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GLOSSARY OF TERMS AND ABBREVIATIONS

Absorption capacity	The ability to use approved funds in the timescale and manner envisaged
Acquis-communautaire	The total body of EU law
Borrower	The legal persona with whom the Bank signs a Loan Agreement.
bp	basis points (one hundredth of one percent interest)
CA	EIB's Board, The EIB Board of Directors, which has sole power to take decisions in respect of loans, guarantees and borrowings.
CD	EIB's Management Committee (q.v.) Internal EIB committee, comprising the Bank's President and Vice-Presidents
CEB	Council of Europe Development Bank
COP	Corporate Operational Plan (EIB)
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
ERDF	European Regional Development Fund
EU	European Union
EV	EIB Operations Evaluation (Ex-Post)
FIRR	Financial Internal Rate of Return
FVA	Financial Value Added
NMS	New Member States (EU12)
Ops-A	EIB Directorate for Lending Operations – EU Members, Acceding, Accession and Candidate States
PCM	Project cycle management
PCR	Project completion report
PHARE	“Poland and Hungary: Assistance for Restructuring their Economies” - EU grant instrument for pre-accession aid focusing initially on Poland and Hungary but later extended to 8 other accession countries
PJ	EIB ProJects Directorate – Responsible for ex-ante project techno-economic analyses, the preparation of the Technical Description, and the physical monitoring of implementation and completion of projects
PPP	Public Private Partnership
Project	A clearly defined investment, typically in physical assets, e.g. a specific section of road, a bridge, etc.
Project Pipeline	Those projects which have been signalled to the Bank, but have either not yet been approved by the Management Committee, or have been approved but not yet signed. These include projects under active appraisal and those in the process of contract negotiation prior to signature.
Promoter	Normally the persona responsible for identifying and developing a project. The promoter may also be responsible for operating and/or implementing the project.
RM	EIB Risk Management Directorate, responsible for credit appraisal and portfolio management
SPV	Special Purpose Vehicle – A company, with its own legal persona, set up for a limited set of specific purposes, e.g. to borrow for the construction of a project.
TA	Technical Assistance
Technical-description	Project definition - the basis of the Loan Agreement; prepared by PJ
UI	Urban Infrastructure
VA	Value Added

EXECUTIVE SUMMARY

This evaluation focuses on EIB lending in support of urban infrastructure projects in the European Union over the period 2000-2010. It was included in EV's work programme for 2009-2010 to reflect the new focus on Sustainable Communities in line with the Leipzig Charter adopted by the EU in 2007. The evaluation is based on a policy review, a portfolio analysis of EIB co-financed Urban Infrastructure (UI) projects, interviews with Bank internal and external stakeholders, and in-depth evaluations of a sample of 25 UI projects.

The overall conclusion of this evaluation is that relevance and performance of the majority of projects in the evaluated sample are satisfactory or better, with only very few projects being of lesser quality.

Two further conclusions are drawn. First, the evolving character of policies and the absence of a stable policy framework made it difficult for EIB to define a clear policy in urban matters. This had an impact on the way in which eligibility criteria were used for projects which focused on urban areas. It was not until 2008 that the Bank was able to formalise its approach in urban matters into a more coherent framework.

Second, the majority of urban infrastructure projects evaluated were formally eligible and responded to local needs; were overall implemented correctly by highly competent promoters; and are currently performing well and lead to sustainable results. Consequently, the added value of the EIB contribution was for the majority of the cases moderate, and in some cases low. Being situated within the EU, the main benefit the evaluated projects derived from the EIB contribution was, unsurprisingly, financial. Financial contribution was also often moderate or low, given the conditions for finance available in the first half of the period under scrutiny, i.e. before the crisis hit. Today, the situation may be different and should be reassessed; several promoters encountered for this evaluation testified that EIB financial added value has become more important for them recently.

The rationale of the EIB finance to Urban Infrastructure projects within the European Union

For a long time, the subsidiarity principle limited the formal responsibilities for urban matters of the EU and, consequently, of the EIB. The EIB has nevertheless supported urban infrastructure projects for more than two decades. Many EIB projects concern infrastructure and are located in an urban area. However, they were not justified by one consistent subset of urban policies but by multiple priorities converging in an urban zone. It was only for the latest programming period, as from 2007, that urban matters became mainstreamed within regional policy and that the Bank defined a "Sustainable Communities" policy which clearly incorporated the different facets of urban policies – including housing which was eligible only under specific conditions until that time. The absence of a clear policy justification for the Bank's intervention in UI, in conjunction with policy frameworks which evolved over time and contained, because of the subsidiarity principle, a strong member states' component, made it difficult to establish a clear subset of EU *and* EIB policies to determine what exactly the scope of UI is.

In a nutshell, the evolution of urban related policies over the past two decades can be described as follows. The Treaty allows EIB to support urban projects under the regional development heading or projects of common interest heading (subheading "environment"). As from the early 1990s the European Commission (EC) started to make "suggestions" for areas that member states could focus on with regard to their urban policy. This did not constitute a policy however and was not binding. Several EU Community Initiatives emerged nevertheless within the framework of the structural funds – in particular the "URBAN" initiatives managed under the auspices of DG REGIO. The member states on their side produced a series of statements with common goals in the area of urban policy making. Especially the "Leipzig Charter" (2007) is currently among the formal references for EIB policies. At local level finally, urban policies tend to focus on prevention of social exclusion through residential and urban renewal; social or "affordable" housing; efforts to reduce urban sprawl and promote compact cities; provision of affordable public transport; policies to increase social integration; and on safety issues, covering both technical safety and insecurity.

The evolving character of the policies made it difficult for EIB to define a clear policy against these. The absence of a stable policy framework has led to cases where (1) eligibility criteria were sometimes

so restrictive that eligible projects could be identified on the ground only with difficulty; (2) the local project context was represented in Board reports as to correspond better to criteria and objectives than they turned out to be; or (3) projects were financed which eventually turned out to be (to various extents) different from those announced in Board reports. These observations apply mainly to non-transport projects, as urban transport projects appeared to have a wider eligibility range, therefore being less problematic in this regard. Moreover, the Bank’s sector-oriented approach (i.e. “transport”, “housing”, “roads”...) may have hampered the establishment of an “integrated” urban approach by the Bank in response to the existing EU and member states’ policies.

The portfolio and sample

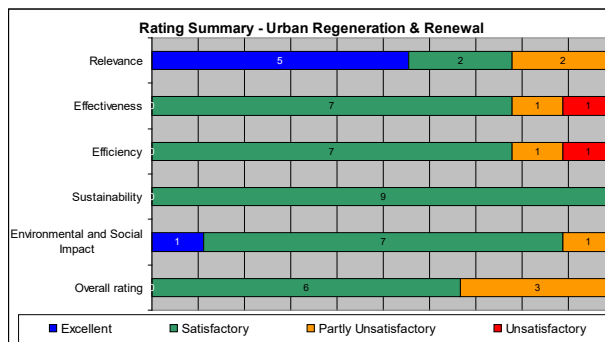
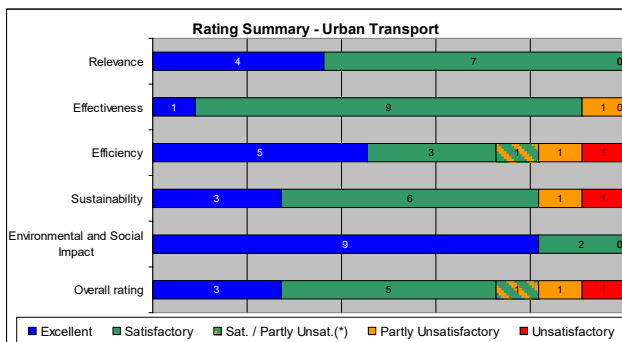
Over the 2000-2010 period (11 years), the EIB signed a total of EUR 491 bn in loans on own resources in all EU member states. Of this, approximately EUR 58 bn (12%) have been accounted for in the urban sector corresponding to 409 projects. About 45% of this volume was dedicated to projects in the urban transport sector, the remaining share being urban regeneration and renewal projects. In volume terms, more than half of urban transport projects were metros. The urban regeneration and renewal projects contained a great share of projects focusing on housing (mainly rehabilitation). Housing projects were not eligible under a “housing” category as such but could be financed before 2008 if the investments were part of a clear urban renewal project.

Five large EU15 member states (in decreasing order of shares, Spain, Italy, UK, France, Germany) account for 66% of the portfolio. After a first peak in 2005, the share of the new member states in the portfolio is steadily rising since 2007. The portfolio appears to contain many series of follow-on projects (in Bank jargon often called “repeat loans”). Taking these into account, it appears that the portfolio is highly concentrated as 20% (EUR 12 bn) of the overall loan volume in this sector (EUR 58 bn) was on the account of 8 series of follow-on projects only. 5 of these series cumulate more than EUR 1bn of loans each, and 4 out of those 5 concern metro projects in 4 major South European cities [Madrid, Barcelona, Rome, Athens].

The sample of projects was drawn to be representative of the 409 projects portfolio both in terms of sub-sector and country distribution. 25 operations were selected for in-depth evaluation leading to 20 in-depth reports, each being established on the basis of desk research, interviews with Bank staff, promoters and other relevant stakeholders, and on the basis of site visits. The comparison of ex-post results with the expectations and objectives at appraisal is the main basis for the evaluation of the operations. In line with the Bank’s evaluation procedures, individual projects were rated with regard to their Relevance, Effectiveness, Efficiency and Sustainability. Environmental and social impact was assessed on top of the effectiveness in order to emphasise these aspects. Furthermore, EIB Contribution and EIB Project Cycle Management were assessed, however the results do not influence the overall rating of projects. Rating was done in four categories: “Excellent”, “Satisfactory”, “Partly Unsatisfactory” and “Unsatisfactory”, and “High”, “Significant”, “Moderate” and “Low” for EIB Contribution.

Evaluation results

The ratings per evaluation criterion and overall are given in the graphs below. This shows clearly that the relevance and performance of most of the projects financed by the Bank are satisfactory, with in each of the two categories only very few projects of lesser quality.



(*) one in-depth evaluation concerned two follow-on projects within one city for which different overall ratings (a “satisfactory” and a “partly unsatisfactory”) were given on the basis of a difference in the efficiency ratings for the two projects.

Relevance. The majority of projects were relevant to highly relevant on all counts, i.e. alignment with EU/EIB policy, response to local needs, and in terms of preparation and design quality. Weaker relevance typically occurred when there was a mismatch between the Bank's eligibility criteria and objectives, and the project definition or the local project context. This sometimes hampered promoters to find suitable sub-projects because local programmes had other practices and selection mechanisms than anticipated by the Bank's rules and regulations. In such cases the Bank took a flexible approach and allowed slightly different items to be financed under the loans than those considered under the main objectives as presented in Board reports – yet by making sure that items financed were not ineligible in absolute terms.

Effectiveness. The majority of projects were performed within planned time and budget, achieved their objectives and are currently operating satisfactorily. It is therefore concluded that the effectiveness of the evaluated projects was overall satisfactory, and this was so independently of the subsector concerned. The success of a project is greatly dependent on the existence of a competent promoter or an experienced Project Management Unit.

Efficiency. Most systems resulting from the projects perform well economically. For the only project where this is not the case, during the appraisal doubts were already raised on the financial and economic feasibility of the project, meaning probably that this project should not have been financed. With the exception of that project, current demand and market needs for all types of projects are satisfactory to high. The different systems are mostly operated satisfactorily and according to plan. Operating and Maintenance (O&M) costs were mostly within acceptable international standards.

Sustainability. Physical sustainability is overall acceptable. Only one exception was found: a project – already weakly effective, and inefficient – which is currently also plagued by a great amount of small deficiencies which together compromise technical sustainability. This led the promoter to take on additional loans for O&M. This, in turn, compromises financial sustainability. On the sample this is clearly an exception however.

Financial sustainability of the project results was most of the times guaranteed if one accepts that these systems are subsidised. It is on the basis of this underlying hypothesis that the majority of projects are deemed to have a “satisfactory” financial sustainability. Urban infrastructures are subsidised both in terms of their construction and during subsequent operation, because cost recovery is generally low. The evaluation shows that great differences in approach exist between countries, with some having a stronger aspiration of cost recovery than others. Changes in policy or regulation which change subsidy levels may influence sustainability negatively. Even if the in-depth evaluations did not find any obvious signs of this yet, the current recession will have an influence on public budgets and this may in turn impact the sustainability of the investments. This, in turn, makes it all the more important that technical sustainability is guaranteed.

Environmental and Social Impact. The evaluated urban infrastructure projects made, overall, a good contribution to the environment. The transport projects have a positive impact on quality of life and offered citizens new modes of transport; the housing projects provide high quality shelter to large amounts of households and generally also led to energy efficiency gains. Housing was often “social” housing i.e. targeting, and reaching, the lowest income levels in society, but in some cases this also comprised higher-level incomes (“affordable” housing). The Bank's policy is to follow member states' legislation in this regard. National policies differ widely as regards the state of development of public rental housing systems and also with regard to eligibility criteria applied. The scope of “social” housing, and the inclusion of higher level incomes in the definition, directly depends on individual member states' policies and regulations in this area. Yet Board report objectives often over-emphasised the “social” character of the housing and the focus on deprived areas, even when the local housing programme's scope was wider.

It often appeared difficult if not impossible for the evaluation to assess the achievement of more overarching goals of the evaluated projects, e.g. contribution to social cohesion.

EIB Contribution. Dealing with overall highly competent promoters, EIB technical or institutional contribution was in the majority of cases not required. The EIB Contribution to these projects, mostly situated in EU15, was mainly financial. Financial contribution appeared higher for the projects situated

in South – South Eastern European member states. There were no clear cases of financial facilitation by the Bank.

EIB Project Cycle Management. With some exceptions, appraisal was satisfactory and implementation in line with Bank procedures. However, physical project monitoring of the evaluated projects was generally found to be weak, and Project Completion Reports insufficiently filled in order to well understand the outcomes of each project. In three cases appraisal was incomplete, leading to a weak presentation of projects in Appraisal, Board or Project Completion reports. Substantial changes in project scope were not the subject of renewed appraisal when according to the evaluation they should have been. The Bank puts this light approach partly on the account of many of these projects being repeat loans with competent promoters not requiring close scrutiny. The evaluation has identified several missed opportunities in cases where – exactly because of the good and repetitive relationships – lessons learned from past projects could have been better incorporated in the new project. This is especially so for cases where, over time, the Board report – reiterating too easily earlier versions – started to deviate from local realities, or when earlier projects in a series had not achieved their objectives.

