



European Investment Bank Group

Operational Plan 2014-2016



European Investment Bank

THE EIB GROUP OPERATIONAL PLAN 2014-2016

Important notices:

The Operational Plan 2014-2016 was discussed and approved by the Board of Directors of the European Investment Bank at its meeting of 17 December 2013.

Attention is drawn to the fact that data provided on 2013 activity are estimates only which were made prior to the 2013 year-end. This document also contains other forward-looking statements such as projections of financial performance. Such statements and projections may, by their nature, prove to be inaccurate.

Data that are confidential and/or financially sensitive in nature have been removed from this publication.

THE EIB GROUP
OPERATIONAL PLAN 2014-2016

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1. Maintaining Momentum for Growth and Employment

Economic overview

Despite some mild signs of recovery at the macro level – most notably EU GDP turning positive in the second quarter 2013 - the lasting consequences of the crisis on the EU economy are likely to continue to constrain growth. Investment remains below pre-crisis levels almost everywhere despite the fact that real GDP in the EU has almost attained its pre-recession level. The reduction in investment levels has been most severe in programme countries. Credible financial-sector restructuring, structural reforms and a reduction of policy uncertainty are key prerequisites to overcoming this severe underinvestment.

Employment in the EU has been severely hit by the economic developments of the past 5 years. More than 26 million people are currently unemployed in the EU - 10 million more than before the crisis. Unemployment in the EU is reaching record levels not seen over the past ten years. Aside from the severe social implications, the dismal long-term unemployment situation carries the risk of structurally reducing the EU's growth potential.

Looking forward, in 2014-2016 a moderate recovery is expected in the EU albeit amid continued divergence in performance. GDP growth is expected to oscillate for most Member States between 1% and 2%. Eastern Europe is forecast to outgrow Western Europe and thereby resume its path of convergence. Southern European countries are less likely to make up for the effects of the crisis in the medium-term. The impediments that hold back the recovery of investment are the general uncertainty and the modest economic prospects. Econometric analysis shows that policy uncertainty explains some 70% of decline in investment. At the same time the disintegration of the EU financial sector has played a role constraining access to finance, with a very differentiated impact across countries, sectors, market segments, and enterprises.

While significantly exceeding the performance of advanced economies, growth in emerging markets and developing economies is expected to be between around 5% and 6%, i.e. remaining below pre-crisis levels throughout the 2014 to 2016 period.

The EIB's response

The EIB is an integral part of the EU's strategy to address the longer-term consequences of the crisis. The Bank has contributed to the EU response to the crisis with a clear counter-cyclical and growth-enhancing course and will maintain its ambitious targets for the 2014-2016 planning period. The plan 2014-2016 foresees lending targets set at EUR 67bn +/-10% for 2014 and 2015 with a return to a long-term sustainable lending target for 2016 in a range between EUR 50bn and EUR 64bn. Indeed, for 2016 and beyond, the EIB will endeavour to respond positively to developments in the economic outlook and its risk metrics so as to optimise lending volumes and value-added within the above mentioned range.

As such, in order to support the economic recovery in the EU, the EIB is considering a series of evolving factors which will determine the nature and demand for EIB intervention in 2016 and beyond. At the same time, the Bank remains watchful that activity levels are financially sustainable in an uncertain lending environment. Due to the remaining uncertainties, lending targets are set with a flexibility of 10% and indications are only given in terms of ranges for 2016.

As the 'EU Bank', the Bank remains focused on viable projects within all Member States of the EU, prioritising those projects and industries targeting growth and employment, particularly in vulnerable countries. The EIB offers significant value added by supporting sustainable long-term growth and employment in the EU. With lack of finance representing a specific constraint to some countries and to certain firms, a focused effort from the EIB, according to its mandate to target productivity enhancing activities, is key. Notwithstanding its ambitious business plan the Bank continues, alongside traditional lending, to devote significant efforts to support new initiatives, enabling innovative solutions to structural issues in the economy; as well as deploying more targeted products to address the varying needs of the EU Member States. The Bank's investment strategy remains closely aligned with the EU policy goals in the context of the European semester cycles as outlined in

the horizontal EU priorities of the Commission's Annual Growth Survey and the related Country-specific recommendations to be implemented by the Member States.

Additional targeted support to projects with a particularly strong impact on growth and employment is pursued in a number of special initiatives, including: "Jobs and Skills – Investing for Youth", the roll-out of Trade Finance and Mid-Cap Initiatives. The proposed Commission-EIB SME Initiative is yet another important new instrument which aims to overcome persisting financing bottlenecks of SMEs. Further details on these special initiatives are given in [Annex 1](#). As such the Bank is taking a number of proactive steps to facilitate further lending, both to ensure it reaches its ambitious targets and to create the right framework for the longer term.

To further mobilise maximum resources for the benefit of SMEs, the EIB has also been working on reinforcing the credit enhancement capacity of the EIF with a new Risk Enhancement Mandate from the EIB of up to EUR 4bn over 7 years. In parallel, a capital increase to cover both venture capital and guarantee operations is discussed with EIF shareholders. EIF plays a catalytic role in increasing funding for SMEs, particularly in early stage funds.

Combining EU institutional capacity inside the EU under the next 2014-2020 Multi-annual Financial Framework (MFF)

The EIB Group is committed to work closely with the Commission, Member States, national development banks and other stakeholders under the new 2014-2020 MFF, and to continue to provide innovative yet pragmatic and efficient joint solutions to further catalyse private investment in the EU and to increase the leverage effect of EU budgetary resources and Member State contributions.

The main platform to combine EIB Group and EU-28 national financial institutions is the European Long Term Investors association (ELTI). Launched on 5 July 2013 in Paris by 16 European financial institutions, the ELTI held its first General Assembly in Brussels on 14 November 2013. Following the EIB capital increase, it is yet another way to multiply EIB Group and European financial institutions' leverage effect in federating the financial strength of those institutions for growth and employment through long term investment.

After months of complex negotiations, the European Parliament gave its blessing to the EU's long-term budget for 2014-2020 on 19 November 2013. The Council of Ministers has approved the MFF at the Competitiveness Council on 2 December 2013. The overall budget for the next seven years is EUR 960bn in commitments and EUR 908bn in payments. The Commission will be required to present a review of the functioning of the MFF in 2016, taking full account of the economic situation at the time.

In addition to complementing the Bank's mainstream investments under the Strategic Infrastructure and Resource Efficiency Initiative, discussions are ongoing between the Commission and the EIB Group to prepare the next generation of financial instruments under various EU programmes. The roll out of new financial instruments under EU programmes such as the Connecting Europe Facility (CEF), Horizon 2020 and under European Structural and Investment Funds (ESIF) may also be supported by accompanying advisory services, both at conception and implementation stage.

