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Brussels, 26.7.2021  
COM(2021) 416 final

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

**ON 2019 EIB EXTERNAL ACTIVITY WITH EU BUDGETARY GUARANTEE**

## 1. INTRODUCTION

The External Lending Mandate (ELM) granted to the European Investment Bank (EIB) is an important tool through which the European Union (EU) provides support to investments in partner countries. It is based on a guarantee from EU budget resources enabling the EIB to increase its lending outside the EU in support of EU policies. The EU guarantee covers defined instances when borrowers fail to repay financing owed to the EIB. The EU guarantee thus increases the EIB's capacity to bear risk.

The legal basis of the ELM is Decision No 466/2014/EU (the 'ELM Decision'),<sup>1</sup> last amended in 2018.<sup>2</sup> In case the EIB calls on the EU guarantee, payments are made from the Guarantee Fund for External Actions.<sup>3</sup>

The ELM supports EIB activity in Pre-Accession countries, the Eastern and Southern Neighbourhood and Partnership countries, Asia, Latin America and South Africa, with a total of 64 countries currently eligible. In the current ELM period (2014-2020), the EU budget guarantee of up to EUR 32.3 billion of EIB financing operations covers the first 65% of losses that may arise in the guaranteed portfolio. The ELM Decision establishes guarantee ceilings for the various geographic regions and sub-regions.

The present annual report provides a general overview of the EIB's activities under the EU guarantee in 2019.<sup>4</sup> It also provides a summary of the operations carried out by the EIB without the EU guarantee (i.e., at its 'own risk') in order to provide a comprehensive picture of the EIB's activity in the regions covered by the ELM.<sup>5</sup> In addition, the Commission published a comprehensive evaluation, in 2019, of the implementation of the External Lending Mandate by the EIB since mid-2014 until end-2018.<sup>6</sup>

## 2. KEY RESULTS

In 2019, the EIB signed a total of EUR 6.3 billion of financing operations in the regions covered by the ELM. Of this total, over EUR 4.9 billion of EIB operations fall under the ELM (i.e. are covered by the EU guarantee), involving 56 financing contracts. The remaining operations are financed from the EIB's own-risk facilities.

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<sup>1</sup> Decision No 466/2014/EU of the European Parliament and of the Council of 16 April 2014 granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union, OJ L 135, 8.5.2014, p. 1.

<sup>2</sup> Amending Decision (EU) 2018/412 of 14 March 2018, OJ L 76, 19.3.2018, p. 30.

<sup>3</sup> Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions (Codified version), OJ L 145, 10.6.2009, p. 10, last amended by Regulation (EU) 2018/409 of the European Parliament and of the Council of 14 March 2018.

<sup>4</sup> This report has been prepared in line with the requirements set out in Article 11 of the ELM Decision.

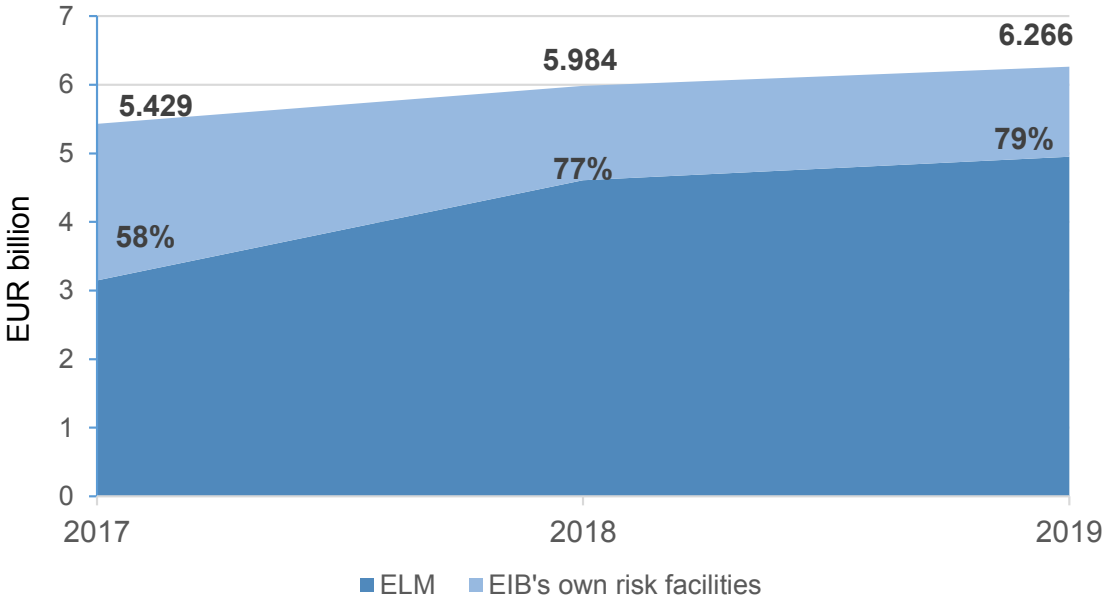
<sup>5</sup> The EIB currently has four Own Risk Facilities in the ELM regions, namely the Pre-Accession Facility (PAF), the Neighbourhood Financing Facility (NFF), the Climate Action and Environment Facility (CAEF) and the Strategic Projects Facility (SPF). In addition to the ELM regions, the latter two facilities also cover African, Caribbean and Pacific countries and Overseas Countries and Territories of EU Member States.

