

# The EIB Group Operational Plan 2022-2024



European  
Investment  
Bank Group



# **The EIB Group Operational Plan 2022-2024**

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### Disclaimer:

The EIB Group Operational Plan 2022-2024 was approved by the Board of Directors of the European Investment Bank (EIB) on 15 December 2021. This document contains information, including financial projections and forecasts, which was valid in early December 2021, but may deviate from actual 2021 achievements.

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# Executive summary

- I. The importance and relevance of the European Investment Bank were reinforced as the shock of the coronavirus pandemic (COVID-19) reverberated through the global economy. The EIB Group was a key pillar in the European Union's response to the worst economic downturn since the Second World War. The EIB Group's **COVID-19 response** was fast and broad-based. It not only focused on keeping credit channels open, in particular for small and medium-sized enterprises (SMEs) in the European Union (EU), but also played a key role in the Team Europe response to the pandemic beyond the European Union.
- II. As requested by EU leaders, the EIB established the **European Guarantee Fund (EGF)**, which markedly increased higher-risk EIB Group financing with the aim of alleviating credit constraints and ensuring a level playing field within the EU across national crisis programmes of different sizes. The Group also boosted its financing of life sciences and healthcare to facilitate the emergence of new vaccines and available treatment globally and to reinforce the resilience of EU healthcare systems. Notwithstanding the crisis response, the EIB Group continued to underline its ambitions and capacity as the **EU climate bank**, combining its crisis and post-crisis response with its transformative role as a key enabler of carbon neutrality and environmental sustainability.
- III. Unprecedented efforts, both in the EU and globally, to shield the real economy from the pandemic-induced lockdowns significantly mitigated the economic downturn. The recent economic recovery remains fragile, however. Many investors have delayed and scaled back their investment plans during the pandemic. Supported by structural reforms, **investment growth is now needed to address structural backlogs, drive a sustainable recovery, sustain employment and address investment gaps inside and outside the EU.**
- IV. The EIB Group has proven its flexibility when providing financial solutions for crisis situations. The **EIB Group's unique expertise places it in a privileged position to act in a complementary manner** to the large-scale, longer-term EU response to the pandemic crisis through [Next Generation EU](#) and national support for public investment. The EIB Group is already adapting its role and focusing on its core strengths to be a partner of the EU Member States in implementing a broad-based response to support a sustainable transition.
- V. The **Group Operational Plan 2022-2024 builds on the EIB Group's unique technical and financial expertise** across four dimensions:
  - i. deploying the EIB Group's resources strongly in areas of strategic importance for the European Union;

- ii. maximising the EIB Group’s additionality and impact through a gradual increase of its own higher-risk and advisory activities;
  - iii. ensuring the EIB Group’s long-term financial sustainability;
  - iv. reinforcing the way the Group works.
- VI. **Additionality and impact are the central drivers** of the EIB Group’s mission in overcoming market failures and investment gaps. The financing programme for 2022-2024 outlines how we will step up our ambition to support the climate transition, invest in a sustainable recovery and address the most pressing **structural investment gaps**. These gaps are linked to the green and digital transition as well as the achievement of the Sustainable Development Goals (SDGs).
- VII. Given the current developments in certain segments of the capital and banking markets, the key market challenge for the EIB Group in the area of business origination is to find ways to channel the ample liquidity in the market into high-impact projects. As outlined in [Section 2](#), the EIB Group Investment Survey of 12 500 EU firms during 2021 highlighted “uncertainty” (macroeconomic uncertainty, technological uncertainty and often regulatory uncertainty) as a key obstacle to investment, with high levels of leverage (often a legacy of the pandemic) and structural weaknesses, such as relatively weak EU capital markets, exacerbating the problem of weak aggregate investment.
- VIII. **Our business delivery will continue to be adapted** to changing market needs. Since the introduction of the concept of Special Activities in the EIB Statute in 2009, which allows the EIB to accept a higher risk profile than generally accepted by the Bank, we have substantially increased our support through higher-risk products under a multitude of mandates, in particular the European Fund for Strategic Investments (EFSI). Mandates coming from the EU budget have allowed the EIB Group to become more experienced in developing and managing the higher-risk products and higher-risk activities that have accounted for around 30% of the EIB’s business volumes in recent years. Higher-risk products are unique instruments that enable the Bank to target specific market needs and generate high impact and additionality. The Operational Plan allows for **a gradual increase of higher risk-taking at the EIB’s own risk** to compensate for smaller mandates. This will help to ensure the EIB Group keeps doing its work across Europe and increase its presence beyond the EU, in line with expectations.
- IX. We will enhance our financial and advisory products to respond to evolving market needs, which will require changes in the Group’s culture, processes and tools. These changes, together with targeted risk-taking and the optimisation of the use of the EIB’s capital headroom, will allow the EIB Group **to enhance its complementarity**, not only with other public funds (such as the EU’s Recovery and Resilience Facility), but also with commercial lenders to crowd in investment across Europe in areas where the Group is at the forefront of the EU’s growth agenda — notably in financing the fight against climate change and fostering innovation.

- X. Debt products with a higher risk profile are not only designed for clients in the private sector (corporates and banks), but also the public sector in lower-graded countries. These products include longer loan terms. The EIB remains key to unlocking sub-sovereign investment projects that require long maturities. Hence, the Bank continues to play an important role in addressing investment gaps in sectors such as social housing, small utilities, public transport, sustainable transport and education projects.
- XI. The financing programme will be implemented **in line with Board-approved policies and strategies**, in particular the [Climate Bank Roadmap](#) and the [Cohesion Orientation paper](#), along with other key documents such as the [Energy](#) and Transport lending policies, and the Environmental and Social Sustainability Framework and Standards. With gender equality a key to its mission, the EIB Group will increase its efforts to mobilise and leverage capital for gender lens investment inside and outside the EU. The [Gender Policy Action Plan](#) for 2022-2024 calls for the development of dedicated financial products to enhance female entrepreneurship, leadership and employment.
- XII. On 22 October 2021, the [European Council](#) “invited the European Investment Bank to look into how to speed up investment in the energy transition, within its current capital headroom, with a view to reducing future disruption risks and meeting Europe’s global connectivity ambitions.” This Operational Plan reflects the request by European leaders for more ambition on climate action, sustainable energy and infrastructure, and global connectivity, optimising the use of the EIB’s available capital resources.
- XIII. Climate investments must be accelerated. Scientists are observing changes in the Earth’s climate in every region and across the whole climate system, according to the latest [Intergovernmental Panel on Climate Change report](#). Increasingly frequent and intense extreme weather events as witnessed in the recent drought and fires in Southern Europe, Russia and North America and severe flooding in Western Europe, Africa and Asia, confirm that **fighting climate change** is the defining global challenge of our time. The EIB Group remains committed to continuing to increase its efforts to unlock financing dedicated to supporting **climate action and environmental sustainability**<sup>1</sup>.
- XIV. Innovation is a driver of competitiveness, climate and development, but a significant structural gap persists in EU **innovation and digitalisation** investment. This gap has been exposed during the pandemic and could increase during the recovery. A key objective of the EIB is to safeguard and develop Europe’s autonomy in key technologies and to back the technological transformation of European companies while accelerating digitalisation. This process will increase resilience and must be carried out in a manner that focuses on productivity — by generating synergies and improving services, for instance. Significant investment in the development and scale-up of new and enhanced low-carbon technologies is also required to cut emissions throughout the economy.

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<sup>1</sup> In that context, the Bank will also implement the [revision of its Transport Lending Policy](#)

- XV. **EU cohesion policy** has been at the heart of EIB operations since the Bank's foundation and is enshrined in the Bank's Statute. Under the new EU cohesion policy for 2021-2027, the EIB Group's contribution to economic, social and territorial cohesion will continue to help countries and regions across the EU where development is uneven. The asymmetric impact of the pandemic reinforces the need to keep a focus on cohesion. As part of its new Cohesion Orientation paper for 2021-2027, the EIB Group will increase its financing dedicated to cohesion with an orientation of 40% of financing in the EU for 2022 (reaching 45% by 2025), of which 20% in less developed regions (reaching 23% by 2025). The EIB Group's contribution to the EU's **Just Transition Mechanism** provides an important bridge between the Group's two key cross-cutting policy objectives of climate action and cohesion.
- XVI. The EU faces urgent and complex **development challenges** related to its global development cooperation and international partnerships, including the climate crisis and the severe setback to the SDGs caused by the pandemic. Political instability, security concerns and migration may further increase these challenges. A concerted and ambitious EU response is warranted and should be backed by appropriate financial resources and instruments.
- XVII. In response to official talks on the European financial architecture for development (EFAD) process and the Council's Conclusions in June 2021, the EIB Board of Directors endorsed the concept of an **EIB development branch**, to be launched on 1 January 2022. The new branch will be called EIB Global. This institutional adjustment will enable the EIB Group to provide better support for the development and international cooperation goals of the EU. The branch will make a key contribution to the goals of strengthening EU strategic autonomy and improving multilateral cooperation.
- XVIII. Bank activities outside of the EU will be organised under this new branch. The EIB Group Operational Plan 2022-2024 incorporates the activities of EIB Global and creates a framework for its annual business implementation plan, and a starting point for its work on a long-term strategy. While the business mix will continue to focus on areas where the EIB can add value, the reorganisation will create more impact because we will deploy our expertise and experience outside the EU more effectively in priority areas such as climate action, health and digitalisation. We will create a stronger local presence and adapt products and business models to local needs. We will have closer cooperation with partner institutions to enhance the EU's development impact in [Team Europe](#). This will be carried out under the mandates of the **Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe**. The Bank will build on more than 30 years of activity in over 140 countries outside the EU.
- XIX. The European Commission's ongoing joint-programming exercise will provide a basis for formulating the geographical priorities of the EIB's activities outside the EU. In terms of the business mix, the Operational Plan — similar to the EIB Group's business delivery inside the EU — allows for a shift towards higher risk-taking at the EIB's own risk as well

as increased technical assistance and advisory services that will facilitate project origination, accelerate implementation and enhance impact. Further details are provided in [Section 4](#).

- XX. To respond to the European Council's invitation for the EIB Group to optimise the use of its current capital headroom and to **support Europe's ambition when it comes to a global green transition, with a focus on green and sustainable energy and infrastructure, along with connectivity and digitalisation**, the Operational Plan also foresees the creation of a new **EU Global Green Transition and Connectivity (EGGTC) facility**, with a global geographical scope.
- XXI. The EU's global green transition and connectivity agenda is key to strengthening the EU's resilience and long-term competitiveness. This is reflected in the State of the Union address of 15 September 2021 by Commission President Ursula von der Leyen, who called for a [Global Gateway initiative](#) that will strengthen Europe's position in the world. Investing in a green transition, digitalisation and connectivity globally is mutually beneficial for the EU's partners and for the EU's own competitiveness and resilience. In light of initiatives by other economic powers, EU global connectivity aims at offering an alternative model of partnership and governance.
- XXII. Thanks to its unique financial and sector expertise in identifying and implementing high-impact and strategically important projects and its 100% EU governance, the EIB is naturally playing a key role in this flagship Team Europe initiative and is in discussions with the Commission about how to further strengthen its contribution, including through the EGGTC as well as enhanced support through the NDICI mandate.
- XXIII. While sovereign-backed investments will play a crucial role for connectivity and the green transition, investment needs can ultimately only be met if private sector investments are mobilised on a sufficient scale. The proposed EGGTC facility would complement the Bank's interventions under the NDICI with a private-sector-focused instrument, enabling the EIB Group to support the EU's ambitions.
- XXIV. The Group will also remain focused on supporting EU policy priorities and working in partnership with other institutions, in particular the European Commission, to implement **EU mandates** under the Multiannual Financial Framework (MFF) for 2021-2027. Furthermore, the EIB Group remains ready to respond to calls that may be made by EU leaders as the European agenda evolves.
- XXV. The EIB Group retains a major role in the success of financial instruments funded by the EU budget, such as the NDICI mentioned above, and will be the key implementing partner of **InvestEU** with the responsibility for the management of 75% of the overall budget of the mandate. The EIB Group has the skills and expertise to step up and provide an optimal mix of investment financing for the wider EU benefit, both within and beyond its borders.

XXVI. The EIB Group Operational Plan sets orientations for all EIB Group activities. The overall EIB Group financing programme for 2022-2024 has been calibrated to optimise the additionality and impact of the Bank's activities inside and outside the EU, the EIF and the Advisory Services. The EIB Group will use its full potential to respond to the invitation from the European Council.

# 1. Decisions of the EIB Board of Directors

The EIB Group operates a rolling three-year Operational Plan, reviewed mid-year and fully updated on an annual basis. The Group Operational Plan 2022-2024 includes orientations for performance and summarises the major priorities and activities for delivering the Group's strategy for the next three years. Particular focus is given to the activities for 2022 although orientations are presented for a three-year period, and special attention is paid to ensuring the Group's longer-term financial sustainability.

On the basis of the Operational Plan as described here, the EIB Board of Directors approved the following:

## *EIB Group financing programme*

- I. A **total new signature volume for the EIB Group** (incl. own and third party resources) of EUR 69.1bn for 2022 (EUR 74.2bn and EUR 77.0bn for 2023 and 2024, respectively),
  - of which EUR 60.8bn of EIB signatures in 2022 (EUR 64.3bn and EUR 68.8bn for 2023 and 2024, respectively).

The signature orientations for 2022 are presented with a +10%/-10% flexibility allowance for continued uncertainties in the market.

Table 1 summarises key indicators defining the financing programme of the Group.

**Table 1: Summary of EIB Group activities**

	Unit	2022	2023	2024
<b>Group Signatures (own and third party resources)*</b>	EUR bn	69.1	74.1	76.9
* Orientations at Group level avoid double counting of joint transactions (e.g. EIF operations back-to-back guaranteed by EIB). 2022: EUR 1.9bn, 2023 and 2024 : EUR 1.0bn				
<b>EIB - EU activity</b>	EUR bn	51.2	54.2	58.2
<b>EIB Global<sup>(1)</sup></b>	EUR bn	9.6	10.1	10.6
<b>EIF</b>	EUR bn	10.3	10.8	9.1
<b>Group Disbursements</b>	EUR bn	44.7 - 51.9	43.5 - 51.8	46.7 - 55.0
<b>Group Public Policy Goals</b>	EUR bn			
-Innovation, Digital and Human Capital	EUR bn	20.3	21.4	21.9
-SME & MidCap Finance	EUR bn	19.1	19.2	19.3
-Sustainable Cities and Regions	EUR bn	13.9	15.0	16.0
-Sustainable Energy and Natural Resources	EUR bn	17.8	19.6	20.6
<b>Total number of new advisory assignments</b>	#	310	360	390
<b>No. of Group operations benefitting from advisory support</b>	#	70	80	90

(1) EIB Global orientations include the full scope of countries covered by the branch and exclude other non-EU countries (e.g. EFTA, legacy UK)

## *Borrowing programme for the EIB Group*

- II. An annual **global borrowing authorisation**<sup>2</sup> for the EIB Group for 2022 of up to EUR 50.0bn and the implementation of treasury and derivatives management operations.

## *EIB budget*

- III. The expenses and revenues of the operating budget and the capital budget for 2022. The overall **operating expenses budget** is EUR 1,126m implying a **cost coverage ratio** of 144%.
- IV. The delegating of decisions to the Management Committee regarding staff and operating expense budgets relating to existing mandate agreements provided that the budgetary framework of these mandates approved by the EIB Board of Directors is complied with (as granted in the Operational Plan 2022).
- V. The principle of making relevant resources available during 2022 for other new initiatives provided that the EIB Board of Directors will have approved these initiatives and will have been informed of the impact on the 2022 budget and cost recovery accordingly.

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<sup>2</sup> The borrowing authorisation represents the maximum limit and should not be seen as an imposed target. The Bank also reserves the possibility to adjust it, particularly if its funding needs change during the year.

## 2. Economic outlook

**While the rebound of the global economy has strengthened, the recovery has been uneven.** The degree of success of national vaccination rollouts will remain an important determinant of the speed and extent of the normalisation of economic activity, as well as resilience to renewed outbreaks. Rollouts remain uneven, however, with advanced economies clearly ahead of developing countries and emerging economies. Against a background of heightened uncertainty, the baseline of the Commission's Autumn 2021 Economic Forecast sees global economic growth bouncing back from a 3.4% contraction in 2020 to 5.7% in 2021, 4.5% in 2022 and 3.5% in 2023.

Advanced economies grew more quickly than expected in 2021, supported by the vaccine-enabled re-opening of businesses, strong consumer spending and supportive monetary and fiscal policies. Vulnerable groups, such as those in precarious or informal employment, have been hit hard by the economic fallout. Where pandemic containment measures have eased, the recovery is spreading to the service sectors, but risks of a renewed health crisis remain elevated, especially for countries with delayed or stalling vaccination programmes.

**Emerging and developing economies**, excluding China, have been **hit harder by the pandemic than advanced economies** and many are set to take longer to recover, while remaining more vulnerable to setbacks. Vaccine rollouts are generally slower, which also implies heightened vulnerability to COVID-19 variants. Policy support has also been more limited, as fiscal space is tighter and economies are more exposed to rising inflationary pressures, which curbs available monetary support. Inequality has worsened due to the negative impact of the pandemic on employment. The impact is more severe than in advanced economies and will likely hamper the recovery in living standards. Aside from the pandemic, many low-income countries are extremely vulnerable to climate change and face high investment needs for implementing mitigation and adaptation strategies, while introducing green technologies.

**Supply-side constraints pose a risk to the recovery** and a sustained increase in prices, notably for energy, could slow the green and digital transitions. In 2021, inflation jumped as demand rebounded. The pandemic created supply bottlenecks. Price rises were marked for freight-shipping, commodities and intermediate goods, whereas concerns about energy price hikes have developed into a major policy issue. The baseline projections from the Commission and the European Central Bank view these supply constraints as transitory, if more persistent in the short term than had been expected during the earlier stages of the recovery. The digital transformation and measures to address climate change are further increasing demand for investment goods and putting pressure on productive capacity.

