# *EVALUATION OF COMMISSION'S AID DELIVERY THROUGH DEVELOPMENT BANKS AND EIB*

Inventory Note (final)

November 2008

*Evaluation for the European Commission*

Aide à la Décision Economique

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This evaluation was commissioned by:

**the Evaluation Unit common to:**

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This evaluation was carried out by *A*DE

*The evaluation was managed by the EuropeAid Evaluation Unit*

***The opinions expressed in this document represent the authors' points of view which are not necessarily shared by the European Commission.***

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**ANNEXES**



*This final version of the* ***Inventory Note*** *is a slightly modified version of the Revised Inventory Note of March 2007 which was written at the start of the evaluation exercise and approved by the Evaluation Unit on the 18th June 2007. The structure of this note and almost all information have remained identical. Only factual precisions have been made to the approved version after having received the Annual Report 2006 of the Cotonou Investment Facility, published after the approval of the Inventory Note.*

# Acronyms

| | |
|---|---|
| $ | US Dollars |
| € | Euro |
| € B | Billion Euro |
| € M | Million Euro |
| ABAC | Accrual Based Accounting (DG Budget database) |
| ACP | Africa, Caribbean and Pacific (countries) |
| ADB | Asian Development Bank |
| AfDB | African Development Bank Group |
| ALA | Asia and Latin America |
| Budget | Budget of the European Commission |
| CGIAR | Consultative Group on International Agricultural Research |
| Commission | The European Commission |
| Cotonou agreement | ACP-EU Partnership Agreement (9th EDF, 2000-2007), signed in Cotonou in 2000 |
| CRIS | Common RELEX Information System |
| CRS | Creditor Reporting System (OECD) |
| DG | Directorate General |
| Eastern Europe | Eastern Europe countries: Moldova, Ukraine, Belarus |
| EBRD | European Bank for Reconstruction and Development |
| EDF | European Development Fund |
| EIB | European Investment Bank |
| EU | European Union |
| FEMIP | Facility for Euro-Mediterranean Investment and Partnership |
| GFATM | Global Fund to Fight Aids Tuberculosis and Malaria |
| HIPC | Highly Indebted Poor Countries |
| HQ | Head Quarter |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| IF | Investment Facility |
| IFC | International Finance Corporation |

| | |
|---|---|
| IFI | International Financial Institution |
| MDB | Multilateral Development Bank |
| MDGs | Millennium Development Goals |
| MEDA | Euro-Mediterranean Partnership Programme; Mediterranean members of the partnership. |
| Mediterranean countries | Algeria, Egypt, the West Bank and the Gaza Strip, Israel, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia |
| MENA | Middle East and North Africa |
| MIGA | Multilateral Investment Guarantee Agency |
| MoU | Memorandum of Understanding |
| MS | Member States of the European Union |
| NDEP | Northern Dimension Environmental Partnership |
| OA | Official Aid |
| ODA | Official Development Aid |
| OECD | Organisation for Economic Co-operation and Development |
| OLAS | On Line Accounting System (EDF database) |
| OOF | Other Official Flows |
| SME | Small to medium-sized business enterprises |
| Southern Caucasus | Southern Caucasus countries: : Armenia, Azerbaijan, Georgia |
| TA | Technical assistance |
| TACIS | Technical Assistance to the Commonwealth of Independent States; or the beneficiary countries of this: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan |
| TF | Trust Fund |
| ToR | Terms of Reference |
| TREN | DG Energy and Transport |
| UK | United Kingdom |
| US | United States |
| WB | World Bank |

# Summary

## 1. Brief presentation of the Inventory Note

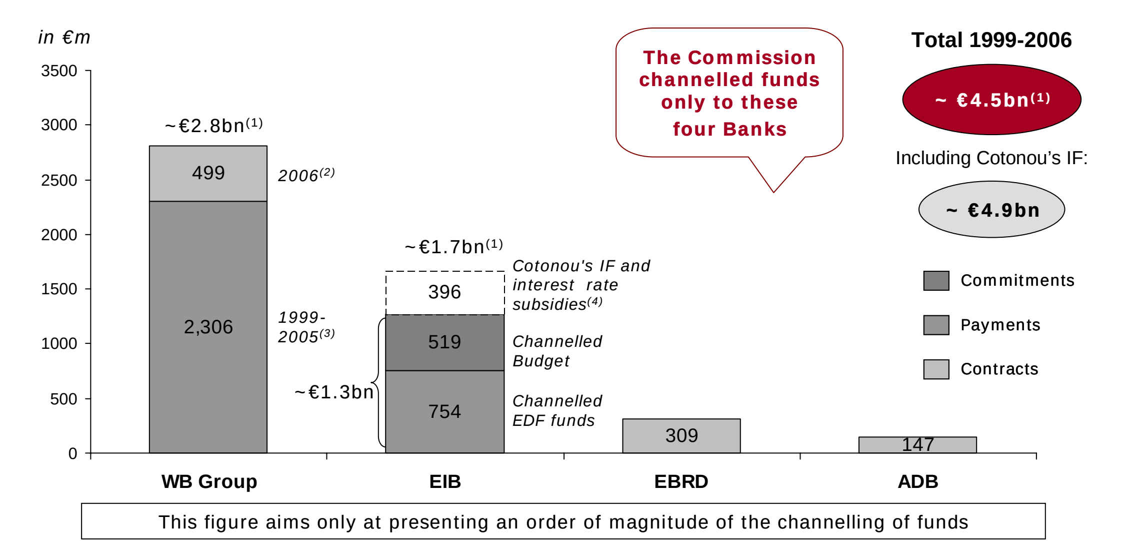
This Evaluation of the European Commission's aid delivery through Development Banks and the EIB covers the period 1999-2006. It concerns all countries where such aid delivery has taken place except those falling within the mandates of DG Enlargement and the OECD countries.

This Inventory Note is a working document presenting the findings of the first stage of the evaluation. It sets out proposals for an inventory and typology of the Commission's afore-mentioned aid delivery mechanisms. It will serve as a basis for the next stages of the evaluation process and is based on information from existing databases and documentation and from interviews with Commission and World Bank (WB) Group representatives. As far as possible the information is presented in a harmonised form, taking into account a number of constraints encountered in relation to data and information.

## 2. Global overview and typology

As shown in the figure below, the funds channelled through the Development Banks and the EIB amounted to some €4.5B over the period 1999-2006. The beneficiaries were the WB Group, EIB, EBRD and ADB.

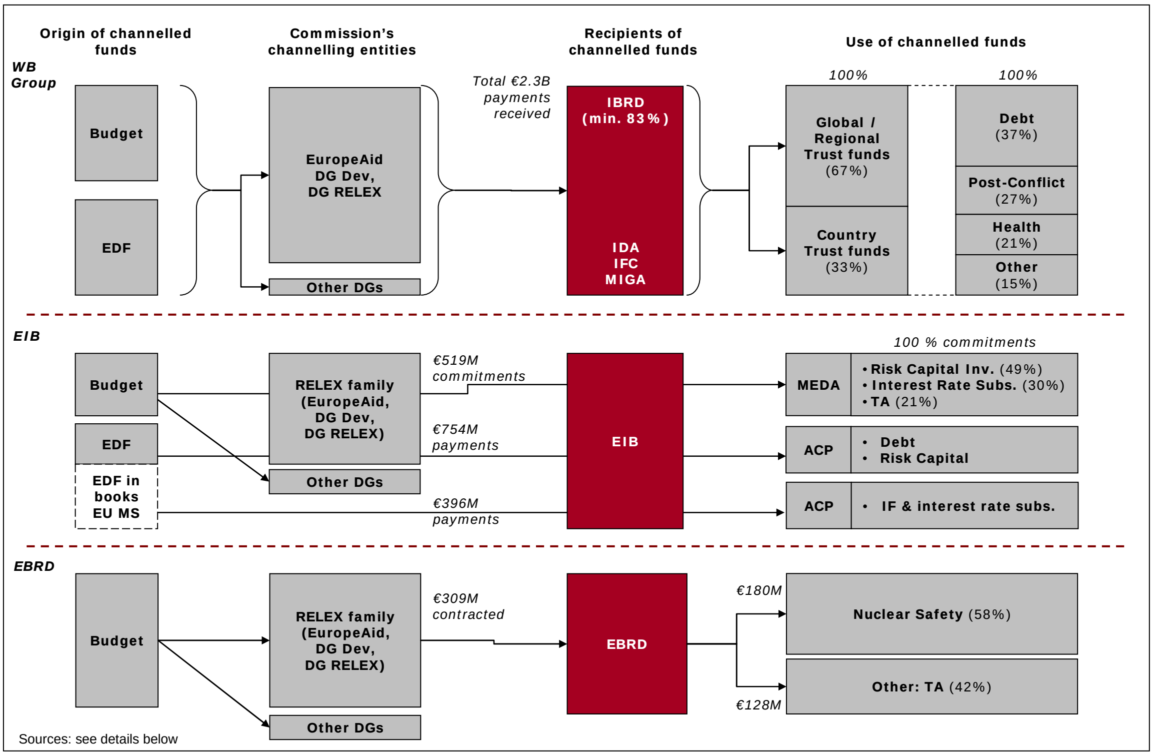
**Funds channelled by Commission's entities to Development Banks and EIB, 1999-2006 – Overview**




(1) This number consist of the sum of amounts of different nature (e.g. commitments/contracts/payments, different accounting methods, etc.); it aims at providing an order of magnitude
(2) Funds contracted with the RELEX family in 2006 reported in CRIS & OLAS
(3) Commission's payments received by the WB Group as to the WB Group list of payments 1999-2005
(4) Payments for Cotonou's Investment Facility and interest rate subsidies, channelled directly by EU MS to the EIB
Sources: WB, CRIS, OLAS, EuropeAid, IF Annual Report 2005 and 2006; see details below0

The figure below provides a more detailed view focusing on the three main recipient banks (WB Group, EIB, EBRD). RELEX, DEV and AIDCO are the Commission Directorates-General responsible for the vast majority of channelled funds.

**Overall typology of funds channelled by the Commission to the WB Group, EIB, and EBRD, 1999-2005/2006**



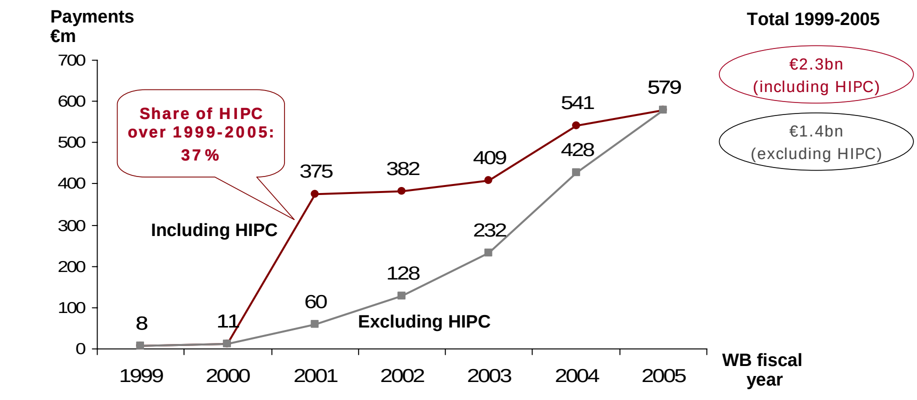

## 3. Key elements per recipient Bank

A few key elements come to light during a more detailed scrutiny of each of the main recipient banks.