<sup>6</sup> SWD(2019) 333 final and related documents, available at [https://ec.europa.eu/info/commission-staff-evaluation-european-investment-banks-external-lending-mandate-2014-18\\_en](https://ec.europa.eu/info/commission-staff-evaluation-european-investment-banks-external-lending-mandate-2014-18_en).

Compared to 2018, when EUR 4.6 billion of operations were signed under the ELM, 2019 signatures were approximately 7% higher. By contrast, the volume of the EIB’s own-risk operations in ELM countries declined by almost 2% to EUR 1.36 billion in 2019.

Chart 1 illustrates the evolution of lending under the ELM and the EIB’s own-risk facilities between 2017 and 2019 (amounts signed, net of operations cancelled). Over this period, an average of 72% of EIB financing in these regions benefitted from the EU guarantee.<sup>7</sup>

**Chart 1: Annual evolution of EIB lending volumes in the ELM regions**



In accordance with the ELM Decision, the nature of the EU guarantee differs depending on the EIB’s financing operation in question:

- A *comprehensive guarantee*, covering credit risk, 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.<sup>8</sup> EUR 4.3 billion or nearly 87% of financing operations signed under the ELM in 2019 benefitted from the comprehensive guarantee.
- A *political risk guarantee* with a more limited coverage is provided for other private sector operations.<sup>9</sup> In 2019, it covered financing operations to the tune of EUR 617 million.

The cumulative level of disbursements under the ELM 2014-20 reached 36% of net signatures at the end of 2019 (EUR 8.0 billion), up from 33% in 2018. Especially in the case of

<sup>7</sup> Differences with amounts published in previous reports are due to contract cancellations.  
<sup>8</sup> The EU comprehensive guarantee enables the EIB to waive the risk premium it would otherwise need to include in its interest rate. Consequently, partner countries or their institutions/companies can borrow from the EIB at a significantly lower cost. For a detailed analysis, see SWD(2019) 333, referred to in footnote 6, pp. 10-11, 21 and 33-37.  
<sup>9</sup> The political risk guarantee covers non-payment due to non-transfer of currency, expropriation, war or civil disturbance or denial of justice upon breach of contract. It does not translate in a reduction of the EIB’s risk pricing.

infrastructure projects, disbursements of EIB financing take place gradually and over a number of years.<sup>10</sup>

**3. FINANCING OPERATIONS**

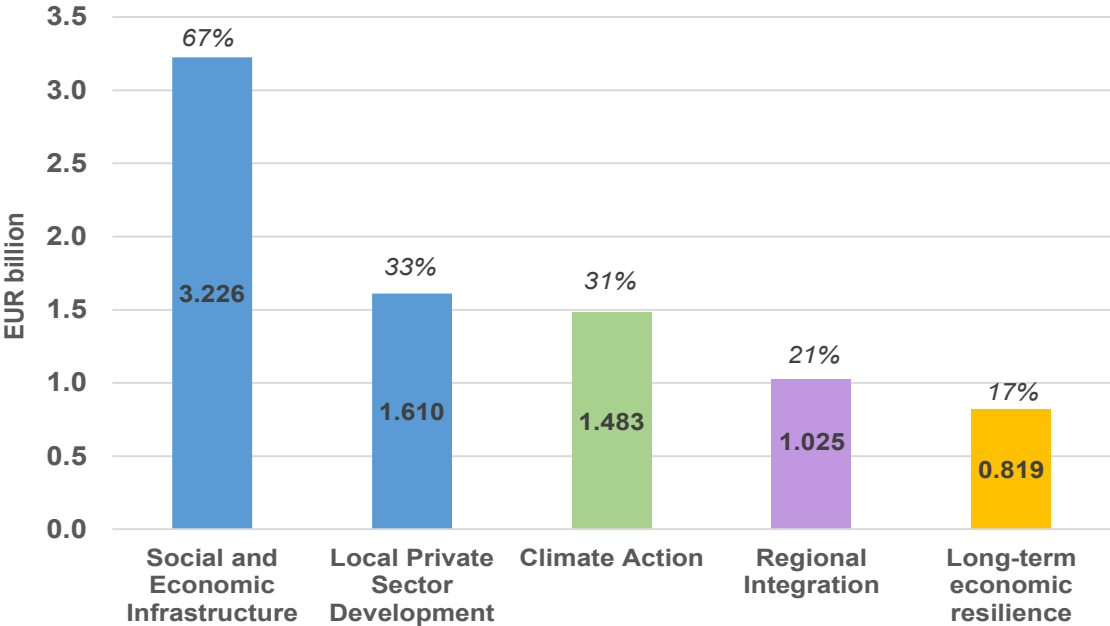
**3.1. OVERVIEW OF NEW EIB FINANCING OPERATIONS BY OBJECTIVE**