For the **European Union, the economic rebound strengthened throughout 2021** and safeguarding the recovery is a priority. After a severe contraction of 5.9% in 2020, the Commission revised upward its baseline forecast for economic growth, which, following a rebound of 5% in 2021, is expected to be 4.3% in 2022 and 2.5% in 2023. The pace of the recovery is uneven with some EU Member States having already returned to pre-pandemic output levels in 2021, while others are lagging behind. The length of the recovery is broadly proportional to the severity of the impact of the pandemic, with southern Member States particularly affected. Together with the vaccine rollout, massive public sector support

measures shielded the economy, limiting rises in unemployment and bankruptcies. This should support demand during the recovery, possibly at the cost of a slower reallocation of resources across the economy. Still, vulnerability to setbacks remains significant. In many Member States, vaccine rollouts are below target. In addition, policy support has come at the cost of greater indebtedness, including in the corporate sector. As support measures expire, **more targeted interventions and supportive structural policies should help to maintain momentum for the recovery.**

**Investment in the EU** is set to increase in the coming years. Supported by fiscal measures, notably the national recovery and resilience plans under the temporary Recovery and Resilience Facility (RRF) of Next Generation EU (NGEU), public investment is set to support a recovery with a focus on tackling the green and digital transitions. With an improving economic outlook, corporates in the EU are set to scale up investment, albeit from low levels. The [EIB Group Investment Survey](#) in 2021<sup>3</sup> (EIBIS 2021) confirms that while many corporates had delayed and scaled back investment plans in 2020, sentiment turned more optimistic in 2021, with a rising share of corporates looking to increase investment.

Investment and structural reforms are the main channels for driving the recovery and equipping the EU for the twin transition challenges of digitalisation and climate change. **Investment gaps in the EU remain substantial**, with the severity of needs and priorities varying by region and exacerbated by the pandemic. Europe needs to build on its excellence in basic research to foster and bring to market disruptive technologies, and to safeguard its advantage in green and digital technologies.

Yet, while the EIB Group Investment Survey 2021 shows that the pandemic has pushed many corporates to increase their innovation efforts, it has also held back their drive to increase investment in innovation and digitalisation and to tackle climate change. This is particularly the case in less affluent cohesion regions. The adoption of advanced digital technologies stalled in 2020. With an improving economic outlook, firms are looking to increase capacity and to catch up on delayed investment projects. For digitalisation and innovation, the Bank estimates an annual investment gap of EUR 255bn, while the estimated gap for investments addressing climate change and environmental sustainability across all sectors amounts to EUR 363bn. Among the latter, the largest share is accounted for by the energy sector (with around EUR 200bn per year), and energy efficiency in particular. The adverse effect of the pandemic on economic growth and government budgets has made this challenge even more acute and public development banks have an important role to play in overcoming these investment gaps.

Infrastructure investment gaps have tended to rise over the decade following the global financial crisis, especially in Member States that had low public investment. The [EIB Municipality Survey](#)<sup>4</sup> shows that these deficits include the areas of climate change mitigation and adaptation, and the pandemic has underlined the need for increased investment not only in digitalisation, but also social infrastructure, in particular for health and social housing. Such investment gaps tend to be greater in cohesion regions. Gaps in basic infrastructure,

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<sup>3</sup> The EIB Group Investment Survey (EIBIS) annually surveys some 12 500 firms in the EU. EIBIS 2021 focused on the impact of COVID-19 as well as innovation, digitalisation and climate change. Firms were interviewed over the summer of 2021.

<sup>4</sup> The EIB 2020 Municipality Survey interviewed some 685 municipalities in the EU over the summer of 2020.

such as deficiencies in waste treatment and water utilities as well as urban transport, social housing or healthcare, are more prevalent in less affluent regions.

Addressing the EU's major **structural investment gaps** requires overcoming not only financial, but also non-financial investment barriers and a massive mobilisation and coordination of resources and capacities. This requires **reforms** to build technical and administrative capacity and reduce regulatory hurdles. Targeting and implementing transformative investments via funds from the Recovery and Resilience Facility requires substantial technical and administrative capacity. The EIB Group has a unique vantage point on investment barriers, since it can draw on its operational experience as well as the EIBIS surveys of EU corporates and municipalities along with EIF financial surveys and analysis. Operational analysis identified issues holding back investment projects, including fragmented markets along national borders, uncertain and fragmented regulation, weak capacity of public sector promoters and national budget constraints.<sup>5</sup> The survey evidence underlines the following issues:

- a. **A lack of funds and financial barriers** remain an issue in certain areas, especially for smaller firms and municipalities, notably for investments to tackle the digital and green transitions. Most EU corporates enjoy adequate access to financing. While conditions have improved, small and medium enterprises remain more likely to be financially constrained. In some Member States this asymmetry is more pronounced, with one in five such companies identifying finance as a constraint. Moreover, the type of investment matters. When asked about barriers to investment that would finance their green and digital transitions, two out of three SMEs identify the cost of such transformative investments as an issue and one out of two identifies the availability of finance as a constraint. Financial incentives targeting such transformative investment can be effective, with firms that received such support twice as likely to have invested in these areas. SMEs also highlighted their need for advice and technical assistance to identify available funding options for the green transition. In the public sector in 2020, municipalities identified a lack of funds as the principal barrier to investment, including for green investments. However, uncertainty about regulation and taxation and a lack of technical capacity also play a crucial role (see points c. and d. below).
- b. Financing also needs to be tailored to project characteristics. **Innovation investment** as well as startups and scale-ups require long-term commitment for payoffs that are uncertain, as can be seen in vaccine development or innovative green technologies. These payoff characteristics need to be reflected in financial structures and typically require more equity and mezzanine finance, such as venture debt. Compared to the United States, EU capital markets struggle to provide these structures in sufficient volumes. One reason is a lack of scale, which the completion of the Capital Markets Union would partially address. Development banks can play a role and crowd in private investment, for instance by taking higher-risk tranches. On the financing side, high investee company valuations, competition from other investors, disruption of business activity due to COVID-related restrictions and fundraising were ranked top in the list of challenges in 2021.

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<sup>5</sup> In its 2021 Investment Barrier Report to the Commission, the EIB focused its analysis of operations on the following sectors: i) climate change adaptation, ii) micro and nanoelectronics; iii) supply chains in the health sector; and iv) rail rolling stock.

- c. A lack of skills and technical capacity has developed into widespread issues.
  - i. Corporates identify a **lack of skills** as the principal barrier to investment, with four out of five firms noting it and one out of two firms stating that it is a major barrier. Skills are particularly relevant for the twin transition challenge, with small and medium enterprises identifying a lack of skills as the main issue for digitalisation and key also for climate change. When asked about the type of policies that would facilitate the green and digital transitions, these companies highlighted technical support and advice.
  - ii. **In the public sector**, municipalities identify technical capacity as a main barrier to investment, including green investment. Many municipalities develop administrative capacity to engage with the green and digital transition, but building and maintaining technical capacity is costly.

The EIB's experience with the European Investment Advisory Hub (EIAH) demonstrated the importance of ensuring that private and public sector capacities complement each other and how the flexible redeployment of resources can help investment, in particular in smaller municipalities.

- d. **Clarity of regulations and standards**, such as the EU taxonomy for sustainable activities, is as essential as their uniform application. Corporates note that regulatory certainty is particularly relevant for the green transition, with SMEs underlining the importance of clear decarbonisation strategies. Municipalities equally cite regulatory hurdles as a major barrier to investment. Understanding and applying these regulations to investment projects involves a level of complexity that increases the need for skills and enhanced institutional capacity.
- e. More corporates identify **energy costs** as a barrier to investment that is becoming one of the main issues.

**Outside the EU, investment gaps vary across regions**, depending on the level of development as well as the impact of climate change and the pandemic. The pandemic has exposed investment needs in public health systems and digital infrastructure, and also areas of vulnerability due to a lack of fiscal space, high debt, fragile financial systems and low economic diversification. In the private sector, the financial situation of firms has deteriorated, with finance constraints increasingly prevalent. Small and medium enterprises appear to be falling behind in the digitalisation process. Many regions in emerging markets and developing countries are at the forefront of the climate emergency. Achieving resilience in energy, food, education, health and business systems requires urgent infrastructure investment. Investment is also required to expand access to quality healthcare and digital services. In addressing these important priorities for developing economies, other challenges have to be addressed, including institutional strengthening and implementation capacity.

## 3. Additionality and impact

### Evolving policy challenges

As the economic recovery unfolds, the focus for EIB Group activities will increasingly shift from a countercyclical response to addressing the **longer-term structural challenges** in the EU, particularly in the **mutually reinforcing key EU policy areas** of climate action and the environment, cohesion, innovation and development. As outlined in [Section 2](#) above, however, the economic recovery is still fragile and there are significant differences across the EU regions and sectors, which requires a differentiated approach.

**Achieving climate neutrality** will continue to be a key and ambitious objective for the EU. The EIB Climate Adaptation Plan, approved by the EIB Board of Directors on 13 October 2021, will further enhance the EIB Group's capacity to support climate action and environmental sustainability. The EIB Group will also further strengthen its cohesion activities and its contribution to a just transition to ensure that regions and people are not left behind.

The COVID-19 pandemic has exposed the increased **need for digital transformation** where artificial intelligence and big data play essential roles. However, digitalisation is happening at a slower pace in Europe and, as noted in [Section 2](#), investment gaps remain significant. The combined impact of prolonged negative interest rates and the fast-growing developments in fintech and digitalisation, including the use of blockchain technologies, is affecting private and public banks' business models and could lead to changes in the traditional financial intermediation model.

Achieving the [Sustainable Development Goals](#) (SDGs) in low- and middle-income countries remains challenging. Prior to the pandemic, the OECD estimated the global investment gap to be USD 2.5 trillion annually. Greater support for the SDGs will require leveraging limited budgetary and financing capacity as well as addressing low absorptive capacity in many developing countries facing debt burden and debt sustainability issues. The establishment of EIB Global will strengthen the EIB's development impact and support the promotion of the EU's policy objectives and standards externally.

Additionality is central to the mission of a public bank such as the EIB. The EIB's strategy of maintaining a **gradual shift towards knowledge-driven and higher-risk activity should generate even greater additionality**, as private sector capacity is more limited and investment gaps persist (see also [Section 2](#)). Higher risk-taking through Special Activities has enabled the Bank to reach out to new clients and sectors, and develop products that respond to shifting market dynamics and evolving market needs. Going forward, higher-risk activities will help to deliver the ambitious climate and digital targets through the use of instruments addressing the investment gaps in these sectors. See [Section 4](#) for further details.

## Promoting EU policy priorities and objectives

The EIB Group's **public policy goals** (PPGs) are rooted in the requirement to demonstrate how its operations support the EU's policy priorities. Under the MFF 2021-2027, EU priorities give renewed emphasis to the single market, innovation, digitalisation, cohesion, natural resources, the environment, transport, energy, the just transition, neighbourhood development and international cooperation. At the same time, the EIB Group has stepped up its own ambitions as the EU climate bank and its contribution to the SDGs.

These factors led to a review of the EIB's PPGs in 2020. As of 2021, the Bank's four vertical PPGs are:

- a. **Sustainable cities and regions** — Transport, integrated territorial development;
- b. **Sustainable energy and natural resources** — Energy, natural resource use, management and protection, water, wastewater and waste management;
- c. **Innovation, digital and human capital** — Research, innovation and digital, education and training, health;
- d. **SME and mid-cap finance.**

The two cross-cutting indicators are **climate action and environmental sustainability** and **economic and social cohesion**.

At the same time, the EIF developed its own set of PPGs to take into account the nature of its mandates and products. The exercise involved mapping its own policy goals with the EIB's, which means that the overall volumes of the EIB Group's public policy goals can be presented for the first time in this Operational Plan (see [Table 3](#)).

### Climate action and environmental sustainability

The EIB Group is one of the world's largest financiers of **climate action**. Over the period 2012-2020, the EIB provided EUR 197bn of finance supporting over EUR 670bn of investment in projects that protect the environment, reduce emissions and help countries adapt to the effects of climate change.

In line with the political ambition behind the European Green Deal, the EIB Board of Directors decided in November 2019 to increase support for climate action and environmental sustainability **to over 50% of overall EIB lending and investment activity by 2025**, and thus help the EIB Group to leverage EUR 1 trillion of investment over the critical decade to 2030. In addition, it decided to ensure that all financing activities would be aligned to the goals and principles of the Paris Agreement by the end of 2020.

To fulfil these commitments, the EIB Group developed a **Climate Bank Roadmap**, which was approved by the EIB and EIF Boards of Directors in November 2020. The roadmap provides the operational framework for the Group's activities in climate action and environmental sustainability from 2021 to 2025.

As a result of the approval of the new Energy Lending Policy in 2019 and the Climate Bank Roadmap in 2020, the EIB is the first Multilateral Development Bank (MDB) to be **Paris-aligned**. Since the start of 2021, all new EIB Group operations have been aligned with the goals

and principles of the Paris Agreement, in other words with a pathway towards low-carbon and climate-resilient development. In addition, when assessing the economic case for an investment, the Bank is using a revised and increased shadow cost of carbon, which forms an integral part of its approach to supporting new road projects.

The roadmap sets out an alignment framework, principally for projects. However, it also commits the Bank to extending this framework to cover the wider activities of counterparties, in particular to help them to decarbonise and manage physical climate risks better. This extended framework, which was approved by the EIB and EIF Boards of Directors in October 2021, leverages upcoming EU legislation to support counterparties in disclosing their climate performance along with their long-term sustainability plans and ambitions (the [PATH framework](#)).

In the roadmap, the EIB Group committed to aligning with the **EU taxonomy** for defining and tracking its climate action and environmental sustainability. The first delegated act under the EU taxonomy was published in the Official Journal of the European Union on 9 December 2021 and the EIB will continue to closely monitor the second delegated act. The EIB contributes to the EU Platform on Sustainable Finance, a permanent expert group tasked with advising the Commission on further developing the taxonomy.

Moreover, the EIF is committed to contributing to the Group's ambitions regarding the climate and environment. As a result, the EIB Group now has the capability to support a wide range of green investment, from large-scale infrastructure projects to the development of innovative "green" technologies. To accelerate the innovation cycle — from research to large-scale commercialisation — of critical clean technologies, the **Group will continue to enhance its product offering to generate more climate- and environment-oriented financing** in support of key policy objectives, and to deliver additionality by addressing specific investment needs and market gaps or by catalysing additional "green" investment (see [Section 4](#)).

In the roadmap, the EIB recognises the need to increase substantially its efforts on adaptation. In support of the EU Adaptation Strategy, the EIB's [Climate Adaptation Plan](#) sets out its increased ambition on adaptation support, including an increase of EIB adaptation finance to 15% of its total climate lending by 2025. The plan identifies sector investment areas to enhance the impact of the EIB's adaptation finance, with a focus on the most vulnerable regions of the world. In support of this ambition, the plan puts forward measures to increase the EIB's advisory services and its knowledge and financing partnerships.

During the **26<sup>th</sup> UN Climate Change Conference of the Parties (COP26)**, all countries needed to come forward with significantly more ambitious Nationally Determined Contributions (NDCs), with 2030 greenhouse gas targets consistent with a pathway to net-zero greenhouse gas emissions and the Paris temperature goals. Countries also submitted longer-term low-carbon strategies. COP26 had a strong finance agenda and the EIB Group, as the global leader in climate finance, actively participated at the conference, and issued, with other multilateral development banks, a joint statement on their collective climate ambition, calling for a significant expansion and acceleration of climate action across countries and economic sectors. At COP26, the EIB also formally launched its Climate Adaptation Plan and the PATH framework.

To address the climate change and biodiversity crises, the EIB Group is also taking an increasingly active role on nature, and has been actively involved in the preparations for the

Joint MDB Declaration on Nature, which was endorsed by the G7, and is also developing further its activities on **biodiversity**.

## Sustainable infrastructure

Following the publication of the **EU taxonomy**, projects must meet the detailed criteria of the taxonomy to be considered sustainable. The Bank has committed to complying with the taxonomy from 1 January 2022. The taxonomy has a significant impact on the Bank's due diligence activities. More information about projects will be requested and provided in order to comply with disclosure and transparency requirements.

The Bank will complete a review of its current Transport Lending Policy in early 2022 in coordination with other EU institutions, after consulting with civil society and all relevant stakeholders.

For **sustainable transport lending**, the focus will be on supporting the decarbonisation of transport and electrified modes, notably rail and urban mobility. For roads and vehicles, particular emphasis will be placed on sustainable fuels and electric vehicle charging. The EIB is an implementation partner for the new EU Alternative Fuels Facility, a blending facility for charging electric vehicles, which is expected to stimulate significant investment by Member States. In all transport sectors, opportunities for climate adaptation lending will be prioritised.

**Energy efficiency** concerns all sectors of the economy. The EIB will support investments required to reduce demand for energy in buildings and industry, as well as in the supply of energy. In particular, the Bank will focus on the following: support for the increase of the renovation rates of buildings; support for high levels of energy performance in new buildings; and the increase of energy efficiency investment by small and medium enterprises and industry more broadly. There is an urgent need to invest, and financing energy efficiency remains complex. The Bank will continue to support energy efficiency through energy performance contracts, which is particularly relevant to public sector programmes.

For **sustainable energy**, in line with the invitation from the [European Council](#) of 21 October 2021 to speed up investment in the energy transition, the focus will be on decarbonising energy supply particularly by supporting investments in renewable energy. In the EU, the EIB will support investments to meet the 2030 targets and, in line with the European Green Deal, foster the market integration of renewable energy projects as well as increased regional cooperation. Investments in renewable electricity/heat generation and system flexibility/storage will also play an important role in decreasing dependence on fossil fuel imports and their impact on final energy prices.

In the period beyond 2030, **diverse low-carbon technologies** that are currently at the demonstration or prototype phase will need to be developed and deployed, in particular dispatchable generation technologies that can add capacity and flexibility to power systems. Examples include various forms of storage and demand-side response technologies, which are projected to provide the bulk of electricity flexibility options by 2050. Carbon capture, utilisation and storage technologies are also important options for the clean energy transition. All effective technologies must be mobilised to achieve climate goals in a cost-optimal and secure way. A strategically direct and quick increase in spending on research and development is therefore needed. Developing, demonstrating and deploying clean energy technologies will boost the availability of innovative technologies as a hedge against technological uncertainty and this will enhance energy security.

Outside the EU, the EIB will prioritise investments that will help **increase the share of renewables** in line with the NDCs under the Paris Agreement. In addition, particular emphasis will be placed on early-stage and innovative low-carbon technologies which will be needed to achieve the long-term decarbonisation goals.

For **infrastructure for energy**, the focus will be on supporting the development of electricity networks, including the interconnection target agreed for 2030, and European projects of common interest. The EIB will look to prioritise investments that increase network flexibility. In addition, for low-carbon gases and heat supply, the targeted activities will range from the production, transportation and distribution of low-carbon gases to their integration within the power and heat sector. In all sectors, opportunities for climate adaptation and environmentally sustainable lending will be prioritised.

