

EVALUATION ROADMAP			
TITLE OF THE EVALUATION/FC	Mid-term evaluation of the European Investment Bank's external mandate over the period 2014-2020		
LEAD DG – RESPONSIBLE UNIT	DG ECFIN – UNIT L.1	DATE OF THIS ROADMAP	12/05/2015
TYPE OF EVALUATION	Evaluation	PLANNED START DATE	09 / 2015
	Mid-term	PLANNED COMPLETION DATE	06 / 2016
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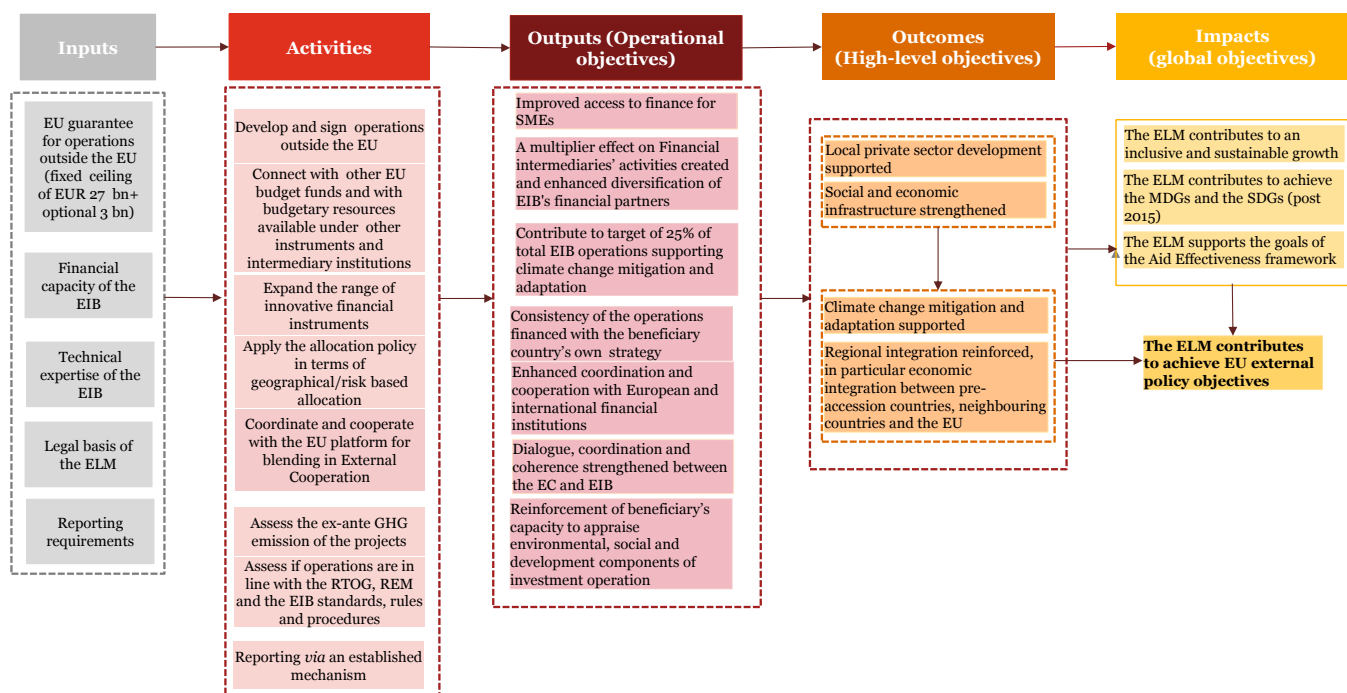
A. Purpose
(A.1) Purpose

