

EIB GROUP EVALUATION

# Activity Report 2021

## and Work Programme 2022-2024



European  
Investment  
Bank Group



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## and Work Programme 2022-2024

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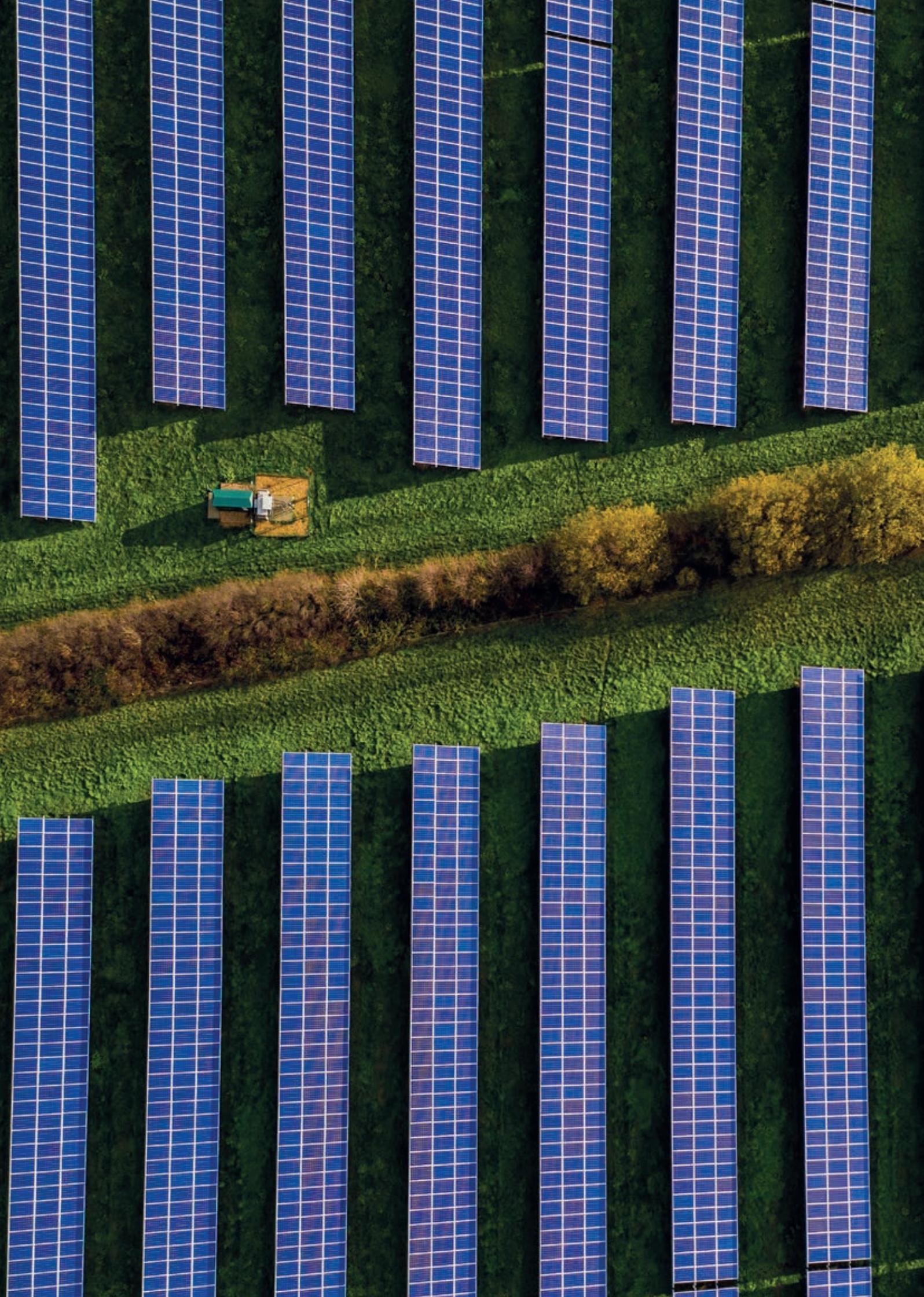
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# OVERVIEW OF EVALUATION IN 2021

**In 2021, the Evaluation function in the EIB Group's Inspectorate General (IG/EV) continued making important contributions to evidence-based decision-making within the EIB. IG/EV presented a record number of reports to the EIB and EIF Boards of Directors as compared to previous years, most of which fed directly into strategic Bank decisions. The year was further marked by the EIB and EIF Boards of Directors' approval of the EIB Group Evaluation Policy, signifying the institution's commitment to accountability, learning and transparency.**

**In 2021, IG/EV presented six evaluations and two evaluative studies to the EIB and EIF Boards of Directors** that were instrumental in strategic discussions. The programme for 2021, like the one proposed for 2022, had been designed to maximise the usefulness of evaluations work for the Bank and relevant stakeholders. The evaluation of climate change adaptation directly informed the preparation of the EIB Adaptation Plan, the evaluation of Special Activities helped the Bank deliberate on its future business mix and the evaluation of climate awareness bonds informed debates on reflecting climate considerations in pricing, which is particularly relevant for the EIB's climate ambitions. At the Bank's request, IG/EV also carried out a study on the sustainable securitisation market as a follow-up to the climate awareness bonds evaluation. The 2021 evaluation of the European Fund for Strategic Investments (EFSI) was also completed in time for the EIB Group to fulfil its regulatory obligations.

