

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed 2013/0152(COD)
EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020) Amended by 2016/0275(COD) Repealed by 2018/0243(COD)	
Subject 6.30.04 Loans to third-countries, Guarantee Fund 8.40.07 European Investment Bank (EIB) 8.70 Budget of the Union	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		10/06/2013
		S&D KALFIN Ivailo	
		Shadow rapporteur	
		PPE PLENKOVIĆ Andrej	
		ALDE MULDER Jan	
		Verts/ALE TRÜPEL Helga	
		ECR ASHWORTH Richard	
	Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs			17/06/2013
		PPE PROTASIEWICZ Jacek	
DEVE Development			05/07/2013
		PPE PREDA Cristian Dan	
INTA International Trade			17/06/2013
		Verts/ALE JADOT Yannick	
ECON Economic and Monetary Affairs			18/06/2013
		NI MARTIN Hans-Peter	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	3309	14/04/2014
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	REHN Olli	

Key events

23/05/2013	Legislative proposal published	COM(2013)0293	Summary
10/06/2013	Committee referral announced in Parliament, 1st reading		
05/11/2013	Vote in committee, 1st reading		
15/11/2013	Committee report tabled for plenary, 1st reading	A7-0392/2013	Summary
11/03/2014	Results of vote in Parliament		
11/03/2014	Debate in Parliament		
11/03/2014	Decision by Parliament, 1st reading	T7-0192/2014	Summary
14/04/2014	Act adopted by Council after Parliament's 1st reading		
16/04/2014	Final act signed		
16/04/2014	End of procedure in Parliament		
08/05/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/0152(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	Amended by 2016/0275(COD) Repealed by 2018/0243(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 212; Treaty on the Functioning of the EU TFEU 209-p1
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/12837

Documentation gateway

Legislative proposal		COM(2013)0293	23/05/2013	EC	Summary
Document attached to the procedure		SWD(2013)0178	23/05/2013	EC	
Document attached to the procedure		SWD(2013)0179	23/05/2013	EC	
Committee draft report		PE519.494	26/09/2013	EP	
Amendments tabled in committee		PE519.820	02/10/2013	EP	
Committee opinion	AFET	PE514.841	10/10/2013	EP	
Committee opinion	ECON	PE516.664	15/10/2013	EP	
Committee opinion	DEVE	PE516.659	16/10/2013	EP	
Committee opinion	INTA	PE516.690	29/10/2013	EP	

Committee report tabled for plenary, 1st reading/single reading		A7-0392/2013	15/11/2013	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0192/2014	11/03/2014	EP	Summary
Draft final act		00003/2014/LEX	16/04/2014	CSL	
Commission response to text adopted in plenary		SP(2014)455	10/06/2014	EC	
Follow-up document		SWD(2015)0106	08/05/2015	EC	
Follow-up document		COM(2016)0584	14/09/2016	EC	Summary
Follow-up document		COM(2016)0585	14/09/2016	EC	Summary
Follow-up document		SWD(2016)0294	14/09/2016	EC	
Follow-up document		SWD(2016)0295	14/09/2016	EC	
Follow-up document		SWD(2016)0296	14/09/2016	EC	
Follow-up document		COM(2017)0767	15/12/2017	EC	Summary
Follow-up document		SWD(2017)0460	15/12/2017	EC	
Follow-up document		COM(2019)0188	23/04/2019	EC	Summary
Follow-up document		SWD(2019)0333	13/09/2019	EC	
Follow-up document		COM(2020)0096	12/03/2020	EC	Summary
Follow-up document		COM(2020)0097	12/03/2020	EC	Summary
Follow-up document		COM(2021)0416	26/07/2021	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

Decision 2014/466 OJ L 135 08.05.2014, p. 0001 Summary Final legislative act with provisions for delegated acts

Delegated acts

2016/2669(DEA)	Examination of delegated act
2018/2758(DEA)	Examination of delegated act

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

PURPOSE: to grant an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union.

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an

equal footing with the Council.

BACKGROUND: the European Union provides a budgetary guarantee to the European Investment Bank (EIB) covering risks of a sovereign and political nature in connection with its financing operations carried out outside the Union in support of the Union's external policy objectives. The EU guarantee has been the key instrument ensuring the compatibility between the EIB's financial structure and the significantly higher inherent risk of lending to third countries, taking into account the need to avoid a deterioration of the Bank's AAA rating whilst limiting the EIB capital consumption.

The overall scope and general conditions of the EU guarantee coverage for EIB external operations are set out in decisions of the European Parliament and of the Council. The most recent decision covering the EIB financing operations outside the Union over the period beginning on 1 February 2007 and ending on 31 December 2013 was established by [Decision No 1080/2011/EU](#) of the European Parliament and of the Council. It requires the Commission to present to the European Parliament and to the Council a proposal for establishing the EU guarantee under the next multiannual financial framework.

The proposed new decision will cover the EU guarantee for EIB external financing operations over the period beginning on 1 January 2014 and ending on 31 December 2020.

IMPACT ASSESSMENT: the preferred option would be an adaptation of the current set-up of the existing mandate, with a combination of amendments responding to the new policy context. The preferred option in terms of budgetary impact, coherence and complementarity with the Union policies and instruments is the sub-option called FOCUS which involves:

- focusing the mandate on less credit-worthy beneficiaries, microfinance operations continuing not to be explicitly eligible,
- introducing an overall signature target accompanied by the introduction of a tracking system allowing to monitor absolute and relative Greenhouse Gas emission reduction of all EIB projects supported under the mandate, and
- updating technical operational regional guidelines in line with the multiannual indicative programming of EU external financial instruments.

