



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 27 April 2010

**9048/10
ADD 1**

**ECOFIN 225
RELEX 354
CODEC 356**

COVER NOTE

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

date of receipt: 22 April 2010

to: Mr Pierre de BOISSIEU, Secretary-General of the Council of the European
Union

Subject: Commission staff working document accompanying the Report From The
Commission to the European Parliament and the Council on the Mid-Term
Review of the External Mandate of the EIB

Delegations will find attached Commission document SEC(2010) 442 final.

Encl.: SEC(2010) 442 final



EUROPEAN COMMISSION

Brussels, 21.4.2010
SEC(2010) 442 final

COMMISSION STAFF WORKING DOCUMENT

accompanying the

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

ON THE MID-TERM REVIEW OF THE EXTERNAL MANDATE OF THE EIB

{COM(2010) 173 final}

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INTRODUCTION

The present Staff Working Document (SWD) is divided into two parts.

- The first part provides statistical tables underpinning the report to the European Parliament and the Council on the Mid-Term Review of the external mandate of the EIB¹;
- The second part gives a detailed description of EIB external financing activities in 2009.

¹ COM(2010) 173.

1. STATISTICAL DATA

1.1. EIB operations by sector and region in the 2000-2007 mandate period

Pre-Accession

	No	EURm	Share volume
Composite infrastructure	3	730	7%
Energy	13	776	7%
Financial	38	2.328	22%
Health, education	8	577	6%
Industry	4	284	3%
Services	2	408	4%
Telecommunications	1	35	0%
Transports	54	4.760	46%
Urban infrastructure	2	73	1%
Water, sewerage	11	415	4%
	136	10.386	100%

Mediterranean Countries

	No	EURm	Share volume
Agriculture, fisheries, forestry	2	90	1%
Composite infrastructure	1	230	3%
Energy	23	2.613	38%
Financials	13	810	12%
Health, education	5	350	5%
Industry	8	385	6%
Services	1	14	0%
Telecommunications	1	100	1%
Transports	23	1.513	22%
Urban infrastructure	1	71	1%
Water, sewerage	14	749	11%
	92	6.924	100%

Eastern Europe, the Southern Caucasus and Russia

	No	EURm	Share volume
Composite infrastructure			
Energy	1	2	1%
Financials			
Health, education			
Industry			
Services			
Telecommunications			
Transports	2	230	73%
Urban infrastructure			
Water, sewerage	3	83	26%
	6	315	100%

Asia and Latin America

	No	EURm	Share volume
Agriculture, fisheries, forestry	1	33	1%
Energy	10	496	22%
Financials	10	405	18%
Industry	13	674	30%
Services	1	38	2%
Telecommunications	5	408	18%
Transports	3	117	5%
Water, sewerage	2	80	4%
	45	2.251	100%

Republic of South Africa

	No	EURm	Share volume
Composite infrastructure	2	60	6%
Energy	2	218	23%
Financials	8	410	43%
Industry	1	25	3%
Services			
Transports	1	50	5%
Urban infrastructure			
Water, sewerage	2	185	20%
	16	948	100%
Total		20.824	

1.2. EIB operations by sector and region in the current mandate period up to end 2009

<u>Pre-Accession</u>			
	No	EURm	Share volume
Composite infrastructure			
Energy	5	752	14%
Financial	22	1566	30%
Health, education	1	70	1%
Industry			
Services	1	335	6%
Telecommunications			
Transports	12	2072	39%
Urban infrastructure	2	375	7%
Water, sewerage	3	92	2%
	46	5.262	100%
<u>Mediterranean Countries</u>			
	No	EURm	Share volume
Agriculture, fisheries, forestry			
Composite infrastructure	1	25	1%
Energy	8	1171	30%
Financials	5	627	16%
Health, education	1	200	5%
Industry	4	390	10%
Services			
Telecommunications			
Transports	9	971	25%
Urban infrastructure			
Water, sewerage	6	476	12%
	34	3.860	100%
<u>Eastern Europe, the Southern Caucasus and Russia</u>			
	No	EURm	Share volume
Composite infrastructure			
Energy	1	150	37%
Financials	1	100	25%
Health, education			
Industry			
Services			
Telecommunications	1	115	29%
Transports	1	20	5%
Urban infrastructure			
Water, sewerage	1	18	4%
	5	403	100%
<u>Asia and Latin America</u>			
	No	EURm	Share volume
Agriculture, fisheries, forestry	1	119	6%
Energy	4	283	15%
Financials	3	133	7%
Industry	2	270	14%
Services	1	47	2%
Telecommunications	5	619	32%
Transports	2	425	22%
Water, sewerage	1	27	1%
	19	1.921	100%
<u>Republic of South Africa</u>			
	No	EURm	Share volume
Composite infrastructure	0	0	
Energy	1	40	8%
Financials	2	120	25%
Industry	2	50	10%
Services	1	3	1%
Transports	1	120	25%
Urban infrastructure	1	150	31%
Water, sewerage	0	0	0%
	8	483	100%
Total		11.928	

1.3. EIB operations by country under the 2000-2007 external mandate (*)

Budget period	Region	Country	Signed		Disbursed		Avg. loan
			no.	EUR m	EUR m	pct.	
2000-2007	SEN (EUR 9,185m)	Albania	8	214	128	60	27
		BiH	13	654	356	54	50
		Bulgaria	13	492	311	63	38
		Croatia	12	491	474	97	41
		FYROM	2	23	23	98	12
		Hungary	1	40	40	100	40
		Lithuania	2	60	18	30	30
		Montenegro	2	35	35	100	18
		Romania	23	1.952	1.390	71	85
		Serbia	23	1.160	788	68	50
		Slovakia	9	498	429	86	55
		Slovenia	1	35	35	100	35
		Turkey	24	3.809	2.997	79	159
				Total	133	9.462	7.023
	Mediterranean (EUR 6,520m)	Algeria	8	787	380	48	98
		Egypt	19	1.960	1.716	88	103
		Gaza-West Bank	2	55	3	5	28
		Israel	1	75	0	0	75
		Jordan	5	226	186	82	45
		Lebanon	6	320	161	50	53
		Morocco	23	1.358	975	72	59
		Syria	7	735	326	44	105
		Tunisia	26	1.658	1.135	68	64
				Total	97	7.174	4.882
	ALA (EUR 2,480m)	<i>Asia:</i>					
		China	1	56	56	100	56
		India	1	50	0	0	50
		Indonesia	4	189	124	66	47
		Laos	1	42	38	90	42
		Maldives	1	50	50	100	50
		Pakistan	2	79	79	100	39
		Philippines	4	219	175	80	55
		Sri Lanka	3	160	125	78	53
		Thailand	1	26	0	0	26
		Viet Nam	2	68	68	100	34
		<i>Latin America:</i>					
		Argentina	5	219	187	85	44
		Brazil	16	840	684	81	53
		Colombia	1	100	100	100	100
		Ecuador	1	40	40	100	40
		Honduras	1	20	0	0	20
		Mexico	2	86	86	100	43
		Panama	2	95	90	95	48
Peru	2	100	100	100	50		
Regional - C&LA	3	106	26	24	35		
		Total	53	2.545	2.028	80	48
2000-2007	South Africa (EUR 825m)	South Africa	17	948	716	76	56
		Total	300	20.129	14.649	73	67

(*) The signed amounts include also loans that have been eventually cancelled. Signatures net of cancellations did not exceed regional ceilings established under the mandate

1.4. EIB operations by country under the 2007-2013 external mandate up to end 2009 (*)

Budget period	Region	Country	Signed		Disbursed		Avg. loan		
			no.	EUR m	EUR m	pct.		EUR m	
2007-2013 (EUR 8,700m)	Pre-accession	Albania	2	33	12	36	17		
		BiH	9	410	36	9	46		
		FYROM	2	110	22	20	55		
		Montenegro	8	158	40	25	20		
		Serbia	13	1.124	40	4	86		
		<i>Sub-total</i>	<i>34</i>	<i>1.835</i>	<i>150</i>	<i>8</i>	<i>54</i>		
		Turkey	12	3.428	929	27	286		
		Total	46	5.263	1.079	21	114		
		ENP-Med (EUR 8,700m)	Egypt	Egypt	4	500	230	46	125
				Israel	2	145	116	80	73
				Jordan	3	253	81	32	84
Lebanon	4			417	128	31	104		
Morocco	9			1.140	185	16	127		
Syria	4			510	112	22	128		
Tunisia	8			945	178	19	118		
Total	34			3.910	1.030	26	115		
Eastern Partners (EUR 3,700m)	Moldova	Moldova	1	20	0	0	20		
		Russia	2	133	115	86	67		
		Ukraine	2	250	0	0	125		
		Total	5	403	115	29	81		
Asia (EUR 1,000 m)	China	China	1	119	0	0	119		
		India	2	250	75	30	125		
		Pakistan	1	100	0	0	100		
		Vietnam	2	147	17	12	74		
		Total	6	616	92	15	103		
Latin America (EUR 2,800m)	Argentina	Argentina	1	170	170	100	170		
		Brazil	2	450	416	92	225		
		Colombia	1	100	42	42	100		
		Mexico	1	50	0	0	50		
		Nicaragua	1	15	0	0	15		
		Panama	2	424	0	0	212		
		Paraguay	1	69	32	47	69		
		Uruguay	1	28	28	100	28		
		Total	10	1.305	688	53	131		
South Africa (EUR 900m)	South Africa	7	483	39	8	69			
Total		108	11.980	3.043	25	111			

(*) The signed amounts include also loans that have been eventually cancelled.

1.5. EIB mandate and own risk operations from 2000 until end 2009 (net signatures)

Countries of operation (EUR million)	Comprehensive guarantee											Total	
	2000	2001	2002	2003	2004	2005	2006	2007 old	2007 new	2008	2009	2000-2007	2007-2013
Pre-Accession	1.692	832	1.225	1.290	1.014	1.089	975	1.241	389	1.094	2.615	9.358	4.097
Southern Neighbours	428	910	870	1.080	1.330	905	699	0	840	1.103	1.088	6.222	3.031
Eastern Europe, Southern Caucasus and Russia				25		60		230		170		315	170
Asia and Latin America	70	56	70	79	66	72	190		27	200	730	603	957
South Africa	50	150		230	100	145	80	88		73	240	843	313
Total	2.240	1.948	2.165	2.704	2.510	2.271	1.944	1.559	1.256	2.640	4.673	17.341	8.568

Countries of operation (EUR million)	Political risk cover											Total	
	2000	2001	2002	2003	2004	2005	2006	2007 old	2007 new	2008	2009	2000-2007	2007-2013
Pre-Accession	160	131	85	129	70	160	173	120		915	250	1.028	1.165
Southern Neighbours	30		80	187	107	167	131		315	92	422	702	829
Eastern Europe, Southern Caucasus and Russia											233	0	233
Asia and Latin America	300	478	55	145	167	90	293	120	278	269	417	1.648	963
South Africa			50	30				25		130	40	105	170
Total	490	609	270	491	344	417	597	265	593	1.406	1.362	3.483	3.361

Total (Community guarantee)	2.730	2.557	2.435	3.196	2.854	2.688	2.541	1.824	1.849	4.045	6.035	20.824	11.929
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Countries of operation (EUR million)	EIB own risk											Total	
	2000	2001	2002	2003	2004	2005	2006	H1-2007	H2-2007	2008	2009	2000-2007	2007-2013
Pre-Accession	1.112	2.045	2.868	3.347	1.203	262	1.824	150	1.026	1.441	1475	12.811	3.942
Southern Neighbours				152	94	117	269		185	33	56	632	274
Eastern Europe, Southern Caucasus and Russia												0	0
Asia and Latin America						500			500		141	500	641
South Africa												0	0
Total	1.112	2.045	2.868	3.499	1.297	879	2.093	150	1.711	1.474	1.672	13.943	4.857

Total	3.842	4.602	5.303	6.695	4.151	3.567	4.634	1.974	3.560	5.519	7.707	34.767	16.786
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(*) In contrast to Table 2 of the main report, signatures in the new Member States prior to their EU accession are included in this table.

