



# The EIB Group Operational Plan

2016-2018



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### Important notices:

The Operational Plan 2016-2018 was discussed and approved by the Board of Directors of the European Investment Bank at its meeting of 15 December 2015.

Attention is drawn to the fact that this document contains 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.



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# Foreword

Luxembourg, 15 December 2015

As the end of 2015 approaches, the success of the 'EU Bank' can yet again be measured by the unprecedented catalytic effect on EU investment.

Having signed almost EUR 469bn and disbursed close to EUR 402bn of own resources loans in the EU since 2008 alone, the Bank's countercyclical policy strategy has certainly had a significant impact on Europe's performance during the crisis years. The EIB's support to investments to restart the upward cohesion and convergence process and restore EU competitiveness is impressive but this particular job is far from complete. As the world's largest supranational borrower and lender, the EIB has demonstrated its capacity and willingness to be a major component of the EU response to economic, financial, social and climate challenges - 2016-2018 will be no exception.

Recent years have already seen a re-balancing of economic and financial powers across regions of the world, and the balancing effect will undoubtedly continue to evolve; not least as wars and conflict continue to be present. Within the EU, the heavy dependence on imported energy and the repercussions of the reallocation of industries outside of Europe in recent decades have to be tackled. There is close attention now focussed on further societal challenges resulting from demographic evolution and migration flows, whilst in the EU, the specific case of refugees is a major challenge for the European integration model. In the context of an ageing population and when looking at the possible consequences of the inflows of migrants in the EU, a longer term view should be taken on how to sustain employment and productivity while reinforcing economic and social cohesion in the EU. The refugee situation is indeed escalating across the EU and is of such a magnitude that EIB has a dedicated action to help symbolically in the form of a contribution to the Council of Europe Development Bank Migrant and Refugee Fund although other actions are indeed also being considered. This is an example which underlines the fact that the EIB serves all EU Member States but specific situations arise in some Member States which necessarily receive special attention. So too, following the approval of a third rescue package for Greece in summer 2015, an extraordinary Action Plan has been developed to support the economic recovery of Greece.

At the same time, there is a need to move to new open innovation models and bolster human capital involvement to restore EU competitiveness whilst paying close attention that the critical shift to new production and consumption models limiting the impact of human activities on climate change and biodiversity is continued. Against these global challenges, the activities of the Bank will also be impacted by other critical external events within the EU which could include default/EU exit of a Member State and/or the materialization of risks in the financial sector.

The need to safeguard the financial stability and to reinforce the capacity to absorb economic and financial shocks at the level of the EU requires the credible implementation of the different components of the Banking Union in parallel with the creation of Capital Market Union. This was echoed by the recently published [Five Presidents Report](#) proposing a roadmap on how to deepen the Economic and Monetary Union (EMU) as of 1 July 2015 and how to complete it by latest 2025. On 21 October 2015, the Commission adopted a first package of proposals on the EMU. The



implications for the EIB have yet to be assessed when greater clarity will be provided by Member States on the nature of the follow-up to the first set of Commission's proposals at the level of the EU and the Euro area.

EU-wide targets and policy objectives for the period between 2020 and 2030 are defined in the [Energy and Climate Framework 2030](#). These targets aim to help the EU achieve a more competitive, secure and sustainable energy system and to meet its long-term 2050 greenhouse gas reductions target. This initiative also supports the need to shift to new production and consumption models and to reduce tensions for access to resources. The proposed Energy Union package adopted by the Commission in February 2015 builds on the Energy and Climate Framework 2030 and sets new and strengthened measures that will be developed and implemented in the next years. The EIB stands ready to support this important initiative leveraging on its technical and financial expertise in the financing of energy projects. In this line, the EIB will seek to retain its position as the largest IFI when it comes to financing projects combatting climate change in the world and both developed and developing countries will benefit from the results of EIB's global Climate Mitigation finance.

The true role of the EIB as the 'EU Bank' is furthermore underlined in several major high profile EU institutional level initiatives: specifically, there are high expectations on EIB Group to deliver EUR 315bn of additional investment mobilised by mid-2018 under the [European Fund for Strategic Investments \(EFSI\)](#) launched with the Commission in 2015 with the aim to provide finance for projects falling under the following objectives (a) development of transport infrastructures, and equipment and innovative technologies for transport (b) R&D and innovation (c) development and deployment of ICTs (d) development of the energy sector (e) provision of financial support for mid-caps and SMEs (f) environment and resource efficiency (g) human capital, culture and health. Such activities certainly contribute to the EU competitiveness objective by supporting new open innovation models. In addition, the other two pillars of the Investment Plan for Europe remain just as important. These include providing technical assistance and visibility to investment projects and creating an investment friendly environment.

At the same time, the Bank is already engaged in the deployment of joint financial instruments or initiatives in cooperation with the Commission under the [Multi-Annual Financial Framework \(MFF\) 2014-2020](#): the MFF has a total budget of EUR 8bn for blending with EIB own resources for six different areas of EU activities: Smart and Inclusive Growth (incl. Competitiveness for growth and jobs and Economic, social and territorial cohesion); Sustainable Growth: Natural Resources; Security and citizenship; Global Europe; Administration; Compensations. The mid-term review of the MFF, scheduled for the end of 2016, is expected to be used to orient the EU budget further towards priorities addressing the prevailing economic and social situation in the EU.

The Commission has also granted an [External Lending Mandate \(ELM\) 2014-2020](#) to EIB offering EU budget guarantee for lending to projects that support the EU's external policy objectives related to innovation, SME's/mid-caps, infrastructure, the environment and climate action with a maximum EUR 27bn fixed ceiling and a EUR 3bn optional additional amount to be (wholly or partially) activated by the Parliament and the Council following a mid-term review in 2016/2017. The ELM mid-term review could support the EU response to root causes of certain migration flows but will undoubtedly give further attention to the achievement of Sustainable Development Goals (SDGs). In this respect,



the Memorandum of Understanding recently signed by the Bank and the International Monetary Fund to enhance cooperation in advancing SDGs and in supporting capacity development and institution-building is a key step towards sustainable economic development, financial stability and inclusive growth.

Putting this into the context of an Operational Plan for the EIB for the immediate future, it is clear that the EIB is actively supporting the achievement of EU policy goals and acting as the EU's catalyst for change in the drive to become a more dynamic inclusive green knowledge-based economy.

The EFSI regulation became effective in July 2015 and the Bank immediately delivered the first operations to benefit from the EU guarantee. Whilst the operational challenges pose an unprecedented scale for the coming years, our ambition is strong such that we will deliver on this and on our promises under the existing joint initiatives set up with the EU such as InnovFin, the Connecting Europe Facility or the ELM without compromising our traditional core activities for which past and future volumes have been and will remain at impressive levels.

The risk-bearing capacity of the Bank will continue to have a constraining role on overall volumes and the risk-mix in new signatures and thus the mutual benefits of such co-operation with the Commission and other third parties should be underlined. The development of innovative EIB own-resources products and services with high value-added and low impact on regulatory capital requirements are complemented in particular by the EU guarantees under EFSI, the MFF and ELM. Together with the support of Member States, the EIB is optimistic to maintain the all-important investor confidence.

Further questions surrounding pricing, geographical focus, product type, regulatory developments including best banking practices, competition/co-operation from sovereign wealth funds, other IFIs etc will undoubtedly emerge. The Bank's response will also need to be put into context, with consideration of how and where our intervention will have greatest impact. To undertake new types and additional work, the staff resources and EIB intelligence and infrastructure on the ground need to be robust and assured. The Management Committee reiterates its commitment to work closely with the Board of Directors to maintain effective communication and expectation management and to support the Bank's staff in identifying and maintaining demand for EIB intervention.



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## The EIB Group Operational Plan 2016-2018



# 1. Introduction

The EIB Group operates a rolling three-year Operational Plan, reviewed mid-year and fully updated on an annual basis. The Operational Plan 2016-2018 includes orientations of performance and summarises the major priorities and activities of the Group for the next three years. A particular focus is given to the activities for 2016 although attention is being paid to ensuring that the risk-bearing capacity and financial soundness will continue to be preserved over the long-term.

The Bank's commitment to maintaining its high credit standing remains uncompromising and is a key focus for the Bank when defining its lending programme: solid value added will continue to be pursued in all operations balanced with the need to maintain a good credit quality and a sufficiently diversified loan portfolio.

As expected, 2015 was a year of major transition with the early completion in March 2015 of the Growth and Employment Facility (GEF) made possible by the 2012 capital increase. In fact, it is underlined that not only did the Bank deliver the EUR 180bn investment support promised under the GEF, but actually over the GEF period of under 2.5 years, the EIB increased its countercyclical contribution and, overall, the Bank supported EUR 0.5 trillion investment. This early completion of the GEF also allowed the early stages of the Bank's contribution to the Investment Plan for Europe (IPE) (through EFSI warehousing) to start. All this was delivered by existing staff alongside the Bank's more traditional lending, blending and advising activities, the significance of which at times can be overlooked as the EU's economic recovery evolves and major new initiatives such as the GEF and EFSI present as immediate political priorities for implementation.

The plans for 2016 are even more ambitious both in form and substance. High volumes of traditional lending, blending and advising activities are absolutely needed to make an imperative contribution to EU Policy Goals and to respect the Bank's overall responsibilities as the EU Bank. At the same time the Bank's overall contribution to the IPE is an unprecedented challenge requiring a quantum change in the Bank's business profile for some years to come. With this, the transition status will undoubtedly continue in 2016 as the ramp-up of the activities for EFSI and the Advisory Hub will now be pursued under the full associated governance framework and as experience grows in the desired fields of activities, whether that be considered at regional, sector, product or client level.

The bottom line is that the Bank remains committed to support the economic recovery in the EU and hence we foresee to maintain ambitious targets for the 2016-2018 period with own resources new lending orientations set at EUR 71bn p.a. over the planning period; again with +/-10% flexibility allowance for continued uncertainties in market demand.

Funding requirements, reflecting the borrowings required to meet the operational orientations set above are expected to be up to EUR 65bn p.a. over the planning period 2016-2018 with key risk ratios projected to remain reasonably above the Bank's risk appetite boundary and statutory limits.

## 2. Economic environment

Inside the EU: slow economic recovery, gradual banking sector normalisation and challenging political environment. Improvements on European labour markets will be only small and gradual.

Outside the EU: uneven growth projections; lower commodity prices, political uncertainty and tighter external financing conditions are contributing to a differentiated outlook.

### Inside the EU

The EU growth outlook has moderately improved. GDP growth is forecast at 1.8% in 2015 and 2.0% in 2016. Three factors support GDP growth in the short term: (1) low energy costs; (2) accommodative macro and monetary policy and a more neutral/slightly positive fiscal stance adopted by many governments and (3) the euro exchange rate depreciation. The current upturn is also underpinned by growing domestic demand.

At 9.5% currently, the rate of unemployment has been slowly decreasing since mid-2013 but is still very high in countries that underwent deep and long economic recessions. Youth unemployment is still above 20% in the EU overall and much higher in Spain, Greece, Italy, Portugal and Cyprus. Given the slow economic recovery, improvements on European labour markets will be only small and gradual.

Credit supply conditions have further improved in the euro area, with a net easing of both credit standards and lending conditions. Credit demand has also started to increase. Investment levels have started to improve but we have not yet seen a robust increase, due largely to subdued demand, high levels of economic and policy uncertainty, and, in some Member States, corporate deleveraging pressures and high levels of non-performing loans.

Financial market conditions have still to normalize and access to credit remains a binding constraint in some market segments. Markets in the EU have benefitted from a number of institutional and structural reforms and extraordinary policy measures by the ECB. The Comprehensive Assessment of autumn 2014 showed that banks have gone a long way to repairing their balance-sheets and building up capital, which had positive effects on financial markets in the EU. Banks have for the large part improved their capital ratios through new equity issuance, deleveraging and tighter credit standards (which have recently started to improve). Nevertheless, the level of non-performing loans continues to represent a significant drag on recovery. Despite positive credit market developments, the growth of loans in the euro area remains close to zero and spreads in bank lending rates throughout the euro area remain substantial in certain euro area economies.

Overall the political environment in the EU remains challenging, including different views on key policy strategies such as immigration. The weaker growth outlook of emerging market economies is reducing global trade and the cyclical recovery in the EU. Geo-political instability coming from developments in the EU eastern and southern borders remains a key challenge.



Europe's recovery will depend on how key challenges are tackled: namely, poor long-term competitiveness and low potential growth. The improvement of the investment climate includes a number of high level components such as the credible implementation of structural reforms, the completion of the single market, necessary fiscal consolidation and the development of a dynamic capital market for long term financing. So too, there is a need for providing greater regulatory predictability, removing red tape and excessive administrative burdens, enforce better regulation and promote standardisation and harmonisation measures. This is a big challenge at the level of both EU and Member States.

