



European
Investment Bank

BoD/563/23
15 June 2023
PV/23/04

BOARD OF DIRECTORS

**Minutes of the meeting held in Luxembourg on
Wednesday, 3 May 2023**

Parts of this document that, at the time of the meeting, fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...]

Those attending

Chairman: Mr W. HOYER

EIB Vice Presidents:

Mr A. FAYOLLE

Ms L. PAVLOVA

Mr T. ÖSTROS

Mr R. MOURINHO FÉLIX

Mr K. PEETERS

Ms G. VIGLIOTTI

Directors:

Mr K.J. ANDREOPOULOS

Mr L. BARANYAY

Ms S. BELAJEC

Ms A. BJÖRNERMARK

Mr F. CARTAXO

Mr D. CARVILLE

Mr P. DEBATTISTA

Mr A. EBERHARDS

Ms E. FLORES GUAL

Mr P. FRÖHLICH

Mr A. GYÖRGY

Ms E. KALLENBACH

Mr K. KAKOURIS

Mr A. KUNINGAS

Ms M. LACOUE-LABARTHE

Ms N. MARIN

Mr P. PAVELEK

Ms M. PETROVA

Mr E. RUIZ DE VILLA SAIZ

Ms K. RYSAVY

Ms K. SARJO

Ms J. SONNE

Mr D. TRAKELIS

Mr R. UYTERLINDE

Expert Member:

Mr J. LEOPOLD

Alternate Directors:

Ms G. BEREMSKA

Ms S. BLOMENHOFER

Ms R. CAETANO

Ms B.F. CUCU

Ms E. de BEAUCÉ

Mr J. de BOER

Ms A. EKSTAM

Ms I. GARAYO ORBE

Ms U. GRMEK

Ms L. HALBRECQ

Mr R. HŘEBÍK

Mr H. KAELBLE

Mr M. KLINGE

Ms R. LAIGO

Ms P. MAMO

Mr N. MANTZOUFAS

Mr M. MARQUES

Ms F. MERCUSA

Mr D. O'LEARY

Mr M. PHILIPPOT

Ms E. PITTA

Mr M. POLÓNYI

Mr C. REININGER

Mr M. TABACZAR, representing Mr PATKOWSKI

Ms S. VALTONEN

Ms J. UZIELIENE

Ms A. ZITCERE

Ms A. ZORIĆ

Alternate Expert Members:

Mr A. OPORTO

Secretary:

Ms B. BALKE

Ms E. BOIS-WILLAERT

Mr M. DOWGIELEWICZ

Ms A. VATIKIOTI

Mr F. SCHUSTER

Those notified absent**EIB Vice President:**

Ms T. CZERWINSKA

Directors:

Mr A. JACOBY

Ms F. UTILI

Mr P. PATKOWSKI

Expert Member:

Mr G. GOBBI

Alternate Directors:

Ms F. ROMAGNOLI

Ms A. af URSIN

Alternate Expert Member:

Mr O. BAILLY

The Chairman declared the meeting open at 09.45 a.m.

1. Quorum

The Chairman recorded that there was a quorum.

2. Agenda and declaration of conflicts of interest

The agenda (Doc 23/120) was adopted. No conflicts of interest were declared.

3. Approval of minutes of previous meeting (BoD/561/23)

The Board of Directors approved the draft minutes of the meeting held on 28 and 29 March 2023 (PV/23/03), including the comments by Ms Halbrech, Mr Reininger and Ms Flores.

4. Statements by the Chairman

The Chairman announced the appointment of Ms Anna Ekstam as alternate Board member, following her nomination by the Kingdom of Sweden. The Chairman informed the Board about the appointment of Ms Barbara Leveel as Head of the Human Resources Directorate, and of Ms Monique Koning as Inspector-General.

The Chairman updated the Board of Directors on the highlight of the spring meetings of the World Bank Group (WBG) and the International Monetary Fund (IMF), with a special focus on the discussions among Multilateral Development Banks (MDBs) about the review of the Capital Adequacy Framework (CAF) and the Global Emerging Markets (GEMs) Risk Database, as well as on the initiatives to support Ukraine.