1.6. EIB Co-financing with the Commission and IFIs from 2000 until end 2009

(EUR m)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Pre-Accession											
Mandate	585	343	352	27	169	549	291	456	89	750	3611
EIB own risk	160	663	325	880	690	0	80	0	80	25	2903
Southern Neighbours											
Mandate	75	0	20	376	290	795	435	330	158	285	2764
EIB own risk	0	0	0	0	0	0	0	0	0	0	0
Total	820	1006	697	1283	1149	1344	806	786	327	1060	9278

Cofinancing with IFIs and bilaterals (EURm)

(EUR m)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Pre-Accession											
Mandate	490	206	730	281	110	846	978	783	1364	1629	7417
EIB own risk	-	-	-	-	-	-	-	121	135	55	311
Southern Neighbours											
Mandate	50	225	390	300	550	80	324	470	719	1121	4229
EIB own risk	-	-	-	-	-	-	-	0	0	0	0
Eastern Neighbours and Russia											
Mandate	0	0	0	25	0	60	0	230	170	133	618
Asia and Latin America											
Mandate	276	338	0	101	127	96	20	87	0	782	1827
South Africa											
Mandate	0	0	0	0	0	0	0	0	13	0	13
Total	816	769	1120	707	787	1082	1322	1691	2401	3720	14414

(*) The tables include signatures in new Member States prior to their EU accession

1.7. Technical Assistance and Risk capital operations by the EIB from 2000 until end 2009

(EUR m)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Technical Assistance (TA)										
Pre-Accession										3,62
Mediterranean (FEMIP Support Fund)					11,77	20,81	20,31	15,95	13,83	13,26
Mediterranean (FEMIP Trust Fund)						1,20	1,56	0,46	1,88	3,40
Total TA					11,77	22,01	21,87	16,41	15,71	16,66
Risk Capital (RC)										
Mediterranean (MEDA/ENPI)	9,37	6,00	37,00	13,50	14,00	33,64	50,05	46,45	62,00	22,00
Mediterranean (FEMIP Trust Fund)								2,0		5,0
Total RC	9,37	6,00	37,00	13,50	14,00	33,64	50,05	48,45	62,00	27,00
Total TA + RC	9,37	6,00	37,00	13,50	37,54	77,66	93,79	81,27	93,42	63,94

1.8. Structured Finance Facility (SFF) and Special Femip Envelope (SFE) operations

	2004	2005	2006	2007	2008	2009	Total
Pre-Accession (SFF)							
Lending amount (EUR m)	0,00	2,03	35,00	21,25	584,64	35,00	677,92
Number of operations	0	1	1	1	3	2	8
Southern Neighbours (SFE)							
Lending amount (EUR m)	0,00	80,00	0,00	365,00	52,00	369,73	866,73
Number of operations	0	2	0	5	2	5	14
South Africa (SFF)							
Lending amount (EUR m)					40,00		40,00
Number of operations					1		1
Total amount (EUR m)	0,00	82,03	35,00	386,25	676,64	404,73	1584,65

2. EIB EXTERNAL ACTIVITY IN 2009 IN THE REGIONS COVERED BY THE DECISION

2.1. Overview of EIB financing volume in the regions covered by the Decision

Total EIB lending signatures in the regions covered by the Decision increased by 40% to reach EUR 7.7 bn in 2009, of which EUR 6 bn under mandate and EUR 1.7 bn at the own risk of the Bank. The following table provides an overview of the volume of EIB financing in 2008 and 2009 in the regions covered by the external mandate.

Table 1: EIB financing in 2008 and 2009

Countries of operation (EUR million)	Operations under mandate						EIB own risk operations (2)		Total	
	Comprehensive guarantee		Political risk cover (1)		Total		2008	2009	2008	2009
	2008	2009	2008	2009	2008	2009				
Pre-Accession	1.094	2.615	915	250	2.009	2.865	1.444	1.475	3.453	4.340
Mediterranean (3)	1.103	1.088	92	422	1.195	1.510	33	56	1.228	1.566
Eastern Europe, Southern Caucasus and Russia	170	0	0	233	170	233	0	0	170	233
Asia and Latin America	200	730	269	417	469	1.147	0	141	469	1.288
South Africa	73	240	130	40	203	280	0	0	203	280
Sub-total	2.640	4.673	1.406	1.362	4.046	6.035	1.477	1.672	5.523	7.706

(1) These operations were referred to as 'risk sharing' operations under the 2000-2007 mandate

(2) EIB own risk operations were carried out under the following facilities

- Pre-Accession Facility: financial envelope of EUR 19.5bn for the period 2000-2010, of which EUR 6.2bn for 2007-10

- Mediterranean Partnership Facility II: EUR 2bn for 2007-2013

- Facility for Energy Sustainability and Security of Supply: EUR 3bn for 2007-2013

- Eastern Partners Facility: EUR 1.5bn authorised in December 2009 until 2013.

(3) The EIB also invested EUR 27 mn in private equity under the ENPI risk capital envelope (EU budgetary resources) and the FEMIP Trust Fund (direct contributions of 15 Member States and the Commission).

EIB lending signatures under mandate increased by 49% in 2009, with cumulative signatures under the Decision reaching EUR 12 bn. In 2009, Pre-Accession countries accounted for 47% of the total volume, followed by Mediterranean countries with 25%, and Asia and Latin America with 19%. 77% of the loans signed under mandate were covered by a **Comprehensive Guarantee**, while 23% benefited from **Political Risk Guarantee** cover.

EIB lending at its own risk in the regions covered by the Decision increased by 13% and represented 22% of EIB's overall financing activities – mandate and EIB own risk facilities combined - in these regions. 88% of operations at the EIB's own risk were carried out under the EIB Pre-Accession Facility. Turkey was by far the largest recipient with two thirds of lending under this facility, while EUR 415 mn was allocated to Croatia, and a EUR 25 mn

equity participation was signed to the South-East Europe Energy Efficiency Fund (a joint initiative of the EIB, the Commission and KfW to support small-scale investments in energy efficiency and renewable energy in all Pre-Accession countries). The focus of EIB activity was on private sector operations, with credit lines (notably for SMEs) representing 89% of total signatures under the Pre-Accession Facility. In the Mediterranean region, a EUR 56 mn own risk loan was signed in favour of private sector Research, Development and Innovation in the fields of industrial chemicals under joint Commission-EIB Risk Sharing Finance Facility.

2.2. Contribution to EU policy objectives

The objective of EIB operations under the Decision is to support the external policy objectives of the Community. In particular, the Decision provides for some specific policy goals to be addressed through EIB external operations. Table 2 below presents a summary of the key objectives for EIB financing operations in the regions covered by the Decision.

Table 2: Summary of key objectives for EIB financing operations under the Decision

Key Objectives under the Decision	PA	MED	EAST	ALA	SA
Energy - Security of Supply	X	X	X	X	X
Protection of the Environment	X	X	X	X	X
Private Sector Development, SMEs	X	X	X		X
Infrastructure Development, including extension of TENs	X	X	X		X
Pre-Accession support	X				
Support of EU presence				X	

Section 2.7 reviews in more detail the implementation of the EIB external mandate at regional and country level as well as the contribution of EIB financing operations to the fulfilment of EU external policy objectives, taking into account the operational objectives of the EIB.

As shown in the table above, the support for **energy security** and the **protection of the environment** are the only two objectives common to all regions covered by the Decision. As such, the table below provides the total volume of EIB operations signed in 2009 under the Decision in support of these objectives, as well as for sustainable communities.

Table 3: EIB operations signed in 2009 in support of energy security², protection of the environment and sustainable communities

	<u>EUR m</u>
Energy security	25
Protection of Environment	1032
- Tackling climate change	518
- Water and waste water	351
- Natural resources management	161
- Reduction of industrial pollution	3
Sustainable communities (for reference)	433
- Sustainable urban public transport	386
- Urban renewal and regeneration	48

As far as the specific objective of energy security is concerned, the EIB provided EUR 25m financing to one project in Serbia which will contribute to the energy security of EU Member States through interconnections particularly with Bulgaria and Greece.

The protection of environment was a significant focus of EIB activity in 2009. EIB financing for investments protecting the environment amounted to EUR 1 bn which represents an increase of 56% from the previous year. This amount corresponds to 15 projects in all regions of the mandate in the areas of climate change, nature and biodiversity protection, promoting the sustainable use of natural resources and dealing with the links between environment and health by addressing pollution and waste management.

As a complement to the protection of the environment, data are provided for reference on lending in support of the ‘Sustainable Communities’, covering the urban environment and sustainable transport systems. These investments aim at improving the environment and living conditions in the partner countries. Financing of investments in this category comprised five projects in the Pre-Accession and Mediterranean region. Altogether, 24% of EIB financing under mandate in 2009 contributed to the protection of environment and sustainable communities.

2.3. Sectoral breakdown

Table 4 below provides an overview of the regional and sectoral distribution of EIB operations under the Decision in 2009.

² Overall energy sector financing is presented in the next section (which provides a sectoral breakdown of EIB operations).

Table 4: Sectoral breakdown of operations signed in 2009 (EUR mn)

Sector	Pre-Accession	Mediterranean	Eastern Neighbours & Russia (EAST)	Asia and Latin America	South Africa	Total
Transports	777 27%	544 36%	0 0%	397 35%	120 43%	1838 30%
Energy	450 16%	50 3%	0 0%	182 16%	40 14%	722 12%
Telecommunications	0 0%	0 0%	115 49%	100 9%	0 0%	215 4%
Credit lines to SMEs	1251 44%	0 0%	100 43%	33 3%	60 21%	1444 24%
Industry & Services	0 0%	335 22%	0 0%	317 28%	0 0%	652 11%
Water & sanitation	27 1%	356 24%	18 8%	0 0%	0 0%	400 7%
Forestry, biodiversity	0 0%	0 0%	0 0%	119 10%	0 0%	119 2%
Education	335 12%	200 13%	0 0%	0 0%	0 0%	535 9%
Urban infrastructure	25 1%	25 2%	0 0%	0 0%	60 21%	110 2%
Grand Total	2865	1510	233	1147	280	6034

EIB support to the **transport sector** represented 30% of total signatures under mandate. The average loan size in the transport sector was double the overall average (of EUR 85 mn) of EIB loans signed under mandate in 2009 reflecting the larger size of investments in the transport sector.