Each operation under the ELM contributes to one of two ‘vertical’ objectives: (a) local private sector development or (b) development of social and economic infrastructure. In addition, the same operations can also contribute (partly or fully) to the ‘horizontal’ objectives of climate action, regional integration and long-term economic resilience of refugees, migrants, host and transit communities, and communities of origin.<sup>11</sup>

As mentioned above, the total volume of EIB investments signed under the ELM in 2019 amounted to EUR 4.9 billion. 67% is intended to contribute to the development of social and economic infrastructure. The remaining 33% is expected to support local private sector development, principally through improving access to finance for small and medium-sized enterprises (SMEs).

From the total volume of operations signed under the ELM in 2019, 31% is aimed at contributing to the climate action objective, 21% to regional integration, and 17% to long-term economic resilience (see Chart 2).

**Chart 2: Contribution to ELM objectives in 2019 (EUR billion)**



*Note: A single project may contribute to more than one objective of the ELM. The objectives of Climate Action, Regional Integration and Long-term Economic Resilience are cross-cutting (horizontal) objectives applying to all projects and*

<sup>10</sup> For a more detailed analysis concerning disbursements, see the recent Commission staff evaluation, SWD (2019) 333, pp. 28 – 30.

<sup>11</sup> Article 3 of the ELM Decision.

therefore overlap with the two others. Signature volumes for Local Private Sector Development and Economic & Social Infrastructure counted together give the total volume signed in the year.

## **Local private sector development, in particular support to SMEs**

The EIB signed EUR 1.8 billion of operations in the ELM regions supporting local private sector development in 2019, of which EUR 1.6 billion under the ELM. The main lending instrument used was credit lines for on-lending to SMEs and midcap companies, with EUR 1.51 billion in contracts signed for nine credit lines for local financial intermediaries to enable them to go further in addressing the finance needs of this market segment. 2019 also saw 5 new microfinance projects supported<sup>12</sup> and 4 direct loans to companies.

Equity finance involves smaller volumes and is riskier by nature. EUR 94 million were signed in 2019 for 8 new equity funds. Two funds have a focus on supporting high growth potential companies and local private sector development in the Southern Neighbourhood, whereas the other 6 are cross-regional and have a focus on renewable energy and other green investments.

## **Development of social and economic infrastructure**

Financing operations contributing to the development of social and economic infrastructure in the ELM regions amounted to EUR 4.4 billion signed by the EIB in 2019, of which EUR 3.2 billion under the EU guarantee. The main sectors concerned were energy, transport and water/sewage. Transport projects were again this year in focus, with 12 projects accounting for just over 50% of total signatures by volume. Some focused on sustainable transport (such as urban metro projects in Pune and Bhopal in India, and in Cairo in Egypt), others targeted connectivity and regional integration in the Neighbourhood countries and the Western Balkans.

The other major sectors represented are energy and water, sanitation and solid waste. The energy projects were focused on enhancing sustainability in the sector, mostly through smaller-scale renewable energy projects (i.e. via framework loans and participation in 6 funds). With regard to water and waste management, there was a focus on improving wastewater management in the Western Balkans and the Southern Neighbourhood. In addition, a project to improve solid waste management in Moldova was also among those financed.

## **Climate change mitigation and adaptation**

EUR 2.7 billion worth of loans signed in 2019 in the ELM regions support climate change mitigation and adaptation, of which nearly EUR 1.5 billion under the EU guarantee.<sup>13</sup> At end-2019, the cumulative climate action ratio in the current ELM period stood at over 35% of net signatures<sup>14</sup>, exceeding the 25% minimum target established by the ELM Decision and consistent with the target of at least 35 % of total EIB financing operations in emerging economies and developing countries outside the Union by 2020.

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<sup>12</sup> In Lebanon, Tunisia, West Bank and Gaza, Georgia and Kazakhstan.

<sup>13</sup> 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.