### WB Group

**Between 1999 and 2005** there was a continuous growth in payments received by the WB Group from the Commission budget/EDF, as shown in the figure below**.**

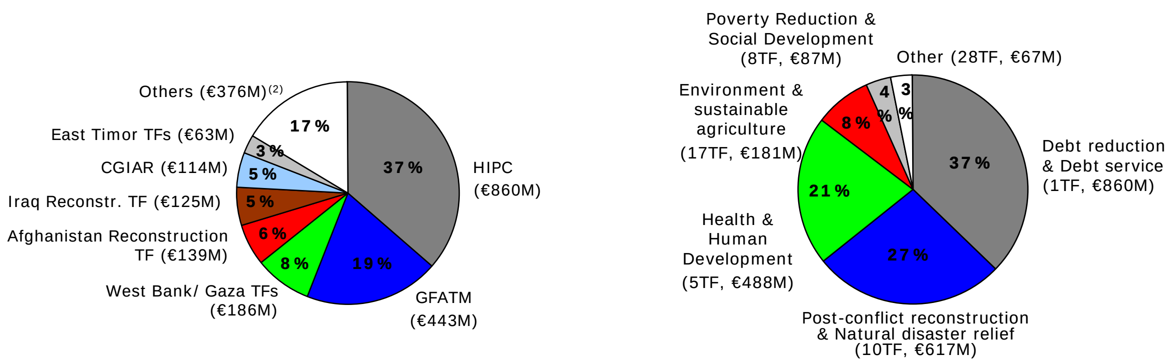
### Commission budget/EDF payments received by the WB 1999 – 2005




Note: The WB fiscal year used in its accounting system is from July to June. The data for year t gather the data from July of year t-1 to June of year t. Year 2005 gather data from July 2004 until December 2005.
Note: The figures have been converted from USD to EUR using the official Commission exchange rate. For each year t, an average exchange rate per WB fiscal year (July t-1 to June t) is applied.
Source: WB Group internal accounting system for Trust Funds portfolio (in "EuropeAid financial contribution to the World Bank Group in 2005").

The HIPC Trust Fund accounted for a large proportion of the payments during this period. In fact, 69 beneficiary Trust Funds (TFs) have been identified for 1999-2005, but the seven largest contributions accounted for 84% of the payments. The two pie charts below show the relative shares of these TFs as well as those of the main sectors of intervention.

### Commission budget/EDF payments received by the WB by TF and by sector




The beneficiary TFs intervened mainly in the ACP (59%), ALA (24%) and MEDA (8%) regions.

**In 2006** 39 contracts were signed between EuropeAid and the WB Group to a total amount of €498m, of which 67% was for Asian countries and 11% for ACP countries. Of the TFs benefiting from these resources, the following three large ones received their first funding from the Commission in 2006:

- Post-Tsunami reconstruction (€131.4m).
- National Health Nutrition and Population programme in Bangladesh (€76m).
- Avian Influenza and Human Influenza Pandemic Preparedness (€54.5m).

## EIB

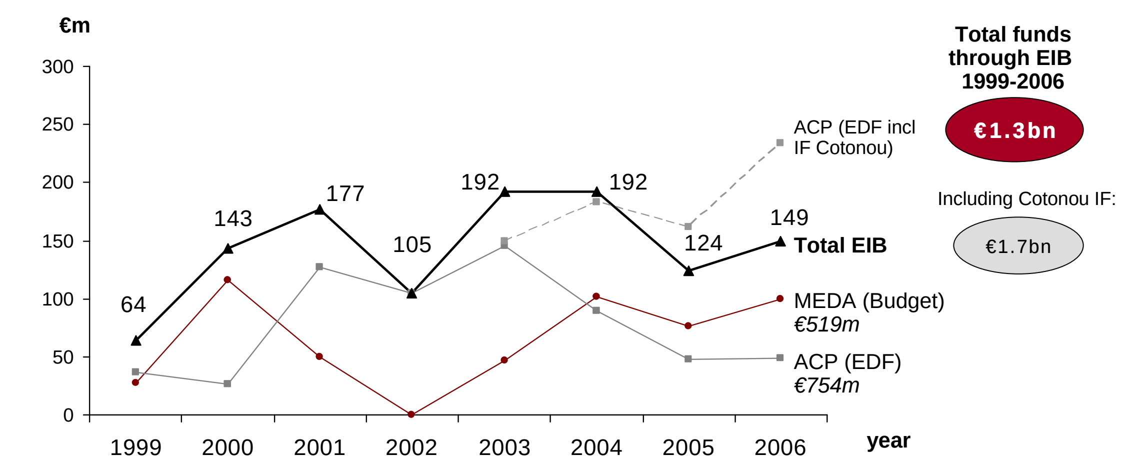
In terms of channelling of funds through the EIB, a distinction should be made between :

- Commission Budget resources used for the MEDA region.
- European Development Fund resources used for the ACP region.

As shown in the overall typology figure above, funds in the **MEDA** region were dedicated to Risk Capital Investments, Interest Rate Subsidies and Technical Assistance. In the **ACP** region they concerned debt reduction, risk capital, and the Cotonou Agreement's Investment Facility and interest rate subsidies.

The overall evolution of funds channelled through the EIB between 1999 and 2006 is shown in the figure below

**Commission budget/EDF funds channelled through the EIB from 1999 to 2006**




Note: Totals include commitments and payments; they aim at providing an order of magnitude
Note: Funds for MEDA are commitments and include risk capital operations, interest rate subsidies and TA for the FEMIP Support Fund and FEMIP Trust Fund
Note: Funds from the EDF are payments. The total does include €119m of funds for which the date is not specified. 2006 figures includes funds until November 2006. Years of payments have been estimated where not completed in OLAS.
Note: Funds for the Cotonou Investment Facility are presented in payments. They are channelled directly by the EUMS to the EIB
Source: EuropeAid working data, OLAS, Investment Facility (Cotonou) Annual Report 2006, ADE analysis

## EBRD

About 58% of the funds contracted by RELEX-DEV-AIDCO with the EBRD was for Nuclear Safety, of which €140m went to the Chernobyl Shelter Fund and €40m to the NDEP. The remaining 42% was for Technical Assistance, mainly in the sectors of SME, Transport and Energy. All funds benefited TACIS countries.

## 4. Details of the typology

The following co-financing modalities are applied by the beneficiary Banks (those in italics do not fall within the scope of the present evaluation):

**Co-financing modalities between the Commission and the WB-EIB-EBRD, 1999-2006**

| | WB Group | EIB | EBRD |
|---|---|---|---|
| *Parallel co-financing* | ✓ | ✓ | ✓ |
| **Joint co-financing (Trust Funds)** | ✓ | ✓ | ✓ |
| **Interest rate subsidies** | | ✓ | |
| **Risk capital operations** | | ✓ | |
| **"Upstream preparation"** | | ✓ | ✓ |
| *Guarantees* | | ✓ | |

In particular the joint co-financing that applies to all the trust funds can concern:

- Debt relief (WB HIPC and EIB).
- Government Budget Funding (West Bank TFs and Afghanistan TF of the WB Group).
- TA, training, capacity building (most WB Group TFs, EIB and EBRD).
- Commodities, equipment, infrastructure (most WB Group TFs, EIB and EBRD).

The table below provides a schematic overview of the (main) destinations of the funds channelled through the three main recipient Banks, specifying the regions and sectors in which interventions took place.

## Channelled aid from Commission's entities to the WB-EIB-EBRD – Overview of regions and sectors, order of magnitude of amounts

| | | Regions | ACP | | | | | | | | MEDA | | | | | | | | TACIS | | | | | | | | ALA | | | | | | | | Iraq | Other | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | in €M | Sector | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Post-Conflict | Env.& Sust.Agr. | | |
| WB Group | 7 major Commission's contributions | **Global level** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | HIPC | 797 | | | | | | | | | | | | | | | | | | | | | | | | 63 | | | | | | | | | | 860 | |
| | | GFATM | | | 288 | | | | | | | | 3 | | | | | | | | 34 | | | | | | | | 118 | | | | | | | | 443 | |
| | | CGIAR | | | | 29 | | | | | | | | 7 | | | | | | | | | | | | | | | | 59 | | | | | | 19 | 114 | |
| | | **Country level** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | West Bank/ Gaza TFs* | | | | | | | | | | 186 | | | | | | | | | | | | | | | | | | | | | | | | | 186 | |
| | | Afghanistan Reconstruction TF | | | | | | | | | | | | | | | | | | | | | | | | | | 139 | | | | | | | | | 139 | |
| | | Iraq Reconstruction TF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 125 | | 125 | |
| | | East Timor TFs | | | | | | | | | | | | | | | | | | | | | | | | | | 63 | | | | | | | | | 63 | WB Total |
| | Other Funds | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 376 | 2,306 |
| EIB | | Debt reduction | 225 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 225 | |
| | | Risk capital investments | | | | | | | 529 | | | | | | | | 257 | | | | | | | | | | | | | | | | | | | | 786 | |
| | | Interest rate subsidies | | | | | | | | | | | | | | | 155 | | | | | | | | | | | | | | | | | | | | 155 | |
| | | TA | | | | | | | | | | | | | | | 106 | | | | | | | | | | | | | | | | | | | | 106 | EIB Total |
| | | Cotonou's IF & TA-IRS | | | | | | | 396 | | | | | | | | | | | | | | | | | | | | | | | | | | | | 396 | 1,668 |
| EBRD | | Chernobyl Shelter Fund | | | | | | | | | | | | | | | | | | | | | | 140 | | | | | | | | | | | | | 140 | |
| | | NDEP | | | | | | | | | | | | | | | | | | | | 20 | | 40 | | | | | | | | | | | | | 60 | EBRD Total |
| | | Other - TA | | | | | | | | | | | | | | | | | | | | | | | 128 | | | | | | | | | | | | 128 | 329 |

Sectors: Debt, Post-Conflict Reconstruction, Health & Human Development, Environment & Sustainable Agriculture, Social Development, Nuclear Safety, Economic Development

Note. These tables aim at providing an idea of the order of magnitude of the amounts of the Commission's channelled aid benefiting specific regions and sectors, although it consists of amounts of different nature (e.g. commitments-contracts-payments, different accounting methods...)

Note. The regional breakdown for the HIPC TF is based on the Commission's contributions (source: Commission Participation in the HIPC Initiative 2006 Status Report)

Note. The regional breakdowns for the CGIAR and GFATM are based on the total contributions of the Funds (source: Funds' web sites and reports)

Note. EIB debt reduction figure is based on OLAS data. However, as mentioned above, the "Commission Participation in the HIPC Initiative 2006 Status Report" reports that €500M has been transferred to the EIB for disbursement Details are nevertheless provided here to allow a view on the weight of debt relief in channelling to the EIB.

Sources: see details above in the specific sections for the WB-EIB-EBRD

# 1. Introduction

## 1.1 Mandate and scope of the evaluation

The purpose of the evaluation is "to assess to what extent the Commission's interventions through the Development Banks and the EIB have been relevant, efficient, effective and visible, and what their impact is on the sustainable development"[1]. The present note understands by Commission's interventions the channelling (i.e. transfer) of funds by the Commission through the Development Banks and the EIB (hereinafter referred to as the "Channels").

Thematically, the evaluation should focus on the World Bank Group and three main Regional Development Banks with mandates similar to that of the World Bank, namely the Inter-American Development Bank (IDB), the African Development Bank (AfDB), and the Asian Development Bank (ADB)[2]. Moreover, the evaluation should cover the cooperation with the "European Investment Bank (EIB) and with the European Bank for Reconstruction and Development (EBRD) for an inventory part of the evaluation".

The focus should be on DG RELEX, DG Development, and EuropeAid[3], although funds transferred by other Directorates-General from the Commission will also be taken into consideration.

The evaluation covers the period 1999 – 2006 and concerns all geographic regions where the Commission's co-operation is implemented through the Channels, except for regions and countries within the mandate of DG Enlargement and the Organisation for Economic Co-operation and Development (OECD).

## 1.2 Key steps of the evaluation process

As detailed in the Launch Note, the evaluation process is structured in a number of key steps:

- **Desk Phase**, consisting of:
  - **Inventory**, devoted to mapping funds delivered through the Channels.
  - **Structuring**, aimed at providing the methodological framework of the evaluation.
  - **Desk study**, aimed at collecting information on the basis of a document study.
- **Field Phase**, consisting of visits to the WB headquarters and countries of intervention.
- **Synthesis Phase**, aimed at finalising the analysis, formulating answers to the evaluation questions, and drafting the final report.

