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BUDGETARY GUARANTEE

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

ON 2017 EIB EXTERNAL ACTIVITY WITH EU BUDGETARY GUARANTEE

1. INTRODUCTION

The External Lending Mandate (ELM) is an important instrument through which the European Union supports investments in partner countries. It is based on a partnership between the European Commission and the European Investment Bank (EIB), whereby the Commission provides a guarantee from the EU budget to enable the EIB to increase its lending outside the EU in support of EU policies.

The ELM supports EIB activity in Pre-Accession countries, the Eastern and Southern Neighbourhood, Asia, Latin America and South Africa. In the current ELM period (2014-2020), the EU budget guarantees up to EUR 32.3 billion of EIB operations, with ceilings fixed for the various geographic regions and sub-regions.

On 14 March 2018, the European Parliament and the Council adopted Decision (EU) 2018/4121 amending Decision No 466/2014/EU² in the context of the mid-term review of the ELM. One of the main changes was an increase in the ceiling of the current ELM from EUR 27 billion to EUR 32.3 billion. The amending decision also added a new objective of long-term economic resilience of refugees, migrants, host and transit communities, and communities of origin as a strategic response to addressing root causes of migration. Within the new ceiling of EUR 32.3 billion, a guarantee mandate of EUR 3.7 billion was dedicated to this new objective, building on the Economic Resilience Initiative (ERI) launched by the EIB in 2016.

This report provides a basic overview of the EIB's activities under the EU guarantee in 2017, including information on expected future impacts of financing operations signed in 2017, based on the EIB's Results Measurement Framework (ReM).³ It also provides a summary of the operations carried out by the EIB without the EU guarantee (i.e., on its “own risk”) in order to provide a full picture of the EIB’s activity in the regions covered by the ELM.⁴

In line with Article 20 of Decision No 466/2014/EU (the ‘ELM Decision’), the Commission will publish by June 2019 a more detailed evaluation of the implementation of the EU guarantee for the External Lending Mandate.

2. KEY RESULTS

In 2017, the EIB signed a total of EUR 5.5 billion of financing operations in the regions covered by the External Lending Mandate, which is lower by 19% compared to the previous year (EUR 6.8 billion). Of this total, 57% of EIB operations was carried out under the EU's guarantee (i.e., under the ELM), with 45 loan contracts signed totalling EUR 3.2 billion. The decrease in the volume of signatures is explained notably by the reduction of EIB operations

1 OJ L76, 19.03.2018, p. 30.

2 OJ L135, 08.05.2014, p.1.

3 This report has been prepared in line with the requirements set out in Article 11 of Decision 466/2014/EU of the European Parliament and of the Council of 16 April 2014 which establishes the External Lending Mandate.

4 The EIB currently has four Own Risk Facilities in the ELM regions, namely the Pre-Accession Facility (PAF), the Neighbourhood Financing Facility (NFF), the Climate Action and Environment Facility (CAEF) and the Strategic Projects Facility (SPF). The latter two facilities also cover African, Caribbean and Pacific countries and Overseas Countries and Territories of EU Member States.

in Turkey and in the Eastern Neighbourhood. The EIB had developed high investment volumes in these areas in the previous years, including under the Ukraine Action Plan, whose implementation had led to near exhaustion of the ELM's regional ceiling for the Eastern Neighbourhood.

The EIB continued to work towards the applicable targets regarding investment in climate change mitigation and adaptation. In 2017, the EIB signed EUR 2.2 billion of loans in the ELM regions in support of climate action. At the end of 2017, the cumulative climate action ratio under the mandate period of 2014-2020 stood at over 32% of signatures. Climate-related lending in Asia is a major contributor to that target.

On the other hand, EIB's support to the objective of regional integration was significantly lower in 2017 than in 2016 (down by EUR 1.5 billion to EUR 261 million), largely due to the lower lending volumes in Turkey.

The level of disbursements under the ELM 2014-20 reached 25% of net signatures at the end of 2017, up from 18% in 2016.

3. FINANCING OPERATIONS

3.1. OVERVIEW OF NEW EIB FINANCING OPERATIONS BY OBJECTIVE

Before its amendment in March 2018, the ELM Decision set out three main objectives for all EIB operations covered by the EU budgetary guarantee:

- (i) Local private sector development, in particular support to small and medium-sized enterprises ('SMEs')
- (ii) Development of social and economic infrastructure
- (iii) Climate change mitigation and adaptation

Regional integration among countries, in particular among pre-accession countries, Neighbourhood countries and the EU, has been an additional underlying objective for operations addressing one or more of the main objectives.

The amending Decision (EU) 2018/412 has introduced a new objective addressing the root causes of migration, though it should be noted that this new objective was not in place during the period covered by this report.