The largest transport investments co-financed by the EIB were TEN-T corridor extensions in the Pre-Accession countries (EUR 707 mn for three projects). Investment in terrestrial and maritime highways under the FEMIP contributed through the financing of two large motorway projects representing priority economic infrastructure of regional importance. In South Africa, a EUR 120 mn loan was signed in support of upgrading key toll roads of strategic importance to the country's transport infrastructure.

In a context of difficult access to finance by SMEs, EIB financing for **credit lines to SMEs** was significantly stepped up and reached EUR 1.4 bn in 2009, corresponding to one quarter of total financing under mandate in this year, in particular under the "IFI Joint Action Plan in support of banking systems and lending to the real economy in Central and Eastern Europe" launched in February 2009. This increase represents a more than three-fold growth from the previous year (EUR 467 mn in 2008). The majority of EIB SME activity took place in the Pre-Accession region where, in addition to lending under mandate, EIB provided an additional EUR 1.3 bn through private sector banks under the Pre-Accession Facility on own risk. In 2009, the EIB rolled out its new lending instrument, the EIB Loan for SMEs, to the Pre-Accession countries and Eastern Neighbourhood. This instrument enables it to finance 100% of individual SME projects, requires the intermediary bank to co-finance and match the EIB lending with equivalent amounts, allows the financing of working capital (essential in a time of crisis) and insists on the transfer of benefit to final beneficiaries, especially in terms of the increased maturity of the loans.

Following the invitation to extend the mandate to SMEs under the Eastern Partnership in 2009, the EIB signed its first intermediated loan for SMEs in Ukraine. In Vietnam, of an EUR 100 mn intermediated framework loan, approximately one third is targeted at financing small or medium scale investments resulting in EU presence, while the remainder of the loan is aimed at supporting climate change mitigation (through projects in the renewable energy and energy efficiency sectors). In South Africa, a credit line of EUR 60 mn was extended to the Development Bank of South Africa for on-lending to SMEs. In line with the EU–South Africa Country Strategy, the operation contributes to the reduction of poverty and inequality, as well as the creation of an enabling environment for economic growth and development.

The energy sector represented EUR 722 mn of EIB financing under mandate in 2009. Renewable energy accounted for 60% of this amount and comprised the financing of hydropower plants rehabilitation in Nicaragua, the construction of a large-scale wind farm in Egypt, as well as dedicated framework loans in South Africa, Vietnam, Pakistan and Turkey for the financing of renewable energy, energy efficiency and pollution abatement investments. The EIB will coordinate with intermediary banks to facilitate the flow of information on Clean Development Mechanism projects financed under the framework loans to managers of the carbon funds in which the EIB participates. The potential for extending EIB Climate Change Technical Assistance either to intermediary banks or final beneficiaries will also be assessed.

Besides the above projects, energy efficiency and renewable energy are expected to form part of the investments financed through certain global loans signed under mandate (The lending amounts dedicated to these projects are accounted for under ‘credit lines for SMEs’). In particular, a EUR 400 mn loan for SMEs in Turkey, intermediated by three state controlled/supported intermediaries, is expected to include eligible schemes meeting the requirements of the Commission’s Energy Efficiency and Renewable Investments Finance Facility allowing the blending of an EIB loan with EU grants. Finally, in Turkey and Serbia, the EIB financed the reinforcement of the electricity network, essential to cope with growing electricity demand, to improve safety standards, reduce distribution losses and to enhance reliability of electricity supply and distribution.

The combined **industry and service** sectors represented 11% of EIB financing under mandate. Private sector industrial projects received EUR 605 mn lending in the Mediterranean and in Asia and Latin America, while services comprised a EUR 47 mn loan supporting the international growth strategy of an EU-based wholesale chain in Vietnam.

Education sector represented 9% of lending under mandate. Important national education modernisation and academic R&D programmes received a total of EUR 535 mn in Morocco and Turkey.

Financing of **water supply, sanitation** and related environmental investments amounted to EUR 400 mn and comprised 5 projects in the Mediterranean, one in Russia and one in Montenegro. In alignment with the Union for Mediterranean priority “De-pollution of the Mediterranean”, the EIB financed wastewater treatment investments in Lebanon and Egypt to protect the coastal waters and inland water sources from contamination and exposure to untreated sewage. Two water sector projects in Jordan and Israel will help optimise the scarce water resources in the Mediterranean. Both projects additionally promote private sector involvement through a PPP structure. In Russia, the EIB financed a priority project of the Northern Dimension Environmental Partnership (NDEP) that will result in the reduction of pollution of the Baltic Sea. In Montenegro, EIB financed investments whose objective is to

develop an EU standard Integrated Sustainable Solid Waste Management scheme, including construction of new sanitary landfills, recycling and composting facilities.

Operations in the **remaining sectors** of Telecommunications (4%), Forestry / biodiversity (2%) and Urban and Municipal infrastructure (2% of EIB financing under mandate) are presented in sections 2.7 and 2.11.

2.4. Impact and value added of EIB operations

The review of the value added of EIB operations is based on the ex-ante assessments which the EIB services routinely carry out for each individual operation, under a framework structured along the following three pillars, which are based on a number of criteria and indicators:

Pillar 1: the contribution to overall mandate objectives and priorities;

Pillar 2: the quality and soundness of the project, i.e., the economic, technical, financial and environmental soundness of the project, as well as management capability to design, implement and operate the project;

Pillar 3: the financial and non-financial contribution made by the EIB to the project, i.e., longer maturities and grace periods, attractive interest rates, and risk capital instruments as well as changes to project design, project conditionality and technical assistance.

The framework applied to operations in the Pre-Accession countries, called the Value Added (VA) framework, allows an evaluation of the potential impact of EIB support to Pre-Accession countries' economic development process and thus also their preparation for potential transition to EU membership status. This framework is identical to the one used for financing operations within the EU. For all other regions covered by the Decision, the EIB introduced in 2007 the Economic and Social Impact Assessment Framework (ESIAF), which reflects the different needs and characteristics as well as the respective lending objectives under the Decision of each of the geographical regions.

The assessment is performed by the EIB ex-ante on the basis of facts and data collected during project appraisal. The framework is designed so that it can provide information and benchmarks throughout the life of the project, in particular for both monitoring and ex-post evaluation. In 2009, a comprehensive review of the VA framework was undertaken and a revised methodology is applied to operations in the EU and in Pre-Accession countries from 2010 onwards. The ESIAF qualitative tool is being updated during 2010.

Table 5: Value added ratings of operations approved (not signed) under the Decision in 2009

<i>Impact rating</i>	Pillar 1	Pillar 2 - Investment loans	Pillar 2 – Intermediated loans (SMEs)	Pillar 3
High	58 (88%)	26 (59%)	7 (32%)	52 (79%)
Medium	8 (12%)	18 (41%)	14 (64%)	13 (20%)
Moderate	0	0	1 (5%)	1 (2%)
Low	0	0	0	0
Total	66 (100%)	44 (100%)	22 (100%)	66 (100%)

According to the above table, 66 operations under the Decision were approved in 2009. Highest ratings are typically observed in Pillar 1, reflecting the EIB's upfront selection of

operations that are highly consistent with the mandate objectives and priorities (88% of operations approved in 2009).

With respect to Pillar 2, all investment loans were rated “high” or “medium”. Among intermediated loans to SMEs, the dominance of “medium” ratings in Pillar 2 usually reflects the quality of the financial intermediaries, either in terms of their financial performance, governance or their experience in the sector or the objective targeted by the operation. All except one such operation scored “high” in both Pillars 1 and 3. One operation scored “moderate” on Pillar 2, given the particularly hard effects of the financial crisis on some of the participating intermediaries, most of which do not have previous experience with the EIB eligibility criteria. The EIB’s involvement in this operation was justified by the “high” ratings in the other two value-added pillars (contribution to mandate objectives and financial and non-financial contribution made by the EIB to the operations).

In general, as reflected in the aggregate ratings of Pillar 3, the EIB focuses its activity on operations where its contribution is likely to be high (79% of operations). The only operation where the EIB contribution was assessed as likely to be “moderate” relates to a rail transport project with relatively modest EIB financing (EUR 15 mn).

2.5 Cooperation with the Commission

The Decision invites the Commission and the EIB to strengthen the consistency of EIB actions with the EU's external policies, including with a view to maximising synergies between EIB financing and EU budgetary resources, mainly through a regular and systematic dialogue and early consultation on policies, strategies and project pipelines. To this end, in May 2008 the Commission and EIB signed a specific Memorandum of Understanding defining the terms and conditions of this strengthened cooperation. The EC-EIB Steering Committee established under the MoU has met twice and the meetings have allowed planning the implementation of the MoU as well as to exchange views on policy developments and priorities relating to the cooperation of the two institutions in the regions concerned.

With a view to enhancing the coherence of overall EU support in the regions covered by the external mandate, the Commission and EIB are actively cooperating in instruments where EIB financing is blended with EU budgetary resources, notably under the Instrument for Pre-Accession Assistance (IPA) and the European Neighbourhood and Partnership Instrument (ENPI). A list of the existing frameworks under which the EIB and the Commission cooperated in 2009 in the regions covered by the external mandate is included in section 2.8.

Cooperation between the Commission and the EIB outside the EU intensified during 2009 in response to the economic and financial crisis. This led to initiatives such as:

- Following the Commission's communication on “Supporting developing countries in coping with the crisis”, the GAERC invited the EIB to focus on counter-cyclical actions such as quicker and more flexible lending to the financial and infrastructure sectors, frontloading of lending activity and speeding-up disbursements. Moreover, it requested the EIB to reinforce its support to SMEs in the Neighbourhood³ and welcomed the intention of the EU to provide an additional EUR 200 mn to the EU-Africa Infrastructure Trust Fund.

³ Other recommendations concerned ACP countries, such as the reinforcement of the EU-Africa Infrastructure Fund and the ACP water and energy facilities.

- In the context of the IPA Crisis Response Package, the Commission and the EIB worked closely together, as well as with other IFIs such as EBRD, to coordinate actions and provide support to SMEs and energy efficiency investments in the Western Balkans and Turkey. The EIB has established the “South East Europe Energy Efficiency Fund”, which involves a contribution from the EU budget.
- In the framework of the Eastern Partnership Summit that was held in Prague in May 2009, the EIB was invited to start working on investment support for SMEs in the Eastern Neighbourhood, in full cooperation with the EBRD and the other IFIs. Moreover, to enable the stepping up of efforts to assist the Eastern Partners, the EIB Board of Governors authorised in December 2009 the creation of an EIB own risk Eastern Partners Facility (EUR 1.5bn) for financing investments of EU interest in the Eastern Neighbours and Russia.
- The G-20 working group on IFIs, where the EIB contributed in particular to the benchmarking exercise on capital situation and requirements.

