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COMMISSION STAFF WORKING PAPER
Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**ON OPERATIONS CARRIED OUT UNDER THE EIB EXTERNAL MANDATE IN
2010**

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1. CONTRIBUTION OF EIB LENDING ACTIVITY PER GEOGRAPHICAL REGION

This report reviews the implementation of the current EIB external mandate at regional and country level as well as the contribution of EIB financing operations to the fulfilment of external policy objectives, taking into account the operational objectives of the EIB. It is recalled that lending under the previous 2000-2007 mandate continued until 31 July 2007 and that tables that follow cover financing operations under the current mandate only.

1.1. Pre-Accession Countries

1.1.1 Activity by Country

Table 1: Summary of lending signatures by Country (number of operations and volume)

Country	2007		2008		2009		2010		Cumulative Total	
	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm
Albania	1	23	-	-	1	10	1	50	3	83
Bosnia and Herzegovina	-	-	5	260	4	150	2	60	11	470
FYROM	-	-	1	10	1	100	1	50	3	160
Montenegro	-	-	6	50	3	108	2	45	11	203
Serbia	1	60	3	170	10	894	9	680	23	1804
Turkey	1	305	7	1519	6	1603	4	650	18	4077
TOTAL	3	388	22	2009	25	2865	19	1535	69	6797

In 2010, EIB financing volume in the Pre-Accession countries went down to EUR 1.5bn under the mandate. At the end of the third full year of the current mandate period, 78% of the EUR 8.7bn regional sub-ceiling had been signed. With a signature volume of EUR 680m in Serbia and EUR 650m in Turkey, the two countries together absorbed 87% of the amount lent under mandate. This proportion (87%) is also representative of the cumulative mandate utilisation by the two countries since 2007. Turkey alone accounts for 60% of financing under

the mandate since 2007. In Serbia, a large proportion of the EUR 1.8bn cumulative loans under the current mandate finance the extension of trans-European networks.

To increase the EIB activity in the region and to stress the commitment by the European institutions to support the Pre-Accession countries in their joining to the EU, a new EIB office in the region was inaugurated in Belgrade in November 2010.

Under the **Pre-Accession Facility**, the signature volume in 2010 exceeded the mandate and reached EUR 1.8bn. 70% of this amount financed investments in **Turkey** bringing the total EIB financing in Turkey to EUR 1.9bn in 2010. Activity was mainly driven by the continued need to counter the economic and financial crisis, as well as support for smart and sustainable growth. Since the crisis broke out, the EIB has supported the Turkish economy in particular by strengthening the SME sector in the country, which in 2010 accounted for EUR 910m in loans to intermediary banks. Of this support, EUR 760m were provided without the EU guarantee under the Pre-Accession Facility.

Among the individual operations signed in Turkey in 2010, of particular note are two facilities for SMEs pooling EIB loans with IPA grants, namely the SME Recovery Support Loan consisting of an EUR 120m EIB loan with EUR 30m of IPA funds attached; and the Greater Anatolia Guarantee Facility combining EUR 250m in EIB loans with a risk sharing mechanism of the EIF backed by IPA funds (EUR 32m) to target SMEs in the weakest economic areas of Turkey.

In Croatia, EIB has since 2006 financed operations exclusively under the Pre-Accession Facility, leaving the benefit of the EU guarantee for less developed countries. Operations signed in 2010 totalling EUR 511m include a EUR 200m framework loan in cooperation with the Commission for co-financing with EU funds (IPA and ISPA). The multi-sector priority schemes to be financed will address the long-term needs of the Croatian economy and are expected to assist Croatia in the preparations towards meeting the EU acquis and targets in a number of key sectors.

For the other countries, the EIB provided under the Pre-Accession Facility a second investment of EUR 30m to the European Fund for Southeast Europe (EFSE) established by the Commission and partner IFIs. EFSE aims to foster economic development in the Southeast European region through the provision of loans to micro and small enterprises (MSEs) and to private households via qualified financial institutions. Last year, EFSE was awarded the first prize at a G-20 summit competition SME Finance Challenge. The competition examined various models of SMEs financing which proved innovative and crisis resistant. The average micro-loan provided through the fund is EUR 4000 and since 2005, over 100 000 companies or entrepreneurs have received its loans. EFSE operates via local banks, thus enhancing their administrative and financing capacity. Instrument for pre-accession assistance (IPA) contributes annually approximately EUR 10m to the fund. This contribution generates on average EUR 70m loans to SMEs in the Western Balkans.

1.1.2. Activity by Objective

Table 2: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		2010		Cumulative Total	
	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm
Knowledge economy (RTD, ICT, Education)	-	-	1	70	1	335	4	700	6	1105
Extension of Trans-European Networks (TENs)	2	83	3	86	3	707	2	235	10	1111
Support for SMEs	-	-	7	315	15	1251	6	243	28	1809
Environmental Protection & Sustainable Communities	1	305	9	1504	5	715	5	257	20	2781
Sustainable, Competitive and Secure Energy	-	-	2	103	3	450	1	40	6	593
TOTAL*	3	338	22	2009	25	2865	19	1535	69	6797

* The above numbers cannot be added as a single operation may contribute to several objectives

Under the mandate, the knowledge economies and the research and innovation capacities in Serbia and Turkey will be reinforced by EUR 700m signed for 4 new projects. These contribute to various investment programmes in the areas of science and technology as well as research and development. Also the pre-university education system in Serbia will benefit from improvements financed by these investments.