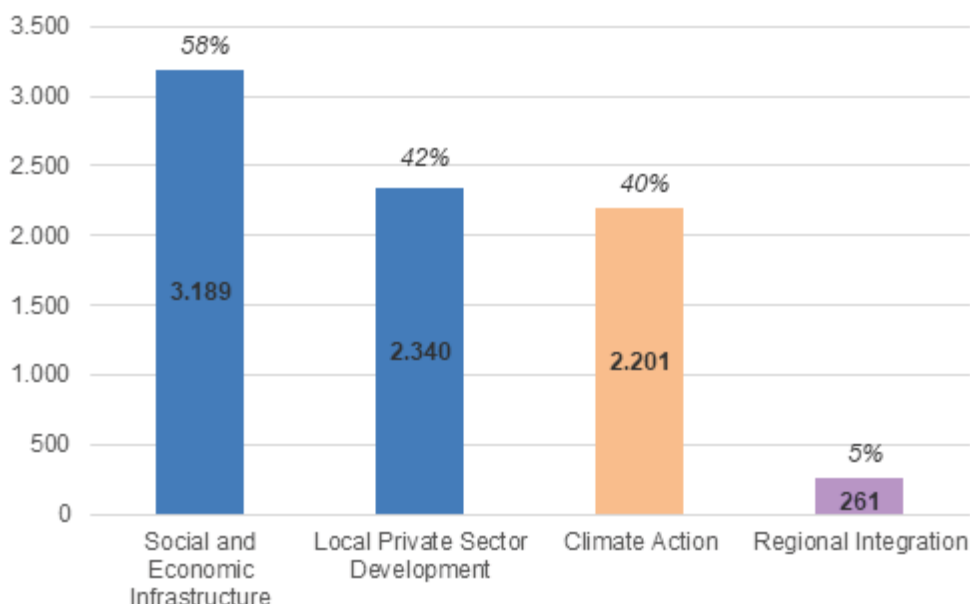
The total volume of EIB investments signed in the ELM regions amounted to EUR 5.529 billion in 2017, of which EUR 3.168 billion under the EU guarantee. Under the ELM, 50% of the new signatures (EUR 1.6 billion) will support local private sector development, principally through improving access to finance for SMEs, microenterprises and mid-cap companies. The other 50% will contribute to the development of social and economic infrastructure. All EIB operations outside the EU support one or both of those objectives.

Under the ELM, 25% of the total volume signed in 2017 will contribute to the climate action objective (EUR 799 million). This support for climate mitigation and adaptation is spread over 56 individual projects.

A small proportion of 5% (EUR 170 million) of EIB financing under ELM will also support the cross-cutting regional integration objective, both through infrastructure development and through support for local private sector access to finance.

The contribution of EIB activity to the ELM's objectives is reflected in Chart 1, taking into account all EIB operations in the ELM regions.

Chart 1: Contribution to ELM objectives (in EUR m)



A single project may contribute to more than one Mandate objective. The objectives on Climate Change and Regional Integration are cross cutting objectives applying to all projects and therefore cannot be added to the two others. Signature volume for Local Private Sector Development and Economic & Social Infrastructure counted together give total signatures volume.

Local private sector development, in particular support to SMEs

The EIB's support for local private sector development takes different forms:

- extending credit lines to local financial intermediaries (mainly banks) for on-lending to SMEs
- participation in private equity funds and risk capital to high-growth potential companies
- equity finance for microfinance providers
- direct loans for industrial development and R&D to larger companies

The EIB signed EUR 2.36 billion of operations supporting local private sector development in 2017, of which EUR 1.6 billion under the ELM. Lending in the form of credit lines to intermediary banks fell by almost 30% in 2017 (EUR 2.2 billion versus 3.16 billion in 2016) largely due to falling volumes of credit lines in Turkey. On the other hand, the EIB signed first risk sharing operations, a first local currency operation and a record number of corporate loans. The EIB expects to reach more final beneficiaries this way as the average loan size

decreased by two-thirds (to EUR 88,800), thus benefiting smaller enterprises. The average loan tenor increased by one year (to 5 years).

Development of social and economic infrastructure

Developing social and economic infrastructure – everything from roads and energy systems to healthcare facilities and broadband internet services – is one of the pillars of the development process. It is also an area where public financing is often vital, infrastructure goods often being public goods that have large positive spill-overs for the economy, the environment and human well-being. The EIB supports infrastructure projects in a wide range of sectors with the support of the EU's comprehensive guarantee under the ELM, covering both operational and political risk.