Supporting EU Policy outside the EU

The EIB has a key role to play in supporting the EU's external policies, through the External Lending Mandate (ELM) and the ACP-EU Cotonou Partnership Agreement. The ELM for the 2014-2020 period, which provides a sovereign risk guarantee covered by the EU budget, is likely to reaffirm the principle of EIB support to the EU external policy objectives. The ELM is under trilogue negotiations between the European Parliament, the Council and the Commission, and subject to acceptance by the EIB governing bodies, which should take place by mid-2014, when the current Mandate expires.

In a context of constrained budgets at the level of the EU and the Member States, the on-going negotiation of the successor ELM as well as the Member States guarantee for Own Resources operations in ACP countries will be crucial for the continuity of the Bank's operations outside the EU.

Maintaining confidence in the Bank and the quality of its portfolio

Quality of lending to assure a high value added of EIB intervention will continue to be pursued hand-in-hand with the ambitious lending volumes. Enhanced project monitoring and the development of advisory programmes should allow the Bank to further improve its lending impact by strengthening the projects economic and technical foundations.

As the financing institution of the EU, the EIB places great emphasis on integrity and good governance, and compliance with best banking practices remains key to EIB activities. EIB will review its procedures and processes to keep them relevant and efficient notably in view of new developments in the field of Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT).

In line with the Commission's current strategy on Corporate Responsibility, EIB mainstreams social, climate and environmental considerations into its operations and lending policies and criteria in consultation with its stakeholders, with the aim of maximising the creation of shared value for its stakeholders and society at large. EIB is held accountable and responsible for its corporate responsibility. Its related corporate responsibility report is audited and defines clear targets on which the Bank reports yearly and which are measured as a Key Performance Indicator in this Operational Plan. The Bank furthermore reports on its non-financial performance at the highest level, A+, of the internationally accepted corporate responsibility reporting standard, Global Reporting Initiative (GRI).

Conclusion

The EIB is maintaining its objective to inject momentum into the EU economy via efficient and effective investment support and remains well placed to contribute to sustainable growth and employment. Alongside traditional lending, new lending initiatives focusing on SMEs and youth employment are materialising. The EIB is combining forces with the Commission, Member States and national development banks to optimise the chances of success whilst taking into account regional and local growth priorities.

With the EU budget for the 2014-2020 MFF approved in December 2013, the EIB is contributing to the longer-term vision of Europe 2020 through the design of further complementary and 'fit-for-purpose' financial instruments and the development of adapted advisory services.

Outside the EU, the Bank will stay firmly engaged to support EU policy. Particular attention will be given to the implementation of the new External Lending Mandate and a further strengthening of the dialogue with the Commission on policy, strategy and enhanced cooperation.

2. The 2014-2016 Lending and Borrowing Programmes

The EIB remains committed to respond to the crisis with a clear counter-cyclical course and maintains ambitious targets for the 2014-2016 planning period. EIB retains its lending targets at EUR 67bn +/-10% for 2014 and 2015. The Bank is prepared to maintain a high level of activity also in 2016, however, such activity levels must be sustainable over the long-term and aligned with the Bank's overall business model.

While the EU appears to be embarking on a tentative recovery path, recovery is still fragile. EIB remains highly aware that changes in market circumstances may impact the achievement of this plan. Considering the uncertain lending environment, the expected evolution of the Bank's risk metrics and funding constraints, a lending target range between EUR 50bn and EUR 64bn is indicated for 2016 and beyond. When a decision is taken on the appropriate business volume in 2016, a broad set of factors will be taken into account, including the economic and financial environment in the EU and the need to preserve the financial strength of the Bank and achieve an appropriate mix of risk capacity and business volume to realise a high level of value added of the operations of the Bank.

Lending Programme – Challenges and focus

Market conditions for the implementation of EIB's lending programme remain challenging in view of continued economic divergence in the EU. There are a series of factors, which can significantly change the growth outlook in the EU either positively or negatively. They will determine the nature and extent of the need for EIB intervention in the EU in the medium-term:

- easing of the pace of fiscal adjustment not materialising during 2014-2015, which would reduce the expected rebound of investment and consumption.
- the actual and perceived progress in implementing reforms on national and European level will influence fiscal sustainability concerns and thereby price differentials for sovereigns within the EU.
- the success of cleaning up banks' balance sheets will influence the availability of suitable counterparts and the re-emergence of cross border interbank lending.
- the progress in the implementation of a Banking Union will significantly influence the degree of defragmentation of the European financial sector, differences in banks funding costs, and credit supply constraints for SMEs in some Member States.
- the degree of implementation of structural reforms will affect productivity, competitiveness and imbalances.
- global economic developments will affect the EU's ability to (re-)attract investments
- social consequences of the crisis may alter key EU priorities with possible impact on EIB intervention areas and it is expected that economic and social cohesion measures and initiatives will be reinforced.

EIB's focus remains on support to growth and employment in the EU notably through the development of new initiatives, seeking out innovative ways to resolve structural issues in the economy via the introduction of new instruments. In the medium term, there is scope for EIB action in the following key areas:

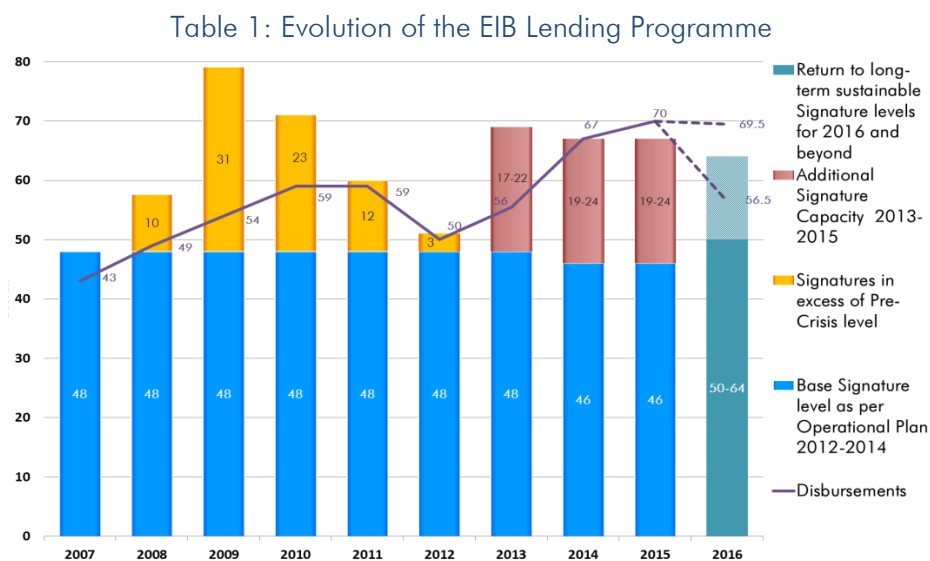
- Support SME access to finance - With demand for credit expected to pick up faster than the re-integration of the European financial sector, credit supply is becoming a critical bottleneck to SME investment and growth which the EIB is equipped to help mitigate.
- In addition to traditional SME-targeting products, initiatives to enhance the marketability of SME risk (e.g. through securitization) are being explored to help attract new sources of finance including pension funds, insurance companies, etc. Intermediated loans to SMEs as well as new market-based products for financing SMEs are an adequate response to the crisis-induced market failure, which has led to different financing conditions for European

companies depending on their home country. EIB activities are thus well suited to mitigate the effects of financial fragmentation.

