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#### COVER NOTE

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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 30 October 2014

To: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European  
Union

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Subject: ANNEX Final report on the application of Decision No 1080/2011/EU of 25  
October 2011, covering the EIB financing operations signed during the  
period from 2007 to 30 June 2014 to the REPORT FROM THE  
COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL  
on 2013 EIB external activity with EU budgetary guarantee and on the  
application of Decision No 1080/2011/EU of 25 October 2011, covering the  
EIB financing operations signed during the period from 2007 to June 2014

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Delegations will find attached document COM(2014) 674 final - ANNEX 1.

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Encl.: COM(2014) 674 final - ANNEX 1



Brussels, 30.10.2014  
COM(2014) 674 final

ANNEX 1

**ANNEX**

**Final report on the application of Decision No 1080/2011/EU of 25 October 2011,  
covering the EIB financing operations signed during the period from 2007 to 30 June  
2014**

*to the*

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

**on 2013 EIB external activity with EU budgetary guarantee and on the application of  
Decision No 1080/2011/EU of 25 October 2011, covering the EIB financing operations  
signed during the period from 2007 to June 2014**

{SWD(2014) 333 final}

According to Decision No 1080/2011/EU of 25 October 2011, the Commission shall present to the European Parliament and the Council a final report on the application of this Decision. It covers the EIB financing operations signed during the period covered by the Decision<sup>1</sup> from 2007 to 30 June 2014 following the extension by six months of the Decision. This report complements the analysis of the annual report for 2013 on EIB external activity with EU budgetary guarantee and takes into account the entire effectiveness period, including the 6 months extension in 2014.

In the Decision the maximum ceiling of the EIB financing operations under the EU guarantee (EUR 29.5bn) has been broken down in a General Mandate of EUR 27.5bn and a Climate Change Mandate of EUR 2bn. The General Mandate has been broken down into regional ceilings and sub-ceilings.

### **1. External Mandate utilisation**

The final utilisation of the Mandate as at 30 June 2014 is 99 % overall (98 % for the part of the Climate Change Mandate), with small regional differences as shown in the following table (figures in EUR m). Political events forced the EIB to postpone three operations in Ukraine and Russia which would otherwise have been concluded prior to end June. Ultimately, due to these unforeseen circumstances the amount re-allocated during the last 6 months to the Eastern Neighbourhood could only be partially used (EUR 82m out of EUR 200m). Events in Thailand had a similar effect on one operation.

**Table 1: External Mandate utilisation 2007-2014 (up to 30/06/2014)**

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<sup>1</sup> Implementation of the Mandate started on 1 August 2007 (following the signature of the EU Guarantee Agreement) and was extended until 30 June 2014.

External Lending Mandate	Original ceilings	Signatures in H1 2014	Gross signatures 2007-2014	Cancell.	Cumul. signatures (net of cancell.)	Ceilings after re-allocation	Remaining balance	Utilisation rate
Pre-Accession	9.048	221	9.409	289	9.121	9.148	27	99,7%
<i>Turkey</i>		138	6.060	2	6.058			
<i>Western Balkans</i>		83	3.349	287	3.062			
Mediterranean	9.700	992	9.672	317	9.355	9.400	45	99,5%
Eastern Neighb, Russia	3.848	86	4.171	241	3.930	4.048	118	97,1%
<i>Russia</i>		-	1.327	122	1.205			
<i>Ukraine</i>		55	1.999	100	1.899			
<i>Rest of Eastern N.</i>		31	845	19	827			
Asia, Latin America	3.952	478	4.140	378	3.762	3.952	190	95,2%
<i>Asia (incl. Central Asia)</i>	1.040	267	1.337	118	1.219	1.290	71	
<i>Latin America</i>	2.912	211	2.803	260	2.543	2.662	119	
South Africa	936	25	1.032	96	936	936	-	100,0%
<b>General Mandate Total</b>	<b>27.484</b>	<b>1.801</b>	<b>28.424</b>	<b>1.321</b>	<b>27.103</b>	<b>27.484</b>	<b>381</b>	<b>98,6%</b>
<b>Climate Change Mandate</b>	<b>2.000</b>	<b>350</b>	<b>1.953</b>	<b>-</b>	<b>1.953</b>	<b>2.000</b>	<b>47</b>	<b>97,6%</b>
Pre-Accession		200	700	-				
Mediterranean			350	-				
Eastern Neighb, Russia			243	-				
Asia, Latin America			509	-				
<i>Asia (incl. Central Asia)</i>			509	-				
<i>Latin America</i>			-	-				
South Africa		150	150	-				
<b>Total Mandate</b>	<b>29.484</b>	<b>2.151</b>	<b>30.377</b>	<b>1.321</b>	<b>29.056</b>	<b>29.484</b>	<b>428</b>	<b>98,5%</b>