In 2017 the EIB signed 29 new projects contributing to the development of social and economic infrastructure in the ELM regions, amounting to EUR 2.81 billion, of which 8 new projects in the transport sector (EUR 1.2 billion instead of EUR 2.1 billion in 2016) and 7 new projects in the energy sector (EUR 903 million as compared to EUR 493 million in 2016).⁵ Five out of seven new energy sector projects will develop new generation capacity from renewable sources, mostly in Asia and Latin America, and with one project – the Gulf of Suez Wind Farm project – in the Southern Neighbourhood. Together, these projects will produce enough clean energy to supply 4.35 million households in the countries where they are located. Four projects in the water and sanitation sector will create or rehabilitate 67,300 domestic connections to sewerage networks and improve overall sanitation services for around 13.5 million people. The Programme National Assainissement in Morocco will upgrade wastewater systems across a number of small and medium-sized towns, benefiting 1.2 million people. The Tbilisi wastewater and infrastructure project will bring benefits across the Georgian capital city of over 1.1 million inhabitants.

Climate change mitigation and adaptation

As both the cause and effects of climate change are global, extending and expanding climate finance beyond the borders of the Member States is a vital part of the EU's external and development policy. The EIB contributes to the implementation of the ground breaking global agreement reached in Paris in 2015 which came into force at the UNFCCC conference in November 2016. The EIB has a track record in mobilising financial resources supporting the Nationally Determined Contributions of countries both inside and outside the EU, national mitigation and adaptation plans and strategies, and low carbon energy and transport policies.

Of the new lending signed for the ELM regions in 2017, EUR 2.2 billion will contribute to the objective of climate change mitigation and adaptation, of which EUR 799 million covered by EU budgetary guarantee under the ELM. In other words, 25% of financing signed under the ELM in 2017 contributed to climate action. These investments will consist of a large number

⁵ The total volume of EIB signatures in 2017 under the objective of developing social and economic infrastructure was EUR 3.189 billion (including signatures of parts of operations launched already in previous years), of which EUR 1.588 billion covered by the EU guarantee under the ELM.

of projects across almost all sectors. All of these projects also contribute to either local private sector development or the development of social and economic infrastructure.

In many cases, only part of a project contributes to the climate change objective and only a proportion of that project's lending total is therefore reported as contributing towards the objective. Analysis of the results of past EIB projects has revealed that many projects make a small contribution to action on climate change even if this is not the main objective of the project. A typical example is a credit line for SMEs in which some investment projects by beneficiary businesses involve achieving greater energy efficiency in buildings or installing small-scale renewable energy generation capacity, such as solar panels. Accordingly, some 56 new projects in 2017 contribute to the climate action objective, of which 25 are credit lines.

Overall, by far the largest contribution to the climate action objective will come from lower carbon transport, accounting for 51% of the total volume, with renewable energy and energy efficiency contributing a further 36% of new non-EU climate action lending in 2017. Mitigation such as methane avoidance in waste and wastewater sector also continues to play an important role while adaptation contributes 4%.

As at end-2017, the cumulative ratio of EIB financing under the ELM 2014-20 mandate contributing to the objective of climate action objective stood at over 32%.

On the results side, the Commission is not in a position to report specifically on the climate impact of operations covered by the EU guarantee. In 2017, 11 of the EIB's projects in the ELM regions (including signed operations and large allocations approved during the year, and including also own-risk operations) were covered by the EIB's Carbon Footprint Exercise. They represent total EIB signatures or allocation approvals of EUR 0.6 billion. The related total absolute GHG emissions were estimated by the EIB as 0.4 Mt CO₂-equivalent/year, and sequestered carbon from forestry projects as 0.1 Mt CO₂-equivalent/year. The relative emissions due to the 2017 financing of the projects included in the analysis was estimated by the EIB at -1.1Mt CO₂/year.⁶

Economic Resilience Initiative (ERI)

The ERI is a part of Europe's response to the migration and refugee challenge, with a focus on tackling the longer-term causes of migration.

By end-2017, the EIB approved EUR 1.5 billion of projects foreseen to respond to this new objective of the ELM, which corresponds to 25% of the EUR 6 billion target by end-2020. 60% of the approved projects are in the form of credit lines to the private sector and 15% are in the transport sector. The EIB expects these investments to sustain 54,000 jobs in SMEs and mid-caps and 2.4 million people to benefit from improved sanitation services. In line with Article 20a of the ELM Decision, the Commission is undertaking an assessment of whether projects approved by the EIB in 2017 and proposed for inclusion under the ERI, fulfil the requirements of the ELM Decision and can thus be covered either by the ERI public mandate or the ERI private mandate established at the ELM's mid-term review.

⁶ The EIB Group 2017 Sustainability Report is available at http://www.eib.org/attachments/general/reports/sustainability_report_2017_en.pdf.

Regional integration

The EIB signed 6 new projects in 2017 that contribute to regional integration. The total approved EIB finance for these projects was EUR 221 million. These projects cover transport links, support to convergence through local private sector development and industry and research & development.

3.2. OVERVIEW OF EIB FINANCING BY REGION AND SECTOR

Table 1 provides an overview of the volume of EIB financing in 2017 in the regions covered by the ELM, including those with an ELM guarantee (comprehensive or political risk) and those financed under the EIB's own-risk facilities.