**The Evaluation function in the EIB Group fully delivered on the 2021 work programme.** In addition to completing the evaluations and studies mentioned above, it also launched the other two evaluations mentioned in its 2021 work programme: the evaluation of EIB Group support for small and medium-sized enterprises (SMEs) through equity and quasi-equity and the evaluation of the EIB's advisory support for cohesion regions.

**In June 2021, the EIB and EIF Boards of Directors approved the Group Evaluation Policy.** The policy replaced the former IG/EV Terms of Reference (dating back to 2009). The policy builds on international standards and state-of-the art practice in evaluation and establishes a proper framework to ensure its continued utility.

**IG/EV stepped up its activities to share the results of its evaluations and strengthen their utility.** Evaluations were presented using innovative formats, tailored to target audiences, which helped disseminate evaluation findings more efficiently (standard reports, slidedoc reports, flyers, blog posts, etc.). Presence on social media platforms was increased and active participation in relevant professional events and conferences was stepped up. The communication of evaluation findings and insights was clearer, more accessible to potential users, and therefore more useful.



# EVALUATIONS AND STUDIES

**In 2021, IG/EV focused its attention on improving the utility of its evaluations.** In line with the Bank's main policy directions, IG/EV carried out two evaluations and two studies directly relevant to the institution's climate ambition. It also produced an evaluation of EIB Special Activities, assessing their risk, additionality, cost coverage, profitability and capital consumption compared to standard operations, as well as the 2021 EFSI evaluation, as required by the relevant EU regulation. In early 2021, the Board of Directors discussed two other evaluations on EIB support for urban public transport and on the Eastern Partnership Technical Assistance Trust Fund. Finally, in early 2022, the EIB and the EIF Boards of Directors will also discuss the rapid assessment of the EIB Group's operational response to the COVID-19 crisis, which was also finalised in 2021.

## Evaluation of EIB support for climate change adaptation

**The findings of the evaluation of EIB support for climate change adaptation<sup>1</sup> provided strong grounds for the Bank's new Climate Adaptation Plan<sup>2</sup> by assessing barriers to and opportunities for increasing support for adaptation.** The plan lays out the renewed ambition, goals and focus areas of the Bank, to ensure that it delivers on the commitments it laid out in the Climate Bank Roadmap<sup>3</sup>.

**Major efforts were made to ensure that the new plan builds on all available knowledge and on solid evidence from the Bank and other peer institutions' past experience.** At its end, IG/EV fast-tracked this evaluation process, to ensure that key findings were available in time to prepare the plan: initial findings were available in early summer, the management discussed a first draft of the report in July and the Board received it in September. The adaptation working group that was tasked with drafting the plan benefited from a presentation of early evaluation findings, so that these could be integrated into the plan. Of particular relevance in feeding this group's discussion was the evaluation's emphasis on exploring the barriers to and opportunities for increasing support for climate change adaptation. The evaluation's valuable input in the development of the plan received recognition from the Bank's management at the UN Climate Change Conference (COP 26) in Glasgow in November 2021, but also from a variety of other stakeholders.

### Key findings

**The evaluation's main conclusion was that the level of adaptation financing does not live up to the vision of the EIB as the EU climate bank.** Over the last few years, the EIB has made good progress to ensure investments are systematically screened for climate risks, and that, where necessary, measures are taken to adapt to climate risks. However, the Bank has not yet operationalised how to contribute to projects that enable adaptation and build resilience.

**Some multilateral development banks have a large share of climate change adaptation in their portfolio.** This relatively higher level of support for adaptation can be linked to a combination of factors, including business models that enable upstream engagement, greater access to grant resources, strong technical and human resources for adaptation and a recognition of the connection between adaptation and development. However, direct comparison with the EIB is difficult. The other multilateral

1 Available at: <https://www.eib.org/en/publications/evaluation-eib-support-for-climate-action-change-adaptation>.

2 Available at: <https://www.eib.org/en/publications/the-eib-climate-adaptation-plan>.

3 Available at: <https://www.eib.org/en/publications/the-eib-group-climate-bank-roadmap>.

development banks mainly operate in developing or emerging economies, where adaptation needs, entry points, reliance on external funding and the economic context are different to the European Union, where most of the EIB's portfolio is concentrated.

**Increasing support for adaptation implies significant and difficult trade-offs.** Increasing support for climate change adaptation – at least in the short to medium term – will have implications in terms of cost, the development of adaptation skills and guidance, greater use of advisory services and technical assistance as well as access to mandates and other grant resources that can facilitate adaptation.

## Evaluation of climate awareness bonds

**IG/EV used innovative approaches to evaluate a cutting-edge topic in one of the first assessments of the Bank's borrowing activity.** In 2007, the EIB issued the world's first standard green use-of-proceeds bond, branded as a climate awareness bond or green bond. Since then, this activity has continued to expand, accounting for almost 8.5% of the Bank's total bond issuance in 2020. On the regulatory side, the EIB came out top on the implementation of market standards such as the International Capital Market Association's Green Bond Principles, the EU Sustainable Finance Taxonomy and the EU Green Bond Standard. Among other things, the evaluation looked at the extent to which the EIB contributed to the development of the green bond market; the proportionality of costs and benefits of green bonds issuance; and the role of these bonds in redirecting capital flows to more sustainable activities going forward. It also assessed how climate awareness bonds and sustainability awareness bonds complement each other and identified peers' best practices.



