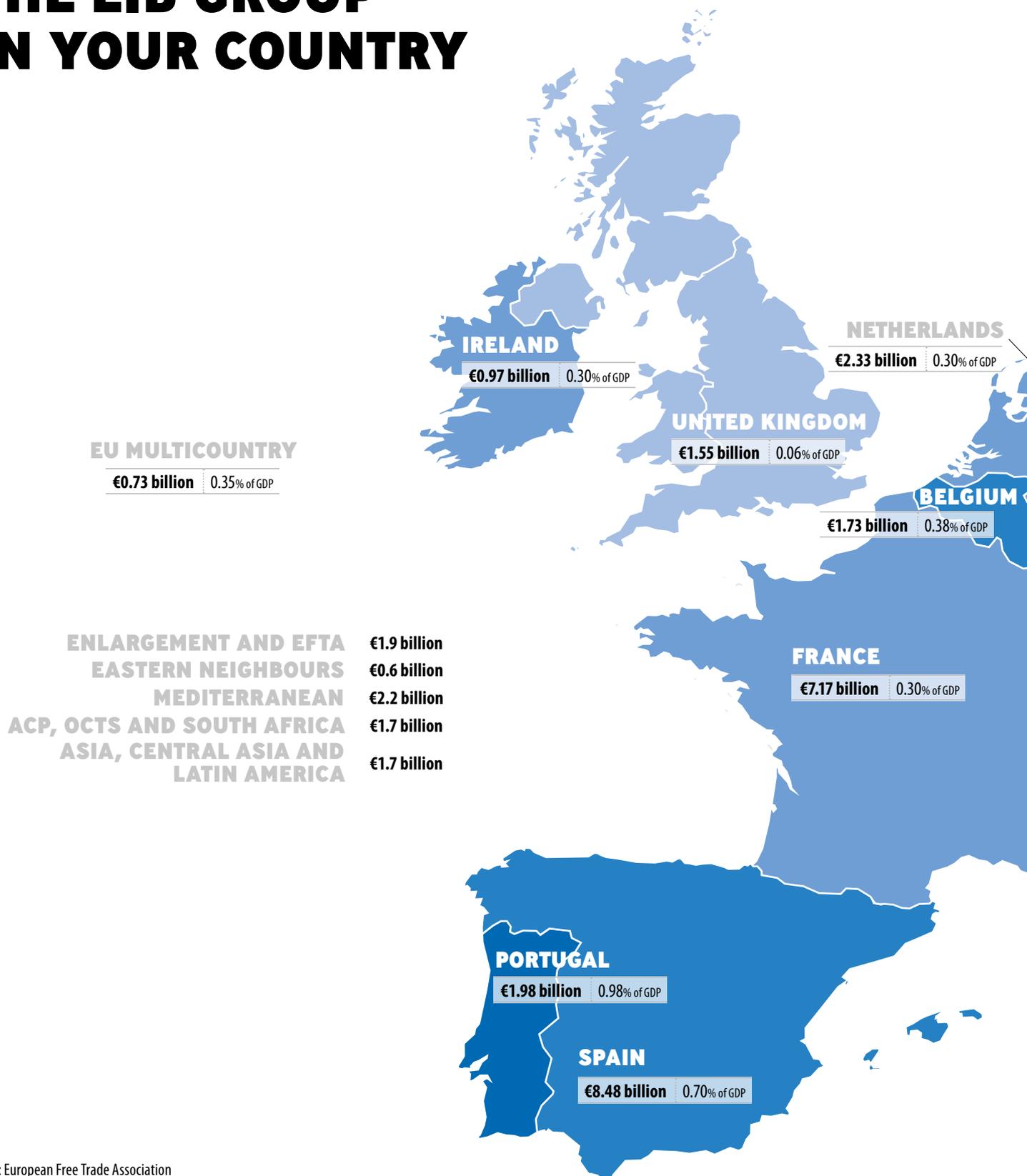
<b>NUMBER OF SMES/MID-CAPS SUPPORTED</b>	<b>374 000</b>
<b>NUMBER OF JOBS SUSTAINED IN SMES/MID-CAPS<sup>6</sup></b>	<b>5 million</b>
<b>ELECTRICITY GENERATION CAPACITY</b>	<b>15 228 MW, 86.1% from renewables</b>
<b>POWER LINES CONSTRUCTED/UPGRADED</b>	<b>26 037 km</b>
<b>HOUSEHOLDS THAT CAN BE POWERED</b>	<b>34.3 million</b>
<b>VERY HIGH SPEED DIGITAL CONNECTIONS, NEW &amp; UPGRADES</b>	<b>29 million</b>
<b>POPULATION WITH SAFER DRINKING WATER</b>	<b>20 million</b>
<b>POPULATION WITH IMPROVED SANITATION</b>	<b>10 million</b>
<b>POPULATION FACING REDUCED FLOODING RISK</b>	<b>1.7 million</b>
<b>ADDITIONAL PASSENGERS ON EIB-FINANCED TRANSPORT</b>	<b>290 million</b>
<b>POPULATION WITH IMPROVED HEALTHCARE SERVICES</b>	<b>27.3 million</b>
<b>NEW WASTE FACILITY CAPACITY (TONNES/YEAR)</b>	<b>3.9 million</b>
<b>AGRICULTURAL OR FORESTRY LAND WITH IMPROVED MANAGEMENT</b>	<b>1.45 million hectares</b>

<sup>4</sup> Based on economic model jointly developed by the EIB's Economics Department and the European Commission's Joint Research Centre, data for EU operations.

<sup>5</sup> Figures are expected outcomes of financed new operations signed in 2018 for the first time based on available data at this stage, for the EIB unless otherwise specified.

<sup>6</sup> Number of jobs sustained in SMEs refers to number of employees in SMEs/mid-caps that were allocated EIB finance in 2018 and number of employees in SMEs that were allocated EIF finance from Oct 2017-Sept 2018.

# THE EIB GROUP IN YOUR COUNTRY



EFTA: European Free Trade Association  
 ACP: Africa, Caribbean and Pacific  
 OCT: Overseas Countries and Territories

Darker colours signify higher investment as a percentage of GDP



# **BONDS THAT BIND US TOGETHER**

What's the bond between Harry, a high-school teacher in Santa Monica, California, and Elizabeta, a junior battery engineer in Croatia? The answer is, quite literally, a bond. That is, a fixed-income financial instrument issued by the European Investment Bank. Join us on a journey to follow the money from the Golden Coast to the Adriatic coast, and back (with interest).

**1**

**Harry Keiley is a teacher in Santa Monica, California. Every month, around 10% of his salary goes into his pension fund.**

**2**

**Harry's pension fund buys financial instruments across the globe. Among them: bonds issued by the EIB. Why does CalSTRS invest in these bonds, and more specifically why does the fund also purchase EIB green bonds?**

**3**

**Besides pension funds such as CalSTRS, who buys EIB bonds and what drives these purchases?**

**4**

**One of the EIB instruments brought to the fore with the Investment Plan for Europe is venture debt, a loan that shares some of the risks entrepreneurs face in developing their business. Why is it called quasi-equity?**

**5**

**The EIB combines the money from issuing bonds with other instruments to create different financial products. One such instrument is a guarantee from the EU budget that supports the European Fund for Strategic Investments. Part of the Investment Plan for Europe, this allows the EIB to invest in smaller, riskier and younger firms. How successful has it been?**

**6**

**The Bank focuses on four main areas of investment. Innovation is one of them. When we invest in innovation, what do we actually finance?**

**7**

**Innovation in the automotive sector is currently focused on two areas: electrification and autonomous driving. How are the world's fastest electric sports cars, which can reach 410 km/h, helping all of us use more environmentally responsible transport?**

**8**

**Rimac, a Croatian company that the EIB financed in 2018, produces the world's fastest electric sports cars – and great advances in battery technology.**

**9**

**Find out how Elizabeta Žalac, a junior battery engineer, got a job at Rimac and is trying to change the world.**

# 1

## A TEACHER WITH GLOBAL REACH

**W**hen Harry Keiley started teaching, around 30 years ago, he gave high-schoolers classes on economics and government. Yet investing, and how to manage your financial affairs, was not on the curriculum. “It is certainly something that we think there is a big need for all across America,” he says now.