Table 1: EIB Financing Operations signed in 2017 in ELM regions (net of cancellations)

Regions of operations (EUR million)	Operations under ELM with EU guarantee			EIB own-risk Facilities/other funds	Total
	Comprehensive guarantee	Political risk cover	Total ELM		
Pre-Accession	170	-	170	667	837
Mediterranean	998	782	1,780	145	1,925
Eastern Neighbours, Russia	511	146	657	57	714
Asia	118	-	118	1,105	1,223
Central Asia	22	-	22	100	122
Latin America	341	30	371	271	642
South Africa	50	-	50	16	66
Total in Mandate regions	2,210	978	3,168	2,361	5,529

The EIB signed EUR 5.55 billion of loans in the regions covered by the ELM in 2017 out of a worldwide total of EUR 7.3 billion (including the ACP countries and the Overseas Countries and Territories as well the EFTA states).⁷ Approximately EUR 3.5 billion was carried out in the Pre-Accession and in the Neighbourhood regions (both South and East). The rest (37%) was signed in Asia, Central Asia and Latin America.

Compared to 2016, the total volume of EIB financing in ELM regions decreased by approximately one-fifth, resulting notably from reduced volumes of operations in Turkey (in view of high previously built exposures) and in the Eastern Neighbourhood (where the original regional ceiling of the EU guarantee had nearly been reached).

⁷ Figures presented in Tables 1 and 2 and Charts 1 and 2 are net of a cancellation of € 20 million under the ELM political risk guarantee in the Eastern Neighbourhood.

Table 2: Net signatures per year and cumulative net signatures compared with the EU Mandate ceilings over 2014-2020 (Decision 466/2014/EU as amended by Decision (EU) 2018/412)

Regions/Years EUR million	2014 (H2)	2015	2016	2017	Total 2014 -2017	Ceiling (after mid- term review)	Utilisation rate
Pre-Accession	200	906	582	170	1.858	8.075	23%
Mediterranean	379	791	1.299	1.780	4.249	13.030	33%
Eastern Neighbourhood, Russia	975	1.401	1.493	657	4.526	6.650	68%
Asia	45	433	45	118	641	1.165	55%
Central Asia	70	70	20	22	182	224	81%
Latin America	219	468	319	371	1.378	2.694	51%
South Africa	0	150	0	50	200	462	43%
Total	1.888	4.218	3.758	3.168	13.033	32.300	40%

As presented above, cumulative signatures under the ELM for 2014-17, net of cancellations, reached approximately EUR 13 billion. The cumulative utilisation rate of the ELM in terms of net signatures stood at 48% as of end-2017 when compared to the original ceiling of the ELM established in 2014 or 40% when compared to the increased ceiling introduced during the mid-term review of the ELM completed in March 2018.

Chart 2: Annual evolution of EIB lending volumes in the ELM regions

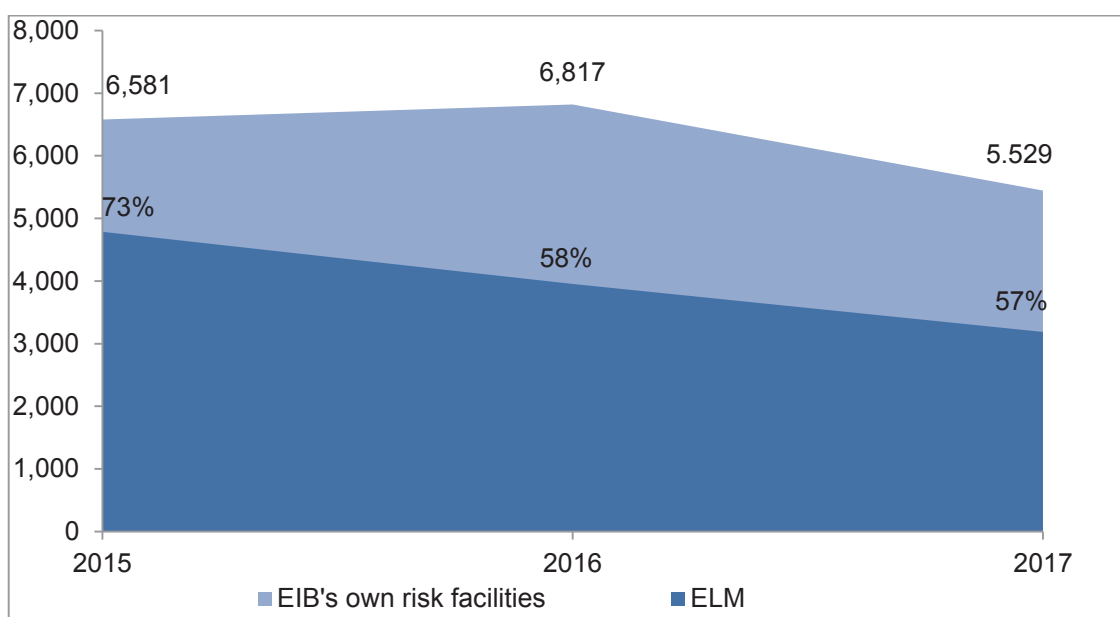


Chart 2 illustrates the evolution of lending under the ELM and the own-risk facilities between 2015 and 2017. Over this period, an average of 62% of EIB financing in these regions benefited from the EU guarantee, with annual fluctuations between 57% and 73%.