In line with the European Green Deal and the Commission's circular economy action plan, the EIB will increase its support for **the transition to a circular economy** with a focus on sectors that use the most resources and where the potential for circularity is high. Priority will be given to investments that deploy innovative circular technology, services and business models, which enable greater circular resource efficiency across various sectors.

**The bio-economy and rural development** are central to the European Green Deal. If managed sustainably, the bio-economy, for example through afforestation and carbon farming, can sequester significant amounts of greenhouse gases in soils, primary biomass at a relatively low cost. At the same time, the biological potential of land and the ocean to produce food and biomass sustainably will be severely affected by climate change, and adaptation measures are critically needed. Besides their ecological importance, rural development and the bio-economy are also crucial for addressing the socioeconomic divide and ensuring that no region is left behind. The EIB will support the continuing development of sustainable business models in agriculture and forest industries.

## Innovation, digital and human capital

The EIB Group remains fully committed to strengthening the European Union's competitiveness in support of long-term sustainable growth and employment. To this end, it uses various instruments targeting the private and public sector, and in particular innovative small and medium enterprises and mid-caps. The EIB Group's support for **innovation** increasingly targets climate objectives as well, including the financing of green breakthrough technologies from the early stages of research and development until market launch. The EIB closely cooperates in this area with the Commission and the EU Innovation Fund. In line with the European Green Deal, emphasis will be on the development, demonstration and first commercial deployment of cutting-edge innovations and breakthrough technologies and solutions for the deep decarbonisation of the European economy. Examples of such technologies and solutions include battery manufacturing for vehicle electrification, the electrification of industrial heat and power, carbon sequestration techniques, low-carbon hydrogen industrial processes and other alternative low-carbon fuels and raw materials, and innovative circular business models enabled by digitalisation.

The EIB Group is adapting its innovation financing programme, shifting from a volume-driven to a value-driven approach. Financing in the private sector is increasingly focused on supporting the growth of **young and innovative companies**, which sometimes involves risk-sharing arrangements with EU budgetary resources.

The EIB Group's financing priorities will continue to be closely aligned with **EU innovation policy**. The new Horizon Europe research and innovation framework programme under the MFF 2021-2027, will focus on (i) strengthening the EU's scientific and technological bases and the European Research Area, (ii) boosting Europe's innovation capacity, competitiveness and jobs, and (iii) delivering on citizens' priorities and sustaining Europe's socioeconomic model and values.

Similarly, the EIB Group's **digital economy** priorities will be aligned with the new Connecting Europe Facility (CEF2) Digital Programme, which targets investments in digital connectivity infrastructure of common interest. They will also be aligned with the Digital Europe programme, which is focused on expanding the EU's digital capacities and widely deploying digital technologies.

In line with the European Digital Strategy and its targets under the Digital Compass of providing gigabyte connectivity and 5G to everyone by 2030, and to take into account the EU policy on cybersecurity, the EIB Group will continue to support **digital investments and space-based communication infrastructure and services with high additionality**. The rollout of very high capacity fixed and mobile networks across Europe is a critical complement to business sector innovation, but the speed of this rollout is held back by market failures due to the considerable revenue risks involved. Very high capacity networks support appropriately advanced technological solutions for transmitting and safely storing drastically increasing amounts of data. 5G networks in particular serve as the foundation for new digital services, digital innovation and the digital transformation of the business and public sectors, including the health and education sectors.

The EIB Group supports the **space sector's infrastructure** and related communication services, which are of utmost importance for the resilience of digital infrastructure (and thus for public safety and disaster recovery), while also enabling specific critical applications such as environmental monitoring.

Europe's strategic independence in critical technologies is a prominent objective in EU policies, also due to the emergence of bottlenecks in international supply chains. Europe's share of the global production of **semiconductors** should therefore increase from less than 10% at present to 20% by the end of the decade to decrease its dependence on imports. Very large investments in additional state-of-the-art production capacity are essential to ensure that Europe has access to critical inputs for downstream industrial sectors. Other technology initiatives, such as artificial intelligence, quantum technologies or cloud services, are also being developed to make sure that the EU has independent access to the best technology to boost innovation, economic growth and job creation.

Without people, the economic impact of investing in innovation and digital transformation would be diminished, therefore social inclusion is essential for building up **human capital** across socioeconomic groups and characteristics (such as gender, age and ethnicity) or geographical location (regional cohesion). **Gender equality** and the economic empowerment of women will be a focus area, recognising that gender equality is essential to maximise inclusive economic growth.

The EIB Group will continue to finance **other strategically important sectors** such as life sciences (pharmaceuticals, vaccines, medical technology), health infrastructure and education projects in accordance with the objectives of the European Education Area, the Digital Education Action Plan, Horizon Europe and the EU4Health programme.

The European Green Deal highlights that a key requirement for a competitive and resilient **rural economy** with a reduced environmental footprint is additional investment in innovation and skills in all sub-sectors of the bio-economy. Research and innovation are also key for promoting a bio-based industry hub aiming at developing and using bio-based renewable materials (including fibres) with lower carbon intensity and carbon sequestration potential through long-term use in construction and industry. Investments in the modernisation and improvement of IT connectivity covering smart agriculture and rural broadband play an equally important role in increasing the attractiveness of rural areas and therefore addressing the root causes of rural/urban migration.

## Small and medium enterprises and mid-caps

Supporting **small and medium-sized enterprises (SMEs) and mid-caps** is one of the primary public policy goals and remains a key objective for the EIB Group. Excluding the financial sector, SMEs represent the overwhelming majority of EU enterprises, generating more than 50% of the total value added produced by EU businesses and employing almost two-thirds of the labour force. Often referred to as the backbone of the economy, **SMEs and mid-caps are strong drivers of economic development, innovation and employment**. However, despite this fundamental role, smaller companies continue to be affected by structural market failures, meaning that public support is warranted.

The EIB Group continues to play a fundamental role as smaller companies are affected by structural market failures, as outlined in [Section 2](#). The Group is also continuing to examine how best to support SMEs as part of its efforts to accelerate a green and digital recovery.

Traditionally, the EIB Group's interventions focused on expanding intermediaries' financing capacity, improving financing conditions and diversifying the sources of finance available to small enterprises. The EIB Group offers an **extensive range of intermediated products** to address the obstacles preventing SMEs and mid-caps from accessing finance, including the availability, cost and diversification of financing. It also works on initiatives in specific market and/or sector segments. Under the Climate Bank Roadmap, the Bank positions itself as a market leader in supporting thematic investments undertaken by SMEs in order to promote climate action, and increasingly, it is focusing on other policy objectives such as innovation and female entrepreneurship.

However, SMEs and mid-caps also need **alternative ways of financing** in addition to loans, guarantees or leasing. The last financial crisis showed the value of having **capital market-based** channels of financing available, but SMEs and small mid-caps clearly face structural drawbacks in this area (information asymmetry, limited track records, small size of single issuances and high costs). Therefore, to support the policies and actions related to the Capital Markets Union, the EIB Group will build on its leading equity instruments managed by the EIF as well as securitisation, and the EIB will increase its efforts in offering venture debt and other financing vehicles linked, for example, to corporate bond markets, such as mini-bonds or mid-cap bonds.

Going forward, the EIB Group plans to continue to **develop new products** that can best support SMEs, including guarantees, asset-backed securities, mid-cap lending, equity/quasi-equity and venture debt. The EIB Group is able to support the whole lifecycle of a company from its early seed phases to growth and expansion. For further details, see also [Section 4](#).

## Cohesion and a just transition

**The EU economic and social cohesion** policy is enshrined in the EIB Statute and has been at the heart of the EIB's activities since 1958. The EIB Group's investments continue to contribute to strengthening economic, social and territorial cohesion in the EU.

This Group Operational Plan marks a **turning point** for EIB cohesion financing: the EU cohesion policy has entered the new programming period for 2021-2027 and the [legislative package](#) entered into force on 1 July 2021, including a new EU policy to support a just transition in the territories that face significant challenges in their transition to a low-carbon economy. Furthermore, a new EIB [Cohesion Orientation 2021-2027](#) was developed and approved by the EIB Board of Directors in October 2021.

The most important aspect of the new EU cohesion policy programming period for 2021-2027 is the significant **widening of cohesion priority regions**. EIB cohesion support now covers 78 less developed regions and 67 transition regions. EIB cohesion priority regions therefore now represent 53% of the EU population producing 34% of total EU GDP (compared with 39% and 22% respectively for the previous programming period).

As mentioned in [Section 2](#), the **uneven impact of the pandemic** reinforces the need to keep a focus on cohesion. Regions with more economic activity in sectors heavily impacted by the pandemic and limited possibilities to work remotely experienced stronger disruptions. Regions with a strong reliance on tourism, such as in the Mediterranean, were amongst the hardest hit by job losses. In the ranking of regions by percentage of employment lost in 2020<sup>6</sup>, 80% of the regions in the worst performing quartile are cohesion regions (and 45% are less developed regions). Digital connectivity, higher education levels in the workforce and more innovation activity increased regional resilience to the pandemic shock. Scarring effects on regional economies over the medium to long-term are a concern given the larger negative impact that certain cohesion regions have faced due to the shock. Another concern is how these effects will constrain firms and workers in their efforts to adapt to structural changes in post-pandemic economies.

The **new EIB Cohesion Orientation** sets out the way forward for the EIB's cohesion action for 2021-2027 with a financing orientation of 40% of total EU financing in cohesion regions in 2022, aiming to reach 45% by 2025. This orientation will be closely monitored and reported on each year. As part of this ambition, the Bank will introduce a new key performance indicator for its lending to less developed regions. Following a shadowing phase<sup>7</sup>, the Bank's target will gradually increase to 23% of total EU financing for less developed regions by 2025.

The EIB Group aims to **increase significantly the share of climate action and environmental financing** across the cohesion priority regions to support a climate and environmental transition there. For example, it will support renewables and infrastructure projects in coastal areas or remote inland locations.

The EIB Group will also endeavour to address weaknesses in private sector financing by facilitating **access to finance for mid-caps**, especially in less developed regions, contributing

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<sup>6</sup> Excludes data for which there is a methodological break in the time series.

<sup>7</sup> In 2022, during the shadowing phase, the new target of 20% is expected to be a soft target, while a mandatory target will be introduced as of 2023.

to the primary public policy goals of innovation, sustainable energy and natural resources, along with SME and mid-cap finance.

The EIB will continue to provide **structural programme loans** to support rural areas, regions and cities with their implementation of cohesion policy funds and agriculture and rural development funds. The Commission has signalled that it counts on the EIB's significant long-term financing support for cohesion policy funds' projects. Furthermore, the EIB will help to support regions and cities in overcoming the reduction in structural funds during the MFF 2021-2027 by expanding its lending in the form of regional and urban framework loans.

**Just transition** policies support people and economies facing socioeconomic challenges deriving from the transition towards a low-carbon economy. They are closely related to cohesion policy because cohesion regions are particularly affected. As such, EIB financing provided under the Just Transition Mechanism will contribute to cohesion targets. The EIB is developing a comprehensive approach to the just transition. Discussions are ongoing as many operational details of the mechanism are yet to be defined.

## EU development and international cooperation policy

As described in [Section 2](#) above, the economic environment outside the EU remains volatile. While Official Development Assistance (ODA) flows dropped in the years before the pandemic, there has been a **significant increase in other financial flows from a wider range of players**. China and other geopolitical actors have moved into this space and launched new development finance initiatives.

The EU has reformed its external and development policies and financing tools to **strengthen Europe's global position and development impact**. The EU's new Neighbourhood, Development and International Cooperation Instrument (NDICI) provides the main framework within which the EIB will operate outside the EU under the MFF 2021-2027. The EIB will be a key implementing partner under the NDICI by delivering development finance to promote EU priorities, such as the EU climate agenda and the Sustainable Development Goals, and by supporting investment to foster resilience and inclusive growth in partner countries.

As an integral part of **Team Europe**, the EIB is improving cooperation and complementarity with the Commission and Member State development financial institutions and banks, to strengthen its effectiveness and EU visibility globally. The Bank's activities outside the EU are fully aligned with the "policy first" principle and EU development objectives.

**EIB Global** will allow the Bank to deploy its expertise and experience more effectively beyond the EU in key priority areas such as climate action, health and digitalisation. EIB Global will be an integral part of the EIB. Its structure facilitates a stronger focus on development and international cooperation, a stronger local presence, the adaptation of products and policies, the establishment of a dedicated long-term strategy, and closer cooperation with partner institutions to enhance EU development impact (see EIB Global in [Section 4](#) below).

## Additionality and impact measurement

The new [Additionality and Impact Measurement \(AIM\) framework](#) was implemented in January 2021. The new framework goes beyond pure measurement, enabling the Bank to demonstrate more clearly how it makes a difference in peoples' lives. It bolsters the EIB's accountability as a public institution by raising awareness among its staff and stakeholders, and by supporting enhanced communication on the Bank's operations.

The new framework includes an additionality assessment that is based on three pillars:

- **Pillar 1 (policy)** evaluates to what extent EIB operations address suboptimal investment situations and investment gaps resulting from market failures. While ensuring that the project is eligible for EIB financing, Pillar 1 provides an estimate on the size of the investment needs and measures the degree of the market failure.
- **Pillar 2 (project quality and results)** evaluates to what extent the project addresses the market failures identified in Pillar 1. For investment and framework loans, Pillar 2 assesses growth (the project's economic rate of return), social benefits, employment, and environmental, social and governance (ESG) aspects. For intermediated loans, Pillar 2 considers (i) the capacity and soundness of the intermediary and quality of the operating environment, (ii) access to finance and to what extent the financing conditions for beneficiaries are improving and (iii) how this will help employment.
- **Pillar 3 (EIB contribution to the project)** evaluates how the EIB helps or strengthens a project through providing financial or non-financial support, which complements what is available from other market sources. This includes the catalytic role of the EIB in crowding in other financiers, the benefits provided by the EIB's financing structure (beyond the price advantage and longer maturity) and the EIB's technical advice.

Beyond its role as an assessment and reporting tool, the framework was designed to measure the Bank's value added. The change in the scoring system, from a three pillar assessment/results measurement framework to the AIM, triggered a review of the key performance indicators used to assess value added.

Following the full rollout of the AIM framework as of January 2021, **new value-added key performance indicators will be introduced from 2022 onwards**. For each of the three AIM pillars, the new indicators will benchmark the portfolio's average scores against a minimum score – Very Good. This approach has several positive features: it is granular, it is comprehensive because it takes into account the whole range of results, and it is easy to understand, which simplifies communication. In addition, the new key performance indicators are similar to those commonly used by other international financial institutions.

## 4. Financing and advisory services

### Financing programme — overview

The EIB Group's financing programme for 2022-2024 presents financially sustainable orientations for the EIB's activities in the EU, the EIF as part of the EIB Group, and the new EIB Global branch, which will develop and steer business implementation outside the EU. Moreover, the financing programme includes advisory services as a fully integrated component of the Group's operational activity.

The financing programme will be implemented in line with Board-approved policies and strategies, in particular the Climate Bank Roadmap and the Cohesion Orientation paper, along with other key documents such as the Energy and Transport Lending Policies and the Environmental and Social Sustainability Framework. [Section 3](#) provides further details on key policies. The planning period for 2022-2024 will see the phasing out of the Group's countercyclical response to the pandemic as the implementation of the European Guarantee Fund ends, and a renewed focus on addressing structural investment gaps in support of EU policy priorities. This move from a countercyclical footing takes place in highly liquid markets with huge supplies of public sector money.

As outlined in [Section 2](#), financing needs in the public sector remain elevated due to the negative impact of the pandemic on public sector revenues and the need to address structural investment gaps. In this context, the financing programme is based on a high-value proposition, building on the EIB Group's unique expertise in the priority areas as outlined in [Section 3](#). To this effect, **the programme is characterised by financing orientations with a high upwards potential that can be adapted to external market absorption and internal business capacities**. It maintains a gradual shift towards knowledge-driven and higher-risk activity offering a high level of value added, while respecting the risk-bearing capacity of the EIB Group.

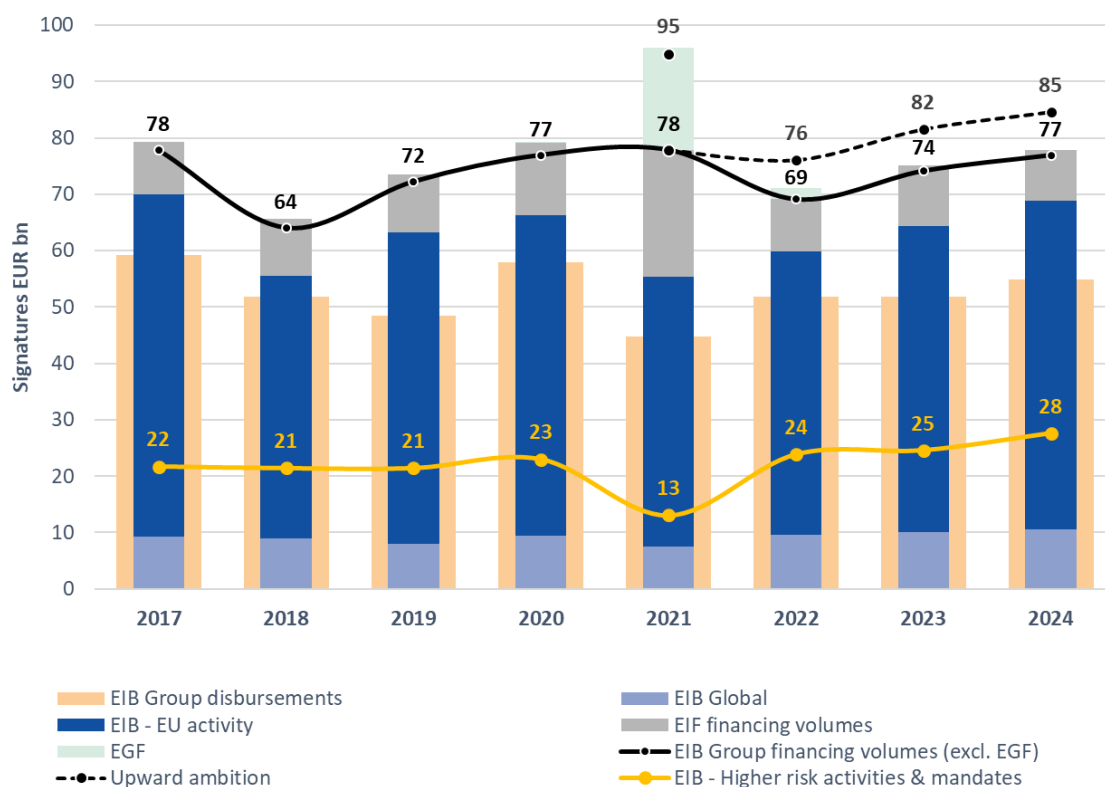
For the implementation of this financing programme, business delivery will need to be adapted to respond to structural changes in market demand. Enhancements of the EIB's product offering are envisaged, and will vary depending on the sector and type of counterparty, with a further shift to private sector financing and smaller ticket sizes.