## 2. Sub-sovereign operations under the Mandate

The sub-sovereign window has proven most useful and has served the EU's external policy objectives well since it enabled the EIB to support a number of highly relevant projects, notably SME support, development of municipal infrastructure, social housing and climate action. The EUR 2.6 bn ceiling for sub-sovereign operations under the EU Comprehensive guarantee was exhausted at the end of June 2014. 27 operations were signed in 9 countries.

## 3. Loan disbursements to projects supported by the Mandate

At the end of June 2014, EUR 14.4bn, corresponding to 50% of net signatures, had been drawn by borrowers for investment projects supported under the Mandate. Taking into account that part of the lending activities were concluded only recently and the usually long implementation time of projects, this disbursement rate is expected to ramp up progressively over the coming years.

**Table 2: Cumulative net signatures and disbursements under the Mandate as at end June 2014**

EUR m	Ceiling (after realloc.)	Net signed (EUR m)	Net signed as % of mandate ceiling	Total disbursed (EUR m)	Disbursed as % of Net signed
Pre-Accession	9.148	9.121	100%	5.894	65%
Mediterranean	9.400	9.355	100%	4.399	47%
Eastern Neighbours, Russia	4.048	3.930	97%	1.000	25%
Asia and Latin America	3.952	3.762	95%	2.300	61%
South Africa	936	936	100%	601	64%
<b>General Mandate Total</b>	<b>27.484</b>	<b>27.103</b>	<b>99%</b>	<b>14.194</b>	<b>52%</b>
Climate Change Mandate (CCM) (2011-2013)	2.000	1.953	98%	230	12%
<b>Total Mandate (Gen + CCM)</b>	<b>29.484</b>	<b>29.056</b>	<b>99%</b>	<b>14.424</b>	<b>50%</b>

#### 4. EIB financing overall – under Mandate and at the EIB's full own risk

Overall, in the 2007-06/2014 period, EIB signed EUR 47.2bn financing operations in the regions covered by the Mandate of which 64% (30.4bn gross signatures) with EU guarantee, the remainder being under lending facilities at EIB's full own risk. The EU Comprehensive guarantee covers EUR 22.7bn of loans with sovereign or sub-sovereign counterparts while the Political Risk guarantee covers EUR 7.7bn lending to the private sector.

**Table 3: EIB Financing Operations in the geographical areas of the Mandate by nature of guarantee cover**

EUR m	Total gross signatures of which	Mandate with EU guarantee		EIB own-risk Facilities (no EU Guarantee)
		Comprehensive (sovereign)	Political risk (private sector)	
Pre-Accession	22,900	8,956	1,380	12,563
Mediterranean	10,862	7,862	2,160	840
Eastern Neighbours, Russia	4,634	2,867	1,548	220
Asia and Latin America	7,603	2,424	1,998	3,181
South Africa	1,233	543	640	50
<b>Total in Mandate Regions</b>	<b>47,232</b>	<b>22,652</b>	<b>7,725</b>	<b>16,855</b>
as % of total signed	100%	48%	16%	36%

During the Mandate period, EIB signed loans in 46 countries covered by the Decision. In 40 countries, financing was provided under Mandate with EU guarantee, and in 26 countries under EIB's own-risk facilities. All except three beneficiary countries (Croatia, Israel and Russia<sup>2</sup>) are developing countries according to the OECD list of ODA recipients. 25% of EIB financing volume was signed in lower middle income (17 beneficiary countries), low income (Tajikistan) or least developed countries (Bangladesh and Nepal).