The number of financing projects with contracts signed by the EIB in the regions covered by the ELM increased from 71 in 2016 to 85 in 2017. Of these 85 contracts, 62 projects were

'new' with a first EIB finance contract signed in 2017; for 8 projects, part of the total EIB financing had been provided by contracts signed in previous years. Considering lower overall new signatures volumes in 2017, the average size of the EIB investments per contract is smaller than previously.

Table 3: Number of operations signed by region (all resources) in 2017

Regions	Third Party Funds	ELM	ORF	Total
Pre-Accession		4	12	16
Mediterranean countries		19	8	27
Eastern Neighbourhood, Russia	7	13	2	22
Asia		2	7	9
Central Asia		1	1	2
Latin America		5	4	9
South Africa		1	1	2
Total	7	45	35	87

In 2017, the EIB significantly decreased its lending in the Western Balkans compared to 2016 (-23%), where the amount reached EUR 330 million and increased its lending in the Mediterranean countries (+21%), where the amount signed reached EUR 1.9 billion in the context of the implementation of the EIB's Economic Resilience Initiative (ERI).

Credit lines remained as the activity sector with highest signatures volume in 2017, providing support for private sector development through intermediated lending with local banks. The amount of credit lines grew in particular in the Southern Neighbourhood in connection with the ERI. The EIB remained active also in the transport and energy sectors.

Table 4: Sectorial distribution of EIB financing operations signed in 2017 under the ELM guarantee

Sectors/ Regions	Pre- Accession	South. Neighb	East. Neighb	Asia	Central Asia	Latin America	South Africa	Total	Share of the total
Credit lines	100	1,217	90	-	-	91	50	1,547	49%
Transport	20	309	410	68	-	124	-	931	29%
Energy	-	115	84	-	-	80	-	278	9%
Industry	-	35	-	-	-	77	-	112	4%
Water, sewerage	-	34	21	50	-	-	-	105	3%
Agriculture, fisheries, forestry	-	-	55	-	22	-	-	77	2%
Education	-	53	-	-	-	-	-	53	2%
Health	50	-	-	-	-	-	-	50	2%
Services	-	17	17	-	-	-	-	34	1%
Total	170	1,780	677	118	22	371	50	3,188	100%

3.3. IMPACT AND VALUE ADDED OF EIB OPERATIONS

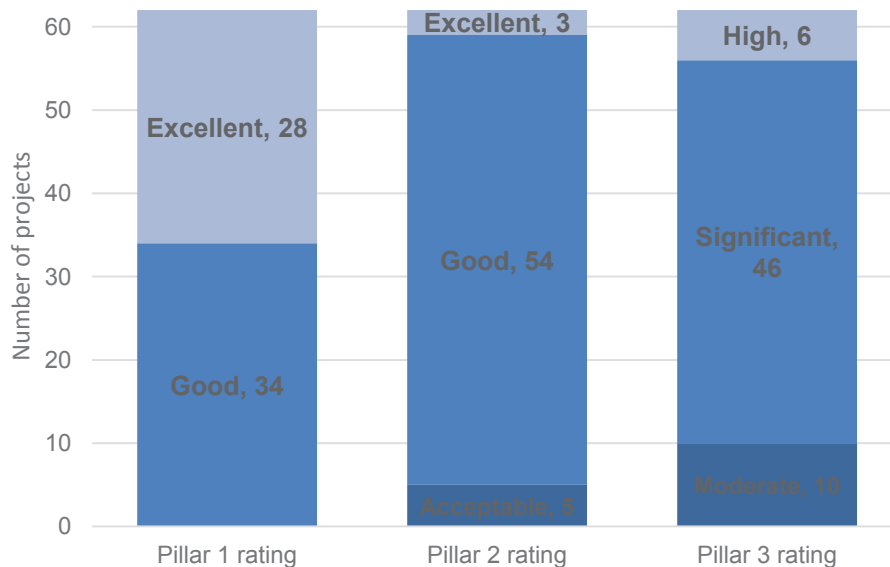
The ReM Framework provides an assessment of EIB financing operations throughout their lifecycle. It helps to assess alignment with EU priorities and EIB added value. At appraisal stage, results indicators are identified, with baselines and targets that forecast expected economic, social, and environmental outcomes of the operation. Achievement against those specified performance benchmarks is monitored throughout the project's life and reported at two major milestones: project completion and three years after project completion ('post completion') for direct operations; the end of the investment period and the end of life of private equity funds; and the end of the allocation period for intermediated lending.