## Outside the EU

Outside the EU, growth projections remain very uneven. The Commission forecasts global growth of 3.1% in 2015 and 3.5% in 2016. The outlook has worsened considerably in many emerging markets where structural impediments and macroeconomic imbalances are restraining growth. Lower commodity prices, political uncertainty and tighter external financing conditions contribute to this differentiated outlook.

Economic data points to solid growth in the [US](#) (2.6% in 2015; 2.8% in 2016). Robust job growth has brought the unemployment rate down to low levels and domestic demand growth is at the heart of the economic expansion. The Fed decided in September to maintain its key policy interest rate, as a result of developments in the global economy, particularly China's slowdown.

Political uncertainty, high and rising external vulnerabilities and low growth potential are affecting some parts of the [Pre-Accession region](#). Growth of 3.0% in 2015 and 2.9% in 2016 is however forecast in Turkey. Dwindling exports and banking system deleveraging is hurting activity in the Western Balkans. Private consumption remains weak reflecting adverse labour market conditions and austerity measures in a number of countries are further weighing on consumption growth.

The conflict in the Ukraine is weighing heavily on the outlook for the [Eastern Neighbourhood](#). Already before the start of the conflict the region was suffering from significant macroeconomic imbalances and an unfavourable external environment, including low demand from the euro area. Short to medium term prospects are still clouded by significant downside risk related to deepening of political tensions.

The [Southern Neighbourhood](#) is still going through an unprecedented phase of transformation, forcing it to tackle a multitude of economic, political and social challenges and notably job creation remains the priority of policy makers across the region. Economic activity is expected to remain subdued due to intensified civil unrest, armed conflict and weak external demand.

[Sub-Saharan Africa](#) is likely to see growth slow slightly in 2015 (from 5.0% to 3.8% in 2015; 4.2% in 2016). Lower oil and commodity prices are still weighing on the outlook of a number of countries, including Nigeria and Angola. Growth in [Latin America and the Caribbean](#) has been slowing since 2010 and is expected to be under 0% in 2015 and under 1% in 2016. The outlook for the [Pacific](#) remains mixed with commodity exporting countries continuing to perform well, while sluggish growth is expected in tourism dependent island states. Economic growth in [Asia](#) is expected to continue to outpace the rest of the world, in particular in China (6.8% in 2015; 6.3% in 2016) and India (7.3% in 2015; 7.5% in 2016).

### 3. EU institutional environment

Several major high profile initiatives are being developed at the EU institutional level which the EIB, as the 'EU Bank', will continue to support and to contribute:

- Five Presidents Report:
  - Adoption of the Capital Markets Union action plan.
  - Deepening of the Economic and Monetary Union.
- Upcoming mid-term review of the MFF, including spending priorities and parallel review of the Europe 2020 Strategy for growth.
- Mid-term review of the ELM as per EU Regulation 466/2014/EU.
- ACP-EU Cotonou Partnership Agreement in the development agenda.
- Further developments on EFSI and Advisory Hub.
- EIB Climate Strategy in the context of the Energy Union Framework Strategy and EU 2030 climate and energy policies framework and update of the External Lending Mandate Climate Strategy.

In the context of a fragile economic recovery and continued high level of unemployment, in particular impacting the young generation, the EU is confronted with major challenges: the refugee crisis and migration resulting from war and political instability in the Middle East and Africa; the need to support jobs and growth in the EU, in particular through investment and the deepening of the Economic and Monetary Union (EMU) as underlined in the [Five Presidents' report](#); the commitment to achieve an ambitious result at the UNFCCC conference in Paris; the outcome of the formal negotiation process between the UK and the EU and of the subsequent referendum on the reforms of the EU to address the concerns of UK citizens; the importance of preserving political and financial stability in Ukraine.

Although the implementation of the current [Multiannual Financial Framework 2014-2020 \(MFF\)](#) is still at an early stage, the preparations of the mid-term review will begin soon with the Commission's proposal due by the end of 2016 at the latest. The mid-term review should reflect the economic situation and include a review of spending priorities, a simplification of the funding programmes and a broader reflection on the flexibility and resilience of the EU budget to address new challenges such as the refugee crisis. Indeed, the EU budget has to react to developments such as, globalisation, natural disasters, refugee crisis, the crisis in Ukraine, as well as political initiatives (e.g. EFSI). The mid-term review of the MFF will offer a window of opportunity for the EIB Group to address areas for improvement linked to the implementation of financial instruments. In addition to the mid-term review, the Commission is supposed to come with a proposal for the post 2020 MFF end of 2017, which should be marked by an enhanced focus on results.

The MFF mid-term review will take place in parallel with the review of the [Europe 2020 strategy](#) for growth as the medium-term European strategy for smart, sustainable and inclusive growth providing the overall strategic orientation for the EU. The Commission's proposal for the review of the Europe 2020 strategy is expected before end of 2015 and



while the policy orientations should not be amended, the focus will be on improving the delivery and implementation of the strategy at Member States level.

The [2014-2020 External Lending Mandate](#) (ELM), effective since July 2014, provides EIB with an EU Guarantee for financing operations of up to EUR 27bn in Pre-Accession, Neighbourhood, and ALA regions as well as South Africa. A mid-term review is underway and will take place in 2016-17, subject to which an additional amount of up to EUR 3bn may be released. With 17% of the envelope signed since July 2014 and 34% committed in approvals, the EIB is making good use of the ELM and is well positioned to secure the release of the additional mandate.

In the context of the [ACP-EU Cotonou Partnership Agreement](#), a new financial protocol for the period 2014-2020 under the 11th EDF was put in place as of 2 March 2015. The Investment Facility (IF) includes a new 'Impact Financing Envelope' dedicated to financing operations that generate a high development impact but with higher intrinsic risks - allowing the Bank to embark on new products, like social impact funds, and reach out beyond its traditional activity. Following the recent launch by the Commission of a public consultation on the future of the EU-ACP countries partnership after 2020, the Bank will closely follow-up on related political discussions as the future architecture of the EU-ACP relations will be critical for the Bank's operations in these regions.

In June 2015, agreement was reached between the European Parliament and the Council on the [European Fund for Strategic Investment](#), one of the key pillars of the Investment Plan for Europe. In parallel, the [European Investment Advisory Hub](#) (EIAH) to assist projects promoters has been launched on 1st September 2015, and proposals, such as the Capital Markets Union (CMU) action plan or the Better Regulation agenda, have been adopted by the Commission to improve the business environment and reduce the hurdles for financing and implementing investment projects. The EIB Group is following actively the implementation of the CMU. The identification of key obstacles to investment at national level will be a priority of the 2016 European semester.

Energy and climate issues remain a top priority on the EU policy agenda. The [Energy Union package](#), adopted by the Commission in February 2015, aspires to making energy generation and use more secure, affordable and sustainable and is one of the priorities of the Commission. It builds on the 2030 climate and energy policy framework and focuses on five mutually supportive dimensions: energy security, solidarity and trust; the internal energy market; energy efficiency as a contribution to the moderation of energy demand; decarbonisation of the economy; and research, innovation and competitiveness. The Commission's energy summer package, issued in July 2015, is an important step towards implementing the Energy Union strategy with a forward-looking climate change policy. The package includes the proposal to revise the EU Emissions Trading System (ETS) for the period after 2020. The proposal addresses, among other aspects, the establishment of a Modernisation Fund aimed at improving energy efficiency and modernising energy systems for low-income Member States for the period 2021 to 2030, and makes an explicit reference to the Bank in the governance structure of this fund. The EIB will continue to examine ways to improve its support to EU energy and climate policies, building on the Bank's existing well-aligned energy lending criteria, and complemented with its Climate Strategy.



In a global context, the [United Nations Framework Convention on Climate Change](#) (UNFCCC) conference of parties in Paris late in 2015 may yield a new global agreement to curb global greenhouse gas emissions that will underpin the achievement of the Kyoto Protocol. Ahead of this crucial milestone and from a growing sense of urgency for stronger international action, the Bank launched its first comprehensive Climate Strategy to join efforts with the EU in its global leadership in promoting low-carbon and climate-resilient growth.

The [EIB Climate Strategy](#) adopted in 2015 incorporates contributions received from external stakeholders during a formal public consultation. It has three key action areas: a) Steering the Bank's activities towards those initiatives and projects which have the highest impact and contribution to the EU 2030 Climate and Energy Framework; b) Focussing additional efforts on supporting adaptation to climate change; and c) Prioritising the mainstreaming of climate action across all the Bank's processes. High impact can be achieved by the Bank in three ways: (i) Investing in projects which bring significant mitigation or adaptation gains; (ii) Catalysing and mobilising additional finance from a range of sources; (iii) Reducing financial and non-financial barriers to the investments needed for the transition to a low-carbon resilient economy. Further details on EIB's Climate Action are provided in [Annex 1](#).

Following the 2015 Riga declaration, the Bank will continue to encourage integrated urban investment in line with the emerging 'EU Urban Agenda' which is under preparation during the Luxemburgish and Dutch Presidencies. Furthermore, the Bank will seek to expand its lending in new priority areas such as refugee-related housing and shelter, as well as climate mitigation and adaptation, liaising with the New Covenant of Mayors. Further details on EIB's activities in urban development and renewal are provided in [Annex 1](#).





## 4. Lending Programme

- Ambitious targets for the 2016-2018 period with own resources lending orientations set at EUR 71bn p.a. of which total Special Activities in a range between EUR 17-24bn p.a. - this is an unprecedented challenge requiring a quantum change in the Bank's business profile.
- The Bank will continue to offer long-term loans of significant size and at the same time develop its product range notably in the context of increased volumes of finance for riskier projects.
- The conditions for implementation of the Bank's lending programme continue to present significant challenges, and more specifically for EFSI.
- EIF credit enhancement activities under the EIB mandate prove to be successful and will continue to be pursued as an important strand to the overall risk-taking of the EIB Group.

### Lending Programme utilising EIB own resources

If Europe is to make the recovery sustainable, it needs to tackle key challenges. In order to play its part in tackling these challenges, the Bank's drivers and priorities of the 2016-2018 lending programme include the following:

- ✓ supporting growth and job creation in the EU;
- ✓ fostering skills and enhancing competitiveness;
- ✓ reinforcing economic and social cohesion;
- ✓ addressing market failure in risk-taking;
- ✓ reinforcing the impact of environmentally sustainable, climate-smart financing and
- ✓ tackling the investment gap by mobilising private investment, whilst
- ✓ focussing on value-added, and
- ✓ upholding the Bank's business model and status as prime issuer on capital markets.

The year 2015 has been a year of transition with an early completion of the Growth and Employment Facility (GEF) allowing for an increase of the EIB's countercyclical contribution and the early stages of the Bank's contribution to the Investment Plan for Europe, all alongside the Bank's high volume of the more traditional lending, blending and advising activities.

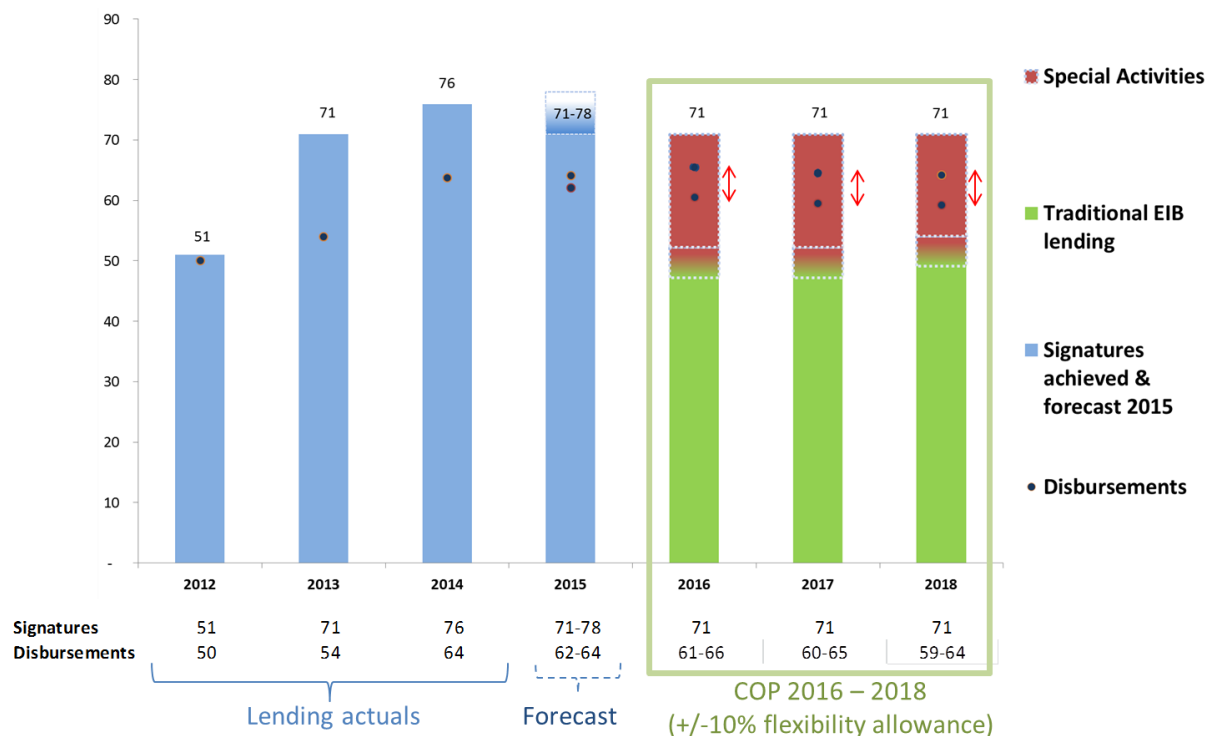
The transition status will undoubtedly continue in 2016 reflecting a high volume of the traditional lending, blending and advising activities alongside the significant ramp-up of EFSI and the Advisory Hub activities which require new approaches in terms of sectors, products and clients – and all now under the full associated governance framework. The plans for 2016 are thus even more ambitious both in form and substance; especially considering the challenges outlined and the Bank's need to reinforce availability of internal skills in some key areas.