- Unemployment is likely to remain one of the major social challenges in those Member States that went through a deep recession, even when economic activity starts picking up again. EIB's focus will be on investments with long-term impact, such as educational facilities, vocational training schemes, student loans, combating youth unemployment and mobility programmes as well as social housing in order to sustain employment, in particular for young people. In addition to infrastructure investments, the EIB's support to SMEs is particularly important for sustaining employment as this segment is employment intensive.
- Infrastructure investments under the Strategic Infrastructure and Resource Efficiency Initiatives remain one of the most important levers to unlock growth. New instruments like project bonds are offered to help sustain infrastructure investment levels while addressing the need for deleveraging in many Member States.
- By blending EIB resources with EU funds, both at EU and Member States level, the EIB Group will increase the impact of its action on the real economy, while at the same time enhancing the leverage effect of Commission and Member States budget. The promotion and implementation of financial instruments will be, where necessary, supported by Advisory Services.
- The Bank will continue its co-financing activities, financial engineering and technical advisory assistance with EU funds in order to support cohesion by being able to offer significant financial value added in public investment projects, in particular to Member States whose refinancing costs are above the EU average.
- As is the case with every crisis, the current one has initiated a process of substantial structural change in the many industries important for the EU. While this is often associated with social hardship, it also carries the potential for an increase in productivity through innovation and can have a positive impact on the long-term prosperity of the EU. Access to finance is a key constraint for new technologies and new processes emerging from the crisis. Hence, the EIB can play a crucial role in financing and providing advisory support to innovative projects in key industries.
- In addition to EIB activity in areas related to crisis or post-crisis issues, the EIB's value added in areas of market failures that are not directly caused by the crisis should not be underestimated. These include climate action, the general lack of funding to young and innovative firms and other social and economic infrastructure.

Lending Programme

The evolution in the past and expected lending programme is as shown in Table 1.



External factors such as volatility in market demand are beyond EIB control and will continue to have an impact on the implementation of EIB's operational plan. Hence, in line with the Operational Plan 2013-2015, flexibility is required in target setting:

Signature targets are set with a flexibility range of +/- 10% to reflect the uncertain regional and sectoral lending environments, resource constraints and to take into account the stock of undisbursed finance contracts.

The borrowing programme creates a ceiling on potential disbursements and thus the disbursement operational target range will be set at 90-100% of the disbursement ceiling. A target range is indicated for 2016 to reflect prevailing uncertainties in the current crisis environment.

Special Activity

EUR 5.1bn is foreseen in 2014 for higher risk Special Activities. Considering potential additional signatures linked to new MFF programmes but also external factors, such as general customer demand or availability of security, this orientation may be revised in 2014.

The first transaction under the Project Bond Initiative (PBI) was concluded in July 2013 and has been followed by a second transaction in November 2013. Both operations are in the energy sector. These transactions add a significant new dimension to EIB's contribution to financing infrastructure in the EU and are expected to be followed by additional project bonds including a first transaction in the transport sector in early 2014.

Table 2: Special Activity, Risk Sharing and Credit Enhancement

	2013 Forecast (Eur bn)	Orientations		
		2014 (Eur bn)	2015 (Eur bn)	2016 (Eur bn)
Special Activities (higher risk)				
Inside the EU	3.5	4.5	4.5	4.5
Outside the EU	0.5	0.6	0.6	0.5 - 0.6
Total Special Activities (higher risk)	4.0	5.1	5.1	5.0 - 5.1
Risk Sharing and Credit Enhancement				
RSFF-EC	2.0	2.0	2.0	2.0
Project Bonds	0.3	0.3	0.4	0.4
Total Risk Sharing and Credit Enhancement	2.3	2.3	2.4	2.4

Figures for 2014-2016 for Outside EU, Risk Sharing and Credit Enhancement are subject to EU budget availability in the context of the MFF2014-2020 and related EIB External Lending Mandate.

Borrowing (Funding) Programme

Market sentiment towards EIB bonds continues to be underpinned by EIB's ratings and by the improved tone of credit analysts' views more generally regarding EIB's credit standing.

The Bank currently plans to borrow EUR 70bn in 2014. This is the same as the volume originally targeted for 2013, and similar to the amount raised in 2012.

3. Regional Allocation of the Signature target

Tables 3 reflects the breakdown of the signature target by region. All targets are ranges - subject to the +/- 10% flexibility allowance for continued uncertainties in market demand, resources and for stock management needs.

Table 3: Regional Allocation of the Signature Target

	2013 Forecast (Eur bn)	2014 (Eur bn)	2015 (Eur bn)	2016 (Eur bn)
Total Signatures - Own Resources				
Inside the EU	62.0	60.0	60.0	44.0 - 57.0
Outside the EU	6.6	7.0	7.0	6.0 - 7.0
- of which Pre-Accession & Neighbour countries	4.5	5.0	5.0	4.5 - 5.0
Total Signatures - Own Resources	68.6	67.0	67.0	50.0 - 64.0
Additional Signatures utilising 3rd Party Resources				
Investment Facility, FEMIP Risk Capital & Spanish Initiative	0.7	0.7	0.8	0.8
JESSICA	0.2	0.2	0.2	0.2
Total Additional Signatures - utilising 3rd Party Resources	0.9	0.9	1.0	1.0

JESSICA 'signatures' relate to the signature of Operational Agreements with Urban Development Funds (UDFs).

Figures for 2014-2016 for Outside EU, Risk Sharing and JESSICA are subject to EU budget availability in the context of the MFF2014-2020 and related EIB ELM.

4. Operational Activity

Lending Activity inside the EU

Table 4: Operational Activity inside the EU

(EUR bn)	2012 Achieved	2013 forecast	2014	2015	2016	2014-2016 Average
Total Disbursements inside EU - Ceiling*	44.7	50.5	61.0	64.0	50.5-62.5	58.5-62.5
Total Signatures inside EU	44.7	62.0	60.0	60.0	44.0-57.0	54.7-59.0
- of which baseline signatures	42.0	42.0	40.0	40.0	40.0	40.0

*contingent disbursements' through guarantees (estimated at EUR 1bn for 2013 and subsequent years) excluded in the forecast and ceilings

Disbursements

As noted in [Section 2](#), overall disbursements must not exceed the disbursement ceiling as determined by the borrowing programme. Disbursement targets will be set at a range of 90-100% of the disbursement ceiling. For inside the EU, the ceiling is EUR 61bn for 2014.