"Ring the bell" at the Luxembourg Stock Exchange. The EIB issued the 1000<sup>th</sup> sustainable bond listed on the Luxembourg Green Exchange (LGX) in May. An event celebrated this milestone, which Vice-President Mourinho, Director General de Mazières and representatives from the Bank's Finance and Projects Directorate, the Communication Department and IG/EV attended. Representatives of the private sector also joined the event.

**The climate awareness bonds evaluation<sup>4</sup> fed into ongoing discussions on the means the Bank mobilises to further its ambitious climate objectives.** Mobilising capital markets to achieve EU climate ambitions continues to be an EIB objective, as it intends to increase its green financing to reach at least 50% of its yearly new operations by 2025. The evaluation built a strong evidence base to support the relevance of this choice. The insights of the evaluation also contributed to Bank discussions about embedding climate and environmental aspects into its pricing considerations. In recognition of the evaluation's usefulness, the EIB management made an exceptional request for a follow-up study about the sustainable securitisation market, one of the areas where the recommendations suggested the Bank should consider expanding its activity.

**The timely findings of the evaluation attracted wide interest from stakeholders.** The evaluation was conducted in parallel with the development of the EU Green Bonds Standard. IG/EV presented its findings during a workshop jointly organised with the European Commission to discuss the EIB's contribution to the development of the green bond market. The event was followed by a panel discussion with experts from the Commission, the EIB and the Luxembourg Stock Exchange.

### Key findings

**The Bank's green bond framework is among the best in class, but there is still room for further improvement.** It allows for better management of proceeds, project selection, transparency, depth of reporting and external review when compared to those of peers. The EU Taxonomy Regulation holds the promise of more comparability across peers on eligibility criteria and green bond issuance volumes. Potential areas for improvement concern more effective engagement with intermediaries on environmental, social and governance issues; impact reporting showing the links with Sustainable Development Goals (SDGs); comparisons between expected and actual impacts; and presenting aggregated data at sectoral level.

**Climate awareness bonds and sustainability awareness bonds are complementary products.** In addition to climate awareness bonds, the Bank issues sustainability awareness bonds. These apply a similar approach, but extend it to additional areas of environmental sustainability (other than climate change mitigation) and social sustainability. The evaluation found the two types of bonds to be complementary rather than competitive products, although the distinction between the two is not always clear.

**Climate awareness bonds can play a key role in enabling the EIB to stimulate green and sustainable investments.** In the future, investors' changing perceptions of fiduciary duties, the higher transparency associated with green bonds and potential financial incentives at a policy level for sustainable finance instruments might translate into a consistent greenium for certain issuers. Meanwhile, climate awareness bonds can already serve as a mechanism for providing non-financial incentives to project promoters, through the identification of green projects. The EIB, via its role in the green bond market, is enabling a shift of capital flows to sustainable activities at a systemic level. Green bonds act as a catalyst for wider changes and the EIB's thought leadership, advocacy and activities have created broader support for green and sustainable finance.

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<sup>4</sup> Available at: <https://www.eib.org/en/publications/evaluation-of-the-eibs-climate-awareness-bonds>.



## Evaluation of the EIB's Special Activities

**The evaluation of the EIB's Special Activities<sup>5</sup> was designed to provide evidence for ongoing discussions and decisions regarding the Bank's business mix.** Special Activities are essentially smaller higher-risk transactions that are expected to have a higher impact and additionality than standard operations. Using a largely data-driven approach, the evaluation assessed Special Activities and their key characteristics (risk, additionality, cost coverage, profitability and capital consumption) compared to EIB standard operations.

**The assessment of the relative merits of Special Activities and standard activities came at the right time.** In a context of declining investment levels in Europe, Special Activities allowed the EIB to take more risk to address market failures and sub-optimal investment situations. The share of Special Activities grew from 7% to 21% of the Bank's activity inside the European Union between 2011 and 2020. The availability of the EFSI guarantee was a key driver in this process. With reduced availability under the InvestEU Fund, a larger share of Special Activities is planned at the Bank's own risk going forward. The evaluation was fast-tracked to ensure its results fed into the discussions concerning the EIB's Operational Plan 2022.

### Key findings

**The evaluation found that, on balance, Special Activities deliver higher additionality compared to standard operations.** By reducing risk for private investors, they have a higher crowding-in effect. They also tend to have a higher "signalling effect" by exemplifying the viability of specific financial products or operations. However, the evaluation encouraged the Bank to continue improving its capacity to understand and analyse the additionality and impact of each product line.

**The cost coverage of Special Activities needs further attention, even though these are more profitable than standard operations.** Special Activities tend to have higher origination and monitoring costs, since they target new counterparties and new sectors, and are more complex and smaller than standard operations. Their size also negatively affects operating revenues. Consequently, cost coverage is not always achieved. However, when risk pricing revenues are retained, Special Activities are more profitable than standard operations.

**The evaluation demonstrated the continued relevance and potential of the EIB's Special Activities.** Higher-risk operations help strengthen the EIB's competitive position by targeting new clients, sectors or products. They are also necessary to address large investment gaps and to help finance the European Union's transition to a carbon-neutral and digital economy.

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<sup>5</sup> Available via: <https://www.eib.org/en/publications/evaluation-of-the-eibs-special-activities.htm>.

