



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2012)

Opinion

Title **DG ECFIN - Impact assessment on EIB external mandate
over the period 2014-2020**

(draft version of 27 July 2012)*

(A) Context

The European Investment Bank (EIB) undertakes operations outside the EU in support of EU external policies primarily on the basis of a mandate from the EU with an EU budgetary guarantee, referred to as the “(EIB) external mandate”. This activity is complemented by activities carried out at the EIB's own risk (limited to investment grade operations). For more than 30 years, the EU has been providing a budgetary guarantee to the EIB, limited to certain ceilings and other conditions, covering risks of a sovereign and political nature in connection with its loan and loan guarantee operations carried out outside the EU in support of EU external policy objectives. The current mandate expires on 31 December 2013.

(B) Overall assessment

The report does not provide a firm enough evidence base to support decision-making and should be significantly improved in several important respects. Firstly, the report should provide a better context for this initiative, by describing the current mandate setup and links to other players, financing mechanisms and processes, and by explaining the spending focus on climate action and microfinance operations. It should improve the problem definition by better describing the gaps/weaknesses in the current mandate, using more extensively the results of evaluations and better explaining the problem drivers. Secondly, the scope of the report should be widened to cover all issues upon which the Commission is expected to make a decision, including the setting of regional ceilings. Thirdly, the report should significantly strengthen the analysis of impacts by integrating the assessment of economic, social and environmental impacts with cost-benefit analysis, and by providing a more thorough assessment of the implementation and administration costs of the different options. It should compare the options in terms of effectiveness, efficiency and coherence, and justify the scores assigned. It should also better explain the added value of the preferred option compared to the status quo. Finally, the report should better present stakeholders' views by clearly indicating who has been consulted and how this input has been taken into account.

Given the nature of these issues, the IAB requests DG ECFIN to resubmit a revised version of the IA report on which it will issue a new opinion.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

(C) Main recommendations for improvements

(1) Strengthen the context and problem definition. The report should better explain the status quo by providing a description of current EIB external mandate and by clarifying which activities and countries are covered. Based on the mid-term evaluation, the report should present the weaknesses and deficiencies of the current mandate. It should clearly indicate which of those weaknesses have been addressed through the revision of the current mandate (Decision 1080/2011/EU), and those that still need to be addressed. The report should better explain the context for the initiative by clearly describing the linkages between (1) the EIB external mandate and other EU financing mechanisms for external action, highlighting their complementarities or inconsistencies where they exist (2) the EIB and other players involved in funding external action in the countries covered by the mandate by highlighting where synergies or duplication of efforts exist, and (3) the linkages between the EIB external mandate and the Multiannual Financial Framework (MFF). The report should better explain the need for, and value-added of, focusing the new EIB external mandate on specific issues such as financing climate action or microfinance operations rather than other policy areas such as transport, energy or environment, and biodiversity. It should better explain the underlying problem drivers, for example, by demonstrating why it has been difficult for EIB to increase its lending for climate action under the current mandate set up. The report should define problems more clearly, using concrete examples to illustrate how these problems have affected results. For example, the problem description should contain more evidence on the current situation regarding the visibility of the EU external action carried out by the EIB. In addition, it should define the problems in a way that does not prejudge the possible solutions.

(2) Widen the scope of the analysis. The report should cover all the necessary elements to support decision-making. In particular, based on the evaluation studies or otherwise, the report should cover the setting of the regional ceilings for the EIB external mandate. It should better explain whether, and if so why, a change is necessary to the current ceilings and describe what implications the size of the overall ceiling and regional ceilings has on the options analysed, and if a change in the absolute or relative size of any of those ceilings has significant impacts. Furthermore, it should clarify how regional ceilings relate to the options regarding the geographical scope of the external mandate.

(3) Significantly strengthen the analysis of impacts and the comparison of options. The report should integrate the assessment of economic, social and environmental impacts with the cost-benefit analysis in order to facilitate the aggregate assessment and comparison of all the impacts for each of the options considered. The report should clearly distinguish between positive and negative impacts, and stated benefits and costs should be quantified, or otherwise corroborated. Moreover, the analysis for all options should be underpinned by examples and concrete evidence, identifying countries, sectors and groups that are likely to be affected by the implementation of the EIB external mandate. Furthermore, the report should provide a more thorough assessment of the implementation and administration costs of the different options in order to demonstrate that the preferred option is also the most cost-effective solution. It should also better explain precisely how the preferred option differs from the status quo and its added value. In addition, the report should also include a description on how different beneficiary countries, or groups thereof, would be affected by the different options, by indicating which beneficiaries would be better-off and worse-off as a result of the different options, when compared to the baseline scenario. The report should present a clear comparison of the options in terms of effectiveness, efficiency and coherence,

including a comprehensive summary comparison table, and should be fully transparent on the underlying methodology. Finally, the report should clarify which of the monitoring indicators belong to each of the specific and operational objectives.

(4) Better present stakeholders' views. The report should demonstrate that all major stakeholder groups affected by the initiative, or involved in its implementation, have had an opportunity to express their views regarding the main issues considered. The views of different stakeholder groups should be systematically presented throughout the report. It should indicate the diverging views of different stakeholders on any of the major issues, and explain why stakeholders' views were not taken into account in instances where they differ from the proposed line.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should be shortened by avoiding repetitions. The report should be made more accessible to the non-expert reader by streamlining the technical language and including a glossary of technical terms. The executive summary should be revised in light of the comments made above.

(E) IAB scrutiny process

Reference number	2012/ECFIN/002
External expertise used	No
Date of IAB meeting	5 September 2012