<sup>14</sup> The corresponding figure for 2019 was 31%.

The largest contributions to the climate action objective came from lower carbon transport and renewable energy investments. Adaptation to climate change accounted for 8% of the EIB's climate-related financing in the ELM regions. In 2019, the EIB adopted a new Energy Lending Policy. As a consequence, outside the EU, the EIB will support the development of energy systems that are low-carbon, efficient and reliable, and which improve access to modern and affordable energy. In addition, and in line with the UN sustainable development goals seeking to double the global rate of improvement in energy efficiency by 2030, the EIB will apply outside the EU the same principle as within the EU. As part of its commitment to inclusive and sustainable growth, the EIB will continue to support energy projects that contribute to the aims of the 2030 UN Agenda for Sustainable Development.

## **Regional integration**

Total EIB signatures in 2019 for the regional integration objective in ELM regions was EUR 1.1 billion, of which EUR 1.0 billion under the EU guarantee. Activity in the Eastern Neighbourhood continued with large road connectivity projects in Ukraine and Georgia, while other road projects in Serbia and Morocco also supported regional integration. In the Western Balkans, the Montenegro Education Programme supported regional integration by addressing under-investment and poor allocation of resources in the educational sector, improving the quality of education in remote areas and harmonising standards, thus contributing to regional economic growth and social cohesion. In addition, the Partnership for Local Development in Serbia is expected to raise the quality of municipal infrastructure and services in some of the poorest areas of the country, supporting alignment with EU standards and thus helping the country to meet EU accession criteria.

## **Economic Resilience Initiative**

In cooperation with the European Commission in response to a request by the European Council for a specific initiative aimed at rapidly mobilising additional financing in support of growth, vital infrastructure and social cohesion in the Mediterranean region and Western Balkans, the Economic Resilience Initiative (ERI) was launched in 2016 as a contribution to Europe's response to the migration and refugee challenge.<sup>15</sup> The ERI is a part of Europe's joint response to the migration and refugee crisis, with a focus on tackling the longer-term causes of migration and mitigating long-term impacts of shocks and crises. Therefore, ensuring close coordination and complementarity with other EU initiatives is a key priority. 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. The ERI Private Mandate provides to the EIB a comprehensive guarantee cover, enabling it to undertake financing operations involving higher risk.<sup>16</sup>

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<sup>15</sup> <https://www.eib.org/en/projects/initiatives/resilience-initiative/index.htm>

<sup>16</sup> The EIB remunerates the EU for the budgetary guarantee under the ERI Private Mandate by passing on to the EU the risk-related revenues on these operations.

By end of 2019, the EIB had approved a total of EUR 5.6 billion of operations responding to the ERI objectives, of which EUR 819 million were signed in 2019. Around half of this volume covered credit lines (mainly for lending to SMEs), some 15% water or sewerage investments and some 11% investments in transport. More than two thirds of the signed financing target the private sector, providing increased economic resilience especially for SMEs. Most of the remaining signed financing targets the infrastructure allowing the provision of basic services such as access to clean water and sanitation, waste management and electricity, education and healthcare, local transport and urban services, for both refugees and host communities alike.

### 3.2. OVERVIEW OF EIB FINANCING BY REGION AND SECTOR

Table 1 provides an overview of the volume of EIB financing in 2019 in the regions covered by the ELM, including those with EU guarantee and those financed under own-risk facilities.

**Table 1: EIB financing operations signed in 2019 in ELM regions (net of cancellations)**

Region (EUR million)	Operations with EU guarantee			EIB own-risk facilities or third-party	Total
	Comprehensive guarantee	Political risk guarantee	Total ELM		
Pre-Accession	390	50	440	60	500
Southern Neighbourhood	2,203	25	2,228	75	2,303
Eastern Europe, Southern Caucasus and Russia	1096	180	1276	19	1295
Asia (excl. Central Asia)	205		205	1007	1212
Central Asia	30	12	42	15	57
Latin America	380	250	630	187	817
South Africa		100	100		100
<b>Total</b>	<b>4,304</b>	<b>617</b>	<b>4,922</b>	<b>1,364</b>	<b>6,285</b>

Out of the total of EUR 7.7 billion of operations outside the EU (including the ACP countries, Overseas Countries and Territories as well the EFTA states) in 2019, EUR 6.3 billion were signed in the ELM regions. Approximately EUR 4.1 billion were signed in the Pre-Accession and Neighbourhood and partnership countries (both South and East). EUR 2.2 billion were signed in Asia, Central Asia, Latin America and South Africa.

Compared to 2018, the total volume of EIB financing in ELM regions increased by 4.7% in 2019, mainly due to a ramp-up of activity in the Eastern Europe, Southern Caucasus and Russia sub-region and the and the and the Mediterranean sub-region.