The financing orientations also reflect the uncertainties due to the implementation of new mandates under the MFF 2021-2027. For InvestEU, the agreement was approved at the EIB's December Board meeting. The EU guarantee under the new NDICI mandate's investment windows for regions outside the EU will become available in different phases.

The overall EIB Group financing orientations for 2022-2024 are based on current expectations. Uncertainties persist regarding external market absorption and the speed of adaptation of business delivery to changing market circumstances. Moreover, EIB Global will develop dedicated strategies to strengthen business delivery in regions outside the EU. In view of these developments, the programme has been calibrated to optimise additionality and impact while ensuring the Group's longer-term financial sustainability. The signature orientations are presented with a +10%/-10% flexibility allowance.

The past evolution and expected Group financing orientations are shown in Graph 1:

Graph 1 – Evolution of the EIB Group’s financing programme



### <sup>8</sup> and disbursements

EUR bn	2019	2020	2021	2022	2023	2024
<b>Total Group financing</b>	<b>72.2</b>	<b>76.9</b>	<b>95.0</b>	<b>69.1</b>	<b>74.1</b>	<b>76.9</b>
<b>EIB - EU activity</b>	<b>55.4</b>	<b>57.0</b>	<b>57.9</b>	<b>51.2</b>	<b>54.2</b>	<b>58.2</b>
Own resources	54.9	56.5	47.8	49.0	53.0	57.0
Utilising third party resources	0.5	0.5	10.0	2.2	1.2	1.2
<b>EIB Global</b>	<b>7.9</b>	<b>9.3</b>	<b>7.6</b>	<b>9.6</b>	<b>10.1</b>	<b>10.6</b>
Own resources	7.0	8.2	6.4	9.5	10.0	10.5
Utilising third party resources	0.9	1.2	1.1	0.1	0.1	0.1
<b>EIF</b>	<b>10.2</b>	<b>12.9</b>	<b>30.5</b>	<b>10.3</b>	<b>10.8</b>	<b>9.1</b>

EUR bn	2019	2020	2021*	2022**	2023	2024
<b>Total Group disbursements (own &amp; third party resources)</b>	<b>48.4</b>	<b>58.0</b>	<b>44.8</b>	<b>44.7 - 51.9</b>	<b>43.5 - 51.8</b>	<b>46.7 - 55.0</b>
EIB - EU activity	43.7	51.5	35.0	38.3 - 44.7	38.0 - 45.3	40.5 - 47.6
EIB Global	3.8	5.4	5.5	4.4 - 5.1	4.1 - 5.0	4.6 - 5.5
EIF	0.9	1.10	4.40	2.0 - 2.1	1.4 - 1.6	1.7 - 1.9

\*EIB disbursements up to 2021 (incl.): loans, equity and guarantees

\*\* EIB Group disbursements from 2022 onwards: loans and equity (EIF 100%)

<sup>8</sup> Achieved results and orientations at Group level exclude joint transactions (e.g. EIF operations back-to-back guaranteed by the EIB):

- 2019: EUR 1.3bn, 2020: EUR 2.2bn, 2021: EUR 1.0bn, 2022: EUR 1.9bn, 2023 and 2024 : EUR 1.0bn

## Public policy goals

In terms of the EIB Group's overarching public policy goals (PPGs), **climate action and environmental sustainability** will remain the focus while the Group expects to increase significantly its financing dedicated to **economic and social cohesion** over the planning period.

Recent trends indicate that projects under the **innovation, digital and human capital** and **sustainable energy and natural resources** public policy goals make up a significant share of the EIB Group's corporate financing in the EU in line with the principal EU priorities. **Sustainable cities and regions** are a priority area for the public sector. **SME and mid-cap finance** is expected to be impacted as the European Guarantee Fund's implementation ends, the observed drop in market demand for intermediated products continues and alternative products remain under development. This will also have an impact on the EIB Group's overall financing volumes in the coming years.

Historically, the EIF's financing activities have primarily contributed to SMEs and mid-cap finance, in line with its statutory mission. Liquidity support programmes, including the EIF's own efforts, managed to shelter European SMEs from the worst of the crisis. Continued support for SME financing remains warranted to ensure a sustainable economic recovery, as the financing situation of these companies in the European Union remains precarious. One in three European SMEs reports access to finance to be a major problem, and demand for targeted policy investments to support these companies is substantial. The EIF plans to continue to develop guarantee and equity products in support of SMEs, innovation and digitalisation, skills and sustainability, as well as equity investments in infrastructure funds.

Looking ahead, a significant part (approximately 45%) of the EIF's activity is expected to support EU competitiveness, growth and cohesion. Around a quarter of the EIF's activity will contribute to innovation, sustainability and a green transformation. As such, the EIF's contribution to the Group's ambitious climate goals is expected to increase steadily over the planning period.

**Table 3 – EIB Group public policy goals orientations<sup>9</sup>**

Group Signatures (own & third party resources) by PPGs		2019	2020	2021	2022	2023	2024
<b>Innovation, Digital and Human Capital</b>	<b>EUR bn</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>20.3</b>	<b>21.4</b>	<b>21.9</b>
- EIB - EU activity		15.8	17.0	16.9	15.7	16.7	17.9
- EIB Global		0.2	1.4	1.6	2.2	2.3	2.4
- EIF		n.a	n.a	n.a	2.4	2.4	1.6
<b>SME &amp; MidCap Finance</b>	<b>EUR bn</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>19.1</b>	<b>19.2</b>	<b>19.3</b>
- EIB - EU activity		14.3	16.1	16.4	11.0	11.0	11.8
- EIB Global		2.1	3.6	2.4	2.3	2.4	2.5
- EIF		n.a	n.a	n.a	5.8	5.8	5.0
<b>Sustainable Cities and Regions</b>	<b>EUR bn</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>13.9</b>	<b>15.0</b>	<b>16.0</b>
- EIB - EU activity		14.2	12.4	12.0	11.0	11.9	12.8
- EIB Global		2.8	2.3	1.7	2.9	3.1	3.2
- EIF		n.a	n.a	n.a			
<b>Sustainable Energy and Natural Resources</b>	<b>EUR bn</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>17.8</b>	<b>19.6</b>	<b>20.6</b>
- EIB - EU activity		11.2	11.4	12.6	13.5	14.6	15.6
- EIB Global		2.7	2.1	1.8	2.2	2.3	2.4
- EIF		n.a	n.a	n.a	2.1	2.7	2.6
<b>EU Economic and Social Cohesion and Convergence</b>	<b>%</b>				<b>39.7%</b>	<b>41.3%</b>	<b>43.1%</b>
- % of Group signatures							
<b>Climate Action and Environmental Sustainability</b>	<b>%</b>				<b>35.7%</b>	<b>40.0%</b>	<b>44.4%</b>
- % of Group signatures							

<sup>9</sup> The EIF has developed its own set of public policy goals that are presented in the EIF Operational Plan and have been mapped with the EIB's goals from 2022 onwards so that the EIB Group's overall public policy goal volumes can be presented for the first time.

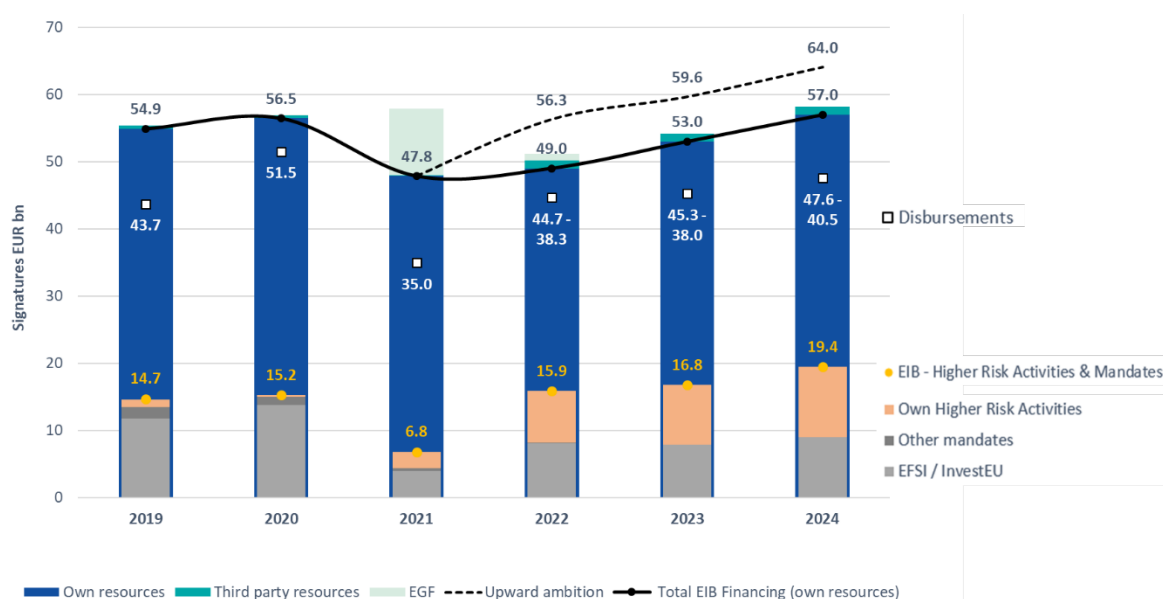
## EIB – EU activity

The proposed financing programme for EIB activity in the EU utilising the EIB’s own resources and third-party resources is shown in [Table 4](#).

**Table 4 – EU financing programme<sup>10</sup>**

EUR bn	2019	2020	2021	2022	2023	2024
<b>EIB EU financing (own resources)</b>	<b>54.9</b>	<b>56.5</b>	<b>47.8</b>	<b>49.0</b>	<b>53.0</b>	<b>57.0</b>
<b>EIB EU financing (3rd party resources)</b>	<b>0.5</b>	<b>0.5</b>	<b>10.0</b>	<b>2.2</b>	<b>1.2</b>	<b>1.2</b>
- of which EGF		0.1	9.9	1.0	0.0	0.0

**Graph 2 – Evolution of the EU financing programme**



## Challenges, focus and approach

The Recovery and Resilience Facility is a temporary instrument to address the unprecedented impact of the COVID-19 pandemic and kick-start the recovery. The facility is designed to support the higher financial needs linked to additional reforms and investments, and additional to the support provided under InvestEU. In most EU regions, the facility’s financing is expected to boost investment, which in turn could nurture demand for EIB financing. It is too early to fully assess the medium to longer-term implications for the EIB, as market participants have different expectations. While some market participants expect to materially substitute traditional repayable instruments with grants from the facility to finance long-term investments, others may decide to use the facility’s capacity to de-risk their projects and catalyse higher investment levels (which would potentially require EIB co-financing).

<sup>10</sup> Also including non-EU countries not within the scope of EIB Global (e.g. EFTA, legacy UK)

Limited business travel during the pandemic has created challenges for corporate financing. In addition, persistently low or negative interest rates continue to affect the pricing conditions of the EIB's traditional banking sector products, such as multiple beneficiary intermediated loans. With the easing of travel restrictions, project origination efforts will be ramped up again. While the first results of these efforts should materialise in 2022, the financing orientations allow for a ramp-up of business implementation at the earliest possible moment, using the Bank's full potential. The market absorption from financial intermediaries is shifting more towards higher-risk/capital relief products (such as mezzanine tranches of asset-backed securities, and delinked and linked risk-sharing).

As outlined in [Section 2](#), the current path to economic recovery in the EU is fluid and heterogeneous. At the same time, faster action is needed to accelerate the EU's digital and green transformation, while boosting resilience to climate, energy, cybersecurity and health risks. The EIB Group will continue to develop its mix of financial products and risk-bearing capacity. In particular, it will support the green and digital transitions in an inclusive way by investing in a broad and diverse portfolio of technologies and solutions to ensure sustainable growth and strengthened resilience to future disruptions and crises. Higher risk-taking needs to be balanced with the need to ensure financial sustainability by taking a comprehensive approach to delivering financing to clients, factoring in different stages of development and different project implementation delivery abilities.

The business mix and scaling up of products during 2022 and beyond follows the strategy outlined in the Operational Plan for 2021. The strategy involves a gradual shift to higher-risk activities, guided by the need to address market failures and externalities in line with the EIB's public policy goals, while generating higher additionality and impact. It emphasises solutions with a focus on climate action (including energy efficiency, renewable energy, green technologies), innovation and digitalisation.

To respond to market demand properly and address market failures, further enhancements of the EIB's product offering are envisaged. Higher-value-added new products are anticipated to align more closely with clients' needs and diversify the EIB's corporate client base. These products include various forms of portfolio guarantees, subordinated project finance structures and "key performance indicator-linked" instruments, along with subordinated corporate financing and risk-sharing financing to support research, development and innovation. Capital relief instruments, such as mezzanine tranches of asset-backed securities, are further examples. The enhancement of the private sector product offer also includes developing targeted instruments such as a guarantee product at own-risk based on the "linked risk-sharing" deployed under the European Guarantee Fund, as well as alternative products on top of standard multiple beneficiary intermediate loans to support SME and mid-cap finance. This will include the possibility to participate in capital market issues as a buyer as well as an issuer, which would be particularly interesting for green bond issues, as concluded in the Bank's evaluation report on its climate awareness bonds. The overall risk profile of the product offering is not expected to change substantially in the coming years. However, a larger part will be deployed under own risk which results in increased capital consumption.

The EIB is currently examining ways to accelerate a green and digital recovery and support European SMEs, mid-caps and other clients that suffer from a temporary debt overhang following the COVID crisis. During the pandemic, clients' indebtedness increased substantially, often in the short term. This is hampering prospects for future investment, further compounded by supply chain bottlenecks and persistent inflationary pressures. To protect

future productivity and competitiveness, private firms in the EU (from SMEs and mid-caps to project sponsors and other companies) require patient and/or long-term funding as well as, in some cases, targeted financial and advisory support to be able to plan and accelerate long-term investment and restore the competitiveness and resilience of their business models. This, in turn, will drive EU growth.

Driven by market needs, the EIB is considering a new initiative to **accelerate sustainable growth** (“**Grow EU**”). Specifically, and in response to the European Council’s invitation, Grow EU will seek to prioritise financing where it will have the highest impact, by targeting companies that will have to make key investments in innovation, digitalisation and climate action as part of their recovery from the COVID crisis. In addition, the EIB will mobilise its Advisory Services to accelerate the ramp-up of this initiative through proactive outreach and the sourcing of potential beneficiaries in key priority areas. Building in particular on its in-house expertise at the critical nexus between climate action and innovation, the Bank will, where needed, offer companies tailored technical and financial advice to expedite the EIB’s due diligence process and improve its clients’ overall bankability. Finally, the EIB will also draw on its knowledge and own studies of key technology and market trends to target relevant segments and ultimately enhance the competitiveness and resilience of its clients.

Project finance will remain key to the EIB’s climate action objectives and will be pursued to maintain the Bank’s leading role in financing renewable energy and energy transformation in Europe. The EIB will provide financing and investment instruments, which will encompass energy market risks, equity / quasi-equity financing of early project stages, and financing of projects based on developing technologies such as energy storage, electric vehicles, hydrogen and novel marine energy technologies.

The EIB will also continue to be one of the key providers of venture debt in Europe, with a focus on late-stage innovation, in green technologies, life sciences, healthcare, software, robotics and digitalisation projects.

New EIB product developments can help the Bank to adapt and maintain its relevance, particularly in the financial sector and highly rated corporate market segments. Loan substitutes and the continuation of mezzanine asset-backed securities (with a capital relief effect) can also increase the EIB’s relevance for these sectors, particularly through cross-selling mezzanine and senior loans.

Several areas harbour significant potential for growth. In the project finance area, for example, hydrogen and electric vehicle battery production, rolling stock, and novel marine energy technologies provide investment opportunities. In the public sector, the EIB will continue to work with local authorities to support sustainable transport and education projects as well as social housing and hospital infrastructure projects.

## Higher-risk and mandate activities

Higher-risk activities strengthen the EIB’s product offer and generate higher additionality, which is central to the Bank’s mandate. They allow the Bank to reach out to new clients and sectors, develop innovative financing structures and products that respond to evolving market needs (such as asset-backed securities, mid-cap lending and quasi-equity/venture debt), and support shifting policy priorities. As pointed out in the EIB’s recent evaluation report on its

Special Activities, higher-risk activities account for the majority of complex products, and tend to be much smaller in size, with a larger share of new clients.<sup>11</sup>

Higher-risk activities have been a cornerstone of the EIB's business delivery since the introduction of EFSI (the European Fund for Strategic Investments). Over the last few years, the Bank has efficiently deployed higher-risk activities, entered new markets, piloted new products and added new clients to its portfolio. The strategy of a gradual shift to higher risk-taking, with the EIB's own-risk activities compensating for lower amounts under mandates, was outlined in the Operational Plan 2021 and will be maintained under this new Plan.

Nonetheless, EIB activities under mandate will continue to play an important role in delivering higher-risk financing. The first signatures under InvestEU are expected in 2022 and EFSI will come to an end with the objective to sign the remaining stock of approved operations by the end of 2022. Operations under InnovFin, which can still be approved and signed until the end of 2022, are exclusively thematic finance operations under the Energy Demo Projects facility and the Infectious Diseases Finance Facility. Operations under the Connecting Europe Facility Debt Instrument will also be approved until the end of 2022 and can be signed until the end of 2023

The Bank expects to remain one of the key providers of venture debt, an underdeveloped segment in the European venture capital system, and most of the Bank's venture debt activity is delivered under mandate. Target clients are early-stage companies, SMEs and mid-caps that invest a significant amount of their resources in developing advanced technologies of strategic importance for Europe, such as green technologies, biotech, life sciences and key enabling technologies. In 2022, the Bank expects to sign the tail-end of the venture debt instrument under EFSI.