The Bank remains committed to support the economic recovery in the EU and is determined to sustain ambitious targets for 'own resources' new lending throughout the

2016-2018 planning period whilst obviously staying in line with the overall business model. The ambitious lending orientations of EUR 71bn +/-10% for 2016 and 2017 as announced in the Operational Plan 2015-2017 will indeed be pursued and retained too for 2018. The complexities of delivering in the prevailing economic environment remain relevant and hence the overall orientations are again presented with a +/-10% flexibility allowance for continued uncertainties in market demand.

The evolution in the past and expected lending programme utilising EIB own resources is as shown in [Graph 1](#).

**Graph 1: Evolution of the EIB Lending Programme**



## Lending Programme – focus and approach

The Bank's role to provide real support to EU long-term competitiveness, growth and employment is set out in targeted lending programmes which remain closely aligned with the EU policy goals in the context of 'Europe 2020' and 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.

In the present context of low investment in the EU economy, the EIB will maintain a high volume of activities throughout the planning period in order to promote economic growth and job creation in the EU in a countercyclical way. It will make long-term finance available to public and private investors for projects which contribute to the move to a knowledge-based, integrated, socially and environmentally sustainable economy in line with the Bank's Public Policy Goals of Innovation, SMEs and Midcap finance, Infrastructure and Environment. See also [section 9](#).



The same Public Policy Goals apply to the Bank's activities outside the EU and tie into the EU external policy. In particular, outside the EU, EIB will continue efforts to position the Bank more strongly and with higher visibility in relevant markets in order to make an enhanced difference through the promotion of private sector led growth; both by supporting access to finance for SMEs and in much needed economic and social infrastructure, as well as by providing advisory and technical assistance support.

The Bank will continue to support projects through offering long-term loans of significant size, at attractive interest rates reflecting the EIB's own terms of access to the capital markets based on its strong credit rating.

At the same time, the EIB will develop and enhance its product range in order to increase its value-added for project promoters and to unlock additional investment. As a top priority, the EIB will increase significantly its volume of finance for riskier projects, or financing structures which imply higher credit risk than the Bank's standard operations, in particular in cooperation with the Commission through dedicated windows of financing where relevant and appropriate.

Following the European Parliament's call for a greater use of innovative financing for social impact, the EIB is considering to support services to vulnerable social groups in the EU Member States, including migrants and refugees. EIB Group funding may be combined with EU budget resources under new financial instruments (potentially the European Programme for Employment and Social Innovation) allowing for example financing of social impact funds. Outside the EU, more social impact investment and support to microfinance operations with higher risk profile and higher development impact could be targeted, such as for example from resources of the ACP Impact Financing Envelope under the Cotonou Investment Facility.

With a view for the EIB to fulfil its mission while preserving its credit standing, new lending activities must build to a certain extent on existing relations with counterparts of good credit quality. Nevertheless, the Bank also seeks to reach out actively to new clients and promote new types of transactions to maximize EIB's contribution and to better address market needs. The InnovFin program, for example, has been contributing significantly to client diversification and sectorial broadening, which is expected to continue. Outside the EU client diversification is also high and is expected to be developed further.

Additional impetus may arise from the EFSI program and related marketing efforts, including through an expanded network of offices in the Member States. The number of new operations reaching financial close every year may increase by more than 50% as a result of EFSI volumes and expected smaller average ticket size. This can only be achieved through expanding the client base and hence with increasing numbers of first-time clients. New business relations are likely to comprise a significant number of PPPs (including special purpose companies or vehicles set up by a variety of project sponsors), corporate customers which the EIB could not serve without EFSI support, as well as managers of, and co-investors in infrastructure funds. Indirectly, the Bank will also target more significantly smaller private sector promoters in the Member States with the help of the National Promotional Institutions (NPIs) cooperation.

SMEs and MidCaps' access to appropriate means of financing for investment in fixed assets or trade activities is a fundamental objective at the level of the EIB Group. Such activities may take the form of intermediated loans, portfolio guarantees or support to the

securitization of loan portfolios. Where MidCaps invest in research or product development activities, the Bank already successfully provides support through guarantees and small loans applying a streamlined appraisal and decision-making process under the InnovFin Mid Cap Growth Finance. The scalability of this approach has been proven and will contribute to effective expansion of such activities which are complemented with the EIFs credit enhancement activities.

As a global issue of already huge and still growing magnitude, supporting climate action remains a top priority for EIB's financing activities inside the EU, and importantly also outside the EU where the potential for effective climate change mitigation is greatest. The minimum target of 25% Climate Action finance in the Bank's activities overall (inside and outside the EU) remains valid over the planning period. The Bank continues to increase its role in attracting private investment to climate action projects and to channel grants from the EU's blending mechanisms. The UN climate summit negotiations to be held in Paris in December are an extraordinary opportunity to showcase EIB's engagement in Climate Action and to clearly position the Bank among the IFIs contributing to the fight against climate change.

Recognising the need for increased support, the EIB Group will implement an extraordinary and reinforced action in Greece in order to contribute to jump-starting the economy. The Bank will seek to increase its lending in support of the private sector, as well as in sectors in which it has been less active in Greece in recent years, and on less conventional fronts such as financing via dedicated funds, direct lending to corporates and Mid-Caps including under the EFSI umbrella, or financial support to Greece's privatisation commitments. A most urgent measure consists in helping Greece to absorb Structural Funds.

In light of the fast-changing parameters affecting the Bank's activities, the Bank is expanding its external office network to ensure greater EIB outreach and visibility and improve access to impact-related information direct from source. In connection with the Bank's role under the Investment Plan for Europe, the priority of reinforcing and extending the EIB Group presence in the EU has become important to enhance proximity to its "client base" and underpin its ability to work closely with National Promotional Institutions and Member States.

The roll-out of the programme envisages making available a range of EIB Group services through the EU external office network where appropriate, including lending, advisory, technical assistance support, communications and institutional relations. Outside the EU, and in line with undertakings given under external mandates, the Bank intends to further increase its presence in key partner countries and regions in due course.

Finally, it is anticipated that the Bank will participate in the financing of investments catering for the needs of refugees and asylum seekers arriving in the EU, and continuing to contribute to the fight against the causes for migration, outside the EU. In this context, the Bank will work with the Member States, the Commission, NPIs and other financial institutions. As an emergency response the EIB has provided EUR 5m to the Council of Europe Development Bank Migrant and Refugee Fund.

Table 1 reflects the breakdown of the signature and disbursement levels by region.



**Table 1: Signatures and Disbursements utilising EIB own resources – inside and outside EU**

	2014 achieved (Eur bn)	2015 forecast (Eur bn)	Orientations			Average	%
			2016 (Eur bn)	2017 (Eur bn)	2018 (Eur bn)	2016-2018 (Eur bn)	
Total Disbursements inside EU	59.2	57.8 - 59.3	55.6-60.6	54.6-59.6	54.3-59.3	54.8-59.8	92.0%-92.4%
Total Disbursements outside EU	4.5	4.3 - 4.8	4.9	4.9	4.9	4.9	7.6%-8.0%
<b>Total Disbursements</b>	<b>63.7</b>	<b>62.1-64.1</b>	<b>60.5-65.5</b>	<b>59.5-64.5</b>	<b>59.2-64.2</b>	<b>59.7-64.7</b>	<b>100%</b>
Total Signatures inside EU	69.0	64.0-70.0	64.0	64.0	64.0	64.0	90.1%
Total Signatures outside EU	7.1	7.0-8.0	7.0	7.0	7.0	7.0	9.9%
<b>Total Signatures</b>	<b>76.1</b>	<b>71.0-78.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>100%</b>

Signature orientations are set again with +/- 10% flexibility allowance for continued uncertainties in market demand. Disbursements are based on signature orientations and indicated as ranges.

Outside the EU the Bank will continue to make a significant contribution towards supporting EU external policy, including sustainable development, climate action, and energy security. In addition, and in line with the conclusions of the European Council, the Bank supports the internationalisation of EU businesses through a number of its activity lines. There is an increasing demand for EIB financing instruments outside the EU, and the EIB is expected to contribute more to solving the global challenges, reflecting the EU policy in the world. In order to be in the position to meet these expectations, the plan is made with the underlying promise to review lending volumes throughout the year; if needed, an increase of outside EU lending will be considered to support additional projects falling within the Bank's competencies and remit outside the EU.

### Lending Programme – challenges

While corporate investment is set to gradually gain momentum, supported by improved demand, less restrictive financial conditions, and a need to modernize capital stock after years of under investment, the slow implementation of structural reforms, public and private indebtedness, high levels of structural unemployment, low levels of potential growth, remain a drag on investment in several countries and undeniably pose risks to the delivery of the lending programme.

Barriers for investment remain a problem in all EU Member States and it is the granularity and complexity of all the small obstacles that together pose significant barriers for investment which are not limited to specific Member States or regions. This impacts EIB projects for example as follows:

- lack of investment-conducive EU level regulation and coordination has a detrimental effect on the ability to nurture new industries and strengthen the Single Market;
- regulatory uncertainty causes revenue risk and thus reduces project viability;
- time consuming administrative procedures, unclear and complex regulation make project more costly; and
- the negative impact of regulatory barriers is reinforced in the case of cross-border projects. In these cases, differences in national systems and regulations pose additional obstacles, thereby increasing costs further.

The report of the Task Force on Investment in the EU published in December 2014 includes an analysis of barriers to investment in Europe illustrated by a number of additional examples, similar to those mentioned above. That exercise, carried out in cooperation between the Member States, the Commission and the EIB highlighted the necessity and scope of actions to be taken. EIB stands ready to contribute further to support this process and to translate it into concrete actions on the ground.

Outside the EU, lending prospects are more volatile, depending heavily on the political environment, particularly in the Eastern and Southern Neighbourhood countries. Lending may become constrained by the need for additional EU or Member States Guarantee support: (i) the utilisation rate of the ELM with EU guarantee is already well advanced (see [Section 6](#)). At the same time, EIB's contribution to the international action plan for Ukraine may require an additional regional allocation under the ELM. (ii) in the ACP countries, the lending from own resources remains subject to ratification of the Guarantee Agreement by the Member States expected for early 2016. In the interim, financing is provided from the limited resources of the ACP Investment Facility.

In addition, the following factors influence the Bank's disbursements:

- Inside the EU, the borrowers' uptake of funds from the EIB depends strongly on the Bank's pricing attractiveness and ability to generate financial value added.
- Outside the EU, disbursements are to a much greater extent subject to volatility given the prevailing uncertainties in a politically and economically more unstable environment. Moreover administrative hurdles or slow project implementation impact disbursements.

A gap between signatures and disbursements remains unavoidable reflecting the progress of project implementation and/or allocation. For the planning period 2016-2018 it is expected that disbursements will stabilise at a high level, in a range between EUR 59bn and EUR 66bn. In recent years rising signature volumes have resulted in an increase of the stock of undisbursed loans which the Bank will continue to actively manage.

### Special Activity<sup>1</sup> – within the Bank

Special Activities enable the Bank to diversify its customer and loan portfolio supporting priority projects through the assumption of a higher risk profile. 2015 has been a year of transition to much larger volumes of higher risk financing, accompanied by a deliberate shift in focus towards operations which qualify for EFSI, InnovFin or the smaller financial instruments. Total Special Activities in a range between EUR 17-24bn p.a. (of which approximately EUR 2.5bn p.a. own-risk Special Activities) are foreseen over the planning period 2016-2018.

The volume of finance under EU financial instruments, including EFSI, is going to expand rapidly. A cultural change and significant shift in operational focus is under way towards riskier financing structures or operations with riskier counterparties, which at the same time

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<sup>1</sup> The Bank's Statute describes Special Activities as financing operations presenting a specific risk profile. The definition of Special Activities includes reference to risk greater than generally accepted by the Bank (so-called 'higher-risk' Special Activities). Where credit enhancement from the EU budget applies, such as under the Innovfin-EC agreement, the operations concerned are classified as Special Activities in line with their underlying risk profile, even though the residual risk profile after credit enhancement is in line with that generally accepted by the Bank (so-called 'risk sharing').



are likely to make an even stronger impact on investment in the real economy and generate higher value-added.

