



# The EIB's Assessment Framework of operations within the EU

*7th November 2013*



## What is the EIB ?

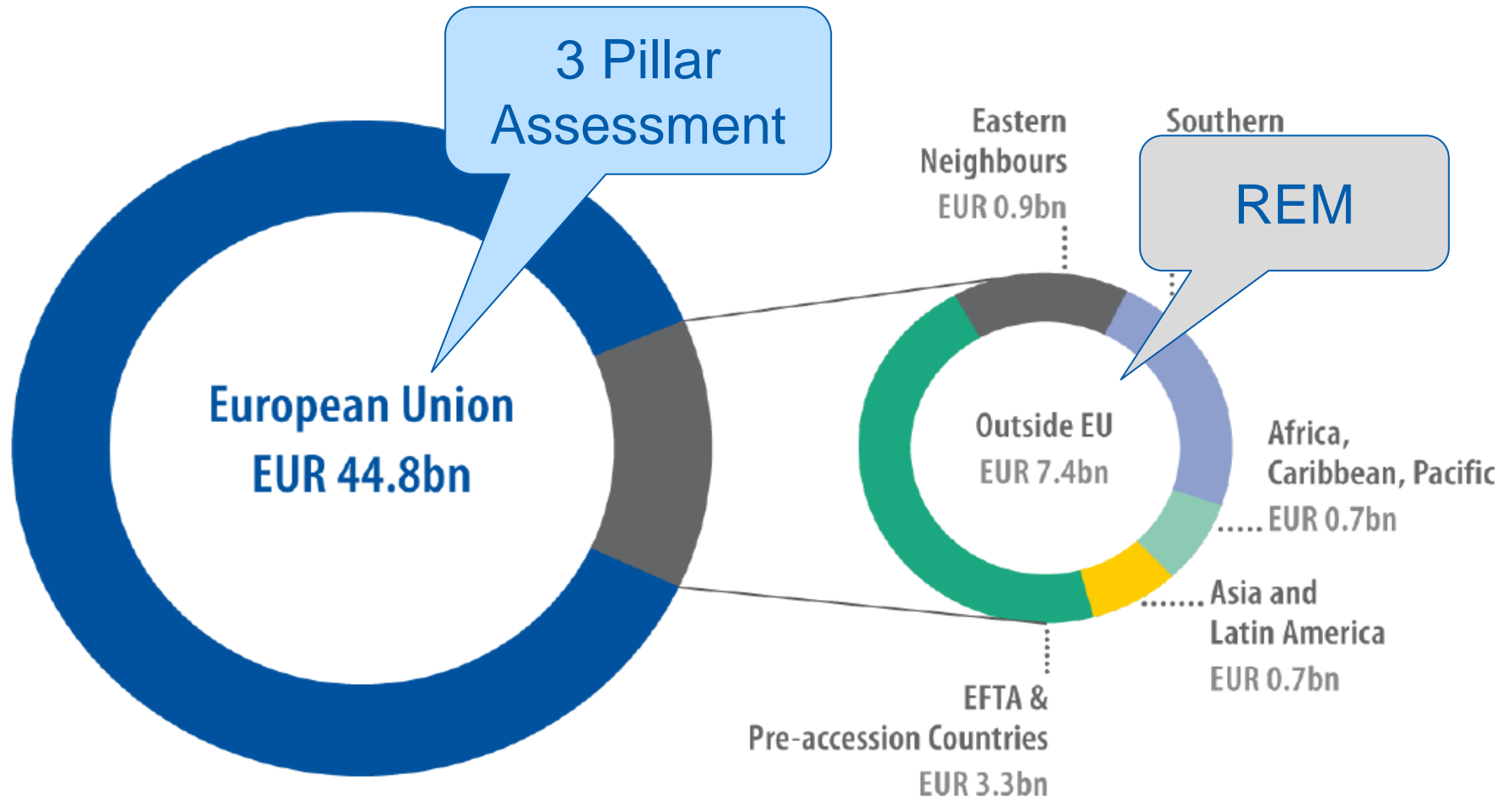
- ❖ EIB is the EU's long-term lending bank set up in 1958 by the Treaty of Rome, headquartered in Luxembourg
- ❖ EIB shareholders are the 28 EU Member States
- ❖ Largest multilateral lender and borrower in the world
- ❖ Provides long-term financing on favourable terms for projects in support of EU priority objectives (SMEs, regional development, energy, etc.)
- ❖ The EIB's dual character, being a public EU body and a bank, brings about a number of particular requirements and responsibilities with regard to transparency and sustainability accounting



## What the EIB is not?

- ❖ The EIB is not a commercial investment bank - all EIB activity is not-for-profit
- ❖ The EIB is not lending taxpayers money, the EIB raises its funds by issuing bonds
- ❖ The EIB does not take deposits like a retail bank