1 Launch note.

2 Launch note.

3 Directorate General (DG) External Relations (RELEX), DG Development (DEV), and EuropeAid (AIDCO) are commonly referred to in the present note as RELEX-DEV-AIDCO.

- **Dissemination Phase**, including an international dissemination seminar organised to present the findings, conclusions and recommendations to the Commission's Services and the main stakeholders.

The scheme below provides an overview of these different steps, with their main tasks and deliverables.

**Table 1 – Evaluation process – Brief overview[4]**

| | Desk Phase | | | Field Phase | Synthesis Phase | Diss. seminar |
|---|---|---|---|---|---|---|
| | Inventory stage | Structuring stage | Desk study stage | | | |
| | RG | RG | RG | RG | RG | |
| *Tasks* | • **Data collection**<br>• **EC HQ Interviews**<br>• **Drafting Inventory and Typology** | • Reconstruction of intervention logic<br>• Determining evaluation questions and judgement criteria | • Document analysis<br>• Determining preliminary findings and hypotheses<br>• Determining information gaps<br>• Select case studies (field visits) | • WB HQ visit<br>• Visits to countries of intervention | • Drafting answers to evaluation questions<br>• Overall judgement, and conclusions and recommendations | • Presentation of final report |
| *Deliverables* | • **Inventory Note** | • Inception Report | • Desk Phase Report | • Debriefing presentation | • Final Report | • Dissemination seminar |

Note. RG: Reference Group Meeting

## 1.3 Objectives of the Inventory phase and Inventory Note

The objective of the Inventory stage is to provide an overview and typology of the funds transferred by the Commission to the Channels prior to structuring the evaluation and with a view to identify choices to be made for the further evaluation process.

Accordingly, the present inventory note aims at presenting a comprehensive picture of the financial flows transferred by the Commission to the Channels, the types of collaboration, the legal and administrative framework, the channelling modalities, and the types of interventions funded.

It also aims at determining to what extent further definition of the scope and possible fine-tuning of the evaluation approach are required at this stage.

4 As shown in the final report figure 2.1 page 10, an extended desk study stage has been carried out after the desk study stage.

## 1.4 Sources used for the inventory and typology

The inventory and typology are based mainly on three types of sources: databases, documents, and interviews with key interlocutors.

- **Databases** were used to provide an overview of the funds channelled through the Development Banks and the EIB. The quality of data obtained from these databases, and the approach used to build the inventory and typology are discussed in detail in section 2.1.
- **Documents** were used mainly to develop an overall understanding of the administrative and legal framework, and the system of governance for channelling of funds to the Development Banks and the EIB. They also proved useful for achieving first insights into the types of interventions funded and for filling in some of the information gaps in the databases. Annex 3 provides a list of documents used.
- **Interviews** with key persons at the Commission and the WB Group permitted better understanding of the information extracted from the databases and first analysis of documents. Annex 2 provides the list of persons interviewed.

## 1.5 Structure of the Inventory Note

This Inventory Note is further structured in two main sections.

- **Section 2** is devoted to the inventory and the overall typology of the funds channelled. It contains a brief discussion of the data sources, a global inventory and typology of the funds transferred, and then a more detailed discussion of the funds transferred to the Development Banks and the EIB.
- **Section 3** gives a more detailed typology concerning the types of co-financing modalities, the regions and the sectors of intervention for the WB, the EIB and the EBRD.

This note contains four annexes:

Annex 1 – Short description of the main Development Banks and the EIB.
Annex 2 – List of persons interviewed.
Annex 3 – Bibliography.
Annex 4 – List of the WB Group[5] trust funds receiving payments from the Commission budget/EDF.

[5] The World Bank Group is composed of five institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA), the International Finance Corporation (IFC), and the International Centre for Settlement of Investment Disputes (ICSID).

# 2. Inventory and typology of funds

## 2.1 Data sources and limits

With a view to providing an inventory and constructing a typology, the evaluation team has extracted and/or received data from the Commission's databases and a dataset originating from the WB.

These datasets are discussed in table 2.

A number of constraints have been met in each of the datasets received and/or extracted, so that none of them allowed for a comprehensive and detailed view of the funds channelled by the Commission to the recipient institutions over the period 1999-2006. For some of the information gaps mentioned data might be available but not *readily* available. Retrieving them would be a very time consuming activity, which is not part of the mandate for this evaluation.

In addition, the data from the different DGs' databases, as well as from the WB, are different in nature, recordings, periods, accounting methods, etc., so that comparing and aggregating them becomes a challenging and imperfect exercise.

Despite these difficulties, it has nevertheless been possible to provide a useful overview of the magnitude of the channelling of funds and to construct an overall typology that can serve as a good basis for the present evaluation exercise, as shown in the next sections.

**Table 2 – Overview of main sources of data**

| Data sources | Available financial information | Limits |
|---|---|---|
| **CRIS production** | - Information from EuropeAid, RELEX, DEV.<br>- Contracts and related sum of payments from 1999 to 2006 to the WB, EBRD, EIB, ADB. | - CRIS production is the "Common RELEX Information System", it contains data from RELEX-DEV-AIDCO, and thus not from the other DGs, nor EDF data.<br>- The team could not generate from the CRIS database a readily available list of the annual payments for each contract. To the teams' understanding this can only be obtained by entering in the details of each contract through a click on the contract number. For each contract, the sum of payments between the start date of the contract and the date of data extraction could be generated though.<br>- In the data set generated the identification of the trust fund/programme/project to which the contracts relate can only take place on the basis of the title of the contract. In some cases this title allows for such |

| | | |
|---|---|---|
| | | an identification, in other cases it does not, for instance when the title is "Subventions-ME8/AIDCO/2001/0132/SMAP-9 – IBRD" or "Devis-programme-Divis programme phase 1".<br>- Different contracts may all relate to a single trust fund/programme/project. For the same reasons as mentioned above, it is not always possible to identify all the contracts that relate to a particular trust fund/programme/project. For example, the title "Amendment n°2 to Administration Agreement SANTE/2003/073-887" relates to the GFATM trust fund. The identification for this example could only take place through a specific and time consuming search on the basis of the number mentioned in the title.<br>- Information on the use of the funds in terms of financing modalities (joint co-financing, risk capital, etc.) is not available in the extract. |
| **OLAS** | - Commitments, contracts and payments from the 6th EDF to the 9th EDF to the IBRD and the EIB. | - OLAS contains information on EDF only.<br>- The received OLAS data extract contains information on committed and contracted amounts per contract and per EDF period, but not per year. Accordingly it is not possible to provide an overview per year or to merge data with CRIS contracts on an annual basis.<br>- For payments, the year of the payment is not always clearly mentioned (apart from dates, one can find items such as "solde", "OP4", "avance").<br>- Although the data extract from OLAS allows through a project number the identification of all contracts that relate to a particular trust fund/programme/project, it does not always make clear what type of trust fund/programme/project this concerns. For example, the title of the project 8 ACP ZA 50 is "Capital investment line gl ii b (22151)".<br>- As the data extract from OLAS does not contain a specific field for sectors, identification of a sector can only take place on the basis of the contract titles. Apart from the fact that such procedure would be very time consuming, it would not always be possible as the information in the title is in some cases insufficient as shown by the above. |

| | | |
|---|---|---|
| **ABAC** | - Payments from the Commission budget to the EIB, EBRD, WB and ASD from 1999 to 2006 | - ABAC contains information on the Commission budget. It concerns the different DGs. It does not contain information on EDF.<br>- The ABAC database extract received does not mention the region or country concerned. As a consequence, it is not always possible to decide whether the payment listed refers to a country that falls within the scope of the present evaluation. The "fund management center" list can be of use in this respect but not always. An "AIDCO" related payment falls within the scope, an "ELARG" payment does not, but the situation is unclear for other DGs such as ECFIN.<br>- The ABAC data extract provides payments per year. In the data set generated the identification of the trust fund/programme/project to which the contracts relate can however only take place on the basis of the title of the contract. In some cases this title allows for such an identification, in other cases it does not, for instance when the title is *"=IP=BGD/AIDCO/1999/0044/1" or "SANTE/2006-10863/SINGLE PAYMENT".*<br>- For the same reasons it is not possible to identify the whole set of payments that relate to a particular trust fund/programme/intervention.<br>- The data extract from ABAC does not contain a specific field for sectors. The title does not always allow an identification of the sector, but moreover given the number of lines (more than 1,000) such an exercise would in any case be extremely time consuming. |
| **WB accounting system (trust fund portfolio)[6]** | - Payments received by the WB from Commission budget/EDF, from June 1998 to December 2005 in USD at trust fund level.<br>- Categorisation by type of programme/activities (i.e. global/regional, country …). | - The data extract from the WB accounting system does not contain the data on commitments nor on contracts.<br>- Information on payments received by the WB from the Commission budget/EDF is available in the data extract from June 1998 to December 2005 but not for the year 2006.<br>- The data extract from the WB accounting system does not contain a specific field for sectors.<br>- The data extract from the WB accounting system does not contain a specific field for geographical areas. |

6 This source of information is included in the Commission document « EuropeAid financial contributions to the World Bank in 2005 ».

On the basis of the data sets received and extracted, and given the before mentioned limitations, the team has made a number of choices in terms of use of information. Although it has been possible on this basis to provide an overview of the magnitude of the funds channelled and to construct a typology, both should be treated with caution. The approaches differ for each of the three main recipient banks.

### *WB Group*

For the funds channelled through the WB Group, a different approach has been used for the period 1999-2005 and for 2006.

On the basis of the sources described above, the team has constructed a list of the funds channelled through the WB Group by the Commission budget/EDF in order to cover information from the **1999-2005 period**.

This list included in annex 4 of the present report is based on the World Bank list of payments 1999-2005 included in the document *EuropeAid Financial Contributions to the World Bank Group in 2005*. Indeed, this list:

- Encompasses the WB trust funds financed by the Commission's budget (i.e. all Commission's DGs) and by the EDF in one single data set;
- Lists clearly all the individual WB trust funds for which the WB has received payments from the Commission budget/EDF between 1999 and 2005;
- Contains a breakdown of the payments per year over the period 1999-2005 which allows the representation of the evolution of the payments received by the WB from the Commission's budget and the EDF.

Where necessary, the evaluation team has supplemented this data set with information from other sources:

- The payments per WB fiscal year in US dollars (USD) have been converted into Euros using the official Commission exchange rate. For each year t, an average exchange rate per WB fiscal year (July t-1 to June t) is applied. Although this procedure provides only an approximation of the figures in Euros, it is necessary to facilitate the comparison with figures expressed in Euros, for instance to provide a global overview of the magnitude of funds channelled to MDBs by the Commission budget/EDF.
- With a view to allow a typology in terms of regions and sectors in which the channelled funds are used, the list has been completed by the team:
  - With information from CRIS and OLAS to identify on the basis of the title of the trust fund the region/country of intervention;
  - With information from the WB Trust Funds Annual Reports to classify the trust fund under a certain sector. For the trust funds not mentioned in these reports, the sectors have been added according to the evaluation team's interpretation of the title;
  - With information from the WB quarterly Unaudited Statement of Receipts, Disbursements and Fund Balance for the European Commission Trust Funds to classify them as single or multi donor trust funds.

Information on the channelling of funds to the WB Group in **2006** is based on extracts received from OLAS and CRIS which provide contracted amounts (WB figures on 2006 payments have not been obtained yet). This explains why the 2006 figures have not been merged with the (WB) data on the 1999-2005 period.

### *EIB*

Information on Commission budget/EDF funds channelled through the EIB is based on two sources:

- EuropeAid preliminary working data for the Commission funds that concern the MEDA region. This source provides useful information for the period 1999-2006, including commitments per year ; a differentiation among funds that concern interests rate subsidies, risk capital and technical assistance ; information on the countries concerned;
- OLAS data extracts received are used for the channelling of EDF funds to the ACP region. This data is the only available information from databases and is thus confronted to the limitations mentioned in table 2.

### *EBRD*

Information on Commission funds channelled through the EBRD is based mainly on extracts from CRIS, as it is the Commission's database enabling to extract the most appropriate data for analysis of the funds channelled through this bank. It allows as well determining which contracts are in the geographical scope of the evaluation, and in the period covered. The relatively limited amounts of contracts concerned, allows making a preliminary analysis for the purpose of this exercise based on the information provided by CRIS.