Finally, coordination and co-financing with other financial institutions was virtually absent. When co-financing of Structural Fund projects would have existed, the rationale behind this was not always clear and co-funding not well monitored.

Conclusion

The findings of this evaluation seem to reflect two dilemmas the Bank was confronted with in the area of Urban Infrastructures over the 2000-2010 period.

The first can be characterised as the “policy dilemma”: the Bank, the role of which is to finance projects in line with EU policies, was expected, by member states and EU, to finance projects in an area where formally no real EU responsibility existed for a long time. This led several projects to be financed under other than strictly “urban” eligibility criteria, or, within the urban area, to not clearly state actual project objectives. It would have been more straightforward to simply state in all cases what projects really aimed to do. Housing projects, which could not be financed as such until 2008, are probably the best example of using other eligibility criteria or project objectives, rather than stating clearly what the project was really about.

It took a long time before the Bank could formalise its practice in this area. The Sustainable Communities policy adopted by the Bank in 2008 in line with the Leipzig Charter on Sustainable European Cities has provided more comfort for the Bank to finance urban development projects genuinely by using the experience it has gained in the past. The outcomes of currently on-going discussions concerning the role of cities within future EU regional policy may provide further impetus to the Bank’s role in urban development in the EU.

The second can be characterised as the “added value” dilemma. This evaluation shows that, with only one real major exception, projects in the sample were of acceptable to good quality and well implemented. Resulting infrastructures are presently well managed and overall relatively sustainable if one accepts that these systems are subsidised. For the Bank such projects did often not represent major efforts in terms of appraisal, implementation and completion as promoters were deemed competent enough to perform such tasks correctly, were strongly relied upon and given limited reporting obligations. This was even more so in the case of “repeat loans” of which there were many in the portfolio. Such loans ask minimum efforts of the Bank as these refer often simply to the quality of the promoter to justify a new project. The nature of these projects and promoters therefore implies that in a majority of cases evaluated – independently of the urban *subsector* – the Bank’s contribution was low. If it existed, it was in most cases financial.

The question is whether the Bank should finance high quality projects with good performance led by competent promoters which generally involve lower risk and a lower effort from the Bank – but also a less significant contribution? Or should the Bank finance projects, in EU27, where financial *and other contribution* of the Bank can possibly be more significant? The answer is not for the one or the other option but about the balance to be struck between them, and on the criteria on which to base this balance.

TABLE OF RECOMMENDATIONS

The following table provides recommendations based on the findings presented in the executive summary and described in detail in the main body of the evaluation report. These recommendations are addressed to the Bank's services. A distinction is made between the Policy/Strategy level, Appraisal, Implementation and Completion. It should be mentioned that the recommendations are given within the perspective that a majority of projects in the sample were correctly implemented, performed well and are currently well operated. The following recommendations aim to provide indications on how to improve the Bank's activities in order to better fulfil its mission.

	Observations and Recommendations	Response of the Operational Directorates
I. POLICY / STRATEGY		
I.1 Discuss, and decide on, the balance between high added-value and high quality projects		
	<p>Observation: Overall, the projects were well implemented by competent promoters, generally perform well and are currently operated satisfactorily. The EIB Contribution was in the majority of cases low to moderate. If it existed it was financial rather than technical/institutional. A higher level of technical contribution was identified notably for projects situated in South-South Eastern European member states. Dealing with generally competent promoters, EIB technical or institutional contribution was not much sought by promoters. There were no clear cases of financial facilitation, generally because promoters were deemed competent enough to organise the financial arrangements by themselves.</p> <p>Recommendation: The Bank should take a clear position on how to balance high added-value projects with projects that are technically satisfactory but where the Bank's added value is minor or reduced to a financial advantage for the promoter only.</p>	<p>This issue is of general concern across the Bank. The current Value Added methodology introduced in 01.01.2010 identifies high added-value projects as well as projects that are technically satisfactory but where the Bank's contribution is minor. However, it should be recognised that to support the COP, the EIB is called to finance both types of project.</p>
I.2 Justify the relevance of repeat loans		
	<p>Observation: The UI portfolio over the 2000-2010 was highly concentrated with 20% of the portfolio being on the account of 8 "series of related loans". This begs the question about the basis on which new activity in this sector was generated, how new clients and needs are identified, and whether the Bank's activity corresponds to the pattern of needs that actually existed in the EU member states. The increasing share of new member states in the portfolio since 2007 would suggest that the Bank is generally open to new clients, provided that it is backed up by the relevant policies, and, internally, appropriate targets and the incentives to achieve them.</p> <p>Recommendation: In case of "repeat loans" the Bank should clearly indicate the cumulative amount in Board reports in relation to the series of repeat loans, the risks involved</p>	<p>Agreed. This is in place today.</p> <p>Reference is generally made in the appraisal documentation to previous operations with the promoter.</p>

Observations and Recommendations	Response of the Operational Directorates
<p>and provide a clear justification of its contribution to the follow-up project. Future repetition of projects should be indicated as soon as they are anticipated.</p>	
II. APPRAISAL	
II.1 Give “repeat loans” the level of scrutiny they need	
<p>Observation: The portfolio analysis shows that a substantial number of “repeat loans” exist in the area of UI. The individual evaluations show that the appraisal and physical monitoring of these follow-on projects was often light and that the earlier project or the “competent promoter” was simply referred to in Appraisal or Board report to justify the new project without fully assessing the actual achievements of the previous project.</p> <p>Recommendation: If in the case of a “repeat loan” the Bank abstains from performing a fully-fledged appraisal, this should be duly justified by providing evidence that the preceding project’s objectives are or will very likely be reached.</p>	<p>Agreed. This is in place today.</p>
II.2 Better anticipate the impact of eligibility criteria on projects	
<p>Observation: Restrictive eligibility criteria for Urban Infrastructures in the past (especially housing) made it sometimes difficult, despite proven local needs, to have loans absorbed at local levels.</p> <p>Recommendation: The consistency of the Bank’s eligibility criteria with local programmes and the possible impact of those criteria on loan absorption should be better taken into account at appraisal.</p>	<p>The consistency of the Bank’s COP objectives with local programmes is part of standard due diligence.</p>
II.3 Better anticipate the establishment of local implementing structures	
<p>Observation: Strong delays occurred in the two projects the promoter of which was situated at regional level. This was due to the fact that local implementation structures had to be established or reorganised, instructed and managed. It was not anticipated by Bank or promoter that this would take such a long time, and delay projects by so much.</p> <p>Recommendation: Appraisals should take better into account the efforts and time needed to put <i>local</i> implementation structures into place as a function of the local institutional setting. Project timelines should be adapted accordingly.</p>	<p>An assessment of the institutional capacity of the promoter is an integral part of the Bank’s due diligence but it must also be recognised that it is not always easy to impose new structures if there is little acceptance.</p>

	Observations and Recommendations	Response of the Operational Directorates
II.4 Propose the most appropriate financial instrument		
	<p>Observation: For some investment loans, project content appeared not as well defined as the Board report stated and project contours less well delineated in reality than on paper. Consequently, the basis for calculation of ex ante costs was sometimes unclear in Board reports. Also, there is no need to approve individual subprojects or schemes in the case of an investment loan.</p> <p>Recommendation: A better assessment should be made of the extent to which a project is already concretely defined at appraisal. An investment loan or framework loan (or global loan for that matter) should be proposed accordingly.</p>	<p>The recommendation is in place today.</p>
II.5 Further development of CBA methods		
	<p>Observation: The evaluation results show that the assumptions underlying the Cost benefit Analysis (CBA) methods are not always clear and not systematically filed. Furthermore, a “conversion” factor has been applied in some projects without a clear justification.</p> <p>Recommendation: CBA for appropriate project appraisal could be further developed. The method could possibly be aligned with EC DG REGIO guidelines, especially in EU co-financed projects through the structural funds. This relates in particular to the ongoing methodological development of quantifying environmental impacts. Clear guidance to those who appraise projects should be provided on discount rates to be used, which cut-off rates are acceptable, on justification of conversion factors, etc. The (standard) conversion factor to transfer financial costs in economic costs deserves more attention and clear guidance.</p>	<p>A new version of the CBA model for urban public transport projects has been recently released and is undergoing a pilot phase for testing before validation. Compared to previous versions, developments have been focused on quantifying environmental impacts in a more robust and transparent way.</p> <p>The CBA methodology adopted by the EIB is in line with international standard practice and in this respect is consistent with EC DG REGIO guidelines.</p> <p>A unified discount rate for all projects appraised by the EIB is adopted, while conversion factors to transfer financial costs in economic costs are not standard practice.</p>
II.6 Develop a more quantitative and rigorous approach for housing projects appraisal		
	<p>Observation: For the housing projects, FIRR and EIRR were generally not calculated and also an explicit calculation of unit costs is generally absent from the appraisal.</p> <p>Recommendation: Given the high number of housing projects the Bank has now financed (even if under a different eligibility), an ad hoc approach seems no longer justified; a more quantitative and rigorous approach should be developed for these projects. Indicators and benchmarks should be developed.</p>	<p>PJ is currently developing a set of robust performance indicators to improve its appraisal in this regard as part of reviewing the guidelines for the urban sector.</p>

	Observations and Recommendations		Response of the Operational Directorates
II.7 Be more explicit about the subsidy element in appraisal and in project completion			
	<p>Observation: For all urban infrastructure projects (to different extents), the loan, and sometimes also part of O&M, are not expected to be covered by the future earnings (rental income, travel fares) but are generally partly covered by state or regional subsidies. The way in which these aspects are present in reports to the Board is variable.</p> <p>Recommendation: Whereas this issue is acknowledged by, and sometimes raises concerns for Bank and promoter, the subsidy element of those systems should benefit from a more systematic approach in the way these issues are appraised and presented to the Board, including an assessment of future risks to project sustainability.</p>	<p>This is currently the case for all transport projects.</p> <p>For other housing projects, the more systematic approach will be covered as part of the ongoing development of performance indicators.</p>	
II.8 Enhance sustainability			
	<p>Observation: The projects were overall technically sustainable. However, because the Bank has a view on a broad range of projects in different settings and countries, it could play a more important role in helping enhancing project sustainability by suggesting good practice examples to promoters relating to tenants involvement. This would also increase its technical contribution to projects.</p> <p>Recommendation: The Bank should continue to make sure that projects select the technically most sustainable options (e.g. based on modern, durable, technologies which have low maintenance requirements). The Bank, based on its experience, could also provide suggestions to promoters on good practice examples, e.g. with regard to financial incentives or with regard to tenants' involvement.</p>	<p>Agreed.</p>	
III. IMPLEMENTATION			
III.1 Strictly apply eligibility criteria			
	<p>Observation: Related to the observations under II.2 and II.4, above, restrictive eligibility criteria or the choice for inadapted loan structures (e.g. framework vs. investment loans) sometimes led the Bank to be flexible in the approval of sub-projects in order to not compromise disbursement of the loan. In some cases clear deviations from objectives as stated in the Board report were identified.</p> <p>Recommendation: The Bank should strictly apply eligibility criteria, and follow through objectives as announced in Board reports. If</p>	<p>This is currently the case. However, it should be noted that the Bank is driven by COP objectives and maximises its value added in line with these.</p>	

Observations and Recommendations	Response of the Operational Directorates
<p>during project implementation this appears impossible and loan disbursement is compromised, this should lead to re-appraisal and re-submission to CD and, depending on the change in scope, to CA.</p>	
IV. COMPLETION	
IV.1 Assess the achievement of overarching goals	
<p>Observation: It appeared difficult to assess more overarching goals of improving local social cohesion and Bank and promoter's reporting was generally limited to the project outputs rather than addressing the achievement of wider objectives.</p> <p>Recommendation: It is recommended that the Bank requires promoters to also report on the achievement of the wider objectives of the projects co-financed by the Bank. A small set of key-indicators for the different type of urban projects should be developed to this end.</p>	<p>For the Bank / promoter to report on more wider impacts or outcome indicators, significant additional resources would be required.</p> <p>Such indicators make parts of the new reference framework for OpsB but the VA methodology is a more streamlined approach within the EU. The cost and benefit of extending such an approach to cover also OPSA need further study before this recommendation can be supported</p>
IV.2 Assess and improve PCR quality and utility	
<p>Observation: A Project Completion Report (PCR) is, in principle, an important step in the technical closure of a project. It assesses whether a project met its objectives and whether its implementation was satisfactory.</p> <p>The quality of PCRs was inconsistent across projects. Often based on copy-pastes from promoter's final reports, they were insufficiently filled in order to understand well the outcomes of each project. Their filling nevertheless consumes a fair amount of time of Bank staff. In the present situation it is more an administrative obligation, than a useful management tool. Contrary to, e.g., Appraisal Reports, PCRs are not supervised or quality-checked.</p> <p>Recommendation: A close scrutiny of PCRs and PCR procedures is recommended in view of improving their quality and utility in the future, and a better use of existing resources.</p>	<p>A thorough review of the physical monitoring, both in terms of scope and organisation is ongoing.</p>

1 INTRODUCTION

1.1 Background to the evaluation

EV presented its "Strategy for the Next Five Years" to the Management Committee and Board of Directors in July 2005. This was updated in June 2007 to take account of the Board paper "EIB Strategic Orientations 2008-2010". This strategy included evaluation of operations under the heading "Environmental Protection and Improvement". When setting the work programme for 2009-2010 it was decided to reflect the new focus on Sustainable Communities in line with the Leipzig Charter adopted by the EU in 2007, and to focus on urban infrastructure. The 2009-2010 programme therefore included an evaluation of operations under the new priority heading "Environmental Protection and Sustainable Communities" and the subheading "Urban Infrastructure".

This report presents the results of the evaluation of operations financed by the EIB in the area of Urban Infrastructure (UI). It is based on a review of relevant EU and EIB policies; an analysis of the EIB portfolio in this sector over the period 2000-2010; and an in-depth evaluation of 25 individual operations in this area, 15 of which relate to urban transport, 6 to housing and 4 to other types of infrastructures or combinations. This evaluation focuses on the EU member states whilst projects in the new member states which pre-date accession by a few years were also included.

