

OPERATIONS EVALUATION

Activity Report 2020 and Work Programme 2021-2023

March 2021

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European Investment Bank Operations Evaluation Activity Report 2020 and Work Programme 2021-2023

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EIB OPERATIONS EVALUATION ACTIVITY REPORT 2020

Despite the unprecedented challenges that 2020 brought, the European Investment Bank (EIB) Group's¹ evaluation function (IG/EV) managed to carry out its ambitious work programme and provided timely and useful input for the organisation's decision-making at the onset of the COVID-19 crisis.

During 2020, the Bank's evaluation function worked on seven evaluations. Of these, two have already been discussed at meetings of the EIB and the EIF Boards of Directors, three will be presented to the boards in the first quarter of 2021 and the remaining two will go to the boards before mid-year (see p.7). As in previous years, IG/EV continued to systematically follow up and report on the implementation of evaluation recommendations and to provide methodological support and advice to EIB Group services (p.13). In 2020, IG/EV also assisted the EIB Group's early decisions in its response to COVID-19 by quickly extracting knowledge from existing evaluations, highlighting previous lessons learned that are particularly relevant for designing a crisis response.

In addition to its regular evaluation work, the EIB chaired the Evaluation Cooperation Group² in 2020. The pandemic that dominated the year challenged all of the group's members to find creative solutions to continue and intensify their exchanges. Under EIB leadership, the group developed its strategic direction and the all-virtual nature of this year's meetings facilitated the involvement of more staff in its activities (see p.13).

1. The EIB Group comprises the European Investment Bank (EIB) and the European Investment Fund (EIF).

2. ECG is a cooperation and exchange platform set up by the presidents of the major multilateral development banks almost a quarter of a century ago. It promotes the harmonisation of the standards for quality and credible evaluation among its members and it provides a forum for sharing lessons and insights, to continuously develop evaluation methodologies and approaches.



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Evaluations

In 2020, two evaluations, respectively covering the EIB Group's Risk Enhancement Mandate (EREM) and the EIB's cohesion financing were presented to the EIB and the EIF boards. Work was also finalised on evaluations concerning the EIB's support for urban public transport, the Eastern Partnership Technical Assistance Trust Fund (EPTATF) and the EIB's climate awareness bonds. These will be presented to the EIB Board in the first quarter of 2021. Two other assignments started in 2020: the systematic evidence review of energy efficiency interventions and the evaluation of the European Fund for Strategic Investments (EFSI). They are due to be completed in the first half of 2021.

Given the circumstances created by the COVID-19 pandemic, evaluation work from March onwards was carried out virtually. Data collection took place entirely remotely, using online communication platforms such as Skype, Webex, etc. Online communication has proven to be a good solution. In particular, it allowed for significant efficiency gains, as the window of opportunity to reach some contacts was expanded compared to mission-based data collection. Going forward, IG/EV will assess the mix of data collection approaches it uses based on this experience, and also on important methodological considerations (e.g. the importance of physical site visits to corroborate interview material with direct observations) and the specific characteristics of each evaluation (e.g. sensitive topics more suitable for in-person communication, geographical areas where communication technology is less reliable, etc.).

Evaluation of EIB cohesion financing (2007-2018)³

IG/EV presented the final report of its evaluation of EIB cohesion financing (2007-2018) to the board in October 2020. Financing projects that contribute to strengthening the economic, social and territorial cohesion of the European Union is one of the EIB's *raison d'être*. The EU Treaty entrusts the EIB with supporting the development of the single market and the reduction of regional disparities in the European Union, notably by facilitating the financing of projects in less-developed EU regions.

This extensive study, much wider than usual evaluations, resulted in three different publications: a thematic report, a synthesis report of 19 project evaluations and a macroeconomic study on the impact of EIB financing. The evaluation used a combination of quantitative and qualitative methods to build a robust evidence base (literature and portfolio review, end-of-project report analysis, survey, interviews, country case studies, project evaluation and macroeconomic modelling). The 19 evaluated projects were selected from five Member States (Italy, Poland, Portugal, Romania and Slovakia) to illustrate the diversity of products and sectors supported by EIB cohesion financing. The macroeconomic study assessed the impact that the investments supported by EIB financing are expected to have on gross domestic product (GDP) and employment in all regions of EU-28. The study distinguished between EIB cohesion and non-cohesion regions, with a view to assessing to what extent EIB financing contributed to reducing disparities within the European Union.

The evaluation found that the EIB reached its annual cohesion financing target for most of the period under review, albeit with difficulties. Beyond its financing target, the EIB lacks strategic orientations for its cohesion financing that clearly set out its priorities and role as the EU bank. Investments supported

3. Evaluation of EIB cohesion financing (2007-2018), available [here](#).

by cohesion financing are expected to have a positive impact on GDP and employment in cohesion regions. Of the eligible regions, the poorest and the economically stagnant ones benefit relatively more from the EIB's cohesion financing, compared with their baseline⁴. The EIB is currently unable to accurately report on its cohesion financing activity at regional level. In addition, while financing is directed towards sectors in need, region-specific needs are insufficiently addressed in project documentation.