Environmental protection and sustainable communities comprised 4 water and sanitation projects in Bosnia-Herzegovina, FYROM, Montenegro and Turkey, as well as one sustainable transport project in Serbia.

Support to SMEs represented EUR 243m or 16% of lending under mandate in 2010¹. The operations range from a second EUR 150m financing for small businesses in Turkey to EUR 10m signed with a private financial intermediary in Bosnia and Herzegovina. In Montenegro, EUR 28m split into 7 individual Finance Contracts with different financial intermediaries were signed in 2010. These are part of a EUR 100m financing facility approved in 2009 for

¹ More significant financing via credit lines for SMEs was provided outside the EU guarantee for an amount of EUR 980m representing 55% of lending under the Pre-Accession Facility.

financing of SME projects, small and medium scale infrastructure projects in the field of environmental protection, energy savings, infrastructure, industry, services and tourism in Montenegro.

The extension and development of corridors connecting to Trans-European transport Networks was supported in Serbia by two operations for a total EIB lending of EUR 235m.

One priority energy project in Serbia received EUR 40m EIB finance. The project consists of the replacement of around 5% of existing obsolete electro-mechanic meters by digital meters integrated into a remote reading and connection-disconnection system that should reduce both technical and commercial losses caused by the malfunctioning of the current system and meter tampering. More accurate, comprehensive and timely electricity consumption data will permit the optimization of power system balance, enhance energy efficiency and therefore optimize future investment in transmission and generation.

1.2. Mediterranean Partner Countries

1.2.1. Activity by Country

Table 3: Summary of lending signatures by Country

Country	2007		2008		2009		2010		Cumulative Total	
	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm
Egypt	1	130	1	250	2	120	3	906	7	1406
Israel	1	120	-	-	1	25	-	-	2	145
Jordan	1	50	1	37	1	166	-	-	3	253
Lebanon	2	295	1	52	1	70	-	-	4	417
Morocco	2	330	3	270	4	540	2	420	11	1560
Syria	1	80	1	275	2	155	2	185	6	695
Tunisia	1	200	4	311	3	434	3	498	11	1443
TOTAL	9	105	11	1195	14	1510	10	2009	44	5919

As the main financial partner of the Mediterranean, the EIB lending under the mandate reached a record-high level of EUR 2bn in 2010, an increase of 33% from 2009. The volume increase was driven especially by Egypt which received 45% of the financing signed in 2010.

1.2.2. Activity by Objective

Table 4: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		2010		Cumulative Total	
	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm
Support for enabling environment for private sector through strengthening of economic and social infrastructure	6	905	10	1143	11	1175	10	2009	37	5232
Direct support for private sector, SMEs or micro-finance	6	745	2	107	5	526	1	346	14	1724
TOTAL*	9	1205	11	1195	14	1510	10	2009	44	5919

* The above numbers cannot be added as a single operation may contribute to several objectives

All 10 operations signed under the mandate in 2010 contribute towards an enabling environment for the private sector through strengthening of economic and social infrastructure.

One of the operations additionally provides direct support for the private sector. This EUR 346m loan for an industrial project will contribute to the provision of basic infrastructure to meet the demand for cleaner fuels. This investment by an Egyptian private industrial company will convert heavy fuel oil to clean EU standard diesel. It is the largest private sector project in the region at the moment and is expected to create 7000 temporary and 700 permanent jobs. The project will have a positive environmental impact through a significant reduction in polluting vehicle emissions.

To address the growing energy needs of the region, the EIB financed 4 large energy infrastructure projects totalling EUR 939m in Egypt and Tunisia. In each country, one project will bring improvements to the power transmission networks and another project contributes to the construction of modern combined-cycle power plants to improve system efficiencies and reduce greenhouse gas emissions and air pollutants per unit of electricity generated.

Transport sector received EUR 539m of EIB financing in favour of three investment projects. The EIB support to transport projects is also in line with one of the Union for the Mediterranean priorities, namely the Land and Sea highways initiative that aims at contributing to regional integration via significant improvements in transport and transport-related infrastructure.

In the healthcare sector, EUR 130m loan was signed with Syria to modernize and expand healthcare services. The project will allow the construction and provision with medical

equipment of eight hospitals. It furthermore contributes to the completion of the National Centre for Drugs and Public Health to improve healthcare access and the overall quality of health services within a strategy of reducing urban-rural disparities. This project also benefits from FEMIP technical assistance.

Finally, EUR 55m loan was signed under mandate to develop modern water supply, wastewater collection and treatment infrastructure in North-Western Syria. The objective of the project is to reduce raw wastewater discharges to the rivers flowing to the Mediterranean Sea, and improve the water and wastewater services within nearby cities and villages. The project is included in the EU Horizon 2020 initiative, aiming to tackle top sources of Mediterranean pollution, which is also one of the priority activities under the Union for the Mediterranean (UfM) (de-pollution of the Mediterranean Sea). It is expected that 374 000 inhabitants will benefit from the operation by 2025. The project is supported by FEMIP technical assistance and EUR 5m investment grant from EU budgetary resources.

Besides lending under the mandate, three operations totalling EUR 516m were signed within the framework of the Mediterranean Partnership Facility II.

Four further private equity operations were signed under the ENPI Risk Capital Envelope, for an amount of EUR 22m.

Technical assistance operations contracted in 2010 represent a total value of EUR 16.1m under three financial envelopes: FEMIP Support Fund (EUR 10.1m), FEMIP Trust Fund (EUR 1.9m) and Support to FEMIP envelope (EUR 4.1m). In particular, the FEMIP Trust Fund helped to conduct a feasibility study on the creation of Mediterranean Business Development Initiative (MBDI), which would be a centre for SME support.