1.2 Approach and methodology

In accordance with EV's Terms of Reference and internationally adopted evaluation criteria (DAC and ECG), the general objective of the evaluation is to provide, on the basis of the analysis of a sample of projects financed by the Bank and other relevant sources of information, an assessment of the relevance of EIB operations (the first pillar of value added), project performance (second pillar) and the EIB contribution (third pillar) as well as the strategies and procedures that relate to them, in particular the way in which the EIB performed Project Cycle Management (PCM).

The comparison of ex-post results with the expectations and objectives at appraisal is the main basis for the evaluation of the operations. Along with the Bank's evaluation procedures, individual projects were rated according to four categories: "Excellent", "Satisfactory", "Partly Unsatisfactory" and "Unsatisfactory" and "High", "Significant", "Moderate" and "Low" for EIB contribution.

The evaluation was carried out by internal EV staff with the assistance of consultants for the majority of urban transport projects; the relevant operational directorates were consulted at the various stages of the evaluation.

The following four methodological steps have been key elements for this evaluation:

- A general review of EIB policies in relation to Urban Infrastructures, with a particular focus on EIB's strategy and management in relation to lending from own resources
- Determining the scope of the portfolio and description of the sampling process adopted
- A comprehensive portfolio review of 409 projects (EUR58bn) in the urban infrastructure sector in the EU member states, analysing financing trends, sector and country distributions; a specific analysis was made of follow-up projects, as these appear frequently in the portfolio
- The in-depth evaluation of 25 individual operations

The sample of projects selected for in-depth evaluation was built up to be representative of the 409 projects portfolio in terms of sub-sector and country distribution. Individual evaluations involved desk study, interviews with EIB staff involved in the project, meetings with the organisations responsible for project implementation, operation and policy, and site visits. Site visits included meetings with representatives of the promoter, and where relevant representatives from national, local or regional authorities or other organisations (e.g., transport agency or housing associations). As several follow-on projects were taken together (see table on next page) the 25 operations led to 20 in-depth evaluation reports prepared by EV and discussed with the operational EIB staff associated with the project; the main elements were also provided to project promoters for their comments.

areas. Outside these areas, urban development was seldom financed, although other criteria, such as environment or rational use of energy were later applied to finance building rehabilitation. The Bank's participation was limited to the infrastructure component of urban development programmes and, exceptionally, to the restoration of buildings and sites of special value (under the heading of "cultural heritage") or affected by natural disasters.

Until the mid-2000s the possibilities to finance urban infrastructure remained restricted, in particular in the area of (social) housing, which should be part of a well-defined urban renewal and development scheme. The growing importance of environmental issues however, particularly climate change, and the effect that cities can have on both the impacts and on the achievement of energy efficiency targets, meant EU policy in this area has developed rapidly since, and is producing a larger number of potential justifications for an urban project than has been the case in the past. At present the EIB policy is based on the concept of "Sustainable Communities", introduced in 2008 in order to reflect the overlapping policy areas at EU and member state level.

The table below summarises the evolution of eligibility over time.

As from	Eligibility	References
1988	Investment related to urban renewal, where important imbalances exist and in the context of urban economic adjustment and revitalisation programmes; the usual requirements of technical, economic and financial soundness could only be achieved if the projects were <i>part of a comprehensive urban renewal plan, with a well-defined economic and social framework</i>	Eligibility Guideline of 1991
1997	The Bank's lending is extended "on a prudent basis" to housing components when they formed an integral part of a well-defined urban renewal and development scheme	Amsterdam Special Action programme
1988-2001	Eligibility coding was either "Urban and Suburban Transport" or "Urban Renewal and Urban Development", under the Projects of Common Interest/Environment and Quality of Life/Urban Environment Heading	N/A
2002	"Natural disaster relief" is added under Urban Environment heading (but taken out and given a separate category at end 2004). A separate eligibility code for Sustainable Transport is introduced distinguishing clearly between urban and non-urban transport projects. The conditionality for financing housing projects (existence of urban renewal and development scheme) is reconfirmed.	internal
2008	Urban Environment included in separate (i.e. from Protection of the Environment) EIB eligibility criterion "Sustainable Communities" covering: - Projects contributing to urban renewal and regeneration, including social housing aimed at improving social cohesion within sustainable development efforts of cities and communities, - Projects contributing to sustainable transport, notably urban transport now included alongside other sustainable transport including roads where the aim was to reduce congestion. - Health and healthcare projects, including projects resulting from demographic challenges faced by the EU population	internal "Sustainable Communities" concept, referring <i>inter alia</i> to Leipzig Charter

In summary, the following conclusions are drawn from the review of EU, EIB and national policies:

- Because of the subsidiarity principle, urban development was not an EU responsibility and therefore it took a long time before an EU urban policy crystallised to provide straightforward guidelines for EIB policy in the UI area.
- Related to the previous, the Bank's eligibility criteria in the area of UI were for a long time quite restrictive and conditioned to the existence of local urban renewal plans.
- The emphasis of the Bank was on transport and composite infrastructure, whereas housing *per se* (other than following the previously mentioned condition) was excluded until recently.
- The variety of policies and regulations existing within individual member states would require from the Bank a certain level of knowledge of those individual policies, in order to be able to tailor projects to local needs while at the same time respecting EIB eligibility criteria.

3 PORTFOLIO REVIEW

3.1 A portfolio not straightforward to establish

In order to analyse the portfolio in the area of urban infrastructures, a first task was to establish what exactly the portfolio had been over the 2000-2010 period. Given the evolution of eligibility criteria in this area; the changes in the Bank’s internal nomenclatures and systems; and finally the relatively high level of “misallocation” in these sectors (projects, which were clearly not urban in character but which were allocated as such; pure transport projects, which were allocated to urban renewal, etc.), it was not straightforward to establish the portfolio. With most of the portfolio being approved under the preceding system, in today’s SERAPIS database³ projects are listed under a combination of the two headings “Environmental Protection” and “Sustainable Communities” and all projects, regardless of their original coding, have been reassigned to one of the 2008 codes. To commence the portfolio review therefore it was necessary to search for projects through the more complex system of headings and weed out the ones which were not considered relevant to the theme of the evaluation. This concerned Sustainable Transport Projects which were considered non-urban (e.g. mainline railways or ports projects) plus a number of other projects which, though indeed they involved works in urban areas (e.g. hospitals or schools), did not seem the appropriate focus of this evaluation, and would be best covered under other themes. Such projects were removed from the portfolio.

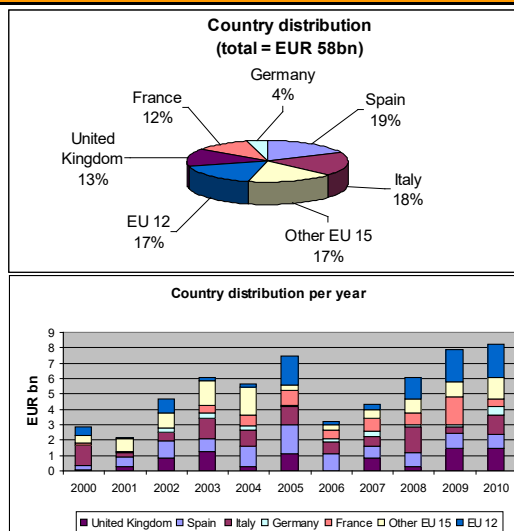
3.2 Two distinct periods

Over the 2000-2010 period (11 years), the EIB signed a total of EUR 491 bn in loans on own resources in all EU member states. EUR 58 bn of this portfolio (12%) went to projects in the urban sector (see insert). Of the EUR 58 bn portfolio, 45% were in the urban transport sector, the remainder being “urban renewal and regeneration” projects. The latter category includes, *inter alia*, housing, both under the heading of housing introduced as from 2008, and under other eligibility categories.

2000-2010		
	Value bn EUR	No of projects
URBAN TRANSPORT		
Metros	15.82	45
Trams	4.36	46
Light rail	2.12	12
Urban railways	1.66	4
Urban passenger transport	1.22	15
Buses	0.38	8
Urban roads	0.91	21
TOTAL	26.47	151
URBAN REGENERATION & RENEWAL		
Urban development	2.42	28
Urban infrastructure	3.58	43
Urban renewal	8.25	58
Housing	3.60	26
Public buildings	1.81	29
Exhibitions	0.98	7
Composite infrastructure	11.14	67
TOTAL	31.77	258
TOTAL CHECK	58.24	409

Urban transport shows a significant population of metros (60% of urban transport projects), followed by trams, light railways and urban railways but limited activity in the areas of buses and intermodal. Urban roads are a relatively small component, which seems a realistic proportion for those cases in which the road is conceived to reduce congestion and therefore genuinely contribute to an environmental objective.

The breakdown of the portfolio by country is as follows. Five large EU-15 member states (in decreasing order of shares, Spain, Italy, UK, France, Germany) account for 66% of the portfolio, with Spain and Italy having the largest shares, together adding up to nearly 40%, whereas Germany only covers 4%. The remaining EU15 member states and the new member states total about an equal share of EUR 10bn each over the period. The “other EU15” have a relatively greater share in



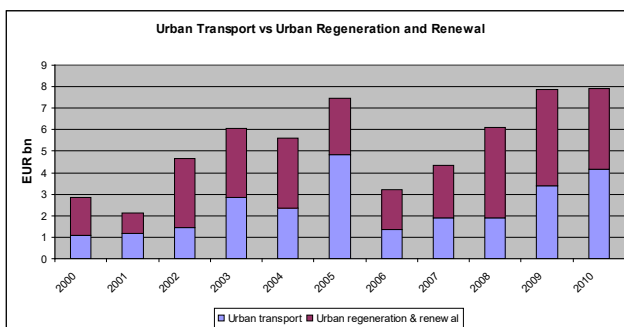
³ The Bank’s internal project management database.

the first half of the period. The new member states are largely responsible for the sudden increase in 2005 and then again as from 2008.

According to SERAPIS data, the development over time of the Urban Infrastructure lending as a proportion of overall lending shows a generally upward trend (consistent with the increasing importance shown in the policy background) but with a slightly cyclic nature.

Urban renewal and regeneration signatures strongly increased after 2007, certainly in response to the revised policy context (Leipzig Charter – see above). The year 2005 shows a very high level of urban transport signatures, which drop immediately afterwards to only slowly increase again.

The rise and subsequent dip in the portfolio in 2006 is visibly caused by the decrease in signatures relative to transport and may be explained by the nearing end of the 2000-2006 programming period for which running projects were to be finished which would require all attention – the trend being picked up only once well in the new period. The subsequent rise is explained partly by a change in eligibility criteria after 2007 and, as suggested above, an increasing number of projects in the new member states.



3.3 A strongly concentrated portfolio, with many “repeat loans”

Upon closer scrutiny, the portfolio appears to contain many *series of follow-on projects*. These are in the same location, have an identical or very similar project definition, and are mostly with the same promoter. They often carry the same project name and then are numbered emphasising that there is a sequence of projects (e.g. Metroproject I, Metroproject II, etc.). These are called “repeat loans” in Bank jargon, but “follow-on projects” is a less simplistic and probably more appropriate term.

	Number	Loan Volume (EUR)
Total number of projects in UI portfolio	409	58bn
“Single” projects (not in a series)	200	33bn
Series of follow-on projects	50	25bn
Series together covering 20% of portfolio	8	12bn
Series cumulating > EUR 1bn	5	9bn

An identification and more in-depth analysis of follow-on projects within the portfolio yield the following results:

- On the 409 projects there were 200 “single” projects, that is, *not* being part of a series. Together these correspond to nearly 60% of the portfolio volume.
- The remaining projects group into 50 series of follow-on projects, equalling EUR 25bn in signatures.
- It can be concluded that the 409 projects portfolio was at the benefit of approximately 250 promoters, with the following reservations:
 - In one series promoters may formally not necessarily be the same (e.g. due to a merger between organisations);
 - The same promoter may have different types of urban infrastructure projects co-financed by the Bank which are *not* related, e.g., an urban road project vs a housing project
- Finally, the portfolio is highly concentrated: **20% (approx. EUR 12 bn) of the overall loan volume of EUR 58bn was on the account of 8 series of follow-on projects only.**
 - Out of these 8 project series, 5 total over EUR 1bn of signatures each (two being over EUR 3 and 2 bn, respectively).
 - Of those 5 “1bn+” series, 4 concerned metro systems in major South European cities.

3.4 Conclusion

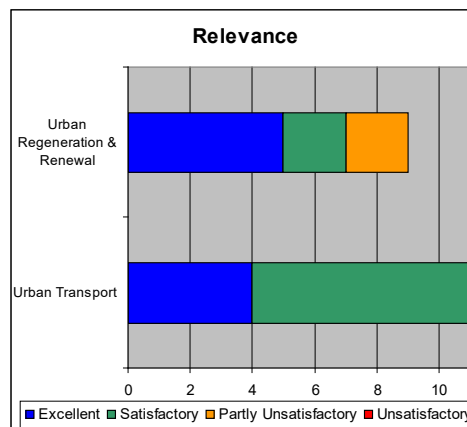
The total Urban Infrastructure portfolio between 1 Jan 2000 and 31 Dec 2010, amounts to slightly over EUR 58bn for 409 different projects, covering about 12% of the overall EIB portfolio, in terms of total EU signatures, over this period. 45% of this is covered by urban transport. Spain, Italy, UK, France, Germany (in decreasing order of shares) account for 66% of the portfolio, with Spain and Italy having the largest shares, together adding up to nearly 40%; after a first sudden peak in 2005, the share of the new member states in the portfolio is steadily rising since 2007.

The portfolio is highly concentrated and contains many series of follow-on projects (“repeat loans”). If series of follow-on projects are added up, it appears that 20% of the overall loan volume of EUR 58bn was on the account of 8 such series of follow-on projects only.

4 POLICIES & STRATEGIES – RELEVANCE

RELEVANCE is the extent to which the project objectives are consistent with EU policies, the decisions of the EIB Governors, as well as the country policies. It also comprises the quality of the design and preparation of projects.