Strategy and Policy

5. Update on Strategic issues

The Bank's management provided a briefing on the Civil society meeting held on 2 May 2023, the informal ECONFIN meeting held on 28-29 April 2023 in Stockholm and the Climate and Environmental Advisory Council meeting held on 24 April 2023.

Some Board members welcomed the Civil Society Seminar and the open and constructive dialogue with representatives from various NGOs. The Bank's management agreed to present and discuss the functioning of the EIB Group's Transparency Policy in a forthcoming Board working group.

Furthermore, the Chairman referred to the outstanding Board request to have a discussion on the EIB Group's strategy towards China. Being mindful that political discussions on the topic are currently taking place among EU Member States, and that guidance is expected both from the European Council and the European Commission during the summer 2023, it was clarified that the Bank would closely observe these developments and then revert to the Board after the summer break.

Finally, the Chairman informed the Board about his communication towards Governors on the Board's decision to setup a trust fund in support of Ukraine. He mentioned that a ceremony with first contributors to the trust fund could take place in the margins of the June Board of Governors meeting.

FOR APPROVAL

6. Mid-Term review of the Energy Lending Policy (Doc 23/111)

The Management Committee invited the Board of Directors to approve the Mid-Term Review of the Energy Lending Policy (ELP) including i) a broadened scope to provide co-financing up to 75% of project cost, ii) low-carbon gas infrastructure iii) the emission standard following the adoption for the Complementary Delegate Act (CDA) of the Taxonomy and iv) the revised ELP technical annexes.

The Chairman introduced the item and emphasised that the bank is not proposing any change to the core of the energy lending policy and that the 2019 EIB's decision to phase out the financing of unabated fossil-fuel energy projects, was reinforced by the current energy crisis.

The Bank's management presented the changes to the technical annexes, which reflect the evolution of the EU climate and energy policies, notably the EU Taxonomy, the "Fit for 55" and REPowerEU programmes, as well as internal policies and procedures notably the Additionality and Impact Measurement System (AIM), the Climate Bank Roadmap (CBR) and the EIB's contribution to REPowerEU. Clarifications on hydrogen production were also provided, as well as on potential additional criteria for the production of biomass fuels. These additional criteria would take into account the specific circumstances of biomass projects that depend on the type of biomass used as well as the possible evolution of EU regulations regarding the sustainability of biomass. It was mentioned that the revision of the Renewable Energy Directive (RED) in 2023 is expected to strengthen the sustainability criteria for biomass use for energy in order to reduce the risk of unsustainable bioenergy production, and such criteria shall be part of the criteria that the Bank will apply when appraising projects.

The Board members welcomed the mid-term review, supported the approach of "technology neutrality", the continued focus on renewable energy and reconfirmed the 2019 decision to phase-out financing energy projects reliant on unabated fossil fuel. They acknowledged the fact that the report reflects adequately the EIB energy lending and that the technical annexes reflect the CBR as well as EU policies and taxonomy, as well as decision taken on the PATH or REPowerEU. They expressed the expectations of further adaptations being aligned with the renewable energy directives' developments, notably on biomass. Furthermore, Board members requested clarifications on the criteria of the technical annexes and insisted for the Board of Directors to approve any changes to such technical annexes going forward.

The Chairman confirmed that the EIB would continue to support projects compliant with the energy lending policy, while at the same time responding to the increasing investment gaps in the energy sector inside the EU. In addition, the Bank's management provided clarifications on the criteria in the technical annexes and on the nuclear energy sector in Ukraine, agreeing to share with the Board further information in writing. The Chairman also confirmed that no proposal on changes to the approach regarding the financing of nuclear energy would be envisaged and that future changes to the technical annexes would be subject to Board of Directors approval, while no changes of the policy would be foreseen before the next full review.

In the absence of any further comments, the Chairman recorded that the Board of Directors approved the Mid-Term review of the Energy Lending Policy with the abstention by Ms Rysavy, in line with her abstention recorded in 2019 due to her concerns on financing nuclear energy, and by Ms Kallenbach regarding nuclear produced hydrogen. The approved document will be published on the Bank's website.

7. [...]