The evaluation recommended that the EIB:

- develop an orientation paper articulating how the EIB cohesion financing supports less developed regions and the reduction of disparities within the European Union;
- include a narrative detailing how market failures in cohesion regions are addressed and how expected results contribute to regional development in the appraisal of operations;
- strengthen its ability to report on actual amounts signed and invested at regional level; and
- assess the extent to which project result reporting could be broken down by region.

The EIB Management Committee and board welcomed the rigour, timeliness and usefulness of this evaluation, notably in view of the next Multiannual Financial Framework and recent initiatives such as the Just Transition Mechanism. EIB management agreed with all recommendations and deemed a rapid response to IG/EV's recommendations important.

Evaluation of the EIB Group Risk Enhancement Mandate (EREM)⁵

The EIB Group Risk Enhancement Mandate (EREM) was conceived in 2013, as a tool to accelerate the recovery of the EU economy, which at the time was just emerging from a recession. The EREM was designed to build on the relative strengths of the EIB and the EIF and their interrelationship to: (1) contribute to the development of European capital markets instruments that benefit small businesses (asset-backed securitisation, loan funds) and (2) target specific areas of youth employment, microfinance, cooperative banks and smaller financing institutions that previously lacked access to EIB direct financing.

The evaluation examined the extent to which the EREM achieved its objectives and whether the design choices made under the mandate were appropriate for these objectives. In addition to the thematic report covering the entire mandate, the evaluation also produced separate reports for each of the three EREM instruments studied in more depth: the Social Impact Accelerator (SIA), the Loan Funds Instrument (LFI) and the instrument for Cooperative Banks and Smaller Institutions (CBSI).

The evaluation found that the mandate was highly relevant when launched, but its design was overly complex and not suited to its implicit aim of getting money flowing quickly to the real economy. The time-to-market for several EREM products was relatively long (over two years) and by the time they materialised, financing conditions for businesses across the European Union had improved. Yet, these products were still highly relevant given the persistent bank financing gaps in some EU Member States and the mandate's objective of developing non-bank sources of finance for small businesses and social enterprises.

4. Romania and Bulgaria remain exceptions in this respect.

5. Evaluation of the EIB Group Risk Enhancement Mandate, available [here](#).

While the total financing expected to be leveraged by the EREM exceeded expectations, it is unlikely that the envisaged target number of final beneficiaries (small businesses and social enterprises) will be met. A major achievement of the EREM is its successful contribution to developing the lower mid-market segment of the European private debt industry (LFI) and the impact investment market (SIA). Overall, the EREM's benefits are relatively concentrated in a few Member States.

In view of these findings, the evaluation made recommendations to both parts of the EIB Group:

- For the EIB, ensure that SMART⁶ objectives are set for intragroup mandates and that mandate design is aligned with the expected objectives. When designing an anti-crisis instrument, time-to-market should be explicitly set out to ensure timeliness of the intervention.
- For the EIF, continue to nurture the lower-mid market segment of the EU private debt industry, provided that relevant mandators' resources are made available; intensify capacity building and marketing efforts to promote take-up of EIF products in EU Member States where they are the most needed; and reduce the time necessary between approval and signature of operations.

The EREM evaluation was finalised at a crucial time, when the EIB Group was mounting its response to another emerging crisis - the emergency triggered by the COVID-19 outbreak. The insights of this evaluation and the lessons it identified about how the EIB Group supported small businesses through the EREM in the previous crisis were of direct relevance in forging the Group's response to the new crisis. Building on the findings of this and other recent relevant evaluations it conducted, as well as on insights from other independent evaluation functions of peer institutions, IG/EV produced a special note bringing together key knowledge. This note was discussed at the EIB's Management Committee and board meetings in April and June respectively and was seen as welcome input for the Bank's decision-making process early in the COVID-19 crisis (see also p.14).

Evaluation of EIB support for urban public transport in the EU-28 (2007-2019)

Support for urban public transport is one of the priorities of the EIB's Transport Lending Policy and represents approximately a quarter of all EIB operations in the transport sector over the 2007-2019 period. Urban public transport encapsulates a number of important topics ranging from climate change mitigation and reduction of environmental externalities to urban road congestion, traffic safety and passenger security.

The evaluation looks at the relevance and performance of EIB-supported urban public transport projects in the European Union from 2007 to 2019. The evaluation assesses: a) whether the EIB-supported operations in this field respond to cities' needs and to the EU and EIB policy priorities; b) whether the EIB's procedures and products were adequate to address the needs of municipalities; c) the implementation and results achieved by the supported projects; d) the extent of the EIB's financial and non-financial contribution to the projects. The evaluation covers transport modes such as metros, tramways, railways and buses and will be presented to the EIB's board in February 2021.

