

OPERATIONS EVALUATION

# Activity Report 2019 and Work Programme 2020-2022

April 2020



**Operations Evaluation**

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# 1. ACTIVITY REPORT 2019

In 2019, the European Investment Bank (EIB) Operations Evaluation Division (IG/EV) worked on six evaluations. It also continued to follow up and report on the implementation of evaluation recommendations and to provide methodological support and advice to Bank Services. IG/EV also continued its knowledge building and sharing activities inside and outside the EIB. Last but not least, IG/EV underwent an external peer review.

An important development for IG/EV in 2019 was the establishment of the Board of Directors Working Group on Lending Policies, Evaluation and Impact. The working group enables IG/EV to present and discuss its work in more detail than is possible in the plenary session of the Board of Directors. The new group brings IG/EV, the EIB's independent evaluation function, closer to the stakeholders to which it is accountable. To make its work known and relevant to pertinent stakeholders, IG/EV also decided to present its reports, when relevant, for information to the EIB Audit Committee and the European Investment Fund (EIF) Audit Board.

## 1.1 Evaluations

In 2019, IG/EV worked on and completed two evaluations. The first evaluation concerned the Bank's energy lending criteria and the second, its mandate activity. IG/EV continued work on evaluations regarding the EIB's cohesion lending and the Bank's support to urban mobility. It also started two new evaluations: one of the EIB Group Risk Enhancement Mandate (EREM) and another of the Eastern Partnership Technical Assistance Trust Fund (EPTATF).

### 1.1.1 Ex-post evaluation of the EIB's Energy Lending Criteria 2013-2017

In 2018, the EIB started work on defining its new Energy Lending Policy, which was approved by the Board of Directors in November 2019. To feed this process, IG/EV undertook an ex-post evaluation of the lending criteria that the EIB used from 2013 to 2017. The evaluation assessed the extent to which the criteria helped the Bank select projects that (i) supported EU energy policy and the highest priorities; (ii) were in energy sectors with the highest investment needs; and (iii) met the Bank's quality and soundness standards. The evaluation also looked into the quality of the process of informing and consulting stakeholders on the design and use of the criteria.

The evaluation concluded that the criteria approved in 2013 were in line with EU energy policy priorities and helped the Bank prioritise investment. The evaluation also showed that these criteria contributed to the Bank's selection of good quality and sound projects. However, it was impossible to attribute the overall positive rating of projects to these criteria alone, as they were only one of the elements used in project assessment. Having these criteria in a published document that had been subject to public consultation was good for transparency, even though awareness and use of the document remained limited outside the Bank. The evaluation's recommendations, applicable to the document replacing the Energy Lending Criteria, concern the clarity of its objectives and target audience, its level of detail, and reporting on its application. IG/EV also recommended improvements in the public consultation process and in the categorisation of documents such as the Energy Lending Criteria.

The completion of the evaluation in early 2019 meant that its findings and recommendations were issued in time for the public consultation process of the new Energy Lending Policy.

### 1.1.2 Evaluation of the EIB's mandate activity

The EIB's activity carried out under mandate has increased and diversified rapidly in the last 15 years, and particularly since 2014. By working through mandates, the EIB can take more risks, blend loans with grants and provide advisory services, thereby better addressing the needs of existing clients and serving new ones. Working through mandates has given rise to both

opportunities and risks as compared to employing only the Bank's resources, and the Bank has had to adapt to this type of work.

This evaluation examined the extent to which the design and functioning of the EIB's mandate activity achieved the expected objectives and what improvements could be made. Overall, the evaluation found that the EIB made good progress in strengthening the management of mandates and delivering results. Improvements in systems and procedures are ongoing and need to be given priority. More work is needed to demonstrate the EIB's value added and to better document progress towards achieving outcomes, impact and additionality in mandates<sup>1</sup>. Furthermore, the evaluation recommended that the Bank update and strengthen its approach and strategy for engaging proactively in mandates, taking into account the changing environment.

The evaluation was discussed by the EIB Board of Directors in December 2019.

### 1.1.3 Evaluation of the EIB's cohesion lending

Supporting cohesion among EU Member States is one of the EIB's longest-standing priorities, a core task that the founding EU treaty entrusted to the Bank. The amount of lending dedicated to this objective is one of the Bank's key performance indicators.