Due to reduced customer demand, driven by a number of factors including: a generally low level of investment activity and a comfortable liquidity position of some customers, as well as the inherent delay between contract signature and disbursement, the disbursement growth rate lags behind the signature growth rate in 2013. The higher level of signatures in 2013 will translate into higher disbursements mostly in 2014 and beyond.

It is also noted that if the volume of 'unfunded' new guarantee products (e.g. Trade Finance, Credit Enhancement Guarantee) increase, the level of expected disbursements would have to be adjusted and funding needs may decrease over time.

Signatures

In terms of signatures inside the EU, the Bank will continue to lend in accordance with the orientations set out in the Operational Plan 2013-2015. Hence, the signature target for inside the EU is set at EUR 60bn +/-10% for 2014.

The challenges now faced by the Bank to maintain high signature and disbursement volumes as well as the Bank's key areas of focus are described in [Section 2](#). The Bank's role to address these challenges and provide real support for an increase in EU growth and employment is set out in targeted lending programmes which are aligned with the 'Europe 2020' strategy of the EU and also structured on the basis of the EIB public policy goals of economic and social cohesion, growth and employment, environmental sustainability and climate action as set out in further detail in the tables in [Section 8](#)

Despite the difficult environment the Bank maintains its full support to EU programme countries. Special initiatives in programme countries are further elaborated in [Annex 1](#).

EIB remains committed to ensure that high lending volumes and associated advisory activities will continue to result in well-targeted, high quality projects.

Lending Activity outside the EU

Table 5: Operational Activity outside the EU

(EUR bn)	2012 Achieved	2013 forecast	2014	2015	2016	2014-2016 Average
Total Disbursements outside EU - Ceiling	5.8	5.0	6.0	6.0	6.0-7.0	6.0-6.3
Total Signatures outside EU	6.7	6.6	7.0	7.0	6.0-7.0	6.7-7.0
- of which in Pre-Accession and EU Neighbour countries	4.5	4.5	5.0	5.0	4.5-5.0	4.8-5.0

Activity outside the EU remains an important component of the Bank's lending programme. A signature target for outside EU will be set at EUR 7bn +/-10% for 2014, including an orientation of

EUR 0.6bn for Special Activities. Disbursement targets will be set at 90-100% of a EUR 6bn ceiling. See details in [Annex 2](#).

The overall mandate amounts are likely to be in a similar range as the current mandate.

The political environment in host countries is a significant source of uncertainty affecting operations outside the EU. The Bank stepped up its support to the Mediterranean Partner countries in 2012 backing the EU policy for democratic transformation in the region, but now faces delays in the negotiation of new operations due to the political instability. Operations are also affected by relations between the EU and certain partner countries, including trade-related issues. Commercial banks' risk absorption capacity remains a limiting factor in the private sector in particular.

[Increase of EIF credit enhancement capacity](#)

In 2013, the Mezzanine Facility for Growth (MfG), managed by the EIF was increased and merged with the Risk Capital Mandate (RCM) into a EUR 7bn revolving mandate from the EIB – the Risk Capital Resources (RCR). These additional resources will help EIF to remain a key investor in the venture and growth capital sector, and to increase the financing capacity of existing and new partnerships with European national promotional institutions.

To further mobilise maximum resources to the benefit of SMEs, the EIB has also been working on reinforcing the credit enhancement capacity of the EIF with a new Risk Enhancement Mandate from the EIB of up to EUR 4bn over 7 years. In parallel, an increase of subscribed capital (EUR 1.5bn) with a cash increase of EUR 560m to cover both venture capital and guarantee operations is discussed with EIF shareholders.

SME support is provided by the EIB Group in a joint, coordinated effort, where each institution has core competencies and expertise, to respond efficiently to policy objectives and market needs in SME finance in Europe. The capital increase and additional mandate will allow EIF to significantly increase its risk taking capacity in the venture and growth capital sector, pilot a series of new initiatives for example social finance, and support the expansion of joint risk-sharing financial instruments between the Commission and the EIB Group, specifically the SME Initiative. Activity in this area is seen as a significant contribution to the achievement of one of the Bank's key priority objectives.

[Advisory services \(inside and outside the EU\)](#)

The Bank will continue to develop its advisory activities in support of both lending and policy objectives in line with the priority areas identified in the strategic guidelines endorsed by the Board of Directors. The EIB Group will tailor its advisory support to the specific needs of beneficiaries and deliver innovative and integrated solutions to its clients and partners. In addition to the support provided by the Bank's staff to project promoters in the context of loan appraisal and monitoring, enhanced support to priority projects and to financial instruments that contribute to Europe 2020 objectives will remain the primary focus of advisory activities within the EU.

In the EU and Pre-Accession countries, the provision of advisory services will help to improve the investment readiness of projects as well as the policy and regulatory framework. Particular attention will be given to sectors that contribute to growth and employment, such as strategic infrastructure, resource efficiency, access to finance and innovation. Outside the EU, advisory services will continue to be a key element in the value added by the Bank to projects and the Bank will leverage on the expertise of its staff to deliver more targeted technical and strategic advice.

In cooperation with the Commission, new advisory programmes will also be launched to support the implementation of projects and financial instruments in Member States. Further details are given in [Section 5](#). The EIB Group will also continue to play a key role in disseminating best practice among Member States, through established instruments such as JASPERS as well as providing tailor made advisory services upon request of individual Member States.

5. Co-operation with the Commission and other third parties

Multi-annual Financial Framework 2014-2016 and other key arrangements

Under the MFF 2014-2020 the EIB Group is expected to play an even greater role with respect to the management of financial instruments, blending and advisory services. Its presence has a proven track-record of encouraging additional private and public sector commitment.

The EIB Group will continue working with the Commission, Member States and national development banks to set up financial vehicles, at national or EU level, supporting innovation, SMEs, infrastructure, climate, environment and cohesion. Through its advisory and technical assistance programmes, the Bank contributes to a more efficient and quicker utilisation of the EU Funds. JASPERS, in particular, will continue to support the preparation of infrastructure projects for ESIF financing and will extend the scope of its activity to the review of the quality of the projects submitted. The EIB Group has also been consulted on the design of standardised or off-the-shelf financial instruments. At the same time, by providing advisory services and by co-financing projects, the EIB retains a strong cooperation with national development banks, so as to better address identified market failures and increase support to SMEs and infrastructure projects.