6. Specific, measurable, achievable, relevant and time-bound.

Evaluation of the Eastern Partnership Technical Assistance Trust Fund

The Eastern Partnership Technical Assistance Trust Fund (EPTATF) aims to improve, through targeted technical support, the quality and development impact of the Bank's operations in Eastern Partnership countries⁷. This €40 million trust fund, managed and administered by the EIB, was established in 2010 as a multi-donor fund covering a broad range of sectors.

As the EPTATF neared ten years of operation, the contributors asked the EIB to evaluate the trust fund's performance. Considering the needs of all stakeholders, the evaluation looked at a) the extent to which the EPTATF is fit for purpose; b) the extent to which it has supported project origination and implementation; and c) the extent to which it is implemented efficiently.

Although the evaluation focused on a relatively small facility, the findings, which were already presented to the Management Committee and are due to go to the board in February 2021, were praised as highly relevant for the Bank's advisory services more generally. The evaluation findings are also timely, given the expected increased role of advisory services as the EIB consolidates its position as the EU climate bank.

Evaluation of the EIB's climate awareness bonds

In 2007, the EIB kicked off the green bond market with the issuance of the world's first "standard green use-of-proceeds" bond, branded as a climate awareness bond. The EIB's climate awareness bond activity has considerably expanded in both scale and ambition over time. The share of climate awareness bonds in the Bank's total bond issuance grew from 1% in 2007 to almost 8.5% in 2020 and is expected to grow even further in the context of the EIB's Climate Bank Roadmap⁸. In recent years, the climate awareness bond model was replicated to kick off a sustainability awareness bond programme.

The evaluation of the EIB's climate awareness bonds examines the Bank's role in the green bond market as an issuer, as well as its role in developing market governance, standards and practices. It compares the EIB's green bond framework and activities with those of its peers and weighs the inputs of the EIB's climate awareness bond activity up against its benefits. The evaluation also probes the extent to which the climate awareness bond and sustainability awareness bond programmes are coherent with each other. Finally, the evaluation looks into how climate awareness bonds can be used to stimulate green investments.

The evaluation also reflects on the implications of the changing policy and market context for the EIB's climate awareness bond activity going forward (specifically, the EIB's transition to becoming the climate bank of the European Union and the policy-driven changes to the funding and lending landscape), together with market developments.

The final report is expected to be discussed by the EIB board in March 2021.

Systematic review of energy efficiency interventions

The systematic review aims at contributing to the EIB-wide discussion on the climate and environment by collating evaluation knowledge about the effectiveness of energy efficiency interventions worldwide. Unlike traditional evaluations, the systematic review does not assess EIB operations, but

7. Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

8. The EIB Group Climate Bank Roadmap 2021-2025, available [here](#).

instead gathers existing global evidence, so that the Bank can learn from studies conducted by others. It also identifies areas where robust evidence is currently lacking, and thus points to potential future work, which would add value going forward.

The review was undertaken in two distinct phases. During the first phase, evaluation studies were identified and mapped against a matrix of energy efficiency interventions and outcomes to show where evidence is available, and where there are areas with no or limited evidence. The result of this work was included in an evidence gap map. Subsequently, synthesis gaps were identified. These are areas where it would be useful to combine the findings from existing impact evaluations in a systematic review. The most interesting area for the EIB Group is energy efficient building upgrades, in light of recent policy directions set in the European Green Deal and the EIB's energy lending policy.

During the second phase (ongoing), a systematic review is produced that summarises the findings of studies evaluating energy efficient building renovations, to establish what does and does not work. This review will allow the EIB Group to draw on, and learn from, available evidence as it establishes itself as the EU climate bank and develops plans to deliver on its ambitious climate and environment commitments.

Evaluation of the European Fund for Strategic Investments (2021)

IG/EV has launched the 2021 evaluation of the European Fund for Strategic Investments (EFSI) in accordance with the requirement of the EFSI Regulation to provide a "comprehensive report on the functioning of EFSI" every three years from June 2018 onwards, considering the relevance, effectiveness and efficiency of the instrument.

This evaluation focuses on key changes introduced through an amendment of the EFSI Regulation in late 2017, which introduced a soft target for climate action, enhanced transparency measures and an emphasis on cooperation with national promotional banks and institutions. The evaluation also asks questions on the additionality of EFSI operations, as well as the relevance of the instrument overall, and specifically in the context of the COVID-19 crisis. As EFSI's investment period ended in 2020, the ambition of the evaluation is to use the insights gained to inform decisions about the new generation of financial instruments that will be implemented in the upcoming years. The report will be presented to the EIB and the EIF boards in June 2021.

An evolving work programme to ensure usefulness and relevance

In light of the rapidly evolving situation in 2020, the evaluation work programme was reviewed to ensure it continues to provide useful and relevant evaluations. IG/EV proposed to prioritise the launch of a rapid assessment of the EIB Group's response to the COVID-19 crisis (see p.19), as well as an evaluation of EIB support for climate change adaptation (see p.20). As a result, the evaluation of the EIB Group's support for small and medium-sized enterprises planned for 2020 was postponed to 2021 (see p.21).