The de-pollution of the Mediterranean Sea witnessed a step forward as the Mediterranean Hot Spot Investment Programme - Project Preparation and Implementation Facility launched in 2009 under the FEMIP Support Fund showed its first results. The facility provides grant assistance to help partner countries prepare pollution reduction infrastructure projects to the required standards for international financing. 78 operations have been identified for a total cost of around EUR 5.7bn. More than half of these projects have already received financing. Among the projects that have not yet been funded, the EIB has selected nine investment operations totalling EUR 1.2bn that it wants to examine and potentially finance during the period 2010-2013.

The Mediterranean has been identified by the United Nations' Intergovernmental Panel on Climate Change (IPCC) as being especially vulnerable to the impacts of climate change. Many of these impacts (increased risk of drought, longer fire season, reduction in crop productivity) are common across the region, yet few Mediterranean countries have robust adaptation plans. The EIB took part in a major event in Athens on 22 October 2010, which led to the launching of the Mediterranean Climate Change Initiative (MCCI). This initiative aims to strengthen environmental collaboration between the governments of Mediterranean countries and to promote and facilitate investment in low carbon projects throughout the region. Whilst the MCCI called for a unified Mediterranean voice that would help advance climate change discussions on a global level, it also confirmed the need for initiatives that could pave the way for climate action at a regional level.

The Mediterranean region is witnessing unprecedented changes. In collaboration with the European External Action Service and the Commission, the EIB remains committed to

enhance efforts for a coordinated EU response to the needs of the populations concerned through investments fostering the social and economic development, employment and political stability in the region. In this framework, subject to the Council approval, the EIB has the potential to provide financing of almost EUR 6 billion to the Mediterranean countries over 2011-2013. This amount includes an estimated EUR 4.5bn of lending capacity with the EU Guarantee (of which the EUR 1bn additional envelope proposed by the EP and estimated EUR 0.7bn for climate change mitigation and adaptation), EUR 1.2bn lending capacity at EIB own-risk and EUR 0.2bn financing for risk-capital in favour of SMEs. The EIB works in close collaboration with other IFIs and European bilateral institutions.

1.3. Eastern Europe, the Southern Caucasus and Russia

1.3.1. Activity by Country

Table 5: Summary of lending signatures by Country

Country	2007		2008		2009		2010		Cumulative Total	
	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm
Armenia	-	-	-	-	-	-	1	5	1	5
Georgia	-	-	-	-	-	-	4	175	4	175
Republic of Moldova	-	-	1	20	-	-	5	185	6	205
Russian Federation	-	-	-	-	2	133	1	250	3	383
Ukraine	-	-	1	150	1	100	1	16	3	266
TOTAL	-	0	2	170	3	233	11	631	16	1034

In 2010, EIB lending in the Eastern Europe, the Southern Caucasus and Russia reached EUR 631m, which is almost three times the volume signed in the previous year. In terms of geographical distribution, 40% of the lending volume was signed for projects in Russia, 37% in Eastern Europe and 23% in Southern Caucasus. 2010 saw the first EIB loans being signed in Armenia (one operation of EUR 5m) and Georgia (4 operations totalling EUR 175m).

In December 2010, the EIB launched a new technical assistance facility, the Eastern Partnership Technical Assistance Trust Fund (EPTATF), which aims to increase the impact of operations and accelerate successful project implementation in the region. The EPTATF will help to elaborate pre-feasibility and feasibility studies, institutional and legal appraisals, environmental and social impact assessments, project management and borrower support throughout the project implementation process, as well as financing upstream studies and horizontal institutional activities.

1.3.2. Activity by Objective

Table 6: Summary of signatures by region-specific key lending objectives

Objective	2007	2008	2009	2010	Cumulative Total

	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm	<i>Ops</i>	EURm
Transport	-	-	1	20	-	-	3	85	4	105
Energy	-	-	1	150	-	-	3	350	4	500
Telecommunications	-	-	-	-	1	115	-	-	1	115
Environmental infrastructure	-	-	-	-	2	118	3	66	5	184
SMEs	-	-	-	-	1	100	2	130	3	230
TOTAL	-	-	2	170	3	233	11	631	16	1034

In the Eastern Neighbourhood and Russia, EIB focuses on projects that are of significant interest to the EU in the transport, energy, telecommunications and environmental infrastructure fields. Since 2009, the EIB contributes to the development of the Eastern Partnership by providing finance also to the SMEs.

The new tripartite MoU signed in March 2011 between the Commission, the EBRD and the EIB together with the EIF will allow for enhanced strategic and operational cooperation in particular in the areas of climate change mitigation and adaptation, energy security, as well as, on the basis of respective competencies of EIB and EBRD, in the areas of support to the financial sector (notably for SMEs), the corporate and infrastructure sectors.

More than half of the volume signed in 2010 supports the needs of the energy sector in Russia (EUR 250m for energy efficiency) and Georgia (EUR 100m for renewable energy).

As part of the Joint IFI Action Plan in support of banking systems and lending to the real economy as well as within the SME Eastern Partnership Initiative, the EIB signed two credit lines in Georgia (EUR 35m) and Moldova (EUR 20m). These operations are intended to support primarily projects of small and medium sized companies, including an up to 30% portion for small and medium scale energy and environment projects promoted by mid-sized corporates and public entities.