All projects but two were found to be relevant (“satisfactory” rating) to highly relevant (“excellent”). Project objectives generally responded to EU objectives in the area of urban renewal and EIB eligibility criteria valid at the different moments in time. Generally they were also clearly part of local or regional urban strategies and programmes and responded better to local needs the better developed and explicit such plans and strategies were. This provides support for the EIB policy valid at the turn of the 2000s to finance urban renewal projects (and housing projects in particular) only when they were part of clearly defined urban renewal project at local or regional level.



The two “partly unsatisfactory” ratings for relevance related to a housing project [Project #5] and two generic urban renewal projects (evaluated together) [Projects #8&9]. The first of these projects was considered less relevant as it consisted of supporting a local housing agency’s cash flow continuously needed to upgrade individual dwellings when tenants leave; the “10 year programme” of this promoter to which the Board report refers, appeared not to exist as such and in reality concerns rolling investments which at the current pace are expected to be spread out over about 30 years. The second “partly unsatisfactory” rating related to the *design* of the operation (framework loan focusing on small projects) which were less suited given the promoter’s internal procedures, leading to subprojects (schemes) which were both much bigger than and different from those planned, which would have required a re-appraisal.

The following sections discuss the relevance of the evaluated projects in view of the EU/EIB policies and objectives, of national, regional and local objectives (as applicable), as well as the preparation and design quality of the operations.

4.1 Relevance to EU/EIB policies and objectives

In terms of their stated objectives, all projects evaluated were relevant in view of the EU policies valid at the time of approval as well as in view of the EIB eligibility criteria that were valid at the different moments the projects were submitted for Board approval.

Whereas the urban transport programmes could be easily justified under the different policies that were valid over time, and especially the EU White Paper on Transport (2000), operations focusing on housing represented specific problems in this regard. (Social) housing as such could not be financed until 2008. It had to be part of a well-defined urban renewal plan and was restricted to rehabilitation and/or brownfield areas. This in one case (see insert) was not

Project #3 – restrictive eligibility criteria hampering disbursement
 In this project, EIB eligibility criteria focused on renovation, brownfield construction and projects being part of urban renewal plans – all things the national housing fund to which the project contributed had not or hardly been doing as new construction on green field was less expensive and ranked higher following the promoter’s appraisal system. Two years after signature, schemes amounting to hardly a quarter of the loan had been identified. Once this was acknowledged, it still took about one year and a half for the Bank to formally authorise the promoter to adopt broader criteria which eventually led to acceleration in the loan absorption which, thanks to an extension of the allocation request date, in the end was entirely used.

coherent with the objectives of the national housing programme that the EIB cofinanced, which focused mainly on *new* constructions in *greenfield* areas. Consequently it was difficult for the promoter of this project to find enough eligible projects, which led to a slow pace of extension of sub-loans and started to compromise full disbursement of the loan by the EIB. After proposing several solutions, it was finally decided to slightly widen the eligibility criteria for this specific operation putting less emphasis on rehabilitation (and more on new construction), in order to speed up the use of the loan (the alternative was to cancel it).

For the third category of projects evaluated, two were explicitly meant to be partially co-financed by EU Structural Funds (in one case, in the early phases of the operation, this started with Phare co-funding which was then modified into Structural Funds co-funding when the country became an EU member state). This increased the relevance of these projects as per the role and statutes of the Bank. In one of those two cases however, it turned out difficult to identify Phare projects that could be co-financed and eventually this contribution was less than initially expected.

4.2 Relevance to national/regional/local objectives

Given their urban and therefore local character, projects were generally aligned with regional/local plans and objectives, established by the regional/local authority. This was especially so for the transport projects the promoters of which (see Section 1.3) systematically were authorities at local level. These had well developed urban development plans or urban mobility plans, in which the financed urban transport project generally had a high priority.

The housing programmes co-financed by the Bank all systematically responded very well to local housing needs in terms of necessary rehabilitation, upgrading or reconstruction of dilapidated dwellings and buildings and in some cases construction of new dwellings. It was more difficult to establish whether all projects also systematically were part of an integrated urban renewal plan at those local levels (required until 2008), especially when the promoter was a national or regional authority whilst beneficiaries were local authorities or housing agencies. Whereas all those projects clearly responded to local needs, there is evidence for several Bank projects that, contrary to the eligibility criteria valid at the time, sub-projects were not in all cases part of more overarching local urban renewal projects.

Of the “mixed type” projects, two were defined as regional development projects, but by the type of beneficiaries and the project definition they de facto focused on UI mainly. The third, which was rated low on relevance for reasons provided in the next section, had a municipality as a promoter. As these were framework-type loans – with moreover one covering many regions in a sizeable new member state – objectives and needs were necessarily expressed in fairly general terms. Therefore it was difficult to establish with precision how relevant these projects were at local level from the outset – it was only on the basis of individual allocation requests (which in the case of framework loans have to be submitted for approval to the Bank) that relevance could be established. The in-depth evaluations, which included interviews with beneficiary local authorities, show that these loans indeed responded to local needs. In one case the promoter had difficulties in identifying sub-projects. This was not because needs would not exist *per se*, but because many municipalities and regions targeted by the loan were not in a position to take on any further debt.

4.3 Quality of preparation and of design

For most of the projects, relevance was improved when additional conditions proposed by the Bank were met, enhancing quality of preparation and of design, or when they were embedded into broader local, regional or national policies – confirming the Bank’s policy which emphasised the existence of such plans.

For the transport projects, relevance was higher when feasibility studies were carried out, when concrete targets for modal shift were set, when projects were part of a long term urban transport strategy and, often related to the previous point, when the urban transport projects were linked to, and expected to have clear synergies with, more encompassing urban renewal plans.

Two individual evaluations, both related to urban transport projects in major EU capitals and representing considerable loan volumes for the EIB, suggest that political considerations sometimes prevented from selecting the most cost-effective or technically desirable options from a long term perspective. In one case the extension of a tramway system was very much driven by short term needs in view of a major sport event to take place in the city of concern rather than by long term needs and objectives. As a result, today there is overcapacity. In the second case the option of a metro was chosen as this was politically a more attractive – a “superior” – option. The scope and scale of the expansion of the metro network concerned would have made a light rail network, which besides was initially foreseen, better justified in terms of cost.

The quality of preparation of the housing projects was generally good and in most cases based on a detailed expression of needs. Several (projects #2, #3, #4, #6, #7) were based on concrete inventories of dwellings or buildings to be rehabilitated (which during implementation sometimes turned out to be very rough (#4)) or at least an expectation of this based on past practice (#5). However, the specific character of some housing investment programmes made it not always easy to clearly define the contours of the programme to be financed beforehand. Two cases were encountered whereby the Board report presented an operation as a well-delineated programme to which the EIB would contribute whilst in reality these were much more a “rolling” or “open” investment programme covering a continuous flow of rehabilitation work and dwelling upgrading over long periods of time (projects #4 and #5). Especially in one case, the situation was deemed closer to (sectoral) budget support than to project finance. In the second case a programme was said to exist, but the needs estimate of the programme were not defined within a time frame but “*ad eternam*” i.e. open-endedly. Needs identified at project inception in this case appeared far from complete and their numbers strongly increased over time once the project started to be implemented. Although these projects were not ineligible, it is deemed that the respective Board reports could have presented more precisely what these projects entailed, especially as these were, or led to, repeat loans allowing the Bank to capitalise on past experience.⁴ Also, given the open ended character of those projects, without knowing precisely which sub-projects were going to be financed, a framework loan would have been more appropriate than the investment loan type chosen to finance those.

As concerns the last category finally, being framework-type loans, design and preparation could by definition not be highly detailed and only general principles and eligibility criteria sketched. The operations’ respective loan volumes were based on a certain idea regarding the possible demand for finance in the relevant regional and municipal authorities. As explained above (Section 4.1), for the two projects where this was relevant (an accession then new member state, and an Objective 1 region), concrete efforts were made by Promoter and Bank to obtain an insight in the share of the project that might eventually be covered by EU funding before project inception.

However, the two other projects in the third category (being similar hence evaluated together), obtained a “partly unsatisfactory” rating related to the *design* of the operation (Projects #8 and 9). This concerned two framework loans to a big municipality which anticipated a multitude of allocation requests for small projects, whereas past experience had proven that it was cumbersome if not impossible for this Promoter to generate such allocation requests and identify small projects for EIB funding. Consequently, the Promoter financed investments under the project which were much bigger and of a type totally different from the ones initially announced in the Board report (rolling stock instead of small urban investment projects). These were approved and financed by the Bank without re-assessing the

⁴ See also Section 7 relating to EIB added value and 8 to EIB management of the project cycle.

project which according to the evaluation should have been done given the *substantial* change in scope.

4.4 Conclusions and lessons learned

The majority of projects were relevant to highly relevant on all counts, i.e. alignment with EU/EIB policy, response to local needs, and in terms of the quality of preparation and design.

For the few cases where relevance was questioned – even though not necessarily leading to “partly unsatisfactory” ratings in the evaluation – this typically came from a mismatch between the Bank’s too restrictive criteria valid at the time and the reality of the project on the ground. Restrictive criteria sometimes hampered promoters to find suitable sub-projects because local programmes had other practices and selection mechanisms than the Bank’s rules and regulations anticipated. Rather than bending the promoter’s programmes to the Bank’s criteria, in such cases the Bank took a flexible approach and allowed slightly different items to be financed under the loans than those considered under the main objectives as presented in the Board reports – yet trying to make sure that items financed were not ineligible in absolute terms.

Finally, for three operations presented as clearly delineated investment projects, it would have been more appropriate to propose a framework loan rather than an investment loan.

5 PROJECT PERFORMANCE

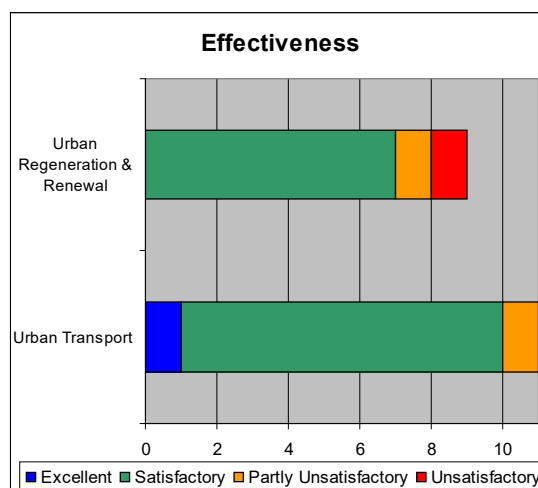
Project performance, relating to EIB’s second pillar, is assessed using three core evaluation criteria, namely effectiveness, efficiency and sustainability, which are all rated individually. The environmental and socioeconomic performance of the projects is reflected in these core evaluation criteria, but is also extracted and rated separately for emphasis considering its particular importance.

5.1 Effectiveness

Effectiveness relates to the extent to which the objectives of the project have been achieved, or are expected to be achieved, taking into account their relative importance, while recognising any change introduced in the project objectives since loan approval. Effectiveness as defined here includes, apart from an assessment of the achievement of the objectives, an assessment of the physical implementation and schedule of the operation and procurement issues; project cost and financing plan; and the current operational performance of the resulting infrastructure.

The effectiveness of the evaluated projects was overall satisfactory, independently of the subsector concerned. This means that the majority of projects were performed within planned time and budget, achieved their objectives and are currently operating satisfactorily. The success of a project, independently of the subsector, was greatly dependent on the existence of a competent promoter and/or an experienced Project Management Unit (or units when the project is implemented in different locations).

There were some outliers on both ends. The only “excellent” rating for effectiveness in the sample was given to a set of three interrelated urban transport projects (#14-15-16, evaluated together) aiming at the purchase of metro and tram rolling stock. Delivery was well ahead of schedule and projects had a positive impact on speed, reliability and comfort, and on customer satisfaction. More generally, the majority of transport projects were implemented within time and budget and achieved set targets.



At the other end of the spectrum, the only “unsatisfactory” rating for effectiveness in the sample concerns the two projects (#8 and #9) already signalled under Relevance, above. Since, as explained, for these projects design was deemed inappropriate in view of the internal procedures of the promoter, subprojects were financed which were not reflecting the main objectives of the project as presented in the Board report (i.e. purchase of rolling stock instead of small urban infrastructure projects). These were not ineligible under the applicable eligibility criteria at the time, but the project had substantially different outputs as compared to the deliverables that were initially intended, without a formal project modification; therefore it is deemed to not have reached its initial objectives.

The two “partly unsatisfactory” ratings are on the account of one housing project (#5) and one transport project (#22), which will be discussed more in detail under the subheadings below.

5.1.1 Physical implementation, schedule and procurement

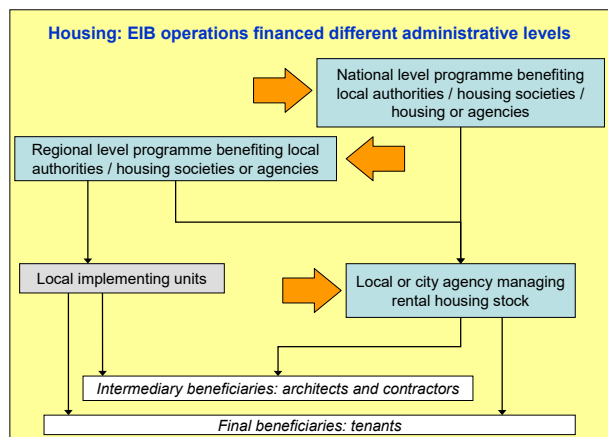
Nine out of the eleven evaluations of urban transport projects show that these were implemented on time or with only minor delays (one project even considerably ahead of time), practically within planned budget (minor cost overruns) and that public procurement procedures were followed according to the rules. The smooth implementation of those projects is found to be due to the existence of an experienced and competent promoter and/or project management unit. For one case, an initially inexperienced promoter was “coached” by the EIB through the project and today would sell consultancy services in urban transport planning world-wide. Although this was not a direct objective of the project, it is a noteworthy side effect. Finally, in one project, despite a competent promoter significant delays were due to the staged approach chosen (see insert) and long procurement procedures, which were eventually beneficial to cost control and project quality.