**Table 2: Net signatures per year and cumulative net signatures compared with ELM guarantee ceilings for 2014-20 (Decision 466/2014/EU as amended by Decision (EU) 2018/412)**

Net signatures, EURm	2014 (H2)	2015	2016	2017	2018	2019	2014 (H2)-	Utilisation rate
Pre-Accession	200	906	566	170	1,142	241	<b>3,224</b>	<b>44%</b>
Southern Neighbourhood	369	726	1,299	1,168	1,367	1,609	<b>6,537</b>	<b>64%</b>
Eastern Europe, Southern Caucasus and Russia	975	1,401	1,472	657	632	1,276	<b>6,413</b>	<b>96%</b>
Asia (excl. Central Asia)	45	433	45	118	205	205	<b>1,051</b>	<b>90%</b>
Central Asia	70	70	20	22		42	<b>224</b>	<b>100%</b>
Latin America	219	468	319	362	347	630	<b>2,346</b>	<b>87%</b>
South Africa		150		50	70	100	<b>370</b>	<b>80%</b>
ERI Public Mandate					522	679	<b>1,201</b>	<b>86%</b>
ERI Private Mandate*				612	325	140	<b>1,076</b>	<b>47%</b>
<b>Total</b>	<b>1,878</b>	<b>4,154</b>	<b>3,720</b>	<b>3,159</b>	<b>4,610</b>	<b>4,922</b>	<b>22,442</b>	<b>69%</b>

\* The ERI Private Mandate covers the Western Balkans and the Mediterranean region.

Cumulative signatures under the ELM for 2014-19, net of cancellations, reached approximately EUR 22.4 billion at the end of 2019. The cumulative utilisation rate of the ELM in terms of net signatures stood at 69% of the overall guarantee ceiling.

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. A lower utilisation rate than average can also be observed in the Southern Neighbourhood where the EIB continue to judge the overall operational environment to be challenging, partly due to political instability, growing public debt and diminished fiscal space in some countries. The EIB also cites weak capacity and capability of promoters as complicating factor.

The highest utilisation rates, in terms of signatures, are recorded in Central Asia and in the Eastern Neighbourhood.

**Table 3: Sector distribution of EIB financing operations signed in ELM regions in 2019 under the EU guarantee**

Sector / region (EUR million)	Pre-Accession	Southern Neighbourhood	Eastern Neighbourhood	Asia	Central Asia	Latin America	South Africa	Total	Share of total
Transport	100	576	814	152				1,642	33%
Credit lines	50	1000	196		12	135	100	1,493	30%
Water, sewerage	194	382	66	54		145		841	17%
Energy		217	84		30	350		681	14%
Industry	50	22	38					110	2%
Agriculture, fisheries, forestry		25	26					51	1%
Urban development	17	6	27					50	1%
Solid waste			25					25	0.5%
Education	18							18	0.4%
Composite infrastructure	11							11	0.2%
<b>Total</b>	<b>440</b>	<b>2,228</b>	<b>1,276</b>	<b>206</b>	<b>42</b>	<b>630</b>	<b>100</b>	<b>4,922</b>	<b>100%</b>

Looking specifically at the ERI Private Mandate, the EIB's utilisation rate (based on net signatures) reached 47% by the end of 2019.

As concerns sector distribution of ELM operations in 2019, the top rank is occupied by the transport sector representing 33% of total signatures. The majority of ELM operations consists of infrastructure investments, mainly in the transport, energy and water/sewerage sectors.

### 3.3. IMPACT AND VALUE ADDED OF EIB OPERATIONS

In its evaluation of 13 September 2019,<sup>17</sup> the Commission conducted a comprehensive analysis of the impact and added-value of the implementation of the External Lending Mandate by the EIB. The paragraphs below reflect the EIB's own evaluation of the impact of its operations, as evaluated according to the EIB's result measurement tool.

The EIB tracks the expected results and impact of its financing operations through its 'Result Measurement Framework' (ReM), launched in 2012. At appraisal stage, results indicators are identified, with baselines and targets that forecast expected economic, social, and environmental outcomes. Achievement against those performance benchmarks is monitored throughout the project's life and reported at various 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 for private equity funds; and the end of the allocation period for credit lines. The majority of EIB operations under the ELM serve to finance infrastructure investments, which typically take many years to be completed. Data on actual results and impacts achieved with the support of the EU budgetary guarantee therefore normally becomes available with a considerable time lag.