Outside the EU, the Bank will leverage Commission blending facilities and Member States contributions in support of lending and policy objectives. Cooperation with other development banks and IFIs is actively pursued and is expected to intensify under the new financing facilities for the MFF period. The Mutual Reliance Initiative (MRI) with AFD and KfW covers a growing number of projects outside the EU which are often financed in combination with EU grants. In the Neighbourhood and Pre-accession countries in particular, the evolution towards a more sectorial and strategic approach will imply the need for the EIB to provide integrated financing and advisory solutions.

Throughout its operations, the Bank follows the Commission's strategy on Corporate Responsibility and mainstreams environmental, climate and social considerations, including human rights, and increasingly develops lending policies and criteria in close consultation with its stakeholders.

Looking ahead – inside the EU

Forthcoming joint initiatives for the MFF 2014-2020 would represent a continuation and an extension of the existing cooperation with the Commission such as the Horizon 2020 for Research, Development and Innovation (RDI), Connecting Europe Facility (CEF) for strategic infrastructure (Broadband, Energy and Transport), and COSME for SMEs. Financial instruments will be deployed to other EU programmes such as the 'Erasmus for all' and the 'Creative Europe'. At Member State level, the amount of European Structural and Investment Funds (ESIF) allocated to financial instruments is expected to increase significantly with the objective of enhancing the leverage and effectiveness of ESIF. In general, a substantial increase in money available for blending is expected in the next MFF, and a growing demand for integrated financing packages, including advisory services, is anticipated. The level of EU budget allocated to financial instruments under shared management, including those implemented through EIB Group, will depend on future negotiation of national/regional partnership contracts and operational programmes. A joint initiative will be launched to provide guidance to Member States on methodological and operational aspects as well as financial advice for the implementation of decentralised financial instruments.

It is likely that the EIB's role and responsibilities in promoting and managing financial instruments will step up and an increase of the advisory activities is anticipated. Specific advisory initiatives will accompany the implementation of instruments under Horizon 2020 (with particular focus on the RDI sector) - and potentially under the CEF for Project Bonds (including PPPs) depending on the availability of budgetary sources.

The current RSFF represents the most successful EU-EIB Group joint financial instrument to date and has catalysed more than EUR 40bn of new RDI investments in Europe. A successor facility is anticipated which will cover a broad range of products with a greater focus on Mid-caps. Advisory services supporting the implementation of the successor facility will also continue to be provided by the Bank. In the CEF, the possibility of a successor instrument for LGTT is under consideration.

COSME is also to replace the Competitiveness and Innovation Framework Programme (CIP) managed by EIF for venture capital and guarantee instruments as sole SME dedicated EU central instrument. The Creative Europe Programme incorporates a guarantee facility for the cultural and creative sectors to be implemented by the EIF.

The Growth Finance Initiative (GFI) and the Mid-cap Initiative (MCI) are recent pilot initiatives by the Bank and the Commission under RSFF designed to target Mid-cap companies to secure financing for their research, development and innovation activities. The joint SME Initiative is expected to be another important step expanding the range of joint risk-sharing financial instruments between the Commission, the EU Member States and the EIB Group to support growth and jobs. Further details on the initiatives are provided in [Annex 1](#).

The EIB Group and the Commission are exploring the design of new instruments to support eco-innovation, accelerate investments in energy efficiency as well as biodiversity and ecosystems services, including through the mobilisation of part of the LIFE + programme.

[Looking ahead – Outside the EU](#)

The External Lending Mandate (ELM) from the EU, which provides a sovereign risk guarantee covered by the EU budget, is likely to reaffirm the principle of EIB support to the EU external policy objectives, and reinforce the alignment and complementarity between EIB operations and EU policy objectives. This implies closer synergies with the European External Action Services (EEAS) and the Commission through further strengthening of the dialogue on policy and strategy, and enhanced consultation, reporting and monitoring. Local private sector development, economic and social infrastructure and climate action remain the primary objectives of the new mandate. The overall size of the mandate ceiling as well as regional ceilings and their flexibility are still subject to formal approval. The EIB continues to be ready to implement a mandate of similar or increased size compared to the current one.

EIB is present in key blending facilities outside the EU and participates in the EU Platform for Blending in External Cooperation (EUBEC). A very substantial increase in the volume of EU grants for blending is contemplated in the next MFF with a realistic prospect for EIB of further increasing the blending of EIB own resources with EU grants. This is an opportunity for the Bank to carry out operations with higher value added, especially in the regions where it has had very limited or no access to budgetary funds.

6. Risk Management

The Bank takes a holistic, proactive approach to risk management through the close interaction of risk, return, capital and liquidity. The approach has been in place for some years and hence this presentation of the risk management framework of the Bank is consistent with that presented in prior years.

Impaired loans have remained low, demonstrating the continued strong asset performance. Since mid-2012, the amount of watch-listed loans relative to the Bank's risk portfolio has remained stable. It should be noted that most of the watch-listed operations remain performing.

7. Budgetary and Financial Planning 2014

Administrative Budget for 2014

The 2014 budget for recurring expenses shown in Table 6 is based on an overall administrative costs budget increase of just 6.8%, the main component of the increase being facilities management costs. It also ensures that minimum staff resources are available to meet operational needs.

Table 6: Total EIB Budget

(EUR m)	2013 Revised Budget	2014 Budget	Total % Change
Intermediation and Administrative Revenues	1441.9	1612.5	11.8%
Depreciation and Administrative Costs	-624.7	-667.0	6.8%
Cost Coverage (EUR m)	817.2	945.5	
Cost Coverage (%)	231%	242%	

EIB Capital budget

The EIB capital budget covers annual capital expenses and multi-annual investment projects.

Table 7: EIB Capital budget

Description (EUR m)	2013 Annual Budget	2014 Annual Budget	Multi-annual Budget remaining
Total Capital expenses	40.6	97.0	tbd

Net Surplus (before provisions) and Return on Own Funds

Table 8: EIB Net Surplus (before provisions)

EUR m	2012 Achieved	2013 Forecast	Simulations		
			2014 Orientation	2015 Orientation	2016 Mid of Range Orientation
Net Surplus (before provisions and extraordinary)	2,708	2,576	2,732	2,968	3,165
- of which Financial Surplus	3,039	2,963	3,155	3,413	3,643

The Return on Own Funds (before provisions) reached a high level of 6.2 % at the end-2012. Internal simulations indicate a stabilisation at ~4.8% from 2013 to 2016. It should be noted that such levels of Return on Own Funds cannot be compared to those of commercial banks as the EIB's business model is essentially based on long term lending at attractive conditions.

8. Performance Indicators

The performance indicators focus attention on the objectives and processes the Bank deems most critical and reflect the Bank's primary focus on growth and employment inside the EU. Lending volumes reflect one aspect of the EIB's contribution to further EU policy goals but so too lending quality is a key aspect of this contribution.