Recalling that EFSI complements EIB's core activities and is specifically aimed at projects which on average have a higher risk profile, means that the strong results achieved already in 2015 are testament of EIB's resolve to contribute to an increase in the volume of productive investment in Europe under EFSI. These results should, and indeed will, be built upon to catalyse further change in the perception of investment opportunities in the EU. In addition to the EFSI projects, the Bank will continue to pursue Special Activities under its own resources and other risk-sharing arrangements.

Higher risk operations are mostly tailor-made at the moment and involve small amounts. These operations require significantly more staff capacity both in front offices as well as in support functions. The Bank is seeking to develop products which are not yet available and which have the potential to be replicated at a larger scale, in particular risk sharing models with financial intermediaries focusing on SME or MidCap lending, or on projects in a strategic sector such as Renewable Energy and Energy Efficiency. In doing so, the EIB aims to reach out to new clients across all Member States and broadens its support to the economy in the EU.

The main driver for EFSI remains the impact on the real economy and notably the investment facilitated by EIB's financing activities and the EU's risk sharing contribution (defined as "investment multiplier"). The impact on investment of EIB's activities is therefore a key performance indicator under EFSI, measuring progress towards the overall objective of EUR 240bn of additional investment under the Innovation & Infrastructure window (IIW) and EUR 75bn under the SME window. EIB Group will continue to review new lending opportunities under EFSI and adjust its product mix and project selection in order to achieve the highest impact.

As noted earlier, riskier projects, or financing structures which imply higher credit risk than the Bank's standard operations, in particular in cooperation with the Commission through dedicated windows of financing are being sought where relevant and appropriate:

- As a recent example, the Bank has defined a scaleable financing approach for the particularly risky early phase of new technology projects, InnovFin First-of-a-Kind Demonstration Projects (FDP), where the Bank's loans leverage EU grants and thus reduce the utilisation of scarce EU budget funds.
- Similarly, the InnovFin Infectious Diseases Finance Facility (IDFF) finances the early, highly risky stage of the development of vaccines, treatments and medical devices for infectious diseases. In this product, the credit risks would be covered on a portfolio basis by the EU budget up to 95%; this threshold will be revised downwards overtime when the quality of the portfolio will improve following the commercial success of products.
- Under the Private Finance for Energy Efficiency (PF4EE) initiative which was launched in 2015, the EIB provides funding for small energy efficiency projects to be managed by local banks. These new products diversify the ways in which the EIB supports innovation and sustainable growth; they should also increase the Bank's outreach to new customers and the value added of its support for borrowers and investors.



Until more experience with the EFSI approval process is acquired, the orientations on own-risk Special Activities and EFSI are shown in combination, and expressed in the form of ranges in order to take into account a potentially longer ramp-up period required for EFSI financing given the long processing cycle of Special Activities, in particular in structured finance, investment fund contributions or PPPs.

The Bank is currently working on a number of new initiatives and product developments. The objectives are (i) to adapt to new market needs in the field of higher risk (Special Activity) financing, (ii) to facilitate the delivery of EFSI business targets and (iii) to improve the Bank's catalytic effect to crowd in private sector financing. New product developments are currently concentrated around three main themes:

- **Equity and Growth Financing:** in view of the deployment of the EFSI – Infrastructure & Innovation Equity Window (EUR 5bn), the Bank is working on a comprehensive equity strategy bringing together a wide range of products including direct equity-type financing for mid-sized companies, contingent loan products for larger entities notably in the life-science and biotech sector, hybrid capital for utility companies as well as fund investments.
- **Risk Sharing with Banks and Debt Funds:** funded and unfunded risk sharing solutions are an important area of product development for the EIB as it represents an opportunity to complement EIB's classical loan products for financial intermediaries with the potential benefit of capital release, subject to regulatory requirements. In the current market sentiment, which is driven by high levels of liquidity, these products will be important to improve the Bank's value proposition for financial institutions and debt funds.
- **Capital Market Solutions:** the main objective of the EU Capital Markets Union was to facilitate access to capital markets notably for smaller and mid-sized companies/projects. The Bank's Project Bond Initiative (PBI) was the first product that targeted this area. Further product development looking at corporate bonds and hybrid capital bonds would be important to facilitate access to private sector investors for project promoters.

**Table 2: Higher Risk Special Activities, Risk Sharing and EFSI**

	2015 forecast (Eur bn)	Orientations		
		2016 (Eur bn)	2017 (Eur bn)	2018 (Eur bn)
<b>Special Activities (higher risk) / EFSI*</b>	<b>4.9-6.1</b>	<b>16.2-20.7</b>	<b>16.2-20.7</b>	<b>14.3-18.8</b>
<b>Other Risk Sharing /Partnerships</b>	<b>1.1-1.5</b>	<b>2.5-3.0</b>	<b>2.5-3.0</b>	<b>2.5-3.0</b>
<b>Total Special Activities</b>	<b>6.0-7.6</b>	<b>18.7-23.7</b>	<b>18.7-23.7</b>	<b>16.8-21.8</b>
<b>Estimated EFSI investment facilitated</b>	<b>12.0-16.4</b>	<b>68.6-88.2</b>	<b>68.6-88.2</b>	<b>59.3-78.9</b>

\* of which approximately EUR 2.5bn p.a. own-risk Special Activities

## Special Activity – within EIF

Mandates from the Bank to the EIF form an important further strand to the overall risk-taking of the EIB Group. Indeed, EIF has significantly increased its activity in 2015 by almost doubling its volumes and expects to continue this increase in 2016. EIF will further contribute to the deployment of EFSI through the RCR mandate and the frontloading of





InnovFin and Cosme as well as deploying a new equity window in cooperation with the NPIs from 2016.

EIF and EIB signed in July 2015 an agreement to increase the size of the RCR mandate by EUR 2.5bn, bringing it to a total size of EUR 9.5bn. The mandate is deployed at a very quick pace (EUR 1.5 to 1.7bn p.a.), benefiting from strong reflows which increase the funding capacity.

Further to the signature of the EIB Group Risk Enhancement Mandate (the "EREM") in March 2014, the EIF has implemented 4 instruments (ABS Credit Enhancement, SME Initiative, Loan Funds and Social Impact Finance). Based on EIF's expected volumes and current pipeline, the budget initially earmarked for some of the windows is likely to be re-allocated between windows to respond to evolving market demands and to allow quicker absorption.

**Table 3 a: Mandates managed by EIF on behalf of EIB (including EFSI)**

	2015 forecast	Orientations		
	(Eur m)	2016 (Eur m)	2017 (Eur m)	2018 (Eur m)
<b>EIF Mandate Activities (including EFSI)</b>	<b>1,940</b>	<b>2,360</b>	<b>2,510</b>	<b>2,760</b>
Risk Capital Resources (RCR)	1,400	1,600	1,720	1,950
of which:				
- EFSI	1,300	1,200	-	-
EIB Group Risk Enhancement Mandate (EREM)	540	760	790	810

The first phase of EFSI (RCR increase and frontloading of Cosme and InnovFin) has been warehoused in 2015, and EIF expects to fully commit both the EUR 2.5bn RCR (EFSI) by 2016 and the InnovFin/Cosme budget by 2017. An additional EUR 24bn of investment in the economy is expected to be facilitated by EIF already in 2015. Meanwhile EIF is working on the second and third phase of EFSI with the Commission: an equity window platform in cooperation with the NPIs (EUR 1.2-1.4bn to be co-invested with EUR 0.5-0.8bn of InnovFin equity and EIF managed resources) and new guarantee products (securitisation, uncapped guarantee for subordinated loans). Both should be launched in 2016 and should increase significantly EFSI capacity. It should allow EIF to reach 68% of its EUR 75bn mobilised investment by 2016 and 88% by 2017.

**Table 3 b: EFSI SME Window – deployed by EIF**

	2015 forecast	Orientations		
	(Eur m)	2016 (Eur m)	2017 (Eur m)	2018 (Eur m)
<b>EFSI - SMEW</b>	<b>1,700</b>	<b>1,967</b>	<b>943</b>	<b>390</b>
of which:				
- EIB backed (higher risk) /RCR	1,300	1,200	-	-
- EU backed (risk sharing)	400	767	943	390
<b>Estimated EFSI investment facilitated:</b>	<b>24,000</b>	<b>27,000</b>	<b>15,000</b>	<b>9,000</b>



## Lending Programme - utilising third party resources

**JESSICA:** The Bank continues to work with Managing Authorities and banks to leverage the EU structural funds and unlock more investment in respect of legacy mandates and new ones for the 2014-2020 programming period. Successful examples for the implementation of JESSICA are: energy efficiency modernisation of residential buildings in Lithuania, or the rehabilitation and conversion of mines and factories in Poland.

The over-arching objective for lending under the **ACP Investment Facility** (IF) will continue to be private sector development by channelling a variety of financial resources (including equity) to SMEs, MidCaps and microfinance initiatives in the ACP region so as to support the development of local financial markets and stimulate job creation. Other priorities include direct lending to corporates/industry, agriculture and food security and health; the impact financing envelope allowing for a higher level of risk-taking will be an important tool to achieve these. Whenever possible projects will be designed so as to contribute to the prevention/alleviation of migration tackling the root causes. Across all sectors, the financing of climate remains an over-arching priority of the Bank's lending in the ACP region; indeed the Bank's climate action financing outside the EU should be in the region of 35% of total lending. Private sector lending will be complemented by public sector development notably for basic infrastructure which is considered as a prerequisite for sustainable economic growth. However, disbursements on own resources remain subject to ratification of the Guarantee Agreement by the Member States, which is expected early 2016.

## Compliance

In the context of a substantially increased activity, both in terms of number and risk profile, the EIB will continue to rely on its strong Compliance function in order to minimise compliance and reputational risks, by setting an adequate Compliance policy framework, issuing OCCO opinions with risk scoring and Compliance monitoring. The EIB is committed to maintaining a stringent policy against money laundering and terrorism financing as well as tax fraud, tax evasion and harmful tax practices. In this context, a roadmap ensuring the gradual implementation of more stringent Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) measures and procedures is currently being implemented. Important new regulation and developments such as the 4th Anti-Money Laundering Directive of the EU, Market Abuse Regulation and Criminal Sanctions (for Market Abuse) Directive, Financial Action Task Force (FATF) Recommendations, OECD Global Forum Tax Transparency standards, the OECD Base Erosion Profit Shifting work, EC Taxation action plan, European Banking Authority (EBA) Guidelines on Internal Governance, the Basel Corporate Governance Principles for Banks, EU and other sanctions will continue to be evaluated and where relevant transposed into the EIB framework, also taking into account the on-going Best Banking Practices exercise with the Audit Committee.

## Control and Accountability

The high expectations on the EIB Group related to EFSI and the increase in the number of operations accompanied with a higher risk profile call for a continuing if not stepped-up internal scrutiny of the Bank's activities. The Bank will continue to incorporate within its



annual audit plan, assignments which review the risks associated with the changing business environment which in 2016 are reflected in work related to EFSI, FAFA and the growing Best Banking Practices commitments. As part of the (mid-term) reviews of partnerships with the Commission and of EFSI, independent feed-back on the Bank's performance in both quantitative and qualitative terms will be provided. In line with its Anti-Fraud Policy, the Bank will remain vigilant in addressing fraud and corruption risks and will ensure the full implementation of the Exclusion Procedures. Also, the Bank will continue handling complaints sent to the EIB which, in line with the Bank's activities, are becoming more complex and are also increasing in number due to an increased scrutiny from the public. After an extensive public consultation the Board of Directors will be invited in 2016 to approve a revised policy concerning the EIB Complaints Mechanism (EIB-CM).

## 5. Advisory services (inside and outside the EU)

- Streamlined delivery of advisory services via the EIAH (or Advisory Hub).
- JASPERS: expanded portfolio of activities and wider geographical reach.
- EPEC: increasing the PPP policy advice and introducing upstream PPP project support activities.
- Advisory offer under ESIF-funded financial instruments focused on implementation services and extended to new beneficiaries.
- Advisory activities supporting access to finance to be further developed.
- Targeted project preparation and implementation support will continue to be provided inside and outside the EU, in key areas such as Climate Action.

The Bank's advisory offer has seen a major expansion in recent years both in terms of number of new initiatives (mostly financed or co-financed by the Commission) and of scope of the activity. In line with the strategic orientations for advisory services endorsed by the Board of Directors, the Bank's advisory portfolio includes: i) project assistance throughout the whole project cycle, from strategic planning to implementation; ii) support for the set-up and implementation of European Structural and Investment Funds (ESIF) financial instruments; iii) financial advisory support to enhance access to finance, particularly for innovative projects and PPPs.