## Evaluation of EFSI (2021)

**The evaluation of EFSI<sup>6</sup> contributed to regulatory requirements and provided lessons for future mandates such as InvestEU and the European Guarantee Fund (EGF).** The EFSI Regulation included a requirement to produce a “comprehensive report on the functioning of EFSI” every three years until the end of the investment period (December 2020). Like previous EFSI evaluations, this evaluation contributed to the comprehensive report. The EIB and EIF Boards of Directors discussed the report in June 2021 and subsequently submitted it to the European Parliament, the Commission and the Council before the statutory deadline. The amended Regulation increased the guarantee amounts and introduced several technical enhancements. The evaluation analysed the impact of these enhancements on the functioning of EFSI. It specifically looked at EFSI’s strengthened additionality, the EIB Group’s enhanced cooperation with national promotional banks and institutions, and the effects of the climate action soft target and of the enhanced transparency measures.

### Key findings

**The evaluation concluded that EFSI has been a game changer.** It demonstrated how the combination of public money and EIB Group expertise and risk-bearing capacity can unlock large-scale investment in the European Union. The EIB operations benefiting from the EFSI guarantee resulted in over €500 billion of investment – mostly private investment – across the European Union.

**With EFSI, the EIB Group was able to address market failures and provide support where it was most needed.** Relative to gross domestic product (GDP), EFSI support went to EU Member States with the most significant investment gaps. In particular, its built-in flexibility enabled it to address both structural and cyclical investment gaps, including during the COVID-19 crisis.

**EFSI operations have been additional, in line with the Regulation.** The amended Regulation brought increased attention to market failures and sub-optimal investment situations. EFSI operations provided financial and non-financial benefits that the market could not have provided, or not to the same extent or within the same period. With the EU guarantee, the EIB could deliver such support without putting its business model at risk.

**The technical enhancements introduced with the amended Regulation had an overall positive or neutral contribution to the functioning of EFSI.** The climate action soft target was met and did not lead to compromises in terms of geographical distribution or additionality. EFSI boosted cooperation between the EIB Group and national promotional banks and institutions, but not to its full potential. The additional transparency measures improved EFSI’s perception by the European Parliament and civil society organisations, without negatively affecting implementation or client relationships.

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<sup>6</sup> Available at: <https://www.eib.org/en/publications/evaluation-of-the-efsi-2021.htm>.

## Evaluation of EIB support for urban public transport

**The results of the evaluation of EIB support to urban public transport<sup>7</sup> informed the sectoral policy dialogue in a timely manner.** The presentation of the evaluation's findings helped identify lessons for the revision of the EIB transport lending policy, which will consider the recent EIB Group Climate Bank Roadmap and set upcoming priorities for EIB lending in the transport sector.

**The Bank's current transport lending policy (2011) prioritises, among others, urban public transport operations because of their potential to reduce greenhouse gas emissions.** EIB support for urban public transport has gained importance over time and represents around a quarter of the EIB's support for the transport sector over the past decade.

### Key findings

**The evaluation found that EIB-supported projects were relevant to the needs of municipalities, notably due to their integration in cities' development plans.** The EIB product offer has met the demand from both larger and smaller municipalities. While capital cities accounted for the majority of volumes, the Bank also financed many relatively small operations, especially in Central and Eastern Europe.

**The EIB had a countercyclical role during the economic and financial crisis but had limited scope for crowding in other financiers.** Through its substantial financial contribution at a time when there was less availability of financing for urban transport investments, the EIB played an important role as "lender of last resort" when financial markets tightened. However, by the time promoters contacted the Bank, other sources of financing had already been secured.

**The implementation of the projects generally went as planned.** The large majority of the completed projects delivered their production targets. If not, this was due to factors beyond the EIB's control. In addition, several projects contributed to territorial cohesion in less privileged neighbourhoods.

**The EIB is on the right track for responding to the evolving investment landscape.** Within the context of the EIB Group Climate Bank Roadmap, the Bank is adapting its methods and products to support the transition towards cleaner and new transport technologies. Changes in urban mobility priorities and in urban public transport markets are bringing about the need for more diversified clean mobility solutions that involve smaller, riskier and more innovative investments. The Bank is well placed to embed its interventions into an integrated support package for municipalities (multi-sector financing, blended with technical advisory).

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<sup>7</sup> Available at: <https://www.eib.org/en/publications/evaluation-eib-support-to-urban-public-transport-in-the-eu-thematic.htm>



## Evaluation of the Eastern Partnership Technical Assistance Trust Fund (EPTATF)

**IG/EV evaluated the Eastern Partnership Technical Assistance Trust Fund<sup>8</sup> at the request of the fund's contributors to assess its achievements after ten years of operation.** The fund was established in 2010 to finance technical assistance operations in Eastern Partnership countries<sup>9</sup>. As of end-2019, over 90% of its resources were fully allocated. EPTATF contributors have been holding off on further pledges until they had more clarity on the trust fund's achievements.

**The evaluation promoted dialogue between EPTATF's contributors and the EIB.** The evaluation's findings were presented at the November 2020 EPTATF Contributors Committee. Following the evaluation, the Bank developed and submitted a draft strategy for the trust fund to the Contributors Committee.

### Key findings

**The evaluation found that the EPTATF is fit for purpose.** The trust fund enables the EIB services to mobilise technical assistance resources to overcome capacity constraints in support of its lending activities. As an EIB-dedicated trust fund, it benefits from straightforward processes and provides flexibility to the Bank in responding to technical assistance needs in support of Eastern Partnership lending. However, the EPTATF's funding is not fully commensurate with its objectives.