In accordance with the ReM, projects are rated by the EIB under three 'pillars':

- i. Pillar 1 rates the expected contribution to the EU and partner countries' priorities and eligibility under the EIB mandate objectives. It helps to understand the logic of the EIB intervention with a view to the expected *impacts* of the project.
- ii. Pillar 2 rates the quality and soundness of the operation, based on the expected *outputs, outcomes and results*.
- iii. Pillar 3 rates the expected financial and non-financial contribution (added value) that the EIB brings to the project, beyond the market alternative. It helps to assess the intervention logic at the level of the EIB's *input* to the project.

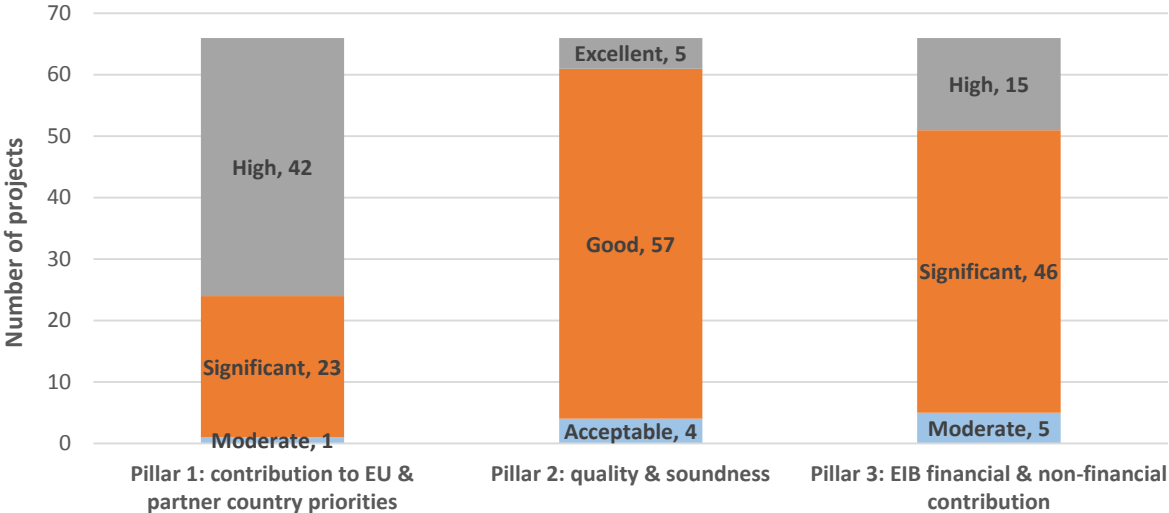
Under the ELM and the EIB's own-risk facilities, the EIB signed a first financing contract with regard to 66 projects in 2019. The EIB rated 65 of those 66 new projects at least 'significant' under Pillar 1 of the ReM framework, signifying that they are deemed to be in line with ELM objectives and make a high contribution to either national development objectives or those of the EU and a moderate contribution to the other. 42 projects were rated 'high' by the EIB for making a high contribution to both EU priorities and national development objectives.

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<sup>17</sup> [https://ec.europa.eu/info/commission-staff-evaluation-european-investment-banks-external-lending-mandate-2014-18\\_en](https://ec.europa.eu/info/commission-staff-evaluation-european-investment-banks-external-lending-mandate-2014-18_en).

The Pillar 2 rating is based on project soundness, financial and economic sustainability and environment and social sustainability. Five new projects signed in 2019 were rated 'excellent' and 57 were rated 'good' by the EIB under Pillar 2, with an average economic rate of return of 10% to 15% in the case of infrastructure projects. 4 projects received an 'acceptable' rating by the EIB, often because of high risk environments or promoters' weaknesses.

**Chart 3: EIB ReM ratings by pillar for new operations in ELM regions signed in 2019**



Under Pillar 3, the EIB rated its expected financial and non-financial contribution to 61 projects as 'high' or 'significant', notably for the length of tenor of financing provided, exceeding what was available in local markets.

As the EIB Results Measurement Framework matures, data gradually becomes available also on the results actually achieved on some operations where expectations had been formulated through the ReM as launched in 2012. For 2019, the EIB has reported achieved results for 18 financial sector operations (credit lines) – 10 in Turkey, 3 in Egypt, 2 each in Montenegro and Serbia and 1 in Tunisia. Under these, the partner banks extended EUR 2.3 bn through 5,531 loans in total. Of these, 5,202 loans benefited SMEs and 329 midcaps. The average tenor of the loans provided to final beneficiaries (weighted by loan size) was 4.4 years. The final beneficiary companies employed approximately 266,000 people in total and the average beneficiary company was “small”, with 48 employees.