Project #13 (metro). A staged approach causing delays but ultimately beneficial to quality and cost control

The preparation of the metro infrastructure comprised hiring an internationally reputed technical expert to carry out a survey of the whole planned trajectory before the commencement of works, *in line with the pre-conditions for the loan*. This survey was necessary to avoid any possible risk in the development of the project as tunnels on the route had been flooded for 5 successive years and their state was unknown, which prevented to establish a clear solution for the design stage of the necessary works from the outset. The step-by-step approach aimed at reducing risks regarding occurrence of accidents with negative effects on costs. As a consequence, the works were carried out at a slower pace than envisaged ex ante, though a major advantage was improved quality and cost control. During the EV mission, several counterparts have underlined the importance of this initial study, which turned out to be highly beneficial to the project

For the only transport project (a tramway) receiving a “partly unsatisfactory” rating, the project infrastructure was physically implemented on time but the project was completed with a more than four-year delay due to the late delivery of rolling stock; moreover today it shows operational weaknesses.

For the housing related projects, promoters generally also lived up to the task but in two cases especially, delays were caused because of the implementation structures that had to be put in place locally. As outlined in Section 1.3, the 6 housing projects in the sample had respectively as promoters 2 national, 2 regional and 2 municipal-level authorities – in contrast to the transport projects of which the promoter was systematically situated at the level of the local authority.



It was notably in both regional programmes programmes that strong delays were encountered. For the first, the regional housing society had to work with a myriad of very small local housing societies, which had to be instructed and controlled. During the project, many of these were merged to achieve economies of scale yet they remained numerous and individually still very small. In the second case, the rehabilitation agency working under the auspices of the regional authority had to build up a network of local implementing agencies, of which only a small part existed at project onset. In both cases delays of more than 2 years were encountered because of this.

The “partly unsatisfactory” rating in the urban renewal and regeneration category is on the account of a housing project which did not attain its numerical targets; did not respect its schedule (despite EIB having financed investments some of which were completed well before project start); and private participation (explicitly targeted) was far below expectations leading to a higher public contribution and therewith a much higher EIB contribution (x3) than planned. This notwithstanding, for the buildings that in the end *did* undergo rehabilitation, the quality is deemed high both of the social housing estates in deprived areas and the historical city centres, which constituted the two foci of this project. The delays are partially explained by the fact that a network/implementing structure of local agencies had to be built up and instructed (see above). The cost overruns and lower private participation are deemed to be caused by an underestimation of the affordability of the private participation from individuals for the renovation of their apartments (the public participation in such cases was capped). This led to a lesser participation and co-funding from this type of beneficiary of the investment programme and a greater emphasis on the rehabilitation of public buildings or the (publicly owned) social rental estates.

Procurement

Procurement in the majority of cases proceeded satisfactorily with evidence that this was overall better controlled for the transport projects than for the housing projects. In the third category, which were all three framework-type loans financing a multitude of schemes, compliance with procurement procedures were harder to assess, although there is no evidence that at the level of schemes these were not compliant with applicable procedures.

In several transport projects, appropriate procurement led reportedly to cost reductions, especially for rolling stock. The two housing projects that seemed to perform less well on procurement were the projects managed at regional level (see above). In one of those cases, procurement by several local housing agencies had been found non-compliant and, partly supported by an intervention of the Bank, the situation was improved, and control by the regional housing society on the local housing societies strongly reinforced. In the other case due to the housing boom in that particular country there was a scarcity of contractors (which preferred private rather than public sector construction) leading the promoter to allow direct tendering by the local implementation units.

5.1.2 Project cost and financing plan

Project cost

With only one exception all transport projects were within or below budget, or had slight overruns falling within limits deemed acceptable (in some cases costs were revised after project start which were then communicated to the Bank and approved). Two-thirds of the housing projects realised their planned costs. A substantial cost increase existed in two cases however when the output of the programmes (e.g. in terms of units rehabilitated) was higher.

The transport projects were on or below budgeted cost. This was especially so for several of the projects aiming at the purchase of rolling stock. This suggests as indicated in the previous Section, that procurement procedures were well followed and competitive bidding went well.

The housing projects for which the cost was according to plan were those that made a detailed inventory of needs and from such an inventory had established clear targets at project onset allowing to provide a cost picture *ex ante* which eventually was realised *ex post*. For the remaining two projects (both investment loans) the real cost were not always clear *ex ante*, or less so than was presented in the Board report, for different reasons:

- In the first project, an estimate of needs was given rather than the project being well defined and having clear contents; sub-projects (“schemes”) seemed to be suggested but upon closer scrutiny appeared not to be identified in great detail at project onset, only the urban areas which could potentially be eligible under the loan (the in-depth report of this project for this reason concludes that this should have been a framework and not an investment loan).
- A second project did also not have clear contours but for another reason. EIB finance contributed to a rolling renovation programme of upgrading individual apartments when tenants leave. The upgraded dwellings put up for finance by the promoter were simply the “slice” of dwellings corresponding to the years formally covered by the loan, without the exact projects being precisely

identified beforehand. That is, estimated costs were simply based on expected annual needs not on known investments. The costs charged to the project were simply the costs incurred up to the maximum allowable amount (and by definition would not show any overrun, unless more units than initially indicated would be charged to the project cost).

For those two cases a framework loan would have been more appropriate.

Financing plan

The shape of financing plans was highly variable and depended on several factors, namely the type of sector (transport vs. other), the type of promoter/borrower/operator in terms of creditworthiness and financial experience, and where the project was located. Some of the transport projects had highly sophisticated financing plans, e.g. involving equity through SPVs. In other cases the complementary share to the EIB finance came from the public budget only. Transport projects were generally less dependent on public funding than the other types of projects of which the co-funder generally was a public authority only, with, in the majority of cases, no external financier other than the EIB.

Decreases in EIB disbursement (as compared to signed) were noted by five out of the twenty evaluations, two of these changes being related to decreased overall project cost or intermediary cost updates, the other three to promoters having found alternative sources. In all other cases disbursements were as signed. In only three cases the EIB share on the total project cost changed considerably – in two cases upward,⁵ in one case it went down. In all three cases these changes were related to changes in total project cost (i.e. twice downwards and once upwards, respectively).

Co-financing EU projects

In one case, the (framework) loan was partially intended to co-finance EU projects (Phare and CSF respectively). At project inception an effort was made to estimate the demand for co-funding of Phare projects however the extent to which this was realised was not explicitly monitored during implementation. Eventually Phare funding was less than in the financing plan proposed to the Board. In cases where co-funding is an explicit objective of a (framework) loan, monitoring by the promoter should allow the Bank to track such co-funding.

For the majority of cases, overall project cost, financing plan and EIB share therein were reasonably well assessed ex ante.

Unit cost

For the transport projects evaluated, overall unit costs are not very meaningful as these projects often combine different items (rolling stock, land acquisition, track construction, etc.) and have to be broken down further. Costs per kilometre are moreover different between different types of public transport (metro, bus, etc.) and depend very much on local conditions (e.g. soil conditions in the case of tunnels for metros). The in-depth evaluations nevertheless allowed the evaluators to compare, for such individual items, unit cost between them and with internationally available benchmarks. Although these often came out slightly higher than initially planned, unit costs that could reasonably be benchmarked against international standards (rolling stock; kms of infrastructure) were generally deemed acceptable and often *lower* than the benchmark. This is a positive result.

Whereas for transport projects it seemed a general rule to be attentive to unit costs, for housing projects visibly less attention is paid to this indicator. Calculation of expected, or setting a ceiling for, unit cost *as such* (in particular, per rehabilitated dwelling) is generally not done in Board or Appraisal reports. However when quantified targets are provided – which in most cases could be reconstituted from other internal Bank documents and/or Promoter’s documentation – expected unit cost can be derived as the ratio of the total project cost on the number of units (e.g. cost per rehabilitation of one apartment, or cost/m²). Although the Bank does not generally make such calculations, PJ internally seems to apply an “intuitive” ceiling level of EUR 30 000 per rehabilitated apartment – how this precisely should work out on the ground depends of course on the type of rehabilitation that is performed, with some being more costly than others. The variety in unit costs does not seem to bear a relationship with local labour cost or material costs (which have considerably increased over the period of

Project # & main type	Nr of dwellings	Ex post unit cost (EUR/dwelling)
2 (rehab)	17 485	26 000
3 (new)	17 000	23 000
6 (rehab)	23 094	27 930
5 (upgrade)	14 000	30 822
4 (rehab)	15 983	35 000
7 (mixed)	1 773	32 000 - 150 000

Note: Pj 2 & 7 are estimates as original in GBP; pj 4 is on approved (not realised) dwellings

⁵ In one case exceeding the limit, with EIB finance covering nearly 100% of project cost, which is not allowed but which does not seem to have caused any issue or have led to reimbursements by the promoter (Project #11).

more on public buildings in the end but as a consequence, total rehabilitation came out less than half lower than intended because of the decreased private share. Buildings/dwellings for this project, many of which were inspected on site during the evaluation mission, are generally of high quality – sometimes architecturally outstanding and even winning prizes – and provide shelter to many households.

Due to their specific nature it was difficult to assess whether framework-type loans achieved their objectives apart from in only very general terms. One example was found whereby despite the broad geographical and sector definition of the operation, eventually most of the finance was absorbed by one single region plus one single municipality (in another region), for two specific urban renewal sectors only. It is expected that such a result could have been anticipated beforehand.

The contribution to higher level objectives expressed in the Board reports for the different projects are generally difficult to assess and were not well tracked by the promoter as this was generally not a requirement of the Bank which requires project reports to focus on direct project results only. Most of the projects being – as a requirement, and in most cases confirmed ex post – part of urban renewal or in the case of transport, urban mobility plans, it can be supposed that the good achievement of objectives of individual projects will also contribute positively to wider socio-economic objectives stated for the projects. This will be further discussed in Section 5.4 on environmental and social aspects.

5.1.5 Conclusions and lessons learned

The effectiveness of the evaluated projects was overall satisfactory, independently of the subsector concerned. The majority of projects were performed within planned time and budget, achieved their objectives and are currently operating satisfactorily. The success of a project, independently of the subsector, was greatly dependent on the existence of a competent promoter or an experienced Project Management Unit.

Objectives were achieved in all projects but two, both related to housing projects. In one case the Bank's eligibility criteria did not match well the local programme's criteria leading to one objective (rehabilitation on brownfields) being only very partially achieved. The second project anticipated a greater share of individuals making use of the programme, however low subsidy levels made the programme less attractive to this target group, lowering private contribution (which was an explicit objective) and forcing the programme relatively more in the direction of rehabilitating public buildings with public funding.

In two housing projects, managed at regional level, delays occurred. It is an important lesson to draw that this was in both cases due to the fact that local implementation structures had to be established or reorganised, instructed and managed. It was not anticipated by Bank or promoter that this would take such a long time, and delay projects by so much.

Procurement procedures are deemed to have been followed correctly, in some transport cases leading reportedly to lower purchase cost of rolling stock. In one case (housing) where non-compliance was detected during project implementation, the Bank followed up satisfactorily and the regional housing agency that managed the programme strengthened its control on the local housing agencies.

The project cost and financing plan were overall deemed to be right. Ex ante costs were sometimes calculated on an unclear basis or not correctly represented in Board reports.

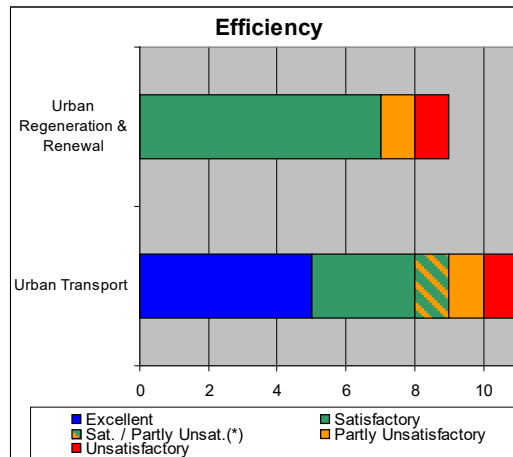
Unit costs for the transport projects generally came out slightly higher than planned but lower than the benchmark which is deemed a good result. In the case of housing projects, unit costs (per dwelling) were not explicitly presented as such but could be reconstituted in most of the cases from available data. These with one exception appear to have fallen within the standards accepted by the Bank's services. The Bank could make a greater effort to benchmark unit costs for such projects and provide guidance on standards.

5.2 Efficiency

Efficiency considers the extent to which project benefits/outputs are commensurate with resources/inputs. Here this will be done by assessing the current market and demand aspects for the projects financed; how the systems resulting from the projects are presently operated and at which cost; and what the financial and economic impact of those projects is.

Current demand and market needs for all types of projects are satisfactory to high for most cases. The few exceptions concern transport projects where demand is sometimes lower than anticipated.

As regards operations, tariffs and operational cost, the different systems are mostly operated satisfactorily and operate according to plan. It should be noted that urban infrastructures are highly subsidised both in their establishment and in their operation. O&M costs were for the majority within acceptable international standards with only one project being at the very high end. For the housing projects, the loan, and sometimes also part of O&M costs, are not expected to be covered by the rent earnings but are generally covered by state or regional subsidies.



(*) one in-depth evaluation concerned two follow-on projects within one city for which different ratings (a “satisfactory” and a “partly unsatisfactory”) for efficiency were given

For most of the transport projects financial (FIRR) and economic (EIRR) investment rates of return were calculated ex ante, and could be checked ex post. Financial rates of return were all but one negative, both ex ante and ex post, which is deemed common for urban transport projects and explains why generally they are partly publicly funded. Economic rates of return were highly variable between projects, both ex ante and ex post, and also when ex post were compared to ex ante values. For the housing projects, FIRRs and EIRRs are generally not calculated so no good assessment could be made.

5.2.1 Market, demand aspects

With the exception of one project, the modal shift caused by the urban transport projects financed by the Bank is generally good and reportedly contributed positively to the share of public transport in the overall transport systems of the cities concerned, which in all cases is still growing. In some cases modal shifts between different public transport modes occurred, e.g. from bus to metro. The new systems (including rolling stock) put in place have led to increased patronage, increased traffic volume, reduced headway and reduced transfer times. One project for a variety of reasons currently has much lower patronage than anticipated (see insert). The promoter currently tries to remediate this.