# Lending (signatures) in 2012 : EUR 52.2bn



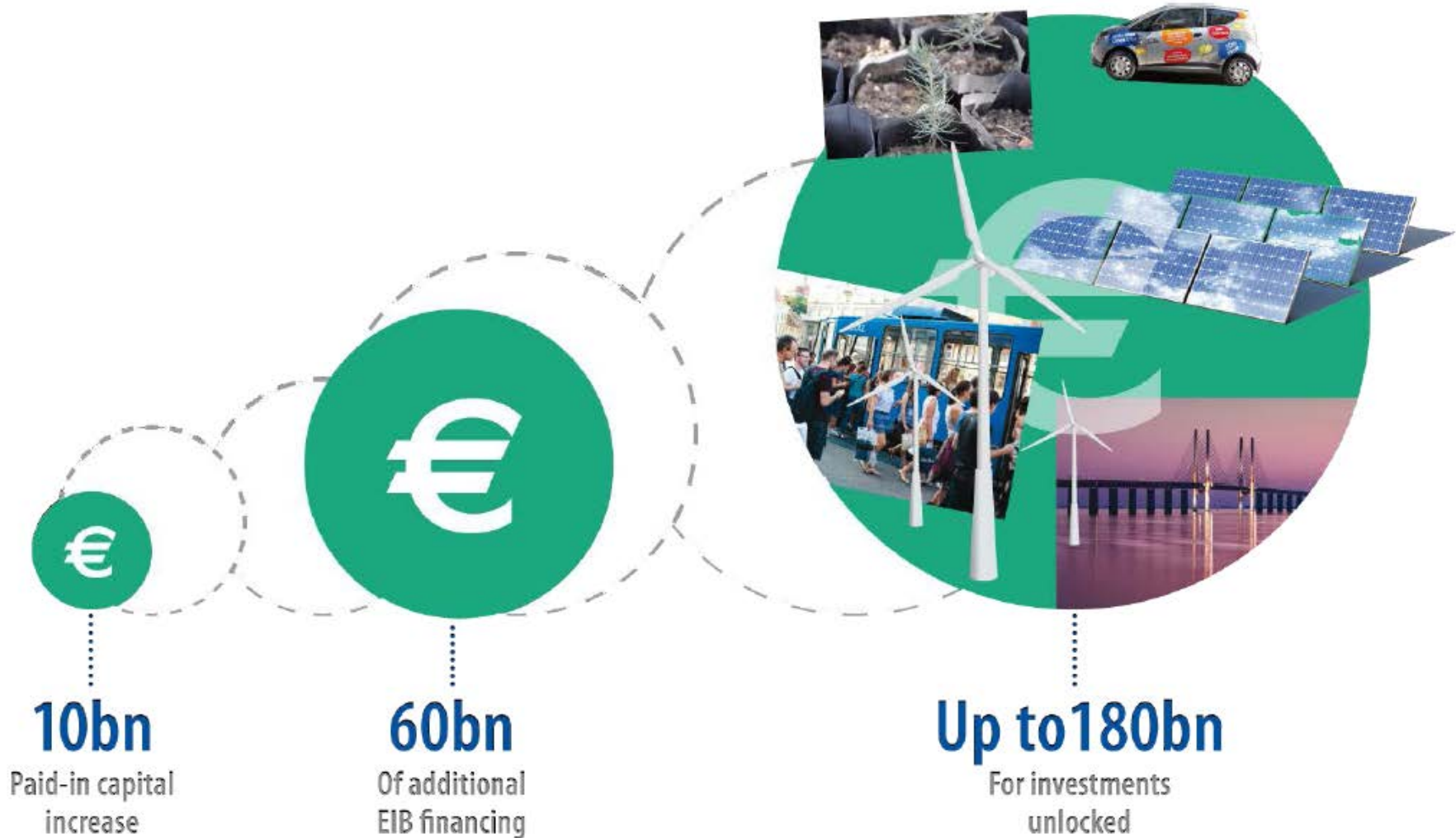
Pre-accession Countries include:

Candidate Countries: Croatia, Iceland, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.  
Potential Candidate Countries: Albania, Bosnia and Herzegovina, Kosovo.