LEGAL BASIS: Articles 209 and 212 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposal aims to ensure the continuation of the EU guarantee for EIB external financing for the next financial perspectives 2014-2020, whilst introducing some changes:

- refocusing the geographical scope of the mandate on less creditworthy beneficiaries where the use of the guarantee would display the highest value added. The Commission is empowered to adopt delegated acts to activate or suspend the actual eligibility for EIB financing under the EU guarantee for countries listed as potentially eligible countries, while the modification of the list of potentially eligible countries would require a separate decision by the legislator;
- reinforcing the climate change dimension of the mandate (climate change operations should represent an average of at least 25% of total EIB financing operations);
- better aligning EIB financing with the Union policies and reinforcing coherence and complementarity with EU instruments to more satisfactorily mirror policy developments in a timely manner through the provision to update the technical operational regional guidelines in line with the multiannual indicative programming of EU external financial instruments.

BUDGETARY IMPLICATION: the ceiling proposed is compatible with the provisioning amounts envisaged in the technical input from the European Commission sent by the Commission on 27 March 2013 (EUR 1.193 billion for the 2014-2020 Financial Framework in current prices) and is based on expected patterns of disbursements and reimbursements of guaranteed loans.

The proposal foresees a maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2014-2020 of EUR 28 billion. This maximum ceiling shall be broken down into two parts: (i) a fixed ceiling of a maximum amount of EUR 25 billion; and (ii) an optional additional amount of EUR 3 billion. The activation in whole or in part of this optional amount and its regional distribution will be decided under ordinary legislative procedure following a mid-term review.

The total budgetary implication (including administrative expenditure) is estimated at EUR 1 119.488 million for the 2014-2020 period.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

The Budgets Committee adopted the report by Ivailo KALFIN (S&D, BG) on the proposal for a decision of the European Parliament and of the Council on granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union.

It recommended that the European Parliament's position at first reading under the ordinary legislative procedure should be to amend the Commission proposal as follows:

The EU guarantee: this should be given for the benefit of investment projects carried out in eligible countries in accordance with the EIB's own rules and procedures including the EIB's statement on environmental and social principles and standards.

Ceilings for the financing operations: Members demanded that the maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2014-2020 should not exceed EUR 30 000 000 000 (against EUR 28 000 000 000 according to the Commission proposal). This maximum limit should consist of a fixed ceiling of a maximum amount of EUR 27 000 000 000.

The EIB financing operations in support of Union external policies should continue to be conducted in accordance with the principles of sound banking practices.

Objectives and general principles: the report indicated the following points:

- the EIB should take care, in its choice of projects, to safeguard the European interest;
- it should also be ensured that the foreign direct investment that is supported by the EIB genuinely contributes to economic integration between Pre-accession countries, Neighbourhood countries and Member States;
- in accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), the EIB, in principle, should endeavour to support the objectives of the Union development cooperation policy, such as reducing poverty through inclusive growth and sustainable economy, environmental and social development;
- the EIB should always, as a priority, endeavour to strengthen the local private sector in beneficiary countries; EIB financing should genuinely be used in the specific investment projects for the benefit of the SMEs concerned;
- the EIB should also support investment projects in sustainable energy security and energy infrastructure, including electricity transmission infrastructure, in particular, interconnections that facilitate the integration of electricity from renewable sources;
- investments in the field of renewable energy and better energy efficiency should be preferred to investment in fossil fuels which generate high CO2 emissions;
- financial agreements with individual promoters relating to EIB operations should also include appropriate environmental, social, human rights and labour provisions.

Countries covered: for countries not listed in Annex II, eligibility for EIB financing under the EU guarantee should be decided on a case-by-case basis in accordance with the ordinary legislative procedure.

Members proposed adding Bhutan to Annex III following the recent developments which allowed the Union to open a new chapter in its relations with this country and in order to support the on-going political and economic reforms.

Consistency between the external actions of the EIB and the objectives of the EU's external policy: Members demanded that the lending operations of the EIB be consistent with the development strategies of the beneficiary country.

The EIB should also require the project promoters to carry out appropriate consultations with the relevant national and local stakeholders, as well as with civil society, at project planning stage and implementation stage.

The consistency of EIB financing operations under the mandate with Union external policy objectives should be subject to monitoring. To facilitate this, the EIB should develop performance indicators in relation to development, environmental and human rights aspects of projects funded.

Cooperation with other European or international financial institutions: the EIB must not cooperate with financial intermediaries with a negative track record in terms of transparency, fraud, corruption and environmental or social impacts.

Members took the view that the EIB should only cooperate with financial intermediaries:

- that have substantial local ownership;
- that are equipped to implement a predevelopment approach supporting the specificity of SMEs in the countries of operation;
- and that are neither operating or established in a jurisdiction that: i) provides for tax measures which entail no or nominal taxes; ii) does not ensure an effective exchange of information in tax matters; is listed as a Non-Cooperative Country or Territory by the Financial Action Task Force (FATF).