### *Other development banks*

The information for the other development banks is based on extracts from CRIS, OLAS, and ABAC. These extract show that apart from the Asian Development Bank no other Banks are concerned.

## 2.2 Global overview of funds transferred

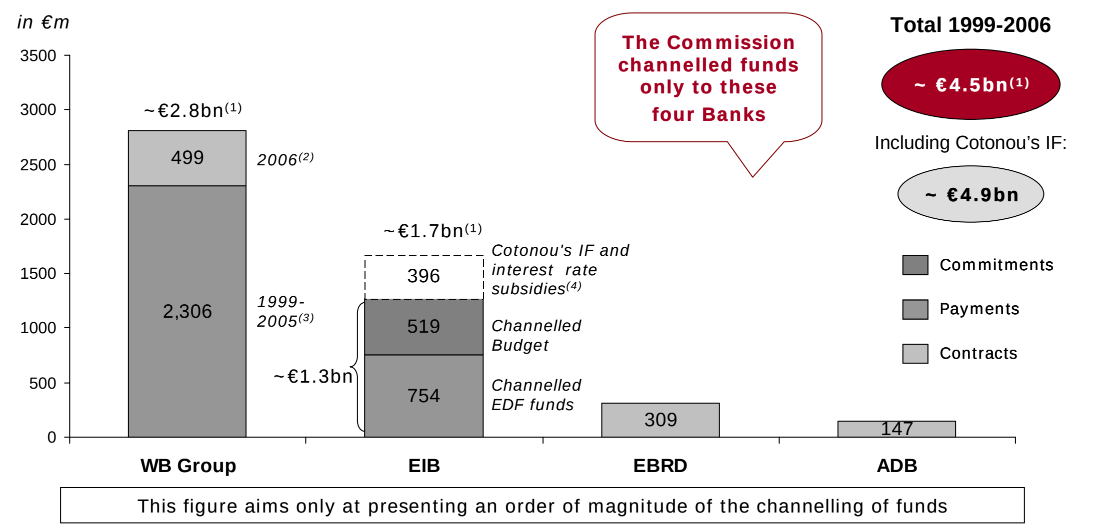
This section presents a global overview of the funds transferred by the Commission to the Channels. It presents firstly a view of the main recipients of the Commission's channelled aid. The key elements in the channelling process are then described, followed by a typology of funds transferred. Finally, some comments are provided on the ADB, AfDB, and IDB, to which the Commission has channelled little or no funds.

### 2.2.1 Recipients of Commission's channelled aid

As the graph below indicates, mainly four Banks receive aid channelled by the Commission: the WB Group, the EIB, the EBRD, and the ADB.

On the basis of the information received as discussed in section 2.1, it can be stated that, with respect to the scope of this evaluation, the Commission has channelled a total amount of around **€4.5B**[7] to the Development Banks and the EIB over the period 1999-2006. This is illustrated in the below graph.

**Figure 1 – Funds channelled by Commission's entities to Development Banks and EIB, 1999-2006 - Overview**[8]




(1) This number consist of the sum of amounts of different nature (e.g. commitments/contracts/payments, different accounting methods, etc.); it aims at providing an order of magnitude
(2) Funds contracted with the RELEX family in 2006 reported in CRIS & OLAS
(3) Commission's payments received by the WB Group as to the WB Group list of payments 1999-2005
(4) Payments for Cotonou's Investment Facility and interest rate subsidies, channelled directly by EU MS to the EIB
Sources: WB, CRIS, OLAS, EuropeAid, IF Annual Report 2005 and 2006; see details below0

### 2.2.2 Key elements of the Typology of Commission's channelling of aid

With a view to construct a first typology, it is useful to distinguish four key elements that are linked through the channelling process as illustrated in figure 2 below:

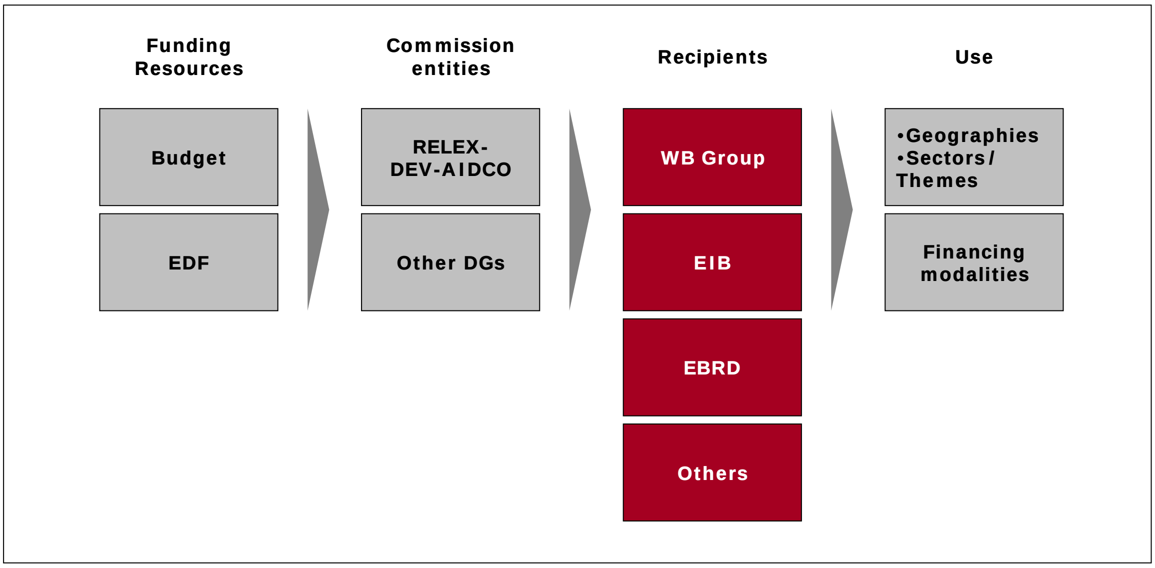
- The « funding resources », i.e. the funds channelled which can come from the EU budget or from the EDF;
- The « Commission entities », i.e. the DGs that are in charge of the funds channelled;

[7] Excluding Cotonou's Investment Facility and interest rate subsidies, €396M, see details below.

[8] The fact that this overview sums up « commitments », « contracts » and « payments » does not imply any « double counting ». Indeed, they always concern different interventions. As an example, for the WB Group payments recieved by the WB Group have been used for the period 1999-2005, while for 2006 contracts have been used as the team did not have yet the information on the 2006 payments received by the WB Group.

- The « recipients », i.e. the so-called channels (for instance the WB Group), including their sub-entities (for instance the IBRD);
- The « use » of the funds, i.e. the destination of the funds :
  - The region and/or country where the funds are used;
  - The sector in which the funds are used;
  - The "modalities" through which the funds are used.

**Figure 2 – Key elements of the Typology of Commission's channelling of aid**




In addition, it is important to differentiate between different 'stages' of the funding, which are referred to as follows in the present Inventory Note:

- **Pledged funds** are amounts for which a solemn or formal promise for financing has been made, but which is not legally binding.
- **Committed funds** are amounts for which a legal pledge to provide finance has been made, provided that certain conditions are fulfilled, under the framework of an agreement.
- **Contracted funds** are the amounts indicated in the contracts between the Commission and the recipient institutions.
- **Payments** are of two types:
  - *Payments made* by a channelling institution (e.g. the Commission) to a recipient institution (e.g. the WB);
  - *Payments received* by a recipient institution from a channelling institution.
- **Funds used** are the amounts of funds used for implementation at a certain moment in time by the recipient institutions.

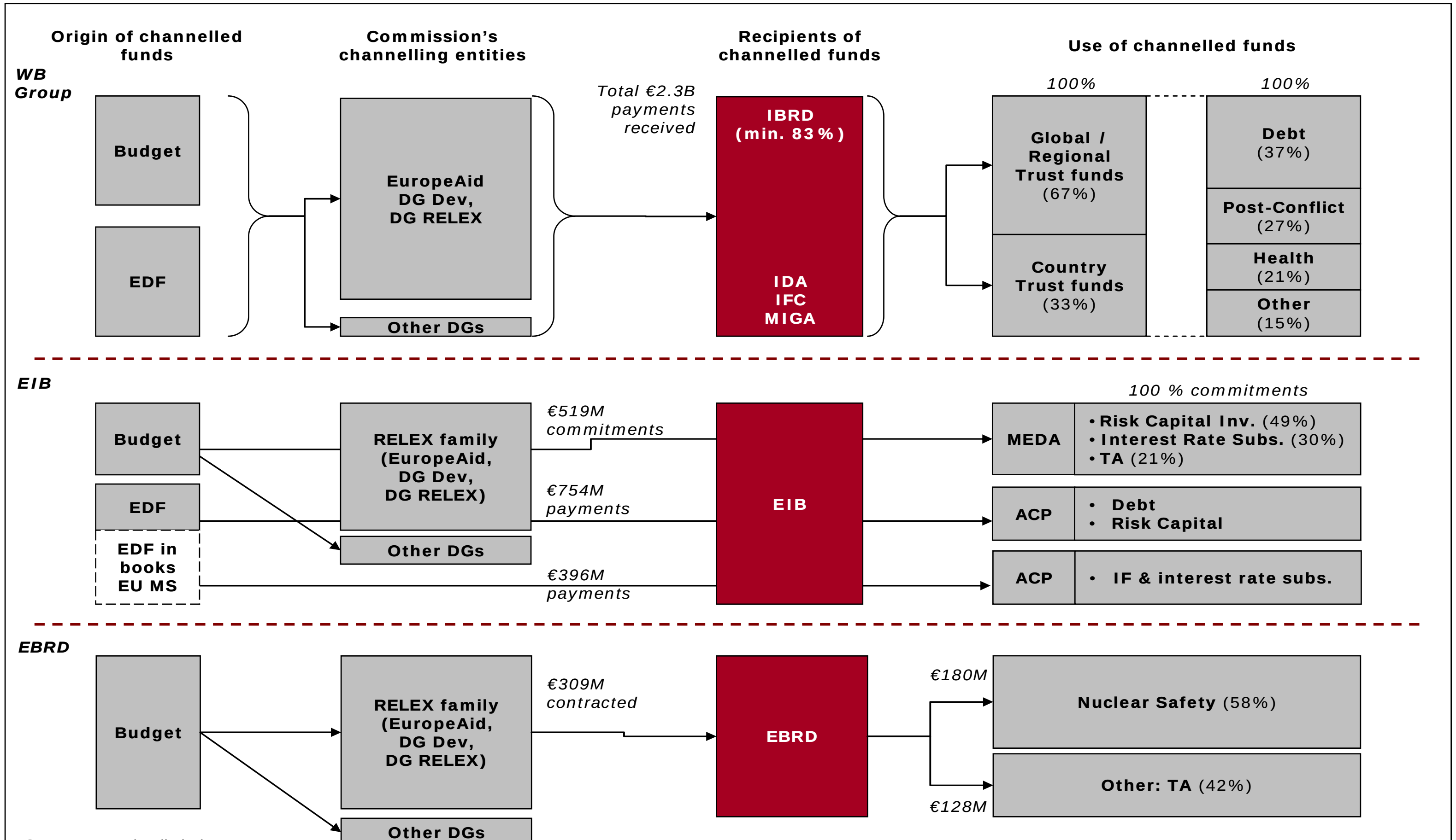
### 2.2.3 Overview of the funds channelled to the WB Group, EIB, and EBRD

In order to present a workable overview of the funds channelled, it is important to distinguish between the three main banks. Indeed the channelling of funds varies substantially from bank to bank and this should be reflected by the typology.

Accordingly, figure 3 below provides an overall typology of funds channelled by the Commission to the three main recipients, i.e. the WB Group[9], the EIB, and the EBRD, taking into account the above mentioned key elements of the channelling process. The details behind this typology are described per bank in sections below. In addition section 3 provides a more detailed typology.