During the 2016-2018 planning period, the Bank will continue to support the preparation and implementation of projects, notably through the JASPERS programme, which will deliver on an expanded portfolio of activities and on a wider geographical reach: beyond the core project preparation assistance, the newly created function of the Independent Quality Review will provide an important project quality validation service to the Commission before the decision on the allocation of funds. The geographical extension of JASPERS activities to all Member States proves its key contribution to the Cohesion Policy agenda with particular focus on the policy priorities of tackling climate change and energy dependence as well as smart development. IPA (Instrument for Pre-accession Assistance) funds have also been mobilised to extend JASPERS services to pre-accession countries. Finally, under the 2014-2020 MFF, support from JASPERS is envisaged under the Connecting Europe Facility (CEF) for the development of projects implementing the TEN-T core network. Complementing the work carried out under JASPERS, the Bank will continue to provide targeted support including in the downstream phase of the project cycle contributing to the operational implementation of projects and to a better absorption of EU Structural Funds. For certain thematic actions – in particular Climate Action, specific support for mainstreaming policy actions into project preparation may be carried out in all regions in line with the EIB Climate Strategy.

In the area of energy efficiency and renewable energy the EIB intends to continue and potentially scale up the work under the joint EIB-EC action of the European Local Energy Assistance (ELENA) programme, funded under H2020. Subject to successful negotiation of yearly Delegation Agreements with the Commission, the Bank will continue to provide grants for technical assistance to public sector counterparties to enable them to develop energy efficiency and renewable energy investment programmes in urban areas.



In order to respond to evolving demand and to strengthen its support to projects, EPEC is progressively refocussing its activity model from a predominantly network policy-based initiative to one with a greater focus on bilateral services and upstream PPP project-related support. In particular, EPEC will step up its bilateral activities by: (i) increasing the PPP policy advice to its Members and related public bodies on a bilateral and tailored basis in response to specific requests for assistance and (ii) introducing upstream PPP project support activities as a new service line to support the design and implementation of priority PPP projects. This includes providing assistance to the Bank's operations on PPP aspects, especially in the context of the Connecting Europe Facility.

In the area of ESIF-funded financial instruments, the Bank has built a comprehensive offer of advisory support, from methodological advice and capacity building to Managing Authorities (via the fi-compass programme) to bilateral services for the design, set up and implementation of financial instruments across the EU and beyond (a bilateral service is being negotiated with Serbia). During the planning period the Bank will deliver on the agreed work programme and extend its advisory offer to new beneficiaries. Particular focus will be given to implementation services.

The Bank will continue to develop its advisory activities supporting access to finance. Innovation Finance Advisory (IFA) will continue to deliver both horizontal actions as well as project advisory support. The horizontal activities cover a wide range of access to finance issues linked to thematic areas and often lead to a product development phase and ultimately to new investments (a good example is provided by the Infectious Diseases Finance Facility). Going forward, the project advisory component could be developed further by expanding the already piloted Light Project Advisory activity, whereby the IFA team would review the financing strategy of a broad range of companies/projects and prepare them for potential due diligence.

With the significant growth of advisory activities in the past years, the Bank has strived to ensure a coherent strategic framework and a solid organisational structure. The EIAH (or Advisory Hub) established as one of the components of the Investment Plan for Europe contributes to a streamlined delivery of advisory services. The Advisory Hub will constitute an access point to an integrated advisory and technical assistance offer provided by the Bank and its partner institutions with the objective of strengthening and accelerating investments across the EU. The Hub will build on existing advisory programmes and initiatives and creates an opportunity to reap synergies and leverage expertise from across the Bank, in order to respond to needs in the most effective way.

The Bank will manage the Advisory Hub, processing incoming requests for support and further integrating the advisory offer. Expansion of the scope of existing initiatives and/or development of new advisory programmes will be explored as demand arises. In a first instance the Hub will scale up its support to Energy Efficiency, Transport and Innovation projects.

Outside the EU, the Bank will continue to provide targeted project preparation and implementation support to public and private promoters, in particular in the context of the Southern and Eastern Neighbours Advisory Programmes for the transport, water and environment sectors. In the pre-accession countries, the Bank will strengthen its support to project preparation and dissemination of best practices for access to finance, including PPPs and financial instruments to support SMEs. Across all the facilities and instruments the Bank will ensure effective coordination with all partner Institutions.

## 6. Co-operation with the Commission and other third parties

- The EIB Group will continue to collaborate with its key partners, in particular the Commission, to develop new initiatives.
- Over the coming three years, the Group will play a key role in the Investment Plan for Europe by fulfilling its promises in respect of EFSI and using the EIAH as a unique platform for the coordinated development of advisory activities. In this context, collaboration with NPIs will be further strengthened.
- The Bank will continue to implement the financial instruments under the MFF and ELM 2014-2020, both of which are subject to mid-term reviews in 2016. The review of the MFF will offer a window of opportunity for the EIB Group to improve the conditions for the implementation of financial instruments.

### Investment Plan for Europe

The Investment Plan for Europe (IPE) focuses on removing obstacles to investment, providing visibility and technical assistance to investment projects and making smarter use of new and existing financial resources. By facilitating a more investment friendly business climate, the investment needed to fulfil Europe's potential will be stimulated. The removal, inter alia, of sector-specific and other financial and non-financial barriers to investment in the EU will make a very big long term difference.

Over the coming three years EIB Group will indeed support EU initiatives to remove obstacles to investment wherever requested. This will in turn enable the EIB to continue to meet not only the impressively high lending targets in its stronghold of core traditional financing for cohesion and employment-related projects but also to contribute increasingly to other areas crying out for investment and notably those projects which carry a higher than average financing risk and thus have lesser financing options available.

In addition to the Group's core activities, EIB remains committed in particular to fulfilling its promises in respect of EFSI part of the IPE as launched with the Commission in 2015 which is expected to mobilise investments of at least EUR 315bn by mid-2018; EIB Group anticipates to reach approximately 40-50% of this target by end-2016 and 70-80% by end-2017. Good progress is being made on the establishment of the EIAH, an element of the second pillar of the IPE which has been created as a gateway to support investment in the real economy.

Under the EIAH, the Bank is mandated by the Commission to strengthen Europe's investment and business environment by enhancing the technical and financial capacity of public authorities and private actors in the Member States to identify, prioritise, prepare, structure, aggregate and implement investment projects that are in line with EU policy objectives, in order to make more efficient use of EU funds and leverage private capital. It is opportune to mention in this context the ongoing efforts to strengthen the cooperation with National Promotional Institutions or other entities performing a similar role in all Member States. During the planning period the Bank will implement the



partnership in line with the priorities agreed with the Commission and in cooperation with the EIAH's partner institutions. The Hub will constitute a unique platform for the coordinated development of advisory activities, providing access to a wide range of advisory services, building on those already available under the existing programmes (see section 5) and complementing them with new ones as demand arises.

## Multi-Annual Financial Framework (MFF) 2014-2020

The implementation of the current MFF is still at a relatively early stage; however preparations for the mid-term review, including a review of spending priorities, will begin soon with the Commission proposal due by the end of 2016 at the latest. The review of the MFF will offer a window of opportunity for the EIB Group to improve the conditions for the implementation of financial instruments.

Under the [InnovFin](#) EIB offers risk finance for research, development and innovation (RDI) projects undertaken by private enterprises, universities or public research institutions, or for infrastructure projects facilitating such activities. InnovFin is designed to provide up to EUR 24bn of high value added financing supporting at least double that amount in RDI investment. Since the launch of the initiative in June 2014 EIB has set up different lines of activity: financing of large individual projects; financing of innovative MidCaps and SMEs through loans, guarantees or equity-type operations; finance for the risky early stage of product or technology development in the energy (First-of-a-Kind Demonstration Projects - FDP) or health sectors (Infectious Diseases Finance Facility - IDFF). A strong pipeline of new operations has been identified and an average volume of EUR 2.7bn p.a. is envisaged to be signed. Financing is complemented by an advisory component providing support to improve investment readiness of innovative projects and the framework conditions for the financing of RDI sectors.

Under the [Connecting Europe Facility \(CEF\)](#), the Commission and EIB signed a Delegation Agreement for the Debt Instrument in July 2015. This agreement follows on from the success of the pilot phase of the Project Bond Initiative (PBI) and the Loan Guarantee for TENs Transport (LGTT). It supports trans-European networks in the areas of transport (TEN-T) and energy (TEN-E) infrastructure and telecommunications infrastructure, hence contributing to the development of a connected single digital market, a resilient energy union and to the decarbonisation of transport. Using EU budgetary funds from CEF, the EIB takes higher risk positions in the financing of eligible projects in order to help promoters attract additional private finance. The CEF Debt Instrument also incorporates the existing PBI and LGTT portfolios in a single risk-sharing portfolio. In accordance with the complementarity between CEF and EFSI, the CEF Debt Instrument will facilitate the development of new products and the financing of pilot projects, special initiatives (for example using the instrument for the first time in a sector, or mode, in a Member State) and other CEF-eligible projects. On this basis, an average annual volume of approximately EUR 400m of operations is currently anticipated under the CEF Debt Instrument.

**LIFE programme:** A Delegation Agreement was signed with the Commission at the end of 2014 in order to launch the [Private Finance for Energy Efficiency](#) (PF4EE) initiative. The instrument promotes financing for energy efficiency projects and provides advisory support. EIB targets approximately EUR 200m p.a. of lending under PF4EE over the



COP period. The initiative could be developed to become a mainstream financial instrument to which Member States may contribute.

The [Natural Capital Finance Facility](#) (NCF) promotes the conservation and management of natural capital for biodiversity, ecosystem services and climate adaptation. The Facility is structured such that the EIB contribution to financing the eligible projects amounts up to EUR 125m and the EU contribution of EUR 50m will provide risk mitigation to the EIB participation. Eligible projects are direct loans to companies or projects, intermediated loans to small size beneficiaries and private equity funds. The term of the investment period is 31 December 2017. Pipeline generation remains at an early stage.

[COSME](#): The delivery of COSME Loan Guarantee Facility (debt window) has been accelerated by the availability of the EFSI guarantee and budget should be fully committed by 2017. The COSME Equity Facility for Growth (equity window) will be rolled out by 2020 however part of the budget (EUR 450m) may be reallocated to the debt window following the launch of the equity product under EFSI targeting the same beneficiaries.

[EaSi](#): The negotiation with the Commission has been finalised mid-2015, and EIF will deploy the EUR 96m guarantee window focusing on microfinance and social entrepreneurship. It is envisaged to frontload this initiative through EFSI. A new funded mandate under EaSI with a co-investment from the EIB is under negotiation and will replace the Progress mandate. Its size and focus is currently under negotiation and would form part of the Commission/EIB Group measures to support social inclusion through micro credit or social impact.

[Erasmus +](#): The Erasmus+ Guarantee Facility aims at increasing access to finance for mobile students pursuing their master's degree. EIF has started the roll-out of the EUR 517m facility in 2015 and should progressively scale-up activity during the planning period.

Cohesion remains a key objective for EIB which will continue to enhance its co-financing of EU Operational Programmes in the context of the implementation of the [European Structural and Investment Funds \(ESIF\)](#). Over 20 national and regional co-financing operations for the 2014-2020 programming period have been initiated, for a potential EUR 11.7bn pipeline; these numbers are expected to increase in 2016 and 2017, ensuring a steady flow of sound investments that, in some cases, could otherwise be hampered by liquidity constraints. Such support may cover a wide range of priority areas including business development, municipal renewal, education and vocational training, research and innovation, Trans-European Networks, environment, education and Information and Communication Technologies. Further details are provided in [Annex 1](#).

The [SME Initiative \(SMEI\)](#) is a joint financial instrument set up between the Commission and the EIB Group on the basis of an innovative combination of ESIF and Commission funds from COSME and H2020 resources, leveraged with EIB Group contributions and implemented by the EIF. The SMEI foresees two options: (i) an uncapped guarantee instrument for new SME portfolios and (ii) a securitisation instrument. The latter is pending finalisation by the EIB Group and Commission. Spain and Malta were the first countries to launch and implement the SMEI. Bulgaria and Romania committed ESIF funds to the SMEI, which is expected to be launched by the Managing Authorities early





2016. The EIB Group is also engaged in discussions with Managing Authorities in Italy and Finland to join the SMEI. A possible extension of the initial deadlines of the SMEI would widen the scope for additional Member States potentially participating.

The Bank will during the period 2016-2018 continue working on enhancing the quality of lending to assure a high value added of EIB interventions outside the EU through the use of the [EU's regional blending facilities](#) (such as NIF and WBIF), and [trust funds](#) (FTF and EPTATF). The Commission has reiterated its intention to scale up blending as one of its main means of channelling development aid. The Bank will continue to closely cooperate with the Commission, while also exploring other blending instruments which are aligned to the Bank's objectives, e.g. the Green Climate Fund.