Further support to SMEs will be provided through the EUR 75m Global Loan signed in Moldova for investments benefiting the local wine industry and for on-lending to the final beneficiaries (almost exclusively SMEs) including local growers, winemakers and associated industries such as bottle production. The EIB loan is associated with technical assistance required to support the successful upgrading of the Moldovan wine sector.

Transport infrastructure financing comprised 3 operations for a total of EUR 85m. Two of these (EUR 5m each) are in support of sustainable urban transport.

Finally, 3 operations in the environmental / water sector received EIB financing in an amount of EUR 66m.

1.4. Asia and Latin America

1.4.1. Activity by Country

Table 7: Summary of lending signatures by Country

Country	2007		2008		2009		2010		Cumulative Total	
	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm
Argentina	1	-	-	-	1	170	-	-	1	170
Brazil	1	250	1	200	-	-	3	420	5	870
China	-	-	-	-	1	119	-	-	1	59*
Colombia	-	-	-	-	1	100	-	-	1	100
India	-	-	1	150	1	100	-	-	2	250
Mexico	-	-	1	50	-	-	-	-	1	50
Nicaragua	-	-	-	-	1	15	-	-	1	15
Pakistan	-	-	-	-	1	100	-	-	1	100
Panama	1	27	-	-	1	397	-	-	2	424
Paraguay	-	-	1	69	-	-	-	-	1	69
Uruguay	1	28	-	-	-	-	-	-	1	28
Vietnam	-	-	-	-	2	147	2	223	4	370
TOTAL	3	305	4	469	9	1147	5	643	21	2504

**Of the operation signed in China in 2009, 50% (EUR 59m) was transferred in 2010 to EIB own-risk Facility for Energy Sustainability and Security of Supply.*

By the end of 2010, two thirds of the regional ceiling for Asia and Latin America under the mandate had been signed. More precisely, the utilisation rate in Asia reached 78% while Latin America was at 62%. Following exceptionally high signature volume of 2009, lending under the mandate declined in 2010 to EUR 643m in favour of 3 projects in Brazil and 2 in Vietnam. Additional signatures for ALA countries were realized under the Facility for Energy Sustainability and Security of Supply in an amount of EUR 579m of which EUR 500m for a second climate change framework loan in China and EUR 79m for the construction of a wind farm in Mexico. Together, total financing under mandate and own-risk facility amounted to EUR 1.2bn in ALA countries.

Among the Central Asian countries eligible for EIB financing, Kazakhstan was the second country to sign a Framework Agreement in 2010, after the Republic of Tajikistan did so in 2009. Subsequently, three projects are being appraised in these countries in the water, energy and climate action sectors. The Bank continues its efforts towards reaching Framework Agreements with Kyrgyzstan, Turkmenistan and Uzbekistan.

1.4.2. Activity by Objective

Table 8: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		2010		Cumulative Total	
	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm
Support for EU presence in ALA (European FDI, transfer of European technology)	2	278	4	469	8	1029	5	643	19	2419
Support of environmental sustainability (including climate change mitigation)	1	27	2	200	5	730	4	553	12	1510
TOTAL*	3	305	4	469	9	1147	5	643	21	2504

* The above numbers cannot be added as a single operation may contribute to several objectives

The EIB has developed an important portfolio of investments contributing to environmental sustainability, including climate change mitigation which represents a new area of intervention for the EIB in ALA since the beginning of the current mandate period. 60% of cumulative signatures under the mandate support environmental sustainability. Additionally, all financing under the Facility for Energy Sustainability and Security of Supply (EUR 1.2bn signed since 2007) qualifies as climate action. Almost all operations signed under the mandate additionally support the EU's presence in ALA through foreign direct investment and the transfer of technology and know-how.

Regarding the operations signed in 2010, the EIB contributed EUR 290m to two projects in Brazil for the expansion and upgrading of energy distribution networks.

An industrial project in Brazil benefited from EUR 130m EIB financing. This will part-finance an investment programme with three objectives: (i) improvement of product mix and production balance, (ii) energy efficiency and (iii) improvement of environmental impacts. The sub-projects take place in three major production sites across Brazil. The production is mainly dedicated to serve the domestic market while any export is limited to other countries within the American continent. The project is expected to create 200 additional permanent jobs and 3000 person-years of employment during project implementation.

In Vietnam, EIB finances two sustainable transport projects totalling EUR 223m in EIB loans. Both projects contribute to climate change mitigation by facilitating a reduction in transport-related pollutants emissions and fuel consumption. They aim to provide a more reliable, fast and environmentally friendly metro service along corridors currently served only by road-based modes. The projects will make a significant contribution to improvement of the quality

of life in two of the largest cities of Vietnam – Ho Chi Minh City (EUR 150m EIB loan co-financed with ADB and KfW) and Hanoi (EUR 73m EIB loan co-financed with ADB and AFD) – by increasing mobility for many and by alleviating traffic congestion and providing a cleaner and quicker alternative to mopeds and private cars. Upon completion, the two projects together are expected to directly benefit a total of 340 000 metro passengers per day.

Two operations signed under the Facility for Energy Sustainability and Security of Supply:

A new EUR 500m climate action framework loan to China was signed in December 2010 following the success of the first one, signed in 2007, demonstrating the EIB's continued commitment to assist the country in its fight against climate change. The first EUR 500m loan has helped to realise a number of projects, including forestation programmes, wind farms, small hydropower schemes, and energy efficiency and pollution reduction investments in the industrial sectors. This operation ranks among the EIB's most efficient loans in terms of GHG emissions with an estimated 2 million tonnes of CO₂ savings every year, once all sub-projects are up and running.

