



**European
Investment
Bank**

The EU bank

A circular arrangement of twelve small blue stars, representing the European Union flag.

improve lives.
together.



MFF/NDICI proposals – initial EIB Group observations

Presentation to AHWP NDICI 19 July 2018

Markus BERNDT

Background

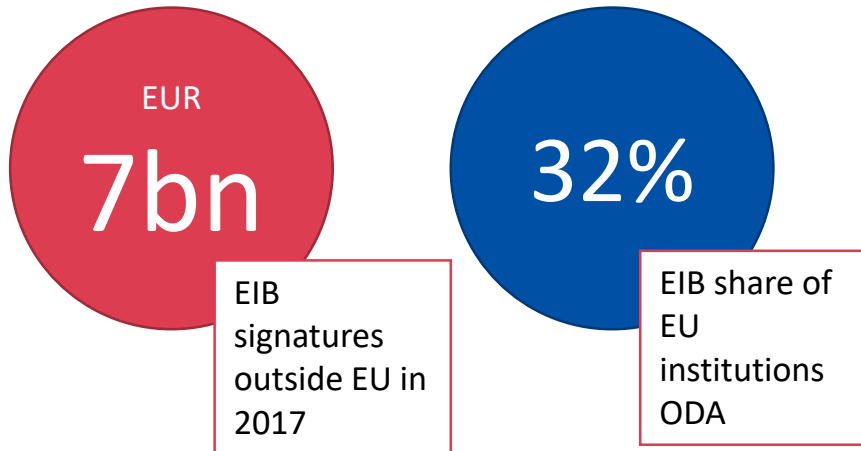
EIB Group has consistently delivered

in line with its long-standing role in furthering EU external action in EU partner countries, governed and supported through an External Lending Mandate since 1976, and under ACP mandates since 1965. At marginal cost to the EU budget and EIB shareholders.

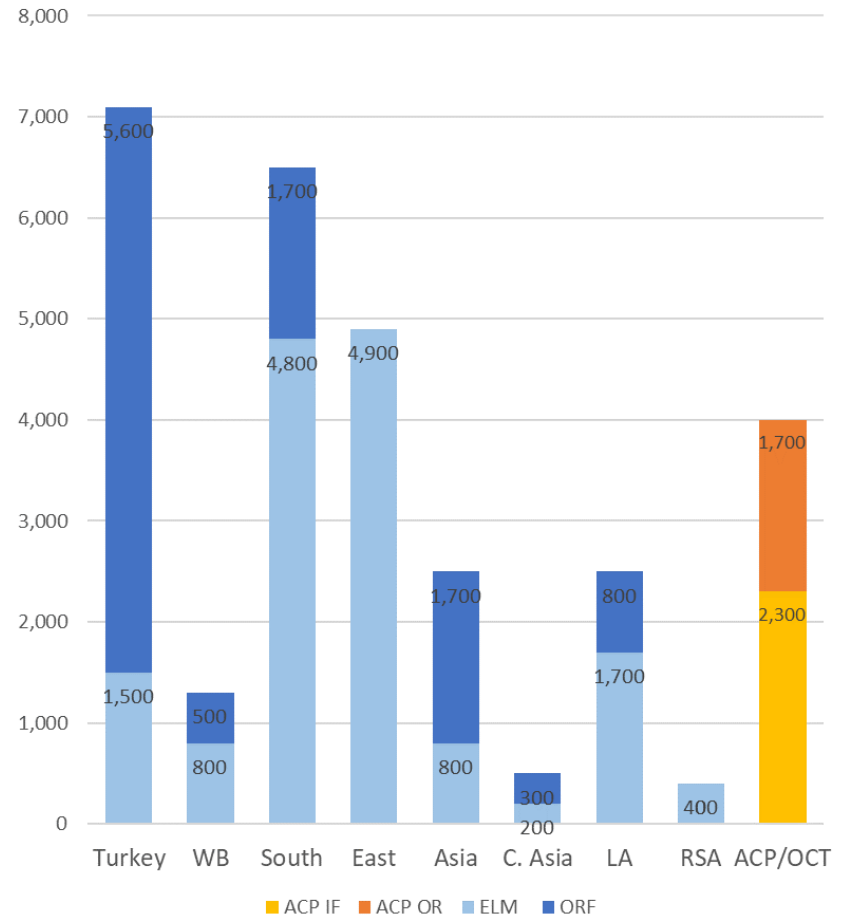
EIB outside the EU

External Lending Mandate (**ELM**) and the private sector focussed Investment Facility (**IF**) has enabled the EIB to **respond forcefully to EU policy priorities** – for example:

- **Climate action** (target of 35% in emerging economies and developing countries outside EU by 2020)
- **Migration** (the Economic Resilience Initiative and the ACP migration package);
- **Ukraine** (doubling of EIB lending to EUR 3 billion in 2014-2016);
- **Economic Diplomacy**