In 2019, IG/EV completed fieldwork and embarked on the synthesis of the evaluation of EIB cohesion financing from 2007 to 2018. The evaluation aims to assess if the EIB's objectives and approach are appropriate for supporting the development of cohesion regions. The evaluation also builds on a combination of methods to assess the Bank's actual contribution to the reduction of regional disparities within the European Union. The final report is expected to be submitted to the EIB Board of Directors for discussion in the second quarter of 2020.

### 1.1.4 Evaluation of EIB support to urban mobility in the EU-28 (2007-2018)

Urban mobility is one of the top priorities of the EIB's Transport Lending Policy, representing roughly one-quarter of all EIB transport operations for 2007-2018. It is also a topic with far-reaching implications – climate change, urban road congestion, traffic safety and passenger security.

The key objective of this evaluation is to assess the relevance and performance of EIB-supported urban mobility operations in the EU-28 from 2007 to 2018. In this context, the evaluation assesses whether the EIB has contributed to EU and EIB policy objectives, notably to improve (i) transport efficiency (cost and time savings); (ii) environmental sustainability and climate action; and (iii) transport safety and security. This evaluation focuses on public/collective urban transport modes within urban areas (metro, tramways, railways and buses). The EIB Board of Directors is expected to discuss the report in mid-2020.

### 1.1.5 Evaluation of the EIB Group Risk Enhancement Mandate

The EIB Group Risk Enhancement Mandate (EREM) is a €6 billion mandate from the EIB to the EIF to increase access to finance for small businesses through a wide range of instruments (equity, debt and guarantees). Moreover, EREM aims to help develop European capital market instruments that benefit small businesses and that target specific areas such as youth employment, microfinance and cooperative banks, and that have a social, environmental and innovation impact.

The evaluation examines the relevance, effectiveness and efficiency of three of EREM's instruments: social impact finance, loan funds, and cooperative banks and smaller institutions. The evaluation also assesses whether the range of EREM's instruments was adequate to address

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<sup>1</sup> Additionality refers to the manner in which the EIB's financing addresses a sub-optimal investment situation, facilitates or strengthens a project, or complements other sources of funding.

access to finance for small businesses, mid-caps and social enterprises. Last but not least, the evaluation looks at EREM's governance structure, including cooperation and coordination between the EIB and the EIF. The final report is expected to reach the EIF Board of Directors in the second quarter of 2020.

### 1.1.6 Evaluation of the Eastern Partnership Technical Assistance Trust Fund

The Eastern Partnership Technical Assistance Trust Fund (EPTAF) aims to improve, through targeted technical support, the quality and development impact of the Bank's operations in Eastern Partnership countries. It was established in 2010 as a multi-donor trust fund covering a broad range of sectors. As of July 2019, eight EU Member States have contributed to the trust fund, pledging about €40 million. The EIB manages and administers this trust fund.

As the EPTATF nears ten years of operation, the contributors have requested the EIB to evaluate the trust fund's performance. The Services managing the trust fund have asked IG/EV to undertake this exercise. The evaluation will assess the extent to which the technical assistance provided has contributed to facilitating investment and supporting project preparation and implementation in the region. The report is likely to be completed in the fourth quarter of 2020.

### 1.1.7 Evaluation of a cluster of projects in social housing

The IG/EV Work Programme 2019 also envisaged evaluating a cluster of social housing projects. Initial research work was undertaken in the early part of the year. It was put on hold, however, because of a shortage of resources and the need to concentrate efforts on other ongoing evaluations. Subsequent analysis in the context of establishing IG/EV's Work Programme for 2020 and beyond has shown that the relevance and potential utility of this evaluation diminished relative to other topics. For this reason, it was no longer included in the Work Programme.

## 1.2 Other activities

### 1.2.1 Follow-up of evaluation recommendations

In 2019, IG/EV continued the quarterly follow-up and reporting on the implementation of evaluation recommendations. As compared with previous years, the number of recommendations to be implemented decreased significantly. Only recommendations from the three most recent evaluations were outstanding and no recommendation was delayed according to the timelines set by the Bank. The Bank is making significant efforts to implement IG/EV's recommendations in a timely and thorough manner. The clarification of various steps of the follow-up process, the automation of some steps and, in particular, the increased ownership of these processes throughout the Bank have also contributed to greater efficiency. In 2019, IG/EV continued working with the Bank's Services to further improve processes and ensure they are widely known and understood. An agreement was also reached about simplified procedures for monitoring recommendations from evaluations concerning the EIF, and the first report for the EIF Board was prepared in early 2019.