Transparency: the allocation policy should be placed at the disposal of the European Parliament and made publicly available on the EIB website. After the project approval stage, for each operation to be financed by the EIB outside of the EU, the EIB website should indicate whether a EU guarantee will be used or not.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

The European Parliament adopted by 593 votes to 63 with 18 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council on granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union.

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of an agreement negotiated between Parliament and Council.

The EU guarantee: this should be given for the benefit of investment projects carried out in eligible countries in accordance with the EIB's own rules and procedures including the EIB's statement on environmental and social principles and standards.

The EIB financing operations in support of Union external policies should continue to be conducted in accordance with the principles of sound banking practice.

Ceilings for the financing operations: Parliament proposed that the maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2014-2020 should not exceed EUR 30 billion. This maximum limit should consist of a fixed ceiling of a maximum amount of EUR 27 billion and an optional additional amount of EUR 3 billion.

The European Parliament and the Council shall decide in accordance with the ordinary legislative procedure on the activation in whole or in part of the additional amount and its regional distribution following the mid-term review.

Objectives and general principles: the EU guarantee shall be granted only for EIB financing operations which have added value on the basis of the EIB's own assessment, and support any of the following general objectives:

- local private sector development, in particular support to SMEs;
- development of social and economic infrastructure, including transport, energy, environmental infrastructure, and information and communication technology;
- climate change mitigation and adaptation.

Parliament specified the following:

- EIB financing will be adapted to ensure that the EIB enables effective support of Union external policy objectives;
- EIB financing operations should be consistent with the beneficiary country's own strategies;
- the EIB shall undertake financing operations in beneficiary countries within areas covered by the general objectives by supporting foreign direct investments that promote economic integration with the Union;
- in developing countries, the EIB financing operations shall contribute indirectly to the objectives of the Union development cooperation policy, such as reducing poverty through inclusive growth and sustainable economy, environmental and social development ;
- the EIB shall endeavour to strengthen the local private sector in beneficiary countries through support to local investment;
- the EIB shall cooperate with financial intermediaries that can support the specific needs of SMEs in the countries of operation and that do not participate in EIB financing operations implemented in an eligible country through vehicles located in a foreign non-cooperative.

The EU guarantee shall cover only EIB financing operations carried out in eligible countries that have concluded a framework agreement with the EIB establishing the legal conditions under which such operations are to be carried out.

Projects on climate change: the eligibility criteria for climate action projects are defined in the EIB climate change strategy, which shall be updated before the end of 2015. To this end, an analysis of the carbon footprint ought to be included in the environmental assessment procedure. The volume of those operations shall represent at least 25% of total EIB financing operations in order to further the promotion of the Union's climate goals on a global scale.

Countries covered: for countries not listed in Annex II, eligibility for EIB financing under the EU guarantee should be decided on a case-by-case basis in accordance with the ordinary legislative procedure.

With regard to amendments to Annex III, the Commission's decisions shall be based on an overall assessment, including economic, social, environmental and political aspects, in particular those related to the democracy, human rights and fundamental freedoms.

Coverage and terms of the EU guarantee: the amended text states that for EIB financing operations consisting of debt capital market instruments, only the Political Risk Guarantee shall apply.

Furthermore, financing agreements with individual promoters relating to EIB financing operations shall also include appropriate environmental and social provisions.

EIB assessment and monitoring of investment projects: the EIB shall require project promoters to carry out local public consultation, in line with Union social and environmental principles, with the relevant national and local stakeholders, as well as with civil society, at project planning stage and implementation stage on social, human rights, environmental, economic and development-related aspects of investment projects covered by the EU guarantee.

Annual reporting and accounting: the report presented each year to the European Parliament and Council an assessment of the added value , the estimated outputs, outcomes and development impact of EIB financing operations at an aggregated basis. To that effect, the EIB shall use performance indicators in relation to development, environmental and social aspects, including human right aspects, of projects funded.

Indicators for environmental aspects of projects shall include criteria for clean technology which are oriented in principle at energy efficiency and technologies for reducing emissions;

Transparency: the allocation policy and where possible and appropriate, existing framework agreements between the EIB and a recipient country, should be made publicly available on the EIB website.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

PURPOSE: to approve the renewal of an EU guarantee to the European Investment Bank for the period 2014 to 2020.

LEGISLATIVE ACT: Decision No 466/2014/EU of the European Parliament and of the Council granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union.

CONTENT: the Decision renews the EU budget guarantee for EIB lending to projects that support the EU's external policy objectives. The EU guarantee is restricted to 65 % of the aggregate amount disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts.

Ceilings: the maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2014-20 shall not exceed EUR 30 000 000 000, broken down into: (a) a fixed ceiling of a maximum amount of EUR 27 000 000 000; (b) an optional additional amount of EUR 3 000 000 000 to be (wholly or partially) activated by the Parliament and the Council following a mid-term review in 2016.

Regional distribution of the EUR 27 billion fixed ceiling is set as follows:

Pre-accession countries: EUR 8 739 322 000;

Neighbourhood and Partnership countries: EUR 14 437 225 000, broken down into the following indicative sub-ceilings:

- Mediterranean countries: EUR 9 606 200 000;
- Eastern Europe, Southern Caucasus and Russia: EUR 4 831 025 000.