A major objective of increased cooperation between the Commission and the EIB is to optimise the combination of scarce EU grant funds with EIB and other IFI loan resources so as to achieve a maximum leverage effect and consequently the best value for EU taxpayers’ money. At the request of the Council, an experts’ working group was set up in 2009 to reflect on mechanisms blending EU grants and IFI and bilateral agency loans, in order to guide donor decisions on the use of blending mechanisms. The Commission and the EIB representatives, together with representatives of Member States and European multilateral and bilateral finance institutions, collaborated closely in this context which led to a final report in December 2009 identifying the positive and negative aspects of the use of grants in combination with loans, and parameters to assess the related value added.

In the Western Balkans, the Western Balkans Investment Framework (WBIF) was launched in December 2009 by the Commission, the EIB, the EBRD and the CEB. The WBIF includes a joint grant and loan facility to finance priority projects in the Western Balkans. The objective is to pool and coordinate different sources of finance and to leverage grants with loans for projects that are a priority for the Western Balkan beneficiaries, such as infrastructure investments, loans for SMEs and for energy efficiency. The Steering Committee under the WBIF has already approved EUR 26 mn of technical assistance in support of 26 projects that will mobilise IFI loans of EUR 2.2 bn, of which EUR 1.4 bn is expected from the EIB.

In the Mediterranean region, EU budgetary resources were used by the EIB to finance 17 technical assistance operations for a total value of EUR 12.2 mn while risk capital operations signed under this envelope amounted to EUR 22 mn in 2009. Under the FEMIP Trust Fund (a financial envelope of EUR 34.5 mn funded by contributions of 15 Member States and the Commission), 6 new technical assistance operations amounting to EUR 3.3 mn were contracted. Additionally, an (EUR 5 mn) equity participation in a regional venture capital fund was signed.

Regular policy and institutional dialogue between the Commission, EIB and peer institutions is particularly important in the activities of FEMIP, as illustrated by activities under two priority sectors of the Union for the Mediterranean: the De-pollution of the Mediterranean and the Mediterranean Solar Plan aiming to develop all renewable energy sources in the Mediterranean region.

- Concerning the De-pollution of the Mediterranean, the EIB organised two coordination meetings with the Commission, AFD, KfW, the World Bank and UNEP-MAP in 2009 to present the work of the Mediterranean Hot Spot Investment Programme - Project Preparation and Implementation Facility funded by EU budgetary resources through the FEMIP Support Fund.
- With respect to the Mediterranean Solar Plan, the EIB announced in June 2009 coordination with KfW and AFD in the development of the MSP under the MSP Cooperation Mechanism. The EIB is also working closely with the Commission and the World Bank in order to find other suitable coordination and cooperation means.

In the domain of climate change adaptation, the EIB worked closely with the other European Finance Institutions (FIs) in order to maintain a dialogue on strategies and initiatives taken. A workshop and brainstorming session on “Assessing and managing Climate Risks” was hosted by the EIB in September 2009. The brainstorming session involved the Commission (DG ENV and DG ECFIN), EBRD, AFD, NIB, KfW and GTZ. All involved institutions have taken or plan to take internal action to gradually mainstream climate risk management into their operations. In addition, the participating institutions agreed to establish a Climate Change Adaptation Working Group in 2010, chaired by the EIB, so as to continue the dialogue, and share knowledge on climate change adaptation.

The EIB also led the organisation of a side event co-hosted with the Commission, EBRD, AFD, KfW and NIB at the United Nations Framework Convention on Climate Change (UNFCCC) COP15 in Copenhagen in December focusing on the role of European FIs in financing adaptation. This will be followed by an inter-institutional working group in 2010.

In support of South Africa, the EIB has assisted the Commission in the design and implementation of dedicated EU funded risk capital facilities for South African SMEs. The second Risk Capital Facility, set up for an amount of EUR 50 mn and for a period of five years, is being implemented according to schedule.

2.6 Cooperation with International Financial Institutions

The Bank strengthened its close cooperation with other International Financial Institutions and European bilateral institutions in 2009, representing an integral feature of the EIB response to the crisis outside the EU. Cooperative actions in response to the crisis resulted in several initiatives that materialised throughout the year. They included an increased level of financing activity, reaching EUR 8.8 bn outside the EU of which 60% was co-financed with other IFIs and European bilateral finance institutions (up from 55% in 2008 and 42% in 2007).

In this context, a “Joint IFI Action Plan in support of the banking systems and lending to the real economy in Central and Eastern Europe” was developed jointly by EIB, EBRD, and the World Bank Group under which the IFIs coordinate their respective financing activity for and their dialogue with the banks most active in the region.

In December, the NIF Framework Arrangement was signed by the Commission and the nine Eligible Finance Institutions including the EIB. This document defines the role and the responsibilities of the Lead Finance Institution in the framework of the NIF.

The EIB has launched a Mutual Reliance Initiative with AFD and KfW whereby the three institutions seek to enhance their collective effectiveness and efficiency, by mutually recognising and relying on the procedures and standards applied by each institution on co-financed projects. Experience will be gained during the ongoing pilot phase, with a view to implement it with a wider range of institutions.

As regards ACP countries, the EIB closely cooperates with European finance institutions and the AfDB in the framework of the EU-Africa Infrastructure Trust Fund, and participates to the IFC Infrastructure Crisis Facility with lending of up to EUR 1 bn, as well as contributing USD 100 mn to the IFC Microfinance initiative.

In addition, during 2009, the EIB cooperated with other IFIs in the context of several initiatives, e.g.:

- in March, in the framework of their annual visit to the EU institutions, the World Bank's EU Executive Directors visited the EIB for the second time;
- in June, the Bank and IFC established the Global Emerging Markets Risk Consortium with views to a comprehensive database of credit risk information for MDBs and IFIs. Since then, the AfDB, EBRD, IADB, and ADB have also joined;
- in October, the EIB organised its first Heads of MDB and Heads of MFIs meeting in Istanbul in conjunction with the WB/IMF annual meeting, *inter alia* to discuss the coordination among MFIs in the response to the crisis;
- in November, the Bank and the OECD signed a Joint Statement on cooperation;
- via inter-institutional participation in horizontal initiatives such as the Joint Multilateral Development Banks Statement on Climate Change issued in December;
- cooperation with EBRD and CEB has intensified, notably with the launch of the Western Balkans Investment Framework, as well as in the Neighbourhood;
- the EIB also signed a co-financing agreement with the Asian Development Bank on the Pakistan Renewable Energy programme, involving delegation of selected administrative tasks.

2.7 Contribution of EIB lending activity by geographical region

This section reviews the implementation of the EIB external mandate at regional and country level as well as the contribution of EIB financing operations to the fulfilment of EU external policy objectives, taking into account the operational objectives of the EIB. It is to be noted that lending under the previous mandate (for 2000-2007) continued until 31 July 2007 while the tables that follow cover financing operations signed under the current mandate only.

2.7.1 Pre-Accession Countries

Summary of loan signatures by Country

Country	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Albania	1	23	-	-	1	10	2	33
Bosnia and Herzegov.	-	-	5	260	4	150	9	410
FYROM	-	-	1	10	1	100	2	110
Montenegro	-	-	6	50	3	108	8	158
Serbia	1	60	3	170	10	894	13	1124
Turkey	1	305	7	1519	6	1603	12	3427
TOTAL	3	388	22	2,009	25	2,865	46	5,262

In 2009, EIB activity in the Pre-Accession countries reached EUR 2.9 bn under mandate. With a signature volume of EUR 1.6 bn in Turkey and EUR 894 mn in Serbia, the two countries together absorbed 87% of the amount lent under mandate.

Under the EIB own risk Pre-Accession Facility, an additional EUR 1.5 bn was signed in 2009, of which 1 bn in favour of Turkey and 415 mn in favour of Croatia. Moreover, a EUR 25 mn equity participation was signed for the South-East Europe Energy Efficiency Fund, a joint initiative of the EIB, the Commission and KfW to support small-scale investments in energy efficiency and renewable energy in all Pre-Accession countries.

Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Knowledge economy (RTD, ICT, Education)	-	0	1	70	1	335	2	405
Extension of Trans-European Networks (TENs)	2	83	3	86	3	707	6	876
Support for SMEs	-	0	7	315	15	1251	22	1566
Environmental Protection and Sustainable Communities	1	305	9	1,504	5	715	14	2524
Support to Sustainable, Competitive and Secure Energy	-	0	2	103	3	450	4	553
TOTAL	3	388	22*	2,009*	25*	2,865*	46*	5,262*

** The above numbers cannot be added as a single operation may contribute to several objectives*

EIB support extended to all of the 6 key lending objectives in the Pre-Accession region with main focus on SMEs, environment and TENs, which together absorbed more than 80% of lending under mandate in 2009.

As part of the co-ordinated anti-crisis efforts in the framework of an IPA Crisis Response Package and the call for co-ordinated EC-IFI Action for the Western Balkans and Turkey, the EIB significantly stepped up its **SME** lending to reach EUR 2.6 bn in 2009, half of which was signed under mandate and half under the Pre-Accession Facility. The operations ranged from a large (EUR 400 mn) SME development facility through 3 state-supported intermediaries in Turkey to the first (EUR 10 mn) credit line in Albania, to an innovative microfinance facility in Bosnia and Herzegovina intended to benefit projects undertaken by very small businesses in the sectors of agriculture, trade, manufacturing and services. The impact of this increased SME lending was reinforced by the introduction of the new lending instrument, the EIB Loan for SMEs.

Support to **environmental protection and sustainable communities** were provided by 5 operations totalling EUR 715 mn located in Turkey, Serbia and Montenegro.

- In Turkey, a EUR 300 mn dedicated framework loan targets the financing of renewable energy, energy efficiency and pollution abatement investments as well as other investments with a significant positive environmental impact in the field of energy.
- Sustainable transport, contributing to improved urban environment, received support with the signature of two further tranches (bringing total EIB signed contribution to EUR 850 mn) for the financing of Istanbul-Ankara high speed railway project. The project is of strategic importance for Turkey, aiming at connecting the two most populous cities of the country. The Turkish high-speed railway line project is also strongly supportive of key strategic objectives of EU policy. It is on the South-Eastern axis defined by the High Level Group on Extension of the major trans-European transport axes to the neighbouring countries and regions. Furthermore, the technical project characteristics will ensure interoperability with the European rail network.
- Another operation supported sustainable transport in Serbia; the EIB signed a first tranche of EUR 70 mn to finance a new bridge and associated roads to improve the transport network of Belgrade contributing to alleviating its growing traffic and reducing congestion, pollution and noise in the inner city.
- Another loan in Serbia (EUR 25 mn) was extended in support of urban renewal and regeneration, in particular for the improvement and upgrading of municipal infrastructure covering e.g. transport and local/regional roads, education, cultural and historical heritage and public buildings rehabilitation. The expected benefits include improved quality of public facilities, increased traffic safety and reduction of congestion on the road network.
- In Montenegro, a EUR 27 mn loan contributed to the creation of national sustainable waste management system. The project is expected to lead to improved local amenities, an improved quality of life for citizens and consequently to reduced risks to public health.

The extension and development of corridors connecting to **Trans-European transport Networks** was supported by three operations for a total EIB lending of EUR 707 mn.