<p>The purpose of this evaluation is to assess the application in the first years of the Decision No 466/2014/EU adopted on 16 April 2014 by the European Parliament and the Council granting an EU guarantee to the European Investment Bank ("the EIB") against losses under financing operations supporting investment projects outside the EU over the period 2014-2020 ("the Decision").</p> <p>The Commission will deliver a mid-term report evaluating the overall implementation of the External Lending Mandate ("the ELM") and a possible Commission's Proposal for an update of the Decision to the European Parliament and to the Council.</p> <p>The mid-term report will be based on the outcomes of an independent external evaluation. The report will assess the application of the allocation policy, EIB reporting and the Result Measurement Framework (ReM). It will also evaluate the potential activation (in whole or in part), and possible geographical distribution of the optional additional amount of EUR 3 billion.</p> <p>Considering the possible release of an optional additional amount, the evaluation should carefully review:</p> <ul style="list-style-type: none"> ○ progress in the implementation of the Decision No 466/2014/EU by the EIB, in particular the results of EIB operations based on information from, amongst others, the Results Measurement framework (REM), including the development impact; ○ the provisioning needs of the Guarantee Fund taking into account past and future outstanding amounts on all activities covered by the Guarantee Fund; ○ the macroeconomic, financial and political situation of the eligible regions and countries at the time of the mid-term review; ○ the EIB's needs in terms of EU guarantee over the remaining period of the mandate 2014-2020 and ○ the budgetary impacts of any release. <p>The evaluation will also contain conclusions and recommendations to improve the processes in the future.</p> <p>The independent external evaluation will be executed by a contractor who will work under direct monitoring and supervision of a Steering Committee consisting of representatives from relevant Commission's DGs, EEAS and the EIB. The findings of the final evaluation report of the Contractor and a contribution from EIB will feed into the Commission's mid-term report.</p>

(A.2) Justification
<p>Evaluation is a key step of the policy cycle, enabling the experience of policies implemented to translate into institutional learning and effectively respond to strategic needs. A mid-term evaluate enables an intervention to be assessed and adjusted as necessary during implementation. The important role of evaluation is highlighted in the current Better Regulation Guidelines (SWD(2015)111) attached to Communication COM(2015)215, which includes a commitment to evaluate in a proportionate way all EU spending and non-spending activities intended to have an impact on economy.</p> <p>The rationale for this evaluation is embedded in the Decision No 466/2014/EU. The legal base requirement can be found in Article 19 of this Decision:</p> <p>'By 31 December 2016, the Commission, in cooperation with the EIB, shall, submit to the European Parliament and the Council a mid-term report evaluating the application of this Decision in the first years accompanied, where appropriate, by a proposal for its amendment. The mid-term report shall draw upon an independent external evaluation and contribution from the EIB.'</p>

B. Content and subject of the evaluation
(B.1) Subject area
<p>The EIB carries out operations outside the EU in support of EU policies either based on a mandate from the EU with an EU guarantee under the Decision (the ELM) or at its own risk under dedicated facilities created in the EIB, referred to as "Own Risk Facilities" (ORF). In addition, EIB manages the ACP-EU Investment Facility as agreed by Member States and countries in Africa, Caribbean and Pacific region in the Cotonou Agreement establishing the European Development Fund (EDF). It is worth noting that ACP countries are not covered by the ELM and therefore are not included in this evaluation. Taken together, the EIB's activities outside of the EU (under ELM, ORF and in ACP) have traditionally made up around 10% of the EIB total lending activities.</p> <p>The Decision has the purpose of granting an EU guarantee to the EIB against losses under financing operations signed over the period 2014-2020 in support of investment projects in eligible countries outside the EU (see Annex III of the Decision). Following the signature of the Guarantee Agreement by the Commission and the EIB on 25 July 2014, the current ELM entered into force. The EU guarantee is granted as a global guarantee in respect of payments which were due to the EIB but were not received by it. These payments must be in connection with loans, loan guarantees and debt capital market instruments granted for or issued for the benefit of EIB investment projects outside of the EU.</p>
(B.2) Original objectives of the intervention
<p>The EIB governing bodies are encouraged to take the necessary measures to adapt the EIB activity to contribute to the Union external policies in an effective manner, and to adequately meet the requirements set out in the Decision No 466/2014/EU. The EU guarantee is granted only for EIB financing operations which, while complying with the requirements laid out in the Decision, have added value on the basis of the EIB's own assessment and support any of the following high-level objectives, defined in Article 3 of the Decision:</p> <ol style="list-style-type: none"> 1. Development of the local private sector, in particular support to Small and Medium-sized Enterprises (SMEs); 2. Development of social and economic infrastructure, including transport, energy, environmental infrastructure, information and communication technology, health and education; 3. Climate change mitigation and adaptation. <p>In addition to these three high level objectives, regional integration among countries is considered as an underlying objective, including in particular economic integration between Pre-accession countries, Neighbourhood countries and the Union.</p>
(B.3) How the objectives were to be achieved