**The EPTATF had mixed results in supporting the origination and implementation of EIB operations in the region.** While EPTATF technical assistance operations have helped to alleviate technical and institutional constraints hampering the identification and preparation of lending operations, their results in terms of generating new EIB lending operations were mixed. The operations have facilitated project implementation but cannot address all obstacles impeding project implementation. Technical assistance operations appear to have contributed only marginally to capacity building. Lastly, they have sometimes compensated for the EIB's limited in-country presence.

**The evaluation underlined the need for efficiency improvements.** While needs at technical assistance operation level are well identified, it is difficult to assess at the trust fund level the extent to which EPTATF resources are being directed to where they are most needed. The implementation of EPTATF technical assistance operations is often protracted, while responsibility for their delivery would benefit from being clearer.

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8 Available at: <https://www.eib.org/en/publications/evaluation-of-the-eastern-partnership-technical-assistance-trust-fund.htm>  
9 Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine

## Rapid assessment of the EIB Group's operational response to the COVID-19 crisis

**The rapid assessment of the EIB Group's response to the COVID-19 crisis<sup>10</sup> provided real-time feedback on the deployment of the Group's support to its clients.** This was the first rapid assessment carried out by IG/EV and an example of its toolkit diversification. This rapid assessment provided insights on whether the Group's response reached clients that needed help at the right time and in the right form. Since it was conducted while the intervention was being implemented, it primarily focused on assessing the adequacy and quick delivery of financing rather than the achievement of outcomes or impact, as it is too early to measure these effects. It covered all three lines of action of the Group:

- EIB existing and new operations benefiting from the set of "operational enabling measures" approved by the EIB Board in April 2020. These measures were aimed at rapidly addressing the most pressing needs for liquidity and for public sector health expenditure.
- EIF mandates of financial significance with a COVID-19 component.
- The setting-up and deployment of the European Guarantee Fund (EGF).

The EIB and EIF Boards of Directors will discuss the report in early 2022. Some of the issues raised by the rapid assessment, such as the need for the EIB Group to explore how it could increase its support for SMEs and small mid-caps with subordinated features to help them invest while preserving their solvency, will be revisited in evaluations carried out in 2022 and 2023.

### Key findings

**The EIB Group response was set up with agility.** The EIB and the EIF remained alert as the crisis evolved based on both analysis performed by their Economics Departments and on the feedback received from clients. This enabled the EIB Group to design adequate tailor-made solutions. To overcome constraints linked to available capital and risk-taking capacity, it redirected existing mandates to scale up the response for SMEs and mid-caps. This agility enabled the Group to respond promptly and on the necessary scale to its clients' needs.

**The EIB Group response helped alleviate liquidity pressure induced by the crisis, both for intermediated and direct lending.** Financial intermediaries, confronted with more requests from their clients for amended repayment schemes, were in need of credit risk protection and capital relief. Many benefited from guarantee schemes and risk-sharing products. Long-term funding on favourable terms was a key feature of EIB multi-beneficiary intermediated loans, in an environment characterised by high uncertainty. Finally, promoters under pressure to deliver projects benefited from extended deadlines for completion. In conjunction with large-scale public support at EU and national level, these measures helped prevent a wave of bankruptcies and the systemic risks associated with this.

**The response was quickly deployed but more flexibility would have been needed in the partial prolongation of the EIB's emergency support.** Both the enabling measures and the mobilisation of existing mandates successfully reduced time to first disbursement, compared to non-COVID-19 operations. In December 2020, the EIB Board of Directors decided to discontinue these enabling measures after March 2021, except for public health sector operations. However, studies indicated that the economic situation was largely unpredictable at the time and a continuous usage of enabling measures would have been needed throughout 2021.

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<sup>10</sup> Available soon at: <https://www.eib.org/en/about/accountability/evaluation/index.htm>.

**The EGF had an important role to play in enhancing the Group's relevance, but delays have partly affected its attractiveness and relevance as an emergency tool.** As an impact finance mandate, the EGF complements the EIB Group's immediate response in terms of risk segments and associated products, type of projects supported, volumes and leverage. It is relevant to ensure firms' access to liquidity in subsequent emergency and recovery waves, and to support their growth and development in the medium to long term. But delays in the operational launch of the EGF had two important consequences. First, its products became less attractive for financial intermediaries because they had less time to build the portfolio covered by these products. Second, delays reduced the EGF's role as a countercyclical response to the liquidity crisis; it became operational when urgent liquidity needs had already been largely addressed.

## Evaluative studies

**To complement its evaluations and further contribute to the EIB-wide discussion on climate and the environment, in 2021 IG/EV completed two additional evaluative studies.**

As a follow-up to the climate awareness bonds evaluation and to draw on the knowledge and expertise acquired as part of that process, IG/EV carried out a market study on sustainable securitisation. The study provided insights on market size and potential, needs, barriers and potential opportunities. The evaluative study, presented to the Management Committee, the Energy Efficiency Working Group and the Board of Directors, served as input for the EIB to define its options and way forward in the field of green securitisation.

In 2021, IG/EV also finalised its systematic review in the field of residential energy efficiency. The review examined what works, what does not work and what is not yet known when it comes to the impact of energy efficiency upgrades in the residential housing sector on energy savings. Beyond the immediate interest of the findings, especially in the context of the European Green Deal's "renovation wave", the "learning by doing" approach to this study and the close cooperation with best-in-class specialists enabled IG/EV to develop and consolidate its understanding of the methodology and related skills. The pilot also enabled it to gain insights into the relevance, limitations and best use of systematic reviews and their findings in the EIB context as well as to become acquainted with and explore other similar methodologies.