### External Lending Mandate (ELM)

The ELM is an essential foundation for the Bank's operations outside the EU. It enabled the Bank to lend a total of EUR 29bn under the EU guarantee and facilitated another EUR 16bn under the own-risk facilities over 2007-13. The [2014-2020 ELM](#), effective since July 2014, provides EIB with an EU Guarantee for financing operations of up to EUR 27bn in Pre-Accession, Neighbourhood, and ALA regions as well as South Africa. A Mid-Term Review is underway and will take place in 2016-17, subject to which an additional amount of up to EUR 3bn may be released. With 17% of the envelope signed since July 2014 and 34% committed in approvals, the EIB has demonstrated to be an efficient institution, well placed and prepared to assume a more prominent role in support of EU external policies through additional or enhanced mandates should the Bank be requested to step up its activities in this area.

### Initiatives with National Promotional Institutions (NPIs)

EIB cooperates with NPIs mainly in three areas: (a) co-financing schemes for large individual projects in infrastructure development or corporate finance; (b) investment funds; (c) risk-sharing on portfolios of smaller loans originated by the NPIs. In recent years, similarly to EIB the NPIs have stepped up their activities in order to counterbalance the deleveraging process in the commercial banking sector.

Under EFSI, the EIB is looking for new ways to expand its cooperation with NPIs: cooperation which is built on the NPIs' comparative strengths, notably their particular knowledge of the local context and business communities, and complemented by EIB's sectorial expertise and the risk-bearing capacity provided through the EU Guarantee under EFSI. Beyond the traditional product offering, risk-sharing schemes with NPIs are intended to be developed and scaled-up, and for the first time, thanks to EFSI, EIB stands ready to discuss opening a window of subordinated risk taking by the Bank. Meanwhile EIF is working on the development of an equity window platform in cooperation with the NPIs.

In the context of the EIAH the Bank intends to collaborate with NPIs not only to leverage and build local expertise as required by the EFSI regulation, but also to partner up in the delivery of advisory support. It is foreseen that a number of NPIs will play the role of local entry points for EIAH and will be involved in the delivery of services of behalf of the Hub. Other IFIs (e.g. EBRD), institutions or agencies not necessarily fulfilling the role of an NPI, may also be relevant for the development of the Advisory Hub's collaborative network. A partnership may therefore be sought also with such entities.

## Other third parties

Since 2011 the EIB has been working with other Multilateral Development Banks (MDBs) in harmonising methodological work, data collection and reporting of climate finance, as well as on greenhouse gas assessment and reporting. This joint effort on harmonisation has been extended to the International Development Finance Club (IDFC) during 2015. The Bank has taken a lead role in these work streams. The Bank seeks to expand this cooperation with MDBs and IDFC and strives to cooperate with national/regional green banks too. MDBs, IDFC and green banks can collectively be an excellent and reliable delivery mechanism for the provision and leverage of climate finance.

In response to the political changes in North Africa and the Middle East that became known as the Arab spring, the EIB has assumed the Chair of the IFI Coordination platform of the Deauville Partnership which was created by the G8 in May 2011. The EIB has held a series of meetings between the leading IFIs operating in the region aiming to better coordinate and align their actions. In October 2015, the Bank participated in all main events of the World Bank/IMF meetings in Lima as well as holding over 75 bilateral meetings with other MDBs, Ministries of Finance and counterparts. The EIB chaired the Meeting of the Luxembourg Group which took place in Barcelona on 6 July 2015 aiming equally to coordinate operations between the Commission, the IMF and other IFIs.

In parallel, the Bank has worked on its accreditation to the Green Climate Fund (GCF) which is expected in March 2016.

The EIB was approached by the Chinese government and administration to explore the possibility for cross investment in EFSI and the “Silk Road Economic Belt” as well as the 21st-Century Maritime Silk Road, which both are designed to bring China and Europe closer together via improved infrastructure for transport and trade. The EIB is considering the initiative of the Chinese government to explore options for enhanced Chinese investment in Europe. A working group, comprising representatives of the EIB, the Commission and the Chinese authorities has been established to look into the modalities with a view to bringing forward proposals in the near future.



## 7. Borrowing (Funding) Programme

- Traditional funding strategy relying on benchmark transactions in EUR, USD and GBP to be continued. The Bank will maintain a flexible approach to the markets seeking to diversify sources of funding and to reduce execution risk.
- Funding requirements expected to range up to EUR 65bn p.a. over 2016-2018, adjusted annually as appropriate.
- Green bond strategy to be further pursued.

In 2015, EIB continued to receive the highest credit rating afforded by the rating agencies. This is a highly valuable contribution to EIB's business, emphasising its credit strength and supporting the Bank in borrowing in a cost effective manner on the capital markets. The main drivers for the rating are EIB's intrinsic financial strength and the support from its Member States. In 2015, the rating agencies incorporated EFSI into their analysis of the EIB.

The Bank is monitoring economic policy and regulatory developments which might have an impact on its funding activity. Market conditions were mixed in 2015, with less room for large benchmark transactions in EUR and fluctuating demand for the USD product.

While in its funding strategy EIB will continue to rely on benchmark transactions in EUR, USD and GBP to achieve volume and access the largest pools of investors across the world, a flexible approach will also be required. The pace of progress, the mix of currencies and the product types chosen will be fine-tuned according to market conditions.

As in previous years, issuance in non-core currencies and non-plain-vanilla benchmark format will be continued as a way to diversify the sources of funding, when justifiable in terms of cost, maturity or volume needs.

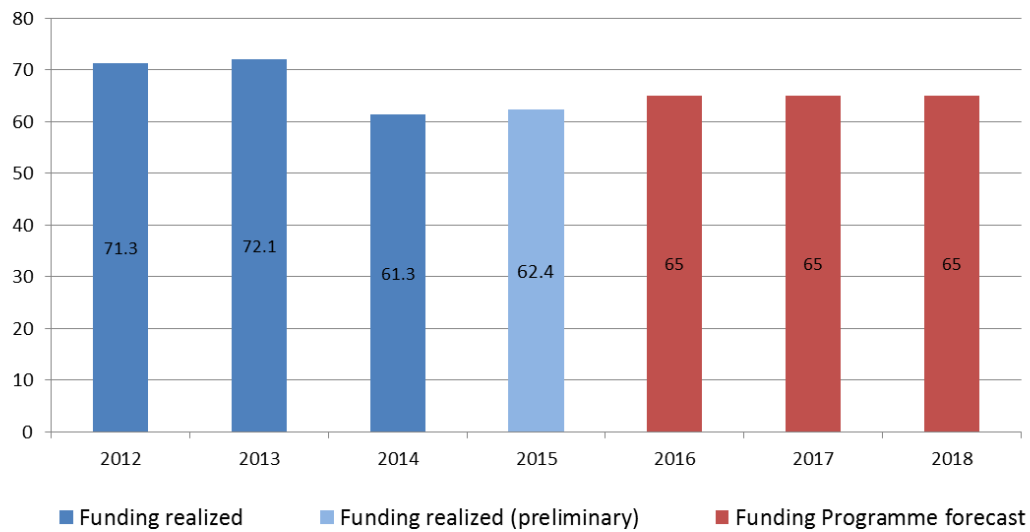
Funding requirements, reflecting the borrowings required to meet the operational orientations set in this plan are expected to be up to EUR 65bn p.a. over the planning period 2016-2018, as presented in [Graph 2](#).

The global borrowing programme approved for 2016 will be reviewed during the year, in any case during the customary mid-year review, when pre-funding needs for 2017, as well as other factors such as volume of prepayments, are better known.

Following the green bond strategy announced in the previous operational plan, EIB will continue to actively issue its Climate Awareness Bonds (CABs) and support wider market development. One strategic objective remains to develop liquid lines and reference curves for CABs, in a manner similar to mainstream bonds. In 2015 EIB has built up its EUR Green Bond curve, developing the largest and longest Green Bonds in the market, and adding a third point to its curve. In GBP it has likewise brought a bond to benchmark size. A second strategic direction is for EIB to remain active in the fields of standardisation and policy setting, together with other Multilateral Lending Institutions and other relevant stakeholders. The EIB has been, from the onset, a member of the Executive and Drafting Committees of the Green Bond Principles (GBP), which propose

voluntary process guidelines widely adopted by the market, and which recommend transparency and promote market integrity. Addressing investor demand, EIB, together with AfDB, IBRD and IFC, developed a first harmonised framework for Green Bond Impact Reporting in the fields of Renewable Energy and Energy Efficiency and was the first to present impact reporting in 2015 linking Green Bonds to the projects financed and their impact.

**Graph 2: Evolution of the EIB Borrowing (Funding) Programme**





## 8. Risk Management, Financial and Budgetary Planning

### Risk Management

In pursuit of its business strategy, the Bank accepts to take credit, market and liquidity risk up to the level where it remains aligned with its risk appetite and public mission. The Bank aims to retain its high credit standing, which is at the basis of its business model. At the same time, the Bank aims for stability of earnings and preservation of the economic value of own funds, in order to ensure the self-financing of the Bank's growth in the long term.

### Financial Planning

**Table 4: EIB Net Surplus (before provisions)**

EUR m	2014 Achieved	Simulations			
		2015 Forecast	2016 Target	2017 Orientation	2018 Orientation
<b>Net Surplus</b>	<b>2,746</b>	<b>2,823</b>	<b>2,453</b>	<b>2,369</b>	<b>2,312</b>
- of which Financial Surplus	3,225	3,349	3,119	3,063	3,012

Concerning the Return on Own Funds (before provisions), in line with the evolution of the Net Surplus, simulations indicate a progressive decrease over the next years, albeit remaining at a relatively high level of 3.3% in 2018. It is reminded 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.

### Operating Revenues and Expenses Budget for 2016

The 2016 budget for recurring expenses shown in Table 5 is based on an overall operating costs budget increase of 10.2%, the main components of the increase being to ensure staff resources are available to meet 2016 and future years operational needs notably in respect of the launch of the Investment Plan for Europe and for the associated facilities management costs.

In 2016, the principal component of the revenues will continue to be intermediation revenues from lending. The intermediation revenues will continue to grow in 2016 predominately due to a positive volume effect generated by new loan disbursements exceeding loans maturing or early repaid. However, the margins applied to the new loan disbursements will continue to face a downward pressure compared to those applied during recent years which will moderate the year on year increase from 2015 to 2016. The administrative revenues relate mainly to the management of



partnership activities, and thus the growth of the budget reflects the continuously increasing levels of such activity.

**Table 5: 2016 Total EIB Budget**

(EUR m)	2015 Budget	2016 Budget
Intermediation and Administrative Revenues	1589.3	1604.6
Depreciation and Operating costs	-770.2	-849.1
Cost Coverage (EUR m)	819.1	755.5
Cost Coverage (%)	206%	189%

## EIB Capital budget

The EIB capital budget shown in Table 6 covers annual capital expenses and multi-annual investment projects.

**Table 6: EIB Capital budget**

Description (EUR m)	2015 Annual Budget	2016 Annual Budget	Beyond 2015 Multi-annual Budget remaining
<b>Total Capital expenses</b>	<b>86.5</b>	<b>57.1</b>	<b>257.1</b>

(\*) Reduction of budget 2016 relates to the Bank adopting a building rental strategy impacting the current expenses budget and thereby reducing need for capital expenses budget.

(\*\*) Budget 2016 for BTF includes capital expenses solely related to the construction of new building.

(\*\*\*) The amounts are with value date 2013.



## 9. Performance Indicators

The performance indicators focus attention on the objectives and processes the Bank deems most critical. 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 7: Performance Indicator Table**

		Orientation Unit	2015 forecast	Orientations			2016-2018 Average
				2016	2017	2018	
1	Total Disbursements (own resources)	EUR bn	62.1-64.1	60.5-65.5	59.5-64.5	59.2-64.2	59.7-64.7
	- inside the EU	EUR bn	57.8-59.3	55.6-60.6	54.6-59.6	54.3-59.3	54.8-59.8
	- outside the EU	EUR bn	4.3-4.8	4.9	4.9	4.9	4.9
2	Total Signatures (own resources)	EUR bn	71.0-78.0	71.0	71.0	71.0	71.0
	- inside the EU	EUR bn	64.0-70.0	64.0	64.0	64.0	64.0
	- outside the EU	EUR bn	7.0-8.0	7.0	7.0	7.0	7.0
3	Special Activities (higher risk)/EFSI	EUR bn	4.9-6.1	16.2-20.7	16.2-20.7	14.3-18.8	15.6-20.1
	- inside the EU	EUR bn	4.5-5.5	15.6-20.1	15.6-20.1	13.7-18.2	15.0-19.5
	- outside the EU	EUR bn	0.4-0.6	0.6	0.6	0.6	0.6
4	Other Risk Sharing/Partnerships	EUR bn	1.1-1.5	2.5-3.0	2.5-3.0	2.5-3.0	2.5-3.0
	Total Special Activities	EUR bn	6.0-7.6	18.7-23.7	18.7-23.7	16.8-21.8	18.1-23.1
5	Estimated EFSI (IIV) investment facilitated	EUR bn	12.0-16.4	68.6-88.2	68.6-88.2	59.3-78.9	65.5-85.1
6	Value added (3PA) inside EU (incl. EFTA) : 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	%	>45	>65	>65	>65
7	Value added (REM) outside EU: Proportion of approved operations in higher rating categories						
	- Pillar 1: Contribution to mandate objectives and 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
8	Return on own funds less notional return on own funds	%	2.7%	2.2%	2.1%	2.0%	2.1%
9	Cost/Income Ratio	%	19.5%	25.7%	27.2%	28.0%	27.0%
10	Implementation of IG Agreed Action Plans & Recommendation - EIB Group	%	>64%	>65%	>65%	>65%	>65%

### Public Policy Goals

The Bank continues to maintain the four Public Policy Goals: Innovation; SMEs and Midcap finance; Infrastructure and Environment. So too, EFSI operations will be classified according to the Bank's Public Policy Goals; after all, they will also be EIB operations. In addition, there will be extensive external reporting of EFSI operations by the public policy objectives set out in the EFSI Regulation.