In terms of activity utilising third-party funds in the EU, the European Guarantee Fund and decentralised financial instruments (DFIs) will continue to be delivered on top of financing under the EIB's own resources. There is now a real opportunity to adapt the strategic approach and reconsider pure DFI mandates on a standalone basis and the use of Member State Compartments of InvestEU for blending. In order to fully exploit the potential of these decentralised financial instruments, the Group aims to focus on standardised terms and products to ensure uniform market coverage and create a stronger policy link between the instruments and the EIB Group's strategic orientations.

The expected orientations for higher-risk activities are shown in [Table 5](#):

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<sup>11</sup> The concept of "Special Activities" was formally introduced under Article 16.3 of the Bank's revised [Statute](#) in December 2009. The term relates to financing operations presenting a risk profile that is higher than that generally accepted by the Bank, including both Own Risk Special Activities and Mandate Activities. Special Activities does not reflect a specific product or business line. Today, Special Activities may no longer be what market participants and EIB stakeholders deem to be "exceptional" and the definition no longer accounts for the vast experience the Bank has accumulated over the last decade, both in terms of the development of new financial products and sophisticated monitoring tools. The Operational Plan therefore no longer refers to Special Activities but distinguishes between higher-risk activities at own risk and activities under mandates.

**Table 5 – EIB EU – higher-risk activities and mandates**

EUR bn	2019	2020	2021	2022	2023	2024
<b>EIB - Higher risk activities &amp; mandates</b>	<b>14.7</b>	<b>15.2</b>	<b>6.8</b>	<b>15.9</b>	<b>16.8</b>	<b>19.4</b>
- Own higher risk activities	1.1	0.3	2.4	7.7	8.9	10.4
- EFSI / InvestEU	11.8	13.7	3.9	8.0	7.8	9.0
- Other mandates	1.7	1.2	0.4	0.2	0.0	0.0

## InvestEU

Following signature with the Commission, the deployment of InvestEU is expected to begin in early 2022. This could put pressure on the Bank’s capacity to originate the large volumes planned in the first phase of InvestEU 2022-2024, which is heavily front-loaded.

The latest portfolio assumptions would require an average annual volume of InvestEU financing in the region of EUR 7.7bn. It would be prudent to expect total InvestEU volumes for 2022 of EUR 6.2bn with an increasing trend in the following years.

It is expected that new venture debt and thematic products, including project finance operations, will be launched under InvestEU with volumes in line with those seen under EFSI.

Under InvestEU, the Bank will consider quasi-equity or junior debt financing structures. National promotional banks have already expressed an interest in developing quasi-equity investment platforms in cooperation with the EIB. InvestEU will require reinforced marketing efforts and a sectoral approach to identify bankable projects. Thematic products under InvestEU (including credit enhancement for corporate power purchase agreements under development by Advisory Services) can further improve the attractiveness of EIB senior tranches at own risk when both are combined.

## EIB Global – outside the EU

In response to the discussions on how to strengthen the European financial architecture for development (EFAD) and the Council Conclusions of June 2021, the EIB Board of Directors endorsed the concept of the EIB Development Branch (“EIB Global”) in September 2021, to be launched on 1 January 2022. EIB Global will be an organisational unit within the EIB. It will report to the Management Committee and have its own branding and dedicated orientations presented in this Group Operational Plan. Furthermore, it will benefit from dedicated governance arrangements, in the form of a Board advisory group, which will bring in additional development perspectives from Member States, the Commission and the European External Action Service.

The EIB Group Operational Plan 2022-2024 provides the first operational platform for the branch, defines the boundaries for its business plan and provides an initial outline of the strategic challenges and opportunities for the branch in its goal of enhancing the EIB’s development impact. Work will continue on developing a dedicated strategy and establish a first annual business implementation plan for the branch’s activities outside the EU. This

ongoing work will also include the progressive development and fine-tuning of result indicators for EIB activities outside the EU to demonstrate the Bank’s development impact.

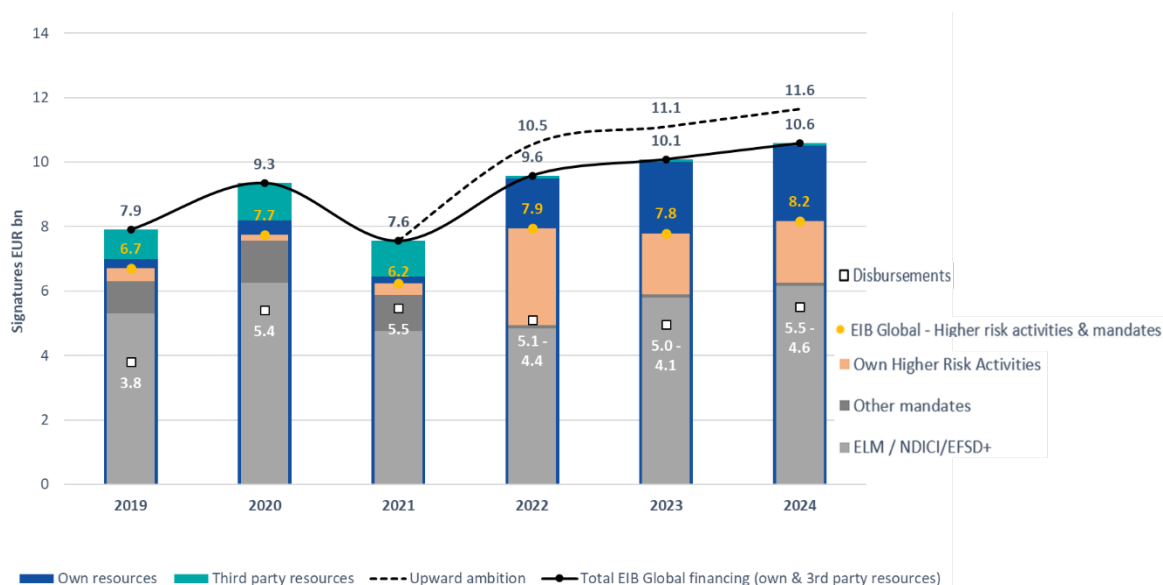
The EIB will enhance its local presence outside the EU, based on local expertise, knowledge and contacts — notably through greater reliance on locally recruited agents and the creation of regional hubs. The EIB’s country presence will be located within EU delegations wherever possible to strengthen synergies with EU partners. The creation of EIB Global will enable a stronger focus on development objectives by reinforcing the development culture in the organisation over time.

The financing programme for EIB activity outside the EU, utilising EIB own and third-party resources, is shown in Table 6 below. Signature orientations outside EU are expected to increase from 2021 onwards as EIB Global becomes fully operational in the first half of 2022 and the full deployment of mandates starts to materialise in the second half of the year.

**Table 6 –EIB Global - financing programme outside the EU <sup>12</sup>**

EUR bn	2019	2020	2021	2022	2023	2024
<b>EIB Global financing</b>	<b>7.9</b>	<b>9.3</b>	<b>7.6</b>	<b>9.6</b>	<b>10.1</b>	<b>10.6</b>
<b>- under own resources</b>	<b>7.0</b>	<b>8.2</b>	<b>6.4</b>	<b>9.5</b>	<b>10.0</b>	<b>10.5</b>
- utilising third party resources	0.9	1.2	1.1	0.1	0.1	0.1

**Graph 3 – Evolution of the financing programme outside the EU**



<sup>12</sup> EIB Global’s orientations include the full scope of countries covered by the branch and exclude other non-EU countries (e.g. EFTA, legacy UK)

## Challenges, focus and approach

The Council's conclusions on the European financial architecture for development called on the EIB to establish dedicated strategies for its development activities outside the EU. A long-term strategy for EIB Global will be part of a stronger approach to development and external action and will set out thematic and geographic priority areas, guide the deployment of an increased local presence, identify instruments and methods, and lay the groundwork for deepening partnerships. Operations outside the EU will continue to be fully aligned with EU policy priorities, and the new Global Europe-NDICI instrument.

Building on the EIB's existing strengths and mandates, the thematic focus will include the external dimension of the European Green Deal, and support enhanced resilience and inclusive growth to reach the Sustainable Development Goals. It will also foster digitalisation, stronger connectivity and regional integration, including with the European Union. In accordance with the Climate Bank Roadmap, emphasis will be placed on the climate transition (mitigation and adaptation), including renewable energy, electricity transmission, water and wastewater, transport and urban development projects, as well as gender-smart investment and gender equality, youth inclusion, job creation, social impact, health and education. The goal is to achieve impact in terms of sustainable growth, access to vital services, and economic opportunities for all, in particular for young people.

Demand for development finance overall remains high. Particularly in the context of the recovery from the COVID-19 crisis, significant budgetary and fiscal constraints exist, coupled with a decline in investment in key sectors and high unemployment levels (especially for young people).

At the same time, political instability remains a limiting factor for the EIB's operations in several regions. Migration, refugees and security issues are putting pressure on governments, local authorities and communities.

In addition, the COVID-19 crisis has had severe consequences for absorption capacity in many areas. Concessional elements and technical assistance schemes are still required to strengthen the capacity of EIB clients and support a green and inclusive recovery, and this will require a targeted increase of local EIB presence in certain countries. These factors will also be key to determining which instruments and methods will be prioritised outside the EU.

Regulatory environments must still be modernised and adapted in many areas, as shown, for instance, in the Middle East and North Africa (MENA) enterprise survey carried out jointly by the EIB, EBRD and World Bank. Commission-led policy dialogue with governments is key to enhancing the impact of external investments and development finance.

Private sector development will remain a priority area outside the EU. The strategy in this area will focus on green investment, the bio-economy and the digitalisation of mid-caps and SMEs, the greening of the financial sector and the value chain. The aim will be to improve SMEs' access to finance, create jobs, reach out to underserved segments of the population, elevate ESG standards, support capital market development and help to decarbonise EU imports.

Outside the EU, the EIB will target private sector investment with high additionality and impact, building its value proposition on the basis of its financial structuring expertise and risk-taking capacity, and offering competitive pricing.

Geographic prioritisation will be aligned with common EU priorities as articulated in Global Europe-NDICI, as well as other specific needs and demands for development finance. This will guide the increased local presence on the ground, including the location of hubs and representative offices, the first of which is the pilot hub in Nairobi for East Africa.

Advisory support complements the EIB’s product offer —either in-house or through technical assistance —and is vital to facilitating, accelerating and unlocking climate investment projects outside the EU.

The long-term strategy will guide the deepening of partnerships. In delivering its activities outside of the EU, the EIB is already a key participant in Team Europe Initiatives with partner countries and the EU family, including the Commission, Member States and the European External Action Service, and this cooperation will be further strengthened with the launch of EIB Global.

The EIB will also strengthen broader cooperation with other public and private entities, including multilateral development banks (MDBs), international financial institutions and UN agencies. EIB cooperation with partner institutions, such as the EBRD, will remain key to promoting consistency, complementarity and efficiency as well as principles for effective development, while helping achieve the objectives of EU external policies.

The EIB’s external reporting on development impact is well established, as is the EIB’s participation in related forums. In 2021, the EIB assumed responsibility for the MDB Working Group on Management for Development Results as co-chair with the World Bank. These activities will continue after the establishment of EIB Global.

The EIB is a prime contributor to EU Official Development Assistance (ODA). Beyond ODA reporting, the EIB also reports on other relevant parameters, including Total Official Support for Sustainable Development (TOSSD), mobilisation of private sector financing, climate finance and blended finance. In parallel, the EIB actively participates in a number of international working groups and forums, contributing to the strengthening and further development of established reporting frameworks.

## Higher-risk and mandate activities outside the EU

The expected orientations for the EIB’s higher-risk activities outside the EU are shown in [Table 7](#):

**Table 7 – EIB Global – higher-risk activities and mandates outside the EU**

EUR bn	2019	2020	2021	2022	2023	2024
<b>EIB Global - Higher risk activities &amp; mandates</b>	<b>6.7</b>	<b>7.7</b>	<b>6.2</b>	<b>7.9</b>	<b>7.8</b>	<b>8.2</b>
- Own higher risk activities	0.4	0.2	0.4	3.0	1.9	1.9
- ELM/NDICI & EFSD+	5.3	6.3	4.8	4.8	5.8	6.2
- Other mandates (including 3rd party)	1.0	1.3	1.1	0.1	0.1	0.1

## The Neighbourhood, Development and International Cooperation Instrument (NDICI)

The EU guarantee under the new NDICI mandate's investment windows for regions outside the EU will be deployed in phases. The first phase makes available EU guarantees for EIB-dedicated sovereign and sovereign-guaranteed operations (investment window 1) and private sector operations in African, Caribbean and Pacific (ACP) regions (investment window 4 and the ACP Trust Fund). Efforts to mobilise further resources for additional compartments of the trust fund to collect more contributions from donors are set to be part of the overall coordinated fundraising efforts of EIB Global, starting in 2022.

The NDICI negotiations under investment windows 2 and 3 (guarantees for commercial sub-sovereign operations (investment window 2) and political risk coverage in the private sector (investment window 3)) are expected to start in the first quarter of 2022, once investment window 1 has entered its implementation phase

Beyond 2022, the EIB also intends to complement its financing for outside the EU under the EIB dedicated windows by availing itself of additional EU guarantees under the EFSD (European Fund for Sustainable Development)+ Open Access platform, essentially to credit-enhance private sector operations. These guarantees will be mobilised based on proposed investment programmes to be approved by the regional operational boards.

## The EU Global Green Transition and Connectivity facility

The creation of the **EU Global Green Transition and Connectivity (EGGTC) facility** with a worldwide scope is proposed in response to the European Council's invitation for the EIB to support Europe's global green transition and connectivity ambitions (see [§VII, XX & XXI Executive Summary](#)). The Bank is well placed to contribute to the EU global green transition agenda and connectivity ambitions, and is ready to deploy its unparalleled expertise to finance the green transition and digitalisation globally.

The EU will only reach its ambitious global climate objectives if it supports related investments, not only in Europe but also globally. At the same time, it also has to actively support links with green energy markets. The African Union – European Union ministerial meeting in October 2021<sup>13</sup> reaffirmed that more needs to be done for a structural sustainable transformation, including in the energy sector, and in particular for accessing sustainable energy, increasing energy efficiency, and developing and integrating regional energy markets. The green transition in Africa will be indispensable for supporting the energy needs of a growing continent and Africa's future prosperity. It can also contribute to the EU's own green energy needs.

Digitalisation is also key to supporting growth and prosperity and accelerating the recovery, and will be crucial for achieving the objectives of the EU Global Gateway. By advancing digital connectivity, the EU is planning to upgrade digital infrastructure and fully address cybersecurity risks (including those raised by the rollout of 5G), promoting not only

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<sup>13</sup> The ministerial meeting was an important opportunity to discuss common priorities ahead of the EU-AU Summit which should take place early 2022.

socioeconomic development in remote areas, but also protecting personal data and human rights online globally.

The EIB is well placed to contribute to the global green transition and connectivity agenda, working with the public and private sector both in the EU and with EU partner countries:

- with unrivalled technical expertise in the area of green and digital technologies,
- with a governance that is 100% aligned with the EU's economic interest,
- with a development impact and EU value-driven operating model.

While sovereign-backed investments will play a crucial role for connectivity and the green transition, investment needs can ultimately only be met by mobilising private sector investments. A new EGGTC facility would complement the Bank's public sector interventions under NDICI with an instrument to support private sector initiatives consistent with the EU objectives for the global green transition and connectivity.

## EIF activity

The EIF financing programme is shown in [Table 8](#) below.

**Table 8 – EIF financing programme**

EUR bn	2019	2020	2021	2022	2023	2024
<b>EIF financing</b>	<b>10.2</b>	<b>12.9</b>	<b>30.5</b>	<b>10.3</b>	<b>10.8</b>	<b>9.1</b>
EIF Own Risk	1.6	1.9	0.6	0.7	0.9	1.0
EIF Own Risk / InvestEU participation				1.7	2.0	1.5
EIB-Risk, EIF delivered*	1.1	3.0	1.6	2.4	2.5	2.5
other third party guaranteed	2.2	2.9	1.9	2.3	2.8	1.7
EFSI/Invest EU	5.4	4.9	0.2	2.2	2.7	2.3
EGF**			12.2	0.9		
EGF (EIB resources)***			13.9	0.0		
MFF Sectorial				0.1	0.1	0.1

\* Including RCR, infra funds and EIB-SLA.

\*\* Including all products covered by Member State resources

\*\*\* Including uncapped guarantees and diversified debt funds facilities complementary to the EGF and covered by EIB resources

## Challenges, focus and approach

Market demand for EIF equity and debt products is expected to remain strong over the planning period. Following the full deployment and the end of the implementation of the European Guarantee Fund, EIF financing volumes are expected to consolidate at a level of EUR 10.3bn in 2022.

InvestEU is a key mandate for the EIF and its deployment will be a priority in 2022 and 2023, as the mandate requires front-loading. The product offer will include subordinated loans as well as capped and uncapped guarantees, equity investments (including in diversified and non-diversified debt funds), and securitisation.