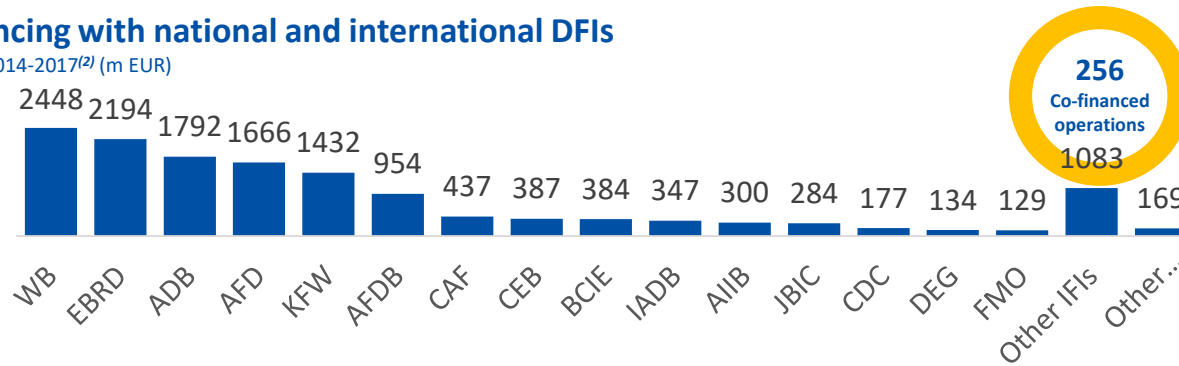
EIB signatures 2014-2017 in mEUR



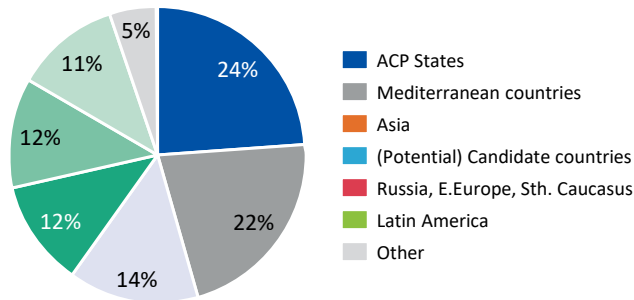
EIB outside EU - cooperating with MDBs & DFIs

Co-financing with national and international DFIs

Signatures 2014-2017⁽²⁾ (m EUR)



Together operating in⁽²⁾:



⁽¹⁾ Outside EU = All countries except EU Member States

⁽²⁾ Figures based on DFI contribution in co-financed operation

Other shared activities:



EIB dedicated mandates allow the EU Bank to respond to EU policies and beneficiaries' needs:

ELM

- ▶ Cost efficient instrument: EUR 1 from the EU budget supports EUR 30 to 40 in investments
- ▶ MS closely involved in setting the priorities in the regulation and its mid-term review
- ▶ Long-term perspective with flexibility to respond to new needs

ACP Investment Facility

- ▶ Provides innovative financing instruments: local currency, equity, risk-sharing, impact finance
- ▶ MS closely involved in every project through the IF Committee
- ▶ Envelope for indispensable technical assistance and other grants

EIB own risk activities are complementary to ELM and other mandates

Implications of the EC's MFF NDICI proposal

EIB Group concerns & suggestions

*Despite selected **positive elements** - the larger guarantee envelope, efforts at simplification and the potential for a capital participation in a development bank – the proposal has **severe and negative implications for the effectiveness of the Union's external investment framework and EIB's operations in partner countries.** The EIB Group **was not consulted** on the EC proposal.*

NDICI proposal: EIBG assessment

A

Public sector

A dedicated EIB public sector mandate is indispensable to respond to EU external objectives, as EIB did with the Ukraine package, the Economic Resilience Initiative or Climate Action.

The proposal fragments the common interface for EU level sovereign lending.

Relevant Articles: 1, 6, 26-30, as well as Annexes V and VI

Cost effect deployment

100bn mobilized;
cost of 3.4bn

B

Private sector

The EIB's ACP Investment Facility is providing sustainable and innovative private sector-focussed development finance, including impact and local currency financing. The revolving nature of the IF needs to be preserved also if the EDF is budgetized.

Relevant Articles 1, 6, 26-30, as well as Annexes V and VI

20bn mobilized; no
cost to the budget

Could be scaled up

C

Technical assistance

Ensure adequate resources for technical assistance and concessional finance. To ensure maximum impact and efficiency, a programmatic approach to technical assistance should be foreseen. Many operations also need a concessional element, for example operations in countries under an IMF program. **A dedicated EIB grant envelope is therefore needed, such as already exists under the EDF.**

Specific new Articles, supplementing the reference in Article 18

20bn mobilized; no
cost to the budget

Could be scaled up

Provided EIB-dedicated mandates will be maintained in the next MFF, the EIB will continue to provide financing under its own risk, targeting leverageable private- and lower risk public sector operations.

NDICI proposal: EIBG assessment

D

Governance

Governance systems need to be commensurate with EIB's treaty-based role and operational requirements. To restore balance and ensure appropriate guidance by co-legislators (as currently exercised through a separate ELM legislation under co-decision), **a lean governance structure respecting the EIB Group's role as the EU Bank, as well as existing governance structures needs to be adopted.**

Relevant Articles: 35, Annex VI and provisions on programming

Specific new Articles establishing balanced and efficient decision-making bodies

E

Untested model

The EC proposal is **modelled on** the **EFSD** guarantee, which has **not yet supported any investment** and is unlikely to achieve significant leverage. EFSD makes sense as niche product – not as a model for the EC's investment framework.

F

Risk

The proposal **puts the EU budget at unmanaged risk.** the EC will no longer rely on the expertise of the EU Bank. The EC will need to build up parallel banking expertise to manage the guarantee facility. The EU bank is best placed to ensure risk management operating under best banking practices.

Articles 9, 29

NDICI proposal: EIBG assessment



An EU
development
banking system

More can also be done by EIB under the next MFF to **federate European bilateral development banks and agencies** – including those of smaller Member States through a common platform. The EIB is currently working with its EU partners to develop a joint proposal.

[We could further boost the collective capacity of European development finance actors.](#)



Asset
management

[An independent evaluation](#) (mid-2019), as legally required by the recently adopted ELM and EFSD regulations, should establish **who is best placed to perform future asset management** functions in relation to the EAG.

If EIB-dedicated mandates and appropriate governance arrangements will not be incorporated in the external investment framework, EIB will lack the operational prerequisites to maintain its entire lending activities outside the EU, including under own risk.

EIB stands ready to present more detailed operational proposals and wording suggestions.

Thank you!