Support to the development of infrastructure forms the strongest line of activities, especially in the energy and transport sectors which together represent around half (52%) of the signed volume under the Mandate. Private enterprise development, primarily through credit lines to intermediary banks, comes second involving 47% of lending under EIB's own risk and 20%

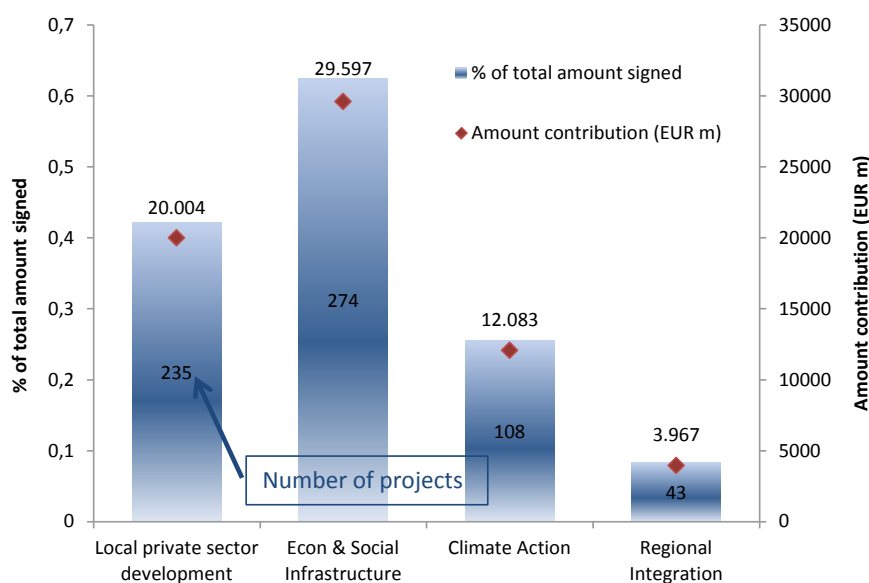
<sup>2</sup> Signing of further potential operations in Russia will be subject to the relevant EU sanctions.

of signatures under the Mandate. Financing to improve water and sewerage systems as well as investments in health and education were financed almost exclusively under the Mandate.

## 5. Contribution of overall lending to EU policy objectives

Since 2007, EIB concluded 437 operations of which 271 under the Mandate, 132 under own-risk facilities and 34 risk capital operations from third party resources. The following chart shows the contribution of all these operations to the Mandate objectives in terms of volume and proportion of operations signed in 2007-06/2014.

**Chart 1: Cumulative contribution to Mandate objectives<sup>3</sup>**



During the Mandate, 108 projects with substantial climate components were financed. Climate financing reached EUR 12bn, representing 25% of the total volume signed on EIB own resources (excluding operations from third party resources). The proportion for the Mandate alone is 26 %.

**Table 4: Climate Action in 2007 – 06/2014 in the regions covered by the Mandate**

<sup>3</sup> A single project may contribute to more than one mandate objective.

EUR m	Climate Action under			Total climate action	as % of total signed
	Climate Change Mandate	General Mandate	EIB own-risk Facilities		
Asia	382	794	1.901	3.077	86%
Central Asia	127		1	128	56%
Latin America		362	1.220	1.582	39%
Mediterranean	350	1.037	11	1.404	13%
Pre-Accession	700	2.536	1.016	4.252	19%
Eastern Neighb, Russia	243	765	45	1.054	23%
South Africa	150	385	50	585	47%
<b>Total in Mandate Regions</b>	<b>1.953</b>	<b>5.879</b>	<b>4.245</b>	<b>12.083</b>	<b>25%</b>
as % of total signed	26%		25%	25%	

## 6. Co-financing with other IFIs and loan-grant blending

Over the entire Mandate period, 58% of the EIB's financing volume under the Mandate was co-financed with other IFIs.

**Table 5: EIB financing operations blended with EU grant resources or co-financed with other IFIs**

EUR m	2007	2008	2009	2010	2011	2012	2013	Jun-14	Total Mandate
EIB financing total Mandate (net)	1.690	3.802	5.524	4.520	3.061	3.960	4.422	2.078	29.056
- co-financed with IFIs	879	2.234	3.607	3.134	1.706	2.038	2.139	1.198	16.935
- co-financed / total signed (%)	52%	59%	65%	69%	56%	51%	48%	58%	58%
- blended with EU grants	60	241	2.048	1.586	859	1.487	1.243	246	7.769
- blended / total signed (%)	4%	6%	37%	35%	28%	38%	28%	12%	27%

27% of the loan volume under Mandate was associated with grants, essentially in the form of investment subsidies or technical assistance. In terms of EU budget allocations, WBIF and NIF received the largest contributions over the period 2007-2013, respectively €229 million and €223 million. In that period, LAIF received €25 million and AIF €5.7 million and IFCA €4.3 million. Loan-grant blending took place in more than half (22) of the 40 countries where the EIB provided financing under the Mandate.