In 2020, a review of the quality and use of the EIB's project completion reports was also launched, but subsequently shelved. During the initial research and design phases of this review, it emerged that it might overlap with an internal analysis being finalised at the time.



Other activities

Evaluation Cooperation Group

In 2020, the EIB chaired the Evaluation Cooperation Group (ECG). The ECG was established in 1996 following an assessment initiated by the presidents of five major multilateral development banks⁹ to promote mutual learning and sharing of experience on evaluation methods and products, as well as the adoption of good practice standards for evaluation.

As ECG chair, the EIB successfully organised a series of virtual events covering a broad range of topics such as the multilateral development banks' response to the COVID-19 crisis and the role of independent evaluation functions in decision-making in times of crisis. The opportunity of the all-virtual set-up of the spring and fall meetings was seized to organise a series of technical sessions on state-of-the-art evaluation methodologies, which attracted more than 100 evaluation practitioners from the ECG's ten member organisations from across the globe.

Furthermore, the EIB also took the lead on a stocktaking exercise on how evaluation functions at multilateral development banks define and assess additionality, as well as on the reflection group on the ECG's future strategic direction. The proposed vision and way forward that it presented in the fall meeting were endorsed by the wider group and will be further developed in 2021. Through its evaluation function, the EIB also continued to coordinate the ECG's position on the revision of the Organisation for Economic Co-operation and Development's Development Assistance Committee's (OECD DAC) evaluation criteria. Last, but not least, the function supported the Inspector General in his role of chairman of the ECG Membership Committee in the context of the Central American Bank for Economic Integration's application for observer status in the ECG.

Peer cooperation and networking activities

In 2020, IG/EV participated actively in several evaluation conferences and meetings, all of them organised virtually. For example, at the 2020 Asian Evaluation Week (a knowledge-sharing event in the Asia and Pacific region), IG/EV organised three sessions on: (1) supporting small and medium businesses in times of crisis; (2) methodologies and challenges in the evaluation of multilateral development bank additionality; and (3) evidence gap maps.

As an observer within the OECD DAC Evaluation Network (EvalNet), IG/EV participated in the network's regular meetings which aim to improve development results and facilitate collaboration between members. The Bank's evaluation function is also a member of the blended finance working group, set up to develop common practices on how to evaluate blended finance operations.

In 2020, the multi-annual impact programme led by the Economics Department of the EIB and the Global Development Network¹⁰ came to an end. Since 2017, the programme had carried out "deep-dive" studies of the results and ultimate development impact of EIB-financed projects in Africa, the Caribbean and Pacific, while also building the capacity of emerging researchers from these regions to use state-of-the-art impact assessment methods. IG/EV was a member of the programme's Advisory Committee and provided training on evaluation methods and a peer review of the deep-dive studies. As the programme drew to an end in December 2020, IG/EV participated in a high-level online panel discussion, sharing its perspective, as an independent evaluation function, on the type of knowledge that is useful for informing decision-making and the role impact evaluations can play in building the evidence base.

9. The World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, the African Development Bank and the Inter-American Development Bank.

10. The Global development network (GDN) is a public international organisation dedicated to supporting policy-oriented research.

Strengthening the EIB's evaluation culture

From the onset of the COVID-19 crisis, IG/EV contributed to the EIB's response by preparing a note bringing the Management Committee's attention to eight selected lessons learned from past evaluations carried out by the team itself or other ECG members. Examples include the need to consider time-to-market targets if the objective is to get money to the real economy quickly and the value of using EIB Group funding to top up existing products. Other lessons include the need to have a clear hierarchy of policy objectives and ensure coordination with other instruments deployed by other stakeholders.

IG/EV also supported EIB services and stakeholders with methodological advice upon request, for example on developing a results framework for the Eastern Partnership Investment in Connectivity. In 2020, support was also provided to the Romanian authorities for the preparation of the evaluation terms of reference for the Project Advisory Support Service Agreement. Finally, IG/EV assisted EIB services in the preparation of mandate documentation for evaluation-related matters during the design phase of new mandates.

The external peer review of the EIB's evaluation function that started in 2019 was finalised. This review of IG/EV's governance, working methods and the balance between its learning and accountability objectives was led by a high-level panel composed of evaluation experts in current or former leadership positions in multilateral institutions. The results of the review were presented to the EIB Management Committee, the EIB Working Group on Lending Policies, Evaluation and Impact and the EIF board in the first half of 2020.

Following up on the recommendations in the review, IG/EV started making changes in the way it works, to improve its effectiveness and efficiency. Examples include the administrative reorganisation of the team, entrusting the lead of some evaluations to senior team members and the streamlining of the consultation procedure. IG/EV also continued to diversify its products and methods and plans to step up the process in the near future. Last but not least, an EIB Group Evaluation Policy is being drafted for approval by the EIB board once finalised. This new policy will be followed by the development of an IG/EV strategy next year.