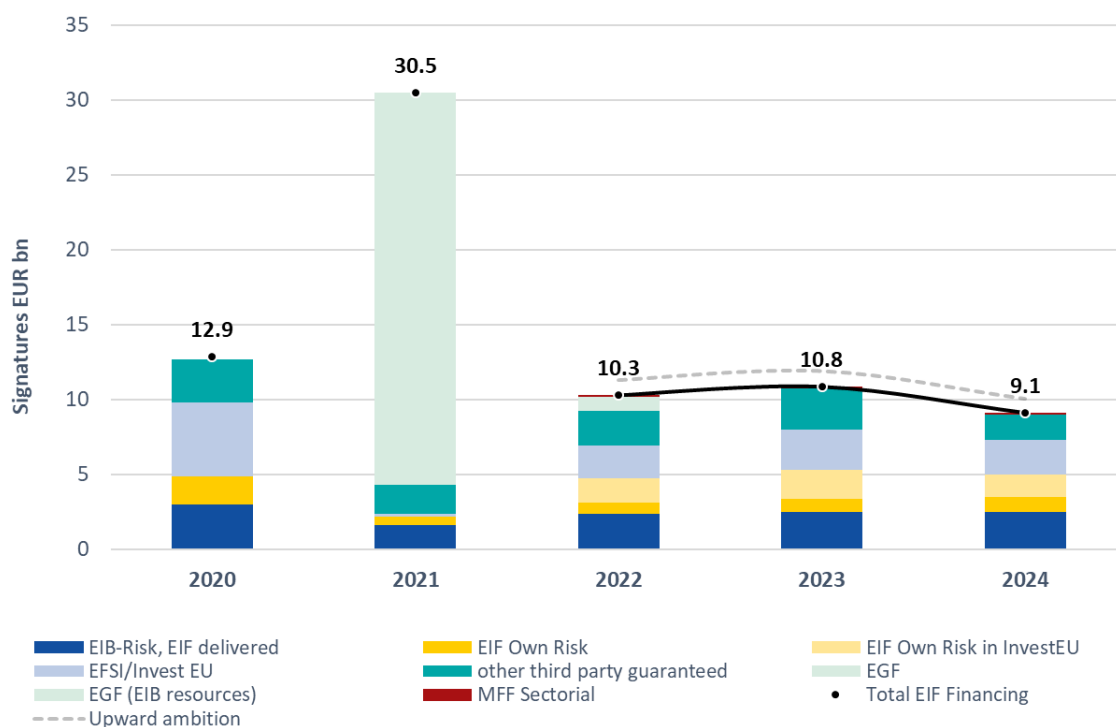
InvestEU will further support the EIF's capacity to play its market-building and catalytic role in the venture capital and private equity markets. The EIF will have an opportunity to anchor a number of value-added strategies supporting the competitiveness and strategic autonomy of the EU. In that domain, the EIF will aim to contribute to ecosystem-building in the area of disruptive technologies, such as space technologies, artificial intelligence, blockchain, cybersecurity and quantum computing. It will seek to build momentum towards clean-tech investments by supporting energy, agrotech, foodtech and circular economy strategies. The EIF will also support the diversification of funding sources for small business by investing in quasi-equity and debt funds.

Increasing EIF support for life sciences is likely to remain an important priority given the significant underfunding of this sector in the EU. Similarly, building digital ecosystems to level geographic discrepancies as well as providing significant funding to enable digital champions to scale up will be high on the EIF's agenda, with potential contributions from Member States. Increasing scale is needed in other sectors too and must be facilitated, for instance by developing access to capital markets. In that context, the EIF aims to support crossover strategies necessary for helping companies grow before and after their initial public offerings (IPOs).

Support for competitiveness, growth, and cohesion in the EU will remain the focus of EIF activities over the next planning period. At the same time, the EIF's contribution to the Group's climate ambitions will increase. The InvestEU and Risk Capital Resources mandates are expected to be imminent funding sources that will support EIF investments in this market.

The revolving Risk Capital Resources mandate has a total investment capacity of EUR 11bn and has allowed the EIB Group to support the venture capital and private equity markets. Total commitments under the mandate have reached a volume of EUR 14.8bn. The mandate is showing a strong financial performance with an increasing level of reflows, which supports its long-term self-sustainability. Up to EUR 900m of the mandate will be made available for co-investments alongside InvestEU in the Multiannual Financial Framework for 2021-2027. A new dedicated climate and environmental window is provided for, which will be established within the mandate's total investment capacity and for a period over five years, mainly targeting fund managers entering the green equity market for the first time.

Graph 4 – Evolution of the EIF financing programme



## Cooperation with the European Commission and other third parties

The EIB Group’s institutional and operational cooperation with EU institutions and other partners forms a key part of its efforts to deliver on EU objectives and policy priorities. The EIB Group maintains close working ties with the other members of **the family of EU institutions and bodies** to foster European integration and the balanced development of the EU while supporting the EU’s cooperation policy. This cooperation enables the EIB Group to coordinate its operations with those of the other institutions, while preserving its independence and own decision-making procedures.

The actual adoption of EIB Group mandates — **InvestEU and NDICI** — and their deployment are expected in 2022. The EIB Group will continue working closely with the Commission to safeguard a smooth implementation of new EU programmes and mandates.

The first large-scale deployment of operations under InvestEU (excluding warehousing) will be possible from 2022 onwards, allowing the EIB Group to demonstrate its central role in deploying EU budgetary resources to the Member States.

After the final adoption of the Neighbourhood, Development and International Cooperation Instrument (**NDICI**) in June 2021, the deployment of its mandate is expected to start in early 2022, possibly in stages, starting with sovereign operations and ACP facilities as part of the EIB’s dedicated investment windows.

The EIB Group will continue its close cooperation with **national promotional banks and institutions and development finance institutions** as clients and co-financing partners. Cooperation will take into account the fact that some will become implementing partners under InvestEU and EFSD+.

Establishing EIB Global will make a key contribution to the future of the European financial architecture for development process, fostering cooperation with the Commission and the European External Action Service as well as with financing partners globally. It will be instrumental to further aligning EIB and EU development policy priorities under the **Team Europe approach**.

Cooperation with the EBRD has increased to ensure better support for Team Europe's efforts. In October 2021, the **EIB and the EBRD signed a Framework Project Cooperation Agreement** to deepen their cooperation, aiming to improve the effectiveness of their delivery and maximise their joint impact in the countries outside the EU where they both operate. The agreement will enable better coordination throughout the project cycle to achieve efficiencies and foster a harmonised approach to joint projects.

While the large-scale longer-term EU support for the COVID-19 crisis and the rollout of the Recovery and Resilience Facility will impact demand for EIB public sector lending, the EIB Group will demonstrate its capability to **leverage the facility's resources via decentralised financial instruments** through bilateral mandates with the Member States. Furthermore, EIB advisory support could help to increase Member States' capacity to absorb EU financing.

The **European Court of Auditors** (ECA) has become a more important interlocutor for the EIB. An agreement was reached between the ECA, the Commission and the EIB on the renewal of the Tripartite Agreement (TPA), which will give ECA greater access to information and documents, while respecting the EU Treaties, including the EIB Statute. Under its Statute, the EIB is a legally separate and self-financed institution, which has entrusted the audit tasks to the EIB Audit Committee. The ECA is competent only with respect to matters pertaining to the EU budget. The new agreement came into effect on 8 November 2021.

Since the European elections of 2019, the **European Parliament** has increased its interest in EIB Group activities. Placing the EU's diverse financial instruments under the umbrella of InvestEU and NDICI-Global Europe is likely to increase dialogue with the Parliament on the EIB Group's activities, and also contribute to operational accountability.

At the United Nations Climate Change Conference of the Parties (COP26), the Commission, **Breakthrough Energy Catalyst** and the EIB officially entered into a pioneering partnership that will boost investments in critical climate technologies. Total investments of up to EUR 820m over 2022-2026 are expected. The investments are to be mobilised by quasi-equity resources made available by the Commission to the EIB for co-financing under the partnership. The goal is to accelerate the deployment and rapidly commercialise innovative technologies that will help deliver the European Green Deal's ambitions and the EU's 2030 climate targets. Each euro of public funds is expected to leverage three euros of private funds.

## Advisory services

Advisory services play an **increasing role in helping the EIB Group** deliver on its ambitions for climate action and environmental sustainability, cohesion and a just transition, innovation and digital transformation as well as development impact. A suite of advisory services covering the whole project cycle has become an integral component of the EIB Group's range of financing products to **strengthen the link between the advice given and downstream investment**.

Advisory services provide direct and indirect benefits to the EIB Group. **Project-specific advisory support** feeds directly into the EIB Group pipeline with good quality bankable investment projects and facilitating their efficient implementation. Over recent years, about 75 approved EIB operations have benefited from advisory support annually (see [Table 9](#)), and this number is expected to increase in the MFF 2021-2027. Indirectly, the more **upstream work** through market development and capacity building helps create an enabling environment that fosters sustainable investment eligible for financing by the EIB Group as well as more effective delivery on the ground.

The negotiations on the advisory mandates for EU activity under the MFF 2021-2027 are expected to conclude in early 2022. The focus will then be on rolling out the support enabled under the new mandates while finalising activities that were part of previous ones, including the European Investment Advisory Hub and the European Local Energy Assistance facility (ELENA).

Although the new **InvestEU Advisory Hub** will be managed by the Commission under an open architecture that introduces other implementing partners, the EIB will remain the main advisory partner in recognition of its unique breadth and depth of expertise. The hub's revised design will bring together previously separate advisory programmes such as InnovFin Advisory, EaSI TA and ELENA, as well as advisory support under Pillar 3 of the Just Transition Mechanism. The goal is to facilitate integration and synergies, and offer clients access to a wider pool of expertise. JASPERS will also be hosted under this common umbrella.

In **cohesion regions**, advisory services will continue to play a critical role in capacity building, pipeline development and optimising the use of public funds via financial instruments. **JASPERS** remains the largest advisory initiative under the EU cohesion policy, with regional offices providing a local presence and proximity to beneficiaries. It supports the quality and timely delivery of projects funded by cohesion resources along with the Just Transition Fund and Connecting Europe Facility.

**Collaboration with national promotional banks and institutions along with other external partners** continues to be essential in ensuring the needed scale, reach and efficient delivery of EIB advisory support on the ground. In parallel, the Advisory team will continue to work closely with the Commission, ensuring complementarity of the technical assistance offered to Member States.

As a **Group service**, the Advisory team's collaboration with the EIF will intensify. The team is working with the EIF to develop integrated technical assistance packages and platforms in support of the EIF's financial instruments under InvestEU.

**Outside the EU**, EIB advisory and technical assistance is a critical part of EIB Global's value proposition. Advisory services aim at strengthening the capacity for project development and preparation in order to reach investment-readiness and subsequent implementation. The EIB Advisory team will strengthen upstream support for policy dialogue and sectoral reform to foster the enabling environment required for generating investment downstream.

[Table 9](#) gives an indication on the expected evolution of advisory services:

**Table 9: Advisory activities**

		2019	2020	2021	2022	2023	2024	2022-2024 average
<b>Total number of new advisory assignments</b>	<b>#</b>	<b>390</b>	<b>370</b>	<b>331</b>	<b>310</b>	<b>360</b>	<b>390</b>	<b>353</b>
- EIB - EU activity <sup>(1)</sup>	#	280	318	285	250	270	280	267
- EIB Global	#	110	52	46	40	60	80	60
- EIF	#	n.a.	n.a.	n.a.	20	30	30	27
<b>Total estimated investment cost of EIB projects supported by new assignments</b>	<b>EUR bn</b>	<b>40</b>	<b>35</b>	<b>40</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>40</b>
<b>Number of Group operations benefitting from Advisory support</b>	<b>#</b>	<b>78</b>	<b>76</b>	<b>54</b>	<b>70</b>	<b>80</b>	<b>90</b>	<b>80</b>

*(1) All EIB activities inside the EU and in non-EU countries outside the scope of EIB Global.*

## 5. Financial sustainability

### Funding, investor relations and credit ratings

The Bank's high credit rating is the basis of its business model that relies on the confidence of investors worldwide. The **EIB retains a AAA rating with stable outlook from the three major credit rating agencies (Fitch, Moody's, S&P)**, which recognise the resilience of the Bank's asset quality and risk profile to the consequences of the COVID-19 pandemic and expectations that the crisis will have only a limited impact on key credit metrics over the medium term.

The three credit rating agencies affirmed the EIB's AAA/Aaa rating with a stable outlook during 2021: S&P in February, Moody's in June and Fitch in September. The resilient credit quality of the loan portfolio and a deleveraging trend, as well as the access to the ECB's refinancing facilities and the very good quality of risk management are some of the positive factors which support the ratings.

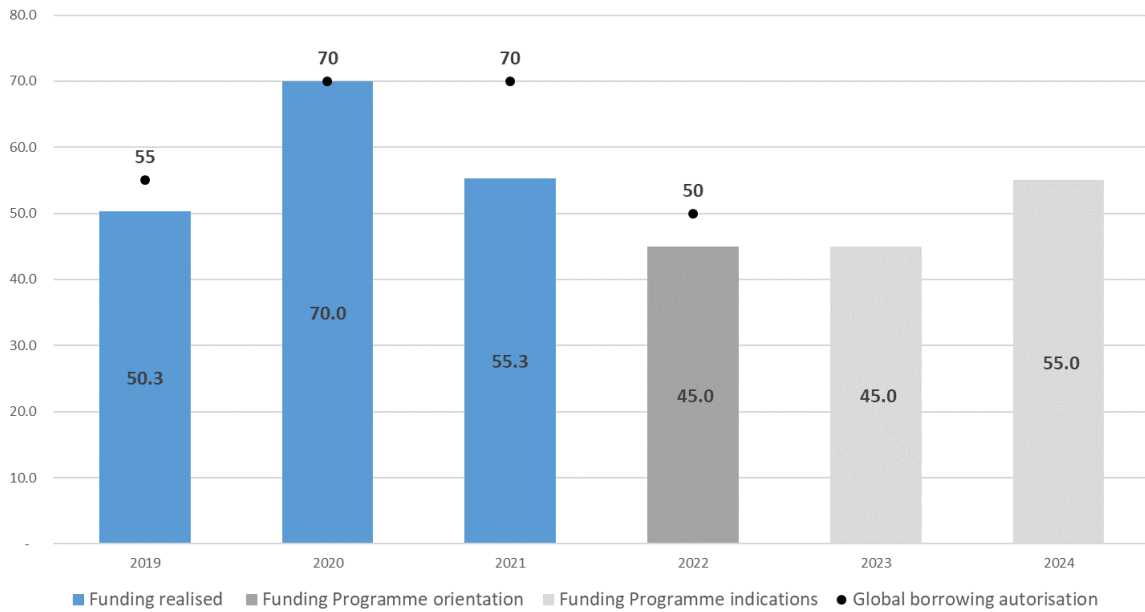
In the rating agencies' view, the EIB's increased business volume during the COVID-19 crisis is evidence of its countercyclical response and a key role is expected for the MFF 2021-2027, with a focus on climate action, innovation and digitalisation.

Rating agencies have started incorporating the impact of ESG (environmental, social, governance) credit factors in their analysis. S&P defines the EIB as an "environmental standard-setter," referring to the EIB's climate ambitions and, for instance, its energy policy (approved in late 2019). The agency also acknowledges the Bank's risk mitigation techniques in higher-risk operations. Moody's takes a positive view on the EIB's strategy towards becoming the EU climate bank and its position as the largest supranational issuer of sustainability bonds. The agency assesses the EIB's risk management practices as robust and conservative.

**All three major rating agencies (Fitch, Moody's, S&P), affirmed the EIF's 'AAA/Stable' rating, too.** Fitch and Moody's already published their reports. The rating agencies recognised the exceptional capitalisation, very strong shareholder support and liquidity, and the EIF portfolio's resilience to the consequences of the pandemic shock. Following the capital increase, the agencies assessed liquidity and the EIF's capital metrics as stronger than in previous years.

The funding programme orientations reflect the borrowings required to meet the operational targets presented in the Group Operational Plan for 2022. Apart from the lending orientations, the funding volumes also consider borrowing redemptions, loan reflows and other pre-determined or estimated cash flows. The expected annual borrowing needs in 2022 are EUR 45bn.

**Graph 5 – Evolution of the EIB borrowing (funding) programme**



The EIB’s **funding strategy** relies on the issuance of large and liquid benchmark transactions in the main currencies, complemented by targeted issuance (plain vanilla and structured) usually on the basis of reverse inquiries, diversification of currencies and a strong and visible component of sustainable debt products. The euro and the US dollar remain the main currencies for large, liquid issuance and constitute the bulk of the funding programme, catering for different investor groups and geographies. Such diversification has proved its usefulness in the past, during crisis and market disruptions, and will apply again in 2022.

The Climate Bank Roadmap for 2021-2025 states that the EIB will align its tracking methodology for green lending with the **EU Taxonomy Regulation**. This regulation is now becoming operational: the EU taxonomy for climate action is scheduled to enter into force in 2022; the taxonomy for other environmental objectives is being developed for application in 2023.

This directly impacts sustainability funding, a strategic business area in the implementation plan of the Climate Bank Roadmap. The EU Regulation proposal on the European green bond standard of July 2021 requires the alignment of the use-of-proceeds with the taxonomy. The EIB is therefore aligning its **climate and sustainability awareness bonds** (CABs and SABs) with the taxonomy and the European green bond standard. The 2020 CAB/SAB Frameworks of September/October 2021, assured by KPMG, describe the EIB’s alignment plans and disclose for the first time technical screening criteria for substantial contributions.

The current outlook for demand for green and sustainable debt products is showing strong appetite from the investor community. Total issuance of climate and sustainability awareness bonds for 2021 reached EUR 11.5bn equivalent (approximately 21% of total funding), in line with the volume of eligible disbursements during the year.

On 27 April 2021, the EIB launched a EUR 100mn **digital bond issuance on a blockchain platform**, deploying this distributed ledger technology for the registration and settlement of

digital bonds. Following up on the first transaction, the EIB is engaging with the market for similar transactions aiming to expand the use of the technology to other currencies.

The EIB believes that the digitalisation of capital markets may bring benefits to market participants in the coming years, including a reduction of costs, better market transparency through an increased capacity to see trading flows, as well as a much faster settlement speed.

Following the implementation of the **SURE & Next Generation EU** programme, the Commission is slowly but steadily becoming the largest issuer in euro SSA markets. The impact on high grade euro capital markets has not so far been disruptive, in part thanks to the ECB's quantitative easing programmes. Consequently, fears that the substantial extra supply would invariably lead to a repricing of the whole SSA market have not (yet) materialised. Heavy issuance calendars dominated by the Commission and euro area sovereigns would require flexibility and agility to be able to smoothly and sustainably deliver the funding programme of the Bank.

## Risk management

The EIB Group remains **watchful that activity levels are financially sustainable** in the uncertain operating environment, and are aligned with its overall business model, relying on its high credit standing, including the EIB's AAA/Aaa ratings and its status as prime issuer on the capital markets. The evolution of short- and longer-term capital needs of the Group is being closely monitored.

As the EU climate bank, the EIB has committed to ambitious climate action targets in order to promote the transition to a low-carbon and environmentally sustainable economy, and to build resilience to the physical effects from climate change that are already materialising. Nevertheless, climate change is also recognised by a growing number of regulators and central banks as a threat to the financial sector, which could cause a long-term deterioration of profitability or even trigger systemic crises. To address this risk, financial institutions are being encouraged to incorporate climate change in their risk frameworks. The **EIB Group needs to understand and mitigate its exposure to climate-related risks**, and at the same time prepare itself for future regulatory and disclosure requirements.

The EIB is in the process of incorporating climate risk in its existing risk management framework. To this end, the EIB developed a climate-risk screening tool with the objective of assessing its portfolio's exposure to climate risk and facilitating informed risk management decisions. The goal is to integrate the tool into credit rating models as well as credit policies, thus facilitating the assessment of climate risk at all stages of the credit-granting process.