### 1.2.2 Methodological support and advice to Bank Services

As in previous years, IG/EV continued to support EIB Services with methodological advice upon request. In 2019, IG/EV's support consisted primarily of providing comments on the methodological soundness of draft evaluation reports on which the Bank was asked to take a position and opinions on the evaluation clauses of new or amended mandates.

Some of the evaluations that benefited from IG/EV's comments this year – at various stages of the process – were the evaluation of the EIB's External Lending Mandate, the Final Evaluation of the Support to FEMIP, the Africa Trust Fund evaluation, the evaluation of JASPERS and the end-

term review of the ACP Investment Facility<sup>2</sup>. Through its comments, IG/EV was able to contribute to stronger reports, which built on better evaluation frameworks, used more rigorous evaluation methods and stayed closer to the evidence base in their analysis.

Mandates for which IG/EV was consulted on the evaluation clause included the International Climate Initiative Fund and the Transport Blending Facility established under the larger Connecting Europe Facility (CEF) initiative. These consultations are enshrined in the Bank's procedures for mandate origination and development.

In addition, in 2019, IG/EV further stepped up its involvement in the multi-annual impact programme organised by the EIB and the Global Development Network. This programme carries out in-depth studies of the results and ultimate development impact of EIB-financed projects in the ACP countries, while also building the capacity of emerging researchers from this region to use state-of-the-art impact assessment methods. IG/EV is a member of the programme's Advisory Committee and provides training to young researchers on evaluation methods. IG/EV also provides in-depth comments on research proposals and on all draft reports.

Other IG/EV contributions to the Bank included:

- Comments on a paper looking into the pros and cons of adopting a portfolio approach for monitoring the performance of intermediated loans. This paper was drafted by the Bank's services as a result of one of IG/EV's recommendations in the evaluation of the EIB's intermediated lending in the ACP countries.
- Support on the development of the results framework for the EIB's Climate Change Strategy as part of the mid-term review of the strategy approved in 2015.
- Active contributions to the internal EIB panel discussing the EIB Environmental and Social Sustainability Framework, prior to the launch of the public consultation.
- Advice based on evaluations for the development of the new Additionality and Impact Measurement (AIM) framework that is currently being piloted.

### 1.2.3 Knowledge building and sharing

In 2019, IG/EV made significant efforts to expand its knowledge and skills on topics of general evaluation interest and in specific areas related to ongoing evaluations. Highlights included a two-day hands-on workshop to improve message-driven report writing skills for all IG/EV staff, and one-day training by DEval, the German Institute for Development Evaluation, on new developments in evaluation methodologies. In addition, a series of "crash courses" and "EV breakfasts" helped staff gain more insights on evaluation and on EIB Group-related topics. These events covered a variety of subjects, ranging from evaluation methods (such as the design of intervention logic and theories of change, sampling options, etc.) to Bank processes (such as pricing operations, positioning in the Multiannual Financial Framework 2021-2027 negotiations, etc.) or the role of specific entities of the EIB Group (the EIF, the Financial Control Directorate).

Selected IG/EV staff also participated in specific advanced training on impact measurement methodologies, big data and machine learning, and the IPDET<sup>3</sup> programme in Switzerland. Team members also attended a number of conferences and events that allowed them to build knowledge on relevant topics for ongoing evaluations, including, for example, the Eighth Conference on Evaluation of EU Cohesion Policy held in Bucharest in June and the Third International Conference on Evaluating Environment and Development in Prague in September.

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<sup>2</sup> FEMIP stands for Facility for Euro-Mediterranean Investment and Partnership; JASPERS stands for Joint Assistance to Support Projects in European Regions. ACP stands for the African, Caribbean and Pacific group of States

<sup>3</sup> IPDET stands for International Programme for Development Evaluation Training.

## 1.2.4 Peer cooperation

### *Evaluation Cooperation Group*

The Evaluation Cooperation Group (ECG) is a platform in which IG/EV maintains active participation. This forum, which was set up by the presidents of the major international financial institutions (IFIs) more than 20 years ago, is dedicated to harmonising the evaluation work of these institutions. The ECG is also the standard-setter for independent evaluation functions within IFIs.