Table 9: Performance Indicator Table

Performance Indicators		Unit	2013 Forecast	Orientations			2014-2016 Average
				2014	2015	2016	
1	Total Disbursements*	EUR bn	55.5	67.0	70.0	56.5-69.5	64.5-68.8
	- inside the EU	EUR bn	50.5	61.0	64.0	50.5-62.5	58.5-62.5
	- outside the EU	EUR bn	5.0	6.0	6.0	6.0-7.0	6.0-6.3
2	Total Signatures*	EUR bn	68.6	67.0	67.0	50.0-64.0	61.4-66.0
	- inside the EU	EUR bn	62.0	60.0	60.0	44.0-57.0	54.7-59.0
	- outside the EU	EUR bn	6.6	7.0	7.0	6.0-7.0	6.7-7.0
3	Value added (3PA) inside EU : Proportion of approved operations in higher rating categories						
	- Pillar 1: Quality and Contribution to Sustainable Growth and Employment	Good/Excellent	%	>90	>90	>90	>90
	- Pillar 2: Contribution to EU/EIB policy	High Priority area/transversal objectives	%	>80	>80	>80	>80
	- Pillar 3: EIB contribution	Significant/High	%	>50	>65	>65	>65
4	Value added (REM) outside EU and EFTA: Proportion of approved operations in higher rating categories						
	- Pillar 1: Contribution to EIB mandate objectives and EU priorities	Good/Excellent	%	>90	>90	>90	>90
	- Pillar 2: Project Outputs and Outcomes	Good/Excellent	%	>90	>90	>90	>90
	- Pillar 3: EIB additionality	Significant/High	%	>75	>75	>75	>75
5	Flow of A to D+ Graded Loans Ratio		%	94	>90	>90	>90
6	Net surplus**/Remuneration of own Funds		%	189	206	229	245
7	Cost/Income Ratio		%	17	17	16	16
8	Staff Satisfaction		%	n/a	70	70	70
9	Implementation of IG Agreed Action Plans and Recommendation – EIB Group		%	70	>60	>60	>60
10	Corporate Responsibility - External Scoring***		%	tbc	tbc	tbc	tbc

* Lending orientations are set with a flexibility of 10%.

**Net Surplus/ Remuneration of own Funds refers to Net Surplus before provisions and extraordinary result.

*** New indicator based on an annual performance self assessment is under development during 2013-2014.

Public Policy Goals

Lending volumes reflect one aspect of the EIB's contribution to further EU policy goals but so too lending quality is a key aspect of this contribution. This translates into targeted lending programmes which are aligned with the 'Europe 2020' strategy of the EU and also structured on the basis of the following Public Policy goals:

- Increase in **Growth and Employment Potential**
- **Economic and Social Cohesion**
- **Environmental Sustainability**
- projects that specifically contribute to **Climate Action**

Except for Climate Action, forecast and orientations indicated in Table 10 apply to signatures inside the EU and Pre-Accession countries.

Table 10: Public Policy Goals

Public Policy Goals	Unit	2013 Forecast	Orientations			2014-2016 Average
			2014	2015	2016	
Signatures contributing to Increase in Growth and Employment Potential	EUR bn	49.0	46.0-51.0	46.0-51.0	36.9-47.5	43.0-49.8
Signatures contributing to Environmental Sustainability	EUR bn	13.5	11.0-14.0	11.0-14.0	8.8-11.3	10.3-13.1
"Non-transversal" Convergence and Climate Action ¹	EUR bn	2.0	1.0-2.0	1.0-2.0	0.8-1.0	0.9-1.7
Signatures contributing to Economic and Social Cohesion and Convergence (inside EU and Pre-Accession)	%	>30%	>30%	>30%	>30%	>30%
Signatures contributing to Climate Action (EIB total)	%	>25%	>25%	>25%	>25%	>25%

¹ Projects that purely contribute to Convergence or Climate Action and no other policy objective

Many projects contribute to economic and social cohesion and/or climate action as well as one or more other objectives. The economic and social cohesion and climate action objectives are considered "transversal" in nature and as such orientations for these objectives are set as percentages of own resources signatures for the relevant regions.

Priority Lending Outside EU

Except for activities in Pre-Accession countries which support both the public policy objectives applicable for inside the EU and also the External Mandate, the lending objectives for regions outside the EU are centred on three general objectives: Local private sector development, Social and economic infrastructure and Climate change mitigation and adaptation. Regional integration is a transversal objective. Objectives thus target crisis alleviation and help address structural imbalances.

9. Decisions of the Board of Directors

On the basis of the attached report and associated discussion, the Board of Directors approved the following:

- I. a total **disbursement** ceiling of EUR 67bn for 2014 (EUR 70bn for 2015 and within a range between EUR 56.5bn and EUR 69.5bn for 2016).
- II. a target total **signature** volume of EUR 67bn (+/-10%) for 2014 (EUR 67bn for 2015 and within a range between EUR 50bn and EUR 64bn for 2016).
- III. a **global borrowing authorisation** for 2014 of up to EUR 75bn and, on an annual basis, to authorise treasury and derivatives activities.
- IV. the expenses and revenues of the **Administrative Budget** and the **Capital Budget** for 2014. The budget reflects an increase of 6.8% and a cost coverage ratio of 242%.
- V. the delegating of decisions to the Management Committee regarding staff and administrative expense budgets relating to existing partnership agreements provided that the budgetary framework of these partnerships approved by the Board is complied with (as granted in the Operational Plan 2013-2015).
- VI. the principle of making relevant additional staff and other resources available during 2014 for other new initiatives provided that the Board will have approved these initiatives and will have been informed of the impact on the 2014 budget and cost recovery accordingly.



ANNEXES

FOR INFORMATION

Operational Activity inside the EU

Inside the EU, the Bank will continue to lend in accordance with the orientations and public policy objectives set out in the Operational Plan 2013-2015.