- In Serbia, EUR 384 mn was provided for the design and construction of 75 km of 2x2 motorway on Pan European Corridor X. This is the largest single loan signed by the EIB in Serbia to date. The project benefits from coordinated EC-IFI support in the framework of Western Balkans Investment Framework. Corridor X may be considered as the core element of the transport network in the Western Balkans and this project improves one of the few remaining bottlenecks on the 1,500 km long road corridor. The project is consistent with Serbian National Plan for Road/Rail Infrastructure Development 2008-2012, which identifies the completion of the road portion of Corridor X as a first priority.
- Other projects connecting to TENs include the above-mentioned Istanbul-Ankara high speed railway project in Turkey and a EUR 30 mn tranche signed in Montenegro contributing to addressing the backlog of road maintenance along major arteries and other sections of the network feeding into them.

Support to **sustainable, competitive and secure energy** was targeted by 3 projects benefiting from total EIB financing of EUR 450 mn. These comprised, in Turkey, the dedicated framework loan mentioned in the above section presenting the operations benefiting the environment and a EUR 125 mn loan for the rehabilitation and expansion of mostly urban low and medium voltage electricity distribution networks. Expansion and upgrading of the existing electricity network are essential to cope with growing electricity demand, to improve safety standards, reduce distribution losses and to enhance reliability of the electricity distribution services provided. Finally, in Serbia, EUR 25 mn will contribute to upgrading the electricity network, thus indirectly supporting the energy security of EU Member States through interconnections particularly with Bulgaria and Greece.

Knowledge Economy received support through a EUR 335 mn facility assisting Turkey in improving R&D infrastructure and strengthening research capacity at the top Turkish public universities. OECD studies conclude that Turkey's capacity to acquire, develop, share and apply knowledge has become a key factor in determining its ability to compete regionally and globally and to create high-wage, high-value-added jobs for a rapidly growing young population. Recognising the challenge, the Turkish government has set competitiveness, human capital, R&D and ICT at the heart of the country's Ninth Development Plan (2007-2013) as it aims for the transition towards a knowledge-based economy.

2.7.2 Mediterranean Partner Countries

Summary of signatures by Country

Country	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Egypt	1	130	1	250	2	120	4	500
Israel	1	120	-	0	1	25	2	145
Jordan	1	50	1	37	1	166	3	253
Lebanon	2	295	1	52	1	70	4	417
Morocco	2	330	3	270	4	540	9	1140
Syrian Arab Republic	1	80	1	275	2	155	4	510
Tunisia	1	200	4	311	3	434	8	945
TOTAL	9	1,205	11	1,195	14	1,510	34	3,910

In the Mediterranean, lending under mandate represented EUR 1.5 bn in 2009. Morocco and Tunisia remained the most important recipients of financing and received 65% of the amount signed under mandate. The remaining 35% went to 4 countries in the Near East.

In addition to EIB lending under mandate, one loan of EUR 56 mn was granted to Israel at EIB own risk under the Mediterranean Partnership Facility II. This loan supports private sector Research, Development and Innovation in the fields of industrial chemicals and falls under the EIB window of the Risk Sharing Finance Facility with the Commission. Investments in Research, Development and Innovation remain key to securing the future competitiveness of the chemical industry. These investments are typically aiming at the adaptation to and the development of more efficient and environmentally-friendly process technologies and products.

Moreover, EUR 27 mn was provided in private equity under the ENPI risk capital envelope and the FEMIP Trust Fund. These comprised equity participations in three Mediterranean regional funds (including the first venture capital fund targeting the Palestinian territories) and a local currency loan for a micro-finance association in Egypt.

Finally, private sector development was underpinned by the 23 technical assistance operations amounting to EUR 15 mn that were contracted by FEMIP in 2009.

Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Support for enabling environment for private sector through strengthening of economic and social infrastructure	6	905	10	1,143	11	1,175	27	3223
Direct support for private sector, SMEs or micro-finance	6	745	2	107	5	526	13	1378
TOTAL	9*	1,205*	11*	1,195*	14*	1,510*	34*	3,910*

* The above numbers cannot be added as a single operation may contribute to several objectives

Of the 14 loans signed under mandate in 2009, 11 contributed towards an enabling environment for the private sector through strengthening of economic and social infrastructure. Five of the loans provided direct support for the private sector.

In alignment with the priorities of the Union for Mediterranean, the financing of **economic and social infrastructure** comprised the following:

- “Land (and sea) motorways”: EUR 234 mn for the construction of a toll motorway section between Sfax and Gabès in Tunisia and EUR 225 mn for the widening of the Rabat-Casablanca motorway in Morocco. Further financing in the transport sector comprised EUR 70 mn for the construction of Enfidha international airport in Tunisia, managed under a concession awarded to a Turkish operator, and EUR 15 mn for the construction of a tramway link between Rabat and Salé.
- “De-pollution of the Mediterranean”: EUR 70 mn was extended to Lebanon for the construction of wastewater treatment plants in the densely populated and touristic Kesrwan region in order to prevent untreated water from being discharged into the sea. This project is included in the priority list for Lebanon under the "Horizon 2010" initiative and is part of the National Action Plan for pollution reduction in line with the Barcelona Convention. FEMIP also provided EUR 70 mn to improve access to drinking water and the sanitation system for four million people in the Nile Delta in Egypt. Both projects received a grant from the NIF.
- In the water sector, Jordan received a loan of EUR 165 mn for drinking water supply to the city of Amman and a EUR 25 mn loan for Israel served to increase the capacity of the Hadera desalination plant. Both operations promote private sector involvement through a PPP structure bringing additional expertise to design, construction and operation.
- “Renewable energy”: EUR 50 mn financing supported the construction of a new wind farm in Gabal el Zait in Egypt. Located on the Red Sea coast, this wind farm with a capacity of 200 MW is part of an ambitious programme undertaken by Egypt to further expand power generation from renewable energy sources. In order to facilitate the development of

renewables, the EIB, AfD and KfW set up a tripartite initiative to harmonise their sectoral strategies and project evaluation criteria and thus enable them to combine their financing efforts and mobilise the concessionary funds available for this type of investment. This project is also cofinanced by the NIF and the EU-Egypt National Indicative Plan.

- Education: a EUR 200 mn framework loan supports the implementation of the strategic plan for the development of the Moroccan education system over the period 2009-2012. It is a joint operation where the EIB coordinates its contribution with the Commission (involved both directly via the EU-Morocco National Indicative Plan and indirectly via the NIF), the World Bank, African Development Bank and AFD.
- Urban development: a EUR 50 mn framework loan was provided to Syria to finance urban renewal investment programmes, mainly in the following sectors: transport and traffic, public tourist infrastructure, sanitation, industrial effluent treatment and solid waste management. The project is complementary to and is built on results achieved under the Municipal Administration Modernisation Programme initiated by the Commission to support the needs of cities for administrative improvements.
- In addition to the two PPP water sector projects mentioned above, direct support to the private sector was provided by three large-scale industrial projects in Tunisia, Morocco and Syria (EUR 335 mn total financing).

Besides operations on EIB own resources, the EIB provided further support to the private sector under the ENPI risk capital envelope funded by EU budget and the FEMIP Trust Fund funded by contributions of 15 Member States and the Commission. FEMIP has played a leading and pioneering role in the promotion of private equity in the Mediterranean partner countries, in terms of both financing and improving the financial practices implemented. The operations signed in 2009 included:

- EUR 20 mn total participation in two private equity closed-end funds investing in private companies in the Middle East and Northern Africa region. The operations will support the development of the private sector by financing the creation, growth and expansion opportunities for companies with diverse risk profiles, from green-fields to SMEs and larger corporations, all fundamental for the growth of the economy.
- EUR 2 mn local currency loan to a microfinance institution in Egypt. The investment will support the development of micro-enterprises and improve access to finance with expected impacts on economic growth and the welfare of marginalised groups.
- EUR 5 mn participation in the first venture capital fund, which will primarily invest in early stage private, export-oriented IT companies located in the Palestinian Territories. The fund is expected to make a key contribution to economic growth in Palestine, through the development of private business and the local high-technology and financial sectors. Development of the Information and Communication Technology sectors is a key priority for the Palestinian Territories as it is the only economic activity to have seen near continuous growth over the last decade. Software exports are not subject to the impacts of political uncertainty, such as obstacles to movement and access.

2.7.3 Eastern Europe, Southern Caucasus and Russia

Summary of signatures by Country

Country	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Republic of Moldova	-	0	1	20	-	0	1	20
Russian Federation	-	0	-	0	2	133	2	133
Ukraine	-	0	1	150	1	100	2	250
TOTAL	-	0	2	170	3	233	5	403

EIB financing operations in Eastern Europe, the Southern Caucasus and Russia are carried out in close cooperation with the EBRD according to the terms set out in a tripartite Memorandum of Understanding between the Commission, the EIB and the EBRD, which aims to bring together the expertise, capacity and comparative advantages of each participant for the successful implementation of the European Neighbourhood Policy and the EU-Russia Strategic Partnership.

In 2009, lending activity continued to develop and increase in spite of political, economic and regulatory hurdles. 3 operations in Russia and Ukraine totalling EUR 232.5 mn were signed. Although approvals were close to target, the outcome of signatures was lower than targeted, as it was not possible to sign some key operations due to the financial crisis in Russia, which rendered bank intermediation impossible, and due to lengthy administrative procedures in Ukraine. In addition, several projects in the transport sector in Russia were put on hold by the Commission due to EU-Russia tariff disputes over road and freight charges and trans-Siberian over flight rights.

Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Transport	-	0	1	20	-	0	1	20
Energy	-	0	1	150	-	0	1	150
Telecommunications	-	0	-	0	1	115	1	115
Environmental infrastructure	-	0	-	0	2	118	2	118
SMEs	-	0	-	0	1	100	1	100
TOTAL	-	0	2	170	3*	233*	5*	403*

** The above numbers cannot be added as a single operation may contribute to several objectives*

In the Eastern Neighbourhood and Russia, the EIB focuses on projects that are of significant interest to the EU in the transport, energy, telecommunications and environmental infrastructure fields. Priority is given to investments in extended major trans-European network axes, projects with cross-border implications for one or more Member States and major projects fostering regional integration through increased connectivity. In Russia in the environmental sector, the EIB gives particular priority to projects within the framework of the Northern Dimension Environmental Partnership. In the energy sector, strategic energy supply and energy transport projects are of particular importance.

At end 2009 the EIB also established the Eastern Partners Facility for lending in the same countries using up to EUR 1.5 bn from its own resources and at its own risk, with a ceiling of EUR 500 mn for lending to projects in Russia. In this framework, the EIB will extend loans and/or guarantees for EU investments, notably by European corporates, essentially under investment-grade structures in line with the EIB's usual criteria. Indirect equity investments in infrastructure funds of EU interest would also be eligible under this facility.

In 2009, a EUR 115 mn loan was extended to Russia for the upgrading and further development of the mobile telecom network to increase the quality and accessibility of broadband services. Another, EUR 17.5 mn loan in Russia finances further reduction of the pollution discharged by Saint Petersburg into the Gulf of Finland.