Some of **the largest risk events observed in the market in recent years have stemmed from cyber risk**. The steady increase of cyber-attacks against EU Bodies, Institutions and Agencies (EUBIA) led to increased awareness at the EU policy level, leading to intensified discussions regarding the publication of EUBIA-specific regulations in the areas of cybersecurity and information security, which are expected to be released in 2022.

Cybersecurity is addressed by the lines of defence at the EIB. The first line of defence detects and protects from cyber security attacks affecting the integrity, availability and confidentiality of EIB-processed data. The first line is also engaged in the response to the cybersecurity threat,

thus contributing to the cyber resilience efforts of the EIB. This engagement includes the operation of a 24/7 security operations centre to respond to cyber threats at a technical level, the identification, deployment and operation of state-of-the-art cyber security measures, and regular assessments of the EIB's preparedness to repel cyber-attacks in line with best practices, such as the European framework for threat intelligence-based ethical red-teaming. All this is done in close cooperation with the second line of defence, which runs a comprehensive programme to keep the EIB safe and secure. The second line maintains information security management and policy frameworks aligned with best practices, educates EIB staff on cybersecurity, measures and assesses key information and communication technology risks, and oversees information security governance at the EIB.

## Financial planning

The projected evolution of the EIB net surplus under a conservative baseline scenario is shown in [Table 10](#).

**Table 10: EIB net surplus (before provisions)**

EUR m	2020 Achieved	2021 Forecast	2022 Orientation
<b>Financial Surplus</b>	<b>2,882</b>	<b>3,123</b>	<b>2,796</b>
<b>Net Surplus</b>	<b>1,935</b>	<b>2,035</b>	<b>1,587</b>

## Budgetary planning 2022

**Table 11: Total EIB operating budget 2022**

EUR m	2021 Budget	2022 Budget
<b>Intermediation &amp; administrative</b>	<b>1,560.1</b>	<b>1,623.1</b>
<b>Depreciation &amp; operating costs</b>	<b>-1,064.4</b>	<b>-1,126.4</b>
Cost coverage (EUR m)	495.6	496.7
Cost coverage (%)	147%	144%

**Table 12 Total EIB capital budget**

EUR m	2021 Annual budget	2022 Annual budget	Beyond 2022 Multi-annual budget
<b>Total capital expenses</b>	<b>131.6</b>	<b>173.4</b>	<b>280.4</b>

## 6. The way we work

### People and responding to needs

Over the past few years, the EIB Group has been growing quickly, triggering **major transformations**. Many reforms have already been put in place to strengthen governance, rules and procedures in line with evolving Best Banking Practices and to improve working methods and tools.

A new **strategic workforce planning** approach has been introduced to allow for a more agile allocation of staff resources for new initiatives. With the right resources in the right place, the Bank will continue to focus on increasing its employees' engagement and motivation by fostering an inclusive and purposeful culture, based on strong leadership practices, a flexible way of working, and regular two-way communication.

The EIB Group's staff have been extremely flexible and committed during the COVID-19 crisis. The sudden change brought about by the COVID-19 pandemic demanded that the EIB Group accelerate and rethink its ways of working. Staff shifted to a **hybrid way of working**, combining work at the office and at home. As of mid-September 2021, staff were invited to return regularly to the office in bigger numbers. This new decision allowed everyone to reconnect with colleagues and clients better.

Building on this experience, the Group will progressively adopt **new working norms** and analyse what further improvements can be made in the way we work as the EIB Group continues to adapt to meet the expectations of its shareholders. The EIB has managed to shift key processes, such as recruitment, performance conversations and training courses, to a virtual format. The Group also introduced training and guidance on hybrid working for managers and staff. It is also monitoring the changes to make sure they are balanced and fair. In the second phase, the new flexible ways of working will be assessed to make sure that they respond to the needs of staff and support the interests of the EIB Group as well as attract the right talent for future employment. The various departments are cooperating closely with Staff Representatives to design the future working guidelines.

In 2020, the EIB Group initiated a **leadership culture programme** to make managers fit for future requirements in a changing operating landscape. As one of the outcomes of this initiative, new EIB leadership qualities were defined by a designated group of EIB managers in spring 2021. During 2022, these will be further assessed in workshops and, after adoption, embedded in personnel processes and practices.

The pandemic has also brought unprecedented challenges in the field of staff's **mental health and wellbeing**, which the EIB Group has tackled notably by putting in place a mental health plan that aims to remove the stigma around mental health issues and educate all staff on the subject. Its implementation includes training and awareness campaigns, and started with pilot sessions in December 2021. A series of web seminars on health and wellbeing topics have been taking place regularly since May 2021.

The Bank's internal **diversity and inclusion strategy** was approved by the EIB Board of Directors in February 2018 and is valid until the end of 2021. It follows the same structure as the EIB Group's gender equality and women's empowerment strategy and promotes an inclusive workplace. In terms of main targets for staffing by the end of 2021, the objective was to increase

the total percentage of women in management to 33% (30% as of June 2021), increase the percentage of women at senior executive level to 40% (35% as of June 2021), and the percentage of women at executive level to 50% (45% as of June 2021). Despite considerable progress being made through targeted actions throughout the Bank, these targets were not forecast to be fully met in 2021.

Further to the successful EDGE (Economic Dividends for Gender Equality) certification in late 2020, the Bank has been working to implement the action plan. A gender pay gap analysis revealed no statistically significant gap for the second year in a row. A pilot mentoring initiative for female talent was launched in July 2021, offering guided mentorship to 20 EIB colleagues. The EIB encourages **inclusive working practices** and has launched an unconscious bias e-learning programme for all staff in addition to the existing training for managers.

2021 was an important year for the Bank in terms of disability inclusion. In July 2021, the Bank joined “The Valuable 500” pledge alongside 499 other national and multinational organisations to improve disability inclusion in the institution. In December 2021, the Group hosted its first ever full **disability awareness week**, with events, activities, communication materials and awareness-raising initiatives to further its disability inclusivity. In addition, the EIB marked the 2021 Luxembourg Pride week with the raising of the rainbow flag and illumination of the Chair monument. On the 2021 International Day Against Homophobia, Transphobia and Biphobia, the EIB Group released a statement reiterating its belief that gender identity and sexual orientation are essential to our human identity; LGBTIQ rights are human rights.

The **EIF’s diversity and inclusion strategy** and indicators, designed in 2018, are aligned to the EIB, with targets specific to the EIF. The overall gender representation target aiming at 50% women, has not yet been reached and remains at 47%. However, targets help to understand the impact of Personnel’s process on gender representation. There has been a constant increase in the representation of women in different categories, such as the senior executive category, for which the representation of women increased from 30% in 2018 to 36% in 2020 (the target for 2021 is 40%). The manager category has increased from 13% in 2018 to 18% in 2020 (the target for 2021 is 20%).

As the current EIB diversity and inclusion strategy ended at the close of 2021, the EIB Group’s **future approach to mainstreaming diversity, equity, inclusion and belonging** will be presented to the Board of Directors in early 2022, after consultation with the relevant stakeholders.

Although the COVID-19 crisis has been challenging for the Bank’s **external offices**, they continued to manage relationships with stakeholders, gather political and economic information, support projects and promote the EIB Group. These offices play an important role in supporting and improving business delivery, especially when staff in Luxembourg cannot travel or interact easily with clients and stakeholders. The offices are operating at different stages of the return to normality, depending on the local situation of the pandemic.

**External offices outside the EU** covering the pre-accession countries, the Neighbourhood, the African, Caribbean and Pacific countries, Asia and Latin America will become part of EIB Global at the start of 2022. External offices are becoming even more critical in providing practical support for project origination and implementation. They will continue the policy dialogue with national stakeholders. Their activities will become part of a coordinated and impactful Team Europe approach, helping to address EU global priorities and strengthen the EU’s strategic autonomy on the global stage.

External offices outside the European Union are expected to strengthen their **local presence** in terms of the number of staff and the level and depth of their technical skills. This will enable

better engagement by the EIB in the deployment of EU development programmes. Strengthening the local presence will enhance the visibility of the EIB Group as development actor outside the EU, reinforce EU policy alignment (“policy first”), and contribute to closer and more robust relationships and cooperation with the EU delegations and other Team Europe partners. Local presence will be organised around three dimensions: 1) regionalisation (reinforcing existing representation to create regional hubs focused on sector and product knowledge and services); 2) localisation (with a more marked reliance on local agents); and 3) enhancements to knowledge and processes (to support the first two dimensions).

In 2022, the 20 **external offices in the EU** will continue to strengthen relations with local stakeholders, including public authorities, private sector clients and civil society. This will enhance the visibility and profile of the EIB Group in the respective Member State. The external offices are keeping up-to-date on local matters in the different Member States, providing regular reports to EIB Group staff. The external offices will also help facilitate and support the work of the EIB Group.

Over the past few years, the EIB Group has launched a number of **transformation programmes** to respond to regulatory requirements as well as internal and external needs. For their implementation, the Group has adapted and harmonised its way of working and fostered collaboration and transparency. The main transformation programmes are:

- **The Audit Committee Roadmap** including programmes and projects at Bank and Group level which respond to the recommendations made by the Audit Committee. The Audit and the Management Committee are closely monitoring and steering the implementation of this multiannual plan.
- **The Group Alignment Implementation Plan** to strengthen the Group dimension. The plan, which includes a comprehensive overview of all Group alignment initiatives, was jointly created by the EIB and the EIF and approved by their respective governing bodies. The EIF and the EIB agreed on key principles and guidelines that shall apply for Group alignment. The initiatives are implemented by transversal teams across the Group.
- **The Climate Bank Roadmap Implementation Programme** to support the transformation of the EIB into the EU climate bank.

The **Digital Ambition Strategy and Roadmap** (2021-2025), approved by the EIB Board of Directors in May 2021, will be another key transformational programme over the planning period.

In 2022, the focus will be on strengthening five key **digital foundations**: (i) complying with regulations and Best Banking Practices; (ii) streamlining business processes and client/mandator experience; (iii) providing complete end-to-end process automation and full data integration; (iv) modernising the IT architecture and delivery model; and (v) fostering a digital organisation and governance. The organisation will be strengthened by the creation of the role of **Group Chief Digital Officer**.

Key projects which will commence in 2022 include the creation of digital platforms that connect financial systems, an enhanced client portal, a **single Group** approach for **counterparty management** and the upgrade of the middle-office to a centralised operating model supported by an integrated platform. To better integrate the data exchange between the EIF and the EIB, a transversal foundation layer will be developed.

**Cybersecurity** will remain key to the modernisation of IT at the EIB Group. The focus will be on improving cyber resilience and preparedness. The EIB Group’s technical cyber resilience

programme will protect the integrity, availability and confidentiality of the processed data regardless of its location, and detect security attacks. The EIB Group's security status will be assessed and security measures and controls will be replaced and enhanced as needed. Digitalisation efforts are also expected to embrace cloud technology. The EIB Group's preparedness to combat cyber-attacks will be regularly assessed in line with best practices under, for example, the European framework for threat intelligence-based ethical red-teaming.

## Governance

The EIB Board of Governors adopted a governance package in the third quarter of 2021 including new **codes of conduct** of the Board of Directors, Management Committee and Audit Committee, together with revised operating rules for the Ethics and Compliance Committee and changes to the rules of procedure. These revisions include more stringent rules on conflicts of interest and the post-employment activities of members of the Bank's governing bodies, and address expectations of the European Ombudsman and the European Parliament. Following the recommendation of the Board of Directors, a periodic review will be conducted to ensure that the ethical framework applicable to the Bank's Governing Bodies continues to reflect best practices.

The declarations of interest of the members of the EIB's Board of Directors and the Management Committee will be made public. It is anticipated that the declarations of interest will be reviewed in accordance with best practice.

The **Three Lines of Defence Reform Programme** has reached key milestones, paving the way for the implementation and the implementation of the **EIB Review and Evaluation Process (EIB REP)** is advancing. Policies and procedures are being developed. It is expected that the progressive development of the methodology will increase through selected coverage in 2022, with full coverage of the EIB REP scope in 2023.

Further to the EIB Board of Director's endorsement of the establishment of an EIB branch, the Bank will, in 2022, convene the first meetings of a **Board advisory group for outside EU activities**. This advisory group will advise the EIB's Board of Directors on financing proposals, dedicated strategies and business implementation plans falling within the remit of the branch. This responds to the European financial architecture for development process and the Council's Conclusions of June 2021 that requested the inclusive association of development policymakers to strengthen the EIB's development impact.

## A responsible EIB Group

### Compliance, transparency and accountability

To promote a strong compliance culture, the EIB Group continues its engagement in the **Compliance Culture Change Programme**, which was launched in 2018. An important milestone has been the finalisation of the revision of the [EIB Group Whistleblowing Policy](#). The new policy clarifies what can be reported and by whom, and is clearer on its purpose of offering a safe way to report misconduct and protecting whistleblowers, rather than on the obligation to report, and it further aligns its provisions with the EU Whistleblowing Directive (Directive (EU) 2019/1937 of 23 October 2019). Together with the EIB Group Staff Code of Conduct, dated December 2019, these documents, which are applicable to the whole Group, identify and articulate core ethical values and strengthen the effective enforcement of rules.

In addition to an in-depth revision in 2019, the Bank's [Dignity at Work Policy](#) has been applied to harassment complaints. The revised policy clarifies the procedural steps to be followed and

increases the rights of the persons involved in the process. At the end of 2020, the Bank applied for the first time the possibility to initiate ex officio a formal procedure.

The revision of the EIB Group AML-CFT (anti-money laundering and combatting the financing of terrorism) Framework resulted in a revised [EIB Group AML-CFT Policy](#) that was approved by the Board of Directors of the EIB and the EIF in July 2021. Subsequently, the **AML-CFT Procedure** implementing the policy has been revised. Work will continue on know your customer streamlining efforts and further refinements of the risk-based approach. The Bank will continue its regulatory watch activity in this area and pursue alignment with the Commission's package of legislative proposals to strengthen the EU's AML/CFT rules to the extent determined by the Best Banking Practice guiding principles.

The EIB's tax good governance framework is set out in the 2019 [EIB Group NCJ Policy](#), operationalised in the Bank's **NCJ (non-compliant jurisdiction) procedures** and transposed in staff tools and operating guidelines.

Following the revision of the EIB Group's market abuse framework, the new **EIB Group Market Abuse Policy** was approved by the Board of Directors of the EIB and the EIF in July 2021. In parallel, work is ongoing on the deployment of policy-implementing procedures and strengthening the market abuse systems, including those related to personal transactions. At the same time, a comprehensive review of the EIB Group **Guidelines on Conflicts of Interest** has been initiated, with the aim to strengthen further the institutional conflicts of interest framework and controls.

In 2021, the EIB's implementing procedures for the EIB Group Sanctions Compliance Policy (**EIB Sanctions Procedures**) were reviewed, coupled with the completion of the EIB's Sanctions Risk Exposure Assessment, which is an integral part of the Group Compliance Risk Assessment process.

During 2021, the procedural framework for **data protection** was further developed, ensuring compliance with the applicable Data Protection Regulation. For 2022, the Monitoring Programme for the Bank-wide EUDPR (EU Data Protection Regulation) Compliance Roadmap will start to be implemented.

In 2021, the [EIB Group Evaluation Policy](#) was approved by the EIB and EIF Boards of Directors. In 2021, three evaluations were fast-tracked to ensure their completion in time to feed into important Bank discussions and decisions: the evaluation of the EIB's support for climate adaptation, the evaluation of EIB's Special Activities, and the rapid assessment of the EIB's response to the COVID-19 crisis. In line with the recommendations of the external peer review carried out in 2019-2020, medium-term orientations for evaluation activities are being developed. In 2022 and beyond, evaluations that are relevant and useful for both accountability and learning will be undertaken, for instance the evaluation of advisory services in support of cohesion. The evaluation work programme for 2022-2024 will be submitted for approval to the Board of Directors in early 2022, including new evaluations of EIB Group's support for SMEs and the EIB's support for digitalisation.

In 2021, the first [EIB Group Anti-Fraud Policy](#) was approved by the EIB and EIF Board of Directors. The EIB Group initiated cooperation with the newly created European Public Prosecutor's Office (EPPO) since it became operational in June 2021, including the establishment of a working arrangement. The EIB Group will work to strengthen its relationship with the EPPO in 2022 and beyond.

The **Complaints Mechanism (CM)** will strengthen its monitoring function, with a systematic review of the timely implementation of CM's recommendations to the Group. The Complaints

Mechanism will also undergo an independent external peer/quality review in 2022-2023. The Bank's Project **Procurement Complaints Committee** (PCC) will continue to handle procurement complaints for EIB financed projects.

In December 2020, the EIB launched a public consultation on the **review of the EIB Group Transparency Policy** (EIB-TP). The review provided an opportunity to reflect on the key lessons learned in recent years and to make the appropriate improvements, listening to the suggestions of stakeholders and the members of the public who participated in the public consultation. The policy sets out the EIB Group's approach to transparency and stakeholder engagement. It enshrines the EIB Group's commitment to openness and recognises that transparency contributes to the quality and sustainability of the EIB Group's operations and helps build trust in the EIB Group.

The EIB Board of Directors adopted the **revised EIB Group Transparency Policy** (EIB-TP) on 17 November 2021. The revised policy continues to be based on the guiding principles of openness, ensuring trust and safeguarding sensitive information, and a willingness to listen and engage. It remains fully in line with relevant EU transparency requirements and international best practice. The EIB Group publishes annual reports on the implementation of the policy on its websites.

## Corporate responsibility

In 2021, the EIB Group held a record number of **public consultations** on key policies. In addition to the consultation on the revised EIB Group Transparency Policy, the public consultations on the Environmental and Social Sustainability Framework (ESSF) are currently ongoing. Following 13 consultation web seminars with external stakeholders held in June and July of 2021, the new framework is expected to be submitted to the Board for its meeting in February 2022. The public consultation on the review of the EIB Transport Lending Policy has attracted significant stakeholder contributions and the policy is expected to be submitted to the EIB Board of Directors at the beginning of 2022.

These public consultations follow a process considered as best practice, and help improve the quality of the Bank's policies, while **strengthening the EIB Group's accountability** to EU citizens. The Bank continues to receive best-in-class ratings from leading **sustainability rating agencies**. The EIB remains fully committed to being at the forefront of sustainability-related disclosures. In 2021, the Bank published its first report as official supporter of the Task Force of Climate-related Financial Disclosures. The report complements the existing set of sustainability-related disclosures that are published annually by the Bank. These include: the Group's flagship Sustainability Report, the disclosures in line with the Global Reporting Initiative and Sustainability Accounting Standards Board frameworks, as well as the Group's Carbon Footprint Report. Sustainability-related reporting will continue to be an important area of focus for the EIB's communication on its sustainability performance.