Plan for 2014-2016 - Key initiatives and exploring new approaches to support growth and employment in the EU

The Bank offers significant financial value added by supporting sustainable growth and cohesion of the EU and its Member States, by funding of national and international transport and energy links, sustainable and secure energy sources, private sector investments, environmental protection, climate action, and improvement of urban environment. Alongside traditional lending activity, the Bank is actively exploring the use of new products in order to tailor its offering in an optimum way to the current market gaps and to support sustainable growth and employment, in particular in job creation for young people. New client growth is generated by a number of targeted initiatives, designed to promote and expand the universe of potential clients, as well as with evolving sector priorities:

- a. Support to SMEs – In its conclusions, the June 2013 European Council advocated an expansion of joint risk-sharing financial instruments between the Commission and the EIB Group to leverage private sector and capital market investments in SMEs under a joint SME Initiative. Further work is underway to implement the possible positive decisions of Member States to participate to the SME Initiative.
- b. Support to SMEs - The Service Level Agreement was signed by the EIB and EIF in July 2013, for the joint EIB-EIF initiative in the ABS market, combining EIB long-term liquidity with EIF portfolio guarantees.
- c. Support to SMEs / Knowledge Economy – Following Board approval in July 2013, the Bank launched its “Jobs and Skills – Investing for Youth” programme. First operations have been approved and signed under the skills pillar - mostly for investment in dedicated vocational training facilities. EIB support to the financing of national or regional youth employment programmes is under way. Lending to SMEs is increasingly focused on regions with youth unemployment rates above 25% - the priority regions under the EU’s Youth Employment Initiative - with the aim of stabilising jobs for young people. Dedicated operations to support SMEs that recruit young people are currently being negotiated with some intermediary banks in the EU; first signatures are expected for the end of 2013. The Bank remains on track to meet its targets for 2013. A potential blending with EU funds, e.g. for credit enhancement, would further strengthen the impact of the EIB’s youth employment programme on the creation of jobs for youth.
- d. Support to SMEs - Building on the experience gained in implementing the SME Trade Finance Facility (STFF) in Greece, the Bank is considering a phased roll-out of trade finance activities for SMEs and Mid-caps, with a first step in programme countries (Cyprus, Portugal) and other Member States where a market failure is verified. This new activity would promote growth and employment in the EU, notably in markets most affected by the crisis.
- e. Knowledge Economy / Support to SMEs - The Growth Finance Initiative (GFI) is a pilot initiative by the Bank and the Commission under the joint Risk Sharing Finance Facility (RSFF). The GFI would allow the Bank to provide direct financing to innovative Mid-cap companies in a more effective and cost efficient way. GFI, is designed to target Mid-cap companies which outgrow the remit of venture capitalists but still lack the debt capacity to secure appropriate bank financing for their research, development and innovation activities.
- f. Support to SMEs - The Mid-cap Initiative (MCI), also part of the RSFF, is being developed and aims at supporting Mid-caps investing in Research, Development and Innovation in Europe through loans channelled via financial intermediaries. The MCI is a guarantee that would be

issued by the EIB for the benefit of a financial intermediary. The guarantee would partly cover the credit risk associated with loans granted to Mid-cap companies.

- g. Support to SMEs - The EIB actively supports sustainable projects in the area of agriculture, food processing, forestry and the rural economy, including research and innovative-intensive projects as well as development and access to capital for SMEs active in those sectors. Outside the EU, the main objectives concerning agriculture related activities are going to be food security and climate change adaptation.
- h. Support to SMEs / Sustainable Transport - 'Blue Growth' is an initiative representing the maritime dimension of the Europe 2020 strategy. Specific proposals cut across a range of sectors, from RDI, shipping and deep-sea mining to tourism, aquaculture and port facilities. The EIB's role in supporting sea-basin strategies such as the Baltic and the Atlantic Strategies, is highlighted. It is expected that these sea-basin strategies will offer a platform for the Bank to engage with national and regional authorities to identify early-stage potential projects.
- i. Competitive and Secure Energy - In line with the recently approved Energy Review, EIB aims to increase its lending to the energy sector, in particular the key areas of energy efficiency, renewable energy and energy networks. In the energy efficiency sector, work is underway to develop new financing instruments and technical assistance with the Commission aimed at increasing the financing available for small energy efficiency investments by SMEs in cohesion countries. The design of well-targeted instruments remains challenging and the preparation and implementation of these small scale projects will likely require significant EIB support.
- j. Strategic Transport - Lending for strategic transport projects underpins the internal market, enhances European integration and facilitates trade with the rest of the world, all of which are vital to recovery. The sector supports a large numbers of SMEs and makes an important contribution to the Bank's actions on convergence and climate change. In addition to continuing support for the completion of Trans-European networks (TEN-T), the Bank will also support other strategic transport projects with significant European interest.
- k. Sustainable Transport - The Bank's investment in sustainable transport projects is also an important component of the Resource Efficiency initiative, reducing energy consumption in the transport sector. The Bank has increased its lending to public transport projects over the past years and will seek to continue to do so including addressing the growing need for sustainable urban development. In addition, transport safety aspects both within and outside the Union will be given priority.
- l. Knowledge Economy – The Bank will seek a swift implementation of financial instruments under CEF to allow it to continue to be a major source of funding for the EU's investment in next generation telecommunications infrastructure, and broadband networks. The focus is on projects which provide high economic benefits but realise adequate financial returns only over the long term and also support progress towards the broadband targets defined in the Digital Agenda for Europe (i.e. increased coverage and penetration with high speed broadband particularly in less densely populated regions).
- m. Knowledge Economy - The Bank has put particular emphasis on supporting investments in Key Enabling Technologies (KETs), a set of pivotal horizontal technologies of the future – nanotechnology and nanoelectronics, advanced materials, photonics, industrial biotechnology and advanced manufacturing systems. Based on a close cooperation with the Commission and stakeholders, lending to KETs is expected to further increase in future and become a major part of the RDI lending.
- n. Urban Renewal and Regeneration - In the 2007-2013 programming period Structural Programme Loans, a special kind of Framework Loan blending loans with grants and notably EU Structural Funds, have become an important co-financing instrument to address regional and urban development. In the forthcoming programme period the urban dimension will be "mainstreamed" and will therefore play a far more prominent role, in helping to deliver the ambitious targets set out in the EU2020 Strategy and the associated 2020 Territorial

Agenda. Against this backdrop, the Bank is developing and deepening its current instruments to strengthen investment at the local level in order to develop more sustainable cities and communities, including Technical Assistance delivered in cooperation with the Commission.

Programme countries

Most programme countries are expected to see a moderate recovery in the coming years, but low investment and high unemployment will persist. High public debt levels and the restructuring of the banking sector, as well as the need to identify and build up new sources of growth, will still constrain growth in the medium term. Despite the difficult environment the Bank maintains its full support to EU programme countries in overcoming the economic and financial crisis.

Greece has concluded the third review of its second adjustment programme in July 2013. After six years of negative GDP growth, the economy is expected to grow again by 0.6% in 2014. With the payment of the second EUR 150m tranche into the Guarantee Fund for SMEs (backed by Structural Funds), new signatures with Greek banks are expected in the coming months. The Trade Finance Facility programme has been launched in June 2013. Discussions with the European Social Fund (ESF) are ongoing to assess the possibility of using part of ESF's resources to enhance support to SMEs in order to alleviate unemployment.