**3.4 CALLS ON THE EU GUARANTEE**

From 2012 to 2019 the EIB called overall EUR 476 million, of which just under EUR 55 million in 2019. The residual principal amount potentially callable stood at EUR 161 million at end-2019.<sup>18</sup> In 2019, the EIB made several new calls under the EU Guarantee as a consequence of overdue amounts on Syrian sovereign loans. Efforts to recover the overdue

<sup>18</sup> The amounts are reported in the EUR equivalent as of 31 December 2019 for indicative purposes only. Some of the guarantee calls refer to amounts owed in other currencies.

amounts have not been successful to date. The EIB has followed up in relevant courts in order to preserve the EU's claims on the amounts owed by Syria.<sup>19</sup>

The EIB called on the Political Risk Guarantee in June 2016 for the loan for *Aéroport Enfidha* in Tunisia. The subsequent discussions between the EIB and the Commission resulted in an agreement on the treatment of this guarantee call. In short, the parties agreed to split evenly the outstanding exposure under the loan agreement.<sup>20</sup> In 2019, the borrower, its shareholders, the lenders and the Tunisian Authorities reached a restructuring agreement, which is expected to become effective in the course of 2020. The signing of the restructuring agreement in December 2019 triggered a payment of ca. EUR 1.4 million, the first in 4 years. In line with the agreement between the EIB and the Commission, half of the received amount was refunded to the Commission in January 2020.

## **4. EIB COOPERATION WITH OTHER PARTNERS**

### **4.1 COOPERATION WITH THE COMMISSION**

Cooperation between the EIB and the Commission on matters related to the ELM takes place in the context of a broader partnership between the two institutions, including the EU blending facilities, for example the Neighbourhood Investment Platform (NIP), the Western Balkans Investment Framework (WBIF) and the ERI Technical Assistance (ERI TA), that support development financial institutions' activities outside the EU.

The EIB has continued to draw on these facilities, i.e. concessional financing from EU budget resources, supporting the preparation and/or implementation of EIB-financed projects. In 2019, the EIB approved 22 new grants fully or partially funded from EU budget for a total of EUR 226 million for implementation by the EIB in ELM regions. Of these, EUR 37.6 million were for Technical Assistance (TA), EUR 148.5 million for Investment Grants and EUR 40.1 million for Financial Instruments. In addition, 22 ERI TA operations were approved for a total amount of EUR 34.6 million. Meanwhile, 21 EIB projects signed in 2019 in ELM regions benefited, or will benefit, from those grants that were either directly funded by the EIB's own resources, like ERI TA, or implemented by the EIB and fully or partially funded from the EU budget.

The EIB is also one of the implementing partners for the new EU guarantee offered through the European Fund for Sustainable Development (EFSD). The ELM and the EFSD target rather different types of products, borrowers and geographies. For example, the EFSD does not cover the 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.

In June 2018, the Commission proposed to establish a new Neighborhood, Development and International Cooperation Instrument (NDICI) as of 2021 and to revamp the provision of EU

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<sup>19</sup> In parallel, the EIB pursued legal proceedings against Syria launched in 2017. The English High Court (on 29 June 2018) and the General Court / ECJ (on 6 June 2019) ruled in favour of granting the EU a summary judgement which admits all EU claims against Syria in respect of the outstanding sums overdue under loans made by the EIB to Syria by the time of the submission of the claims.

<sup>20</sup> The agreement was signed on 8 December 2017.

budgetary guarantees for investment outside the EU.<sup>21</sup> The approach for post-2020 is based on the notion of an ‘open architecture’, whereby partner financial institutions should benefit from the EU guarantee based on their respective expertise, to deliver the highest development impact for the EU on the ground. The EIB would remain a key partner for the financing of investments outside the EU, particularly as regards public sector investment projects, but a number of other financial institutions would also qualify for EU guarantees.<sup>22</sup> The NDICI foresees a strong policy steer from the EU and reinforced coordination with the financial institutions serving as implementing partners. Technical discussions between the Commission and the EIB have taken place to explore possible modalities for the post-2020 guarantees that could be provided by the EU to the EIB.

#### **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 (EIB-CM). Complaints are first handled through the EIB-CM before possibly coming to be examined by the Ombudsman. The EIB updated its Complaints Mechanism Policy in November 2018.<sup>23</sup> During 2019, the Ombudsman notified one new complaint related to the EIB activities in the ELM regions.

As for the internal stage of the EIB-CM, the number of new project-related complaints registered in the ELM regions decreased from 19 in 2018 to 15 in 2019. Out of these, 11 were related to environmental and social issues, 3 to governance aspects of financed operations, and 1 to access to information. During 2019, the EIB-CM closed 15 cases in the ELM regions: 4 in Bosnia and Herzegovina, 4 in Tunisia, 2 in Serbia, 1 in India, 1 in Costa Rica, 1 in Ukraine, 1 in Panama and 1 multi-location case.<sup>24</sup> The outcome of these complaints handled by EIB-CM varied from ‘allegations not grounded’ (7), ‘financing withdrawn by the EIB’ (3), ‘friendly solution’ (1), ‘allegations grounded’ (1), ‘financing request withdrawn by the promoter’ (1) and ‘areas for improvement recommended’ (2).