Projects are rated by the EIB according to three 'Pillars':

- (i) Pillar 1 rates the expected contribution to EU and partner countries' priorities and eligibility under EIB mandate objectives.
- (ii) Pillar 2 rates the quality and soundness of the operation, based on the expected results.
- (iii) Pillar 3 rates expected EIB financial and non-financial additionality.

This section reports the EIB's expected results on EU policy objectives as recorded by the ReM Framework. The scope of this section with regard to expected results is not all contracts signed in 2017, but all projects for which the first financing contract was signed in 2017 (these are referred to as 'new projects'). Within this scope, in 2017, 62 new projects under the ELM and EIB's own resources were signed in the ELM regions with the total approved amount of EUR 5.7 billion.

Chart 3: ReM ratings by pillar for 2017 new signed operations



In 2017, all 62 new projects were rated by the EIB at least 'good' under Pillar 1, signifying that they are deemed to be in line with ELM objectives and make a high contribution to either

national development objectives or those of the EU and a moderate contribution to the other. 28 projects were rated 'excellent' by the EIB for making a high contribution to both EU priorities and national development objectives.

The Pillar 2 rating is based on project soundness, financial and economic sustainability, and environmental and social sustainability in the case of directly financed projects. For intermediated operations, the rating is based on the expected results, weighted by risk considerations as measured by the soundness of the intermediary and the quality of the operating environment. 3 projects were rated 'excellent' by the EIB and 54 projects were rated 'good' under Pillar 2, with an average economic rate of return of 10% to 15% in the case of infrastructure projects. 5 projects received an 'acceptable' rating by the EIB, often because of high risk environments that impact on the probability of achieving planned results. These include microfinance credit lines in Georgia and Palestine.

Under Pillar 3, the EIB rated 52 projects as 'high' or 'significant' for the length of tenor provided, exceeding what is available in local markets. 10 projects were rated by the EIB as 'moderate'. According to the ReM Framework, the EIB has sought to improve technical aspects of project design, enhancing the long-term value and effectiveness of investments and/or supporting promoters to effectively structure projects in terms of financing instruments for 40 out of 62 new projects with a rating from 'moderate' to 'high'.

The Commission will examine the impact and added value of operations under the External Lending Mandate in greater detail in its forthcoming evaluation due by June 2019, pursuant to Article 20 of the ELM Decision.

3.4 CALLS ON THE EU GUARANTEE

In 2017, the EIB proceeded to make new calls under the EU Guarantee as a consequence of overdue amounts on Syrian sovereign loans. From 2012 to 2017 the EIB called overall EUR 365.3 million, of which EUR 56.3 million in 2017, while the residual principal amount potentially callable stood at EUR 261.7 million at end 2017.⁸ Efforts to recover the overdue amounts have not been successful to date.

The EIB and the Commission concluded in 2017 a specific agreement on the treatment of the EIB's call on the political risk guarantee with respect to the private sector loan Aeroport Enfidha (Tunisia). Both parties agreed to split evenly the outstanding exposure under the loan agreement, fees, late payment penalties and interest accrued. The resulting exposure for the EU amounts to EUR 33.35 million. Recovery efforts are ongoing.

4. EIB COOPERATION WITH OTHER PARTNERS

4.1 COOPERATION WITH THE COMMISSION

⁸ The amounts are reported in the EUR equivalent as of 31 December 2017 for indicative purposes only. Payment of the called amounts is done in currency by the Commission.

Cooperation between the EIB and the Commission on matters related to the External Lending Mandate takes place in the context of a broader partnership between the two institutions, including the European Fund for Strategic Investments as well as the blending facilities supporting EIB and other IFIs' development activities outside the EU.

The ELM Decision requires that the Commission, the EEAS and the EIB cooperate and strengthen the alignment of EIB external actions and the EU's external policy objectives in order to maximise synergies between EIB financing and EU budgetary resources. This occurs mainly through dialogue and early consultation on policies, strategies and project pipelines. The Memorandum of Understanding, revised in 2013, between the Commission, the EEAS and the EIB in respect of cooperation and coordination in the regions covered by the ELM continues to be applied, e.g. through exchange of information on project pipeline and contact information.

An example of this cooperation is the co-location of EIB offices within EU Delegations, such as the first permanent EIB office in New Delhi, opened in March 2017.

The EIB has also continued to use the blending support offered under the EU External Investment Plan (EIP). In 2017, 25 grants and risk capital fully or partially funded from EU budget for a total sum of nearly EUR 144 million were approved for implementation by the EIB in ELM regions. Of these, EUR 40 million was provided for use as technical assistance, EUR 89 million as investment grants and EUR 15 million as risk capital.