The Portuguese economy has recorded negative GDP growth for four years (with a positive break in 2010) and is struggling to maintain fiscal austerity in a context of legal risks and social discontent. Economic growth is expected to turn positive again in 2014 reaching 0.8% but the structural reforms to boost potential growth can only fully bear fruit in the medium to long-term. Intense discussions with the private and public sector are ongoing to identify eligible projects, including blending opportunities with structural funds possibly in the context of setting up a new development finance agency. In October 2013, the Portfolio State Guarantee with Portugal entered into force which is expected to unlock a considerable amount of loans and provide liquidity to the economy in support of the efforts being deployed by Portugal to foster growth and employment, especially investments promoted by SMEs.

Cyprus is the latest EU member state to receive programme support after the crisis hit its large banking sector. The country entered recession in 2012 and the economy is expected to shrink by 8.7% in 2013 and to continue shrinking in 2014. EIB support continues to focus on key sectors such as energy, water/sewage and SMEs. Following the success in Greece the Bank is working on the launch of a EUR 150m Trade Finance Facility programme focused on SMEs and Mid-Caps.

The outlook for the programme countries is determined by structural reforms undertaken in the countries, by the progress of institutional reforms at the European level such as the banking union and by global risks emerging from the growth path of emerging markets and fiscal and monetary policy in the US. Thus economic policies will influence the recovery of the business and financial cycle in Europe and elsewhere.

Operational Activity Outside the EU

Economic outlook

Given expected continued weak credit conditions, especially for SMEs, demand for EIB intervention is likely to remain high. Contagion from the euro area crisis is likely to continue to hamper developments in the Pre-Accession region for some time. The outlook is particularly weak in the Western Balkan countries which suffer from dwindling exports and on-going banking system deleveraging. The EIB will continue to be a leading actor in the Joint IFIs Action Plan 2013-2014 developed in the context of the 'Vienna Initiative' together with the EBRD and the World Bank, joining forces to address challenges of the region through close collaboration on the economic analysis and operational matters. The EIB will continue to fund strategic infrastructure and support the economic convergence process needed for future EU membership.

Plan for 2014-2016

The Bank has intensified activity in the Eastern Neighbourhood and in Central Asia which now rests on a solid pipeline and shows significant momentum. In the Eastern Neighbourhood, especially energy importers are expected to continue feeling the impact of below trend growth in the euro area. Some countries in the region could also be sensitive to a US monetary policy shift as higher US interest rates could induce capital flow reversals, hurting countries with high dependence on external capital. The Bank will continue to support access to finance for the private sector, in particular for SMEs as well as strategic infrastructure and environmental projects.

The Southern Neighbourhood is going through an unprecedented phase of transformation, forcing it to tackle a multitude of economic, political and social challenges. Job creation remains the priority of policy makers across the region. The EIB will continue to support these efforts by promoting private sector led growth, both by supporting access to finance for SMEs and by investing in much needed economic and social infrastructure. More cooperation with Gulf countries and strengthening of EIB advisory services could enhance further the operational impact in the Mediterranean Partner Countries. Despite regional political instability, the Bank maintained a solid client base and strong positioning in the Mediterranean Partner Countries, with a sound pipeline of operations for 2014 spread among the key sectors of energy, transport, environment and support to SMEs.

The Bank is considering expanding its lending for climate action in China, while there is wider potential for climate projects in Asia, in Latin America, and in the RSA. Investment needs across sectors remain large in the Africa, Caribbean and Pacific region, with significant scope for EIB involvement. The need to foster more broad-based growth and poverty reduction means that private sector development, especially support for SMEs, will continue to be a corner stone of EIB activity.

The Bank will seek to further support EU policy goals in the area of climate change, with a focus on energy projects, basic public water services and transport investments.

The currently separate own-risk Facilities for the two Neighbourhood regions could be combined in one. A successor for the Energy Sustainability Facility, of potentially higher volume, reflecting the rising trend of finance for climate action is also proposed. There are on-going discussions with the Commission on combining these additional resources, notably for Climate Change, with grants under the blending mechanisms to further enhance leverage and impact.

Following the request of the EFTA Council of Finance Ministers, in September 2013, the Board of Directors approved the extension of the EFTA facility to 31 December 2017 and increased the total financing available to EUR 4.1bn. The Board of Governors' approved the proposal on 8th October 2013. The Bank's experience of financing projects in EFTA countries has been overall positive, particularly in sectors of energy, transport and environment. The good cooperation is expected to continue with an annual volume of around EUR 200m. In 2014 prospects in EFTA include projects in transport and knowledge economy.

Glossary of Terms

ACP	African, Caribbean and Pacific States
AFD	Agence Francaise de Developpement
ALA	Asia and Latin America
CEF	Connecting Europe Facility
CIP	Competitiveness and Innovation Framework Programme
COSME	Competitiveness of Enterprises and SMEs programme
EBRD	Bank for Reconstruction and Development
EEAS	European External Action Services
EFTA	European Free Trade Association
EFTA countries	Iceland, Liechtenstein, Norway and Switzerland
Erasmus	European Community Action Scheme for the Mobility of University Students
ESIF	European Structural and Investment Funds
EUBEC	EU Platform for Blending in External Cooperation
GFI	Growth Finance Initiative
External Lending Mandate (ELM)	Decision 1080/2011/EU of Decision the European Parliament and of the Council of 25 October 2011 and 633/2009/EC of the European Parliament replacing the Council of 13 July 2009 in turn replacing the Council Decision 2006/1016/EC of 12 December 2006
MFF	Multi Financial Framework
FYROM	Former Yugoslav Republic of Macedonia
IF	Investment Facility
IFI	International Finance Institutions
JASPERS	Joint Assistance to Support Projects in European Regions
JESSICA	Joint European Support for Sustainable Investment in City Areas
KfW	Kreditanstalt für Wiederaufbau
MCI	Mid-Cap Initiative
Mid-caps	Companies of a size and development stage between SMEs (according to the Community definition of less than 250 employees) and larger companies
Neighbourhood & Partners Countries	Neighbourhood and Partnership countries include Mediterranean countries (excluding Turkey), Eastern Europe, South Caucasus, Russia, ACP/OCT, RSA, ALA
OCT	Overseas Countries and Territories
PPP	Public Private Partnership
Pre-Accession Countries	Include Candidate countries (Turkey, Former Yugoslav Republic of Macedonia, FYROM, Iceland, Montenegro, Serbia), and Potential Candidate countries (Albania, Bosnia and Herzegovina, and Kosovo (under UNSCR 1244)). (For the purposes of the Bank's reporting, the activities in EFTA countries are also included within this category except if otherwise stated)
RCR	Risk Capital Resources
RDI	Research, Development and Innovation
RSA	Republic of South Africa
RSFF	Risk Sharing Finance Facility
SMEs	Small and Medium-sized Enterprises
TEN	Trans-European Networks



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