Asia and Latin America: EUR 3 407 295 000, broken down into the following indicative sub-ceilings:

- Latin America: EUR 2 288 870 000;
- Asia: EUR 936 356 000;
- Central Asia: EUR 182 069 000;

South Africa: EUR 416 158 000.

Within the overall fixed ceiling, the EIB governing bodies may decide, after consulting the Commission, to reallocate up to 20 % of the sub-regional ceilings within regions and up to 10 % of the regional ceilings between regions.

Eligible countries: the Decision establishes a list of countries that are potentially eligible (Annex II) and those that are actually eligible (Annex III) for EIB financing under the EU guarantee. Bhutan is added to the list of actually eligible countries and Myanmar is added to both lists.

For countries not listed in Annex II, eligibility for EIB financing under the EU guarantee shall be decided on a case-by-case basis in accordance with the ordinary legislative procedure.

With regard to amendments to Annex III, the Commission's decisions must be based on an overall assessment, including economic, social, environmental and political aspects, in particular those related to the democracy, human rights and fundamental freedoms as well as the relevant European Parliament resolutions and Council decisions and conclusions.

General objectives and principles: the EU guarantee will be granted only for EIB financing operations which have added value on the basis of the EIB's own assessment, and support any of the following general objectives:

- local private sector development, in particular support to SMEs;
- development of social and economic infrastructure, including transport, energy, environmental infrastructure, and information and communication technology, including production and integration of energy from renewable sources, and energy systems transformation enabling a switch to lower carbon intensive technologies;
- climate change mitigation and adaptation: the volume of these operations shall represent at least 25 % of total EIB financing operations.

General objectives also include the following:

- effective support of Union external policy objectives;
- regional integration among countries, including in particular economic integration between Pre-accession countries, Neighbourhood countries and the Union;
- in developing countries, the indirect contribution to the objectives of the Union development cooperation policy, such as reducing poverty through inclusive growth and sustainable economy, environmental and social development ;
- strengthening the local private sector in beneficiary countries.

Assessment and monitoring of investment projects: the EIB shall require project promoters to carry out local public consultation with the relevant national and local stakeholders, as well as with civil society, at project planning stage and implementation stage on social, human rights, environmental, economic and development-related aspects of investment projects covered by the EU guarantee.

Annual report and transparency: the Commission should report annually to the European Parliament and the Council assessing EIB financing operations and their compliance with the Decision. The report should be made public.

Furthermore, the EIB shall make publicly available on its website information relating to the EIB's allocation policy and where possible and appropriate, existing framework agreements between the EIB and a recipient country.

ENTRY INTO FORCE: 11.05.2014.

DELEGATED ACTS: the Commission may adopt delegated acts in order to reflect significant policy developments regarding the list of countries actually eligible for EIB financing operations. The delegation of power will be conferred on the Commission for an indeterminate period of time from 11 May 2014. The European Parliament or the Council may raise objections with regard to a delegated act within two months of the date of notification (which may be extended by two months). If Parliament or Council raise objections, the delegated act will not enter into force.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

Following the adoption of the Decision 466/2014/EU on granting an EU guarantee to the European Investment Bank (EIB) against losses under EIB financing operations for projects outside the Union over 2014-2020, the Commission has presented this report covering the year 2015.

In brief, in the new Decision (466/2014/EU), the three high level objectives for extending the EU guarantee remain unchanged:

1. promoting growth in the local private sector,
2. developing social and economic infrastructure,
3. climate action and, as an underlying objective, fostering regional integration.

The Mandate entered into force with the signing of the Guarantee agreement on 25 July 2014.

Key findings from 2015:

- In terms of number of projects, financing for 38 projects was signed in 2015 under the EU Guarantee (42 in 2013) and 16 projects under EIB own risk (23 projects signed in 2014).

- The share of activity under the EU guarantee in total volume increased in 2015 by 16% to reach EUR 4.8 billion (EUR 4.2 billion in 2014) or 72% of total 2015 financing in the regions covered by the Decision.
- The EIB signed a total of EUR 6.7 billion in the regions covered by the External Lending Mandate (ELM) which is almost equal to the signatures of the previous year (EUR 6.8 billion). Overall volumes in 2015 were mainly driven by a strong performance in the Eastern Neighbours, Russia and Asia and Latin America regions.
- In the Mediterranean countries, the amount signed reached EUR 1.4 billion. The majority of that amount was for projects focused on providing support to build social and economic infrastructure, especially energy projects (53%) and transportation (25%). A total of 12% was allocated under credit lines to banks for on-lending to SMEs.
- In the Eastern Neighbourhood, signatures totalled EUR 1.5 billion, representing the highest increase from 2014 (+26%) among all Mandate regions, even in the context of Union sanctions on Russia.
- In Asia, Central Asia and Latin America, total signatures decreased by 18% from 2014, totalling EUR 1.1 billion. Latin America accounted for 55% of the amount signed, with special focus on infrastructure and private sector financing in Brazil and Nicaragua.
- In South Africa, three loans, totalling EUR 150 million, were signed to finance private sector credit lines to banks for on-lending to SMEs.
- The EIB continued to demonstrate its commitment to supporting the Union's climate action agenda. EIB operations signed in the regions covered by the Decision remain well above the threshold of 25% set out in the Decision.
- The Decision emphasises a strong alignment of EIB external activity and the Union's external policies, programmes and instruments and it is worth noting that over the year 2015. The EIB continued to cooperate closely with the Commission and the EEAS to strengthen the consistency and coherence of EIB actions with external Union policies. The Regional Technical Operational Guidelines ("RTOGs") were updated.
- The EIB continued working with other Multilateral Development Banks on the post 2015 Development Agenda and particularly on developing a common approach to roles with respect to Financing for Development.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

The Commission presents a report on the mid-term review of the application of the Decision N° 466/2014/EU as regards the EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union

This report draws on an independent external evaluation carried out by an external consultant and a contribution from the EIB. It describes the Commission's assessment of the results of the external evaluation and summarises the findings forming the basis for a proposed amendment of the Decision.