Keiley is one of thousands of educators in California whose retirement savings are being managed by the California State Teachers’ Retirement System (CalSTRS). The standard benefit plan, in which all California educators are automatically enrolled, invests on behalf of all the teachers collectively. Keiley also subscribes to an optional, supplementary plan with the fund.

“Teachers are not unlike most Americans – hard-working, middle-class people. But there are some unique characteristics: all are professionals, college educated, and mostly with advanced degrees,” Keiley says.

**When a US pension fund buys an EIB bond, it’s a solid financial bet – and an investment in Europe that might otherwise not have been made.**

“Yet when it comes to supplementary retirement accounts, there are so many options and choices being sold to teachers, where the alignment between the interests of the fund and the interests of the teachers is pretty far apart. Teachers sometimes end up making decisions not necessarily in their best interests.”

This is what Keiley thinks sets CalSTRS apart: low fees charged by the pension plan mean that teachers will keep more of the earnings from their investments. In addition, the menu of options – for example, whether supplementary pension contributions are invested mostly in bonds or private equity investments in emerging markets – is not overwhelming to teachers who may be inexperienced in financial matters. “Because I still expect to have a number of years of working ahead of me

and hope to stay healthy and be able to work, I currently have opted for a more aggressive approach in my supplementary plan. If I was older, I might pursue a more conservative investment strategy. But I get to make that choice myself.”

Keiley mentors student athletes at the Santa Monica high school. This means that instead of teaching regular classes, he works one-on-one with students heavily involved in American football, basketball, European football and baseball at the school. “I help them create a toolbox that will increase their likelihood of being successful in class, on the sporting field, and in life in general, afterwards,” he says. One skill in that toolbox will be managing their finances – something Keiley is gaining a lot of experience in through his involvement in CalSTRS.



**Harry Keiley**  
Teacher, Santa Monica high school, California

## 2 GREENBACKS THAT BACK GREEN

**W**hen the California Teachers' Retirement Board gathers, roughly every month, it invites teachers to attend or to follow the meeting via its webcast. Many teachers take the opportunity to make their voices heard. "One thing I can say about the teachers is that they are very passionate, very engaged stakeholders," says Michael Sicilia, public affairs strategist for CalSTRS, the second largest US public pension fund, which is governed by the California Teachers' Retirement Board.

CalSTRS, which had \$223.8 billion under management at the end of June 2018, serves more than 910 000 educators, from kindergarten teachers to college professors. All teachers in California pay around 10% of their income into the fund to secure their retirement, with employers contributing another 18-19% of their payroll cost, and the state making payments as well.

Harry Keiley is not only one of the educators whose retirement savings are invested in CalSTRS. He is also on the Teachers' Retirement Board, which oversees CalSTRS on behalf of the teachers. "The committee's responsibility is an asset allocation strategy which helps us determine a percentage range of the portfolio to be invested in each asset class, be it real estate or bonds, inside or outside the US," he says. "But specific investment decisions are made by CalSTRS staff."

Cathy DiSalvo, associate portfolio manager at CalSTRS, helps make those investment decisions. Under her guidance, CalSTRS has invested in EIB bonds. "With regards to the EIB and other supranationals, we generally view them as good holdings for risk, with very good ratings, so it's a stable, safe investment," she says. "In particular with the EIB it even goes beyond that, since we know what they do, being Europe's bank, investing for sustainability, for jobs – we understand well what the EIB does, and these are things that we can support."

**“ Since we know what they do, being Europe’s bank, investing for sustainability, for jobs... these are things that we can support. ”**

A hot topic for the teachers is fossil fuels and the environment, according to DiSalvo. That is where the EIB's Climate Awareness Bonds – the proceeds of which are only used for climate action – come in handy. CalSTRS bought some of these bonds, known in the market as green bonds, in 2018. "With the green bonds we make a point of reviewing the projects that the funds are allocated to," DiSalvo says. "And we report the different issuers and what those projects are to our board."

On the board, Keiley is convinced that CalSTRS is at the forefront of environmental investing. "Not only from the point of view of understanding the environmental risk of various investments, but also seeing the opportunities in investing in the environment," he says.

EIB green bonds are helping to prove him right.



**Cathy DiSalvo**  
Associate portfolio manager at CalSTRS

# 3 FUNDING THE EU BANK

Eila Kreivi, director of the capital markets department at the European Investment Bank, knows that the best time to raise money on the markets is the beginning of the year, and again around September or October. “Investors close their books at the end of the year, then sit on their hands for the last four to six weeks of the year while money piles up in the coffers. Then when the new year starts, they have plenty available, and they are hungry to produce the results that are expected from them. So they go out to buy,” she says. “Money needs to be put to work.”

**T**he same thing happens mid-year, when investors close their accounts and go on holiday, letting money pile up until they return and start investing again in September.

The EIB consults with its partner banks to plan large bond offerings, paying close attention to indicators of market demand to decide on the maturity, currency and other features of each issue. What will sell best? A ten-year bond in US dollars, or a five-year bond in euros? The Bank’s overall funding programme, including the maximum amount of money to be raised and the principles guiding its investments, are agreed by the Board of Directors before the start of every year.

“Money needs to be put to work.”

The main buyers of EIB bonds are the treasuries of private sector banks, non-EU central banks, and investment and pension funds such as CalSTRS. “Demand from banks comes from regulatory requirements to maintain liquidity buffers in high quality, liquid paper, such as EIB bonds,” Kreivi explains. “And the balance sheet of a bank will dictate its need in terms of the currency of the bond. If the balance sheet is in Swedish krona, they will need to buy bonds in Swedish krona.”

Kreivi says that within Europe, pretty much everyone who can buy EIB bonds is buying EIB bonds, except in the Mediterranean countries where the higher yields of government bonds make them more competitive. If the economies of Italy, Greece, Portugal and Spain improve enough for government bond yields to come down, demand for EIB bonds might increase there, too.

Right now, the EIB is increasingly looking to attract money from outside Europe. One source is the currency reserves of non-European central banks. While EU central banks are restricted from buying EIB