# THE EIB GROUP EVALUATION POLICY

**The Group Evaluation Policy<sup>11</sup> was approved by the EIB and the EIF Boards of Directors in June.** The policy aims to ensure that the evaluation processes and products in the EIB Group meet the highest quality standards and deliver on their objectives. It reflects international best practices and standards in evaluation and aligns the EIB Group with its peers. The policy outlines the objectives of evaluation in the EIB Group and describes how these are achieved. It also spells out the roles and responsibilities of all key internal stakeholders involved in the evaluation activity – the Boards of Directors, the EIB and the EIF management, the services, the Inspector General and the evaluation function. As such, the policy further strengthens the evaluation function and clarifies the means that the EIB Group deploys to safeguard this function’s independence and credibility and to ensure transparency.

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<sup>11</sup> Available at: <https://www.eib.org/en/publications/ev-eib-group-evaluation-policy>.



# DEVELOPING AND SHARING EVALUATION KNOWLEDGE

**Efforts to share the results of evaluations and ensure they make a difference.** Dissemination is an integral part of the evaluation process. Proper dissemination helps to raise awareness, build an understanding of what has been undertaken and encourage action. Ultimately, it is key to ensuring the usefulness of evaluations. In 2021, the findings and conclusions from completed evaluations were shared with peers and key stakeholders during multiple events. Internally, IG/EV continued to follow up on recommendations with EIB services and report regularly to the EIB Group’s management and the Boards of Directors. The evaluation of EIB cohesion financing (October 2020) is an example of the successful dissemination and use of evaluation findings. These were presented in a meeting organised by the Commission’s Directorate-General for Regional and Urban Policy (DG REGIO) and bringing together other Directorates-General of the Commission. A presentation during a joint ECON-PJ internal workshop contributed to the internal dissemination of the evaluation’s results. In 2021, the Bank developed a cohesion orientation paper<sup>12</sup> that included elements responding to the evaluation’s recommendation. This paper sets a revised ambition and a strategy to tackle new cohesion challenges.

**Together with peer institutions, IG/EV worked on exchanging and further developing best practices.** IG/EV benefited from the experience of evaluators in other institutions to ensure the quality of its reports. For instance, the EPTATF evaluation report was peer reviewed by colleagues in the Asian Development Bank. At its end, the EIB evaluation function peer reviewed the Evaluation of Asian Development Bank Support for the Greater Mekong Sub-region Programme (2012–2020) and the Evaluation of the European Bank for Reconstruction and Development’s COVID response. IG/EV was also part of the reference group for the preparation of the Central American Bank for Economic Integration (CABEI) draft Evaluation Policy.

**IG/EV participated in and organised sessions during multiple conferences.** At the 2021 Asian Evaluation Week, it co-organised a session on “Climate adaptation: from evaluation to action,” where it shared lessons from recent evaluations on climate change adaptation undertaken both in developing countries and in the European Union. The session addressed various methodological issues, including how to facilitate learning from evaluations. The EIB Inspector General moderated the session, in which representatives from the German Institute for Development Evaluation (DEval), the Green Climate Fund, and the Independent Evaluation Department of the Asian Development Bank also shared their experiences. EIB Group evaluators also chaired two sessions during the European Evaluation Society conference, focusing on evidence gap maps and on macroeconomic modelling to simulate impact. Evaluators also attended the What Works Global Summit and participated in a panel on current evidence on interventions to reduce energy consumption and mitigate the effects of climate change.

**Efforts to strengthen the evaluation culture within the Bank continued.** A regular follow-up of recommendations is key to maximising the utility of evaluations for the EIB and the EIF. Regular reporting to the EIB Group governing bodies ensures the timely implementation of recommendations. In the course of 2021, 14 recommendations from four evaluations were closed. At the end of 2021, IG/EV was monitoring recommendations from eight recent evaluations. Another means used to help anchor an evaluation culture was the organisation of training sessions on request, to cover topics of interest for the EIB services. These included the role of various stakeholders at different stages of an evaluation or the drafting and use of results frameworks. IG/EV also advised the EIB services on the development of theories of change, on improving evaluation terms of reference and providing methodological-centred feedback on evaluation reports.

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<sup>12</sup> Available at: <https://www.eib.org/en/publications/eib-cohesion-orientation-2021-2027>.



# A THREE-YEAR ROLLING PROGRAMME

**The evaluation work programme reflects its dual objective of accountability and learning.** The draft work programme is consulted thoroughly with the EIB Group services and management. This process maximises the relevance of the topics selected and the usefulness of the evaluations. The draft 2022-2024 work programme was discussed during the December Board of Directors Working Group on Policy and Lending, Evaluation and Impact (LEVI). It will be finalised and submitted for approval to the EIB and EIF Boards of Directors at the beginning of 2022. The selected topics provide opportunities for assessing EIB Group past operations and informing future strategic discussions.

**The evaluation work programme is continuously evolving to reflect the Group's priorities.** In 2022, three main themes will be in focus: the EIB Group's support for SMEs; the EIB's advisory support in cohesion regions; and the EIB's support for water and sanitation outside the European Union. Several topics that were tentatively scheduled in the 2022 programme have been postponed to 2023 or 2024 when assessments are deemed to be more relevant and useful. For 2023 and 2024, the pre-selected topics include a mix of regulatory obligations and Bank initiatives that have been flagged as significant and should be showing results by that time.