The main conclusions of the report are as follows:

Situation of the external lending mandate: the external lending mandate has supported the Union's external policy agenda, showing sufficient flexibility and reactivity to the geopolitical challenges as demonstrated through the cases of Ukraine (the Ukrainian crisis), Egypt and Morocco (Arab spring) and Jordan (the refugee crisis). The mandate has played a role in the economic and therefore political stabilisation of those countries hit by a political crisis.

By the end of 2015, a year and a half of financing activities under the mandate 2014-2020, cumulative signatures under the mandate reached EUR 6.9 billion, corresponding to an utilisation rate of 26%. The utilisation rate in the Eastern Neighbourhood already exceeds 50%, followed by Asia and Latin America and South Africa with 41% and 36% respectively.

The ceiling for the EIB external lending mandate is EUR 27 billion. In March 2014, the Union pledged a financial package in support of Ukraine and asked the EIB to contribute with investments in the order of EUR 3 billion for the period 2014-2016.

One can see that in contributing to such a proportion of lending in Ukraine, the EIB is exhausting the Eastern Neighbourhood region ceiling more rapidly than expected when the ceilings were originally prepared. The ceiling in the Eastern Neighbourhood will be reached as of mid-2017 and the EIB would not be able to continue lending in the region for the entire period of the mandate.

Current policy context: the report notes that clear policy drivers for the Union's external actions have emerged and evolved recently, to be considered for the mid-term review of the EIB's external lending mandate, notably:

- the urgent work on the external dimension of EU migration crisis, and the potential role of the EIB;
- wider work on sustainable development goals and financing for development (the Addis Ababa Action Agenda reaffirming the need to go beyond ODA to support investments);
- the climate change agenda, in particular after Paris COP 21;
- the work on economic diplomacy supporting the internationalisation of EU businesses.

As requested by the European Council request on 18 March 2016, the EIB proposed an initiative mobilising additional financing in support of sustainable growth, vital infrastructure and social cohesion in Southern neighbourhood and Western Balkans countries which are hit by the migration crisis.

The EIBs proposal (the "Resilience initiative") is based on three building blocks:

- Building block 1: Stepping up of activities that are possible under existing frameworks.
- Building block 2: Enhancing the range of products offered in the regions to support mainly the public sector.
- Building block 3: Enhancing the range of products offered in the regions to support mainly the private sector.

Legislative proposal: with regard to the ceiling on the mandate, based on the Commission's assessment of the findings of the mid-term review and bearing in mind the EIB's Resilience initiative, the Commission presents, in parallel to the report, a [proposal to revise Decision No](#)

[466/2014/EC](#), which aims to:

- release the optional EUR 3 billion with the regional ceiling distribution as before;
- create an additional maximum ceiling for EIB's private sector mandate amounting to EUR 2.3 billion (Building Block 3 under the EIB's Resilience initiative), while introducing a comprehensive guarantee for the private sector operations directly linked to the refugees and host communities, thus extending the coverage of the EU guarantee to commercial risks;
- allow an increased flexibility for the EIB to switch amounts under the regional ceiling allocations (from current 10% between regions to a level of 20%), but only in the direction of high priority regions for the Union, in particular Ukraine and migration response related regions or any forthcoming challenges within the remaining part of the mandate 2014- 2020. The increased flexibility does not apply to the new EIB private sector mandate of the EIB's Resilience initiative, nor to the amount of EUR 1.4 billion for private sector projects to deal with the migration crisis;
- strengthen the climate change dimension of the mandate. The volume of EIB operations for climate change mitigation and adaptation should contribute to stepping up the proportion of EIB lending in support of climate related investment in developing countries from 25% to 35% by 2020.

These amendments involve an increase of EUR 5.3 billion for the provisioning of the Guarantee Fund regarding the external lending mandate, including the optional additional amount of EUR 3 billion:

- within the optional amount, the Commission proposes to maintain the proportions for the Asia Latin America and South Africa regions ;
- within that amount, the Commission proposes to split the increase of the EUR 1.4 billion under the Resilience initiative between the Pre-accession (EUR 500 million, only Western Balkan countries) and Mediterranean countries (EUR 900 million) ;
- the remaining part of the optional amount will be allocated to the East Neighbourhood (EUR 1 177 million), thus more than doubling their proportion and allowing for at least part continuation of increased business levels in the region, in particular in the Ukraine;
- lastly, the amount of EUR 2,3 billion for EIB operations in the private sector for refugees is split between Pre-Accession (EUR 440 million, also only Western Balkan countries) and Mediterranean regions (EUR 1 860 million).

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

This Commission report gives an overview of the EIB's 2016 activities relating to the EU guarantee under the External Lending Mandate (ELM) and the main results and effects achieved.