The EIB is also one of the implementing partners for the new EU guarantee offered through the European Fund for Sustainable Development (EFSD). However, the ELM and the EFSD target rather different types of products, borrowers and geographies. For example, the EFSD does not cover Western Balkans while the ELM does not cover large parts of Africa. Moreover, the decision-making process on the EU guarantees provided under the EFSD is different from the upfront 7-year guarantee provided to the EIB for the ELM.

Blending encourages stronger co-financing relations with other international financial institutions (IFIs) and alignment with EU policies and priorities in each respective country context. Moreover, the governance structure of EU blending facilities enables and requires close coordination and cooperation with the Commission, the EEAS and other IFIs before presenting a project for blending of grant resources with EIB lending. This was one of the reasons why the Commission built on the governance of EU blending facilities in its proposal for the European Fund for Sustainable Development Plus (EFSD+) as part of the 2021-27 Neighbourhood, Development and International Cooperation Instrument⁹.

The Commission continues to actively engage with the EIB in a number of policy areas, including dealing with EIB's policy towards tax avoidance and non-cooperative jurisdictions. In January 2017, the EIB presented its interim approach to its policy towards weakly regulated, non-transparent and uncooperative jurisdictions ('NCJ policy') and tax sensitive jurisdictions. Following the adoption of the EU Council Conclusions on "The EU list of non-cooperative jurisdictions for tax purposes" on 5 December 2017, as well as the amended ELM

⁹ Proposal for a Regulation of the European Parliament and of the Council, COM(2018) 460 final of 14 June 2018, establishing the Neighbourhood, Development and International Cooperation Instrument.

Decision (2018/412) with explicit reference to tax avoidance¹⁰, the EIB updated its NCJ policy in February 2019.

4.2. COOPERATION WITH THE EUROPEAN OMBUDSMAN

The Memorandum of Understanding signed between the EIB and the European Ombudsman in 2008 sets the basis for the two stages of the EIB Complaints Mechanism - the internal (EIB-CM) and the external (the Ombudsman) - approved by the EIB Board of Directors in 2010 after extensive public consultation. It achieves a common understanding of purpose and consistency of application across its internal and external parts, with a specific focus on:

- The existence of an effective internal Complaints Mechanism (the EIB-CM) that deals with complaints lodged by external parties to the EIB across all the business units of the EIB;
- Concerning complaints related to operations outside the EU, including the external mandates, the Ombudsman commits to use its own initiative power systematically in order to handle complaints when the complainant is not a citizen or resident of the EU;
- The scope of the Ombudsman's review, with the recognition of the EIB-CM as the required prior approach.

During 2017, the Ombudsman received no complaints related to the EIB activities in the ELM Regions.

The EIB updated its Complaints Mechanism Policy in late 2018.¹¹

4.3. COOPERATION WITH INTERNATIONAL FINANCING INSTITUTIONS

The EIB's cooperation with other International Financial Institutions (IFIs) ranges from dialogue on institutional matters, horizontal topics and thematic issues, and mutual consultation, to enhanced forms of operational co-financing and work sharing. Dialogue between IFIs mostly takes place within specialised working groups meeting periodically to share best practices or address specific issues.

Cooperation between the EIB and the European Bank for Reconstruction and Development (EBRD) continued in 2017 under the 2012 Memorandum of Understanding. The EIB and EBRD held regular Contact Group meetings to exchange views on their pipelines of operations in the regions where they both operate. In addition, the institutions shared information on and discuss other topics of mutual interest. The 12th such meeting was held on 13th November 2017 concerning the Joint Fee Proposal for Blending, the EBRD's Economic Inclusion Strategy, the EU External Investment Plan and the ERI. In 2017, EIB and EBRD co-financed 11 projects, of which 3 projects were also co-financed by KfW and/or AFD. The 8 remaining projects, with the total project cost of EUR 1 billion, benefited from EIB and EBRD co-financing.

¹⁰ Similarly Regulation establishing the European Fund for Sustainable Development, (EFSD) ((EU) 2017/1601) and Regulations amending the European Fund for Strategic Investments (EFSI), ((EU) 2017/2396).