As a result of the opening of SME eligibility for the EIB in Eastern partner countries following the Prague Eastern Partnership Summit in May 2009 and the subsequent Commission favourable opinion in August 2009, the EIB signed a first intermediated loan of EUR 100 mn for SMEs in Ukraine. This operation was part of the Joint IFI Action Plan in support of banking systems and lending to the real economy in Central and Eastern Europe. In addition to investments by SMEs, the operation will finance small and medium-sized energy and environment projects promoted by mid-caps and public sector entities in Ukraine.

2.7.4 Asia and Latin America

Summary of signatures by Country

Country	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Argentina	-	0	-	0	1	170	1	170
Brazil	1	250	1	200	-	0	2	450
China	-	0	-	0	1	119	1	119
Colombia	-	0	-	0	1	100	1	100
India	-	0	1	150	1	100	2	250
Mexico	-	0	1	50	-	0	1	50
Nicaragua	-	0	-	0	1	15	1	15
Pakistan	-	0	-	0	1	100	1	100
Panama	1	27	-	0	1	397	2	424
Paraguay	-	0	1	69	-	0	1	69
Uruguay	1	28	-	0	-	0	1	28
Vietnam	-	0	-	0	2	147	2	147
TOTAL	3	305	4	469	9	1147	16	1921

In 2009, EIB activity in Asia and Latin America more than doubled in comparison with the previous year. Nine operations totalling EUR 1,147 mn were signed under the ALA mandate: 5 loans totalling EUR 466 mn in Asia and 4 loans totalling EUR 682 mn in Latin America. Together with the operations approved to be signed, the amounts already utilised under the Asia and Latin America envelopes represented respectively 76% and 60% of the regional mandate sub-ceilings at end-2009.

In addition to signatures under mandate, one loan of EUR 141 mn located in Panama was signed under the EIB own risk Facility for Energy Sustainability and Security of Supply, thereby bringing total EIB signatures in Asia and Latin America to EUR 1,288 mn in 2009. This project which consists of the construction and operation of a cascade of three run-of-river hydro power plants aims at providing electricity from a renewable energy source to the increasing demand of the Panamanian electricity market.

In 2007, the China Climate Change Framework Loan, an envelope of EUR 500 mn, was signed under the EIB own risk Facility for Energy Sustainability and Security of Supply. Under this Framework Loan, the EIB Board of Directors approved in 2009 the allocation of

EUR 134 mn for four projects that contribute to the mitigation of climate change. The total amount of allocations approved since 2008 is EUR 354 mn. Projects approved are in the fields of renewable energy, energy efficiency, greenhouse gases use and forestation. It is expected that, when fully operational, these projects would contribute to the avoidance of up to 2 mn tons of CO₂ every year.

Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Support for EU presence in ALA (European FDI, transfer of European technology)	2	278	4	469	8	1029	14	1776
Support of environmental sustainability (including climate change mitigation)	1	27	2	200	5	730	8	957
TOTAL	3	305	4*	469*	9*	1147*	16*	1921*

* The above numbers cannot be added as a single operation may contribute to several objectives

The 2007-2013 mandate introduced new focus areas for EIB activity in ALA, namely investments contributing to environmental sustainability, including climate change mitigation, or to energy security. The EIB also continues to support the EU's presence in the countries concerned through foreign direct investment and the transfer of technology and know-how. Moreover, the Council invited the Bank to progressively expand its activities across a larger number of countries in ALA, including in less prosperous countries.

Out of the nine operations signed under mandate in 2009, four operations in Asia and four operations in Latin America supported EU presence in ALA region, out of which five were also supporting environmental sustainability. As at end-2009, half of the cumulative financing volume signed under the mandate provided support to environmental sustainability.

Asia

- In China, EUR 119 mn financing concerns on one hand, the reconstruction activities in the sector of forestry/biodiversity of around 101,500 ha of forest and, on the other hand, the removal and consolidation works of irrigation and drinking water reservoirs of 528 dams that were affected by the May 2008 earthquake in the Sichuan Province. The project is part of the overall reconstruction program of the post-earthquake damaged areas set up by the Government of China. The Commission is involved in this program as well as several multilateral and bilateral institutions (i.a. IBRD, ADB, AFD, and IFAD), with whom the EIB coordinates its intervention.
- In India, a EUR 100 mn loan finances investment in a new car manufacturing facility for the production of three small, advanced car models, adapted to the needs of the Indian market. The new models are not substitutes for those produced in European plants, therefore the project has no adverse effects on employment in the EU. The project will contribute to the introduction of modern, fuel-efficient technology to India as some of the

engines that would be used are among the latest generation of low-emission technology, and will thereby enable the promoter to benefit from the gradual tightening of the local legislation on emissions of greenhouse gases.

- In Pakistan, the EUR 100 mn framework loan will support a series of investments in the renewable energy sector. It will be part of the government's multi-year USD 2.2 bn investment programme to develop the renewable energy sector in Pakistan, and in co-financing with a USD 510 mn Multi-tranche Financing Facility set up by the ADB. EIB-ADB collaboration in the project will allow the exploitation of synergies between both institutions and will minimise the transaction costs to the borrower. As a matter of fact, this materialises the first mutual reliance arrangement between the ADB and EIB. Under the Co-financing Agreement signed between the EIB and ADB, the EIB will be delegating to the ADB a series of tasks concerning loan administration and project monitoring. The programme is backed by technical assistance from ADB, the World Bank and bilateral development agencies (USAID and GTZ).
- Two operations were signed in Vietnam in 2009:
 - First, a EUR 100 mn framework loan, which was set after the successful implementation of the previous Line of Credit to Vietnam granted in 2005. The framework loan will support a series of investments that will contribute to either climate change mitigation, through projects in the renewable energy, energy efficiency and reforestation sectors, or to EU presence in Vietnam, through the financing of capital investment by EU companies and joint ventures or through the transfer of European technology and know-how.
 - Second, a EUR 47 mn loan supports the expansion plan of a large European retail and wholesale company in Vietnam, which was partially financed by the Bank in an earlier operation in 2006, and aims at enlarging its regional market penetration. It would help to modernise the distribution sector in Vietnam. The project introduces EU quality and health control standards in the supply chain, as hygienic standards are particularly important to keep control of outbreaks of bird flu and SARS in Vietnam.

Latin America

- In Argentina, after the settlement in 2008 of the six years old dispute on the late payment penalties on a loan extended to the Government, it became possible for the Bank to resume lending in this country. The EU FDI support loan (EUR 170 mn) concerns investment in an existing car manufacturing facility in the Grand Buenos Aires Region aimed at the production of a light commercial vehicle conceived for the mixed transport of goods and passengers, specially adapted for use in the severe road conditions of the region's countryside. The new vehicles will be equipped with the promoter's latest advanced power train technology in terms of enhanced fuel consumption and carbon dioxide emissions levels; furthermore, they will comply with the promoter's most advanced safety standards. There is not a similar model being produced in European plants, therefore the project is not expected to have adverse effects on employment in the EU.
- In Colombia, EUR 100 mn was extended for the financing of capacity and geographical expansion of an EDGE enabled mobile telecommunications network, and the introduction of a UMTS broadband mobile network by the second-largest mobile operator in Colombia. It will extend the GSM and the UMTS network coverage, as well as allow for capacity

increases in the main cities. The core network will expand its capacity to provide services to 3 million new subscribers and a total of over 18 000 million minutes per year. The project is expected to benefit end users through lower tariffs and higher quality broadband access services. The project also improves the competitive environment in Colombia by expanding mobile broadband access. Finally, by using UMTS and EDGE technology, the project also supports the EU policy regarding the international diffusion of interoperable standards.

- In Nicaragua, a EUR 15 mn loan contributes to addressing various bottlenecks of the Nicaraguan electricity sector in key areas of generation and transmission. The main investment components are the rehabilitation of two hydroelectric power plants, the extension and reinforcement of high and medium-voltage transmission lines and substations, the implementation of non-technical loss reduction program and the capacity building and preparation of studies for new investments in renewable energy. The project constitutes a showcase for the Bank's activities in ALA under the new mandate, in particular because it is a clear example of EIB cooperation with other IFIs (IADB, CABEL) resulting in the preservation of the country's renewable generation sources and improvements in transmission and loss reduction in one of the poorest country of Latin America.
- In Panama, EUR 396 mn in financing was extended for the construction of a third lane of larger locks and their access channels at each end of the Panama Canal, complemented by the deepening and widening of existing navigation channels and the elevation of Gatun Lake's maximum level, and the improvement of existing navigation channels. The expansion of the canal's capacity, a top priority project for the country, is needed to manage the forecast growth in cargo volumes and to enable the passage of larger container vessels, generating economies of scale and increasing productivity. The EIB loan is extended to the Autoridad del Canal de Panama, in co-financing with JBIC, IADB, IFC and CAF. EIB's participation is justified on the grounds that, on one hand, European companies and technology will be involved in the implementation of the project and, on the other hand, because of the project's relevance in reducing CO2 emissions in the long term.

2.7.5 Republic of South Africa

Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		Cumulative Total	
	N° ops	EURm	N° ops	EURm	N° ops	EURm	N° ops	EURm
Support for infrastructure projects of public interest	-	0	1	150	3	220	4	370
Direct support for private sector, SMEs	-	0	3	203	2	100	5	303
TOTAL	-	0	3*	203*	4*	280*	7*	483*

** The above numbers cannot be added as a single operation may contribute to several objectives*

EIB financing in the Republic of South Africa focuses on priority infrastructure investment programmes and the promotion of private sector growth. Three of the four operations signed in 2009 are support for infrastructure projects of public interest and two provided support for the private sector.

Sources of finance for SMEs in South Africa are limited, especially for longer-term loans and more risk-taking financial instruments. About two thirds of SMEs in the country do not receive debt financing from the formal financial sector. Accordingly, the EIB contributes to improve access to financial services for the underserved SME sector notably through credit facilities to the Industrial Development Corporation (IDC), a key partner for EIB financing in South Africa. A line of credit extended to IDC in May 2009 provided EUR 60 mn for on-lending to small and medium scale projects throughout South Africa.

Estimates suggest that one third of households in South Africa (some 16 million people) either do not have access to electricity or receive a level of electricity services that is not adequate. In addition, 3.6 million households do not benefit from adequate levels of sanitation services, while 1.8 million households do not have access to running water. However, many municipalities in the country are challenged with insufficient funds to provide these basic social and economic services. To address such needs, the EIB extended, in June 2009, a EUR 60 mn line of credit to the Development Bank of Southern Africa (DBSA). This loan will enable DBSA to provide the longer-term funding needed, especially in support of those municipalities with serious infrastructure backlogs and difficulties in delivering basic services, including water, sanitation, education and electricity. DBSA expects the EIB line of credit to benefit over 150,000 households through connections to one or several basic infrastructure services and to create over 6,000 new jobs.

In 2009 EIB also signed a EUR 120 mn loan for the upgrade and extension of two toll roads in northern South Africa. The projects are of strategic importance to South Africa's transport infrastructure. The planned improvements and extensions contribute to enhance economic competitiveness as a result of reduced transportation costs and travel times and bring significant safety benefits as well as creating direct and indirect employment opportunities.