EUR 79m loan will part-finance the construction and commissioning of a wind farm comprising 121 turbines with a total capacity of 103 MW in Santo Domingo Ingenio, Oaxaca. The project will also include the construction of access roads and interconnection with the high-voltage network. The project is designed to cater for the rapidly growing electricity demand in Mexico with a renewable energy source. The project meets the Facility's requirements by fostering environmental sustainability, energy security and the development of renewable energies. It will also promote economic development and bring social benefits to one of Mexico's poorest regions by creating jobs. With this loan, the EIB is also supporting investment – and the resultant technology transfer – by a major European company in the renewables sector.

1.5. South Africa

1.5.1. Signatures by Objective

Table 9: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		2009		2010		Cumulative Total	
	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm	Ops	EURm
Support for infrastructure projects of public interest	-	0	1	150	3	220	1	50	4	370
Direct support for private sector, SMEs	-	0	3	203	2	100	1	50	5	303
TOTAL*	-	0	3	203	4	280	1	50	8	533

* The above numbers cannot be added as a single operation may contribute to several objectives

EIB financing in the Republic of South Africa (RSA) focuses on infrastructure projects of public interest (including municipal infrastructure, power and water supply) and private sector

support, including SMEs. By the end of 2010, 59% of the mandate sub-ceiling for South Africa had been signed.

In 2010, one loan of EUR 50m was signed in South Africa in support of the water sector. This project is part of the eThekweni municipality's multi-annual investment programme to improve the efficiency of the water network system and construct new bulk water pipelines so as to optimise the system operation and adapt to new water sources. The project will contribute to South Africa's achievement of the Millennium Development Goals by improving access to piped drinking water in previously un-served rural and peri-urban areas. EIB's ability to provide long-term funding at attractive interest rates contributes to reducing the impact of the required tariff increases on end users. EIB also brings its technical expertise, thus giving comfort to the stakeholders that the water demand management and environmental aspects of the project in particular are dealt with according to international best practice.

2. LIST OF LOANS SIGNED IN THE REGIONS COVERED BY THE DECISION IN 2010

Loans signed in the Pre-Accession countries under the mandate

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee ²
Albania	Programme of rehabilitation of secondary and local roads throughout Albania	50.00	No
Bosnia and Herzegovina	Financing for small and medium-scale ventures	10.00	Yes
Bosnia and Herzegovina	Construction and rehabilitation of water and sanitation facilities in Republika Srpska	50.00	No
FYROM	Expansion of water supply networks in rural areas and improvement of wastewater disposal nationwide	50.00	No
Montenegro	Financing of small and medium-scale projects carried out by SMEs	28.00*	No
Montenegro	Rehabilitation and construction of municipal water and sanitation infrastructure	16.50	No
Serbia	Construction of 47 km bypass, of which 27 km of motorway and 20 km of road, on Pan-European Transport Corridor X, west and south of Belgrade	40.00	No
Serbia	Construction of new Sava bridge and access roads in Belgrade	90.00	No
Serbia	Construction of motorway section in pan-European corridor X in Serbia	195.00	No
Serbia	Financing of small and medium-scale projects carried out by SMEs	25.00	Yes
Serbia	Replacement of electromechanical meters by digital meters integrated into remote reading and connection/disconnection system	40.00	No
Serbia	Financing of small and medium-scale projects carried out by SMEs	20.00	Yes
Serbia	Investments aimed at revitalising public sector R&D	200.00	No
Serbia	Support programme for increasing supply and quality of pre-university education	50.00	No
Serbia	Financing of small and medium-scale projects carried out by SMEs	20.00	Yes
Turkey	Extension of water and wastewater system to serve entire Bursa metropolitan area	50.00	No
Turkey	Financing of small and medium-scale projects, with particular focus on smaller businesses	150.00	No
Turkey	Strengthening of science and research system and improvement of Turkey's innovation capacity	300.00	No
Turkey	R&D conducted at national research institutes associated with Scientific and Technological Research Council	150.00	No

² The Political Risk Guarantee column highlights the operations where, in contrast to sovereign or equivalent risk operations covered by the Comprehensive Guarantee, the Community assumes defined political risks while the EIB assumes all other risks.

1,534.50**Loans signed under the Pre-Accession Facility**

Country	Project Description	Loan Amount (EUR m)
Albania	Investment in senior A tranche of regional A&B sub-fund	0.78
Bosnia and Herzegovina	Investment in senior A tranche of regional A&B sub-fund	12.00
Croatia	Cofinancing of EU-supported projects mainly in transport and environment sectors	200.00
Croatia	Upgrading of vinyl chloride monomer (VCM) plant and construction of polyvinyl chloride (PVC) plant at complex on island of Krk	34.00
Croatia	Financing of projects undertaken by SMEs and mid-cap companies	250.00
Croatia	Construction of shopping centre in Split	27.20
FYROM	Investment in senior A tranche of regional A&B sub-fund	2.34
Montenegro	Investment in senior A tranche of regional A&B sub-fund	4.68
Serbia	Investment in senior A tranche of regional A&B sub-fund	10.21
Turkey	Financing of small and medium-scale projects carried out by SMEs	60.00
Turkey	Upgrading of access network for fixed line operations	250.00
Turkey	SME financing in several sectors	150.00
Turkey	Financing of small and medium-scale projects carried out by SMEs	100.00
Turkey	Financing of small and medium-scale projects carried out by SMEs, primarily in manufacturing and services sectors	75.00
Turkey	Financing of small and medium-scale projects carried out by SMEs located in least-developed provinces of eastern Turkey	250.00
Turkey	Financing of small and medium-scale projects carried out by SMEs	120.00
Turkey	Financing of small and medium-scale projects, mainly in manufacturing and services sectors	50.00
Turkey	Financing of renewable energy, energy efficiency and climate change mitigation projects	200.00