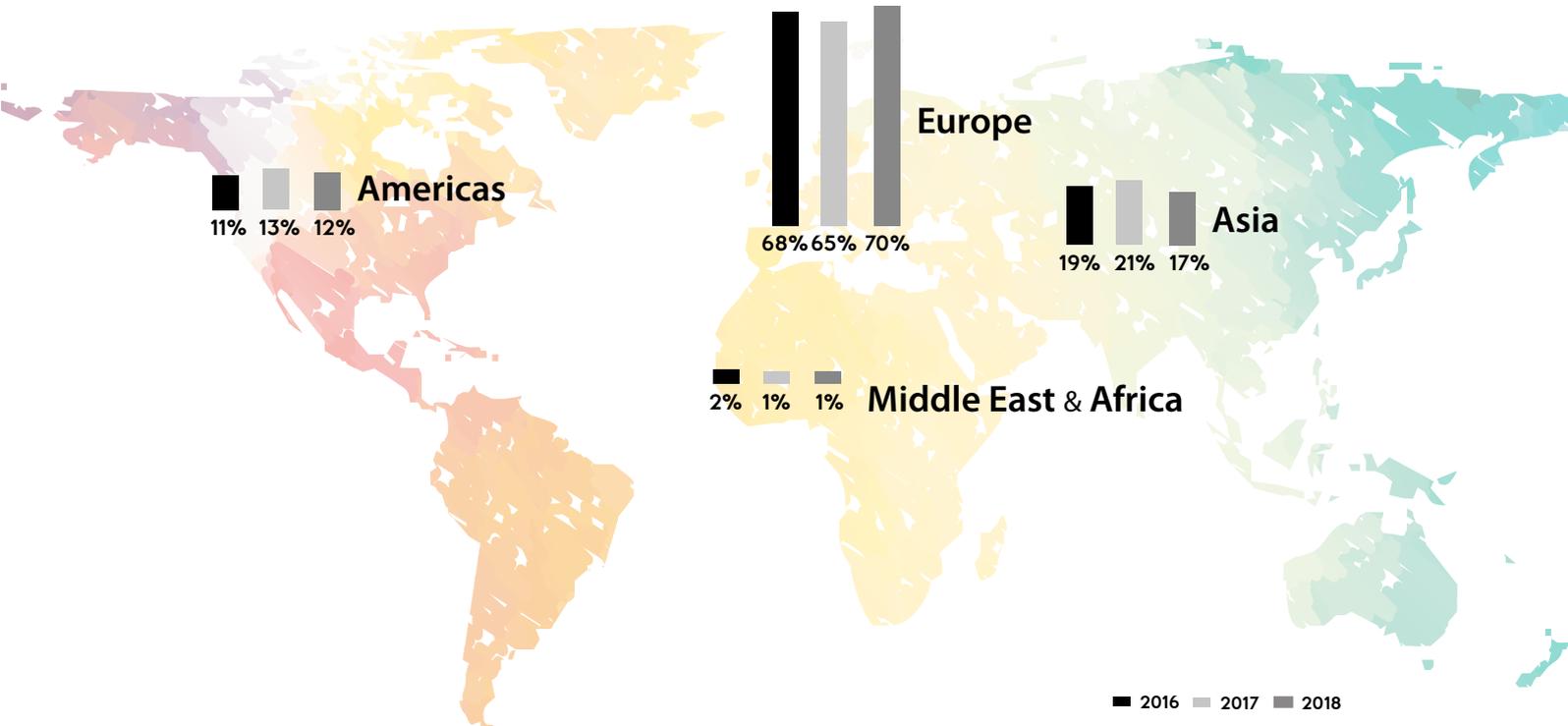


**Eila Kreivi**  
EIB head of capital markets

bonds on the primary market by the Maastricht Treaty rules, other central banks can buy them. In those cases, the US dollar is the most popular currency, Kreivi says.

Another source of new funding is private sector investors. “We want to maximise the number of investors. No one who has a lot to borrow wants to stand on one leg,” Kreivi says. “Which is why we also need to explain ourselves better to the outside world. Why would we not want to bring non-EU money to Europe?”

# Overall 2018 financing €60bn



## SPLIT BY CURRENCY



# 4 IS IT A BIRD? IS IT A PLANE? IT'S VENTURE DEBT!

In the aftermath of the European economic crisis, small and medium innovative enterprises couldn't find the capital needed to scale-up their businesses. The situation was dire across the continent and so the EIB had to invent a superhero to help save it. The daring new financial product goes where other instruments fear to tread, rescuing innovative enterprises across Europe from a dearth of funding. Venture debt is an EIB product that shares features of both a loan and an equity investment. Its defining characteristic: the repayment of the EIB's investment is aligned with the performance of the company, without diluting the founders' ownership stake.

“Economically speaking, it is like equity,” says Hristo Stoykov, head of the EIB's growth capital and innovation finance division. “We take the risk equity owners take.”

Venture debt is also known as quasi-equity. “If the company tanks, we lose the money pretty much in the same way as the equity holders do. If it is mega successful, we partially share in the success,” Stoykov says.

The product is essentially a loan given to a company whose balance sheet might not look like it could service such a debt at the time of its application. The EIB was able to roll out the instrument in full force under the European Fund for Strategic Investments to back innovative, fast-growing companies. “Fast-growing companies are a new type of client for the Bank, and every deal we do with this instrument is with a brand new client for the Bank,” Stoykov emphasises. To get the funds to companies faster, the EIB's Board of Directors authorised the Management Committee to sign off on the venture deals, as long as they fit the eligibility criteria for investing in innovation.

“No two deals here are alike. It is bespoke for every deal.”

“We had to be more agile to approve these deals, had to become more flexible,” Stoykov says. “No two deals here are alike. It is bespoke for every deal.”

**Hristo Stoykov**  
EIB head of growth capital and  
innovation finance



# 5 TARGET MET

**New things can be risky. After all, if no one has tried something before, who knows what might happen? That's where the European Fund for Strategic Investments comes in.**

**U**nder the Investment Plan for Europe, dubbed the Juncker Plan, the EIB Group and the European Commission together set aside €21 billion for a guarantee programme called the European Fund for Strategic Investments (EFSI). EFSI backing allows the Bank to invest in riskier, more innovative projects – projects sometimes with intangible assets and short track records.

In 2018, the EIB Group met its first ambitious goal under EFSI, surpassing its initial target of triggering €315 billion in investment over three years. When that deadline arrived in July, the actual figure was over €334 billion. This is expected to increase the EU's GDP by an estimated 1.3% by 2020 and create 1.4 million jobs. These investments will also have a long-lasting structural impact on productivity and competitiveness. By 2036, these operations will continue to add an extra 0.9% to the EU's GDP and 800 000 jobs, according to a macroeconomic impact analysis by EIB economists working together with the European Commission's Joint Research Centre.

So it should come as no surprise that European legislators decided to increase the guarantee and extend EFSI to 2020, with a new target of €500 billion.

## REALISTIC RIPPLE EFFECT

**Debora Revoltella**  
Director, economics department



What is the Bank's overall impact?

"If you lay a broadband network to provide faster internet, not only do you hire the people who dig up the road and lay the cable in the ground, you also have an effect on the hiring of people who produce the fibre-optic cable, and the goods their income is spent on," explains Debora Revoltella, the EIB's chief economist. "In the longer term, you not only create employment with the construction workers and the workers producing the inputs, but the faster internet connection also allows for new services to spring up and may disrupt some existing ones. It contributes to competitiveness and overall economic activity."

This economic activity has a far-reaching, long-term impact not easily observable when you only look at the project itself, and this translates into economic growth and jobs. To measure that impact, EIB economists partnered with the European Commission's Joint Research Centre to develop a model. Every EIB Group project in the EU is fed into the model with detailed project information such as the amount of investment, the length of the project and the loan, and characteristics of the sector the investment is in. The latest figures for investments signed in 2017 show these projects are expected to have added 650 000 jobs and to have increased the EU's GDP 0.7% by 2036 – a lasting impact on Europe's economy. In the shorter term, the ripple effect is even greater. By 2021, investments supported by the EIB Group in 2017 are expected to have raised the EU's GDP by 1.1% and to have created nearly 1.2 million jobs.

# 6

## WHERE DO YOU BUY INNOVATION?

The EIB invests the money it raises on the financial markets in four main areas: infrastructure, the environment, small and medium-sized enterprises and innovation. But what exactly is innovation, and how do you make it happen through financing?

“When you take a step back, innovation is really about translating research ideas into a technology, product or process, something that you can protect, for example by applying for a patent,” says Felicitas Riedl, head of the EIB’s life sciences division. “The important thing thereafter is that the intellectual property gained gets exploited. It’s not enough to demonstrate something new, it must also serve a purpose.”