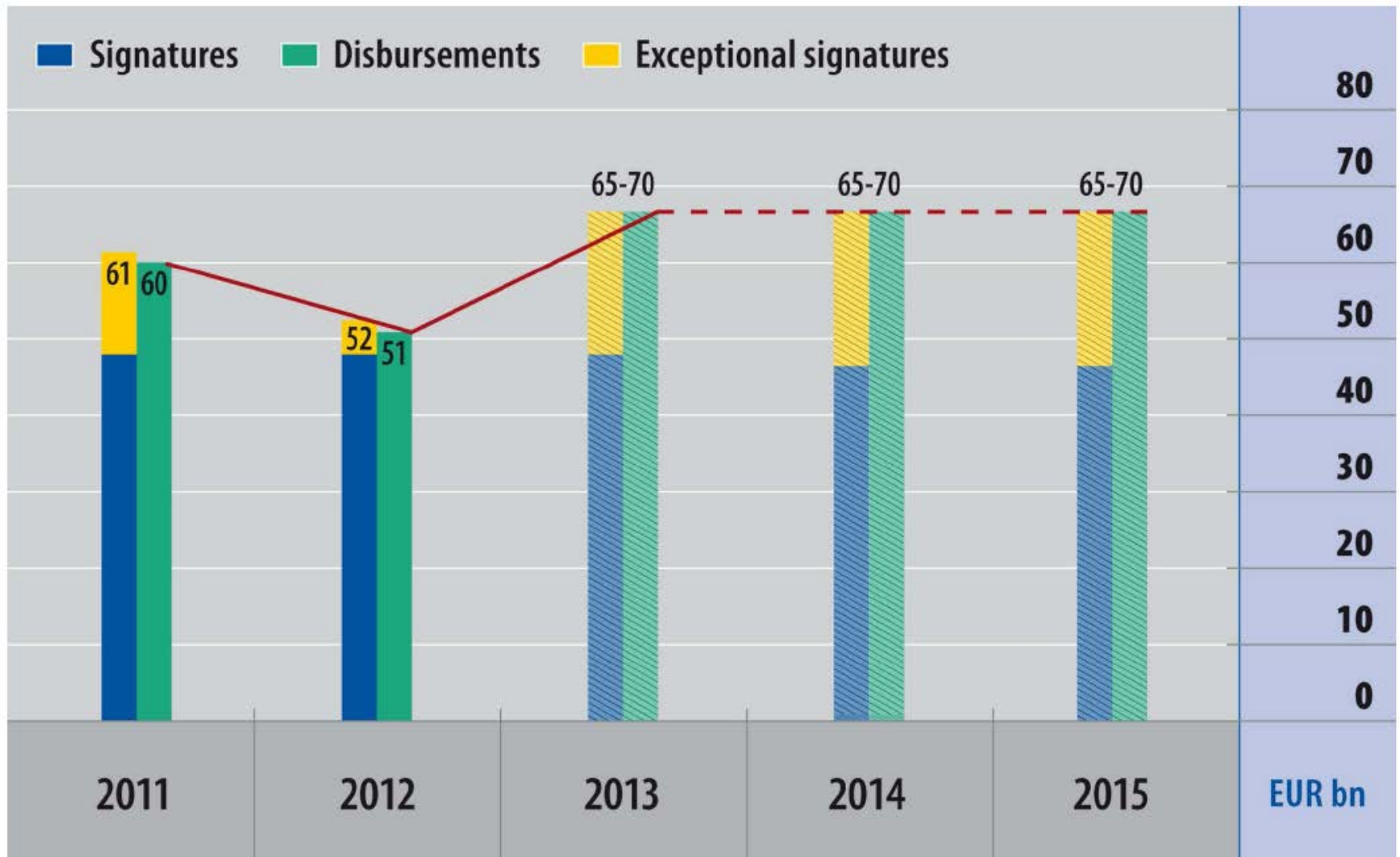


# Capital Increase

*Exceptional response for sustainable growth & jobs*

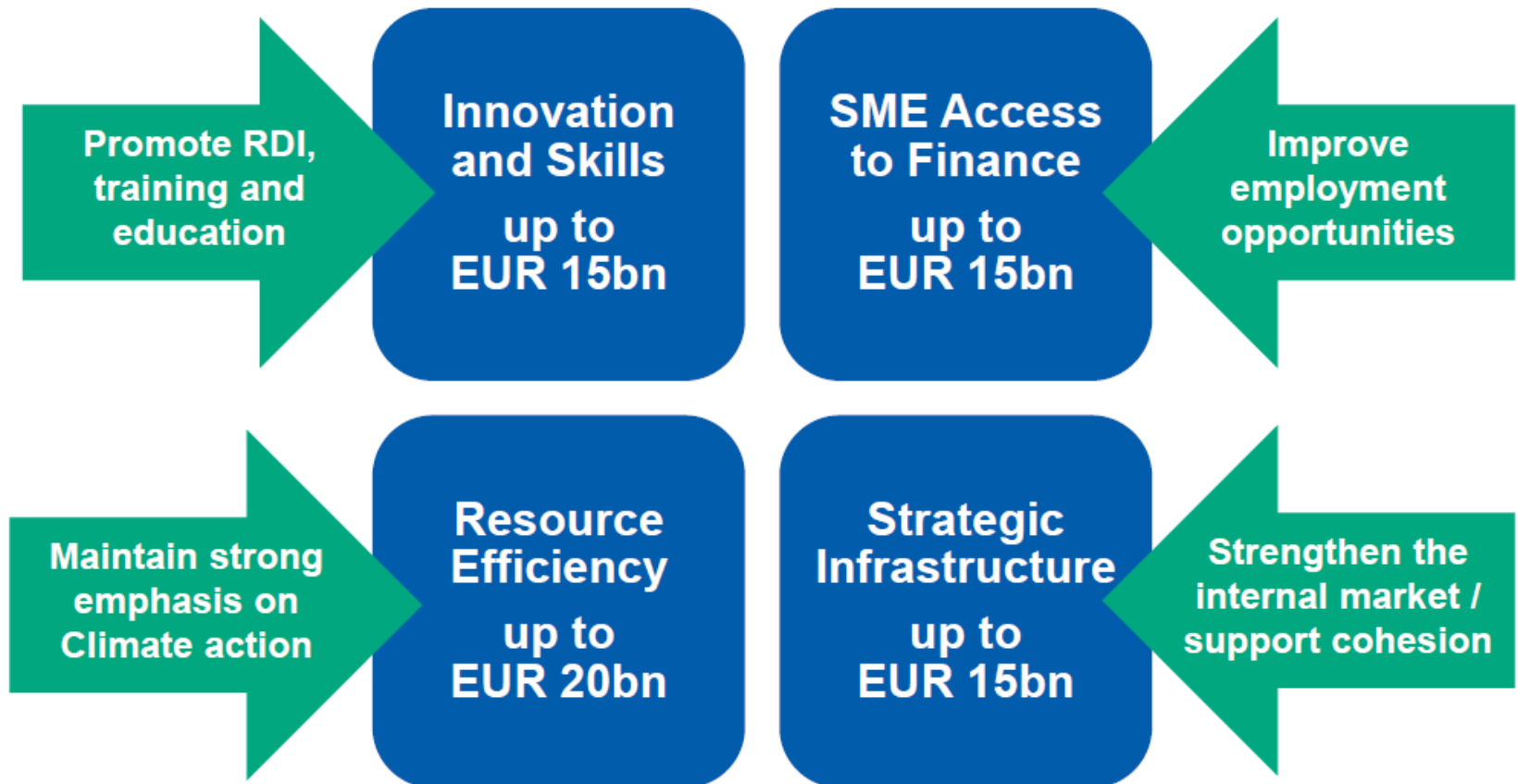


# EIB financing 2013-2015





# Growth & Employment Facility



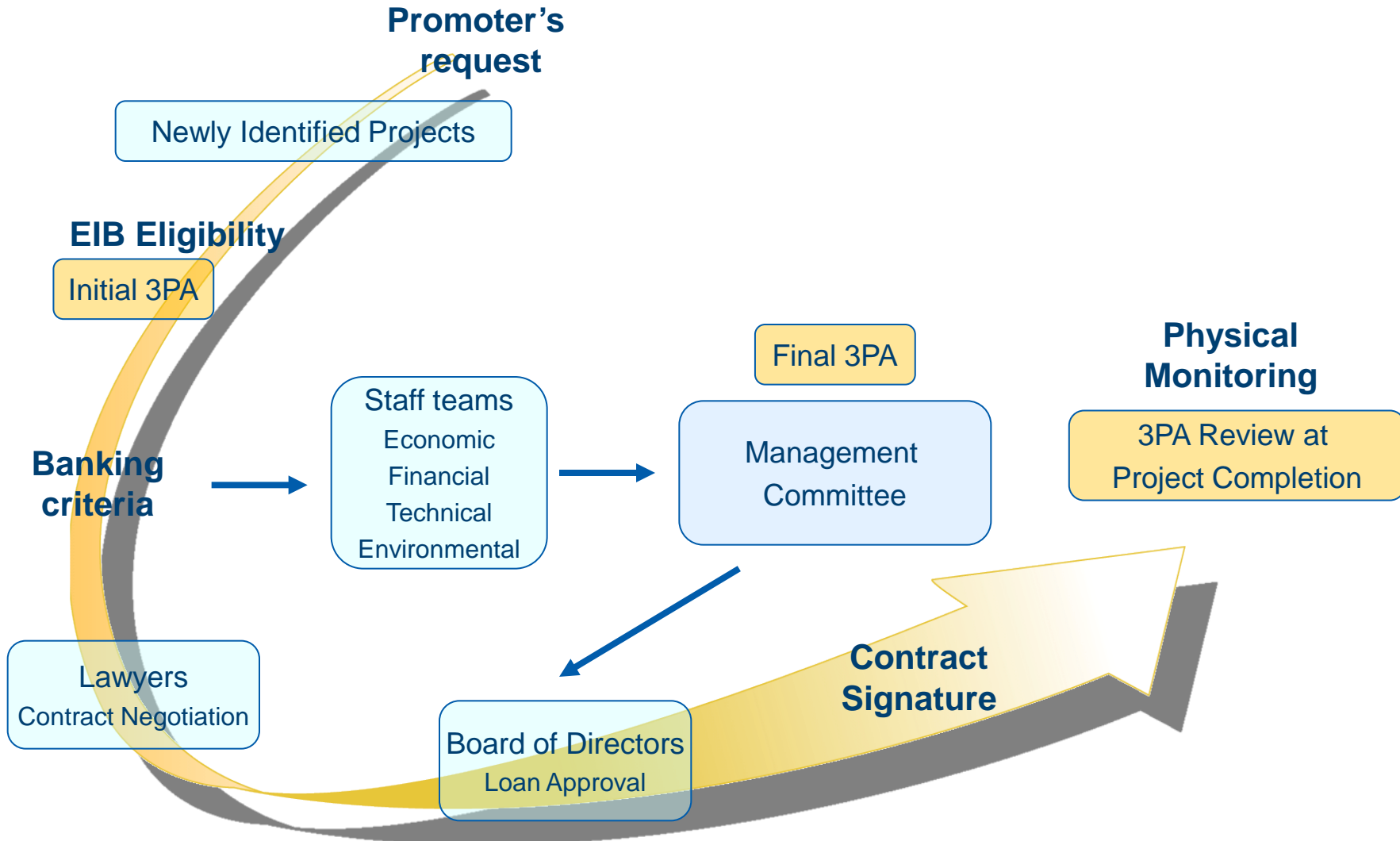


- ❖ **New 3PA Methodology launched 1 January 2013 to address :**
  - EIB stakeholders' request for information on the use of extra EIB lending capacity further to the capital increase
  - The assessment of the contribution to lending priorities (e.g. Growth & Employment Facility)
  