8. Application of the Foundation Internal Rating Based approach to regulatory capital (Doc 23/121)

The Management Committee invited the Board of Directors to approve the Application of the Foundation Internal Rating Based (F-IRB) approach to regulatory capital which the Board Committee on Risk Policy recommended to the Board of Directors to approve. The F-IRB approach for all portfolios (but project finance) follows latest regulatory and supervisory trends, would lead to simplification of the regulatory credit risk-modelling framework and bring further benefits in terms of efficiency and compliance.

The Board members welcomed the approach and required some clarifications on the timeline for the project finance implementation on which the Bank's management agreed to provide updates.

In the absence of any further comments, the Chairman recorded that the Board of Directors approved the Application of the Foundation Internal Rating Based approach to regulatory capital.

FOR DISCUSSION

9. EIB Global Strategic Roadmap (Doc 23/153)

The Management Committee invited the Board of Directors to discuss the EIB Global Strategic Roadmap which i) supports the EU priorities, ii) promotes high EU standards, iii) strengthens Team Europe participation and partnerships iv) improves EIB Global delivery mode v) builds on solid financial foundation and vi) implements the current Multiannual Financial Framework into EIB Group's Operational Plan.

In his opening remarks, the Chairman stressed that the roadmap gives the EIB Global's direction of travel and will be incorporated into the 2024-2026 Group Operational Plan after final approval.

The Board appreciated the intense consultation process and shared the expectation that the strategy would be further developed, and that it shall crystalize in the regular EIB Group operational plan setup via key milestones and measurable targets. The Board clearly stated that no separate Operational Plan for non-EU activities should be developed and that further discussion would need to take place on how to go beyond the description of the status quo by defining clear geographical and sectorial/policy priorities and targets. The Board also asked to describe ways to achieve these targets, and to complement them with a result measurement framework. In that context, some Board members also indicated their preference to prioritise Africa, the neighbourhood and candidate countries.

Several Board members stressed the importance of mobilising private financing in addition to seeking donors funding and expressed a preference to utilise the EU Budget given EIB's privileged position as the EU financing arm. The Board further underlined that any projects would need to comply with EIB's policies (including on the Paris alignment flexibility under the Climate Bank Roadmap), regulatory standards and financial sustainability, while acknowledging that the EIB's requirements are more stringent compared to other financiers/global players. One Board member asked to have references to cooperation with export credit agencies in the document.

The Board members touched upon EIB's Global governance structure, including EIB's local presence in developing countries. Potential synergies with other MDBs and the EU Commission to advance on local policy reforms were mentioned as an ambition going forward. Board members also requested to be consulted on any new products approval process for outside EU activities.

Ms Flores welcomed the roadmap as a first step and requested it to be developed into a strategy in line with EU's development policy approach. She also asked that the discussion on risk continues in the context of EIB Global and emphasised cooperation with other players.

The Bank's management confirmed that the EIB's Global targets would be presented within the Operational Plan and the result measurement framework outside EU would be consistent with the one inside EU as per the Board's discussion on the Additionality and Impact Measurement Framework.

In the absence of any further comments, the Chairman recorded that the Board of Directors took note of the EIB Global Strategic Roadmap and that the Bank would revert with a revised version taking Board members' comments into account.

Operations/Other operational questions

Operations within the European Union

Investment Loan

10. [...]

11. Czech Rail TEN-T and Safety (CZ) (Doc 23/158)

Borrower: CZECH REPUBLIC - MINISTRY OF FINANCE

Max. amount: EUR 2,075m

The Chairman recorded that the Board of Directors approved the financing proposal.

12. Romania A3 Motorway - RRF Co-Financing (RO) (Doc 23/156)

Borrower: ROMANIA

Max. amount: EUR 200m

The Chairman recorded that the Board of Directors approved the financing proposal.

13. Romania A7 Motorway - RRF Co-Financing (RO) (Doc 23/155)

Borrower: ROMANIA

Max. amount: EUR 1,200m

The Chairman recorded that the Board of Directors approved the financing proposal.

14. [...]

15. [...]

Framework Loan

16. [...]

17. Iberdrola REPowerEU Framework Loan (ES-DE-PT) (Doc 23/163)

Borrower: IBERDROLA FINANCIACION SAU

Max. amount: EUR 1,000m

The Chairman recorded that the Board of Directors approved the financing proposal.