That purpose takes different forms. It could be that babies growing up on infant formula get the health benefits of natural additives produced by Jennewein, a company the EIB financed last year. Or that electric vehicles stay charged longer because of battery packs developed by Rimac, another beneficiary of

### WORKING FOR CLIMATE AND COHESION

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Beyond its focus on the four “policy areas” of infrastructure, the environment, SMEs and innovation, the EIB also has two priorities that cut across all policy areas: climate action and cohesion. **Climate action** refers to efforts to limit carbon dioxide emissions and to help societies and ecosystems adapt to climate change. **Cohesion** refers to the EU’s original vision of helping less wealthy European regions catch up in terms of living standards. Some projects bring together many goals at once. For example, the EIB financed Croatia’s Rimac through an intermediated loan to HBOR, the Croatian national development bank, to support small and medium-sized enterprises and mid-caps in 2012. Then, in 2018, the EIB gave a direct loan to Rimac to expand its research and development, thus supporting innovation. Because the company’s activities promote the use of electric vehicles, the lending falls under climate action. And Rimac also ticks the cohesion box by creating jobs in Croatia.

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our lending. More broadly, the purpose is to sustainably grow the economy, contribute to the well-being of people, and to create jobs. And innovation is good both at directly creating jobs for highly skilled people and increasing indirect employment through spill-over effects. “We need to avoid the brain drain from Europe,” Riedl says.

That is why financing innovation is, very often, about financing the people coming up with new ideas and solutions. “We do finance capital expenditure, such as lab equipment, or investments to set up pilot production facilities for example,” Riedl explains. “But usually the major part of the cost of innovation, of a research and development project, is nurturing the ideas in people’s brains – payroll costs.”

**“ We want the EU to be an originator and executor of ideas. ”**

In accounting terms, brains and intellectual property fall under “intangible assets” whose value is difficult to determine and to protect. For that reason, banks are less willing to use those intangible assets as collateral for a loan, making it hard for innovative companies to get financing. The EIB fills that gap in Europe.

The EU bank has a broad portfolio of financial products to address different stages of innovation, from loans to help universities build research infrastructure, to financing for start-ups, to money to help large companies scale up innovation.

“Governments in Europe often use public money to pay for the first stages of research, but then a lot of good ideas get transferred elsewhere because the ecosystem doesn’t support turning this excellent research into applications as the financing requirements increase,” Riedl says. “The benefits go abroad where further money can be found.”

“We want the EU to be an originator and executor of ideas,” she says. “So that they pay back to the society here.”

**Felicitas Riedl**  
Head of the EIB’s life sciences division



# 7 WHICH COMES FIRST, THE CHICKEN OR THE BATTERY?

Two major trends are currently shaping the automotive industry, according to Aris Pofantis, the EIB's lead engineer in the digitalisation and small businesses division. These are electrification and autonomous driving.

**W**ith electrification, cars are getting simpler. Electric cars have fewer components than internal combustion engines and the technology for almost all of these components has matured. Except for one: the battery.

"The battery is the main limiting factor today for electric vehicles achieving mass scale. The battery was never developed for serial, commercial scale automotive applications, and its cost remains very high," Pofantis explains. Additionally, the energy capacity of car batteries (and hence the car's range) is still limited, causing what is called "range anxiety" among consumers who worry they'll get stuck on the side of the road without a charging station in reach.

Pofantis says this creates a classic "chicken and egg" situation: without enough electric cars on the road, there is limited economic motivation to set up networks of charging stations. Yet with too few charging stations, people will be reluctant to buy electric cars. Still, things are moving. In 2018, the EIB signed the first part of a €115 million loan to Enel X, an Italian company that has been installing electric car charging facilities throughout the country.

"We put the infrastructure in place because we thought that once we do so, the market will open up. And that is exactly what has happened," says Alberto Piglia, head of electronic vehicle mobility at Enel X. "Sales of electric vehicles doubled in just a few months."

**“ I want to inspire change and flick a switch for Europe. ”**

Electric car batteries are almost exclusively manufactured outside the EU, making Europe dependent on Japan, China and Korea. In Sweden, Northvolt aims to change this. In 2018, the EIB signed a €52.5 million loan to Northvolt for a demonstration plant that will allow the company's industrial partners to test its lithium-ion batteries. The Gigafactory will employ up to 2 500 people.

Peter Carlsson, the founder of Northvolt, moved back to Sweden in 2017 after living for more than half a decade in Palo Alto, California, where he was global head of Tesla's supply chain. "I want to inspire change and flick a switch for Europe," Carlsson says.

Sweden is a good location for Northvolt because it has essential raw materials needed for battery production, such as graphite and nickel. It also has a lot of inexpensive hydroelectricity, and there are many modern ports to export batteries across Europe and beyond. The company even hopes to recycle old batteries, cutting down on the need for other minerals, such as cobalt.

## 8 THE WORLD'S FASTEST ELECTRIC CAR – AND WHEELCHAIR?

“When I started to do this, electric cars were considered ugly and slow,” Mate Rimac says. “So I wanted to prove they could be fun, and exciting, and fast – even faster than combustion engine cars – and I thought: I want to build my own car.”

**R**imac did build his own car, and his own car company. Rimac is Croatia's sole home-grown carmaker, manufacturing cutting-edge battery technology. Unveiled in 2011, Rimac's car, the Concept One, was at the time the most powerful roadworthy electric vehicle in the world, going from 0 to 60 miles per hour in 2.5 seconds.

Fascinated by electronics and automobiles from an early age, Rimac has taken the company from garage start-up to a vanguard for developments in e-commerce and battery technology. Originally a team of six people, Rimac, which is based in a small town near Zagreb, now has over 400 employees from 26 countries and is growing fast.

Such rapid expansion has required significant investment. The EIB first backed Rimac with a loan to HBOR, the Croatian national development bank, which lends EIB funds on to small and medium-sized companies. Then, in December 2018, the EIB signed a €30 million quasi-equity loan with Rimac to fund the firm's research and development. While the EIB does not finance the development of specific car models, it does fund general purpose technology for clean transport.

Rimac is making a much broader contribution to the European electric car industry than just niche sports cars. “The Concept One car is a source of revenue for the company, and showcases the technology,” says Aris Pofantis. “If you have a high performance electric car like Concept One, people will start to look at electric cars in a different way.”

Rimac's technology has even wider applications, according to EIB investment officer Aleksandar Miha-jlovic: “The same technology can be used not only in sports cars, but also in trains, buses, or even wheelchairs.”

“ **The same technology can be used not only in sports cars, but trains, buses, or even wheelchairs.** ”

## 9

## CLEANING UP THE ADRIATIC AND THE CAR INDUSTRY

When Elizabeta Žalac was born in Đurđevac, a town of 6 000 people in northern Croatia, her parents still drove a Soviet-built Lada. Now she works on one of the world's fastest cars.

**E**lizabeta studied medical device design at the University of Zagreb, and was working in that field, but she saw little opportunity to advance her career at home. "At the beginning, I thought I was not going to be able to find a job in Croatia, especially because there weren't many jobs in the area I specialised in," she says. "So I was thinking about leaving the country, but I really wanted to stay in Croatia, close to my family and friends."

**// What was really important for me was the green aspect of the company. //**

She saw an ad for a job as a battery systems documentation engineer at Rimac. Even though she had little knowledge of cars, let alone electric cars, she went for it. "What was really important for me was the green aspect of the company," says Elizabeta.

The environment matters to Elizabeta. After all, as a member of a diving club, she's part of a campaign to clean up the Adriatic coast and Croatian lakes.

Rimac's recruiters saw how committed she was, and they hired her. There was only one other woman working in her department. Her first job: batteries for an electric racing car for Spain's SEAT. She had doubts about working in a male-dominated industry, but her colleagues turned out to be very supportive. "I asked questions, I studied after I came home from work, and soon got the hang of it, with the help of colleagues," she says.