Low patronage in one project

One tramway project (Project #22) for a variety of reasons has much lower patronage than expected:

- Lower than expected effect of housing, commercial and leisure developments surrounding the tramway
- Much lower utilisation of the sports facilities built for the sports event for which the tramway was built;
- Initially low availability, reliability and commercial speed of the system with negative reputation effects;
- Competition by parallel bus routes partly caused by absence of connection to other major city

The housing projects supported by the Bank, although in absolute terms covering large numbers of dwellings and a variety of areas, only represent a small proportion of the social housing stock in each country or city concerned. Consequently, their aim was not to cover all existing rehabilitation needs. In the cases of repeat projects, those projects taken together could nevertheless make substantial quantitative contributions to local or national social housing stock – counting in the 10s of thousands units in some cases. The dwellings rehabilitated or constructed with the financial support of the Bank were fully occupied and on the basis of statistics or waiting lists provided during the site missions, it can be stated that there is a major demand. In all cases this is expected to remain high; the economic crisis may even increase the need. Whereas in the EU15 countries comprised in the sample demand is deemed to be relatively stable, in several new member states (one project in the sample) major housing deficits continue to exist despite major construction or renovation efforts.

One of the three projects from the third category had difficulties in finding beneficiaries spontaneously. This was not so much because local needs would not exist, but because the local authorities in the less developed regions of the country which were targeted through the loan would have had debt ratios which at that moment in time (first half of 2000s) would not allow them to take on more debt. This partly explains that a major share of the loan was eventually concentrated in one region and one municipality respectively. These may not have been those with the highest needs, or the only ones with needs. For the second project of this category the focus was very much on tourism and tourism in the region had been rising continuously over the past decade.

5.2.2 Operations, tariff, operating costs

The different systems are operated satisfactorily and for most of them operate according to plan. All systems have integrated ticketing, timetabling and travel info by urban (public) transport activity and some operate a flat fare. Most of the metro systems in the sample appear to operate with relatively low fare levels but this may be due to the sample. Depending on the countries and the political choices made, other conurbations in Europe prefer to have higher fare levels with a stronger aspiration of cost recovery. The Bank normally has no influence on the tariff systems of its counterparts. These clearly have an impact however on the financial and economic indicators of the project which the Bank uses to assess the quality of projects.

Out of the nine evaluations (on 11) in urban transport for which it was possible to obtain data, six had acceptable or low O&M costs as compared to international standards (EUR 2-4 per wagon-km). In one case energy efficiency gains were furthermore noted due to the modernised rolling stock. In two cases O&M costs were slightly higher than the benchmark (in one case, a "VAL" driver-less system, such costs were closer to those of the costlier system *with* driver). In another case they were multiplied by about three therewith being far above industry standards (Project #22, discussed above, which seemingly cumulated all possible problems); the promoter took out new loans (not from EIB) to cover these expenses. For two cases no data was available.

In many cases, urban infrastructures such as roads and bridges – contrary to public transport and social housing – can be used for free by citizen, that is, they are paid out of the local communities' budgets, i.e. tax payers' money. For one project, concerning a bridge, a city "congestion fee" had been introduced after completion of the project, which provides revenue to Local Government. Although not directly linked to the bridge it was relevant for the project as the bridge is at the entry of the congestion fee cordon.

Public housing ("social" housing and "affordable" housing, for higher income groups), is generally not profitable and highly subsidised. Tariffs for public rental housing – i.e. rents – are subject to strict regulation in the EU member states, and this is also true for many of the new member states. Rents can be set in two ways, mainly, having different implications on the revenues of the manager of the housing stock (e.g. local housing agency). Either the rent levels are capped depending on the household situation (which will also have a ceiling to the size and comfort of the apartments it will be able to rent). In these cases the loan, and sometimes also part of O&M, are not expected to be covered by the rent earnings but are generally covered by state or regional subsidies. Alternatively, the rent levels are at some sort of market level and tenants receive rent subsidies. In such cases cost recovery is expected to exist both in terms of O&M and may even be used to pay back loans. In one case, the upgrading was such that the housing agency was formally allowed to double the rent per m². This was the only case encountered with a visible link between the results of the EIB co-financed project and the possibility for the promoter to charge higher rents (the increase being nevertheless totally determined within the local regulation). The in-depth evaluations tend to show however that generally rent levels are not increased after the project.

5.2.3 Financial and economic impact

For most of the transport projects financial (FIRR) and economic (EIRR) investment rates of return were calculated *ex ante*, and could be checked *ex post*. Financial rates of return were all but one negative, both *ex ante* and *ex post*. A negative financial rate of return is deemed common for urban transport projects and explains why generally they are partly publicly funded.

Whereas FIRRs are not calculated for housing projects, during the evaluation missions it appeared that promoters of 4 out of the 6 housing projects evaluated (Projects #2 #3 #5 #7) were in a position to indicate at least within how many years the investment should be amortised through rental incomes

(the latter often subsidised). In the remaining two cases (Projects #4&6), the mentality was different as investments were not supposed to be paid back through any direct rent collection (sometimes too low even to cover O&M) but costs for these were covered by direct subsidies to the local housing agencies. In one of the cases (Project #5) rehabilitation aimed at shifting dwellings to a higher quality category for which also a higher rent could be charged. This was exceptional however as generally no differentiation between dwelling categories existed (other than, generally, maximum size in relation to household size combined with an income criterion).

In several cases political discussions were noted on the way in which public – especially “social” – housing, could be made more profitable. One solution proposed was to make part of the stock available for affordable rather than pure “social” housing, i.e. to target higher than the lowest incomes. Some housing agencies – sometimes under political pressure – in the countries/regions visited are considering the possibility to sell part of the housing stock, which in principle they are not meant to do with EIB co-financed rehabilitated or constructed dwellings. Such developments should be monitored closely by the Bank.

EIRR – urban transport projects			
Project nr.	EIRR ex ante	ERR ex post	Post/ante
#11	8-9.6%	15%	1.6x
#23	5%	> 10%	2.0x
#25	7%	8-9%	1.3x
#14 15 16	6.1-9.2%	7.70%	1.0x (av.)
#12	6.1%	> 6.1%	>1.0x
#24	4.30%	5.9-6.1%	1.4x
#13	7%	5%	0.7x
#21	4%	4.8%	1.2x
#18 19 20	4.2% for pj1 6.4% for pj2	4.2% for pj1 0.4-1.6 % pj2	1.0x for pj1 0.25x for pj2
#17	6.4%	0.4-1.6%	0.25x
#22	3.5-5%	-2.20%	Neg

Source: in-depth evaluations. Note: a range indicates the existence of different scenarios for EIRR calculation

Economic rates of return were highly variable between projects, both ex ante and ex post, and also when ex post were compared to ex ante values (insert). Three projects were found at the moment of evaluation to be above the threshold of 8% which is deemed an *excellent* performance. If one compares ex post with ex ante it can furthermore be observed that in only three evaluations it was found that EIRR was below the ex ante values, and in one case – again Project #22, referred to several times above – had even become negative. Overall however it must be concluded that EIRRs of the urban transport projects are satisfactory to very good. Reservations should nevertheless be expressed: depending on the hypotheses of the models, values can differ substantially. In the calculation of ex post values, as a first approximation the ex ante hypotheses were used. If more information was available (e.g. on lowering NOx emissions), these were introduced in the models applied by EV. Different scenarios could lead to different results.

Whereas for transport projects EIRRs or FIRRs generally are defined, for housing projects, neither EIB nor promoters seem to make a case for doing this and do not make a visible effort to provide any other indicators related to the financial or economic impacts of those projects – descriptions on the economic impacts of the housing projects remain qualitative. Given the number of housing projects the Bank has now financed (even if under another eligibility), such an approach seems no longer justified and a more quantitative approach should be developed (for transport it is systematically done). As a start, targets could be defined in terms of units to be constructed (see above) and this could be attached to a series of economic indicators similarly to what is used for the transport projects.

5.2.4 Conclusions and lessons learned

Most systems resulting from the projects perform well. There is only one project where this was not the case. For this project, doubts were already raised during the appraisal on the financial and economic feasibility of the project – meaning probably that this project should not have been financed. With the exception of that project, current demand and market needs for all types of projects are satisfactory to high. The different systems are mostly operated satisfactorily and operate according to plan. O&M costs were for the majority within acceptable international standards with only one project being at the

very high end. For the housing projects, the loan, and sometimes also part of O&M, are not expected to be covered by the rent earnings but are generally covered by state or regional subsidies.

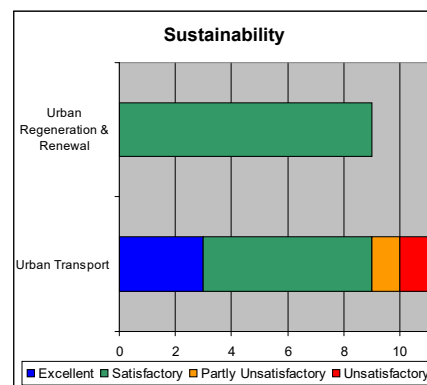
Needs are expected to exist for the systems delivered by these projects, also in the future. These systems, which are public, are characterised by a high level of subsidies. This is a matter of concern to which the Bank appears to pay variable attention in its appraisals and reports to the Board. The level of subsidies, hence the level of cost recovery expected through fares, rents or other contributions from the infrastructures, depend on local/national regulations, policies and habits – some countries having a stronger aspiration of cost recovery than others. Those features could be given more explicit and systematic attention in appraisals and the presentation of projects to the Board.

Related to the previous point, for most of the transport projects financial (FIRR) and economic (EIRR) investment rates of return were calculated ex ante, and could be checked ex post. Financial rates of return were all but one negative, both ex ante and ex post, which is deemed common for urban transport projects and explains why generally they are partly publicly funded. Economic rates of return were highly variable between projects, both ex ante and ex post, and also when ex post were compared to ex ante values. For the housing projects, FIRRs and EIRRs are generally not calculated so no good assessment could be made.

5.3 Sustainability

The sustainability criterion considers the probability that the resources will be sufficient to maintain the outcome achieved over the economic life-time of the projects, and that any risks can be managed, i.e. the likelihood of continued long-term benefits and the resilience to risk over the intended life of the project. It has to be assessed both in physical/operational and financial terms.

The physical sustainability of projects was overall satisfactory, in some cases being excellent, mainly by the material purchased and the level of maintenance that promoters are able to perform, keeping the systems in good shape. In one case the promoter however took out a loan to perform O&M which is deemed an unsustainable situation, especially in view of the current financial situation of the country concerned. The housing projects were of good initial quality making maintenance easier. Interesting cases were encountered where tenants were actively involved in maintenance.



5.3.1 Physical/Operational sustainability

The physical and operational sustainability of the transport projects is overall satisfactory, with one major exception (#22) which was rated “unsatisfactory” both on the account of the physical (see insert) and, especially, financial sustainability (next section). This project has problems with the route network and rolling stock, and on top of that many smaller deficiencies affect reliability and comfort. On their own such deficiencies would not have an impact, but there is a cumulative effect which compromises system quality and image significantly, leading to an increase of maintenance cost – to such an extent that the promoter has taken out two additional loans to finance this, which hampers, in turn, financial sustainability. Apart from this example, the operators of the systems are generally organisations experienced in managing the transport systems and mostly have the in-house technical capacity to ensure maintenance; in some case O&M is outsourced. The choice of technology influences the sustainability of the systems.

Multitude of small deficiencies a threat for sustainability
 Project #22 was the only project to show a multitude of small deficiencies together compromising technical sustainability of the system: unreliable actuation of traffic signal priority; heavy lateral movements of tramcars when entering and leaving curves, causing passenger inconvenience and rail and wheel wear and tear; large tare weight and high traction energy consumption of tramcars; defunct information displays in tramcars; uneven surface finishes of track, often without full sealing against rain water intrusion; need for irrigation of grassed track (untypical for cities with similar climatic conditions) and uneven spray effect of the irrigation system itself; significant corrosion on metal structures of passenger shelters along the coast; malfunctioning ticketing machines reflect the of sunlight on their screens.

The physical sustainability of the individual subprojects financed under the respective “urban regeneration and renewal” projects (i.e. mainly housing) is ensured through the high quality of the buildings and renovation as well as the maintenance efforts of the individual housing agencies or local authorities which manage the dwellings. Maintenance and keeping the buildings in a good shape of course also depend very much on the individual dwellers which some housing agencies actively try to involve. In general, no follow-up investments so far seem to have been needed. In one case, where energy efficiency was not the main goal of rehabilitation, this is now the goal of a follow-up project. There is a risk of covering part of the already rehabilitated dwellings again under this new project, which suggests that the previous project has not anticipated correctly future regulations and therefore can be considered technically not sustainable enough. The site inspections carried out by EV show that the infrastructures generally in very good shape and well-maintained without signs of deterioration.

Involving tenants in maintenance – Project #4
 After experiencing problems with housekeeping, local implementing units started awareness campaigns and education measures for proper use of housing and public spaces. This targeted adult renters and especially families with a high “social” risk. Another example concerns an initiative targeting school children and young people in the production of ideas to improve the use and maintenance of housing, cultural cohabitation and the environment. Although such initiatives may not have a direct impact on maintenance (as it is not children which can be expected to perform cleaning and maintenance tasks), indirect effects on parents are expected and in the long run such awareness campaigns may have a positive impact.

5.3.2 Financial sustainability

Public transport systems and (public) social rental housing systems are generally heavily subsidised (the level of the private sector component of such systems differing between countries). This is both in terms of construction (as FIRR are generally negative – see above) but also in their operation (e.g. rent subsidies) because cost recovery rates (“farebox ratio” for transport) are generally well below 1. Whereas the level of subsidies are for both sectors acknowledged by, and sometimes raise concerns for, the Bank and Promoter, in the case of housing this seems to be much more taken for granted. Explicit reporting on this issue and more generally on the sustainability of local social/rental housing systems is highly variable across Board, Appraisal and Project Completion Reports. Sometimes it is the subject of an in-depth description or an entire section, while in other cases it is simply absent. It is deemed that looking more closely into the subsidy element of those systems would benefit, in both sectors, but especially the housing sector where it is done to a lesser extent, from a more systematic approach in the way these issues are presented to the Board.

As indicated in the previous chapter already, public transport systems generally do not fully recover operating cost. Under a certain cost recovery threshold (<30%) financing schemes may not be sustainable and attention should be paid to this in ex ante appraisal and ex post assessments. Crisis and public authorities’ cuts in spending or debt situation represent a risk for financial sustainability in several cases. In some cases, the existence of a public transport tax in addition to farebox income secures financial sustainability of the project.