- ❖ **Project based approach :**
  - To ensure close alignment of project prioritisation with COP lending priorities
  - To extend the scope of project assessment to ex-post result measurement





# Project assessment throughout project life-cycle (1/3)





## Project assessment throughout project life-cycle (2/3)

- Ex-ante due diligence structured around 3 pillars



- The quality of projects and their contribution to sustainable growth and employment
  - The relevance of intervention at the EU level (EIB policy)
  - The contribution of the EIB to advancing the project
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- Identify and assess Expected Results based on monitorable, standard indicators with baselines, timelines and targets



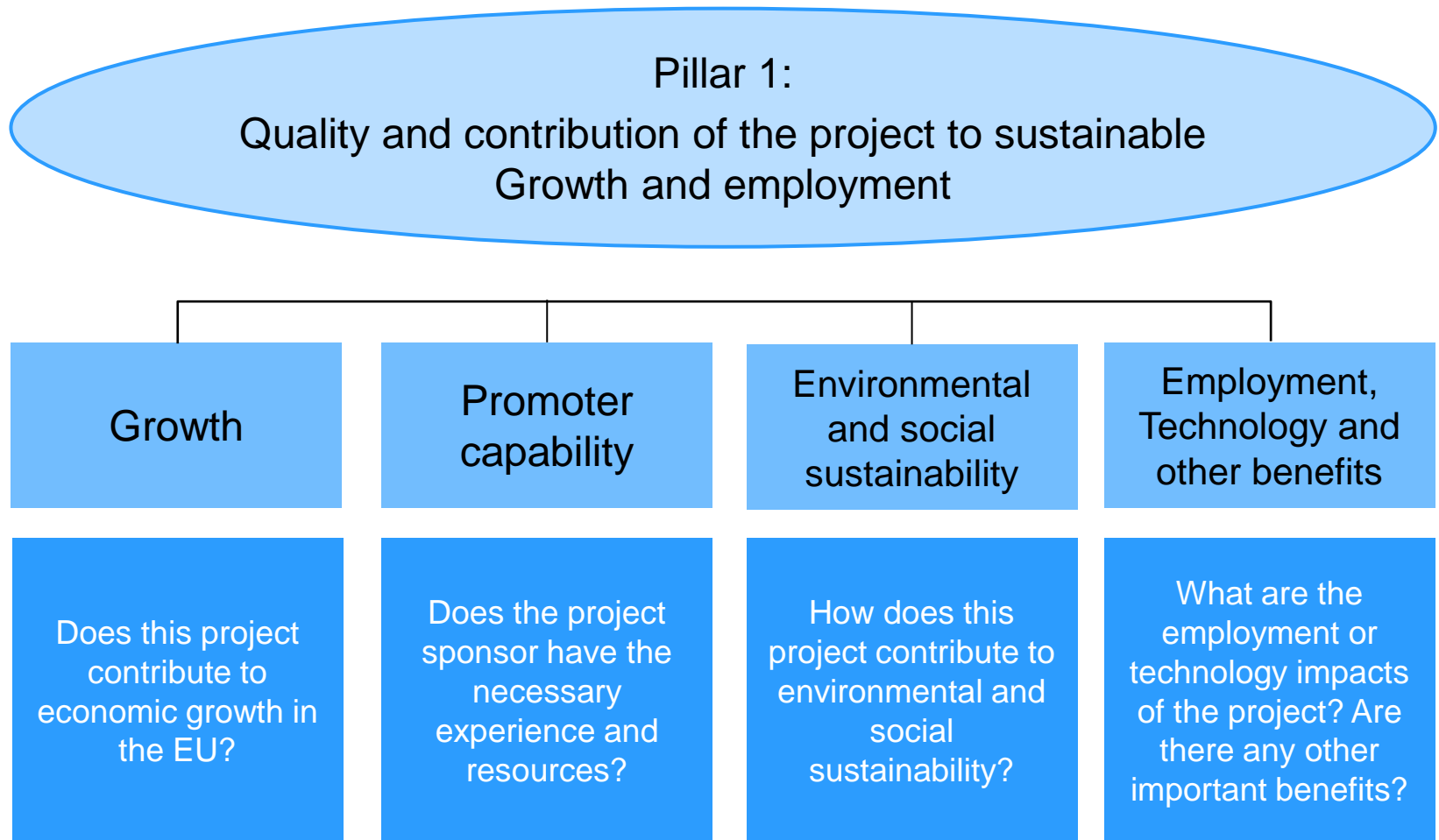
## Project assessment throughout project life-cycle (3/3)

- ❖ **At project completion**
  - Monitoring of 3PA and results indicators against expected results
  - Are we achieving expected results? How can we improve our projects in the future?
  