9 For the WB Group, the period is 1999-2005. A separate section deals with the data for 2006 based on contracted amounts extracted from CRIS and OLAS.

**Figure 3 – Overall typology of funds channelled by the Commission to the WB Group, EIB, and EBRD, 1999-2005/2006**




Sources: see details below

### 2.2.4 Comments on ADB, AfDB and IDB

As explained above, only a few banks benefit from aid channelled from the Commission.

The three regional Development Banks, which are mentioned in the Launch Note and the ToRs as pertaining to the institutions to focus on, receive little or no funds from the Commission. The AfDB and the IDB appear not to have received any channelled aid from the Commission, and the ADB less than 4% of the total aid channelled.

There have nevertheless been arrangements between the Commission and the regional Development Banks, which are presented per bank as follows.

#### *Asian Development Bank*

There is no Memorandum of Understanding (MoU) or a Framework Agreement between the Commission and the ADB. Negotiations to this regard have been undertaken, but are currently at a standstill, due to differences in procurement rules between both institutions. The Commission is currently undertaking a compliance analysis of the ADB standards with internationally accepted standards[10], as it is also doing with the WB. The ADB is already included as an observer in the MoU between the EIB, EC, EBRD, World Bank and other IFIs active in NIS.

The Commission has nevertheless channelled funds to the ADB for three specific operations over the evaluation period, which was made possible by the ADB Board's decision to 'waive' its procurement rules. These operations were contracted in 2004 and 2005, for a total of €147M[11]:

- **Bangladesh**: **€103M** was contracted by the Commission in 2004 with the ADB. €38M was disbursed on 29 November 2006 for the Second Primary Education Development Program (PEDP II), for which a direct agreement was signed.
- **Sri Lanka**: **€39M** was contracted in 2005. €15M was disbursed. It concerns the rehabilitation of the Matara-Batticaloa road sections in the framework of the Commission's Tsunami Reconstruction Support, for which a direct agreement was signed as well.
- **Indonesia**: **€5M** was contracted in 2005 for the first component of the Basic Education Sector Capacity Support Programme. At 29 November 2006, these funds had not yet been disbursed. The grant was awarded through a call for proposals.

#### *African Development Bank*

A Memorandum of Understanding was signed in 2005 between the Commission, the AfDB, and the EIB on an "Enhanced Strategic Partnership for Cooperation in the African Countries", including the Maghreb countries and Egypt.

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10 Source: Commission's « Four Pillars » questionnaire for the ADB, and interviews at the Commission.

11 Source: CRIS database extract on 29 November 2006.

Analysis on the Commission's Common RELEX Information System (CRIS), On Line Accounting System (OLAS), and ABAC databases did not reveal any aid delivery by the Commission through the AfDB during the evaluation period. Over the evaluation period, the Commission has only co-financed projects with the AfDB, but did not channel funds to AfDB nor AfDB-managed trust funds. It is however useful to note that the AfDB Group is among the Regional Development Banks the main beneficiary of the HIPC Trust fund managed by the World Bank to which the Commission channels funds.

### *Inter-American Development Bank*

On 16 May 2002, the Commission and the Inter-American Development Bank have signed a MoU where they agreed to "deepen their collaboration carrying out and developing common strategies and programs in the cooperation field with the aim of contributing to improve the economic and social development of the Latin American and Caribbean countries listed". The MoU reports that the agreed procedures consist of:

a) *Non-financial instruments such as* joint appraisals, seminars and workshops, secondments and exchanges of personnel, mutual internet hyperlink.
b) *Financial instruments such as* parallel co-financing, joint co-financing, trust funds, and other possible funding modalities to be defined further.

Analysis on the Commission's CRIS, OLAS, and ABAC databases did not reveal any aid delivery by the Commission through the IDB during the evaluation period. Nevertheless, the Commission supports the IDB by financing a part of its HIPC debt relief, through funds the Commission channels to the HIPC Trust fund managed by the World Bank.

## 2.3 World Bank

The present section provides an overview of the Commission aid delivery through the WB Group. It is divided in three sub-sections:

- A description of the main features of the legal and administrative framework for the cooperation of the Commission with the WB Group;
- An inventory and typology of the payments received by the WB Group and managed by the Commission services;
- A summary of the channelling of funds through the WB Group.

### 2.3.1 Legal and administrative framework

Unlike the European Union (EU) Member States (MS), the Commission as such is not a member of the Board of the WB. Its cooperation with the WB was born out of experience of partnerships in the accessions countries and in the Newly Independent States (NIS)/Commonwealth of Independent States (CIS), formalised by two Memoranda of Understanding co-signed also by other IFIs[12] [13]. These two MoUs were followed by a third

[12] The MoU signed in 2001 and amended in 2006, between the EC, EIB, EBRD, IBRD, IFC, Nordic Investment Bank, Nordic Environment finance corporation, Council of Europe Development Bank, Black Sea Trade and Development Bank, on Cooperation for Central and Eastern Europe, Cyprus, Malta and Turkey.

one for the Middle East and North Africa (MENA) region[14]. This MoU included in the subtitle "Strategic Partnership Agreement", indicating that policy dialogue and operational collaboration were moving from *ad hoc* information exchange to a more strategic and systematic alignment around country-based processes.

Workshops attended by management and staff of the Commission and the WB Group are also annually held with the Africa region (Limelette Process[15]), as well as bi-annual consultations between Commission-EIB-WB/IMF on lending and other issues of common interest in the MENA region in the framework of the "Luxembourg process". High level meetings such as the annual visit of European Executive Directors from the World Bank to the European institutions in Brussels or the bilateral meetings with high level Commission-World Bank representatives equally support the collaboration process.

### *The framework and administration agreements*

The Commission's delivery of aid through the WB underwent significant change in 2001, with the signing by the Commission and the WB of the *Trust Funds and co-financing framework agreement*, revised in 2003. Whereas before 2001 the Commission's delivery of aid took place on an *ad hoc* basis, since 2001 it takes place within the context of the above mentioned framework agreement.

The proposal to contribute to a WB Group trust fund[16] can be taken either at Headquarters (Directors and Heads of Units) or at the level of the Delegation, depending on the size of the contribution. Once a decision has been taken by the Commission[17] on such proposals, procedures are defined by the framework agreement[18].

This **framework agreement** deals essentially with the operational aspects of co-operation between the Commission and the WB. It applies both to trust funds established by the Commission with IBRD, IDA, IFC or MIGA after the date of the agreement, and to Commission co-financing of projects and programmes financed by IBRD or IDA and not involving establishment of a trust fund. However, according to persons we interviewed, so far it has been applied only to the Commission's contributions to trust funds. This framework agreement has been completed in June 2006 with an interpretative letter aiming at clarifying the scope of visibility clauses.

13 The MoU signed in 2000 and amended in 2006, between the EC, EIB, EBRD, IBRD, IFC, Nordic Investment Bank and Black Sea Trade and Development Bank on Cooperation for Eastern Europe and Southern Caucasus, Russia and Central Asia.

14 This MoU was signed in 2004 by the EC, the EIB and the WB.

15 The overall purpose of the "Limelette" meetings is to identify ways to achieve greater collective development impact in Africa by having Commission and WB working together more effectively.

16 The WB Group 2006 Annual Trust Fund report defines a (WB Group administered) trust fund as*: « A fund established to be administered by the World Bank with contributions from one or more donors to support development-related activities or programs. A trust fund can be country-specific, regional, or global in scope. It can finance recipient activities, Bank activities, partnership activities, or a combination of these. It can be set up as a programmatic fund to cover a series of activities, or on a free-standing, single-purpose basis. A trust fund may be executed by either a recipient agency external to the Bank, or by the Bank itself.".*

17 Some Commission's decisions need prior approval from MS Committees, e.g. CGIAR.

18 The WB can also respond to calls for proposals. But even in such cases, the standard procedure is to sign an administration agreement and to set up a single donor trust fund. According to our information, this concerned only a few isolated cases during the 1999-2006 period.

Among other things, the framework agreement defines the various types of eligible trust funds and sets out common principles and rules applicable to all of them. It also stipulates that for each trust fund to which the Commissions contributes, an **administration agreement** must be signed between the Commission and the relevant World Bank Group entity.

### *The governance of trust funds (TF)*

Concerning management of the framework contract, mention should be made of the Annual World Bank Forum on Trust Funds, prepared by the « Annual Consultations on Commission/World Bank Working Group ». These meetings are led by EuropeAid.

The Trust Funds themselves are managed by the responsible WB Group entity. The Commission is present in the Steering Group of certain trust funds, but this appears to be a minority. An example is the CGIAR, where the Commission participates directly in the governance together with some MS via an Executive Council. The framework agreement and the specific administration agreements clearly lay down the rules that govern reporting, etc. Follow-up of this reporting is ensured by Task Managers within the Commission.

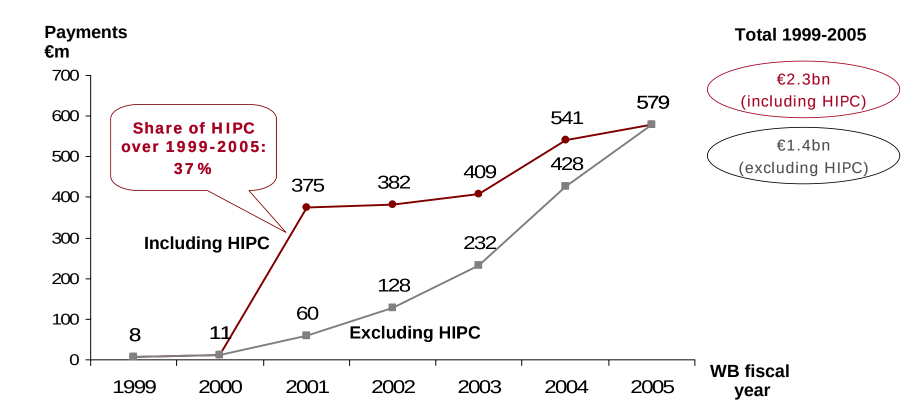
## 2.3.2 Channelling of Commission budget/EDF funds through the WB in 1999-2005

### *The figures*

Annex 4 provides an overview of the payments received by the WB for the years 1999-2005. These payments concern both contributions provided from the Commission Budget and contributions from the EDF.

The graph of figure 4 is based on this overview. It shows the evolution in payments and displays the total amounts concerned.

**Figure 4 – Commission budget/EDF payments received by the WB 1999 – 2005**




Note: The WB fiscal year used in its accounting system is from July to June. The data for year t gather the data from July of year t-1 to June of year t. Year 2005 gather data from July 2004 until December 2005.
Note: The figures have been converted from USD to EUR using the official Commission exchange rate. For each year t, an average exchange rate per WB fiscal year (July t-1 to June t) is applied.
Source: WB Group internal accounting system for Trust Funds portfolio (in "EuropeAid financial contribution to the World Bank Group in 2005").

Over that period, payments for contributions that fall within the scope[19] of this evaluation represent a total of €2.3B. The payments have been growing continuously since 1999 with a spectacular jump from €11M in 2000 to €375M in 2001.

These Commission budget/EDF contributions concern a total of 69 trust funds, of which the Highly Indebted Poor Countries (HIPC) Trust Fund of the IMF/WB HIPC Initiative represents the largest share in financial terms. As the graphs show, the HIPC funds received a large share of these payments in the years 2001-2003, although, as illustrated by the table below, they decreased from 84% in 2001 to 0% in 2005. Nevertheless the non-HIPC funds also grew spectacularly over the period.