Under the ELM, the EU 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 the pre-accession countries, the Eastern and Southern Neighbourhood, Asia, Latin America and South Africa. Under the current ELM period (2014-2020), the EU budget guarantees up to EUR 27 billion of EIB operations.

The key findings for 2016 are as follows:

- the EIB signed a total of EUR 6.8 billion in the regions covered by the External Lending Mandate, a slight increase on the previous year (EUR 6.7 billion). Of this total, more than a half (58%, EUR 4 billion) was carried out under the EU's guarantee;
- approximately EUR 5.9 billion was carried out in the pre-accession countries (total EIB exposure in Turkey covered by the EU guarantee currently represents EUR 9.6 billion) and in the Neighbourhood regions (both South and East). The rest (26%) was signed in Asia, Central Asia and Latin America;
- of the total signed amount in the ELM regions in 2016, 49% (EUR 3.383 billion) will support local private sector development, principally through improving access to finance for SMEs, microenterprises and mid-cap companies. Just over half (51%, EUR 3.457 billion) will contribute to the development of social and economic infrastructure. Nearly a third of the total volume will contribute to the climate action objective (28%, EUR 1.921 billion);
- in 2016, the EIB significantly increased its lending in the Western Balkans compared to 2015 (+92%), where the amount reached EUR 427 million and in the Mediterranean countries (+12%), where the amount signed reached EUR 1.6 billion, in the context of the implementation of the Bank's Economic Resilience Initiative in support of those regions;
- lending in the Pre-Accession countries contributed the most to the objective of local private sector development with EUR 1.8 billion (52%) followed by the Mediterranean countries with 960 million (28%);
- the Eastern Neighbourhood is the region that contributes the most to the objective of economic and social infrastructure with 1.2 billion (34%) of the total lending to this objective.

The report also provides information on the expected future impact of the financing operations signed in 2016 on the basis of the EIB's Results Measurement Framework ("ReM"). Around 90% of new projects are expected to achieve 'good' results in terms of quality and soundness of the operation. More than 80% of new projects are expected to be associated with either 'high' or 'significant' EIB additionality.

The report mentions the main results expected of new projects in 2016:

- nearly 10 000 loans to micro-enterprises, SMEs and mid-caps, helping to sustain around 544,700 jobs;
- 1.2 million passengers benefiting daily from improved urban and rail transport;
- 1.5 million people benefiting from improved sanitation services;
- 743 200 households connected to the grid;
- 469 000 people benefiting from improved waste management;
- 150 000 patients treated per year in new or rehabilitated hospitals;
- 37 000 additional students enrolled in higher education facilities.

The Commission continues to actively engage with the EIB in a number of other policy areas, including dealing with non-cooperative tax 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.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

This Commission report provides an overview of the EIB's activities under the EU guarantee in 2017 and the main results and impacts achieved.

Under the External Lending Mandate (ELM), the EU provides its budgetary guarantee to enable the EIB to strengthen its lending activity in support of EU policies outside the EU.

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.

Following the adoption of [Decision \(EU\) 2018/412](#) amending Decision No 466/2014/EU, the new ceiling of EUR 32.3 billion includes a guarantee mandate of EUR 3.7 billion for the new objective of long-term economic resilience of refugees, migrants, host and transit communities and communities of origin as a strategic response to address the root causes of migration.

Main conclusions for 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 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;

- EIBs 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;

- 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 and 7 new projects in the energy sector. 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;

- 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.

The level of disbursements under the ELM 2014-2020 reached 25% of net signatures at the end of 2017, up from 18% in 2016.

Impact and value added of EIB operations

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

- Pillar 1 rates the expected contribution to EU and partner countries' priorities and eligibility under EIB mandate objectives: in 2017, all 62 new projects were rated by the EIB at least 'good' under Pillar 1. 28 projects were rated 'excellent' by the EIB for making a high contribution to both EU priorities and national development objectives.

- Pillar 2 rates the quality and soundness of the operation, based on the expected results: 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.

- Pillar 3 rates expected EIB financial and non-financial additionality: 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'.

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. Efforts to recover the overdue amounts have not been successful to date.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

This report summarises the Commission's evaluation of the implementation in 2014-2018 of the EU budgetary guarantee to the European Investment Bank (EIB) against losses under EIB financing operations supporting investment projects outside the Union.

Main objective of the evaluation

The evaluation aims to provide input for a possible new decision on the coverage of the EIB financing operations by the EU guarantee post-2020. In particular, it aims to help design future EU budgetary guarantees in the context of the Neighbourhood, Development and International Cooperation Instrument (NDICI), proposed by the Commission in June 2018.

As from 2021, the External Lending Mandate is envisaged to be replaced by a broader instrument, the European Fund for Sustainable Development Plus (EFSD+), making EU budgetary guarantees available to the EIB as well as to other International Financial Institutions (IFIs) or Development Finance Institutions (DFIs) in the context of an open financial architecture.

The evaluation examined the effectiveness, efficiency, relevance, coherence and EU added value of the budgetary guarantee underpinning the current External Lending Mandate.

Main findings

The report highlighted that a key limitation of the Commissions evaluation is linked to the fact that the implementation of investment operations under the ELM takes a number of years, especially as regards infrastructure projects.

