

EIB lending activities in EU Eastern Neighbourhood in 2017

In 2017, EIB lending volume in the EU Eastern Neighbourhood **reached EUR 755m**. This constitutes a strong sign of EIB continuous enhanced support to the region after previous year's achievement of EUR 1.6 bn of new loans largely due to the EIB delivered commitment on its 2014-2016 Special Action Plan for Ukraine.

Support to transport infrastructure represented EUR 410m, demonstrating the EIB's active role to support **transport connectivity** in the region as well as sustainable transport. EIB financing in 2017 also supported other crucial sectors, such as local private sector development, as well as energy, municipal infrastructure and agri-business.

31% of signatures in 2017 supported **climate action**. The main contributors to this achievement were operations in clean urban public transport and energy efficiency with the remainder coming from credit lines. This reflects the potential to reduce the energy intensity of economies in the region and the role which EIB plays by stepping up its financing and advisory support in that field. As a flagship project contributing to better climate and the quality of the urban environment in the city, EIB signed EUR 160 m loan for Kharkiv metro in Ukraine. The EIB also committed financing blended with grants from E5P for energy efficiency measures in municipal buildings in Chisinau and Yerevan – these projects were prepared with technical support funded under the Municipal Project Support Facility (MPSF). Similarly, EIB financing targeted **energy interconnections** to help partner countries to reduce energy dependency and to bolster their resilience. As an example, a EUR 80 m loan was provided for transmission interconnection between Moldova and Romania. The project would enable Moldova to diversify its electricity supply by accessing the European electricity market. This project was developed in close cooperation between the European Commission (providing a EUR 40m Neighbourhood Investment Facility – NIF - grant), EBRD, EIB and World Bank.

Lending to **Ukraine** represented more than 40% of total signatures in the EU Eastern Neighbourhood.

The EIB continued to deliver substantial financing support for projects in **Georgia** with a EUR 250 m loan signed in support of enhanced transport connectivity within Georgia and towards its neighbouring countries with investments on the extended TEN-T network. This operation contributes to stronger regional integration.

The Bank has continued to support **local private sector**, both through intermediated lending and direct loans. The Bank is notably supporting SMEs and Mid-Caps as well as larger agricultural companies with direct investment loans. The EIB rolled-out the Deep and Comprehensive Free Trade Area (DCFTA) Initiative East, a programme funded by the Neighbourhood Investment Facility (NIF), that is part of the EU4Business initiative: this initiative provides targeted financial and technical support in the countries that signed the Association Agreement with the EU, in order to facilitate wider access to finance for SMEs.

The EIB group deployed the "Innovfin – EU Finance for Innovators" programme in associated countries in the region under the Horizon 2020 (Armenia, Georgia, Moldova, Ukraine) providing a series of integrated and complementary financing tools and advisory services offered by the EIB Group, targeting investments in **research and innovation**.

In 2017, the EIB also entered into agreements enabling to blend grants from the EU NIF or E5P to support EIB-funded projects: the Armenia Road Safety Improvement Project, the Ukraine Higher Education Project, the Yerevan Solid Waste Project in Armenia, and the regional programme SME Finance Facility II. The type of support awarded included investment grants, technical assistance, and a grant to allow affordable interest rates on the EIB's first loan in Ukrainian Hryvnia.

Belarus became an eligible country in 2016 under the External Lending Mandate by a delegated decision of the European Commission. The entry into force of the framework agreement between Belarus and EIB in August 2017 marked the start of the mutual cooperation. During 2017 a number of investment projects have been identified in transport, energy and water sectors as well as in private sector, including SMEs and corporates. The first operation in transport related to the upgrade of M7 highway from Minsk to the Lithuanian border on the core extended TEN-T network was approved by the EIB Board in December 2017.