This year, IG/EV initiated, led and participated in several initiatives of the group. It:

- Finalised the tasks of the working group it led on “Recommendations, Management Responses and Feedback Loops”. The group took stock of ECG members’ practices and built on the experience of each institution and common challenges and lessons learned to produce a final report and three practice notes.
- Participated, together with a member of the EIB Board of Directors, in the joint meeting of the heads of the IFI independent evaluation functions and the board committees overseeing evaluation functions in other IFIs.
- Supported the Inspector General, in his role of chair of the Membership Committee, to launch the assessment of a new application for ECG membership.
- Coordinated the common ECG position on the revision of the OECD DAC evaluation criteria.
- Initiated, together with the Independent Evaluation Group of the World Bank, a taskforce on additionality. This group will carry out a stocktaking exercise to understand the definitions, assessments and reporting of additionality by all ECG members for both private and public operations. The report is expected to become available during the first half of 2020.

### *Revision of the OECD DAC evaluation criteria*

IG/EV participated actively in the review of the evaluation criteria that the OECD DAC carried out this year. The process entailed a six-month global consultation and a public survey, as well as interviews with key stakeholders and discussions with highly specialised groups, face-to-face or using remote communication technologies (such as webinars). IG/EV followed the process closely and provided input at all stages. It also led and coordinated the common ECG position on the revision, which had a considerable impact on the nature of the revised criteria.

### *Other forums*

In 2019, IG/EV co-organised or participated in a number of other events, where it shared its experience and learned from peers. Highlights include:

- The Asian Evaluation Week (September, Kunming, China), where IG/EV presented its insights on intermediated lending based on a recent evaluation. The Inspector General chaired a session on intermediated lending.
- The big data analytics and evaluation event (March, Luxembourg), co-sponsored by SOLEP to mark the organisation’s 10<sup>th</sup> anniversary. The sessions not only covered technical and methodological aspects (such as the use of prediction modelling or social media intelligence in evaluation), but also data privacy, use and ethics.
- The Eighth International Evaluation and Monitoring Conference – Innovation, Sustainability and Social Inclusion – Preparing for EU 2021-2027 (November,

Budapest), where IG/EV gave a presentation on evaluation use in decision-making and on the Energy Lending Criteria evaluation.

- Exchanges of experience visits with peers from the Asian Infrastructure Investment Bank and from the European Commission's DG DEVCO (February and March, Luxembourg) and participation in the meeting of heads of EU Evaluation Services for External Development Cooperation (June, Brussels).
- The Exchange Days on Evaluation and Public Policy (April, Santa Cruz de Tenerife), where IG/EV gave a presentation on evaluation at the EIB to the Regional Government of the Canary Islands.

### 1.2.5 External peer review

In 2019, IG/EV underwent an external peer review of its governance, working methods and the balance it strikes between learning and accountability. Regular peer reviews are recognised as best practice in the evaluation community and until now the EIB was, together with the Islamic Development Bank, the only international financial institution not to have carried out such an exercise. A high-level panel composed of four recognised experts from multilateral institutions consulted relevant documents and carried out interviews with close to 80 members of EIB Group staff and governing bodies. The report is expected to be finalised in early 2020 when the panel will present its conclusions and recommendations on IG/EV's performance on three important features of evaluation functions: independence, credibility and utility, as measured against internationally agreed standards.

## 2. WORK PROGRAMME 2020-2022

IG/EV develops its work programme on a rolling basis, taking into account the activities of the EIB and the EIF and their evolution. It balances its objective of contributing to the EIB Group's accountability and learning with the needs of EIB and EIF Services, management and governing bodies. IG/EV's work programme usually focuses on its planned evaluations. Other activities, such as ad hoc requests for specific evaluations from EIB Group Services or governing bodies, and on-demand evaluation-related support to Services, have proven difficult to anticipate and thus to capture in the work plan. IG/EV's approach is therefore to undertake such activities if and when possible, after carefully assessing their importance for the EIB Group and depending on IG/EV's available resources.