In accordance with the ELM Decision, 64 countries outside the EU are currently eligible for EIB financing operations under the EU budgetary guarantee. The EIB has entered into Framework Agreements with and is thus currently able to undertake financing operations in 57 of those countries. In the period under evaluation, the EIB signed financing operations under the ELM in 38 countries and under its own-risk facilities in six additional countries.

The overall ceiling of the EU budgetary guarantee for the EIBs external operations in 2014-2020 is EUR 32.3 billion.

At the end of 2018, cumulative net signatures of EIB financing operations under the ELM 2014-2020 amounted to EUR 17.6 billion, i.e. approximately 54% of the overall guarantee ceiling as revised during the mid-term review. During 2014-18, 189 operations were financed under the ELM, with an average size of approximately EUR 90 million. The EIBs relatively limited utilisation of the ELM 2014-2020 guarantee ceilings can be partly attributed to developments in Turkey since 2016 and the war in Eastern Ukraine since 2014. Moreover, the guarantee ceilings allocated by the current ELM Decision to the EU Neighbourhood (Eastern and Southern) are altogether EUR 6 billion higher than the ceilings of the previous mandate, while absorption capacity has been reduced by the war in Syria and political volatility in several other countries. Taken together, these external factors largely explain why the EIB used the available guarantee ceilings by end-2018 to a lesser extent than at the same stage of the previous external mandate.

Effectiveness

The EIB disbursed EUR 5.8 billion under the ELM 2014-2020 by the end of 2018, representing 33% of net signatures, whereas at the end of 2011, the EIB had disbursed EUR 8.5 billion or 44% of the net amounts signed under its external mandate for 2007-2013.

The slower pace of disbursements under the ELM 2014-2020 compared to the previous mandate appears to be explained mainly by external factors, such as weak regulatory frameworks, fragmented legislation, government instability, low institutional capacity, staff turnover and slow and inefficient procedures in recipient countries.

A majority of ELM operations consists of loans to the public sector for infrastructure development. As of end-2018, these accounted for nearly EUR 11 billion of operations signed. Operations financing private sector development but benefitting from the comprehensive guarantee represented approximately one-quarter of signatures under the ELM in 2014-2018. Finally, operations under the political risk guarantee made up about one-tenth of ELM volumes signed.

Efficiency and added value

The efficiency and the added value of the EU guarantee correspond to the legislators expectations. Compared to the budgetary amounts set aside in the guarantee fund, about 11 times more EIB financing is provided to beneficiaries at any given time, and more than 20 times as much total investment is mobilised. To date, no calls on the EU budgetary guarantee have occurred on operations under the ELM 2014-2020.

The ELM plays a relevant role in supporting the EUs external policy objectives. However, most of the ELM guarantee is currently allocated in support of operations in Upper Middle Income Countries, and only few operations have been financed by the EIB in Least Developed Countries. This can be perceived as a shortcoming in the ELMs relevance vis-à-vis EU development cooperation policy, to be addressed in the design of future EU guarantees, while taking into account limitations in terms of debt sustainability.

Coherence

Coherence and alignment of ELM operations with EU policy and Member States interventions could be improved, including by ensuring a stronger policy steer from the EU and greater sharing of information between the EIB and Commission services throughout the project cycle. The report noted that information sharing between the EIB and the Commission on the application of such clauses could also be improved.

Conclusions

In order to maximise the additionality of EU budgetary guarantees under the NDICI Regulation post-2020, several lessons can be learned from the ELM 2014-2020:

- for the purpose of policy design, it is useful to distinguish more clearly between the desired impact of the EU guarantee on the financial advantage transferred to beneficiaries (i) in the public sector, and (ii) in the private sector. While there may be policy reasons to minimise the costs of financing operations with certain types of public sector counterparts, this is not necessarily the case for private sector financing;
- consistent attention to reducing the risks of market distortion is warranted and a more explicit policy could be formulated for the use of key mitigating measures, such as upward modulation of interest rates in order to reflect local market conditions in private sector financing;
- the rationale for the use of comprehensive guarantees in the financing of private sector development deserves careful scrutiny;
- provision of local currency financing could be further encouraged.

Recommendations

The evaluation identified the following key recommendations for improvements in the implementation of the ELM, also relevant for the design of post-2020 EU budgetary guarantees in the context of the NDICI Regulation:

- to explore options for timelier reporting and evaluation of actual results achieved, and greater analysis of actual impacts;
- for the EIB, Commission services and the EEAS to work better together in defining the optimal sizes of envisaged investment operations, tailored to the beneficiary countries (also to ensure debt sustainability), and to help beneficiary countries make faster use of approved ELM financing;
- to strengthen alignment of ELM operations with EU policies through stronger policy steer from the EU and closer coordination between the EIB, the Commission and the EEAS;

- to adapt the geographical coverage of possible EU external investment windows post-2020 and the allocation of the EU guarantee across the various regions based on the EUs external policy priorities post-2020 and the needs of partner countries;
- to seek stronger synergies between the strengths of the EIB in terms of low borrowing costs, and other financial institutions strengths in terms of ground presence, sectoral expertise and development impact.

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

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Under the External Lending Mandate (ELM), the EU provides its budgetary guarantee to enable the EIB to strengthen its lending activity in support of EU policies outside the EU. The ELM supports EIB activity in Pre-Accession countries, the Eastern and Southern Neighbourhood, Asia, Latin America and South Africa, with a total of 64 countries currently eligible.