# WORK PROGRAMME 2022

## A trilogy of evaluations of the EIB Group's support for SMEs

**SME support is and will likely remain a priority area for the EIB Group.** EIB support for small and medium-sized enterprises is significant, making up more than one-quarter of the Bank's activity and overall EIF support. SMEs are the backbone of the EU economy, representing 99% of all businesses. They employ around 100 million people, account for more than half of Europe's GDP and contribute to every sector of the economy. For these companies, access to finance is still a concern despite a low interest rate environment and liquid markets, especially for younger, smaller innovative firms and firms active in countries more affected by the economic downturn.

**The EIB Group offers a wide range of products to support SMEs, either directly channelled to final beneficiaries or via intermediaries.** To support small businesses, the EIB Group partners with a broad network of commercial banks, national promotional banks and institutions, leasing companies, venture capital and private equity funds, angel investors and other providers. The EIB Group specifically targets regions where access to finance is an obstacle to economic growth.

**IG/EV plans to comprehensively evaluate the EIB Group's support for SMEs by successively assessing the different product lines on offer.** The three evaluations will focus on equity/quasi-equity operations, intermediated lending, and unfunded risk-sharing instruments and guarantees.

**The three evaluations will cover similar questions for each product line.** They will make use of a wide range of sources of information and analytical tools, to assess how each product:

- Responds to the evolving needs of SMEs and/or intermediaries through which support is deployed.
- Addresses market failures (both from a structural and cyclical perspective).
- Mobilises private capital.
- Affects profitability and capital position.
- Achieves (structural and/or cyclical) impact and additionality.

**A synthesis report will bring together insights** on the relative benefits and costs of these different products, and the potential trade-offs and synergies between them.

## EIB advisory support in cohesion regions

The insights gained from the recent **evaluation of EIB cohesion financing**, finalised in late 2020, provided input for the EIB Cohesion Orientation 2021-2027.

**This evaluation also highlighted the importance of advisory support in cohesion regions, including for the development of viable projects.** Advisory services complement EIB lending activity and are expected to increase the quality of EIB projects and the capacity of promoters. Moreover, EIB lending in the cohesion regions traditionally has a lower share of climate action; advisory support is therefore needed to help the EIB deliver on its Climate Bank Roadmap ambitions while maintaining its

support for its cohesion objective. In addition, although the EIB's advisory mandates in cohesion regions (including JASPERS, ELENA and the European Investment Advisory Hub) were each evaluated individually, no recent evaluation has comprehensively looked at advisory in cohesion regions from a Bank perspective.

**The evaluation will assess whether the EIB's advisory toolbox is appropriate for addressing needs in cohesion regions, and the results achieved thus far.** It will analyse in particular whether its current institutional set-up is fit for purpose.

## Water and sanitation outside the European Union

**Water and sanitation is an important sector for the EIB, especially outside the European Union.** Water and sanitation represents 5% of non-EU lending. It is the fourth largest sector outside the European Union (after credit lines, transport and energy), and the third largest sector in Africa, the Caribbean and the Pacific. Between 2014 and 2021, EIB support for water and sanitation outside the European Union amounted to €5.5 billion, covering 99 operations.

**The EIB will review its water lending orientation in the coming year.** The 2017 *EIB water sector lending orientation: strengthening water security*<sup>13</sup> sets out how the Bank supports EU policy objectives in the water sector through its investments. Its overarching focus is on improving water security, whether it is for water supply, wastewater treatment, flood risk reduction or other water-related investments. The document will be revised in the course of 2022 or 2023, in particular to reflect the EIB's ambitions for climate (as per its Climate Bank Roadmap) and for development (through the newly approved EIB Global).

**The evaluation will review support for water and sanitation outside the European Union, the Bank's arrangements for delivering this support and its product offer.** In particular, it will examine:

- The combined effects of EIB lending, blending and technical assistance, including on SDG 6 – Clean water for all – and on the EIB's climate ambitions.
- The role of technical support in addressing capacity issues, including to unlock signed but undisbursed amounts.
- Coordination of EIB support with other international financial institutions (critical for mitigating risks and enforcing sustainability requirements).
- Complementarity between the EIB's project-based approach and other international financial institutions' and donors' interventions.

This evaluation will build on a cluster of project evaluations and on a stocktake of products used by peer organisations to support this sector.

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<sup>13</sup> Available at: <https://www.eib.org/en/publications/eib-water-sector-lending-orientation>.

## Reinforcing evaluation knowledge

**Activities aimed at strengthening evaluation knowledge within and outside the Bank will complement the work programme.** The main ones planned for 2022 are:

- Drafting of IG/EV mid-term orientations, to complement the EIB Group Evaluation Policy and respond to one of the recommendations of the external peer review. These mid-term orientations outline IG/EV's objectives and action plan for the coming years.
- Organising an international conference, to bring together evaluators and decision-makers to exchange ideas on the accelerated pace at which evaluation findings are required to inform decision-making and how this is fostering innovation in evaluation, among other things.
- Supervising, in collaboration with the Bank's gender team, the first part of an impact evaluation study financed by an EIB University Research Sponsorship (EIBURS) research grant, which focuses on a water infrastructure project in Madagascar. It will design and initiate an impact evaluation, including the gathering of baseline data, and provide guidance on the best indicators for the EIB to use as a proxy of gender equality impact in infrastructure projects. The study will complement the evaluation of water and sanitation outside the European Union.