IG/EV identifies possible evaluation topics based on several criteria, including the volume and number of activities of the EIB or the EIF in a particular sector or theme; the likelihood that these themes will be the object of internal discussions to reshape the Bank's or the Fund's activity; and the time elapsed since IG/EV last evaluated these themes. IG/EV then discusses these topics with various stakeholders at the EIB and the EIF to ensure that the proposed topics and timing are appropriate and will lead to a feasible and useful evaluation. Evaluation obligations are included directly in the programme and take priority over other possible evaluation topics. Finally, before presenting its proposed work programme to the Management Committee and to the EIB Board of Directors, IG/EV matches the preliminary list of evaluations with the resources available.

As of 2018, the newly established Board of Directors Working Group on Lending Policies, Evaluation and Impact examines IG/EV's draft work programme prior to its submission for approval to the Board of Directors. This working group expressed an interest in discussing the direction of planned evaluations at an earlier stage. As a result, in 2019 IG/EV presented more details on its preliminary scoping work for 2020 evaluations. The proposed work programme below reflects the outcome of exchanges with the working group at its December 2019 meeting.

For 2020-2022, IG/EV seeks to further diversify its products, better respond to its accountability and learning objectives, improve flexibility and provide more timely evidence for relevant EIB-wide and strategic discussions. IG/EV will revise some existing products and introduce some new products. First, IG/EV will revise the scope and methods for thematic evaluations, which have marked its work in recent years, to improve their timeliness and usefulness. Second, as announced last year, IG/EV will reintroduce clusters of project evaluations with a synthesis report. Clusters will be chosen carefully to ensure the feasibility and utility of these exercises, for instance, focusing on pilot or innovative projects, new products, etc. Third, IG/EV will pilot impact evaluations to carry out counterfactual analyses of effectiveness, using, for example, modelling, experimental and quasi-experimental methods. Fourth, IG/EV will carry out reviews and benchmarking, including systematic and rapid evidence reviews and stocktaking exercises relevant to the EIB's activity. Fifth, building on experience accumulated in the course of the evaluation of the EIB's mandate activity, IG/EV will also carry out corporate evaluations. Lastly, IG/EV will clarify and reinforce the products it offers to improve the EIB Group evaluation culture: evaluability assessments, assessments of project selection, monitoring and reporting tools, support to Services with third-party evaluations, etc.

### 2.1 Work programme 2020

In 2020, IG/EV will complete the evaluations already underway, mentioned in section 1.1 above:

1. Evaluation of the EIB's cohesion lending, to be discussed by the EIB Board of Directors in the second quarter of 2020.
2. Evaluation of EIB support to urban mobility, to be discussed by the EIB Board of Directors in the second half of 2020.

3. Evaluation of the EIB Group Risk Enhancement Mandate (EREM), which will reach the EIF Board of Directors in the second quarter of 2020, and subsequently the EIB Board of Directors for information.
4. Evaluation of the Eastern Partnership Technical Assistance Trust Fund, to be discussed by the EIB Board of Directors in the last quarter of 2020.

In 2020, IG/EV will also begin five new reviews and evaluations. These reflect IG/EV's move towards product diversification as outlined above.

### 2.1.1 Climate action: systematic review of what does and does not work

Climate action is a top priority for the EIB Group. The EIB is among the world leaders in climate finance and the total loans it signed for climate action from 2015 to late 2019 exceeded €86 billion. Ambition is high for the upcoming decade. The EIB has announced a target of \$1.1 trillion of unlocked investment, consolidating its position as the "EU climate bank." EIB climate action support is particularly targeted at mitigation efforts, in areas such as transport, renewable energy and energy efficiency.

IG/EV carried out an evaluation of the EIB's climate action in 2015, which fed into the current EIB Group Climate Strategy. IG/EV aims to provide useful and timely input as the EIB gears up to draft a new strategy and implementation plan for 2020 and beyond.

IG/EV therefore proposes to carry out a two-step exercise in 2020. First, produce an evidence gap map concerning the effectiveness of climate action interventions worldwide. Second – and contingent on the findings of the mapping exercise – undertake a systematic review of the evidence to identify what worked and what did not. The systematic review will not focus on the activities of the EIB, but rather on the existence of impact evidence for the types of projects the EIB finances. The findings of systematic reviews are more reliable than those of single studies, since the reviews rely on mapping, appraising and synthesising available evidence using scientifically recognised methods. Focusing the review on all available, good quality evidence will allow IG/EV to capitalise not only on the EIB's experience, but also on that of others, and maximise the lessons that can be learned.