Today, having already been promoted to junior battery engineer, she is working on Rimac's semi-autonomous sports car Concept 2, which reaches a top speed of 412 km/h. "I'm really proud that I'm working in a company that is part of global change, a company that actually has a positive impact on the world and the environment," she says, "and that all this is happening in a small city, in a country as small as Croatia."



**Elizabeta Žalac**  
Junior battery engineer at Rimac



## SUSTAINABILITY

# THE LONG AND URGENT ROAD

From a small Swedish island to a village in Senegal, the EIB is part of the fight for climate action and inclusive development – and it's in it for as long as it takes to secure a sustainable future.

**Helena Mueller's formative years on a small island in Northern Europe led her to a lifelong career in environment and climate finance.**

1

**In small towns in northern Egypt, poor sanitation makes children sick and sends pollution into waterways and the sea.**

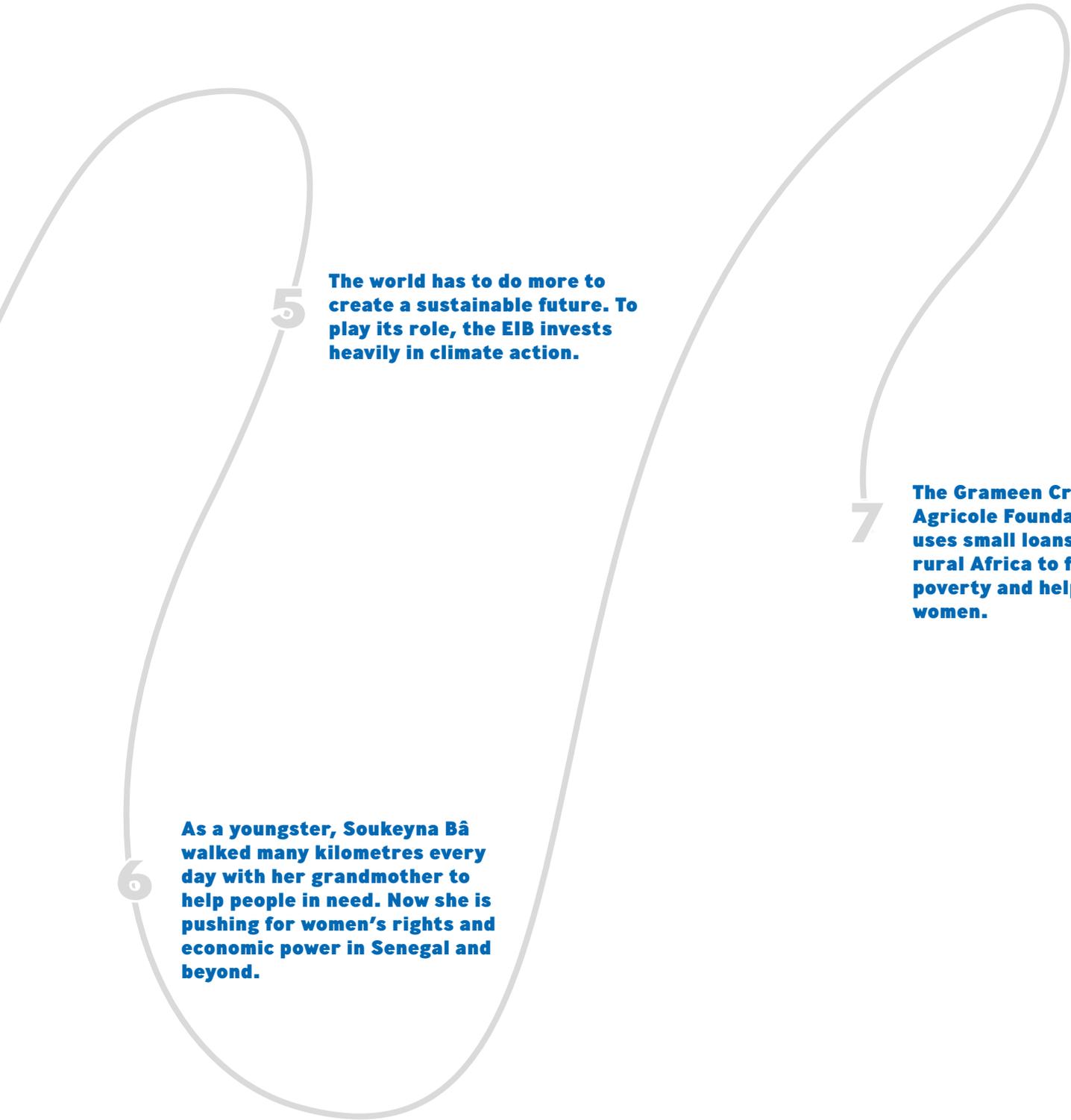
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**Alecta, one of the biggest buyers of new EIB sustainability bonds, will not go near an investment that significantly harms the environment.**

2

3

**The EIB's new Sustainability Awareness Bonds support big projects that make lives better for millions of people.**



5

**The world has to do more to create a sustainable future. To play its role, the EIB invests heavily in climate action.**

7

**The Grameen Crédit Agricole Foundation uses small loans in rural Africa to fight poverty and help women.**

6

**As a youngster, Soukeyna Bâ walked many kilometres every day with her grandmother to help people in need. Now she is pushing for women's rights and economic power in Senegal and beyond.**

# 1

## RAISED IN A SPECIAL PLACE

Growing up on the small Swedish island of Öland, Helena Mueller remembers teachers warning her that the nearby Baltic Sea was becoming sick from sewage, industrial runoff and chemicals. “When you are raised in a special place like Öland Island, you have the sea and the sky and nature all around you, so it is normal to care deeply about the environment,” says Mueller, who credits her school teachers and island life with leading her to a career in environmental finance and sustainability.

**M**ueller, who lives near Stockholm, recently left a consultancy job in sustainability with the accounting firm KPMG to help start-ups use digital technology and operate in a sustainable manner. In 2018 she helped found a technology start-up called Doconomy. The Swedish company is developing a mobile banking service that lets people track their climate impact and compensate for it by investing in environmental projects or by putting their savings into sustainable funds.

“When we discuss the climate crisis, I think it’s really important that we start highlighting how global warming and climate change actually are impacting people around the world,” she says. “We are not only harming nature, but also other people. Every human has the right to a decent life.”

Mueller was happy to learn that her pension fund, which is handled by the Swedish fund manager Alecta, invests in EIB environmental bonds. Alecta is one of the biggest buyers of the EU bank’s new Sustainability Awareness Bonds, introduced in 2018. “I think it is great that my pension is managed like this,” she says. “One of the most important decisions you can take to reduce your negative impact on the planet is investing sustainably – it can make a huge impact.”

“It’s hard not to feel strongly about nature when you are surrounded by it.”

Financial institutions should spend more time educating the public about responsible investing, Mueller says, and they should try to tell the stories behind the data.

The EIB works hard to prove that its green bonds address climate change and that its Sustainability Awareness Bonds deliver the correct impact. The Bank was the first issuer to create detailed rules for reporting the impact of projects that receive money from green bonds, and led the development of a harmonised framework for reporting impacts for all issuers of green bonds.

“Banks are so focused on the money and the financial side of things, and investing the money,” she says. “They don’t always think about community engagement, showing people what is happening, personalising the issues and conveying the stories.”



**Helena Mueller**  
Environmental entrepreneur

## 2 A DUTY TO PROTECT THE FUTURE

The Swedish pension manager Alecta has been concerned about responsible investing for decades, but three years ago, it put one person in charge of the issue. Peter Lööw was a project manager and risk analyst at Alecta for 15 years before taking the new role. Lööw makes sure Alecta constantly weighs environmental and social factors, as well as sustainability, when considering investments. This is a big job. Alecta is the largest manager of employee pension funds in Sweden, representing high-profile companies such as Volvo, ABB and Ericsson.