18. Metro De Madrid Infrastructure Upgrade II (ES) (Doc 23/128)

Borrower: METRO DE MADRID SA

Max. amount: EUR 200m

The Chairman recorded that the Board of Directors approved the financing proposal.

Operations outside the European Union

Investment Loan

19. Vore Hani I Hotit Railway Line - Global Gateway (Albania) (Doc 23/150)

Borrower: ALBANIA - MINISTRY OF FINANCE

Max. amount: EUR 120m

The Board members requested additional information on the connection of the project's network to adjunct regions. The benefits of the project on national level were put forward.

In the absence of any further questions, the Chairman recorded that the Board of Directors approved the financing proposal.

Other Operational Questions

20. Set-Up of the Targeted Green Economy Facility for Own Risk Lending Outside the EU (Doc 23/151)

The Management Committee invited the Board of Directors to approve i) the set-up of a new Own Risk Facility (ORF) named Targeted Green Economy Facility (TGEF) for the amount of EUR 1,500 million, investing in projects that support the transition to a low-carbon, climate resilient and environmentally sustainable economy in outside EU countries which are large carbon emitters and ii) the submission of TGEF to the Board of Governors for decision.

The Board members generally expressed support for the proposal and, in answer to their requests, received additional information on the pipeline, the impact on the gearing ratio and on EIB's Global operational targets. A few Board members stated their preference for deciding first on the EIB Global Strategy, and then on initiatives such as this facility.

One Board member enquired on the rationale for creating a new facility, being invited at the same time to decide on another proposal that aims at streamlining all other facilities. The Bank's management and Ms Flores reminded the legacy related to the creation of the facility, arising from an agreement between the EIB and the European Commission to earmark funds released from the termination of the Replacement Share Purchase Undertaking that was in place in the context of the European Commission's shareholding at EIF. They elaborated on the willingness to strengthen the non-EU dimension of the implementation of the EIB's Climate Bank Road Map over the course of 2022 and 2027.

In the absence of any further questions, the Chairman recorded that the Board of Directors approved the Set-Up of the Targeted Green Economy Facility for Own Risk Lending Outside the EU.

21. Set-Up of Global Financing Facility and Authorisation of Financing Operations within the Framework of NDICI EFSD+ Open Architecture (Doc 23/152)

The Management Committee invited the Board of Directors to approve:

- i) the set-up of a new Own Risk Facility (ORF) named “Global Financing Facility” (GFF) by transferring into the GFF the available headroom of the existing Own Risk Facilities (ORF) – Climate Action and Environmental Facility (CAEF), Strategic Projects Facility (SPF), Neighbourhood Finance Facility (NFF) and Pre-Accession Facility (PAF).*
- ii) additional resources for the GFF of up to EUR 13,200 million to grant additional financing from its own resources in the framework of the GFF, out of which up to EUR 700 million for OCTs,*
- iii) the establishment of an additional investment window of up to EUR 3,500 million under the NDICI Mandate to deploy resources benefitting from EU guarantees under the EFSD+ Open Architecture (OA) and*
- iv) the submission of the global financing facility and additional investment window under the NDICI mandate to the Board of Governors*

The Board welcomed the streamlining approach that aims at grouping existing facilities, focusing on efficiency gains. They enquired on the figures presented for the facility, diverging from information contained in the EIB operational plan, on geographical priorities and timelines, as well as on the relationships with NDICI’s implementation. Some Board members expressed concerns about the proposal related to geographical ceilings, debating on the steering role expected from the Board of Governors in that respect, and referring to the need to clarify the geographical distribution at the level of the EIB Global’s strategy, that should be approved by the Board ahead of the tabled proposal. Some Board members remarked critically on the additional buffer compared to OP targets.

The Bank’s management provided clarifications on the figures presented, including on the additional buffer which was included to allow for some future flexibility. It was also reminded that in the previous setup of Outside EU, Own Resource facilities had not been geographically earmarked.