1,796.20

Loans signed in the Mediterranean countries under the mandate

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Egypt	Upgrading and expansion of national power transmission network	260.00	No
Egypt	Construction of oil-refining installations for converting heavy petroleum residues to cleaner middle distillates in Mostorod	346.37	Yes
Egypt	Construction of gas-fired combined-cycle power plant in Nile Delta, north-west of Cairo	300.00	No
Morocco	Construction of motorway between Berrechid and Béni Mellal	220.00	No
Morocco	Expansion of Tanger Med Port's container transshipment facilities	200.00	No
Syrian Arab Republic	Modernisation of water supply and wastewater collection and treatment infrastructure in north-west Syria	55.00	No
Syrian Arab Republic	Provision of medical equipment for new hospitals in Damascus	130.00	No
Tunisia	First phase of construction of 18 km of priority railway lines in Tunis	119.00	No
Tunisia	Construction of 400 MW single-shaft combined-cycle gas turbine plant in Sousse	194.00	No
Tunisia	Upgrading of national power grid	185.00	No
		2,009.37	

Loans signed under the Mediterranean Partnership Facility II

Country	Project Description	Loan Amount (EUR m)
Algeria	Construction and operation of sub-sea natural gas transmission pipeline between Beni Saf in Algeria and landfall near Almeria in Spain	500.00
Regional Mediterranean	- Equity participation in closed-end infrastructure fund	15.00
Regional Mediterranean	- Equity investment in fund financing sustainable infrastructure	0.98
		515.98

Loans signed in Eastern Europe, Southern Caucasus and Russia under the mandate

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Armenia	Rehabilitation and renovation of metro system	5.00	No
Georgia	Construction of high-voltage power transmission lines and back-to-back converter station in order to complete electricity ring in Georgia and provide interconnection with Turkish grid	80.00	No
Georgia	Financing of small and medium-scale energy and environmental projects undertaken by mid-cap companies and public entities	35.00	Yes
Georgia	Rehabilitation works at Enguri and Vardnili cascade of hydropower plants (Abkhazia)	20.00	No
Georgia	Repair and upgrading of municipal water facilities	40.00	No
Moldova, Republic of	Purchase of up to 90 new trolleybuses, spare parts and rolling stock maintenance equipment	5.00	No
Moldova, Republic of	Improvement of wine industry	75.00	No
Moldova, Republic of	Repair and upgrading of key national road sections	75.00	No
Moldova, Republic of	Rehabilitation and extension of water and sanitation systems in various small towns	10.00	No
Moldova, Republic of	Financing of small and medium-scale energy and environmental projects undertaken by mid-cap companies and public entities	20.00	Yes
Russian Federation	Upgrading of large power plant in southern Russia (North Caucasus) and construction of modern, efficient combined-cycle gas turbine unit to replace two old units	250.00	Yes
Ukraine	Rehabilitation and modernisation of water supply and wastewater collection and treatment facilities in Mykolayiv Vodokanal (southern Ukraine)	15.54	No

630.54

Loans signed in Asia and Latin America under the mandate

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Brazil	Improvement of product mix and production balance on several sites nationwide	130.00	Yes
Brazil	Expansion and upgrading of power distribution networks	90.00	Yes
Brazil	Expansion and upgrading of gas distribution grids in greater São Paulo area	200.00	Yes
Viet Nam	Construction of Metro Line 3 in Hanoi	73.00	No
Viet Nam	Construction of Metro Line 2 in Ho Chi Minh City	150.00	No
		643.00	

Loans signed in Asia and Latin America under the Facility for Energy Sustainability and Security of Supply

Country	Project Description	Loan Amount (EUR m)
China	Financing of climate change mitigation projects, mainly in clean and renewable energy fields	500.00
Mexico	Construction of wind farm in municipality of Santo Domingo Ingenio in region of Istmo de Tehuantepec (state of Oaxaca)	78.50
		578.50

Loans signed in South Africa

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
South Africa	Upgrading and expansion of water supply infrastructure	50.00	Yes
		50.00	

3. LIST OF EC-EIB INITIATIVES / PARTNERSHIPS IN THE REGIONS COVERED BY THE EXTERNAL MANDATE

This section provides an overview of the main initiatives, partnerships and instruments complementing the EIB external mandate within which the Commission and the EIB cooperated in 2010 with the aim to maximise synergies and to provide coherent support for the regions outside the EU. At the end of the section, a summary table provides an indication of the activity volumes signed by the EIB with final beneficiaries when managing EU budgetary funds.

Pre-Accession Countries

Established in December 2009, the Western Balkans Investment Framework (WBIF) pools and coordinates different sources of finance and leverages grants with loans for projects that have priority for the Western Balkan beneficiaries, in infrastructure sectors, and other relevant socio-economic sectors including SMEs and energy efficiency. By the end of 2010, the Framework has supported a total of 73 projects representing a total investment cost in excess of €6 billion. The total grant contribution awarded under the Joint Grant Facility amounts to €139 million. The facility pools resources from the European Commission with those from the three partner IFIs (CEB, EBRD, EIB) and bilateral donors. The WBIF is available to the Western Balkans countries of Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo³. Only the beneficiary countries can present projects to the WBIF, in application of IPA's ownership principle.