Following up recommendations

In 2020, IG/EV continued its quarterly follow-up and reporting on the implementation of evaluation recommendations. This well-established process ensures shared ownership of recommendations and that required actions are implemented in due time by the EIB and the EIF. Regular reporting is presented quarterly to the EIB Management Committee and twice a year to the board. For the EIF, reports are presented to the chief executive semi-annually and the board annually. In the course of 2020, six recommendations from four evaluations were closed, including all the outstanding ones from the Evaluation of the EIF's SME Securitisation Activity. The EIB also caught up on the implementation of a recommendation from the Evaluation of Structural Programme Loans that had been overdue since end-2019.

During this year, IG/EV's procedures for following up on recommendations were revised following Group-wide consultations. The changes simplify monitoring and reporting categories, formalise the reporting process with EIF management, introduce an early warning system and increase the Management Committee's involvement in preparing action plans for the implementation of recommendations.

Staffing and reorganisation

In 2020, IG/EV was restructured into two units. The Knowledge Management, Products and Methods Unit is responsible for ensuring continuous development and innovation in evaluation methods and products as well as promoting an evaluation culture within the EIB Group. The Strategy, Policy and Procedures Unit is responsible for setting up a framework to ensure relevance of evaluation in the EIB Group's context and the efficient fulfilment of its mandate. This includes articulating the function's evaluation policy, strategy and work programme, while streamlining processes and procedures.

As of December 2020, the evaluation function counted 19 staff members. One professional and one support member as well as one trainee joined during 2020 to replace departing colleagues. Two additional colleagues joined in early 2021 (including a secondee) and the selection process is ongoing for three vacant positions. One staff member is currently seconded to the EIB's Complaint Mechanism, to help set up a system for following up recommendations for that division, building on IG/EV's accumulated experience.



