The EIB and its evolving mission

Presentation by Sebastian Schich. Views are the authors’ own and do not necessarily reflect those of the EIB.
Structure

1 What the EIB is and does

2 How the EIB knows it matters activities matter

3 Selected challenges
1 Introduction:
What the EIB is and does
The EIB Group

The lending arm of the European Union since 1958

Specialist provider of risk finance to small and medium-sized enterprises
At a glance

European Investment Bank

Largest multilateral lender and borrower in the world
- We raise our funds on the international capital markets
- We pass on favourable borrowing conditions to clients

Since 1958, over €1.5 trillion invested
- More than 14,000 projects in over 160 countries
- Crowding-in bank: € 4.5 trillion overall investment supported

Headquartered in Luxembourg
- Around 3,500 staff: In addition to finance professionals, we have engineers, economists and socio-environmental experts
- 51 offices around the world
At a glance

- Shareholders
  - European Investment Bank (58.8%)
  - European Commission (29.7%)
  - 38 public and private financial institutions (11.5%)

- Strong capital base (€4.5 billion)

- 26 years of market experience in SME financing

- Over 500 staff
EIB Group priorities have evolved over time

- **1960s**: Post-war reconstruction
- **1970s**: Energy security
- **1980s**: Infrastructure
- **1990s**: Enlargement
- **Since 2000**: Education, research and innovation
Our current priorities

INNOVATION €14 billion
ENVIRONMENT €17 billion
INFRASTRUCTURE €16 billion
SMALL AND MEDIUM-SIZED ENTERPRISES €16 billion
EIB Group new climate strategy

- EUR 1tn of investments in climate action and environmental sustainability from 2021 to 2030
- Gradually increase share of climate action and environmental sustainability to 50% by 2025.
- Align all activities with Paris agreement principles by end-2020.
EIB own funds since its foundation

![Graph showing EIB own funds growth from 1958 to 2020. The graph indicates a significant increase in own funds, with specific years marked for EU expansions (EU-9 to EU-28).](image-url)
Stylised representation of EIB activities
Stylised categorization of EIB activities

Each transaction is tailored to the needs of the project.

Our products are generally classified into loans, guarantees, equity investments, and advisory services.

The products can be combined or blended with other sources of public financing.

Funding
- Intermediated Loans
- Investment Loans
- Framework Loans
- Quasi Equity

Blending
- Guarantees

Advisory
3 How the EIB knows its activities matter
Ensuring additionality through three layers of impact analysis

Additionality aspects

- Passing on favourable credit conditions to clients
- Financing innovation
- Mobilise rather than crowd-out private investment
Assessing project results and additionality

EIB’s Additionality and Impact Measurement (AIM) framework

- **Impacts**
  - Why should the EIB support the project?
  - Additionality assessed systematically and throughout project lifespan
- **Outcomes**
  - What will the project achieve?
  - An organisation-wide framework is used for such assessment and the reporting on the EIB contribution to its policy goals
- **Outputs**
- **Inputs**
  - How does the EIB contribute?
Macroeconomic modelling

Example: Estimates using RHOMOLO-EIB model to assess EFSI functioning (part of third comprehensive report for period from 2018 to 2020 completed in April 2021)
In-depth impact studies: Conceptual approach

• Analysing selected projects or product types in greater depth

• Allows one to verify validity of interpretation of how project outputs and outcomes lead to impacts

• Counterfactual analysis and mostly ex post

Example of microeconomic impact assessment of EIB support to SMEs in the EU

• Quasi-experimental methodology

• EIB-supported SMEs paired with non-supported firms with similar financial data at the time of EIB support

• Results suggest positive impact on employment and investment for treated versus untreated sample firm
In-depth impact studies: Some specific examples

Employment effects of EIB support through multiple beneficiary intermediated loans to SMEs

Operating revenue effects of EIF credit guarantee support to SMEs

3 Selected challenges
Selected challenges

- Staying the course when a large shock such as the recent pandemics hits.

- Public financial institutions are called upon more and more to provide in-depth impact assessment, while policy priorities continue to evolve.

- As the recovery solidifies, the appropriate financing mix provided by public financial institutions to corporates is likely to need some rebalancing, raising additional impact assessment challenges.
Thank you

More information at: www.eib.org
info@eib.org