The Energy Efficiency Finance Facility (EEFF) was launched in 2006 to tackle the Climate Change issue. It aimed at stimulating the energy efficiency investments in all types of building and in the industry sector by making appropriate financing available. The EEFF combines IFI credit lines extended to financial intermediaries with incentives to improve the cost effectiveness of equipment and make the energy investment more attractive, and fees to the benefit of local financial intermediaries to encourage them to lend for the purpose of energy efficiency financing.

- Since 2001, the Commission and the EIB are co-operating under the SME Finance Facility (SMEFF), merging the grant support with the EIB lending to help developing the SME lending capacities of Participating Financial Institutions in the eligible countries. At end 2009, the EIB's total grant available for the SME FF under the PHARE⁴ Program was EUR 69m, and the EIB has committed to provide debt financing of at least EUR 690m.
- Since 2003, the Municipal Finance Facility (MFF) aims to encourage local financial intermediaries to extend loans to municipalities. The mechanism of the programme is similar to the SMEFF. The total grant contribution made available by the EC has reached EUR 55.8m and the EIB lending commitment is at least EUR 279m.

³ under United Nations Security Council Resolution 1244 (1999).

⁴ Poland and Hungary Aid for the Reconstruction of the Economy ("PHARE").

Mediterranean countries

- The Commission and the EIB closely cooperate in the framework of the priorities established under the Union for the Mediterranean (UfM). Synergies with the Commission have especially been developed in areas related to UfM horizontal activities such as Horizon 2020, the Maritime and Land Highways and the Mediterranean Solar Plan. Cooperation mainly consists of joint policy setting, the exchange of information and periodical meetings held on a sectoral basis both at operational and senior management levels. The UfM Secretariat Inaugurated in March 2010 will be in charge of preparing proposals for joint initiatives to be decided by the political bodies and following up project-related decisions of the UfM Summit. Two EIB employees will be seconded to the UfM Secretariat based in Barcelona.
- The Commission is also represented in the FEMIP Committee, which in addition involves representatives of the Member States and the UfM countries. The Committee meets up to three times a year and has the remit of discussing FEMIP's strategy and operational guidelines
- The EIB manages in the context of FEMIP and on behalf of the EU, a budgetary envelope of EUR 32 million per year under the inter-regional ENPI programme for risk capital investments and technical assistance. In 2010, seven technical assistance (TA) operations for a total value of EUR 14.2m were contracted. Risk capital operations signed under this envelope amounted to EUR 21.5m in 2010.
- The FEMIP Trust Fund (FTF), a financial envelope of EUR 34.5m funded by contributions of 15 Member States and the Commission, provides resources to upstream technical assistance in the form of strategic thematic studies and risk capital operations specializing in seed capital. It focuses its activities on two priority objectives: private sector development and the creation of an investment-friendly environment in the Mediterranean region. Since its creation in 2004, the FEMIP Trust Fund has given solid added value to the Bank's activities in the region. It has been operating as a think tank by financing research in new areas likely to help to develop the private sector in the region. The Trust Fund has also financed private equity operations as well as technical assistance not directly linked to projects. In total, between 2005 and 2010, the FTF financed 39 operations with a total value of EUR 26m. In 2010, 5 new TA operations amounting to EUR 1.9m were contracted.
- The Commission and the EIB cooperate in the framework of Neighbourhood Investment Facility (NIF), which mobilises additional funding for infrastructure projects mainly in the energy, transport, environment and social sectors in the area of the European Neighbourhood Policy by providing grant support for lending operations of the EIB and other EU public financial institutions. The EIB also manages the NIF Trust Fund (signed on 5 November 2008) to pool contributions from the Commission, the Member States and other donors. In 2010, 13 out of 14 operations approved by the NIF Board are being co-financed by the EIB (6 in the South and 7 in the East), whilst most NIF grants have been allocated to the energy sector in both regions. The EIB assumes the role of lead financial institution in more than one third of all approved NIF operations in 2010 (in two cases together with EBRD) and has thus considerably increased this function especially in the Eastern region.

Eastern Neighbourhood and Russia

- The Commission and the EIB closely cooperate in the framework of the flagship initiatives established under the EU Eastern Partnership.
- In December 2010, the EIB launched a new technical assistance facility, the Eastern Partnership Technical Assistance Trust Fund (EPTATF), which aims to increase the impact of operations and accelerate successful project implementation in the region. The principal strategic orientations of the Fund will be drawn up in early 2011. Also fundraising is underway.
- In the Eastern Neighbourhood and Russia, preparatory work for the new EC-EIB-EBRD tripartite MoU signed in March 2011 extended over several months in 2010. In parallel, operational cooperation continued, with joint banks' pipeline and agreement on the framework policies for each eligible sector (transport, energy, environment and telecommunications).

Central Asia

- As for the Eastern Neighbourhood, the EIB operations in Central Asia are developing in the framework of the new EC-EIB-EBRD tripartite MoU. The focal priorities are energy and environment.
- The Investment Facility for Central Asia (IFCA) was created in 2010. Its overarching objective is to mobilise additional investments to support the common goal of achieving an area of stability and prosperity and good relations involving the EU and Central Asia, in particular for operations in the field of energy and environment, with a view to supporting EU strategic development objectives and the sustainable economic and social development of the countries in the region.