The only “unsatisfactory” rating on the overall sample refers to a project which the operator took out two new loans (not with EIB) for O&M (Project #22), which puts the financial sustainability of the project at risk. Sustainability in this case is even more compromised by the existence of competing bus services, leading to lower patronage and lower fare income needed to do the necessary maintenance. Recent developments (a merger with another transport company; increasing fares combined with better controls) may counter these developments. However the recent downgrading of the rating of the country in which the project was located may negatively impact the financial sustainability, as the Government’s capability to support the company might decrease.

Under the present heading it can only be reiterated that public (“social” and “affordable”) housing systems generally do not recover costs and are heavily subsidised. The evaluation ratings were given on the basis that the current, mostly subsidised systems, are themselves expected to be sustainable and support the system. However all in-depth evaluations identify a certain risk with this approach, especially in the current period of crisis. Changes in policy or regulation which would change the level of subsidies granted to dwellers or to housing agencies, may influence sustainability negatively. Even if the in-depth evaluations did not find any obvious signs of this yet, the current recession may have an influence on public authorities’ financial position which in turn may have impact on sustainability of the investment in terms of the funds available for O&M.

5.3.3 Conclusions and lessons learned

Physical sustainability is overall acceptable with one major exception where the project was already judged weakly effective and inefficient.

Financial sustainability of the different project results was most of the times guaranteed if one accepts that these systems are – in most of the cases quite heavily – subsidised. It is on the basis of this underlying hypothesis that the majority of projects would have obtained a “satisfactory” rating for financial sustainability (which is not rated individually). Changes in policy or regulation which would change the level of subsidies to those systems, may influence sustainability negatively, even if the in-depth evaluations did not find any obvious signs of such developments yet.

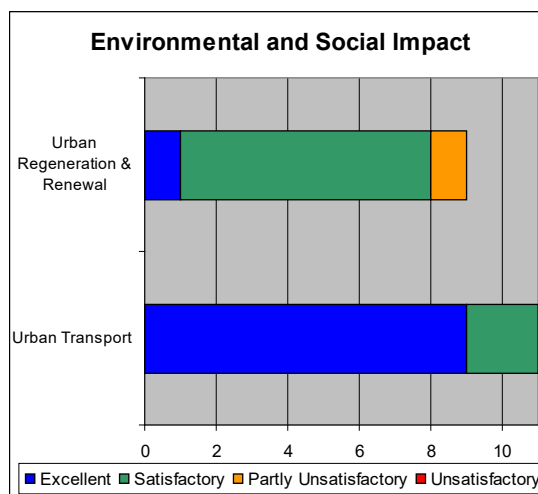
Finally, based on past experience the Bank could play a role in discussing, with the promoter, measures to make such systems more sustainable e.g. different financial incentives (public service obligation; transport tax in addition to farebox income), which may help to ensure financial sustainability of projects. It is important for the Bank to always make sure that projects are based on modern, durable, technologies which have low maintenance requirements. Finally, good practice examples exists to enhance citizen’s involvement to prevent deterioration and hence therefore maintenance efforts, and improve sustainability.

5.4 Environmental and social impact

This criterion examines the immediate impact of project implementation and operation, but also extends to the wider view of the project and its long term consequences on energy efficiency and social cohesion, etc. where these are relevant. These factors have already been taken into account within the criteria of relevance, effectiveness, efficiency and sustainability developed above, but are presented here for emphasis.

A major higher level objective for interventions in urban areas, especially under earlier EU and EIB policies, and mirrored by member states policies, was to focus on economic development of deprived zones with the aim of solving the social problems associated with deprivation.⁸ Environmental issues such as emissions control and energy efficiency seem almost absent from urban policies in the first half of the 2000s.

This notwithstanding, projects have overall a positive contribution to the environment and show little to no negative environmental effects. They were implemented in line with the applicable regulations. Especially the transport projects are for the majority rated “excellent” on the account of their very positive contribution to the environment, health and safety conditions of local populations. More generally, all urban infrastructures assessed under this evaluation seem to have a positive impact on quality of life. Explicit “green” objectives seem to be much more present nowadays than in the past however.



Housing projects were compliant with relevant environmental regulation (environmental impact assessment) and provide high quality new or rehabilitated dwellings to a great number of households. It appeared often much more difficult however to assess to what extent those projects contributed to more overarching project goals.

5.4.1 Environmental aspects

The highly positive contribution of public transport to the reduction of emissions from transport (private cars or outdated rolling stock), local pollution and congestion justified an “excellent” rating for most of the transport projects. In several cases reduction levels of air pollution could be assessed (and

⁸ See Chapter 2 and Appendix 1.

The schemes that were visited under the third category of framework-type loans, concerning other types of infrastructures, show that these had high social value, e.g. when they contributed to constructing or upgrading sports facilities or other facilities that have a direct benefit for the citizens living in the neighbourhoods concerned.

5.4.3 Conclusions and lessons learned

The urban infrastructure projects that were evaluated made, overall, a good contribution to the environment – even if until the mid 2000s this was not necessarily their main objective. The transport projects have a positive impact of quality of life and offered citizens additional modes of transport. Also the attractiveness of public transport was improved. The housing projects provide high quality shelter to large amounts of households. Sometimes this was “social” housing i.e. targeting, and reaching, the lowest income levels in society, in other cases this also comprised higher-level incomes (“affordable” housing). The Bank’s policy is to follow member states’ legislation in this regard. National policies differ widely as regards the state of development the public rental housing systems and also with regard to household income levels eligible for such housing. Even with this reservation, discrepancies were identified between Board report objectives, often over-emphasising the “social” character of the housing, whereas housing programmes to which the Bank contributed in many cases also appeared to include “affordable” housing which was not necessarily concentrated in deprived zones.

6 OVERALL PROJECT RATINGS

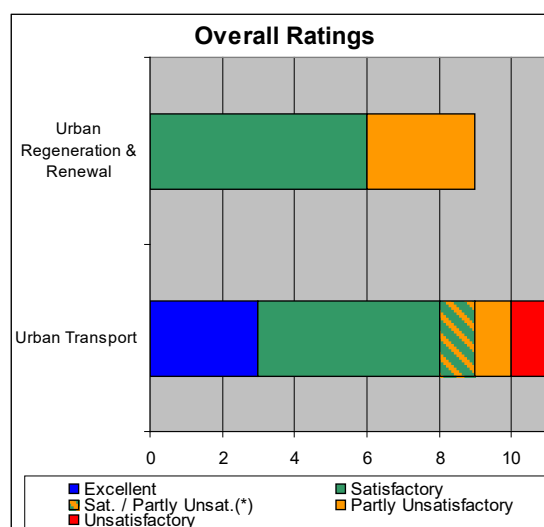
As outlined in the introduction, the operations were evaluated on the basis of internationally accepted evaluation criteria of Relevance, Effectiveness, Efficiency and Sustainability. These individual ratings are considered together to produce an overall rating for the project. This is not an arithmetical exercise, and reflects the extent to which individual aspects contribute to the whole on a case by case basis. Environment and social aspects are rated separately, but are already accounted for within the four main ratings.

The overall ratings stemming from the 20 evaluations covering 25 projects are provided in the adjacent graph. This shows that none of the Urban Regeneration and Renewal projects obtained an “excellent” rating – but none a totally “unsatisfactory” rating either. The spread was bigger in the case of the urban transport projects.

The overall ratings per evaluation criterion and overall are given in the graphs below. This shows clearly that the relevance and performance of most of the projects financed by the Bank are satisfactory with, in each of the two categories, only very few projects of lesser quality.

The majority of projects were relevant to highly relevant on all counts, i.e. alignment with EU/EIB policy, response to local needs, and in terms of preparation and design quality. Weaker relevance typically occurred when there was a mismatch between the Bank’s eligibility criteria and objectives and the project definition or the local project context.

The majority of projects were also performed within planned time and budget, achieved their objectives and are currently operating satisfactorily. It is therefore concluded that the effectiveness of the evaluated projects was overall satisfactory, and this was so independently of the subsector concerned. The success of a project is greatly dependent on the existence of a competent promoter or an experienced Project Management Unit.



(*) one in-depth evaluation concerned two follow-on projects within one city for which different overall ratings (a “satisfactory” and a “partly unsatisfactory”) were given

Most systems resulting from the projects perform well economically. For the only project where this is not the case, during the appraisal doubts were already raised on the financial and economic feasibility of the project, meaning probably that this project should not have been financed (#22). With the exception of that project, current demand and market needs for all types of projects are satisfactory to high. The different systems are mostly operated satisfactorily and according to plan. O&M costs were mostly within acceptable international standards.

Physical sustainability is overall acceptable with one major exception where the project – already weakly effective, and inefficient – is currently also plagued by a great amount of small deficiencies which together compromise technical sustainability. This led the promoter to take on additional loans for O&M which in turn compromise financial sustainability. On the overall sample this project is an exception however.

Financial sustainability of the different project results seems most of the times guaranteed if one accepts that these systems are (sometimes heavily) subsidised. It is on the basis of this underlying hypothesis that the majority of projects are deemed to have a “satisfactory” financial sustainability.

The evaluated urban infrastructure projects made, overall, a good contribution to the environment. The transport projects have a positive impact on quality of life and offered citizens new modes of transport; the housing projects provide high quality shelter to large amounts of households. Sometimes this was “social” housing i.e. targeting, and reaching, the lowest income levels in society, in other cases this also comprised higher-level incomes (“affordable” housing). The Bank’s policy is to follow member states’ legislation in this regard.

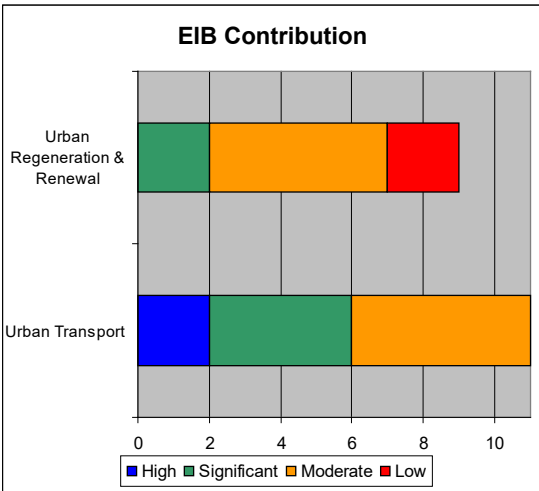
It appeared difficult if not impossible to assess more overarching goals of improving local social cohesion that the project aimed at.

7 EIB CONTRIBUTION

The contribution which the EIB can make to the achievement of economically productive projects is both financial and non financial (technical, institutional) whereas the Bank may also have a role of financial facilitation, e.g. when EIB finance results in more financiers coming to the table. It is assumed that if the Bank is able to conclude an operation with a particular promoter, that this contribution must by definition represent a positive contribution. This criterion is therefore rated on a different scale from previous evaluation criteria, and all ratings are positive (high, significant, moderate and low).

In the present case no explicit distinction between the three types of projects in the sample is made in the text, as results turn out to be very similar.

The EIB contribution to the evaluated urban infrastructure projects appears for the majority of projects as moderate and in two cases even low. Most often the added value is financial, and alternatively or simultaneously related to pricing, volume, tenor and grace periods. The two “excellent” ratings were indeed on account of financial added value of the EIB loan to municipalities in 2 different South-European countries [Projects #13 and #22]. However in several cases counterparts were so well positioned (up to Triple A) that EIB was in competition with commercial banks. As an example, in one case [Project #12] the promoter had previous experience with EIB which had showed that there was no or limited financial benefit by having EIB on board as financier. Therefore, initially, no EIB involvement was sought but the increased interest rates on the commercial banking market led the promoter to seek involvement of the Bank. Eventually, the promoter indicated that involving EIB provided an extraordinary opportunity in period of high interests – at the same time testifying that in pre-crisis times such an interest did not exist.



The Bank provided little to no financial facilitation although in a few cases it could be observed that in follow-on projects other financiers came around the table when EIB had provided a loan for an initial project.

The other types of EIB contribution were generally low if not absent. This is not surprising as these projects were within the EU. This meant that the Bank worked in most cases with experienced promoters, within highly regulated frameworks. Hence an institutional contribution was mostly not required, or perceived by the Bank as not to have been required. Technical contribution was low and if existing this related to EIB support to the promoter with EU procurement rules and EIA (Project #12) or to EIB eligibility criteria which in one case influence a project positive (Project #7) and one negatively (#3, where eligibility criteria were too restrictive, explained above).

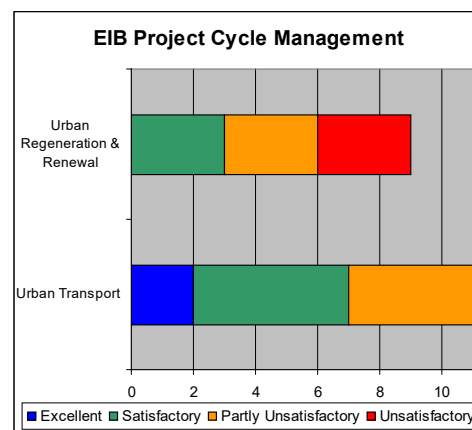
Technical assistance (Project #13)
 One of the two projects where EIB contribution was judged excellent concerned a metro project in a South Eastern EU country (new member state) where not only EIB financial contribution was judged important but also an important technical contribution was provided in the form of the hiring of an internationally reputed technical expert to carry out a survey of the whole planned trajectory before the commencement of works, *in line with the pre-conditions for the loan*. As explained in Section 5.1.1, this slowed down the initial phases of the project but was highly beneficial to the quality of project implementation and cost control .

In a few cases, independently of the sector, a clear additionality could however be established when the project would have been stopped, or considerably delayed or reduced *without* EIB funding. Additionality defined in such terms was indeed very high for projects #13 & #22 (but the latter performed very badly and had an overall *unsatisfactory* rating) and existed to a lesser extent for projects #4, 6 and 11. For the majority of projects there was no such additionality of the EIB funding and projects could also have been financed by other financiers, maybe at a slightly higher cost, but even that is not certain for the pre-crisis period at least.