Finally, in November 2009 the Bank signed a EUR 40 mn framework loan with FirstRand Bank to support clean energy investments in South Africa. This marks the first dedicated energy efficiency loan made by the EIB in South Africa. It will enhance South Africa's contribution to combating climate change and facilitates economic development through improving the reliability of electricity supply in the country. The loan targets investments in a range of climate change mitigation activities. Specific focus will be on industrial cogeneration, but projects are also likely to include support for renewable energy schemes, waste or landfill gas for heat and power generation, and energy efficiency installations in residential, public or commercial buildings.

2.8 List of EC-EIB initiatives / partnerships in the regions covered by the external mandate

This section provides an overview of the main initiatives, partnerships and instruments complementing the EIB external mandate within which the Commission and the EIB

cooperated in 2009 with the aim to maximise synergies and to provide coherent support for the regions outside the EU.

Pre-Accession Countries

- The Commission and the EIB together with the EBRD and the CEB have prepared the launch of the **Western Balkans Investment Framework** with its two key components the Joint Grant Facility and the Joint Lending Facility. Its goal is to further enhance harmonisation and co-operation in investments for socio-economic development in the region.
- Following EBRD's decision to start operations in **Turkey** as from November 2008, the EC, EBRD and EIB entered into an "**Accord**" to ensure the optimum use of EBRD's additional resources, knowledge and expertise with the aim to maximise the contribution of the institutions to meet Turkey's considerable and varied economic needs.
- The **South East Europe Energy Efficiency Fund** (S4EF) was established end 2009 to finance investments in energy efficiency in Pre-Accession, with a model similar to the European Fund for South East Europe (EFSE).
- The **Energy Efficiency Finance Facility** (EEFF) was launched in 2006 to tackle the Climate Change issue. It aimed at stimulating energy efficiency investments in all types of building and in industry by making appropriate financing available. The EEFF combines IFI credit lines extended to financial intermediaries with incentives to improve the cost effectiveness of equipment and make the energy investment more attractive, and fees to the benefit of local financial intermediaries to encourage them to lend for the purpose of energy efficiency financing.
- Since 2001, the Commission and the EIB are co-operating under the **SME Finance Facility** (SMEFF), merging the grant support with the EIB lending to help developing the SME lending capacities of Participating Financial Institutions in the eligible countries. At end 2009, the EIB's total grant available for the SMEFF under the PHARE⁴ Program was EUR 69 mn, and the EIB has committed to provide debt financing of at least EUR 690 mn.
- Since 2003, the **Municipal Finance Facility** (MFF) aims to encourage local financial intermediaries to extend loans to municipalities. The mechanism of the programme is similar to the SMEFF. The total grant contribution made available by the EC has reached EUR 55.8 mn and the EIB lending commitment is at least EUR 279 mn.
- Also since 2003, the **Municipal Infrastructure Facility** (MIF) aims to contribute towards the social and economic development of border regions of the EU-15 Member States. To this end, the MIF combines loans from EIB resources with non-reimbursable grant support to accelerate the completion of small local infrastructure. The second Contribution Agreement signed in 2004 between the Commission and the EIB extends the EU contribution to a total of EUR 40 mn and the EIB lending commitment to a total of EUR 200 mn.

⁴ Poland and Hungary Aid for the Reconstruction of the Economy ("PHARE").

Neighbourhood countries and Russia

- In the Neighbourhood countries⁵ where a European Neighbourhood Policy Action Plan is in place, the Commission and the EIB cooperate in the framework of **Neighbourhood Investment Facility** (NIF), which mobilises additional funding for infrastructure projects mainly in the energy, transport, environment and social sectors in the area of the European Neighbourhood Policy by providing grant support for lending operations of the EIB and other EU public finance institutions. The EIB also manages the NIF Trust Fund (signed on 5 November 2008) to pool the additional contributions from the Member States and possibly other donors.

Mediterranean neighbourhood

- The Commission and the EIB closely cooperate in the framework of the priorities established under the **Union for the Mediterranean**.
- For the Mediterranean countries, the EIB manages in the context of FEMIP and on behalf of the EU, a budgetary envelope of EUR 32 mn per year under the South regional ENPI programme for **risk capital investments and technical assistance**. In 2009, 17 TA operations of a total value of EUR 12.2 mn were contracted under the FEMIP Support Fund. Risk capital operations signed under this envelope amounted to EUR 22 mn in 2009.
- The **FEMIP Trust Fund** (a financial envelope of EUR 34.5 mn funded by contributions of 15 Member States and the Commission) provides resources to upstream technical assistance in the form of strategic thematic studies and risk capital operations specialising in seed capital. It focuses its activities on two priority objectives: private sector development and the creation of an investment-friendly environment in the Mediterranean region. In 2009, 6 new TA operations amounting to EUR 3.3 mn were contracted. Additionally, an EUR 5 mn equity participation in a regional venture capital fund was signed.

Eastern Neighbourhood and Russia

- The Commission and the EIB closely cooperate in the framework of flagship initiatives established under the **EU Eastern Partnership**.
- In the Eastern Neighbourhood and Russia, cooperation under the **EC-EIB-EBRD tripartite MoU** continued, with joint banks' pipeline and agreement on the framework policies for each eligible sector (transport, energy, environment, telecommunications).
- **Under the aegis of the Northern Dimension policy, the Northern Dimension Environmental Partnership (NDEP)** unites Russia, the Commission, other bilateral donors and the main IFIs active in the region to co-ordinate and accelerate the implementation of important environmental and nuclear safety projects in the Northern Dimension, especially in North West Russia and in Kaliningrad. The Commission and the EIB (together with Russia, EBRD, Nordic Investment Bank (NIB), the Nordic Environment Finance Corporation (NEFCO) and the World Bank) are members of the

⁵ Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, the Republic of Moldova, Morocco, occupied Palestinian territory, Tunisia and Ukraine.

NDEP Steering Group, the main operative body. Most EIB loans signed with Russia so far are NDEP projects, co-financed with the EBRD and NIB. A new initiative, the **Northern Dimension Partnership for Transport and Logistics (NDPTL)**, was launched in October 2009 with the aim of providing support for planning and decisions concerning infrastructure of importance to cross-border transportation in the Northern Dimension region.

- **Eastern Europe Energy Efficiency and Environmental Partnership (5E's)** - Involved in the 5E's are a whole host of bilateral donors, the Commission, Ukraine and IFIs such as the EIB, the EBRD, NIB, NEFCO and the World Bank/IFC. Work in the 5E's will initially focus on the financing of large public projects in Ukraine, especially in the district heating sector. Other energy and environmental measures may also be eligible for support.

Central Asia

- As for the Eastern Neighbourhood, the EIB operations in Central Asia are developing in the framework of the EC-EIB-EBRD tripartite MoU. The focal priorities are energy and environment.

South Africa

- In support of South Africa, the EIB has assisted the Commission in the design and implementation of dedicated EU funded risk capital facilities for South African SMEs. The **second Risk Capital Facility (RCF II)** for an amount of EUR 50 mn and for a period of five years was set up at end-2006 and, thanks to the excellent cooperation between the Commission and the EIB, is being implemented according to schedule and meeting its main Key Performance Indicators.

Global

- The Global Energy Efficiency and Renewable Energy Fund (GEEREF) is an innovative fund of funds sponsored by the Commission, Germany and Norway and advised by the EIB and EIF to provide clean energy to emerging countries and economies in transition. GEEREF made its first commitments in 2009 (EUR 22.5 mn to a renewable energy Asia fund and for clean energy investments in Southern Africa).

2.9 List of projects signed in 2009 and co-financed with the Commission and other IFIs

Country	Contract name	Year of signature	Project cost	EIB loan signed	Multilateral Financing Institutions	European Bilateral Institutions	EC contributions
Co-financed operations under the 2007-2013 external lending mandate							
Pre-Accession countries			8689,20	2228,09			
Montenegro	ROADS AND BRIDGES REHABILITATION A3	2009	79,00	30,00			
Montenegro	MONTENEGRO SOLID WASTE	2009	54,00	27,00			
Serbia	CORRIDOR X SOUTH SERBIA	2009	969,30	384,00			
Serbia	BELGRADE CITY SAVA BRIDGE / A	2009	404,90	70,00			
Turkey	ISTANBUL-ANKARA RAILWAY E and F	2009	2566,00	293,17			
Turkey	SME DEVELOPMENT LOAN	2009	800,00	400,00			
Turkey	ISTANBUL-ANKARA RAILWAY D, E and F	2009	2566,00	598,92			
Turkey	TEDAS ELECTRICITY DISTRIBUTION C	2009	650,00	125,00			
Turkey	ENVIRONMENT & ENERGY FRAMEWORK LOAN II	2009	600,00	300,00			
Neighbourhood countries & Russia			8371,88	1517,36			
Egypt	WIND FARM GULF OF EL ZAYT	2009	340,00	50,00			
Egypt	IWSP	2009	295,10	70,00			
Morocco	AUTOROUTES DU MAROC VI (MAROC)	2009	452,30	225,00			
Morocco	TRAMWAY RABAT	2009	347,10	15,00			
Morocco	PRET CADRE SECTEUR EDUCATION MAROC	2009	3.088,00	200,00			
Jordan	SOUTH-NORTH WATER CONVEYOR	2009	841,00	166,00			
Liban	KESRWAN WATER AND WASTEWATER	2009	210,00	70,00			
Russia	ST. PETERSBURG VODOKANAL III	2009	562,20	17,50			
Russia	MTS MOBILE BROADBAND	2009	315,50	115,00			
Syria	SYRIAN CEMENT COMPANY (A & B)	2009	506,68	104,86			
Syria	SYRIA MUNICIPAL & ENVIRONMENT INFRASTRUCTURE	2009	100,00	50,00			
Tunisia	AEROPORT ENFIDHA	2009	498,00	70,00			
Tunisia	TUNISIAN INDIAN FERTILIZERS	2009	348,00	130,00			
Tunisia	AUTOROUTE SFAX - GABES	2009	468,00	234,00			
Asia & Latin America			5345,00	782,00			
Argentina	VW ARGENTINA II- A	2009	371,70	170,00			
India	VOLKSWAGEN INDIA	2009	574,00	100,00			
Nicaragua	HYDRO REFURBISHMENT AND TRANSMISSION	2009	81,70	15,00			
Pakistan	PAKISTAN RENEWABLE ENERGY FL	2009	200,00	100,00			
Panama	PANAMA CANAL EXPANSION	2009	4117,60	397,00			
TOTAL			22406,08	4527,45			
Co-financed operations under EIB own risk Facilities							
Turkey	OSMANYE WIND FARM	2009	221,00	30,00			
Pre-Accession countries	SE EUROPE ENERGY EFFICIENCY FUND, SICAV	2009	65,00	25,00			
TOTAL			286,00	55,00			
Co-financed risk capital operations (Community budget, ENPI)							
Regional - Med	MENA JOINT INVESTMENT FUND	2009	360,00	10,00			
Regional - Med	SWICORP INTAJ CAPITAL II	2009	297,00	10,00			
TOTAL			657,00	20,00			