#### **4.3. COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS**

The EIB’s cooperation with other International Financial Institutions (IFIs) and development finance institutions of EU Member States (DFIs) ranges from dialogue on institutional matters and thematic issues to co-financing of operations and sharing of relevant technical work.

In 2019, the EIB co-financed 6 operations together with the European Bank of Reconstruction and Development (EBRD) for a total of EUR 888 million. Four projects were co-financed with the AFD Group (France) and three with the KfW Group (Germany). Furthermore, 4 projects were co-financed with the International Bank for Reconstruction and Development

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<sup>21</sup> 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.

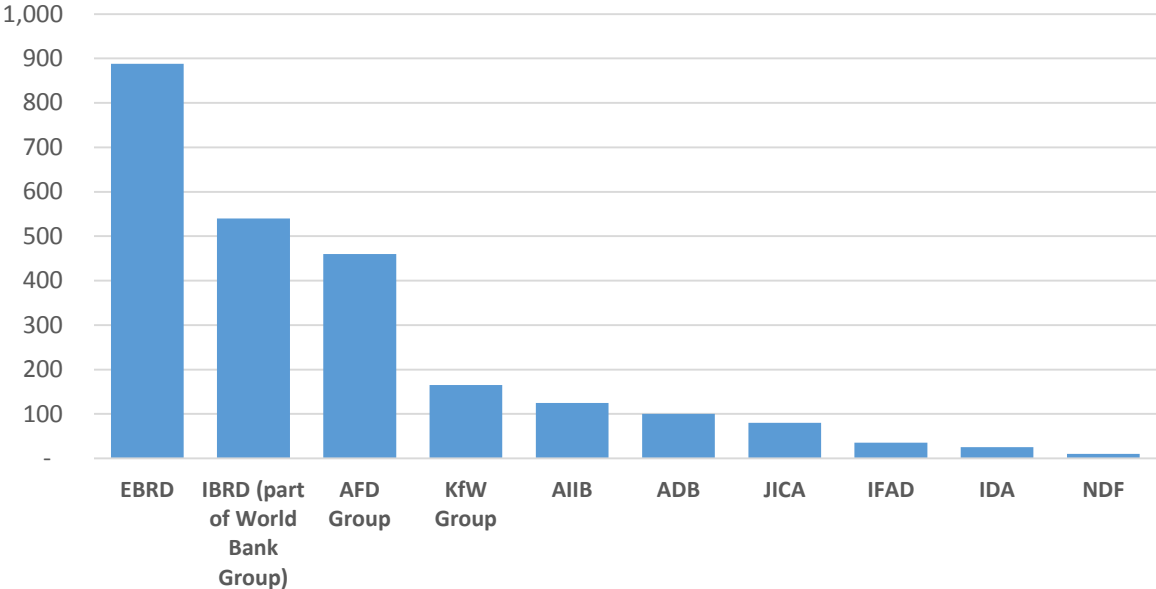
<sup>22</sup> See also Commission Communication of 12 September 2018 “Towards a more efficient financial architecture for investment outside the European Union”, COM(2018) 644 final.

<sup>23</sup> <http://www.eib.org/en/infocentre/publications/all/complaints-mechanism-policy.htm>

<sup>24</sup> Kyrgyzstan, Tadjikistan, Afghanistan and Pakistan.

(IBRD), part of the World Bank Group. The EIB, AFD and KfW have continued to cooperate closely in the context of the Mutual Reliance Initiative (MRI). Launched in 2013, the MRI streamlines and facilitates the delivery of co-financing support to beneficiaries by relying on one of the three partners assuming the role of Lead Financier for certain project-related tasks, e.g. parts of the project due diligence or procurement supervision. The management and decision-making bodies of the MRI partners have become acquainted to documents prepared by another institution, which they use for their own decisions. Overall in 2019, 24 co-financed projects were signed in the ELM regions.

**Chart 4: IFIs and DFIs co-financing with EIB projects signed in 2019 (EUR million)**



*Note: The amounts to be co-invested by other IFIs and DFIs are purely indicative, based on estimations undertaken at early stages of project development. For clarity, partners include: EBRD (European Bank of Reconstructing Development), International Bank for Reconstruction and Development (IBRD), Agence Française de Développement (AFD), KfW, Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), International Fund for Agricultural Development (IFAD), International Development Association (IDA).*