# TENTATIVE WORK PROGRAMME FOR 2023

**The work programme for 2023 provides a list of tentative topics among which the most useful and relevant ones will be selected.** This list might also evolve based on further developments and emerging needs for the EIB Group, still with the view of maximising the usefulness of evaluations carried out. Given time and resources constraints, IG/EV will cover up to five topics per year. The programme for 2023 includes regulatory evaluation obligations and topics initially scheduled earlier but that were postponed to maximise their usefulness.

- 1 Assessment of the Climate Bank Roadmap** – The roadmap states that the EIB will deliver “an assessment report, to be carried out in 2024, to go beyond output monitoring and enable the EIB Group to assess the adequacy of the Climate Bank Roadmap.” IG/EV will conduct this assessment, which will feed into the revision of the roadmap in 2025.
- 2 Final evaluation of the European Guarantee Fund (EGF)** – The EGF fund description states that the “EIB shall perform an evaluation of the fund after the second anniversary of the end of its investment period. This evaluation will aim at making the fund and the operations funded thereunder accountable to the contributors and at promoting lessons learnt. The evaluation shall be shared with the Contributors Committee.” IG/EV plans to carry out this evaluation in 2023, since the investment period ended on 31 December 2021.
- 3 Evaluation of the EIB Group Gender Strategy** – The gender strategy comprises two consecutive action plans, the process-oriented Gender Action Plan 1, which lays the foundations for the performance-oriented Gender Action Plan 2. An evaluation is required per strategy to inform further revision after the implementation of the two action plans. Since the EIB Group extended the implementation period of GAP 2 until 2024, the evaluation will start later than originally planned, so that its findings are available on time to feed into the upcoming revision process.
- 4 Evaluation of the Additionality and Impact Measurement framework (AIM)** – The EIB approved the Additionality and Impact Measurement framework in October 2020, to unify, upgrade and replace the previous systems. After a pilot phase, the framework was rolled out fully from 1 January 2021. An evaluation in 2023 would be able to provide an insight into the initial results of this new framework.
- 5 Evaluation of EIB support for innovation (possibly digitalisation)** – Innovation, digital and human capital is one of the EIB’s four vertical public policy goals. In the European Union, innovation remains a key priority for the coming years and will play a critical role in ensuring a sustainable recovery of the economy. The pandemic underlines the need to accelerate societal changes, boost EU competitiveness and strengthen growth potential through a green and smart transformation of Europe’s economies.

# POTENTIAL TOPICS FOR 2024

In consultation with all stakeholders, IG/EV will consider the following potential topics – as well as new ones that might emerge in the meantime – when choosing the five evaluation topics to propose in its 2024 work programme:

- 1 An evaluation of the 2019 energy lending policy** – Delivering on ambitious EU climate and energy targets for 2030 requires long-term investment from the private sector. Adopted in November 2019, the Bank’s energy lending policy sets out how the EIB, as a public bank, can help support the European Union in meeting this challenge. The evaluation could discuss the implications of the EU Sustainable Finance Taxonomy and of further policy development in the context of the European Green Deal and EU external action.
- 2 A cluster of projects evaluation in energy** – IG/EV plans to carry out more clusters of project evaluations with synthesis reports, to reflect that the EIB is fundamentally a “project bank”. Focusing on a cluster of energy projects could yield synergies with the energy lending policy evaluation mentioned above.
- 3 An evaluation of EIB Global<sup>14</sup>** – Through EIB Global, approved by the EIB Board of Directors in September 2021, the EIB will reorganise its activities outside the European Union. By 2024, this arm will be fully set up and the evaluation could review its functioning and the first results of this transformation at the Bank.
- 4 An evaluation of EIB support for the health sector** – The EIB supports global health priorities through an integrated approach, focusing on both healthcare infrastructure as well as research, development and innovation. The COVID-19 pandemic has highlighted the relevance of this support. The evaluation would review the results achieved and the collaboration with advisory services in the field.
- 5 An evaluation of EIB support for migration** – The EIB has been active in migration mainly in the Western Balkans, the Southern Neighbourhood, and in sub-Saharan Africa. By 2024, supported operations will have been completed and their results could be reviewed by the evaluation.
- 6 An evaluation of the Recovery and Resilience Facility (RRF)** – The Recovery and Resilience Facility was set up to fight the medium and long-term negative effects of the COVID-19 pandemic. The EIB Group helps Member States such as Greece and Italy to leverage and implement the facility’s resources. For instance, Member States can designate the EIB as fund manager while also making use of the EIB’s advisory services. Three years after its entry into force, the evaluation could review the early results of the scheme.
- 7 A corporate evaluation of the EIB Group’s preparation process for the multiannual financial framework 2021-2027** – In view of preparing itself for the next multiannual financial framework discussions, the evaluation would review the EIB’s preparation and negotiation process for the 2021-2027 framework to draw relevant lessons for the Bank.

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<sup>14</sup> <https://www.eib.org/en/global/index.htm>

# ABOUT THE EVALUATION DIVISION

The Evaluation Division conducts independent evaluations of the European Investment Bank Group's activities. It assesses the relevance and performance of these activities in relationship to their objectives and evolving operating environment. It also helps the EIB Group to draw lessons on how to continuously improve its work, thereby contributing to a culture of learning and evidence-based decision-making.

Evaluation reports are available from the EIB website: [www.eib.org/evaluation](http://www.eib.org/evaluation)





EIB GROUP EVALUATION

# Activity Report 2021 and Work Programme 2022-2024



## Evaluation

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