## 7. EIB Group indicator table

This table presents the new EIB Group indicators that are presented in the EIB Group Operational Plan for the first time. The Bank level indicators are presented in the following section.

**Table A: EIB Group Indicators**

	Unit	2019	2020	2021	2022
<b>ADDITIONALITY &amp; IMPACT INDICATORS</b>					
<b>1 Group Signatures (own and third party resources)</b>	EUR bn	<b>72.2</b>	<b>76.9</b>	<b>94.9</b>	<b>69.1</b>
- EIB - EU activity <sup>(1)</sup>	EUR bn	55.4	57.0	57.9	51.2
- EIB Global	EUR bn	7.9	9.3	7.5	9.6
- EIF	EUR bn	10.2	12.9	30.5	10.3
<b>2 Group Disbursements</b>	EUR bn	<b>n.a.</b>	<b>n.a.</b>	<b>44.8</b>	<b>44.7 - 51.9</b>
<b>3 Group Public Policy Goals</b>					
-Innovation, Digital and Human Capital	EUR bn	n.a.	n.a.	n.a.	20.3
-SME & MidCap Finance	EUR bn	n.a.	n.a.	n.a.	19.1
-Sustainable Cities and Regions	EUR bn	n.a.	n.a.	n.a.	13.9
-Sustainable Energy and Natural Resources	EUR bn	n.a.	n.a.	n.a.	17.8
<b>EU Economic and Social Cohesion and Convergence - % of Group signatures</b>	%	n.a.	n.a.	n.a.	39.7%
<b>Climate Action and Environmental Sustainability - % of Group signatures</b>	%	n.a.	n.a.	n.a.	35.8%
<b>4 Total number of new advisory assignments</b>	#	<b>390</b>	<b>370</b>	<b>331</b>	<b>310</b>
- EIB- EU activity	#	280	318	285	250
- EIB Global	#	110	52	46	40
- EIF	#	n.a.	n.a.	n.a.	20
<b>5 No. of Group operations benefitting from advisory support</b>	#	<b>78</b>	<b>76</b>	<b>54</b>	<b>70</b>
<b>6 Macro economic impact of EIB Group Activities in Europe (statistical indicator)</b>					
Economic impact on jobs - short term (after 5 years)	# (000's)	1,140	1,030	1,500	n.a.
- long term (after 20 years)		700	590	750	n.a.
Economic impact on GDP - short term (after 5 years)	%	1.1%	1.1%	1.7%	n.a.
- long term (after 20 years)		0.8%	0.8%	1.0%	n.a.
<b>FINANCIAL SUSTAINABILITY INDICATORS</b>					
<b>7 EIB Borrowing Programme for Group Activities</b>	EUR bn	<b>50.3</b>	<b>70.0</b>	<b>55.3</b>	<b>45.0</b>
<b>THE WAY WE WORK INDICATORS</b>					
<b>8 Implemented Group Internal Audit actions</b>	%	<b>n.a.</b>	<b>n.a.</b>	<b>62</b>	<b>65</b>
<b>9 Implemented Group IG recommendations</b>	%	<b>73</b>	<b>62</b>	<b>85</b>	<b>65</b>
<b>10 Group Diversity and Inclusion (to be included for OP 2023-2025)</b>	%	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>11 Group FTE (statistical indicator)</b>					
- professional	#	2,662	2,735	3,015	n.a.
- support	#	777	688	750	n.a.

(1) All EIB activities inside the EU and in non-EU countries outside the scope of EIB Global

## 8. EIB indicator tables and statistics

Table B: EIB Performance Indicators

	Unit	2019	2020	2021	2022	2023	2024	2022-2024 Average
<b>ADDITIONALITY &amp; IMPACT INDICATORS</b>								
<b>1 EIB Signatures (own resources)</b>	<b>EUR bn</b>	<b>61.9</b>	<b>64.7</b>	<b>54.3</b>	<b>58.5</b>	<b>63.0</b>	<b>67.5</b>	<b>63.0</b>
- EIB - EU activity <sup>(1)</sup>	EUR bn	54.9	56.5	47.8	49.0	53.0	57.0	53.0
- EIB Global	EUR bn	7.0	8.2	6.4	9.5	10.0	10.5	10.0
<b>2 EIB Disbursements (own resources)</b>	<b>EUR bn</b>	<b>47.5</b>	<b>56.9</b>	<b>40.4</b>	<b>42.7 - 54.0</b>	<b>42.1 - 50.1</b>	<b>45.1 - 53.0</b>	<b>43.3 - 51.0</b>
- EIB - EU activity	EUR bn	43.7	51.5	35.0	38.3 - 44.7	38.0 - 45.3	40.5 - 47.6	38.9 - 45.8
- EIB Global	EUR bn	3.8	5.4	5.5	4.4 - 5.1	4.1 - 5.0	4.6 - 5.5	4.4 - 5.2
<b>3 EIB Signatures (own resources) by Public Policy Goals<sup>(2)</sup></b>								
<b><i>Innovation, Digital and Human Capital</i></b>	<b>EUR bn</b>	<b>15.9</b>	<b>17.8</b>	<b>16.7</b>	<b>17.1</b>	<b>18.5</b>	<b>19.8</b>	<b>18.5</b>
- EIB - EU activity	EUR bn	15.7	16.9	15.4	15.0	16.2	17.4	16.2
- EIB Global	EUR bn	0.2	0.9	1.3	2.1	2.3	2.4	2.3
<b><i>SME &amp; MidCap Finance</i></b>	<b>EUR bn</b>	<b>15.9</b>	<b>19.0</b>	<b>9.6</b>	<b>12.3</b>	<b>13.2</b>	<b>14.2</b>	<b>13.2</b>
- EIB - EU activity	EUR bn	14.2	15.8	7.9	10.0	10.8	11.6	10.8
- EIB Global	EUR bn	1.7	3.2	1.8	2.3	2.4	2.5	2.4
<b><i>Sustainable Cities and Regions</i></b>	<b>EUR bn</b>	<b>14.7</b>	<b>14.6</b>	<b>13.7</b>	<b>13.9</b>	<b>15.0</b>	<b>16.0</b>	<b>15.0</b>
- EIB - EU activity	EUR bn	12.4	12.4	12.0	11.0	11.9	12.8	11.9
- EIB Global	EUR bn	2.2	2.2	1.7	2.9	3.1	3.2	3.1
<b><i>Sustainable Energy and Natural Resources</i></b>	<b>EUR bn</b>	<b>13.2</b>	<b>13.2</b>	<b>14.3</b>	<b>15.2</b>	<b>16.4</b>	<b>17.5</b>	<b>16.4</b>
- EIB - EU activity	EUR bn	11.3	11.3	12.6	13.0	14.1	15.1	14.1
- EIB Global	EUR bn	1.9	1.9	1.7	2.2	2.3	2.4	2.3
<b>EU Economic and Social Cohesion and Convergence - % of EIB signatures (own resources)</b>	<b>%</b>	<b>29.4%</b>	<b>34.5%</b>	<b>41.5%</b>	<b>40.0%</b>	<b>42.0%</b>	<b>44.0%</b>	<b>42.0%</b>
- Primary orientation for Less Developed regions	%				20%	21%	22%	21%
<b>Climate Action and Environmental Sustainability - % of EIB signatures (own resources)</b>	<b>%</b>	<b>31.1%</b>	<b>37.3%</b>	<b>51.0%</b>	<b>39.0%</b>	<b>43.0%</b>	<b>47.0%</b>	<b>43.0%</b>
<b>4 EIB Value added AIM KPIs</b>								
<b>Pillar 1 (Policy)</b>								
- EIB - EU activity		n.a.	n.a.	n.a.	Very Good	Very Good	Very Good	Very Good
- EIB Global		n.a.	n.a.	n.a.	Very Good	Very Good	Very Good	Very Good
<b>Pillar 2 (Project quality and results)</b>								
- EIB		n.a.	n.a.	n.a.	Very Good	Very Good	Very Good	Very Good
- EIB Global		n.a.	n.a.	n.a.	Very Good	Very Good	Very Good	Very Good
<b>Pillar 3 (EIB contribution)</b>								
- EIB		n.a.	n.a.	n.a.	Very Good	Very Good	Very Good	Very Good
- EIB Global		n.a.	n.a.	n.a.	Very Good	Very Good	Very Good	Very Good
<b>FINANCIAL SUSTAINABILITY INDICATORS</b>								
<b>5 Return on own funds less notional return on own funds</b>	<b>%</b>	<b>2.4</b>	<b>1.7</b>	<b>2.4</b>	<b>1.5</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
<b>6 Cost/Income Ratio<sup>(3)</sup></b>	<b>%</b>	<b>31.4</b>	<b>37.8</b>	<b>38.9</b>	<b>37.3</b>	<b>40.8</b>	<b>42.1</b>	<b>40.1</b>
<b>THE WAY WE WORK INDICATORS</b>								
<b>7 Implemented Internal Audit actions</b>	<b>%</b>	<b>74</b>	<b>63</b>	<b>62</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>
<b>8 Implemented IG recommendations</b>	<b>%</b>	<b>73</b>	<b>62</b>	<b>85</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>

<sup>(1)</sup> All EIB activities inside the EU and in non-EU countries outside the scope of EIB Global

<sup>(2)</sup> The PPG orientations are all subject to the flexibility range associated with overall new lending signature orientations. The official reporting under the new PPG framework began in 2021. Results for 2019 and 2020 were reported under the old PPG framework and have been mapped to the new PPG structure for this table.

<sup>(3)</sup> The annual cost income ratio target is calculated on the basis of budgeted costs. Non-budgeted costs considered in ex-post calculations, notably the amortisation of the actuarial pension and healthcare schemes deficit and other provisions, are excluded from the target.

**Table C: EIB Monitoring Indicators**

	Unit	2019	2020	2021	2022
<b>IMPACT &amp; ADDITIONALITY INDICATORS</b>					
<b>1 EIB Higher Risk Activities</b>	<b>EUR bn</b>	<b>1.5</b>	<b>0.5</b>	<b>2.8</b>	<b>10.7</b>
- EIB - EU activity <sup>(1)</sup>	EUR bn	1.1	0.3	2.4	7.7
- EIB Global	EUR bn	0.4	0.2	0.4	3.0
<b>2 EIB Mandate Activities</b>	<b>EUR bn</b>	<b>19.0</b>	<b>22.5</b>	<b>9.2</b>	<b>13.1</b>
- EIB- EU activity	EUR bn	13.5	14.9	4.4	8.2
- EIB Global	EUR bn	6.3	7.6	4.8	4.9
<b>3 EIF Signatures under EIB Mandates <sup>(2)</sup></b>	<b>EUR bn</b>	<b>1.1</b>	<b>3.0</b>	<b>1.6</b>	<b>2.4</b>
- RCR Mandate	EUR bn	1.1	1.2	0.9	0.9
<b>4 Total estimated investment cost of EIB projects supported by new advisory assignments</b>	<b>EUR bn</b>	<b>40</b>	<b>35</b>	<b>40</b>	<b>35</b>
<b>THE WAY WE WORK INDICATORS</b>					
<b>5 Diversity and Inclusion</b>					
<i>Women in Management positions (functions SC/8&amp;9 and C/7)</i>	%	30	29	30	n.a.
<i>Women at function D/6</i>	%	33	35	35	n.a.
<i>Women at function E/5</i>	%	42	42	43	n.a.

<sup>(1)</sup> All EIB activities inside the EU and in non-EU countries outside the scope of EIB Global

<sup>(2)</sup> Including RCR, infra funds and EIB-SLA.

**Table D: EIB Statistics**

	Unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>IMPACT &amp; ADDITIONALITY</b>												
<b>Operations Approved (own resources)</b>												
Number of Operations Approved	#	323	364	421	451	419	453	516	446	436	496	275
Volume of Operations Approved	EUR bn	53	62	77	90	94	74	83	62	57	50	46
Number of Operations Signed (own resources)	#	424	387	484	485	435	517	520	475	546	522	413
Number of Disbursements	#	1969	1826	1969	2169	2356	2362	2,468	3,028	3,148	2,807	2,578
Average Project Size	EUR m	142	133	146	157	177	144	132	114	113	124	131
Percentage of new Counterparts	%	N/A	42	42	46	49	52	57	56	53	47	42
EIB signatures under mandates (utilising third party resources) <sup>(2)</sup>	EUR m	988	984	706	843	661	525	1037	1,342	1,357	1,466	11,090
<b>FINANCIAL SUSTAINABILITY</b>												
Stock of Undisbursed Loans	EUR bn	87	82	95	101	106	113	114	108	115	116	123
<b>Balance Sheet</b>												
- Loan Book	EUR bn	395	413	428	449	457	455	454	450	447	445	433
- Medium - Long term borrowings	EUR bn	382	412	422	437	453	449	430	445	438	425	440
- Total Treasury	EUR bn	19	38	55	40	44	47	46	65	61	58	66
Gross exposure of individually impaired loans as % of loans signed	%	0.08	0.25	0	0	0.28	0.27	0.24	0.28	0.32	0.30	0.27
<b>THE WAY WE WORK</b>												
Total FTE	#	1,880	1,912	2,037	2,179	2,431	2,765	3,081	3,296	3,439	3,423	3,638
- professional		1344	1369	1469	1584	1785	2047	2316	2,522	2,662	2,735	2,937
- support		536	543	568	595	646	718	765	774	777	688	701
Number of admissible allegations coming into IG (incl. complaints and PCC)	#	141	145	149	164	163	204	251	278	288	233	219
-New Admissible Complaints received by CM & PCC <sup>(3)</sup>		46	52	57	48	49	84	102	94	60	50	45
-New Allegations of Prohibited Conduct received by Investigations		95	93	92	116	114	120	149	184	228	183	174
Number of open high risk IA Action Plans	#	14	7	7	12	8	25	14.0	33.0	21.0	20.0	36.0
Cybersecurity - % of Key Risk Indicators within acceptable thresholds	%	N/A	N/A	N/A	N/A	N/A	N/A	11.0	50.0	66.0	100.0	100.0
<b>IT Business Solutions: Run versus Change</b>												
Change	%	N/A	N/A	N/A	N/A	N/A	N/A	14	22.0	23.0	29.0	18.0
Run	%	N/A	N/A	N/A	N/A	N/A	N/A	86	78.0	77.0	71.0	82.0
<b>Buildings: Run versus Change</b>												
Change	%	27.5	16.2	38.8	41	42.3	22.2	8.6	6.0	4.0	7.0	11.0
Run	%	72.5	83.8	61.2	59.0	57.7	77.8	91.4	94.0	96.0	93.0	89.0

<sup>(1)</sup> Please note figures may differ to those published in the year end Performance Reports due to adjustments made to operations post year end (e.g. restructurings, cancellations, increase in loan amount).

<sup>(2)</sup> Third party resources include European Guarantee Fund (EGF) resources since 2020.

<sup>(3)</sup> CM = Complaints Mechanism and PCC = Procurement Complaints Committee (since Sept. 2020)

# Glossary

ACP	African, Caribbean and Pacific
AIM	Additionality and Impact Measurement
AML/CFT	Anti-Money Laundering, Combatting the Financing of Terrorism
CABs	Climate Awareness Bonds
Candidate countries	Turkey, North Macedonia, Montenegro, Serbia, Albania
CEF	Connecting Europe Facility
CEF DI	Connecting Europe Facility Debt Instrument
CM	Complaints Mechanism
COP26	The 26 <sup>th</sup> UN Climate Change Conference of the Parties
DFIs	Decentralised Financial Instruments
EaSI TA	European Programme for Employment and Social Innovation Technical Assistance
EBRD	European Bank for Reconstruction and Development
ECA	European Court of Auditors
ECB	European Central Bank
EDGE	Economic Dividends for Gender Equality
EFSD+	European Fund for Sustainable Development +
EFSI	European Fund for Strategic Investments
EFTA	European Free Trade Area
EGF	Pan-European Guarantee Fund in response to COVID-19
EGGTG	EU Global Green Transition and Connectivity
EIBIS	EIB Group Investment Survey
EIF	European Investment Fund
ELENA	European Local Energy Assistance facility
ESG	Environmental, Social, and Governance
ESSF	Environmental and Social Sustainability Framework
EUBIA	EU Bodies, Institutions and Agencies
EU DPA	EU Data Protection Regulation
GDP	Gross domestic product
IA	Internal Audit
IG	Inspectorate General
InnovFin	EU Finance for Innovators
IPO	Initial Public Offering
InvestEU	Programme to run between 2021 and 2027 to bring together under one roof the multitude of EU financial instruments currently available to support investment in the EU
JASPERS	Joint Assistance to Support Projects in European Regions
LGBTIQ	Lesbian, Gay, Bisexual, Transgender, Intersex and Queer
MDBs	Multilateral Development Banks
MENA	Middle East and North Africa
MFF	Multiannual Financial Framework
MidCaps	Companies of a size and development stage between SMEs (according to the Community definition of less than 250 employees) and larger companies
NCJ	Non-Compliant Jurisdiction
NDICI	The Neighbourhood, Development and International Cooperation Instrument
Neighbourhood & Partnership Countries	Include Mediterranean countries (excluding Turkey), Eastern Europe, South Caucasus, Russia, African Caribbean and Pacific/Overseas Countries and Territories, Republic of South Africa, Asia and Latin America
Next Generation EU	€750 billion EU emergency recovery instrument to help repair the immediate economic and social damage caused by the COVID-19 pandemic
OECD	Organisation for Economic Co-operation and Development
PCC	Procurement Complaints Committee

Potential Candidate countries	Bosnia and Herzegovina, and Kosovo (under UNSCR 1244)
PPGs	Four primary Public Policy Goals of Innovation, Digital & Human Capital, Sustainable Cities & Regions, Sustainable Energy & Natural Resources, and SMEs & MidCap Finance
Pre-accession countries	Collective term for Candidate and Potential Candidate countries
SABs	Sustainability Awareness Bonds
SDGs	Sustainable Development Goals
SMEs	Small and Medium-sized Enterprises
SSA	Sovereigns, Supranational and Agencies
SURE	Support to mitigate Unemployment Risks in an Emergency
UN	United Nations





# The EIB Group Operational Plan 2022-2024



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