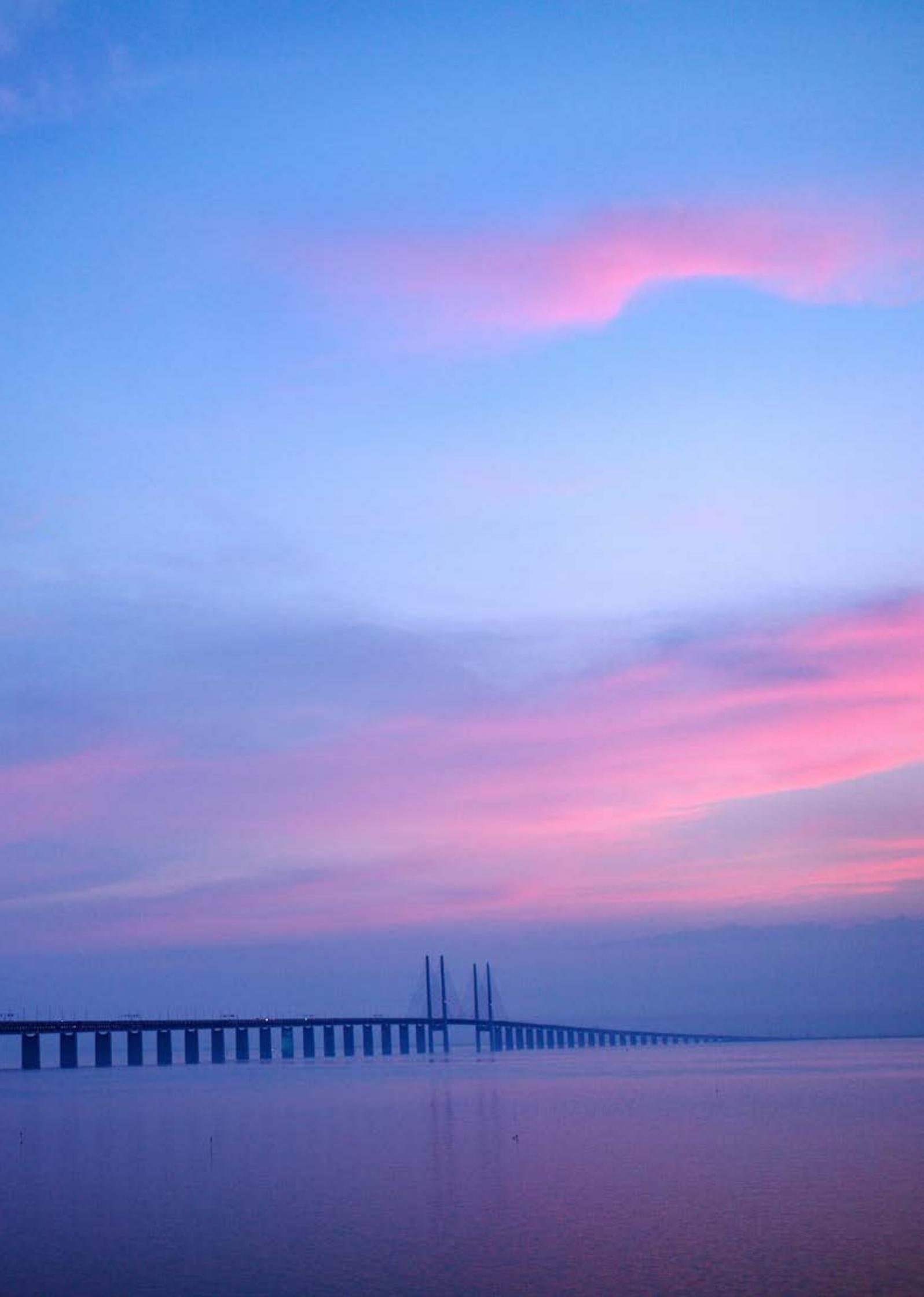


EIB OPERATIONS EVALUATION 2021-2023

IG/EV's work programme for 2021-2023 includes topics that closely echo the EIB Group's work and priorities that emerged or were further reinforced in 2020. IG/EV will launch five new assignments in 2021, on topics ranging from the EIB Group's response to the COVID-19 crisis to the EIB's support for climate change adaptation. Potential topics were also identified for 2022 and 2023 and will be further discussed and refined as part of the next update of the work programme.

The work programme is developed on a three-year rolling basis, based on the activities of the EIB and EIF and their evolution; the function's dual objective of contributing to the EIB Group's accountability and learning; and the needs of the EIB and EIF services, management and boards. IG/EV's work programme usually only includes planned evaluations. Other activities, such as on-demand evaluation-related support for services and knowledge-sharing events have proven difficult to anticipate in detail and to capture in the work programme. The approach is therefore to undertake such activities if and when possible, after carefully assessing their importance for the EIB Group and the available resources.

Possible evaluation topics are identified based on several criteria, including the activities of the EIB Group in a particular sector or theme, the likelihood that a sector or theme will be the object of internal discussions to reshape the Bank's or the Fund's activity in that area, and the time elapsed since the theme was last evaluated. The draft programme is then subject to a broad consultation process with relevant stakeholders at the EIB and the EIF to ensure that the proposed topics and timing are appropriate. The consultation process was further extended and reinforced in 2020, to ensure that the programme is relevant and useful. In addition to meetings held with Directors-General, Directors and EIF managers, as in previous years, IG/EV also reached out to all of the EIB's vice-presidents. The result is a draft programme which was welcomed for its ambition, comprehensiveness and relevance in the discussion held with the board LEVI working group in December 2020.



Work Programme 2021

In 2021, the evaluations and reviews mentioned below will be completed:

- 1** Evaluation of EIB support for urban public transport in the EU-28 (2007-2019), to be discussed by the board in February 2021;
- 2** Evaluation of the Eastern Partnership Technical Assistance Trust Fund (EPTATF), also scheduled for discussion in the boards' February 2021 session;
- 3** Evaluation of the EIB's climate awareness bonds, which should be presented to the EIB board in March 2021;
- 4** Evaluation of the European Fund for Strategic Investments 2021, which will go to the board in June 2021; and
- 5** Systematic evidence review of energy efficiency, expected to be completed by mid-2021.

In 2021, IG/EV will also launch five new reviews and evaluations, each outlined below.

Rapid assessment of the EIB Group's response to the COVID-19 crisis

For the 25 million European small and medium-sized enterprises that form the backbone of the EU economy, the COVID-19 outbreak and the subsequent lockdowns represent unprecedented threats.

The EIB Group is supporting the EU response to this crisis, particularly through a financing package mobilising €28 billion to support small and medium businesses and the development of vaccines and treatment. The first part of this package relies on the EIF's existing guarantee programmes to mobilise €8 billion for these businesses. It also consists in EIB financing and dedicated asset-backed securitisation mezzanine tranches to leverage €20 billion in support of these companies' working capital. The EIB has also been showing increased flexibility towards its existing clients by adapting procedures and ways of working to address difficulties clients are experiencing. Finally, in collaboration with local lenders and national promotional institutions, the EIB Group created the European Guarantee Fund (EGF), a €25 billion guarantee fund to support small and medium businesses and other players in the real economy by mobilising up to €200 billion.

The real time evaluation aims to provide immediate lessons to improve the EIB Group's response to the COVID-19 crisis. The evaluation will focus on preparedness, relevance, design, early implementation, emerging results and lessons. The rapid assessment may be launched in two consecutive phases, the first focusing on the non-EGF response and the second looking at the EGF, so as to avoid delays and provide timely results.

Evaluation of the EIB Group's support for climate change adaptation

The next decade is critical to addressing the planet's climate and environment emergency. The EIB decided to increase its level of climate and environment commitment, hence consolidating its position as the EU climate bank. The EIB Group will gradually increase the share of its financing dedicated to climate action to 50% in 2025 and has aligned its activities with the principles and goals of the Paris Agreement since the end of 2020.

Climate change adaptation focuses on taking appropriate action to minimise the damage that climate change can cause. In recent years, EIB support for climate change adaptation has amounted to approximately €1 billion per year (2% of total EIB lending). EIB support for climate change adaptation has been flagged in the Climate Bank Roadmap (CBR) as an area requiring substantially increased efforts.