**Table 3 – Commission budget/EDF HIPC Payments[20] received by the WB and shares of these payements on total Commission budget/EDF payments receved by the WB Group, in €M**

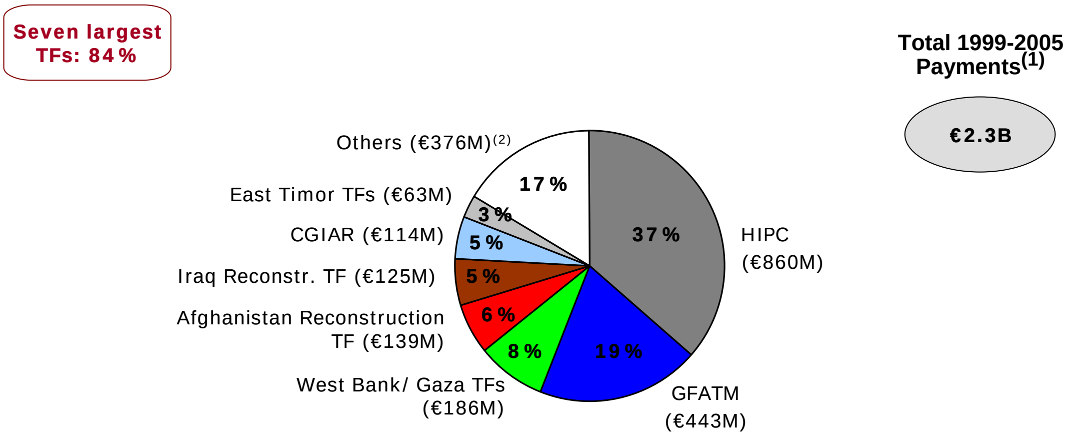
| Year | HIPC | Share of HIPC |
|---|---|---|
| **1999** | - | 0% |
| **2000** | 0 | 0% |
| **2001** | 315 | 84% |
| **2002** | 255 | 67% |
| **2003** | 178 | 43% |
| **2004** | 113 | 21% |
| **2005** | - | 0% |
| **Total 1999-2005** | **860** | **37%** |

More generally, a very large share of the funds is absorbed by a small number of trust funds. Indeed, as illustrated by figure 5 below, the seven largest contributions by themselves account for 84% of the payments, the HIPC (€860M or 37%) and the Global Fund to Fight Aids Tuberculosis and Malaria (GFATM, €443M or 19%) together accounting for more than 56% of the payments. The remaining 62 trust funds account for 16% of the payments. More specifically, as appears from annex 4, seven out of these 62 projects have a share between 1% - 2% accounting together for 12%, while the remaining 4% is shared by 55 projects, with total amounts over the period that vary between €20M and €0.16M.

19 As an example, payments that took place only in 1997 and 1998 and payments that concern countries that fall under the mandate of DG ENLARG have not been included.

20 Next to its contributions as a donor to the HIPC Trust Fund managed by the WB, the Commission contributes as a creditor to the EIB Trust Fund which finances HIPC debt relief on EIB loans.

**Figure 5 – Commission budget/EDF payments 1999-2005, per trust fund**




(1) Data from June 1998 to December 2005
(2) Remaining 62 out of 69 Trust Funds to which the European Commission has contributed
Note. Post-tsunami reconstruction (encompassing the multi-donor trust fund for Aceh and North Sumatra, and the EC Tsunami related support – Safe/host islands) represents a large part as well, i.e. €131M in 2006.
Source: WB internal accounting system for Trust Funds portfolio (in "EuropeAid financial contribution to the World Bank Group in 2005"), ADE

On this basis, we can distinguish between five sizes[21] in terms of Commission budget/EDF payments received by the WB Group):

1) 2 interventions each receiving more than 20% of funds: specifically the HIPC and GFATM;
2) 5 interventions each receiving between 2 -10% of funds;
3) 7 interventions each receiving between 1 - 2% of funds;
4) 25 interventions each receiving between 0.1-1% of funds;
5) 30 interventions each receiving less than 0.1% of funds.

As appears from annex 4, for 20 of these trust funds no payments have been received in the last two years, while for 49 at least one payment has been received in the last two years.

### *Management centres and recipient institutions*

Information available shows that the main DGs involved with the Commission budget/EDF funds channelled through the WB Group are RELEX-DEV-AIDCO and more in particular the latter. Indeed, the ABAC database shows that over the period 1999-2006, 91.2% of the total payments (all DGs included) made by the Commission to the WB Group are managed by AIDCO, 7.8% by RELEX, 0.6% by ELARG, 0.2% by DEV and 0.2% by all the other DGs together.

21 We have introduced these categories to facilitate reference to different sizes of contribution in the remainder of the text. They should be understood only in relative terms compared to overall Commission/EDF payments received by the WB and not in absolute terms or in relative terms compared to the size of the trust funds they contribute to.

In other words, AIDCO is in charge of the vast majority of budgetary resources channelled through the WB Group. DG RELEX and DG Dev are also concerned but to a lesser extent. For DG RELEX it should be noted that its payments do not necessarily concern countries that are within the scope of this evaluation. As most other DGs than RELEX-DEV-AIDCO are not involved with EDF funds, one can conclude that these other DGs represent at maximum a marginal fraction of the Budget and EDF funds channelled through the WB Group.

The role of the Delegations is difficult to assess from available data. However, it would appear that they are in charge of 20 -25% of the projects by number, not amounts[22].

Information on the recipient institutions was obtained by using the CRIS and OLAS databases. These databases list the WB receiving entities for most of the payments made by the Commission budget/EDF to the WB (for 6.8% the available extracts did not contain the information). On this basis, it appears that at least 83% of the funds are managed by the IBRD, at least 10% are managed by other WB Group entities, while less than 1% of funds are managed by the IFC.

### *Geographical, sector and funding sources distribution*

In the following, the funds are discussed in terms of their geographical and sector distribution.

**Geographic level**

Most payments (67%) received by the WB Group concern global or regional trust funds. Indeed, the two largest interventions identified above (the HIPC and the GFATM) intervene at a global/regional level. This is also the case for the Consultative Group for International and Agricultural Research (CGIAR). Together they already represent 61% of the payments.

Other trust funds are intervening at the level of the country or a specific region within a country. This represent close to 33% of the payments, of which the remaining four large trust funds (the West Bank/Gaza, Afghanistan reconstruction, Iraq and East Timor Trust Funs) represent 22%.

Figure 6 provides an overview of the regions concerned by the Commission budget/EDF payments received by the WB 1999-2005 for the 7 major trust funds in terms of payments received from the Commission budget/EDF[23].

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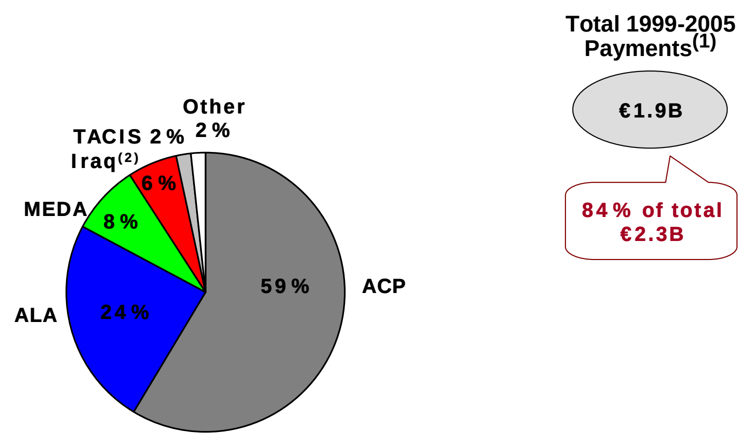
22 The team has not been able yet to obtain a precise picture of the role of the Delegations. More precise information will be provided in the next steps of the evaluation process.

23 The regional breakdown for the global trust funds is based for the HIPC TF on the Commission's contributions (source: Commission Participation in the HIPC Initiative 2006 Status Report) and for the CGIAR and GFATM on preliminary analysis based on the total contributions of the Funds (source: Funds' web sites and reports).

**Figure 6 – Commission budget/EDF payments 1999-2005, per region for the 7 major Commission's contributions**




(1) Data from June 1998 to December 2005
(2) EC relations with Iraq are bilateral (it is not part of the Euro-Mediterranean Partnership)
Note. The regional breakdown for the global trust funds is based for the HIPC TF on the Commission's contributions (source: Commission Participation in the HIPC Initiative 2006 Status Report) and for the CGIAR and GFATM on preliminary analysis based on the total contributions of the Funds (source: Funds' web sites and reports)

On the basis of an analysis of these 7 major trust funds[24], the following breakdown by region can be obtained. 59% of the payments go to ACP countries. That includes most of the payments[25] for the HIPC which represents 37% of the total payments received by the WB from the Commission budget/EDF. ALA countries receive 24% of the total payments and it concerns mainly the Afghanistan Reconstruction Trust Funds and the East Timor trust fund. The MEDA region and mainly the West Bank/Gaza trust fund receive 8% of the payments. The only trust fund intervening in the TACIS region is the GFATM.

## Distribution by sector

Figure 7 shows the distribution of Commission budget/EDF payments by sector, constructed by the evaluation team on the basis of the WB sector classification used in its 2004, 2005 and 2006 Trust Funds Annual Report[26].

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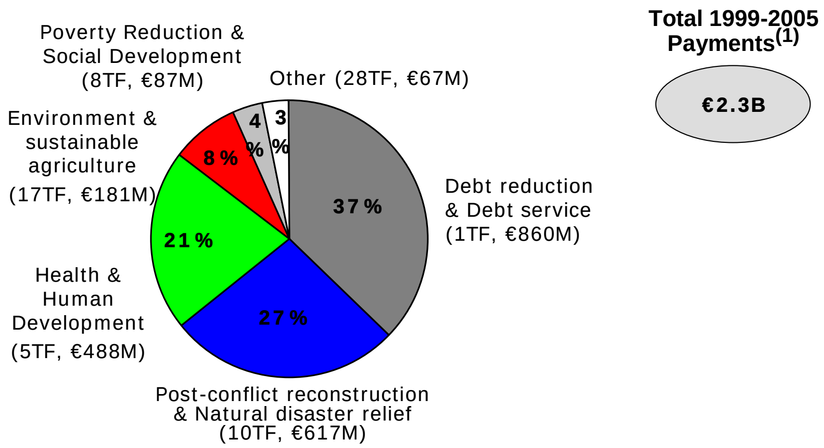
24 A detailed breakdown by the 7 major trust funds is presented in section 3.

25 92% to ACP and 8% to ALA.

26 These reports designate a sector for 24 of the trust funds listed in Annex 4. For the remaining ones, the team has made a classification based on the titles of the TF and using the same categories as the WB. This classification should be used with care, since it is possible that a given trust fund could be relevant for more than one sector.

**Figure 7 – Commission budget/EDF payments 1999-2005, per sector**




(1) Data from June 1998 to December 2005
Note: The sectors used by the evaluation team are the one identified by the WB in its 2004, 2005 and 2006 Trust funds Annual report. When Trust Fund are not mentioned in the Annual report, the evaluation team has assigned a sector according to the Trust Fund's title.
Source: WB 2004, 2005, 2006 Trust Funds Annual report, ADE

Thirty-seven percent (37%) of the payments received by the WB Group relate to interventions for debt service and debt reduction. In fact this concerns only the HIPC.

Close to 1/3 of the contributions (27%) concern post-conflict reconstruction and natural disaster relief. These concern 10 interventions. The West Bank / Gaza, Afghanistan, Iraq and East Timor TFs account for 83% of the payments in this "sector", with the remaining 17% going to smaller projects.

About 21% of the payments received concern interventions in the fields of health and human development. These concern 5 interventions:

- The GFATM alone accounts for 90% of the interventions in this sector.
- The Bangladesh Health and Population Programme Project accounts for 7%;.
- Three other interventions together account for the remaining 3%.