**M**aking money for clients and protecting the environment are not opposing ideas, Lööw says. “We have discussions about this issue all the time. These two goals are not contradictions. If you are a long-term investor in the true sense of the word, you must take more than financial data into consideration, and that includes society, the climate, the environment, because all of these issues will affect your investments.”

“We like to have green and sustainable assets in our portfolio.”

Alecta won't touch an investment if it is not sustainable or if it fails to adhere to the fund's responsible investing model.

“We're not a philanthropic organisation, but we like to have green and sustainable assets in our portfolio. Our clients expect this and we want to do this,” Lööw says.

Alecta manages €85 billion in pension money for 2.4 million private clients and 34 000 corporations. It holds €3 billion in green bonds and €450 million in other sustainable investments. The firm was one of the largest buyers of the EIB's new Sustainability Awareness Bonds when the first €500 million issue was launched in September. Alecta was a cornerstone investor, buying €50 million of the new bonds.

“We appreciate the transparency we get from the EIB,” Lööw says.

**Peter Lööw**  
Head of responsible investing at Alecta



# 3

## NEW BONDS FOR A SUSTAINABLE FUTURE

### Financing clean drinking water for millions of people

**W**ater is a valuable resource, but it's also an expensive one to finance, given the major infrastructure involved in cleaning it and pumping it into homes and businesses. One of the EIB's newest products, Sustainability Awareness Bonds, will finance water projects in Europe, but also in places like East Africa or northern Egypt, where fresh water and sanitation are lacking in rural areas and some cities. The sustainability bonds build on the success of the Bank's green bonds and will contribute to a number of UN Sustainable Development Goals.

The EIB issued its first Sustainability Awareness Bond in September, raising €500 million to finance projects that address social and green issues beyond climate change. The term "awareness" echoes the Bank's Climate Awareness Bonds, which were launched in 2007 as the world's first green bonds.

The EIB hopes the sustainability bonds will become as successful as green bonds, which have raised more than €23 billion over 11 years and helped build a global green bond market worth more than €400 billion.

The EIB's sustainability bonds will provide detailed reporting, such as the number of people who gained access to running water because of the investment. "In Malawi, there might be 10 000 people living in the slums and relying on water from a well," says Thomas van Gilst, head of water management at the EIB.

"We can finally get water pipes to them from the central system, and all the costs involved in making the connection can be eligible for financing from sustainability bonds."

**“Bonds don't have a direct impact on people's lives. The projects do.”**

One of the first EIB projects funded by the sustainability bonds will build and renovate wastewater treatment plants in the Kafr El Sheikh area of northern Egypt, where many people are not connected to the public sewer network. The project will improve the quality of life and the environment for an estimated rural population of 470 000. "This project in Egypt will change the daily lives of a huge number of people," says Patricia Castellarnau, an EIB water economist.

In the future, the bonds will potentially expand beyond water into more social sectors as well, such as health care, education, or building sustainable cities.



**Patricia Castellarnau**  
EIB water economist

# IN 2018, EIB GREEN BONDS SUPPORTED

**44**  
projects

**16**  
countries

**€1.7bn**  
in investments

## BREAKDOWN OF SUSTAINABILITY AWARENESS BOND PURCHASES BY COUNTRY



## EIB OBJECTIVES FOR WATER PROJECTS FUNDED BY SUSTAINABILITY AWARENESS BONDS

- Access to **water** and **sanitation**
- **Pollution prevention** and **control**
- Conservation of **natural resources**
- **Natural disaster** risk management

# 4 BETTER SANITATION, HEALTHIER CHILDREN

Sewerage services and drinking water have improved in Egypt's biggest cities over the past couple of decades, but it is a different story in smaller towns. In rural areas, many homes have no connection to a public sewer. In some areas, there isn't even a public sewerage system. Most houses and businesses use septic tanks whose contents are sometimes dumped into canals or cesspits. It is common for sewage to leak into the ground or the Mediterranean Sea.

In rural Egypt, only 18% of homes are linked to public sewers and 12 to 15% of the population has no running water. The sanitation problems cause illness, especially in children. A lack of safe water and sanitation has made diarrhoea one of the main health concerns for young children in rural Egypt.

"Egypt is trying to change," says Maria Diamanti, an EIB water engineer. "But there are many projects in the countryside, so it will take time to provide proper sanitation services everywhere. We are making life better step by step."

One recent Egyptian project will build and renovate wastewater treatment plants in the Kafr El Sheikh area of northern Egypt, near the Mediterranean Sea. Egypt will build or expand five wastewater treatment plants and install 694 km of sewer pipes. The work will improve sanitation and provide irrigation water for nearly 470 000 people as well as limit the amount of pollution going into the Nile River, the Mediterranean and nearby Lake Burullus, which supports 70% of the country's fishing industry.

The EIB approved a €77 million loan for the €160 million project. This is backed by the EIB's new Sustainability Awareness Bonds. The bonds, first issued by the Bank in September, support social, green and environmental projects around the globe. "Egypt has a huge investment gap in terms of the sewage system," says EIB water economist Patricia Castellarnau. "This project will give thousands of people access to sanitation, but there will be many other benefits for irrigation, reduced pollution, cleaner canals. The environmental and social impact will be massive in Egypt, which is exactly what we want for the Sustainability Awareness Bonds."

“ We are making  
life better step by  
step. ”

**Maria Diamanti**  
EIB water engineer



# 5 SUSTAINABILITY FOR THE LONG TERM

**S**ustainable development has been high on the EIB's agenda for many years, but it is getting more attention now that the United Nations have adopted 17 Sustainable Development Goals to end poverty and hunger, improve health and education, fight global warming and bolster gender equality. EIB financing and technical assistance support sustainable projects in over 160 countries and catalyse private finance, encouraging others to match our long-term investment. "We support the harmonious development of the economic, social and environmental parts of people's lives," says Marco Beros, a lead engineer at the EIB.

A key way we make the planet more sustainable is by fighting climate change. The EIB is the largest multilateral provider of green finance worldwide and the biggest issuer of green bonds. The Bank invests at least 25% of its financing in climate action. By 2020, the EIB aims to devote at least 35% of its financing in developing countries to investments addressing climate change. The EIB will fund \$100 billion worth of climate-related investments from 2016 to 2020, contributing significantly to the Paris Agreement targets. To reach these goals, the EIB "mainstreams" climate action, says Monica Scatasta, the head of environment, climate and social policy at the EIB. "We are working hard to ensure that by 2020 all our operations take into consideration climate change and are compatible with the Paris Agreement."

**"We are working hard to ensure that by 2020 all our operations take into consideration climate change and are compatible with the Paris Agreement."**

**Total climate investment €16.2bn**

**€1.1bn** Climate change adaptation

**€4.1bn** Renewable energy

**€2.7bn** Energy efficiency

**€1.1bn** Research, development and innovation

**€6.0bn** Lower carbon transport

**€1.2bn** Other climate change mitigation

**Monica Scatasta**  
EIB head of environment,  
climate and social policy



# 6 AN ACTIVIST SINCE CHILDHOOD

Following in her grandmother's footsteps turned Soukeyna Bâ into a leader for women's rights

**S**oukeyna N'Diaye Bâ lost her father when she was six. Her mother was forced to go back to school to get a better job to support her only daughter. Soukeyna was passed from one house to another in rural villages and communities in Senegal, staying with aunts or grandparents.