The evidence gap map will be available to Bank staff in the second quarter, and the systematic review should reach the EIB Board of Directors in the fourth quarter of 2020, in time to feed internal discussions about the new Climate Strategy along with its implementation.

### 2.1.2 Evaluation of the EIB's climate awareness bonds

In addition to its prominent role in climate lending, the EIB is also one of the pioneers and the largest issuer of climate awareness bonds. These bonds, also called "green bonds", are issued specifically to fund projects that have a positive environmental or climate impact. From 2007 to mid-2019, the EIB issued close to €25 billion in green bonds, in 13 currencies. The proceeds were used to finance 265 eligible projects in 52 countries both inside and outside the EU, of which the majority concerned renewable energy.

IG/EV plans to launch a holistic evaluation of green bonds. It will look at the EIB's issuance of bonds and the degree to which this raised awareness and spurred the development of the market – two important objectives of this activity. The evaluation will also assess the extent to which the projects financed through green bonds contributed to climate action objectives.

This evaluation, together with the systematic review of evidence on what does and does not work in climate action (section 2.1.1) responds to the point included last year in IG/EV's Work Programme to launch, in 2021, an evaluation of the EIB Climate Strategy. In view of the EIB's ambition to become the "EU climate bank" and the acceleration of the Bank's process of revising the current Climate Strategy, IG/EV decided to prioritise this topic to better align its work with the Bank's most pressing preoccupations.

### 2.1.3 Evaluation of the EIB Group's support to SMEs

The importance of small and medium-sized enterprises (SMEs) for the EU economy cannot be underestimated, whether for job creation, fostering competitiveness or contributing to economic growth. Nonetheless, specific categories of smaller businesses continue to face a number of challenges, including access to finance, despite low interest rates and liquid markets. Providing support to SMEs is an important activity for the EIB Group. Over the past five years, over a third of the Group's financing went to small businesses. In addition to more traditional project-based loans and multi-beneficiary intermediated loans, the EIB Group provides guarantees, equity and quasi-equity products.

Given the importance of support to small businesses, the increased diversification of EIB products and the more than five-year lapse since the last IG/EV evaluation of support to SMEs in the European Union, IG/EV will launch a comprehensive evaluation in 2020. This new exercise will include questions related to impact and additionality as well as cost and capital consumption to offer a complete and balanced picture of small business support. The evaluation will span the period from 2014 to 2019. At the start of the evaluation, IG/EV will decide whether to carry out one large evaluation or a set of two or three evaluations (for example by product type).

### 2.1.4 Evaluation of EFSI 2.0

The European Fund for Strategic Investments (EFSI), which aims to boost investment, increase competitiveness and support long-term, sustainable growth in the European Union, was extended in December 2017. The EFSI Regulation calls for an evaluation in June 2018 and every three years thereafter. The Agreement on the Management of EFSI further clarifies this obligation, specifying that the evaluation should touch on aspects of effectiveness, efficiency and impact. To ensure this evaluation is available on time (in 2021), IG/EV will start working on it in 2020. The evaluation will be designed to meet both accountability and learning objectives.

IG/EV plans to update the results of the analysis carried out in its 2018 EFSI evaluation and also evaluate the new objectives introduced with EFSI 2.0 (e.g. climate target). Finally, IG/EV will draw lessons for the future on a number of selected relevant topics (e.g. coordination and complementarity between the EIB and national promotional banks/institutions).

### 2.1.5 Review of the quality and use of project completion reports

Self-evaluation by the responsible management or operational services is an important feature of the evaluation systems of most IFIs, for instance, those represented in the Evaluation Cooperation Group (ECG), of which the EIB is also a member. Self-evaluation aims to assess all factors contributing to performance, encompassing all stated or implied objectives of the operations, as well as the possible effects of unintended or unanticipated developments. In all IFIs, the independent evaluation functions have a role in developing the self-evaluation system and independently validating the institution's self-evaluation reports.