Environment and sustainable agriculture account for close to 8% of the total payments (17 interventions):

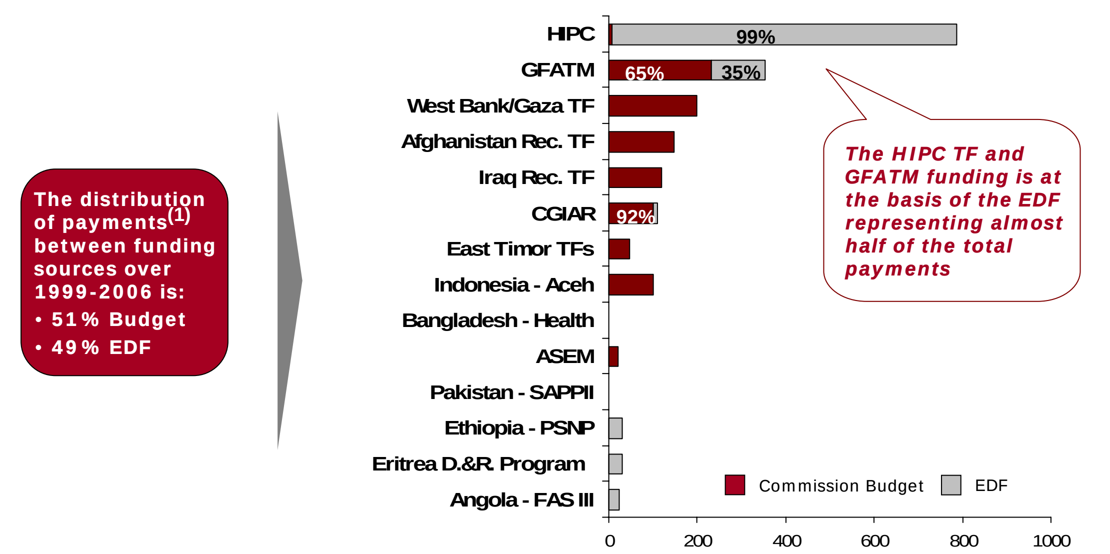
- More than 60% of the total payments received for this sector concerns the CGIAR;
- Two other programmes are category 3 in terms of size and concern a productive safety net programme in Ethiopia and a Pilot Programme to preserve the Brazilian rain forest. They account for 26%;
- The remaining 14 interventions account for 4%.

About 4% of the payments (concerning 8 interventions) are classified under poverty reduction and social development. Debt service and debt reduction could also be classified in this category.

The category "other" brings together the following sectors, which account for a very small share of the total: financial sector strengthening and crisis management (1.6%); private sector and infrastructure development (0.5%); capacity building and technical advisory services (0.4%); other World Bank Group institutions (0.5%).

**Distribution by funding resources**

**Figure 8 – Commission budget/EDF payments to the WB – 14 largest Commission's contributions 1999-2006**




(1) Sum of payments as reported in CRIS and OLAS
Note. 2006 figures are up to November 2006
Source: CRIS, OLAS

As shown in figure 8, approximately half of the resources come from the Commission budget and half of the EDF. The proportion of the EDF is mainly due to two large trust funds: the HIPC, where the EDF is largely predominant and the GFATM where the EDF represents about 35%. Most of the other major TF benefit from the Commission Budget resources only[27].

## *Earmarking of Commission budget/EDF funds*

The possibilities of formally earmarking Commission's funds into multi-donor trust funds are limited. A counter example of this are funds to the CGIAR, which are allocated in research projects following the preference set out by the EC Strategy for Agriculture Research for Development[28].

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27 Discrepancies with table 9 of section 3 are due to the fact that it was not possible to use the same information sources in both cases.

28 Preferences: a) increasing productivity; b) saving biodiversity; c) improving sector policies in sustainable agriculture and environment; d) strengthening National Research Centres; e) production and dissemination of public goods.

Although earmarking is rarely possible, administration agreements of some trust funds mention a Commission *preference* for the use of the funds. As an example, the section 1.03 of the administration agreement for the Afghanistan Reconstruction Trust Fund specifies that "the Commission expresses the clear preference that its contribution is solely focussed on supporting recurrent expenditures, capital expenditures, and law & order projects (…). The Commission further expresses the clear preference that one third of the grant funds should be used to support law & order projects".

As shown in the list of payments, Commission budget/EDF contributions may also be « earmarked » in the sense that they are directed to trust funds in a specific sector or in a specific region/country, or both.

### *The share of the Commission budget/EDF in the contribution to the WB*

Over the period 1999-2005 the Commission budget/EDF contributed to 69 of the 840[29] trust funds administered by the WB Group.

As shown in table 4 below, for 48 of the 69 trust funds listed in Annex 4, information has been retrieved as to whether they are single or multi-donor funds[30]. These 48 funds account for 96% of total payments received by the WB. Specifically, 29 are multi-donors, accounting for 93% of payments, while 19 are single-donor funds, accounting for only 3% of Commission budget/EDF payments received by the WB Group. The large trust funds of category 1 are all multi-donor funds. The single donor funds are from category 4 and 5, apart from one fund of category 3 (Anglola Third Social Action Fund).

**Table 4 – Number and share of multi and single donor TFs**

| | Number of TF | Share of the total Commission budget/EDF payments received by the WB (1999-2005) |
|---|---|---|
| **Total number of WB TF** | 840 | |
| **WB TF to which the Commission contributes** | 69 | 100% |
| **Of which information has been retrieved** | 48 | 96% |
| **Of which: multi-donor** | 29 | 93% |
| **single donor** | 19 | 3% |

[29] Source: WB Group 2006 Trust Fund annual report.

[30] The WB Group 2006 Annual Trust Fund Report defines a muti-donor TF as *« a mechanism which combines the contributions of multiple donors, generally for a program of activities over a number of years. This arrangement includes essentially standard legal agreements with all donors, which specify governance procedures covering management, operational and financial reporting, and uses of the funds ».*

For multi-donor funds, precise data on the total amount of the trust funds and thus on the relative weight of the Commission budget/EDF contribution have not yet been retrieved. However, data available in the 2004 and the 2005 WB Group Trust Fund annual reports have enabled figures to be generated for these years and for a sample of 11 trust funds, as show in table 5 on the next page[31]:

- 2 of category 1,
- 5 of category 2,
- 1 of category 3,
- 3 of category 4.

As the table shows, by considering only the years when the Commission budget/EDF were contributing, it appears that:

- For large contributions, the Commission budget/EDF's share varied between 13 -39% and in 5 of the 7 cases it was higher than 20%;
- For smaller contributions, the Commission budget/EDF share in 3 of the 4 cases was higher than 65%, but in the one remaining case it was only 6%.

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31 Source: WB Group accounting system for the Trust Fund portfolio (in "EuropeAid financial contribution to the World Bank Group in 2005") and 2004 Trust Fund Annual Report and 2005 WB Trust Funds Annual Report.

Note (1): The data for the total contribution of all donors in 2004 and 2005 come from the WB Trust Funds Annual Reports. The WB defines contribution by "the amount received in cash by the WB from donors (public or private) during any fiscal year. Pledges received from donors are not reported as contributions until those pledges are encashed".

Note (2): The data for the EC payments come from the WB accounting system for the trust fund portfolio. They are recorded when payments are effectively received.

Note (3): % is calculated on the basis of figure for 2004 only because no payments from the Commission/EDF have been received by the WB Group in 2005.

## Table 5 – Share of Commission budget/EDF payments in a sample of trust funds 2004 - 2005

| Title of trust funds | 2004 | | | 2005 | | | Total 2004-2005 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Contribution of all donors (in million Euro) | Commission/EDF payments to the WBG (in million Euro) | Share of the Commission/EDF in % | Contribution of all donors (in Euro) | Commission/EDF payments to the WBG (in million Euro) | Share of the Commission/EDF in % | Total contribution of all donors (in million Euro). | Total Commission/EDF payments to the WBG (in million Euro) | Share of the Commission/EDF in % |
| **Major Trust funds** | | | | | | | | | |
| Highly Indebted Poor Countries | 500,6 | 113,1 | 23% | 489,0 | - | 0% | 989,6 | 113,1 | *23% (note 3)* |
| Global Fund for Aids, Tuberculosis and Malaria | 1.003,8 | 221,4 | 22% | 805,8 | 40,7 | 5% | 1.809,6 | 262,1 | 14% |
| West Bank/Gaza Trust Funds | 131,5 | 21,3 | 16% | 142,3 | 85,8 | 60% | 273,8 | 107,1 | 39% |
| Afghanistan Reconstruction | 236,0 | 30,4 | 13% | 353,0 | 46,1 | 13% | 589,0 | 76,5 | 13% |
| Iraq Trust Fund | 185,4 | 83,0 | 45% | 40,9 | 2,7 | 7% | 226,3 | 85,7 | 38% |
| Consultative Group on International Agricultural Research | 83,4 | 22,8 | 27% | 102,2 | 23,7 | 23% | 185,6 | 46,5 | 25% |
| East Timor Trust Funds | - | - | | 11,8 | 3,2 | 27% | 11,8 | 3,2 | 27% |
| **Total of major Trust Funds/programmes** | **2.140,8** | **492,0** | **23%** | **1.944,9** | **202,2** | **10%** | **4.085,6** | **694,2** | **17%** |
| | | | | | | | | | |
| **Other Trust funds** | | | | | | | | | |
| ASEM-EU Asian Financial Crisis Response | 7,6 | 6,2 | 82% | 6,3 | 4,0 | 64% | 13,9 | 10,2 | 74% |
| Pilot Program to Preserve the Brazilian Rain Forest | 8,4 | 8,4 | 100% | - | - | | 8,4 | 8,4 | 100% |
| Sub-Saharan Africa Transport Policy Program (SSATP) | 5,9 | 4,1 | 69% | - | - | | 5,9 | 4,1 | 69% |
| Consultative Group to Assist the Poorest | 10,1 | - | 0% | 10,2 | 0,6 | 6% | 10,2 | 0,6 | 6% |
| **Total of other Trust Funds** | **32,0** | **18,7** | **58%** | **16,5** | **4,6** | **28%** | **38,4** | **23,3** | **61%** |
| | | | | | | | | | |
| **Gran Total** | **2.172,8** | **510,7** | **24%** | **1.961,4** | **206,8** | **11%** | **4.124,1** | **717,6** | **17%** |
| | | | | | | | | | |
| Total Commission/EDF payments to the WBG | | 541,2 | | | 254,2 | | | 795,4 | |
| | | | | | | | | | |
| Share of the 11 Trust Funds in the total Commission/EDF payments to the WBG for 2004 and 2005 | | 94,4% | | | 81,4% | | | 90,2% | |

### 2.3.3 Channelling of Commission budget/EDF funds through the WB in 2006

For 2006, 39 contracts were signed between EuropeAid and the WB Group for a total amount of €498M[32]. The Commission Budget provides 81% of this total amount, the EDF 19%.

In geographical terms, figures show that contracted funds are allocated as follows:

- 68% to ALA, of which 67% to Asian countries and 1% to Latin America;
- 19% to ACP countries;
- 6% for global public goods (i.e. thematic budget line such as health, food and migration));
- 5% to MEDA;
- 2% to TACIS.

Out of the total amount contracted in 2006, five main WB Group Trust Funds account for 78.5% of the funds. They are listed here under in order of financial weight:

- The **post Tsunami reconstruction**, which encompasses the multi-donor trust fund for Aceh and North Sumatra, and the EC Tsunami related support – Safe/host islands, represents 26% of the total amount contracted, i.e. €131.4M.
- The **GFATM**, to which two contracts were awarded for a total amount of €90M. It represents 18% of the total amount contracted.
- The **National Health Nutrition and Population programme in Bangladesh** for an amount of €76M. It represents 15% of the total amount contracted.
- The **Avian Influenza and Human Influenza Pandemic Preparedness**. Six contracts were awarded, two from the EDF for the ACP countries and four from the Commission budget (one for the ALA region, one for the MEDA region and two for the TACIS region). The total amount contracted is €54.5M which represents 11% of the total amount contracted.
- For the **Afghanistan Reconstruction Trust Fund**, two contracts were awarded for a total amount of €40M. It represents 8% of the total amount contracted.

### 2.3.4 Summary

A few key facts arise from the preceding sections.

In terms of administrative framework and governance, it appears that:

- Administrative and legal framework:
  - The 2001 framework agreement constitutes the reference for all Commission budget/EDF contributions to the WB; before that date contributions were few and happened on an ad hoc basis;

32 The Commission made payments to the WB Group related to the countries of the scope for a total amount of €259.7M in 2006. Indeed, the ABAC database mentions AIDCO as the management centre for this amount and the only other payments listed are those made by ELARG, which are not part of the scope of this evaluation.