2.10 List of projects signed in 2009 and co-financed with other IFIs

Country	Project	Mandate / Funds	Product	Sector	Project cost EUR m	Amount signed EUR m	Co-financed with	Notes
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PRE-ACCESSION					1684			
Turkey	OSMAMNIYE WIND FARM	Pre-Accession Facility	Loan	Energy	221	30	IFC, EBRD	
Turkey	SME DEVELOPMENT LOAN	Mandate 2007-2013	Loan	SMEs, medium sized projects	800	400		The EIB will finance EE projects under the EE FF window with the EC. The World Bank has entered into a parallel financing with same intermediaries for EE projects
Serbia	CORRIDOR X SOUTH SERBIA	Mandate 2007-2013	Loan	Transports	969	384	World Bank	
Montenegro	ROADS AND BRIDGES REHABILITATION A3	Mandate 2007-2013	Loan	Transports	79	30	EBRD KfW	EAR
Montenegro	MONTENEGRO SOLID WASTE	Mandate 2007-2013	Loan	Water, sewerage	54	27	World Bank	IPA National Programme IPF Municipal Window
Turkey	ISTANBUL-ANKARA RAILWAY E and F	Mandate 2007-2013	Loan	Transports	2566	293	Spanish Agency for International Cooperation	Total EIB financing signed 850m. Other sources of finance include the Commission, export credit agencies of Spain, the Export Import Bank of China.
Turkey	TEDAS ELECTRICITY DISTRIBUTION C	Mandate 2007-2013	Loan	Energy	650	125	World Bank	Total EIB financing signed amounts to 325m.
Turkey	ENVIRONMENT & ENERGY FRAMEWORK LOAN II	Mandate 2007-2013	Loan	Energy	600	300		The intermediaries receive parallel financing from similar facilities with World Bank

Serbia	BELGRADE CITY SAVA BRIDGE / A	Mandate 2007-2013	Loan	Transports	405	70	EBRD	
Albania, Bosnia-Herzegov., Croatia, Montenegro, FYROM, Serbia, Turkey	SE EUROPE ENERGY EFFICIENCY FUND, SICAV	Pre-Accession Facility	Loan	Services	65	25	KfW	The fund concept has been developed jointly by EIB, KfW and EC, all of which are founder or cornerstone participants.
SOUTHERN NEIGHBOURS						1121		
Tunisia	AEROPORT ENFIDHA	Mandate 2007-2013	Loan	Transport	498	70	IFC AfDB AFD-Proparco	
Tunisia	TUNISIAN INDIAN FERTILIZERS	Mandate 2007-2013	Loan	Industry	\$ 524m	130	IsDB	
Liban	KESRWAN WATER AND WASTEWATER	Mandate 2007-2013	Loan	Water	210	70	AFD	NIF (4m)
Jordan	SOUTH-NORTH WATER CONVEYOR	Mandate 2007-2013	Loan	Energy	\$ 1,070m	166	AFD-Proparco	
Syria	SYRIAN CEMENT COMPANY (A & B)	Mandate 2007-2013	Loan	Industry	\$ 682m	105	AFD-Proparco	
Egypt	WIND FARM GULF OF EL ZAYT	Mandate 2007-2013	Loan	Energy	340	50	KfW	
Egypt	IWSP	Mandate 2007-2013	Loan	Water	295	70	KfW AFD	
Morocco	AUTOROUTES DU MAROC VI (MAROC)	Mandate 2007-2013	Loan	Transport	452	225	AFESD	
Morocco	TRAMWAY RABAT	Mandate 2007-2013	Loan	Transport	347	15	AFD	NIF (8m)

Morocco	PRET CADRE SECTEUR EDUCATION MAROC	Mandate 2007-2013	Loan	Education	3,088	200	AFD WB AfDB	EC direct contribution and via NIF	
Regional - Med	MENA JOINT INVESTMENT FUND	ENPI RC & TA	Risk capital	Services	360	10	IFC		
Regional - Med	SWICORP INTAJ CAPITAL II	ENPI RC & TA	Risk capital	Services	\$ 400m	10	IFC AFD-Proparco		
EASTERN NEIGHBOURS AND PARTNER COUNTRIES						133			
Russia	ST. PETERSBURG VODOKANAL III	Mandate 2007-2013	Loan	Water	562	18	EBRD NIB		
Russia	MTS MOBILE BROADBAND	Mandate 2007-2013	Loan	ICT	316	115	EBRD NIB		
ASIA and LATIN AMERICA						782			
Panama	PANAMA CANAL EXPANSION	Mandate 2007-2013	Loan	Transport	\$ 5,250m	397	IFC IADB CAF		
Nicaragua	HYDRO REFURBISHMENT AND TRANSMISSION	Mandate 2007-2013	Loan	Energy	\$ 118.5m	15	IADB CABEI		
India	VOLKSWAGEN INDIA	Mandate 2007-2013	Loan	Industry	574	100	IFC KfW		
Pakistan	PAKISTAN RENEWABLE ENERGY FL	Mandate 2007-2013	Loan	Energy	200	100	ADB		
Argentina	VW ARGENTINA II- A	Mandate 2007-2013	Loan	Industry	372	170	KfW		

2.11 List of loans signed under the external mandate in 2009

List of loans signed in the Pre-Accession countries

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee ⁶
Albania	Financing of small and medium-scale projects through MLT loans	10.00	Yes
Bosnia and Herzegovina	Financing of small and medium-scale projects carried out by small and micro enterprises	10.00	Yes
Bosnia and Herzegovina	Financing of small and medium-scale projects carried out by SMEs	50.00	Yes
Bosnia and Herzegovina	Financing of small and medium-scale projects carried out by SMEs	50.00	No
Bosnia and Herzegovina	Financing of small and medium-scale projects carried out by SMEs	40.00	Yes
FYROM	Financing of small and medium-scale projects carried out by SMEs	100.00	No
Montenegro	Rehabilitation of roads and bridges throughout country	30.00	No
Montenegro	Financing of small and medium-scale projects carried out by SMEs	51.00	No
Montenegro	Creation of national sustainable waste management system	27.00	No
Serbia	Financing of small and medium-scale projects carried out by SMEs	250.00	No
Serbia	Financing of small and medium-scale projects carried out by SMEs	40.00	Yes
Serbia	Financing of small and medium-scale projects carried out by SMEs	50.00	Yes
Serbia	Construction of six 220 or 400 kV electricity substations	24.50	No
Serbia	Financing of small and medium-scale infrastructure projects	25.00	No
Serbia	Financing of small and medium-scale infrastructure schemes	10.00	Yes
Serbia	Construction of motorway section on Pan-European Corridor X between Grabovnica and Levosoje in southern Serbia	384.00	No
Serbia	Construction of new Sava bridge and access	70.00	No

⁶ The Political Risk Guarantee column highlights the operations where, in contrast to sovereign or equivalent risk operations covered by the Comprehensive Guarantee, the EU budget guarantee covers defined political risks while the EIB assumes all other risks.

	roads in Belgrade		
Serbia	Lease financing of small and medium-scale infrastructure projects	20.00	Yes
Serbia	Financing of small and medium-scale projects carried out by SMEs	20.00	Yes
Turkey	Investment in academic research system of Republic of Turkey	335.00	No
Turkey	Financing of small and medium-scale projects, with particular focus on smaller businesses	150.00	No
Turkey	Financing of small and medium-scale projects carried out by SMEs	400.00	No
Turkey	Financing of environmental and energy projects	300.00	No
Turkey	Construction of high-speed railway line between Istanbul and Ankara	293.17	No
Turkey	Upgrading and extension of national electricity distribution networks	125.00	No

2,864.67

List of loans signed in the Mediterranean countries

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Egypt	Framework loan for water supply and wastewater schemes in four governorates in Nile Delta	70.00	No
Egypt	Large-scale onshore wind farm on Red Sea coast, south-east of Cairo, to supply national power grid	50.00	No
Israel	Increase in production capacity of Hadera desalination plant	25.22	Yes
Jordan	Construction of water extraction and transport system, including 325 km pipeline, to supply drinking water mainly to Greater Amman area	73.67	No
Jordan	Construction of water extraction and transport system, including 325 km pipeline, to supply drinking water mainly to Greater Amman area	92.09	Yes
Lebanon	Construction of wastewater treatment plant, sewerage network and sea outfall in Tabarja, near Jounieh	70.00	No
Morocco	Construction of Rabat motorway bypass and widening of Rabat-Casablanca motorway	225.00	No
Morocco	Participation in 2009-2012 development plan for education system	200.00	No
Morocco	Construction of low-cost vehicle manufacturing plant in Melloussa free economic zone, 30 km from port of Tangiers	100.00	No
Morocco	Construction of two tramway lines between Rabat and Salé	15.00	No
Syrian Arab Republic	Framework loan for investment schemes in Syrian cities	50.00	No
Syrian Arab Republic	Construction of cement plant on greenfield site near Aleppo	104.85	Yes
Tunisia	Construction of airport near town of Enfidha	70.00	Yes
Tunisia	Construction of toll motorway section from Sfax to Gabès in southern Tunisia	234.00	No
Tunisia	Construction of phosphoric acid plant close to existing plant (Skhira) near Gabès in south of Tunisia	130.00	Yes

1,509.83

List of loans signed in the Eastern Europe, Southern Caucasus and Russia

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Russian Federation	Rollout of third-generation UMTS-based mobile broadband services	115.00	Yes
Russian Federation	Reduction of pollutant load discharged into Baltic Sea	17.50	Yes
Ukraine	Financing of small and medium-scale projects carried out by SMEs	100.00	Yes

232.50

List of loans signed in Asia and Latin America

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Argentina	Production of light commercial vehicle on Pacheco site (greater Buenos Aires region)	170.00	Yes
China	Reforestation schemes and repair of irrigation reservoirs in earthquake-damaged areas of Sichuan province	118.57	No
Colombia	Roll-out of EDGE-enabled (enhanced data rate for GSM evolution) mobile telecommunications network	100.00	Yes
India	Construction of new car plant for production of three small efficient models in state of Maharashtra	100.00	Yes
Nicaragua	Rehabilitation of hydropower plants and upgrading of Nicaragua's electricity transmission network	15.05	No
Pakistan	Framework loan for investments in renewable energy sector in Pakistan, contributing to climate change mitigation	100.00	No
Panama	Construction of third lane of large locks and improvement of existing navigation channels to expand capacity of Panama Canal	396.57	No
Viet Nam	Construction of five wholesale stores as part of company's expansion programme in Vietnam	47.00	Yes
Viet Nam	Framework loan for supporting series of investments mainly contributing to climate change mitigation (through renewable energy and energy efficiency projects)	100.00	No

1,147.19

List of loans signed in the Republic of South Africa

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
South Africa	Financing of municipal infrastructure projects in South Africa	60.00	No
South Africa	Financing of small and medium-scale projects	60.00	No
South Africa	Framework loan for part-financing energy efficiency and renewable energy projects	40.00	Yes
South Africa	Extension and upgrading of national road network in northern South Africa	120.00	No

280.00