This tough upbringing taught her to be independent and to work with all types of people. She grew up to be a leader in her country and across Africa for women's rights and sustainable development. "When I was young, I used to go with my grandmother to visit people," says Soukeyna, now 68 years old and living in Dakar. "She was always helping people and always walking many kilometres a day to make visits. Sometimes she travelled long distances just to say hello. She taught me how important it is to reach out."

**“Life is very difficult for small farmers.”**

Soukeyna has been reaching out a lot over the past few decades. In 1987, she came up with the idea of giving women in markets small loans using her own money. She helped them start a business that involved selling food and other products or sewing fabrics. She coached them about sales, profit and expenses. She turned this idea into a microfinance institution called Female Business Development in Africa that is helping women across Senegal today and building strong links worldwide with other microfinance players. She co-founded the International Network of Alternative Financial Institutions, a global group of microfinance organisations helping developing countries do more for women, the poor and rural residents.

"Women grow up to be very strong in Senegal, but they were not being supported financially. That is why I started my organisation," Soukeyna says. "I knew that we needed to do more to give them opportunities and real access to financial resources, so they could be included in the economy."

Soukeyna is a board member of the Grameen Crédit Agricole Foundation, an organisation that believes inclusive microfinance is the best way to end poverty and boost the economy in developing countries. The EIB is supporting Grameen with a €12 million loan.



**Soukeyna Bâ**  
Microfinance entrepreneur

# 7 A MICRO-CREDIT FOUNDATION WORKS TO LIFT PEOPLE OUT OF POVERTY

**Grameen is improving health care, water and sanitation in rural communities around the world**

**W**hen Eric Campos thinks about the future of Africa, he takes a long pause before starting to talk. “Africa’s future could be a success or a terrible failure,” he says.

Campos is managing director of the Grameen Crédit Agricole Foundation, an organisation that specialises in microfinance for the poorest regions of the world. The foundation’s belief is that small loans are one of the best ways to end poverty, improve the economy and give women equal rights in developing countries. The foundation is especially committed to rural Africa, where it does more than 80% of its business.

It was created in 2008 by the French bank Crédit Agricole Group and Grameen Trust, a non-profit started by Muhammad Yunus, a Bangladeshi social entrepreneur who shared the 2006 Nobel Peace Prize with Grameen Bank for pioneering the concept of micro-credit for the poor.

Improving health care, water supplies and sanitation services is great for rural communities in Africa, Campos says, but his organisation wants to show that giving small loans at good rates to women and farmers is one of the best ways to make rural areas sustainable. Small loans to women help families and children lead healthier lives. Financing for farmers helps a whole community, he says.

The EIB’s €12 million loan to the Grameen Crédit Agricole Foundation finances loans to microfinance institutions in West Africa. The foundation is active in 38 countries and has granted over €200 million in loans to nearly 90 microfinance institutions worldwide. A large majority of the beneficiaries of these micro-loans live in rural areas.

“ **By lending to local institutions which distribute the money in the heart of their territories, we promote the economic independence of individuals.** ”

**Eric Campos**  
Managing director of the Grameen  
Crédit Agricole Foundation



## GENDER EQUALITY

# JUST TRY DISMISSING HALF OF THE PLANET

Gender equality makes economic sense for the entire world economy. If women were fully brought into the economic sphere, global GDP could grow by an extra \$12 trillion by 2025, according to a McKinsey Global Institute report. Advancing gender equality is good for women, their families, the communities in which they live and ultimately for business and the economy. In 2018, the EIB pushed for gender equality and economic empowerment of women through a range of projects, initiatives and partnerships.

**More than a garment: a fashion school in Ethiopia builds a women's entrepreneurial network.**

1

**“ We must carefully design all our projects so that both women and men will benefit. It's also about choosing the right sector, as some of them will create a more enabling environment for gender equality. ”**

**Gender and climate change: (Renewable) girl power.**

2



**Julia Chambers**  
EIB senior social development specialist

**“ Women are agents of change. Empowering women will help us all to deal with the pressing challenges: climate action, irregular migration and achievement of the Sustainable Development Goals. ”**



**Maria Shaw-Barragan**  
EIB head of global partners

**3**

**A microfund empowers Jordanian women.**

## **STRATEGIC EMPOWERMENT**

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With its Strategy on Gender Equality and Women’s Economic Empowerment, the EIB aims to move the rights of women and girls to the heart of its activities, so as to further contribute to the United Nations’ 2030 Agenda for Sustainable Development, and specifically to Sustainable Development Goal 5, which aims to “achieve gender equality and empower all women and girls.”

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**4**

**At the forefront of AI and health: Peptides and a woman entrepreneur.**

# 1

## DESIGNS ON A FUTURE

In Ethiopia, even if you are not a fashionista, chances are you have heard of Next Fashion Design, one of the country's pioneering design schools. Behind its success is Sara Mohamed, who is known for adding a unique touch to traditional Ethiopian clothing and for moving sartorial creativity forward.

A model turned designer, Mohamed founded Next Fashion Design in 2013 and has since worked to carve out her own niche in the fashion industry. More importantly, she encourages her students to do the same.

Programmes at the school run for between three months and two years, and 80% of the students are women. In autumn 2018, Mohamed received a loan from Ethiopia's ENAT Bank, backed by an EIB line of financing. "If I empower a woman, the woman will inspire another woman and that woman will inspire another," Mohamed says. "It's like a chain, we grow up together."

**“ It’s like a chain,  
we grow up  
together.  
If I empower  
a woman,  
the woman will  
inspire another  
woman and that  
woman will inspire  
another.”**

The EIB also supports the Women Entrepreneurship Development Project in Ethiopia. The project finances micro and small enterprises owned or partly owned by women. Started in 2013 with a \$50 million loan from the World Bank, the project has since attracted funding from the governments of Italy and Japan and in November 2018 from the EIB, which provided a €30 million long-term loan. The project “has filled this fast-growing and underserved customer segment,” says Enrico Pini, the EIB investment officer dealing with the loan.

The project is a pioneering model, just like Sara's fashion design school.

**Sara Mohamed**  
Founder of Next Fashion Design



## 2 (RENEWABLE) GIRL POWER

Women are often among the most vulnerable to the effects of climate change. They can also be some of the most effective actors to help combat it. The Bank is working to integrate gender into its existing efforts to address climate change.

**P**ower to the girls in India. In villages in the Indian states of Telangana and Andhra Pradesh, households used to experience electricity cuts for up to 12 hours a day. “We had no fan and no light; the children found it difficult to study. In summer it’s very hot, it’s hard for the children to tolerate the heat. Fans and lights are beneficial,” says one of the many local women to benefit from the EIB’s €150 million long-term loan to the Indian Renewable Energy Development Agency.

“D-light is giving me more hours to work and a brighter hour.”

The new €150 million credit line supports €500 million of investment in renewable energy and the construction of both solar power and wind farms across India. In Telangana and Andhra Pradesh, these investments have brought reliable renewable energy to communities and improved lives for women and girls. Better street lighting makes women feel safer walking at night and helps them find time to study. The project also means clean energy for more than 1.1 million Indian households.

Safety for women is an important issue on big infrastructure projects, too. Take the metro in Bangalore, one of the fastest-growing cities in the world. The city’s inhabitants make more than 400 000 trips a day on the metro, which adds up to more than 150 million trips a year. Part of the line’s popularity is due to special provisions made for female passengers, which were added after consultation with local women. The metro dedicated two cars on each train exclusively to female passengers, which is particularly important when the line is packed. “Especially when the train goes towards Mysore Road, it becomes very crowded and then, you know, it’s fully jammed. Then women start feeling uncomfortable,” says one female passenger.