8 EIB PROJECT-CYCLE MANAGEMENT

This criterion examines the way in which the EIB followed the project through the project cycle from identification, through appraisal and monitoring to completion. It examines the appropriateness of the Bank's internal processes and the extent to which these were followed during the project.

Whereas with some exceptions appraisal is overall satisfactory and implementation in line with Bank procedures, project monitoring is generally weak, and Project Completion Reports (PCRs) are insufficiently filled in order to understand well the outcomes of each project. In three cases appraisal was incomplete, leading to a weak presentation of projects in Appraisal, Board or Project Completion reports. Substantial changes in project scope were not the subject of renewed appraisal when according to the evaluation they should have been. The Bank puts this light approach partly on the account of many of these projects being repeat loans with competent promoters not requiring close scrutiny. The evaluation has identified several missed opportunities in cases where – exactly because of the good and repetitive relationships – projects should have been the subject of more in-depth ex post assessment. This is especially so in cases where, over time, the Board report – reiterating too easily earlier versions of itself – started to deviate from local realities, or when earlier projects in a series had not achieved their objectives.



Finally, coordination and co-financing with other financial institutions was virtually absent. When co-financing of Structural Fund projects would have existed, the rationale behind this was not always clear and co-funding not well monitored.

8.1 Project identification and selection

In most of the evaluated cases, a client relationship existed before the evaluated project, because of the existence of earlier loans with the same promoter on the same subject (“repeat” or “related” loans) or in other sectors. On the 18 promoters of the 25 evaluated projects, only 6 were new to the Bank (Projects #1, #2, #10, #11, #14, #23). Most of the first-time loans marked themselves the start of a new series, i.e. they were eventually followed up by a new project in the sector, financed by the Bank. For two cases where the relationship existed, the sector was new however [Projects #3, #4].

This finding comes to support a pattern that was found in the analysis of the overall UI portfolio (Section 3). The UI portfolio over the 2000-2010 period appeared to contain many such “repeat loans” or “series of follow-on projects” and, with 20% of the portfolio being on the account of only 8 series of follow-on projects, appears highly concentrated. This begs the more general question about the basis on which new activity in this sector is generated, how new clients and needs are identified, and whether the Bank’s activity corresponds to the pattern of needs that actually exist in the EU member states – or more on the prolongation of existing relationships, on the basis of a reliable and known promoter. The increasing share of new member states in the portfolio since 2007 would suggest that the Bank is generally open to new clients, provided that it is backed up by the relevant policies, and, internally, appropriate targets and the incentives to achieve them.

8.2 Appraisal

Project appraisals were generally based on project appraisals made by the promoters, the Bank having an influence on the project definition only in a minority of cases. This is not surprising as, being situated within the EU, most of the projects had competent and experienced promoters. Projects were generally subjected to an appraisal mission, unless, as it happened in some cases, this was not found justified when the project was a follow-on from an earlier project.

Appraisal was in most of the cases of high quality – testified, for instance, by often correct estimates of relevant indicators such as EIRR. Only three evaluations, two related to housing, one to the “other” category, found that appraisal had been clearly incomplete [Projects #5, #7 and #8/9, respectively]. Project appraisal (and monitoring – see below) was especially weak in the case of repeat loans in the area of housing [Projects #5 and #7], the Bank missing opportunities for in-depth assessments of the projects it financed: in one case [Project #5] it missed out on a substantial (though in absolute terms not ineligible) change of scope between such repeat projects; in the other case [Project #7] it missed the opportunity to check how the promoter was performing and how sub-projects were performing against the socio-economic objectives listed as being important in earlier appraisal reports. This information would have been relevant for the appraisal of the follow-on project. Hence, given the high proportion of “repeat” or “related” projects in the UI portfolio, the practice regarding the (generally very light) appraisal of such loans should be revised as not only projects and promoters’ behaviour can change, but in some cases the Board report, when based on Board reports for earlier projects, did not always correctly reflect reality; a project N could be approved while the achievements and implementation of project N-1 were not always correctly assessed. This appears especially problematic when project N-1 did not reach its objectives. In one case [Project #4], promoter information was wrongly copied into the Board report, leading to an error in the presentation of total project cost, and hence of EIB contribution (which ultimately for this project for other reasons came out much higher anyway).

Appraisals were not consistent across the sample. Especially in the urban transport sector, three evaluations [of Projects #18, 19, 20, evaluated together, Project #17 and Project #23], found that in the appraisal financial costs were converted to economic costs by using a specific conversion factor, the background to this not being clear (and other appraisals of similar objects not following this approach). At least within each subsector one would expect a consistent approach with regard to ex ante assessment methods used.

Whereas in the area of urban transport, despite the above comments, clear efforts were made to calculate EIRRs and FIRRs ex ante and therefore could be checked ex post,⁹ such approaches do not exist for the housing projects, for which often even concrete targets (e.g. number of dwellings to be rehabilitated) were absent or could only be reconstituted with difficulty, combining different Bank and promoter documents. Even if one can accept that EIRR and FIRR are difficult to calculate, the Bank today has a longstanding experience in this sector, which would allow elaborating relevant indicators that could be developed for this sector, and be more rigorous on the definition of clear objectives and targets in Appraisal and Board reports.

Further development of CBA methods

Cost benefit analysis (CBA) could be further developed and possibly be aligned with EC DG REGIO guidelines, especially in EU co-financed projects through the structural funds. This relates in particular to ongoing methodological developments of quantifying environmental impacts. In view of the evaluation results, the assumptions underlying a CBA should be better justified (sources, value of time, operating costs, modal shift, patronage, etc..) and systematically filed. Clear guidance to project appraisers should be provided on discount rates to be used, which cut-off rates are acceptable, on justification of conversion factors, etc. The (standard) conversion factor to transfer financial in economic costs deserves more attention and guidance for appraisers. It has been applied in some projects without justification.

Even though the urban transport sector is in terms of quantified ex ante assessments clearly ahead of the other urban sub-sectors, several evaluations in the urban transport sector led to the conclusion that Cost Benefit Analysis (CBA) methods would still benefit from being further developed especially in relation to quantifying environmental impacts (see insert).

8.3 Project implementation/financing arrangements

The individual in-depth evaluations concluded that project implementation is compliant with the different internal Bank procedures applicable at the time those projects were implemented. Contractual arrangements and implementation procedures, including those for disbursement, are generally found adequate by the promoter, though contract establishment is in a minority of cases found a little lengthy.

Changes in project scope – which were sometimes substantial – were not systematically communicated by the promoter or were adopted by the Bank without being the subject of the necessary re-appraisal. In one case [Projects 8&9 – for the reasons explained in Chapter 4, on Relevance] the project financed rolling stock instead of small urban infrastructure yet this was accepted by the Bank because this would not be ineligible under the project. The change in scope was such however that, according to the evaluation, the project – or at least individual schemes – should have been reappraised, if not reapproved by the Board of the EIB.

In another case [Project #3] strict eligibility criteria (which in fact pointed at an appraisal problem) made it difficult for the promoter to find beneficiaries (see insert in Section 4.1) but here the Bank made an effort to loosen the eligibility criteria in order for the project not to be cancelled. For this same project, the Bank followed quite closely its evolution through the allocation requests submitted by the promoter to the Bank for approval. Once these seemed to be of good quality also here the Bank showed a flexible approach to lighten the burden on the promoter as those allocation requests were highly detailed and very cumbersome to fill.

Although overall EIB share remained within the limits planned, in two cases substantial increases of EIB shares were noted by the evaluation [Projects #4 & #11], in one case bring EIB share close to 100% which is not compliant. No specific measures were taken here.

8.4 Follow-up, monitoring, project completion

Given the type of promoter the Bank was generally confronted with in those projects – experienced organisations within EU countries characterised by good regulation and its reliable enforcement – most of the projects evaluated were “Category 1”, meaning physical monitoring was light and could be limited to the delivery of a final report. As indicated above, this in some cases also meant that appraisal of the eventual follow-on project was light. Light monitoring however should not imply a light appraisal of the follow-on project.

⁹ It is positive to see that FIRR and EIRR were given ex ante even for some of the expected individual schemes under a framework loan the character of which would normally not require one to do so [Project #1].

EUROPEAN INVESTMENT BANK OPERATIONS EVALUATION (EV)

In 1995, Operations Evaluation (EV) was established with the aim of undertaking ex-post evaluations both inside and outside the Union.

Within EV, evaluation is carried out according to established international practice, and takes account of the generally accepted criteria of relevance, efficacy, efficiency and sustainability. EV makes recommendations based on its findings from ex-post evaluation. The lessons learned should improve operational performance, accountability and transparency.

Each evaluation involves an in-depth evaluation of selected investments, the findings of which are then summarized in a synthesis report.

The following thematic ex-post evaluations are published on the EIB Website:

1. Performance of a Sample of Nine Sewage Treatment Plants in European Union Member Countries (1996 - available in English, French and German)
2. Evaluation of 10 Operations in the Telecommunications Sector in EU Member States (1998 - available in English, French and German)
3. Contribution of Large Rail and Road Infrastructure to Regional Development (1998 - available in English, French and German)
4. Evaluation of Industrial Projects Financed by the European Investment Bank under the Objective of Regional Development (1998 - available in English, French and German)
5. An Evaluation Study of 17 Water Projects located around the Mediterranean (1999 - available in English, French, German, Italian and Spanish).
6. The impact of EIB Borrowing Operations on the Integration of New Capital Markets. (1999 – available in English, French and German).
7. EIB Contribution to Regional Development A synthesis report on the regional development impact of EIB funding on 17 projects in Portugal and Italy (2001 – available in English (original version), French, German, Italian and Portuguese (translations from the original version)).
8. Evaluation of the risk capital operations carried out by the EIB in four ACP countries 1989-1999 (2001 - available in English (original version), French and German (translations from the original version)).
9. EIB financing of energy projects in the European Union and Central and Eastern Europe (2001- available in English (original version), French and German (translations from the original version))
10. Review of the Current Portfolio Approach for SME Global Loans (2002 – available in English (original version), French and German (translations from the original version)).
11. EIB Financing of Solid Waste Management Projects (2002 – available in English (original version), French and German (translations from the original version)).
12. Evaluation of the impact of EIB financing on Regional Development in Greece (2003 – available in English (original version) and French (translation from the original version)).
13. Evaluation of Transport Projects in Central and Eastern Europe (2003 – available in English (original version)).
14. EIB Financing of Urban Development Projects in the EU (2003 – available in English (original version), French and German (translations from the original version)).
15. Evaluation of the Projects Financed by the EIB under the Asia and Latin America Mandates (2004 – available in English (original version), French, German and Spanish).
16. Evaluation of EIB Financing of Airlines (2004 – available in English (original version) French and German)
17. Evaluation of EIB Financing of Air Infrastructure (2005 - available in English (original version) German and French)
18. EIB financing with own resources through global loans under Mediterranean mandates (2005 - available in English (original version) German and French.)
19. Evaluation of EIB Financing of Railway Projects in the European Union (2005 - available in English (original version) German and French.)
20. Evaluation of PPP projects financed by the EIB (2005 - available in English (original version) German and French).
21. Evaluation of SME Global Loans in the Enlarged Union (2005 - available in English (original version) and German and French.)

EUROPEAN INVESTMENT BANK OPERATIONS EVALUATION (EV)

22. EIB financing with own resources through individual loans under Mediterranean mandates (2005 - available in English (original version) and German and French.)
23. Evaluation of EIB financing through individual loans under the Lomé IV Convention (2006 - available in English (original version) German and French.)
24. Evaluation of EIB financing through global loans under the Lomé IV Convention (2006 - available in English (original version) German and French.)
25. Evaluation of EIB Investments in Education and Training (2006 - available in English (original version) German and French.)
26. Evaluation of Cross-border TEN projects (2006 - available in English (original version) German and French).
27. FEMIP Trust Fund (2006 - available in English.)
28. Evaluation of Borrowing and Lending in Rand (2007 - available in English (original version) German and French).
29. Evaluation of EIB Financing of Health Projects (2007 - available in English (original version) German and French).
30. Economic and Social Cohesion - EIB financing of operations in Objective 1 and Objective 2 areas in Germany, Ireland and Spain (2007 - available in English. (original version) German and French)
31. Evaluation of EIB i2i Research, Development and Innovation (RDI) projects (2007 - available in English) (original version) German and French).
32. FEMIP Trust Fund - Evaluation of Activities at 30.09.2007 (2007 - available in English.)
33. Evaluation of Renewable Energy Projects in Europe (2008 - available in English (original version) German and French).
34. Evaluation of EIF funding of Venture Capital Funds – EIB/ETF Mandate (2008 - available in English.)
35. Evaluation of activities under the European Financing Partners (EFP) Agreement (2009 – available in English) (original version) and French).
36. Evaluation of Lending in New Member States prior to Accession (2009 – available in English)
37. Evaluation of EIB financing of water and sanitation projects outside the European Union (2009 – available in English) (original version) and French).
38. EIF Venture Capital Operations: ETF and RCM Mandates (2007 – available in English)
39. Portfolio and Strategy Review - EIB Activities in “2007 Partner Countries” from 2000 to 2008 (2009 – available in English (original version) and French).
40. Evaluation of EIB Financing in Candidate and Potential Candidate Countries between 2000 and 2008 (2009 – available in English (original version) and French).
41. Evaluation of Operations Financed by the EIB in Asia and Latin America 2000 and 2008 (2009 – available in English (original version) Spanish and French).
42. Evaluation of Operations Financed by the EIB in Neighbourhood and Partnership Countries between 2000 and 2008 (2009 – available in English (original version) French and German)
43. Evaluation of Special Dedicated Global Loans in the European Union between 2005 and 2007 (2009- available in English (original version) and French)
44. Evaluation of i2i Information and Communication Technology (ICT) projects (2009- available in English (original version) and French)
45. Evaluation of Activities under the Risk Sharing Finance Facility (RSFF) (2010- available in English (original version) and French)).
46. Evaluation of the EIB's role in the JASPERS Initiative (2011- available in English)
47. Ex Post Evaluation of JEREMIE (2011- available in English).
48. Evaluation of EIB Investment Loans for Economic and Social Cohesion in France, Portugal and the United Kingdom (2011- available in English)
49. Evaluation of EIB financing of urban infrastructure projects in the European Union (2011- available in English).

These reports are available from the EIB website:

<http://www.eib.org/projects/evaluation/reports/operations/index.htm>

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