South Africa

- In support of South Africa, the EIB has assisted the Commission in the design and implementation of dedicated EU funded risk capital facilities for South African SMEs aiming notably at job creation in the context of Black Economic Empowerment (BEE). The second Risk Capital Facility (RCF II) for an amount of EUR 50 million and for a period of five years was set up at end 2006 and, thanks to the excellent cooperation between the Commission and the EIB, is being implemented according to schedule and meeting its main Key Performance Indicators. Accordingly, this year will correspond to the last one under the 5 year investment phase, and EIB's involvement will discontinue on 31 December 2011.

Global

- The Global Energy Efficiency and Renewable Energy Fund (GEEREF) is an innovative fund of funds sponsored by the Commission, Germany and Norway and advised by the EIB and EIF to provide clean energy to emerging countries and economies in transition.

Table: Signatures on EU budget resources under EIB management in the regions covered by the external mandate

	2007	2008	2009	2010	Total 2007- 2010
TA, Grants signed with beneficiaries					
Turkey/FEMIP Support Fund			1.06		1.06
IPA contribution to the SME Recovery Support Loan in Turkey				30.00	30.00
Western Balkans Investment Framework, of which:					
- IPA investment grants				11.00	11.00
- European Western Balkans Joint Fund (*)				6.24	6.24
- Infrastructure Project Facility (IPF) TA		7.67	7.97	0.90	16.54
Municipal Finance Facility (MFF) (TA and other grants)		7.50		1.20	8.70
SME Finance Facility (SME FF) (TA and other grants)		1.00	3.50	1.00	5.50
Energy Efficiency Finance Facility				5.00	5.00
FEMIP Support Fund (excl. Turkey)	17.50	16.90	12.20	10.10	56.70
Support to FEMIP envelope (2007-2013)				4.10	4.10
FEMIP Trust Fund*	0.46	3.02	3.89	1.95	9.32
Risk Capital signatures					
Global Energy Efficiency and Renewable Energy Fund*			22.50		22.50
MEDA / ENPI Risk Capital	46.45	62.00	22.00	21.50	151.95
FEMIP Trust Fund*	2.00		5.00		7.00
TOTAL	66.41	98.09	78.12	92.99	335.61

* includes other sources of funding than EU budget

4. LIST OF OPERATIONS SIGNED UNDER THE DECISION IN 2010 AND CO-FINANCED WITH OTHER IFIs AND THE COMMISSION

Mandate	Country	Contract name	Project cost (EURm)	EIB loan signed in 2010 (EURm)	Multilateral Financing Institutions	European Bilateral Institutions	EC contributions
Co-financed operations under the external lending mandate							
Pre-Accession	Albania	SECONDARY AND LOCAL ROADS	137	50			
Pre-Accession	Bosnia and Herzegovina	WATER AND SANITATION RS	100	50			
Pre-Accession	FYROM	WATER SUPPLY AND WASTE WATER COLLECTION	100	50			
Pre-Accession	Montenegro	MONTENEGRO WATER AND SANITATION C	114	17			
Pre-Accession	Serbia	BELGRADE BY-PASS B	361	40			
Pre-Accession	Serbia	CORRIDOR X (E-80) MOTORWAY PHASE I	391	195			
Pre-Accession	Serbia	BELGRADE CITY SAVA BRIDGE B	405	90			
Pre-Accession	Serbia	EPS ELECTRONIC METERS LOAN	84	40			
Pre-Accession	Turkey	BURSA WASTEWATER II	294	50			
Pre-Accession	Serbia	PUBLIC SECTOR RESEARCH AND DEVELOPMENT	421	200			
ENP-MED	Egypt	ERC REFINERY	3800	346			
ENP-MED	Egypt	EGYPTIAN POWER TRANSMISSION	762	260			
ENP-MED	Egypt	GIZA NORTH POWER PLANT	1052	300			
ENP-MED	Morocco	ADM VII	674	220			
ENP-MED	Morocco	PORT DE TANGER MED II-INFRASTRUCTURES	957	200			
ENP-MED	Tunisia	STEG IV TRANSPORT ELECTRICITE	370	185			
ENP-MED	Tunisia	RESEAU FERROVIAIRE	700	119			

		RAPIDE					
ENP-MED	Tunisia	STEG CENTRALE DE SOUSSE	388	194			
ENP-EAST	Armenia	YEREVAN METRO REHABILITATION	35	5			
ENP-EAST	Georgia	HIGH VOLTAGE TRANSMISSION LINES	300	80			
ENP-EAST	Georgia	WATER INFRASTRUCTURE MODERNISATION	80	40			
ENP-EAST	Georgia	VARDNILI & ENGURI HYDRO REHABILITATION	47	20			
ENP-EAST	Moldova, Republic of	CHISINAU TROLLEYBUSES	15	5			
ENP-EAST	Moldova, Republic of	MOLDOVA WATER SECTOR PROJECT	30	10			
ENP-EAST	Moldova, Republic of	MOLDOVA ROADS II	181	75			
ENP-EAST	Russia	OGK-5 POWER PLANT MODERNISATION	517	250			
ALA	Vietnam	HANOI METRO LINE	900	73			
ALA	Vietnam	HO CHI MINH CITY METRO LINE 2	1545	150			
Co-financed risk capital operations (Community budget, ENPI)							
ENPI RC & TA	Regional Med	VANTAGE REGIONAL MEZZ FUND	90	10			