Intervention logic



The coverage of the EU guarantee allows the EIB to conduct operations outside the EU while limiting EIB's risk exposure and thus preserving its creditworthiness. In undertaking financing operations outside of the EU, the EIB indirectly contributes to the policy objectives of the Union, which include reducing poverty through inclusive growth and sustainable economy, environmental and social development and the prosperity of the Union in changing global economic circumstances. EIB financing operations must therefore be aligned with these objectives and general principles guiding Union external action and must contribute to the implementation of international environment agreements to which the Union is a party.

To this end, the Commission, the EEAS and the EIB cooperate and ensure alignment of EIB external actions and EU external policy objectives 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 (Memorandum of Understanding between the Commission and the EIB in consultation with the EEAS signed on 12 September 2013). In order to provide practical measures to link the general objectives of the EU guarantee with implementation by the EIB, updated Regional Technical Operational Guidelines were adopted by the Commission on 8 May 2015.

The EIB promotes local private sector development by supporting local investment in beneficiary countries and investment projects by SMEs from the Union. EIB's activities focus on promoting access to finance by extending credit lines to local financial intermediaries (mainly banks) for on-lending to small and medium enterprises, participation in private equity funds and risk capital to high-growth potential companies, equity finance for microfinance providers and direct loans to larger companies.

Regarding the development of social and economic infrastructure, the EIB supports infrastructure projects in its traditional sectors of intervention: energy, transport, urban development, and health and education, as well as environmental infrastructure such as water and sanitation and green infrastructure, telecommunications and broadband network infrastructure.

In the field of climate change mitigation and adaptation, the EIB supports the EU's aim of promoting low-carbon and climate-resilient growth globally and contributes to the overall objective of the United Nations Framework Convention on Climate Change, in particular by avoiding or reducing greenhouse gas emissions in the areas of renewable energy, energy efficiency and sustainable transport, or by increasing resilience to the adverse impacts of climate change on vulnerable countries, sectors and communities. The eligibility criteria for climate action projects are defined in the EIB Climate Change Strategy which has been updated. Over the period covered by this Decision, the volume of those operations must represent at least 25 % of total EIB financing operations.

EIB projects contribute to regional integration by facilitating the physical movement of goods and labour, but also by fostering international collaboration in the private sector, and supporting the convergence of neighbouring countries' economies towards the EU.

C. Scope of the evaluation/FC

(C.1) Topics covered

The framework of the evaluation of the ELM will include both an evaluation of the EIB's external financing activities (including risk-capital and technical assistance) under EU guarantee and an assessment of the wider impact of the EIB's external lending in ELM regions against the high-level objectives of the ELM. This must be evaluated in the context of the 2030 Agenda for Sustainable Development including the development finance framework, and the Paris Climate Agreement.

The evaluation will cover the first years of the current mandate 2014-2020 and will also take into account the mandate covering the period 2007-2013 with its extensions until the end of June 2014 (to the extent that it is relevant to the current period). It will examine quality of projects and financing volumes (signed as well as disbursed) by country and by the high-level objectives supported, as well as technical assistance and other financial instruments, at national or regional level, as of 2014. Regarding the geographical scope, it includes Pre-accession countries, Neighbourhood/ Partnership countries, Latin America, Asia, Central Asia, South Africa.

The EIB operations in Africa, Caribbean and Pacific (ACP) as well as in Overseas Countries and Territories (OCT) are excluded from the evaluation because they are not in the Decision which has set a list of regions and countries eligible for EIB financing operations.

(C.2) Issues to be examined

The issues which will be examined in order to evaluate the ELM and in general the application of the Decision during these first years pertain to the relevance, effectiveness, efficiency and coherence of the design and implementation of the ELM, as well as its impact and sustainability.