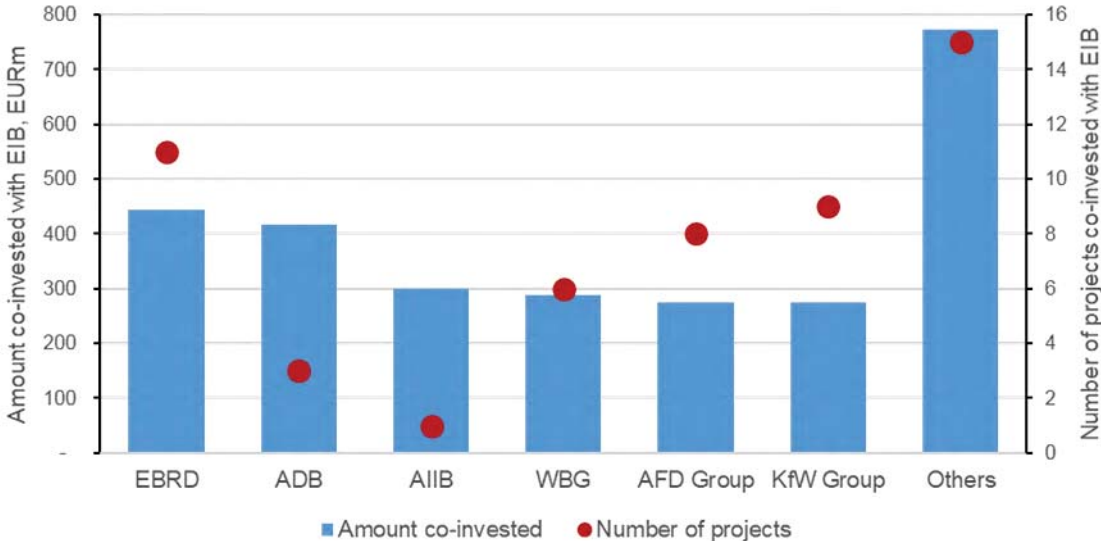
¹¹ <http://www.eib.org/en/infocentre/publications/all/complaints-mechanism-policy.htm>

The MoU signed by EIB with Asian Infrastructure Investment Bank (AIIB) in May 2016 in Beijing provides a framework for relations between EIB and AIIB in the areas of joint financing of eligible operations, knowledge sharing and the establishment of regular high level meetings. The EIB’s first co-financing operation with the AIIB took place in the Bangalore metro rail project in India. The EIB also continued to collaborate with the Asian Development Bank (ADB), co-investing in 3 projects.

The EIB also cooperates with Development Finance Institutions (DFIs) of EU Member States. In 2017, 3 projects were co-financed by the EIB with the French Development Agency (AFD) in the ELM regions with total project cost of over EUR 1.2 billion. 4 projects were co-financed with Germany’s KfW Group with total project cost of EUR 1.5 billion. Further 5 projects were co-financed with both KfW and AFD, with the total project cost of nearly EUR 1.9 billion. EIB, AFD and KfW also cooperate closely in the context of the Mutual Reliance Initiative (MRI). Launched in 2013, the MRI foresees that the three MRI partners rely on one of them to perform certain tasks, e.g. some of the project due diligence or procurement supervision. Promoters appreciate the resulting simplified processes. The management and decision-making bodies of the MRI partners have become acquainted with documents prepared by another institution which they use for their own decisions.

The chart below provides an overview of amounts of co-financing committed by other IFIs or national DFIs alongside EIB investments.

Chart 4: IFIs and DFIs co-financing with EIB projects signed in 2017



In addition to the multiple working groups and initiatives covering a broad range of issues (climate, infrastructure, finance, risk, results measurement, ex post evaluation, debt management etc.), cooperation among Multilateral Development Banks (MDBs) also takes place at the highest institutional level. In 2017, high-level discussions among MDBs focused on how to jointly enhance MDB support for Climate Action and contribute to the Sustainable Development Goals (SDGs). Joint MDBs work on a number of global challenges intensified over 2017, reflecting changing global dynamics and mounting threats to multilateralism. Committed to the international frameworks established via the SDGs and the Paris Agreement

on Climate, the MDBs have worked together to expand cooperation efforts on sustainable infrastructure, climate and migration. Work on Climate Action continued with the preparation of the COP 23 as well as the One Planet Summit held in Paris in December 2017. Since the 2016 Humanitarian Summit in Istanbul, the MDBs have been collaborating on the theme of migration, participating in a working group on migration and forced displacement. In 2017 this cooperation was extended yet further with a joint EIB/World Bank Group proposal, in response to an earlier G7 request, for a cooperation platform on economic migration and forced displacement.

The EIB also continued to strengthen its ties with the United Nations (UN) system on the basis of Memoranda of Understanding signed with the UN Industrial Development Organisation (UNIDO), the International Fund for Agriculture Development (IFAD) and the Food and Agriculture Organisation (FAO). The EIB and the UN Development Programme (UNDP) signed a Memorandum of Understanding in October 2016. The thematic focuses of this partnership are climate change response, responding to crisis and post-crisis situations, the migration crisis and promoting inclusive markets and entrepreneurship, and generating jobs. In 2017, building on collaboration on projects in Armenia, Georgia and Ukraine, and in particular on a pilot project implemented by UNDP in Yerevan, the EIB-UNDP partnership enabled to leverage a new source of climate financing, the Green Climate Fund (GCF), to support the de-risking and scaling-up of investment in energy efficient building retrofits in Armenia.