Unlike other ECG members, the EIB does not have a self-evaluation system that is an integral element of an institution-wide "results/impact system." Instead, the project monitoring system, leading to the project completion reports (PCRs), works as a form of self-evaluation. The Bank produces more than 200 PCRs every year. However, these reports are not subject to a review or validation process by the EIB's independent evaluation function (IG/EV). Realistically, a validation system such as the ones in place in other IFIs may not be feasible at the EIB, as the additional resources that would need to be mobilised might not be commensurate with the ensuing benefits. However, some form of independent screening of the PCRs could be beneficial to help ensure the quality of reporting and of data available for assessing project results and impact, as well as more frequent use of past PCRs when developing new operations.

IG/EV will review PCRs with a focus on three aspects: (i) the adequacy of the PCR template to report on the projects; (ii) the quality of PCRs in terms of rigour, comprehensiveness, transparency and relevance of information to gauge the achievement of results; and (iii) the use

of PCRs in designing subsequent operations. The review will be scoped and designed as a pilot, to allow IG/EV to adopt the best review approach and draw useful lessons for the Bank. It will most likely concentrate on a sample of PCRs drafted since the introduction of the latest template in 2015, possibly in a circumscribed geographical or thematic area. Depending on the outcomes of this first iteration, IG/EV envisages repeating the review regularly (every three years).

In light of the plan to diversify its products, resources permitting, IG/EV will also start working on an impact evaluation with a view to piloting the use of counterfactual-based approaches to assessing the effectiveness of EIB activities. The first step will be to identify an appropriate subject for such an evaluation, possibly related to the EIB's advisory activities. The characteristics of the intervention need to ensure the feasibility of the exercise, and the resources mobilised need to be weighed against the value added of the evaluation.

Finally, IG/EV will dedicate resources to two other important tasks it needs to deliver on in 2020: following up on the findings and recommendations of the External Peer Review 2019 and presiding over the ECG. IG/EV will organise and host both the spring and fall meetings of the ECG, and ensure the coordination of all of the group's initiatives and activities. Linked to the spring meeting, IG/EV will also organise a wider conference on evaluation and climate change, aimed at fostering exchanges between evaluators and climate change practitioners from international and European development financial institutions, national promotional banks, etc.

## 2.2 Work programme 2021

IG/EV plans to launch the following evaluations in 2021:

1. An evaluation of the EIB Group Strategy on Gender Equality and Women's Economic Empowerment. The start of this evaluation was tentatively scheduled for 2020, to ensure results were available in time for the review of the gender strategy scheduled for 2021. However, the Bank decided to slightly postpone this review, to allow current interventions to progress more. As a result, IG/EV will also start the evaluation, which is referenced in the strategy, somewhat later than initially planned to maximise the value of its findings and recommendations. As already indicated in the IG/EV Work Programme 2019-2021, the evaluation will have accountability objectives and an important learning component as well. It will take a participatory approach, in line with the strategy's aim to change the EIB Group's culture, since participatory approaches are recognised as the most appropriate means for facilitating change management. This evaluation will most likely result in a thematic report and will also contribute to strengthening the EIB Group's evaluation culture.
2. An evaluation of the EIB Group AIM framework. In 2018-2019, the Bank worked on developing an EIB AIM. The new framework integrates the existing Three Pillar Assessment for operations in the European Union and the Results Measurement (ReM) framework for operations outside the European Union, taking into account the different contexts. Its objective is to improve the assessment and presentation of the additionality of EIB financing operations, therefore helping to better determine and communicate how the Bank, as a public institution, makes a difference for EU citizens. By 2021, the new methodology, the piloting of which was given the green light by the Board of Directors in December 2019, will have been in use for more than a year. This should allow IG/EV to make a first assessment of the framework's design, implementation and governance.
3. An evaluation of EIB activity concerning migration. The IG/EV Work Programme 2019-2021 already envisaged tackling the Economic Resilience Initiative (ERI) in 2021. More than just meeting the various evaluation obligations already mentioned in the Work Programme 2019-2021, such an evaluation is highly relevant to provide accountability and learning opportunities on an important aspect of the Bank's activity. The ERI relies on two mandates: the External Lending Mandate, which provides an EU guarantee, and the ERI Trust Fund, which pools Member State resources to rapidly mobilise financing for the Southern Neighbourhood and Western Balkan regions, helping them to absorb and respond to crises and shocks (such as the Syrian refugee crisis), while maintaining

strong growth. To date<sup>4</sup>, the ERI has signed contracts totalling €3.8 billion, supporting close to 40 operations. To ensure adequate coverage of the EIB's migration-related activity, the initial ERI evaluation could be extended to also include the €800 million ACP Migration Package under the Investment Facility of the Cotonou mandate. This evaluation is likely to be organised as a thematic evaluation, or rather, as an evaluation of a cluster of projects.