### A BRIGHTER HOUR

**Margaret Anyango**  
Owner of a grocery shop in Nairobi



When the sun went down, Margaret Anyango’s grocery business used to dry up. But not anymore. A solar kit from the D-light company has made her Nairobi kiosk visible even from afar. “Whatever the distance they are at, the customers can see that it’s still open because there’s light,” she says. D-light provides a range of off-grid, solar-powered lighting solutions, including solar panels, mobile phone chargers, solar lights, light switches, torches, FM radios and even TVs. The panels are easy to use and can operate as a personal power grid. They are also inexpensive, thanks to a pre-payment system. So far, the kits have been sold to 200 000 customers in Kenya. D-light secured \$25 million in funding from the EIB in March 2018. “D-light is giving me more hours to work,” says Margaret, “and a brighter hour.”

# 3 MICRO-LOANS WITH A BIG IMPACT

**F**or 20 years, the Microfund for Women has provided financing for female-owned businesses across Jordan and filled a market gap left by local banks, which are often ill-equipped to make loans to small firms. The Microfund's presence is changing Jordan's culture. The Microfund's loans encourage women to work and to engage in entrepreneurship, supporting the reduction of gender inequality.

Women in Jordan make up 70% of people living in poverty. They earn less than men, have little control over property, and often face the dual burden of being primary caretaker and the main earner for their household. The Microfund also works with Syrian refugees, 1.4 million of whom have settled in Jordan as a result of Syria's civil war.

**Women in Jordan make up 70% of people living in poverty.**

The EIB issued a new \$5 million credit line to the Microfund for Women, mainly to help female entrepreneurs, the self-employed and microentrepreneur groups, such as one group of female Syrian refugees. The EIB credit line will support loans to 146 000 beneficiaries, 96% of whom are expected to be women.

The loan is backed by the Southern Neighbourhood Microfinance Facility. This €71.3 million lending facility blends the EIB's own resources with those of the European Commission available under the Neighbourhood Investment Facility. The credit line is the second EIB loan to Microfund for Women, after €2 million in financing provided in 2014.

**The EIB credit line will support loans to 146 000 beneficiaries, 96% of whom are expected to be women.**



# 4 AT THE FOREFRONT OF ARTIFICIAL INTELLIGENCE AND HEALTH

Only 10% of investor funding in the EU goes to start-ups led by women. The EIB aims to fill this gap by backing those companies at every stage of their journey.

The fragments of proteins called peptides can limit the spread of disease in the human body. The problem is finding them. They are, after all, only a few molecules among billions in a single plant. But an Irish company, Nuritas, has developed a technology based on artificial intelligence that allows scientists to detect peptides faster and to get them to market quicker, while also significantly reducing costs.

“Our goal is global and it is to improve the lives of billions of people.”

“The key to preventing many diseases lies in food data,” says Nora Khaldi, founder and chief science officer of Nuritas. Khaldi, who is Irish and French, studied mathematics in addition to earning a doctoral degree in molecular evolution and bioinformatics. “Our goal is global and it is to improve the lives of billions of people.”

Khaldi has put her knowledge into practice with discipline and dedication. Her company is the first to use artificial intelligence and DNA analysis to find and unlock peptides from natural sources such as food.

Only 10% of investor funding in the EU goes to start-ups led by women. The EIB aims to fill this gap by backing those companies at every stage of their business journey. The EIB agreed to provide €30 million to Nuritas – the first Irish biotech company backed by the Investment Plan for Europe’s European Fund for Strategic Investments – to accelerate the development of their artificial intelligence platform to discover peptides that can prevent or treat disease with industry-leading speed and accuracy.

“We have been impressed by their innovative use of technology and the level of global deals already achieved,” says Stefano Marzario, the EIB investment officer working with Nuritas. “Our goal is to find innovative and fast-growing companies, especially women-led. Nuritas fits this bill perfectly.”



**Nora Khaldi**  
Founder and chief science officer of Nuritas

## GOVERNANCE

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The EIB is an EU body, accountable to the Member States, and a bank that follows applicable best banking practice in decision-making, management and controls.

**The Board of Governors** is made up of government ministers from each of the 28 Member States, usually Ministers of Finance. The Governors set out the Bank's credit policy guidelines and once a year approve the annual accounts. They decide on capital increases and the Bank's participation in financing operations outside the EU. They also appoint the Board of Directors, the Management Committee and the Audit Committee.

**The Board of Directors** takes decisions on loans, borrowing programmes and other financing matters. It meets ten times a year to ensure that the Bank is run in accordance with EU Treaties, the Bank's own Statute, and general directives laid down by the Board of Governors. There are 29 directors, one nominated by each Member State and one by the European Commission. There are also 19 alternate directors. To broaden the Board of Directors' professional expertise, six experts may be co-opted to participate in Board meetings as non-voting advisers. Decisions are taken by a majority representing at least 50% of the capital subscribed by the Member States and one third of Board members entitled to vote, unless otherwise provided for in the Statute. The Board is chaired by the President, in a nonvoting capacity.

**The Management Committee** is the Bank's resident decision-making body. It oversees the day-to-day running of the Bank, prepares decisions for the Board of Directors and ensures that these are implemented. It meets once a week. The Management Committee works under the authority of the President and the supervision of the Board of Directors. The other eight members are the EIB's Vice-Presidents. Members are appointed for a renewable period of six years and are responsible solely to the Bank.

In addition, the Bank has an independent **Audit Committee** answerable directly to the Board of Governors. It is responsible for the audit of the Bank's accounts and for verifying that the activities of the Bank conform to best banking practice. The statement of the Audit Committee is submitted to the Board of Governors together with the annual report of the Board of Directors. The Audit Committee is composed of six members appointed for a non-renewable term of six consecutive financial years.

## WHAT'S NEXT

**The Bank set a target for new lending signatures of €63 billion for 2019. This target assumes that the €3.5 billion of paid-in capital expected to be withdrawn by the UK as a result of Brexit will be replaced.**

**The Bank's activities have evolved greatly in recent years as we have assumed a bigger role in implementing EU policy initiatives. The Bank's work with the European Fund for Strategic Investments to mobilise private financing for key projects together with our focus on executing financing mandates have done nothing less than change the DNA of the EIB Group.**

## Highlights from the EIB’s Operational Plan for 2019

**The Bank’s higher-risk “special activities”, which include projects linked to the European Fund for Strategic Investments, continue to push the Bank beyond its traditional customers and markets, and often demand greater manpower. Continuing the pattern of recent years, a high proportion of deals – around 50% – will be done with new clients. That number rises to 80% for the new products and initiatives of the special activities business.**

**The Bank maintains ambitious targets for lending to small and medium-sized enterprises and mid-caps, with an increasing share of financing directed to innovative enterprises. The result is that real support for small firms and mid-caps should reach €17.4 billion in 2019. When financing from the European Investment Fund is figured in, the EIB Group’s support for small businesses could exceed €22 billion in 2019 and 2020.**

**Advisory Services continue to be an important part of our business. We anticipate 528 new assignments in 2019, about the same level as 2018, to support €45 billion in investments. We are committed to dedicating at least 25% of own-lending capacity to climate projects annually, and to increasing from 25% to 35% the share of financing for developing countries dedicated to climate action. We have committed to financing a total of \$100 billion in climate action investments globally from 2016 to 2020. The Bank will also continue to focus on infrastructure projects, particularly those that reduce waste and preserve resources.**

**The Bank, which celebrated its 60<sup>th</sup> anniversary in 2018, is constantly changing. But it remains dedicated to making a maximum impact in the areas of social cohesion, competitiveness and climate change and to supporting the EU as a stabilising force on the world stage.**

60 years

improve lives.  
together.





# OPPORTUNITY DELIVERED

**2018 ACTIVITY REPORT**



The EIB Group consists of the European Investment Bank and the European Investment Fund.

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