As set out in the Decision, the mid-term review will include:

- a) an assessment of the application of the Allocation Policy. In compliance with the Decision, an Allocation Policy has been set out in the guarantee agreement defining the principles for allocating new operations to either the Mandate or to EIB's full own risk;
- b) an assessment of EIB reporting and where appropriate recommendations on how to improve it;
- c) an assessment of the ReM, including performance indicators and criteria, and their contribution to the achievement of the objectives of this Decision;
- d) a detailed account of the criteria considered for the recommendation concerning the potential activation in whole or in part of the optional additional amount. "

In particular, the evaluation will address, in appropriate ways:

- Compliance of EIB financing operations with the Decision, their added value and contribution to the Union external policies, their quality, their development impact drawing on the EIB's REM and the financial benefits transferred to beneficiaries on an aggregated basis.
- Climate change and biodiversity financing under the Decision,
- Functioning of the Memorandum of Understanding between the European Commission and the European Investment Bank in respect of cooperation and coordination in the regions covered by the External Mandate, which was revised in 2013 enhancing cooperation and early mutual exchange of information between the Commission, the EEAS and the EIB at operational level.
- Cooperation with the Commission and other European and international financial institutions, including co-financing.

Among other issues, the evaluation will assess EIB's ability to effectively interact under the ELM requirements with the blending mechanisms as recorded in the separate evaluations.

(C.3) Other tasks

N/A

D. Evidence base

(D.1) Evidence from monitoring

There are several monitoring and reporting provisions in place as regards the use of the EU guarantee for EIB financing operations under the ELM. These provisions are set out in the Decision and in the Guarantee Agreement.

The EIB has to provide the Commission with yearly reports on all EIB financing operations carried out during the year. These reports must include an assessment of EIB financing operations at project, sector, country and regional level, an assessment of the contribution of EIB financing operations to EU external policy and strategic objectives, an assessment of the financial benefit transferred to beneficiaries on an aggregate basis, information on climate change and biodiversity volumes and information on EIB financing operations used in combination with EU financial resources and resources of other European and international financial institutions, among other topics covered.

Furthermore, the EIB must provide the Commission with statistical, financial and credit risk data as well as audited accounting data in respect of all outstanding Loans or Loan Guarantees extended under the EU Guarantee, as well as any other information necessary for the Commission to fulfil its reporting duties. The EIB also provides the Commission with reporting on individual projects, in particular a Project Credit Report twice a year in respect of each Loan Agreement or Loan Guarantee Agreement signed during the previous half-year.

Moreover, the EIB must provide the Commission, the Council and the European Parliament with all its independent evaluation reports which assess the results achieved by the EIB operations under the Decision and other external mandates. The EIB also provides the Commission with the risk assessment and grading information regarding the ELM operations as well as indicative multiannual programmes of the planned volume of signatures of EIB financing operations. This ensures that the EIB's forecast financing is compatible with the ceilings established in the Decision and enables the Commission to ensure appropriate budgetary planning for provisioning the Guarantee Fund.

The EIB should regularly conduct *ex post* or mid-term evaluations of supported activities under the Decision with a view to assessing their relevance, performance and development effects and to identify aspects that could improve future activities. Such evaluations should contribute to accountability and analysis of sustainability.

Concerning the calls of the EU Guarantee, the EIB must inform the Commission of any fact or circumstance coming to its attention which it considers likely to cause it to invoke the EU Guarantee. If the EU Guarantee is called, the EIB must inform the Commission of the circumstances which led it to do so. Moreover, the EIB will provide the Commission with detailed information on all calls on the EU Guarantee in accordance with the requirements of the Decision and the Guarantee/Recovery Agreements.

This information provided by the EIB is the basis for the Commission's reports on EIB financing operations carried out under the Decision which are provided annually to the European Parliament and the Council.

Regarding the mid-term review, the evaluation will draw from:

- The statistical, financial and accounting data provided by the EIB on each of their financing operations under ELM;
- The aforementioned reports prepared by the EIB and the Commission;
- Data gathered from the interviews with stakeholders and field visits carried out by the Contractor in charge of the independent external evaluation.

(D.2) Previous evaluations and other reports

- In the context of the preparation of the Decision 466/2014/EU, the Commission completed an Impact Assessment (IA) which accompanies the Commission's proposal.