- ❖ **Ex-post**
  - 3PA Indicators used for ex-post evaluation
  
- ❖ **Reporting on results**
  - First report on results of EIB operations inside the EU to be issued in 2014

# 3 Pillar Assessment Framework (1/5)



4 scale rating  
Unsatisfactory to Excellent

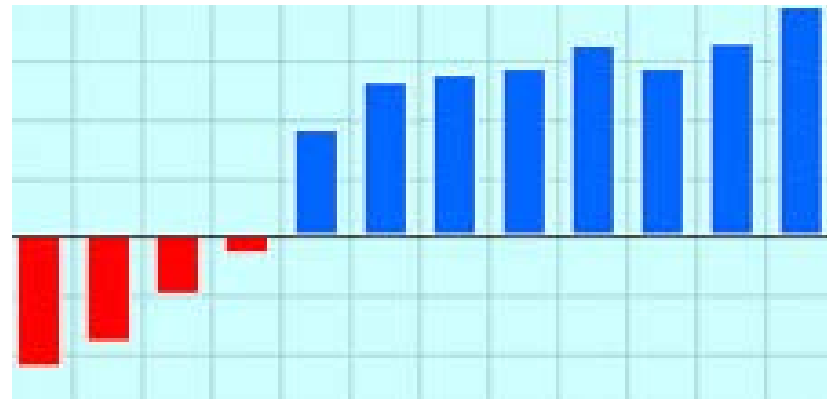


## 3 Pillar Assessment Framework (2/5)



Long-term growth impact is measured at the project level :

- ❖ Economic rate of return quantified where possible
- ❖ Sector benchmarks where not

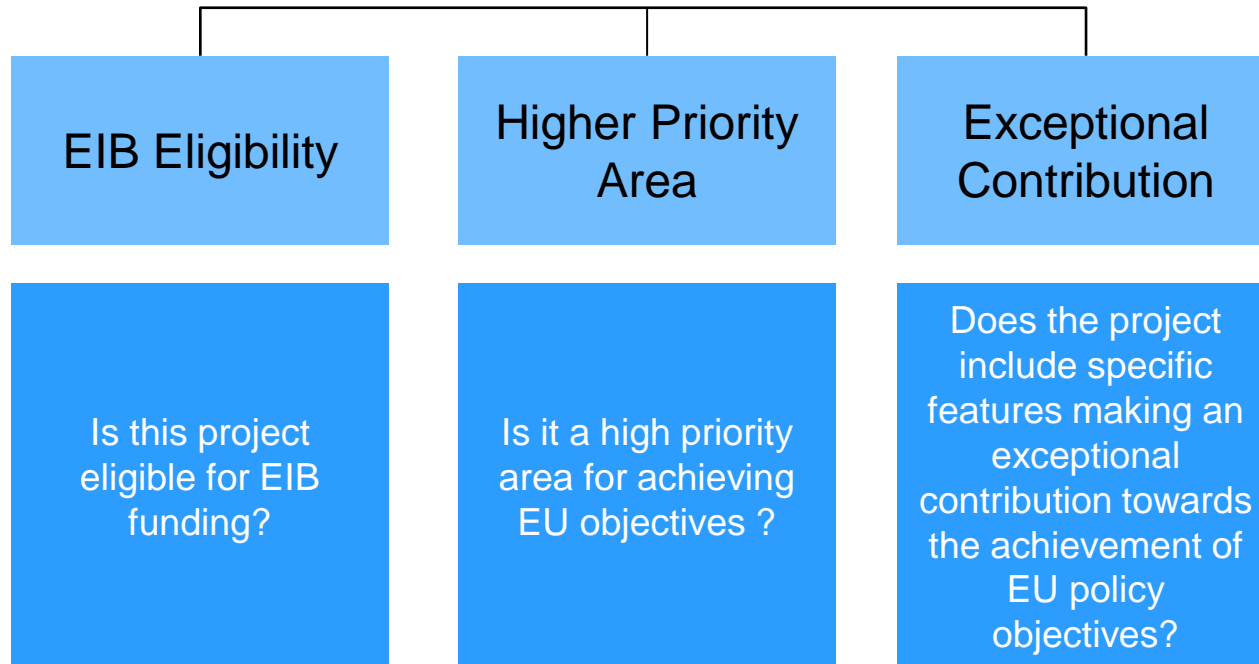
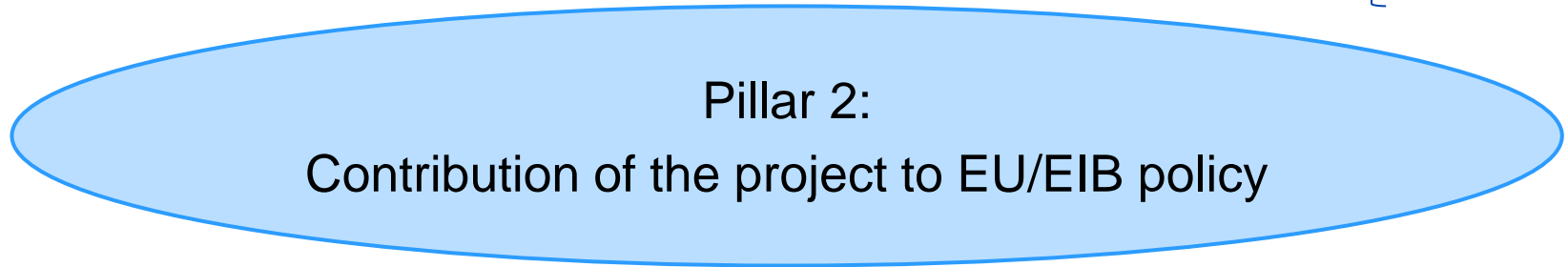