The evaluation will investigate the bottlenecks behind this low share of adaptation financing and explore possible options to scale it up. The findings will feed into the drafting of the EIB's adaptation plan in support of the upcoming EU Adaptation Strategy expected to be unveiled by the European Commission in early 2021.

Evaluation of the EIB's special activities

The concept of "special activity" was introduced in 2009 in the EIB's revised Statute as part of a series of measures to enable the Bank to increase its value added by taking on more risk. Special activities are operations presenting a specific risk profile. Until 2015, special activities represented less than 10% of the signed amounts under the Bank's own resources lending. Since then, however, they have grown in importance. The introduction of EFSI, which has promoted the development of new financial products and targeted higher-risk counterparties or projects that could demonstrate greater potential for addressing market failures, marked the take-off of special activities. They have represented more than 20% of the EIB's business in recent years.

This evaluation will explore the extent to which higher risk taking translates into higher additionality. It will also explore the impact of special activities in terms of capital consumption and the financial sustainability of the Bank. The evaluation will be designed to provide relevant findings in time to inform next year's discussion on the EIB Group Operational Plan.

Evaluation of advisory services in support of cohesion

IG/EV aims to evaluate blending and advising activities at least once every two years. The last comprehensive evaluation on the Bank's advisory activities 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 advising activities, including, most recently, the EPTATF evaluation (see p.10).

In 2020, the evaluation of the EIB's support for cohesion financing was finalised (see p.7). It highlighted the importance of advisory support in cohesion regions, including for the development of viable projects to be financed by the EIB and other similar institutions. Advisory services also have a key role to play in delivering on the EIB's climate ambitions and maintaining support for cohesion regions.

The evaluation will assess whether the EIB's advisory toolbox is appropriate for addressing the needs in cohesion regions. The evaluation will also consider the EIB's advisory support achievements in the region. Finally, the evaluation will analyse the EIB's institutional set-up for advisory services and assess whether it is fit to deliver support to cohesion regions.

Evaluation of the EIB Group's support for SMEs – equity and quasi-equity

Small and medium-sized enterprises are at the core of the EU economy, representing 99% of all businesses. They employ around 100 million people, account for more than half of Europe's gross domestic product and contribute to every economic sector. For these companies, access to finance is still a concern despite currently low interest rates and liquid markets, especially for younger, smaller innovative firms and firms operating in countries more affected by the economic downturn. The last EIB evaluation dedicated to SMEs in Europe was completed in 2013. Since then, the approach and products that the EIB Group uses in support of SMEs have greatly diversified and the overall economic and market context has evolved.

Over the coming years, successive evaluations will look at the different product lines offered by the EIB Group in support of SMEs (see also proposed topics for 2022-2023, p.23 and p.25). The first evaluation will cover support provided through equity and quasi-equity products. This type of support is extended to these businesses in the European Union primarily via the EIF, where it represented one-third of signatures in 2020.

The evaluation will tentatively look at the relevance of equity products to addressing the evolving needs of small and medium businesses and the extent to which these products address market failures. The evaluation will also look at achieved impact and additionality and will consider the effects of this line of business on capital consumption and other financial parameters of the EIB Group. The final scope of the evaluation will be determined during the planning phase of the evaluation.



Tentative 2022 work programme

The topics below are being considered for evaluation in 2022. The importance of these pre-selected topics will be further discussed with relevant stakeholders at the end of 2021, as part of the regular update of the work programme. The final programme for 2022 will then be approved by the board.

- 1** An evaluation of the **EIB Group Strategy on Gender Equality and Women's Economic Empowerment**. The revision of the current EIB Group Strategy on Gender Equality and Women's Economic Empowerment has been delayed and is now expected by mid-2023. The evaluation of the strategy, initially scheduled in 2021, will be launched in 2022 to cover a longer period while still providing findings in time for the strategy revision process. The evaluation will have accountability objectives, but also a significant learning component. A participatory approach, recognised as an appropriate tool in the field of change management, will be favoured as this evaluation will aim to help bring about changes in the EIB Group's culture.
- 2** An evaluation of the **EIB's innovation public policy goal**. Innovation is an EIB priority as the European Union's future growth very much depends on its ability to innovate. By breaking down investment barriers and helping the European Union to take the lead in the next wave of innovation, the EIB also supports the European Union's long-term competitiveness. The last EIB evaluation on a related topic (Evaluation of EIB's Support to the Knowledge Economy) was published in 2015.
- 3** An evaluation of the **energy lending policy** approved by the EIB board in November 2019. This policy spells out how the Bank contributes to the EU energy policy and which activities are eligible for financing in light of the EIB's objectives. It also details the practicalities of energy-related project assessment. By 2022, the policy's relevance in terms of needs and the policy environment as well as the emerging results should be ripe for a first assessment.
- 4** An evaluation of the **EIB's Group Additionality and Impact Measurement framework (AIM)**. The new framework was approved in December 2019 and has been gradually rolled out. As of 2021, its use is mandatory for approvals of new operations. The AIM integrates in a single framework the existing 3 Pillar Assessment for operations in the European Union and the Results Measurement for operations beyond the European Union, taking into account the differences between the EU and non-EU contexts. The objective of the new framework is to improve the assessment and presentation of the additionality of EIB financing operations, thereby helping to pinpoint and communicate more clearly how the Bank, as a public institution, makes a difference for EU citizens. By 2022, when the evaluation of this tool is planned, the new methodology will have been in full use for more than a year. This should facilitate an initial assessment of its design, implementation and governance.