4. A cluster of project evaluations in the field of energy or water and sanitation. Support to the energy sector continues to be an important area of the Bank's activity, both inside and outside the European Union. The new EIB lending policy approved by the EIB Board of Directors in November 2019 is a clear sign of the importance of this sector. Similarly, access to safe water and sanitation remains a concern in many parts of the world and the EIB contributes to tackling this challenge. In light of the Bank's ambition to strengthen its role as the "EU climate bank", both energy and water will continue to receive support. Understanding what worked and what did not in past operations is key to improving operations. While IG/EV will decide the final topic of the evaluation during the scoping exercise envisaged for late 2020, a cluster of project evaluations in energy could be an important building block for the evaluation of the new Energy Policy envisaged for 2022 (see section 2.3 below).
5. An evaluation of the EIB's advisory activities. IG/EV aims to evaluate blending and advising activities at least once every two years. The last comprehensive evaluation on this subject concerned the EIB's technical assistance outside the European Union from 2003 to 2012 and was published in 2014. However, several IG/EV evaluations published in recent years touched on advisory activities, including the recent Evaluation of the EIB's mandate activity and the ongoing EPTATF evaluation. IG/EV is also considering starting an impact evaluation on advising activities in 2020, resources permitting. Moreover, the Bank's advisory activity is subject to regular evaluations and performance audits, as most of it is under mandate. Taking into account all these factors, IG/EV will decide next year the area of the Bank's advisory services that could most benefit from an evaluation.

## 2.3 Potential topics for the work programme 2022

In 2022, IG/EV will start four to five new evaluations or reviews, selected from the list of topics below. The evaluations will be further discussed with key stakeholders (EIB and EIF Services, governing bodies) and firmed up in future iterations of IG/EV's rolling work programme.

- An **EIF-focused thematic evaluation**. After the evaluation of EREM, due in 2020, IG/EV will choose a new topic among the ones identified as important but less evaluated in a late 2018 mapping exercise (such as the Risk Capital Resources Mandate) or among new areas of interest (such as capped guarantees and counter-guarantees to financial intermediaries extending loans under the ERASMUS+ programme).
- An evaluation of the EIB's action **outside the European Union**. The specific topic will be determined once there is more clarity on the EIB's position and activities in the new EU development finance architecture.
- An evaluation of the EIB's support to the **environment**. IG/EV's Work Programme 2019-2021 envisaged the launch of this evaluation in 2021. This has now been postponed to 2022 to ensure that the evaluation is relevant and useful in the context of the Bank's new ambitions for climate change and environmental sustainability.
- An evaluation of the EIB's **innovation** public policy goal. IG/EV published its last evaluation on a related topic in 2015 (evaluation of EIB's support to the knowledge economy).

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<sup>4</sup> Mid-November 2019.

- An evaluation of EIB support to **Public Private Partnerships** (PPP), postponed from the Work Programme 2020 as more pressing priorities emerged through the consultation process undertaken in 2019.
- An evaluation of **special activities** and/or **new financial products** (including equity and quasi-equity products), postponed from the Work Programme 2020 for the same reason as the PPP evaluation and because other scheduled evaluations (such as Group support to SMEs and EFSI 2.0) might already cover much of the same ground.
- An evaluation of the **Energy Lending Policy** approved by the EIB Board of Directors in November 2019. By 2022, IG/EV expects to be able to assess the relevance as well as the emerging results of the policy.
- An evaluation of the EIB's portfolio **alignment with the goals of the Paris Climate Agreement**. The EIB Group announced its intention to ensure that, from the end of 2020, all of its finance will either directly contribute to climate action and environmental sustainability or be Paris-aligned. Given the importance of this commitment as well as the short timeline, IG/EV will discuss with key stakeholders, including Services, management and the board, whether this evaluation should be started earlier.



**OPERATIONS EVALUATION**

# Activity Report 2019 and Work Programme 2020-2022

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