Methodologies have been reviewed by a panel of academics specialising in cost-benefit analysis

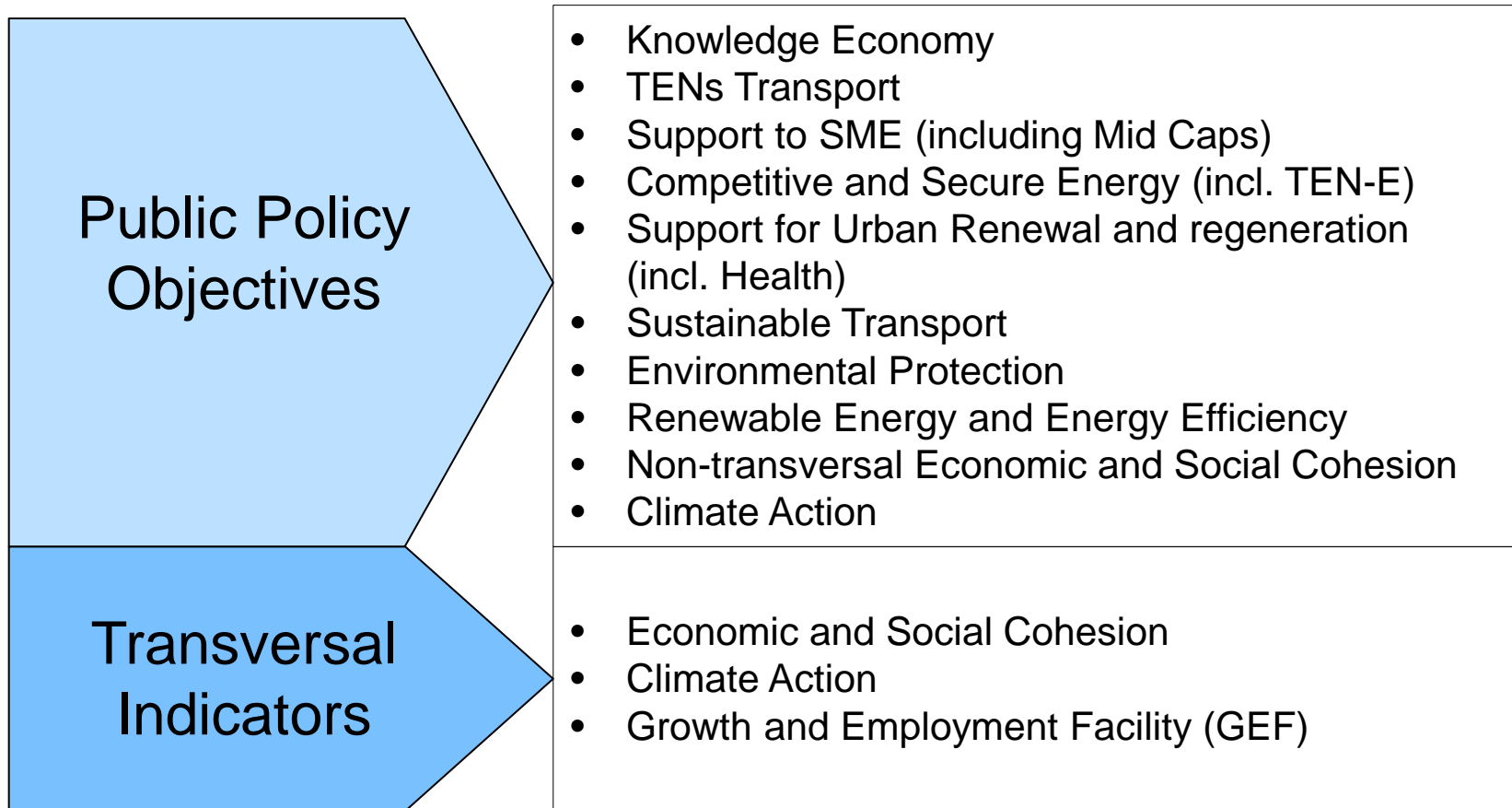
# 3 Pillar Assessment Framework (3/5)