- 5 An evaluation of the EIB's activity concerning **migration** is slated for 2022 to provide accountability and opportunities for learning on this activity. The EIB works with partners to deliver an effective response to the migration crisis and to strengthen economic development contributions further. Through the Economic Resilience Initiative (ERI), the EIB offers a strategic response addressing the root causes of migration. The initiative relies on two mandates – the External Lending Mandate that provides an EU Guarantee, and the ERI Trust Fund that pools Member State resources – to mobilise financing for the Southern Neighbourhood and Western Balkans regions, allowing them to absorb and respond to crises and shocks, such as the Syrian refugee crisis. To ensure adequate coverage of the EIB's migration-related activity, the evaluation could be extended to include the ACP (Africa, Caribbean and Pacific) Migration Package¹¹ under the Investment Facility of the Cotonou mandate (2000-2020).
- 6 As the EU bank, the EIB supports the 2030 Agenda for Sustainable Development and the **Sustainable Development Goals (SDGs)**. The aim is to promote a safe and secure future, bringing prosperity and inclusiveness for all. The EIB's support for the SDGs is channelled through numerous initiatives, ranging from the EIB Group's ambitious climate action targets, the ShelInvest initiative (promoting gender equality in Africa) and the Clean Ocean Initiative to the EIB's climate awareness bonds and sustainability awareness bonds. In 2020, the EIB joined forces with other multilateral development banks and the International Monetary Fund to create the first joint report on contributions to the SDGs¹². The EIB has also developed a reporting process to measure its contributions to the SDGs. The evaluation could look at the extent to which EIB is contributing to the achievement of the SDGs.
- 7 As detailed on p.21, a series of evaluations of the **EIB Group's support for SMEs** will be conducted. In 2022, IG/EV plans to focus on the support provided by the EIB Group **through risk sharing and guarantee products** and its impact. It will also look at the capital consumption and cost coverage of the product line.

11. In 2016, the capacity of the ACP Impact Financing Envelope was increased by turning it into a revolving fund, with €300 million dedicated to dealing with migration.

12. Financing The Sustainable Development Goals: The Contributions of the Multilateral Development Banks, available [here](#).

Potential topics for the 2023 work programme

The topics for 2023 will be further discussed with key stakeholders (EIB and EIF services, management and the board) and firmed up in future iterations of IG/EV's rolling work programme. The key topics from which a selection will be made include:

- 1 The Climate Bank Roadmap (CBR).** An assessment of the Climate Bank Roadmap is envisaged for 2024, so as to inform revisions or modifications for subsequent implementation periods, in accordance with the Paris Agreement's five-year 'ratchet mechanism' cycle. The evaluation, to be launched in 2023, will inform this scheduled revision process.
- 2 The European Guarantee Fund.** This instrument aims to support those small and medium businesses that would have been financially viable under normal circumstances, but face economic difficulties due to the COVID-19 crisis. This fund was set up to leverage up to €200 billion and will be evaluated two years after the end of its investment period.
- 3** An EIF-focused thematic evaluation. Having completed its evaluation of the EREM in 2020 (see p.8), IG/EV plans to evaluate **the EIB Risk Capital Resources Mandate**, which is a key resource for the EIF to deliver its equity-based support.
- 4 The Eastern Partnership Investment in Connectivity (EPIC).** This facility was established to plan, prepare and implement infrastructure projects on the Trans-European Network for Transport (TEN-T) in Eastern Partnership countries.
- 5** A cluster of project evaluations in the field of **energy or water and sanitation**, which is an important area of the Bank's activity, both inside and outside the European Union. The evaluation will seek to understand what worked and what did not in past operations to provide lessons for continuous improvement.
- 6** The third phase of IG/EV's evaluation of EIB Group support for small and medium businesses (see p.21) focusing on **intermediated lending**, which represents an important share of the support provided by the EIB Group to SMEs.





About the Evaluation Division

The Evaluation Division conducts independent evaluations of the European Investment Bank Group's activities. It assesses the relevance and performance of these activities in relationship to their objectives and evolving operating environment. It also helps the EIB Group to draw lessons on how to continuously improve its work, thereby contributing to a culture of learning and evidence-based decision-making.

Evaluation reports are available from the EIB website:

www.eib.org/en/infocentre/publications/all/ex-post-evaluations/index.htm

OPERATIONS EVALUATION

Activity Report 2020 and Work Programme 2021-2023

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