### Table 8: Public Policy Goals

Signatures (own resources) by Public Policy Goals	Orientation Unit	2015 forecast	Orientations			2016-2018 Average
			2016	2017	2018	
<b>Innovation</b>	<b>EUR bn</b>	<b>15.0-17.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>
- inside the EU	EUR bn	14.5-16.5	14.5	14.5	14.5	14.5
- outside the EU	EUR bn	0.5	0.5	0.5	0.5	0.5
<b>SMEs &amp; Midcap finance*</b>	<b>EUR bn</b>	<b>21.0-22.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>
- inside the EU	EUR bn	18.5-19.5	16.5	16.5	16.5	16.5
- outside the EU	EUR bn	2.5	2.5	2.5	2.5	2.5
<b>Infrastructure</b>	<b>EUR bn</b>	<b>16.0-18.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>
- inside the EU	EUR bn	14.0-16.0	17.0	17.0	17.0	17.0
- outside the EU	EUR bn	2.0	2.0	2.0	2.0	2.0
<b>Environment</b>	<b>EUR bn</b>	<b>19.0-21.0</b>	<b>18.0</b>	<b>18.0</b>	<b>18.0</b>	<b>18.0</b>
- inside the EU	EUR bn	17.0-19.0	16.0	16.0	16.0	16.0
- outside the EU	EUR bn	2.0	2.0	2.0	2.0	2.0
<b>Total Inside &amp; Outside EU</b>	<b>EUR bn</b>	<b>71.0-78.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>
Signatures contributing to Economic and Social Cohesion and Convergence (within EU, EFTA and Pre-Accession)	%	30.0	30.0	30.0	30.0	30.0
Signatures contributing to Climate Action (EIB total)	%	25.0	25.0	25.0	25.0	25.0

\*Excluding EIF figures

While the 2015 year-end forecast suggests a total signature level at the upper end of the 10% flexibility range, the 2016 to 2018 signature orientations for the four main public policy goals are set again with +/- 10% flexibility allowance for continued uncertainties in market demand.





## 10. Decisions of the Board of Directors

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

### Lending Programme

- I. A **disbursement** orientation of EUR 60.5-65.5bn for 2016 (EUR 59.5-64.5bn and EUR 59.2-64.2bn for 2017 and 2018 respectively).
- II. A total new **signature** volume of EUR 71bn (+/-10%) for 2016 and of EUR 71bn (+/-10%) for 2017 and 2018 respectively.

### Borrowing Programme

- III. A **global borrowing authorisation** for 2016 of up to EUR 70bn and the implementation of treasury and derivatives management operations.

### Budget

- IV. The expenses and revenues of the **Operating Budget** and the **Capital Budget** for 2016. The budget reflects an increase of 10.2% and a cost coverage ratio of 189%.
- V. The delegating of decisions to the Management Committee regarding staff and operating 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 COP 2015-2017).
- VI. the principle of making relevant additional staff and other resources available during 2016 for other new initiatives provided that the Board will have approved these initiatives and will have been informed of the impact on the 2016 budget and cost recovery accordingly.





# ANNEXES

## FOR INFORMATION



## The EIB Group Operational Plan 2016-2018



# Annex 1: Activities supporting Public Policy Goals

## Supporting ECONOMIC AND SOCIAL COHESION

The Bank offers significant financial value added by supporting social and economic cohesion in the EU and its Member States, by addressing economic and social imbalances, promoting the knowledge economy/skills and innovation and linking regional and national transport infrastructure. In this context EIB will continue to enhance its co-financing with EU Operational Programmes during the 2016-2018 period as additional Partnership Agreements and Operational Programmes are agreed. By blending EIB resources with EU funds, EIB will enhance the leverage of the EU budget; where necessary, the promotion and implementation of projects is supported through the provision of advisory services such as JASPERS.

There is scope for traditional standalone investment loans and structural programme loans catering to both national and regional investments and covering a wide range of priority areas: research and innovations, Trans-European Networks, environment, education, ICT and broadband, etc. Framework loans can also provide support to development strategies and investment programmes of European regions, typically small and mid-size schemes in a number of sectors under the responsibility of regions. These provide funding to regional roads, public infrastructure and services such as schools, health and social care facilities, ICT, cultural and tourism related infrastructure, very often in part co-financed with EU funds.

Greece, in particular, benefitted greatly from the Bank's National Strategic Reference Framework co-financing operations. The Bank approved a new "EU Funds Co-financing 2014-2020" loan in December 2014 for an amount of EUR 1 billion that is already partly disbursed. This new loan will mainly focus on critical areas for growth and job creation, namely business development (particularly competitiveness, shift from non-tradable to tradable sectors and cluster development), human capital, urban renewal, RDI and environment. Technical Assistance support will continue to be provided by the Bank and extended to support sector reforms.

A new Framework Loan for co-financing the Agricultural and Fishery Funds is currently being considered, and a Structural Programme Loan (SPL) for the co-financing of the Structural and Cohesion Funds is tentatively planned for the second half of the 2014-2020 programming period. Meanwhile, the 3-year old cooperation between the Bank and the Greek Association of Municipalities has resulted in a new loan being prepared to support Thessaloniki Infrastructure Development; this operation, which includes municipal schemes co-financed with EU funds, is expected to lead the way to new municipal operations.

The recently started co-financing of national and regional Rural Development Programmes will be further intensified in the 2014-2020 programming period after the signature of the MoU between the EIB and DG-Agri with advisory offering support to the Managing Authorities for the development of financial instruments. The objective is to revitalise the rural economy, create employment in rural areas and support a climate resilient sustainable production and use of biomass also in



non-urban territories including coastal zones is key for Europe's sustainable growth path. Closer cooperation with the different programmes of DG-Mare is under discussion.

Through municipal framework loans the EIB will continue to co-finance a time-slice of a city's typical medium-term multi-sector investment programme, including investments co-financed with EU funds. These loans address priority investments under the city's development strategy and will increasingly include investments in new areas such as smart city development, climate action, refugee housing, and instruments such as Integrated Territorial Investments which have been introduced through the new ESIF regulations for 2014-2020.

## Supporting SMEs & MIDCAPS

The Bank will continue to support SMEs and MidCaps through the provision of high volumes of intermediated finance, enhancing companies' access to finance or improving the conditions to finance their investments. Whereas SME and MidCaps' access to finance has generally improved [in the EU](#) since the height of the financial crisis, the Bank addresses the persisting market fragmentation between regions and also different SME segments with its intermediated lending across the EU Member States.

To ensure that the Bank's initiatives and operations continue to address specific EU and Member States policy priorities for the SME/MidCap segment, the Bank will continue to build on its partnerships with national and regional public promotional banks, institutions and authorities, in particular also to implement the Investment Plan for Europe.

In addition to its more standard intermediated lending, the Bank will launch or scale-up new initiatives and innovative products targeting specific SME and MidCap segments or financial intermediaries. Against the background of the Capital Markets Union, aiming to support SME's access to capital market instruments to reduce their cost of funding, the EIB also endeavours to expand its partnership with new (non-bank) intermediaries such as loan funds and crowdfunding platforms. Amongst the thematic priorities that the Bank will continue to focus are, inter alia, innovation, youth employment, agriculture and support for internationalisation.

The EIB range of products is complemented by EIF guarantees and financial instruments that address the low risk-taking capacity of banks and other intermediaries. Under the Investment Plan for Europe/EFSI, operations for the benefit of SMEs will be provided mainly under the EUR 5bn SME Window to be implemented by the EIF, expected to leverage EUR 75bn of SMEs and MidCaps financing. Also under the Infrastructure and Innovation Window, the EIB envisages high value-added operations for the ultimate benefit of SMEs and MidCaps. Operations are expected to include higher risk and risk-sharing solutions for SMEs and MidCaps through a widening range of financial intermediaries, including also National Promotional Institutions.



**Outside the EU**, the Bank will support micro-enterprises, SMEs and promote local financial and private sector development through its product offering of intermediated lending (also in local currency) and, increasingly, advisory services.

## Building an efficient INFRASTRUCTURE

In spring, the Commission adopted its **Energy Union** package, which was subsequently endorsed by the Council in June. Each of the dimensions identified in this strategy requires further investment in energy infrastructure – estimated by the Commission to amount to approximately EUR 200bn on average annually through to 2030. The Bank will actively support these investments, broken down over the following areas:

**Ensuring competitive and secure supply:** a year on from events in Ukraine, there remains a pressing need to improve security of supply and complete the internal energy market. The Bank continues to work in close cooperation with the Commission and the relevant Member States to support investment in Projects of Common Interest (PCI). This will help achieve the 10% interconnection target for electricity by 2020, as well as the pressing need to realise the 33 PCIs identified under the European Energy Security Strategy. Reinforced by EFSI, and in light of EU funding available through the CEF and ESIF, the Bank continues to refine its product offering to meet client needs.

**Energy efficiency:** as part of the 2030 climate and energy package agreed at the end of last year, EU leaders have set an indicative target at the EU level of at least 27% energy savings. According to Commission estimates, this requires very substantial investment – approximately EUR 100bn per year through to 2030 – or one half of all energy sector investments. Approximately four-fifths of this investment is required to renovate buildings (residential and tertiary), with the remainder in industry. The Bank continues to support this sector through two distinct channels: firstly, through the provision of advisory and project development assistance services such as ELENA, JASPERS or FI-Compass, which aim to develop and implement bankable programmes and projects; secondly, in addition to standard lending products, through a range of blended instruments, such as Private Finance for Energy Efficiency (PF4EE) or the European Energy Efficiency Fund (EEE-F) as well as equity funds. EFSI will enable the Bank to reinforce these activities, where a higher risk profile occurs.

**Decarbonisation:** Towards the end of last year, EU leaders agreed new targets for reduction in greenhouse gas emissions within Europe by 2030, as an ambitious contribution to the international climate negotiations due for the end of this year. In the shorter term, particularly from a project development perspective, the renewable targets in 2020 are fast approaching. Whilst good progress has been made at EU level, further investment will be required in some regions and in some technologies over the next two or three years. The additional risk capacity provided through EFSI will reinforce the Bank's lending in this area, notably against a background of an evolving regulatory environment. Significant investment is also required in electricity



networks to integrate renewable energy sources and increase energy storage capacities, as well as to modernise and smarten electricity distribution grids.

**Research and Innovation:** Meeting long term energy and climate targets will require new technologies that are not currently commercially available. Building on the European Strategic Energy Technology Plan (SET-Plan), the Bank will continue to play its role in reinforcing European innovation and demonstration activities in low carbon technologies, including through blended support from the InnovFin Energy First-of-a-kind Demonstration Facility.

Through its White Paper on Transport and 2014 Connecting Europe Facility, EU policy recognises that transport is fundamental to the economy and society. **Transport** enables economic growth and job creation, but it must also be sustainable in the light of the new challenges to be faced. **Mobility** is vital for the internal market and for the quality of life of citizens as they enjoy their freedom to travel. The paramount goal of European transport policy, as reflected in the Bank's Transport Lending Policy, is therefore to help establish a system that underpins European economic progress, enhances competitiveness and offers high quality mobility services while using resources more efficiently. The Bank will continue supporting strategic transport projects, including those associated with the TEN-T network, as well as sustainable transport projects, such as urban mobility and the greening of transport through initiatives such as 'Green Shipping' and the 'Single European Sky', and by support for the roll-out of alternative fuels. The Bank will continue to actively support EU objectives by developing its activity in the following sectors:

**Energy efficient transport:** sustainable and resource efficient transport will contribute strongly to energy efficiency goals as transport accounts for 32% of final energy consumption in Europe and is a key area for energy savings. It is also the fastest growing sector in terms of energy use, with the strongest reliance on fossil fuels. In line with EU priorities, the Bank will continue working on identifying market gaps and developing new financial instruments to support the following sectors: acquisition of vehicles fleets with electric or alternative fuel engines and recharging/refuelling stations, ship retro-fitting to comply with new EU legislation, SESAR (supporting the implementation of the European Air Traffic Management Master Plan), ERTMS implementation and traffic management systems.