4 scale rating  
Eligible to High



# 3 Pillar Assessment Framework (4/5)

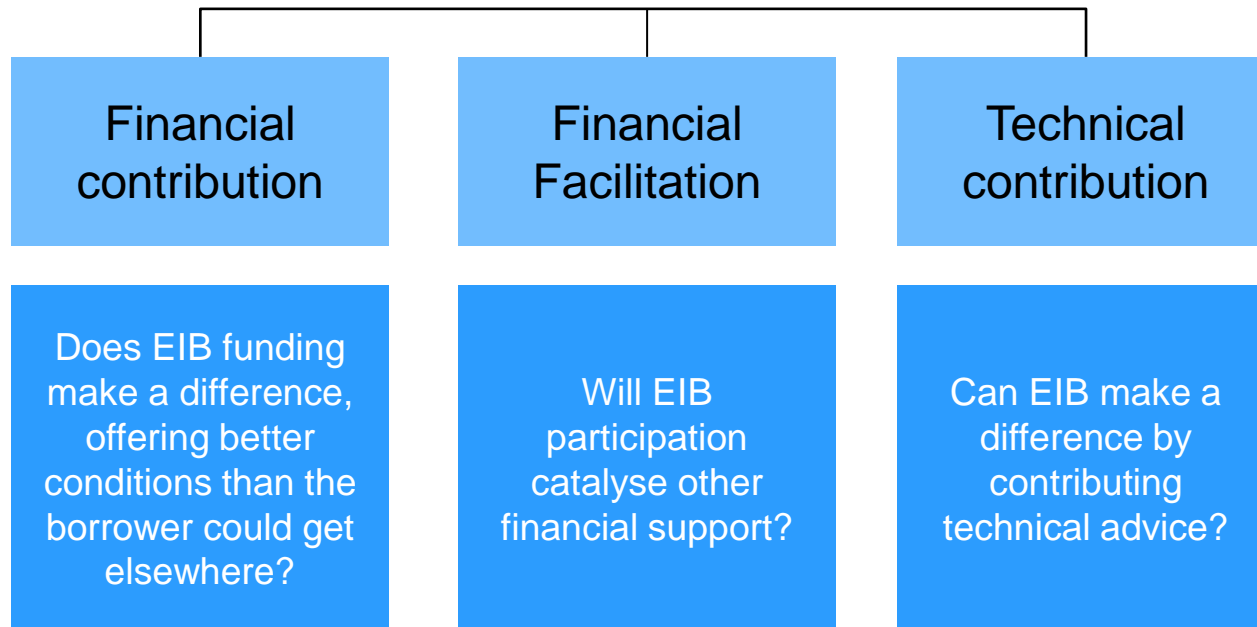


Contribution of the project to EU/EIB policy



4 scale rating  
Low to High

## Pillar 3: Contribution of the EIB to the project







# 3 Pillar Assessment Framework : metro example



<b>Pillar 1: Quality and Contribution of the project to Sustainable Growth and Employment</b>	<b>GOOD</b>
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Economic Interest	Acceptable
Promoter capability	Good
Sustainability	Excellent
Employment, technology and other benefits	Good

<b>Pillar 2: Contribution of the project to EU/EIB policy</b>	<b>SIGNIFICANT</b>
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<b>Primary COP objective</b>	
Sustainable Transport - Urban and Inter-urban	100%
<b>Transversal indicators</b>	
Climate Action	100%

<b>Pillar 3: EIB Contribution to the project</b>	<b>HIGH</b>
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Financial Contribution	High
Financial Facilitation	Significant
Technical contribution and advice	Significant

The 3 Pillars are complemented by a monitoring framework to be used consistently through the project cycle.



- ❖ 3 types of indicators:
  - ❖ **Mandatory core indicators** - all projects, all sectors
    - ❖ Employment effects
    - ❖ Energy efficiency
  - ❖ **Mandatory sector specific indicators (outputs, outcomes)** - all projects in a given sector or sub-sector
  - ❖ **Custom indicators (outputs, outcomes)** - project specific
  - ❖ **When are the indicators measured:**
    - ❖ Baseline: or “without project”. i.e. value of the indicators if the project had not started
    - ❖ Expected value at Project Completion: i.e. value of the indicators at the end of the project
    - ❖ Actual value at Project Completion



## 3PA monitoring indicators : Transport example

### TRANSPORT SECTOR – Metro example

#### Monitoring Indicators for Investment loan

Expected results	Units	Baseline	Expected value at PCR	Actual value at PCR
Project Investment Cost	EUR m			
Start / End of Works	Month / Year			

#### Outputs

Type of project	New/Upgrade			
Length of track line constructed or upgraded	Km			
Rolling stock purchased or rehabilitated	Nr.			
Stations constructed or upgraded	Nr.			

#### Outcomes

Beneficiaries	passengers p.a.			
Capacity usage in peak hour increased	%			
Time savings	Million hours p.a.			

#### Core result indicators

Employment during construction	Person Years			
Employment – additional direct jobs during operation	FTE			
Energy – efficiencies realised	Energy saved in MWh			