The impact assessment was based on informal exchanges of views with key external stakeholders including representatives of Member States and main relevant NGOs' representatives, which were organised through meetings and seminars in June and October 2012 in order to take stock of the state of play of respective reflections. In particular, exchanges of views were undertaken on the problems identified as well as on the various options envisaged to address them. The IA report was also based on the widespread consultations of key stakeholders (those affected by the Decision, those involved in its implementation and of the legislators) that took place in the context of the revision of the mandate 2007-2013 concluded at end-2011. All these consultations and informal exchanges of views provided sufficient ground to form a view on the position of external stakeholders.

The IA Board delivered a positive opinion on the draft IA report on 29 January 2013.

- As required by Decision No 633/2009/EC, the Commission and the EIB have prepared a mid-term review of EIB external financing, based on an independent external evaluation supervised by a steering group of "wise persons", a review by an external consultancy, and specific evaluations produced by the EIB. On 12 February 2011, the steering group submitted a report to the European Parliament, the Council, the Commission and the EIB containing its conclusions and recommendations. In this context, several stakeholders were consulted including NGOs, other

<p>IFIs, MS representatives, EIB loan beneficiaries, etc.</p> <p>During the course of the evaluation process, the Steering Group organised hearing sessions with Commission and EIB senior staff, as well as with representatives of civil society, the European Parliament, International Financial Institutions (IFIs) and European bilateral finance institutions, as well as European think tanks. They also held sessions with selected beneficiary countries and held discussions with government and private sector representatives, and with the Consultant and the EIB evaluation department.</p> <p>- The Decision requires the Commission to report annually on EIB external activities with the EU budgetary guarantee. Every year the Commission has submitted an implementation report on EIB external activities to the European Parliament and to the council. The last report has been submitted for the calendar year 2014. The annual Report includes :</p> <ul style="list-style-type: none"> • an assessment of EIB financing operations at project, sector, country and regional levels, • an assessment of the added value, the estimated outputs, outcomes and development impact of EIB financing operations, drawing on the EIB's Results Measurement framework annual report, • an assessment of the contribution of EIB financing operations to the fulfilment of Union external policy and strategic objectives, • an assessment of the financial benefit transferred to beneficiaries of EIB financing operations, • an assessment of the quality of EIB financing operations, • detailed information on calls on the EU guarantee, • information on the climate change and biodiversity financing volumes, • a description of the cooperation with the Commission and other European and international financial institutions, including co-financing, • information on the follow up of the functioning of the Memorandum of Understanding between the EIB and the European Ombudsman.
(D.3) Evidence from assessing the implementation and application of legislation (complaints, infringement procedures)
N/A
(D.4) Consultation
<p>The external lending mandate of the EIB is a very specific mechanism used to support investments outside of the European Union. The operation of the external lending mandate, and the investments covered by it, will be the focus of the evaluation. The consultation strategy includes a comprehensive targeted stakeholder consultation to be carried out by the Contractor appointed to undertake the independent external evaluation.</p> <p>The consultation strategy will include:</p> <ul style="list-style-type: none"> - Desk Research: qualitative and quantitative analysis of existing sources - Stakeholder Interviews: interviews with the main institutions, organisations or individuals involved in the design and implementation of the ELM as well as with those who are best positioned to observe the results and impact of the operations. These stakeholders include EIB and Commission staff, country-level government officials, staff from international financial institutions and development finance institutions, private and sovereign institutional investors, private sector financial intermediaries and private and public sector final beneficiaries. This element of the consultation strategy will enable the gathering of very specific detailed and technical evidence and it will provide stakeholders with an opportunity to feed views and inputs into the evaluation. The interviews will revolve around issues such as the relevance of the design and implementation of the ELM, its coherence with respect to EU external action and other EU instruments, its efficiency, visibility to final beneficiaries and its effectiveness through monitoring. - Case Studies: a comprehensive set of case studies will be undertaken by the Contractor. Case studies selected will be representative in terms of geographical and sectorial coverage, type of financial instrument used, amount of funding provided, objective of the operation and type of guarantee applicable.
(D.5) Further evidence to be gathered
N/A
E. Other relevant information/ remarks
N/A