**Transport infrastructure:** The crisis has resulted in a significant decrease in the level of investment in transport infrastructure in Member States, from, on average, approximately 1% GDP to 0.7% GDP. The short term impact of such lower investment may appear easily managed but in the long term it creates a backlog which will create further bottlenecks for trade and growth in Europe. The Bank will continue supporting the development of the TEN-T network (which currently represents 60% of EIB lending in the transport sector) and finance missing links, bottlenecks for long distance traffic, interoperability of border crossings and multimodal connecting points, as being addressed by the new TEN-T policy. The Bank is actively supporting the European CEF Corridor Coordinators for the identification and implementation of sound projects along the 9 corridors, which





can be supported by a combination of EU grants, CEF financial instruments, ESIF and traditional Bank lending. In addition to completing and renewing the road and rail networks, which in many mature economies are now ageing, improved links to ports, airports, and urban centres (the “last mile” issue) are needed.

**Urban development and renewal:** The Bank will continue to encourage integrated urban investment in line with the emerging Urban Agenda which is under preparation during the Luxembourg and Dutch EU presidencies following the 2015 Riga Declaration. The Bank’s lending will focus on (i) Smart City investment enabling cities to become low carbon, low waste and smart flow cities making use of smart infrastructure solutions and building on the digital agenda; (ii) Green City investment enabling cities to become climate resilient, environmentally sustainable and compact cities drawing on green infrastructure and nature-based solutions; and (iii) Inclusive City investment enabling cities to become living, caring inter-generational cities, improving the quality of life through developing social and affordable housing, regenerating deprived neighbourhoods, improving access to key urban services and stimulating job-creating activities. Lending will be delivered through structural programme loans co-financing EU national and regional Operational Programmes, multi-sector municipal framework loans, loans intermediated through municipal credit institutions or specialised funds, and investment loans. The Bank will seek to expand its lending in new priority areas such as refugee-related housing and shelter including human capital integration or development facilities, and climate adaptation, liaising with new initiatives such as Mayors-Adapt. Initial refugee crisis-related projects inside the EU are primarily focused on shelter and housing, and it is anticipated that there would be a significant pipeline of short, medium and longer-term operations in the area of housing and urban infrastructure within the EU, and in the western Balkans, Turkey and neighbourhood countries.

**Mobility for Europe’s cities:** Sustainable urban mobility is expected to be one of the core issues under the emerging Urban Agenda. In many urban areas increasing demand for urban mobility has created a situation that is not sustainable: severe congestion, poor air quality, noise emissions and high levels of CO2 emissions. Transport infrastructure in urban areas has a significant impact on the competitiveness of a city and its surrounding region. The total cost of congestion in European towns and cities is estimated at EUR 80bn annually. Promoting environmentally sustainable urban growth by the Bank will comprise not only traditional infrastructure but also management systems using intelligent transport technology and the provision of alternative modes of transport and alternative fuels and engine technologies. In addition, the Bank will support the preparation and development of “Sustainable Urban Mobility Plans” by local authorities, in cooperation with the Commission.

The Bank will also continue to be active in the following sectors:

**Rural infrastructure and agri-food:** A coherent territorial development has to be comprehensive and cover all areas, including rural communities and its stakeholders. In supporting rural infrastructure and the bio-mass based industry (with



agriculture as a pivotal player) longer-term and more balanced sustainable growth of the societies will be achieved, as it reduces migration pressure from rural to urban areas and improves food security. The EIB will continue to support the rural economy and its public and private stakeholders. The Memorandum of Understanding with the Commission, launched this year provides a solid foundation for increased action. In addition new Financial Instruments are developed and tested to i) share risks (e.g. guarantee facilities with EU and other partners), ii) bundle smaller public projects with similar objectives (e.g. Nature Capital Funds) and iii) better combine private and public nature conservation and sustainable bio-mass production (e.g. Forest Funds).

**Health:** Good health is a precondition for economic prosperity. The healthcare of Europe's citizens is a priority under both Horizon 2020 and the Sustainable Development Goals. The health sector is confronted with a number of challenges, most notably amongst them:

- Demographic changes due to the ageing of societies
- Regional differences in the provision of healthcare services
- The availability of qualified medical professionals and related workers
- Financial sustainability of health systems.

The EIB's health sector objectives are aligned with the overall EU strategic priorities, EC country specific recommendations, partnership agreements with Member States and national strategies. Most Member States are continuing to invest in their health systems and the Bank expects to provide significant funding to the sector through a mixture of public sector lending, PPPs and support to the structural fund programmes. Whilst the bulk of the funding is expected to go to the improvement of hospital infrastructure, it is likely that we will see an increase in demand for primary healthcare facilities and for improved training for the staff to work in the sector.

## Fostering INNOVATION and human capital

Innovation and skills are the main drivers of global competition. More than ever before, growth and prosperity in Europe depend on further refining our skills, expanding our knowledge and the translation of both into new products and services.

There is broad agreement that the new competitive landscape will be shaped by higher investments in science, technology and innovation; demand for highly-skilled people; a rising number of competitors in the high-technology areas; and the widely felt impact of three key technologies: (i) digital technology; (ii) biotechnology; and (iii) material science.

The level of investments in innovation & skills depends on access to finance. This is particularly important for private-sector investments. Different types of promoters and needs require different financing products. The Bank will continue to provide long-term debt, share risks with promoters and, thereby, crowd in more private investment, thus complementing policy instruments at EU or Member State level.



**Human capital:** The Bank continues to pursue the key EU policy to promote youth employment. In the light of the good results achieved by the 'Skills and Jobs – Investing for Youth' programme concerning employment effects, the Bank envisages to expand this programme further, possibly on the basis of a risk-sharing solution with a First Loss Piece.

## Protecting the ENVIRONMENT and CLIMATE

**Climate action:** The Bank's energy sector policy adopted in 2013 already stressed then the need for additional investment in energy networks, renewable energy and energy efficiency, including RDI. These remain the Bank's energy top priorities. In addition, the EIB Climate Strategy adopted in 2015 seeks to reinforce the decarbonisation path of the economy. It strives to steer the Bank's Climate Action qualitatively towards particular initiatives and projects which have the highest impact and contribution to the EU 2030 Climate and Energy Framework, the EU Adaptation Strategy and the External Lending Mandate Climate Strategy.

The EIB will shift its lending towards high impact climate action projects (i) by proactively seeking and investing in projects which bring significant mitigation or adaptation gains; (ii) by catalysing and mobilising additional finance from a range of sources through financial innovation and (iii) by reducing financial and non-financial barriers to the investments needed for the transition to a low-carbon resilient economy. In addition, the EIB Climate Strategy will reinforce and prioritise support for adaptation investments and technical assistance, as well as building climate resilience into all project types. The third action area of the Strategy which involves further integration of climate considerations into EIB processes and methodologies, will support this focus on high impact interventions in the climate action field and will lead to improved reporting on these objectives.

**Forestry:** Forestry projects, involving afforesting degraded and barren areas and rehabilitating existing low productivity forests are ideal in addressing the Bank's Climate Action goals. Forests and growing trees sequester and store carbon (mitigation). They combat harmful soil erosion and increase soil water retention capacity so as to improve fresh water quality and mitigate flood risk. Forests supply renewable biomass to address the EU renewable energy targets and they supply renewable fibre to substitute for traditional fossil fuels based materials for the green economy in a wide range of different industrial feedstocks and consumer goods. Modern forest management in EIB projects support public policy goals on environment (e.g. biodiversity and ecosystems). In addition to direct operations in forestry, the Bank has promoted investments in professional forest funds to develop a new asset class that is efficient in pooling funds for of sustainable private and private public forestry investments.

**Water security, resilient services and innovation:** Water resources, drinking water and wastewater management are critical to Europe's economy and the environment. Europe is facing three water-related challenges: a) water security, including threats from both increased water scarcity and flooding, which are further exacerbated by climate change. This poses a threat for strategic infrastructure in transport and energy (the largest water user in the EU), for output and employment in agriculture



and industry, and more generally for human settlements; b) aging or incomplete and non-compliant drinking water/wastewater infrastructure that is increasingly vulnerable to climate impacts. This can disrupt key services for Europe's people and businesses and negatively affect the environment, c) the need for increased financing and other support for the development and deployment of innovation and smart solutions in water. EIB remains the largest debt provider to the sector and will address these challenges and increasing investment needs by accelerating its lending and identifying new solutions for innovation and for smaller, riskier projects and promoters. The EIB and the Commission are putting increasing focus on developing and identifying new ways of financing investment in water security for industry and resilient communities in the EU. This also includes identifying new modalities to finance innovation in water, for which EIB identified significant market gaps in its contribution to the European Innovation Partnership for Water. Considering these challenges and market gaps, the EIB is revising its water strategy to increase focus on water security and innovation; this includes the possible development of a platform on water security and innovation under EFSI.

**Waste:** Improved solid waste management supports development towards a resource efficient circular economy, which is high on the EU policy agenda. Increased investments in recycling and energy recovery from waste generate environmental benefits, reduce dependence on imported raw materials, and furthermore supports jobs creation and growth. The Bank will increase its support for such investments, which will also contribute to reach compliance with EU targets. The Bank needs to focus in particular on projects that contribute to increased materials and bio-waste recycling and energy recovery from waste. Increased activities in this area may require the development of new lending products and financial instruments, including support to smaller projects and promoters (including SMEs) with different risk profiles than the Bank normally considers.



# Glossary of Terms

ABS	Asset Backed Securities
ACP	African, Caribbean and Pacific States
ALA	Asia and Latin America
ALM	Asset/Liability Management
AML/CFT	Anti-Money Laundering / Combatting the Financing of Terrorism
BRRD	Banking Recovery and Resolution Directive
CAB	Climate Awareness Bonds
CEF	Connecting Europe Facility
CMU	Capital Market Union
COSME	Competitiveness of Enterprises and SMEs programme
EaSI	EU Programme for Employment and Social Innovation
EIB-CM	EIB Complaints Mechanism
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
EDF	European Development Fund
EFSI	European Fund for Strategic Investment
EFTA	European Free Trade Association
EFTA countries	Iceland, Liechtenstein, Norway and Switzerland
EIAH	European Investment Advisory Hub
ELENA	European Local Energy Assistance facility
ELM	External Lending Mandate
EMU	Economic and Monetary Union
EPEC	European PPP Expertise Centre
EPTATF	Eastern Partnership Technical Assistance Trust Fund
EREM	EIB Group Risk Enhancement Mandate
ERTMS	European Railway Traffic Management System
ESIF	European Structural and Investment Funds
ETS	Emissions Trading System
FATF	Financial Action Task Force
FDP	First of a Kind Demonstration Projects
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FTF	FEMIP Trust Fund
GEF	Growth and Employment Facility
H2020	Horizon 2020
ICT	Information and Communication Technologies
IFA	Innovation Finance Advisory
IDFC	International Development Finance Club
IDFF	Infectious Diseases Finance Facility
IF	Investment Facility
IFIs	International Finance Institutions
IPE	Investment Plan for Europe
JASPERS	Joint Assistance to Support Projects in European Regions
JESSICA	Joint European Support for Sustainable Investment in City Areas
MDBs	Multilateral Development Banks
MBIL	Multi-Beneficiary Intermediated Loans
MFF	Multiannual Financial Framework
Mid-caps	Companies of a size and development stage between SMEs (according to the Community definition of less than 250 employees) and larger companies
NCF	Natural Capital Facility
Neighbourhood & Partners Countries	Neighbourhood and Partnership countries include Mediterranean countries (excluding Turkey), Eastern Europe, South Caucasus, Russia, ACP/OCT, RSA, ALA



NIF	Neighbourhood Investment Facility
NPIs	National Promotional Institutions
OCT	Overseas Countries and Territories
3PA	3 Pillar Assessment Methodology (methodology for assessing value added of projects inside EU)
PF4EE	Private Finance for Energy Efficiency
PPP	Public Private Partnership
Pre-Accession Countries	Include Candidate countries (Albania, Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey), and Potential Candidate countries (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 mandate
RDI	Research, Development and Innovation
ReM	Results Management Framework (methodology for assessing value added of projects outside EU)
RSA	Republic of South Africa
SDG's	Sustainable Development Goals
SESAR	Single European Sky ATM Research
SET-Plan	European Strategic Energy Technology Plan
SMEs	Small and Medium-sized Enterprises
SMEI	SME Initiative
TA	Technical Assistance
TEN	Trans-European Networks
UNFCCC	United Nations Framework Convention on Climate Change
WBIF	West Balkans Investment Framework





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