In his concluding remarks, the Chairman recorded that the Board of Directors invited the Management Committee to revert for an approval via written procedure incorporating:

- i) in the Board report, more detailed information on the figures and*
- ii) in the Board of Governors document, a recital about the geographical and thematic orientations that shall be provided by the Board of Directors in the context of the EIB Global Strategy and following the Group Operational Plan.*

Reporting

For Discussion

22. Monthly update on the European Investment Fund

The Bank’s management notified the Board of Directors of the items approved in the EIF annual general meeting that took place on 24 April 2023. Testimonies of beneficiaries confirmed the necessity for Europe to strengthen its sovereignty in key technology sectors. US sanctions affecting the International Investment Bank and International Development Bank, lead to EIF taking immediate steps to terminate its links to those entities.

The EIF Chief Executive updated the Board of Directors on the activities of the EIF in Q1 2023, presenting a positive trend in signature volumes, positive risk indicators, and the fact that the revenues surpassed the set target, not least due to an improved interest environment. Positive annual surveillance meetings were held with rating agencies S&P and Fitch. Regarding public

policy goals, it was highlighted that significant efforts have been made on climate action and on cohesion-related projects.

In the ensuing discussion, the EIF Chief Executive explained the concrete proposals presented to the EIF Board, to start paving the way for a new strategic orientation of the Fund, including a digitalisation program and a more robust organisational structure.

The EIF Chief Executive elaborated further on two flagship projects, starting with the European Technology Champions Initiative (ETCI), which was launched in February, to address a significant market gap, contribute to the EU technology sovereignty and benefit the capital markets union. The second venture elaborated was the Gender Smart Equity Investing in Europe Programme, under which EIF plans to join forces with national promotional institutions to develop new equity investment mandates tasked with supporting women in leadership and decision-making positions, at financial intermediary and portfolio companies.

The Board members expressed satisfaction with the business results, the organisational proposals, and the presented long-term vision, and praised the EIF Chief Executive for the positive start of her new mandate at the EIF. Female entrepreneurship and growth acceleration capital were noted as important issues, which should receive more attention.

The Chairman recorded that the Board of Directors took note of the monthly update on the European Investment Fund.

23. Evaluation of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Trust Fund 2004-2022 (Doc 23/154)

The Management Committee invited the Board of Directors to take note of the FEMIP Trust Fund independent evaluation, requested by donors, outlining the conclusions and recommendations for the more efficient functioning of the Fund: i) to maintain flexibility but to communicate more closely to donors the priorities, ii) to build on the evaluation's findings to identify and address bottlenecks, iii) to provide strategic guidance for the implementation of secondments and internships programmes. The Management Committee agreed with the recommendations.

In the absence of any discussion, the Chairman concluded that the Board of Directors took note of the Evaluation of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Trust Fund 2004-2022.

Miscellaneous

24. Date of the next meeting:

The Chairman announced that the next meeting would be held on Thursday 15 June, 2023.

The Chairman declared the meeting closed at 15:45 p.m.

Annex 1: Proposals submitted by written procedure

[...]

[...]

[...]

[...]

ANNEX 1 to PV/23/04

Proposals submitted by written procedure

The Chairman recorded the approval by the Board of Directors, during the period since the previous meeting on 28 and 29 March 2023, of the following proposals submitted by written procedure:

Approval on 17/04/2023

Operational Questions

- i. Cork Business School (IE) (Doc 23/132)

Change of Loan Conditions

- ii. EU Funds Castilla y Leon Co-Financing 2014-20 (ES) – Change After Board Approval (Doc 23/115)
- iii. PLK E75 Rail Baltica Sadowne - Bialystok (PL) – Change After Board Approval (Doc 23/127)
- iv. Ukraine Solidarity Package - Programme EU MS (REGIONAL-EU COUNTRIES) – Change After Board Approval (Doc 23/129)
- v. Porti Di Civitavecchia E Fiumicino (IT) – Change After Board Approval (Doc 23/133)

Miscellaneous

- vi. Technical Re-Approval of INVESTEU Operations for the Purpose of the Use of the NGEU Budget (Doc 23/091)

Approval on 02/05/2023

Miscellaneous

- vii. New Nominations to the Board Advisory Group on EIB's Global Operations – for appointment by the EIB's Board of Directors (Doc 23/159)

Approval on 03/05/2023

Miscellaneous

The Lending Base Rates (The “Blue Curve”) applicable in May 2023 (Doc 23/171)