In the current ELM period (2014-2020), the EU budget guarantees up to EUR 32.3 billion of EIB financing operations with a commitment to cover the first 65% of losses that may arise in the guaranteed portfolio.

Key findings from 2018

In 2018, the EIB signed a total of EUR 5.8 billion of financing operations in the regions covered by the External Lending Mandate. Of this total, over EUR 4.46 billion of EIB operations are covered by the EU guarantee (i.e., they fall under the ELM), involving nearly 50 loan contracts.

Compared to 2017, when only EUR 3.2 billion of operations were signed under the ELM, the 2018 volumes are visibly higher. By contrast, the volume of the EIBs own-risk operations in ELM countries declined from EUR 2.3 billion in 2017 to EUR 1.4 billion in 2018.

Differing nature of the EU guarantee

The nature of the EU guarantee differs depending on the EIBs financing operation in question:

- A comprehensive guarantee, covering both operational and political risks, is provided for financing operations with public sector counterparts (typically for infrastructure development) as well as for EIB loans to banks or companies that benefit from a state guarantee and for financing operations under the Economic Resilience Initiative private mandate, created following the mid-term review of the ELM in 2018. EUR 4.2 billion or nearly 95% of financing operations signed under the ELM in 2018 benefitted from the EUs comprehensive guarantee.
- A political risk guarantee with a more limited coverage is provided for other private sector operations. In 2018, it covered financing operations in the volume of EUR 242 million.

The cumulative level of disbursements under the ELM 2014-2020 reached 33% of net signatures at the end of 2018 (EUR 5.8 billion), up from 18% in 2016 and 25% in 2017. Especially in the case of infrastructure projects, disbursements of EIB financing take place gradually and over a number of years.

Financing operations

The report noted that:

- the total volume of EIB investments signed under the ELM in 2018 amounted to EUR 4.46 billion. Two-thirds (EUR 3 billion) will contribute to the development of social and economic infrastructure. The remaining one-third will support local private sector development, principally through improving access to finance for SMEs;
- from the same total volume signed under the ELM in 2018, 35% will contribute to the climate action objective, 17% will support regional integration, and 19% will contribute to the objective of long-term economic resilience;
- the EIB signed EUR 1.72 billion of operations supporting local private sector development in 2018, of which EUR 1.46 billion under the ELM. The vast majority of this financing was provided in the form of credit lines to local financial intermediaries (mainly banks) for onlending to SMEs and mid-caps. Four of these credit lines aim to reach out to second-tier banks, namely in Armenia, Lebanon, Montenegro and South Africa. The EIB also signed one new credit line for microfinance in Jordan at its own risk;
- financing operations contributing to the development of social and economic infrastructure in the ELM regions amounted to EUR 4.12 billion of volumes signed by the EIB in 2018, of which nearly EUR 3 billion under the EU guarantee. The main sectors concerned were energy, transport and water/sewerage;
- EUR 2.5 billion of loans in the ELM regions signed in 2018 will support climate change mitigation and adaptation, of which EUR nearly 1.6 billion under the EU guarantee. The largest contributions to the climate action objective will come from lower carbon transport and renewable energy investments. Adaptation to climate change continues to account for less than 10% of the EIBs climate-related financing in the ELM regions;
- the EIB signed 12 new projects in 2018 that contribute to the cross-cutting objective of regional integration. The largest of these is the Trans-Anatolian Natural Gas Pipeline;
- the Economic Resilience Initiative was launched by the EIB in 2016 as a contribution to Europe's response to the migration and refugee challenge. In the context of the mid-term review of the ELM completed in 2018, an additional objective of long-term economic resilience was introduced in the ELM Decision. Moreover, EUR 1.4 billion was earmarked for public sector investments contributing to the resilience objective, and a specific ERI Private Mandate of EUR 2.3 billion was created in order to guarantee private sector investments supporting long-term economic resilience. By end-2018, the EIB approved EUR 4.1 billion of operations foreseen to respond to this new objective of the ELM.

EIB financing by region and sector

The EIB signed EUR 5.8 billion of loans in the ELM regions in 2018 out of EUR 7.7 billion of operations outside the EU (including the ACP countries, Overseas Countries and Territories as well the EFTA states). Approximately EUR 4.1 billion is the volume of operations signed in

the Pre-Accession and in the Neighbourhood regions (both South and East). EUR 1.7 billion was signed in Asia, Central Asia, Latin America and South Africa.¹⁸ Compared to 2017, the total volume of EIB financing in ELM regions somewhat increased in 2018, mainly due to a ramp-up of activity in the Western Balkans.

The lowest rate of utilisation of the EU guarantee is observed in the Pre-Accession region. This is explained mainly by the scaling back of EIB operations in Turkey in view of political and economic developments since 2016. The highest utilisation rate, at least in terms of signatures, is recorded in Central Asia and in the Eastern Neighbourhood.

Additional calls on the EU Guarantee

In 2018, the EIB proceeded to make new calls under the EU Guarantee as a consequence of overdue amounts on Syrian sovereign loans. From 2012 to 2018 the EIB called overall EUR 421.2 million, of which EUR 55.6 million in 2018, while the residual principal amount potentially callable stood at EUR 211.5 million at end-2018. Efforts to recover the overdue amounts have not been successful to date. The EIB has followed up in relevant courts in order to preserve the EUs claims on the amounts owed by Syria.