- Most contributions are made on the basis of direct agreements between the WB and the Commission; only a minority result from calls for proposals. In both cases a trust fund is created and an administration agreement signed.

- Decision making and governance:
  - The proposal to contribute to a trust fund can be taken at headquarters (Director or Head of Unit level) or in the Delegations, depending on the nature of the trust fund and the size of the contribution;
  - The WB manages the trust funds and provides feedback (reporting) to the Commission; in a few cases, the Commission also participates in the Steering Groups of the trust fund.

Concerning financial flows over the 1999-2005 period, it should be noted that:

- These payments concern only trust funds (69 over the period) and have strongly increased since 2001, with a substantial « jump » in that year;
- According to estimation made, about half the payments came from the Commission budget and half from the EDF; some trust funds benefited from both sources;
- The 7 largest contributions accounted for 84% of payments ; the HIPC alone accounted for 37%;
- AIDCO is the management centre for the vast majority of payments made by the Commission to the WB Group, together with DG RELEX and DG DEV ; other DGs represent at maximum a marginal fraction of the Commission budget/EDF resources channelled through the WB Group for the countries falling under the scope;
- On the recipient side at least 83% of the payments went to the IBRD.

Commission budget/EDF contributions are « earmarked » in the sense that they are directed to trust funds with a defined thematic and geographic scope; however, within a recipient trust fund there is no further earmarking of the Commission budget/EDF contribution. A closer look at the trust fund list shows the following geographic and sector distribution of Commission budget/EDF payments:

- **Geography:**
  - The majority of the payments go to so-called global trust funds; although payments are also made to trust funds that intervene at country;
  - For the 7 major Commission's contributions, the ACP and ALA region account for respectively 59 and 24% of the funds; MEDA for 8%; IRAQ 6% and TACIS 2%.
- **Sectors:**
  - 85% of payments go to three sectors: debt service and debt reduction; post-conflict reconstruction and natural disaster relief; health and human development;
  - 12% concern environment and sustainable agriculture, poverty reduction and social development;
  - 3% go to other sectors, such as the private sector, infrastructure development, and capacity building.

In many cases the Commission is not the only donor contributing to the trust fund. More specifically it appears that:

- Information received on 48 trust funds, accounting for 96% of Commission budget/EDF contributions, shows that the Commission budget/EDF make payments to 29 multi- and 19 single donor trust funds accounting for respectively 93 and 3% of the Commission budget/EDF payments received by the WB Group. In other words, the single donor funds are all smaller funds of the categories 4 and 5.
- A check on the financial weight of the Commission budget/EDF for a sample of trust funds shows that:
  - For large contributions, the Commission budget/EDF's share varied between 13 - 39% and in 5 of the 7 cases it was higher than 20%;
  - For smaller contributions, the Commission budget/EDF's share in 3 of the 4 cases was higher than 55%.

## 2.4 EIB

This section aims at presenting an overview of the funds transferred by the Commission to the EIB.

The **general legal and administrative framework** is first presented.

An overview of the channelling of funds during the evaluation period is then presented. It includes funds from the Commission Budget resources for the Mediterranean region and funds from the EDF resources for the ACP region.

Each of these two different types of funding resources is then developed distinctly in the two following section.

### 2.4.1 General legal and administrative framework

The EIB has its own legal personality and financial autonomy within the European Community system. Its shareholders are the MS of the EU, who have all subscribed to the EIB's capital. The Commission itself is thus not a shareholder of the EIB. Nevertheless, it has the right to appoint one of the EIB's 28-man Board of Directors; the other 27 are appointed by each of the 27 MS. The Board of Directors has sole power to take decisions concerning loans, guarantees and borrowings. The Commission provides an opinion on each EIB loan under EIB's own resources; if the Commission delivers a negative opinion, the EIB Board must decide by unanimity, the Commission Board member abstaining.

In addition to the EU-budget guarantees on EIB-operations falling under the 'external lending mandate', the Commission contributes by grants (incl. 'reimbursable grants'[33]) to the EIB. This grant money (from the Commission and MS) enables the EIB to offer

[33] Funds provided to undertake risk capital operations are grants in the sense that if the operation fails, the risk is taken by the Commission (no refund is expected from the final beneficiary or the EIB), and in the case of success all the funds invested and the dividends are returned to the European Community budget (they thus cannot be re-used for new risk capital operations). It is therefore a kind of 'reimbursable grant'.

additional funding modalities in combination with its loans, the only instrument it can provide from its own resources.
There is no MoU-like or a Framework Agreement between the Commission and the EIB that covers all the financial aid (incl. EDF) channelled to the EIB for all regions of intervention.

However, a number of MoUs for specific regions have been signed by both the EIB and EC, among which two are in the geographical scope of this evaluation:

- The MoU for a strategic partnership between the European Community, EIB, and IBRD, in the Middle East and Southern Mediterranean/North Africa Region (MENA), signed in 2004. It systemised cooperation between the parties, including "creation of a Partnership Facility, EC/EIB/WB joint/parallel financing, joint analytical work, consultations on country/regional strategy papers (pilot in Tunisia and Jordan), and sector programs in private sector development (PSD), governance, water and education"[34].
- The MoU between the Commission, EIB, EBRD to facilitate the joint financing of projects in Russia, Eastern Europe, Southern Caucasus and Central Asia, signed on 15 December 2006. The EIB and EBRD will hereby work together to finance projects of significant interest to the EU in energy, transport, telecommunications and environmental infrastructure.

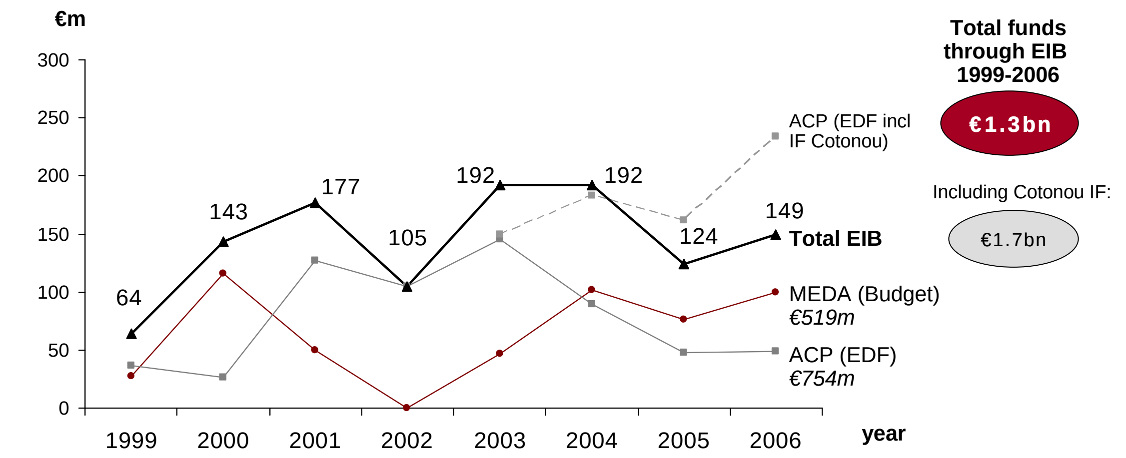
### 2.4.2 Overview of the channelling of funds through the EIB

The figure below presents the evolution of Commission funds channelled through the EIB over the evaluation period 1999-2006. It includes funds from the Commission Budget resources for MEDA and funds from the EDF resources for ACP.

In order to ensure the continuity of EDF funding through the EIB, the amounts paid for the Cotonou Investment Facility has been included, in doted line, as from it start in 2003. However, these amounts have been directly paid by the EUMS to the EIB, and therefore are not taken into account in the total amount channelled from the Commission through the EIB.

34 Source: European Commission & World Bank, Programmatic & Co-financing Collaboration, September 2005.

**Figure 9 - Commission budget/EDF funds channelled through the EIB from 1999 to 2006**




Note: Totals include commitments and payments; they aim at providing an order of magnitude
Note: Funds for MEDA are commitments and include risk capital operations, interest rate subsidies and TA for the FEMIP Support Fund and FEMIP Trust Fund
Note: Funds from the EDF are payments. The total does include €119m of funds for which the date is not specified. 2006 figures includes funds until November 2006. Years of payments have been estimated where not completed in OLAS.
Note: Funds for the Cotonou Investment Facility are presented in payments. They are channelled directly by the EUMS to the EIB
Source: EuropeAid working data, OLAS, Investment Facility (Cotonou) Annual Report 2006, ADE analysis

### 2.4.3 Commission Budget resources

*Specific legal & administrative framework*

The EIB has been active in the Mediterranean countries since the 1970s as part of the cooperation agreements between the EU and individual countries in the region. In 1992, the Commission signed a **Convention** with the EIB mainly concerning provision of risk capital operations and interest rate subsidies in Mediterranean countries[35]. In 1995, the Barcelona process gave a new impetus to EU cooperation with the Mediterranean region. In 1997, the individual EIB mandates were replaced by a general mandate for the region, the EUROMED mandate, focussing on infrastructure and private sector development. At the Barcelona European Council on March 15, 2002, the Council decided to establish the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), with the overall objective of stimulating private sector development in the Mediterranean Partner Countries, in order to facilitate higher economic growth consistent with the growth of the labour force in the region. The EIB has implemented FEMIP "in close cooperation with all participants in the region's development: the European Commission and the Mediterranean Partner Countries, the international and local banking community, and multi- and bilateral financial institutions". Since then, all activities of the EIB in the region have taken place under the FEMIP umbrella.

35 The "Convention between the European Commission and the EIB regarding the management of financial aid granted within the framework of financial protocols with Mediterranean third countries and of horizontal cooperation related to all those countries", 1992.

The main agreements regulating the Budget resources channelled to the EIB are best described in terms of the three main types of funding modalities, which are risk capital investments, interest rate subsidies, and technical assistance:

- **Risk capital operations**
  - The EIB is entrusted to carry out risk capital operations on behalf of the Commission since 1992 as stipulated in the Convention[36]. These operations carry a commercial risk, and must be commercially sensible and viable. Examples are investments in equity funds, loans in local currencies, direct participations in companies, etc.
  - Under MEDA I, the EC had to adopt a financing decision for every intervention. Since MEDA II a system of regional envelopes is used, where the financing decision covers an amount, so that the consultation on individual projects is crucial for the EC to keep control on the content of projects being financed on MEDA budget. This consultant is based on Article 14 Committee (see following paragraph).
  - EuropeAid takes part on behalf of the Commission in the so-called "**Article 14 Committee**" for the Euro-Mediterranean partnership, consisting of representatives of the MS. Discussions are held on individual projects, related to risk capital and interest subsidies. They are organized by the EIB around four times a year, and are held in Luxemburg.
- **Interest rate subsidies**
  - The Commission provides interest rate subsidies in support of EIB loans in the Mediterranean for more than two decades. In 1992, the Convention defined implementation and financial management rules, for the EIB to carry out these interest rate subsidies. In 1996, the MEDA Regulation specified further rules. Subsidies are allowed only on loans for environmental purpose. Each subsidy must be treated as an EC project financed on the bilateral cooperation envelope, programmed by RELEX and with an individual financing decision (on its own as in the past, or as part of the annual plan for a given country).
  - The loan is discussed at the Article 14 Committee as the decision on the subsidy should theoretically already have been taken at this stage. The Commission checks that the loan corresponds to what the subsidy was supposed to support.
- **Technical Assistance (TA)**
  - TA operations fall mainly under the general "Framework Agreement concerning management of the **FEMIP Support Fund**", between the European Commission and the EIB, signed in 2003. Activities financed under this FEMIP Support Fund support beneficiaries in MED countries during different stages of the project cycle, mainly project identification, preparation, and implementation, excluding self standing activities without any link to a potential project.

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36 Risk capital operations existed before but were carried out by the EC itself.

- The Commission contributes as well in the **FEMIP Trust Fund**, which finances mostly TA operations[37] but also risk capital operations (private sector support). TA activities financed by the Trust Fund are upstream policy. These are "not necessarily linked to an EIB investment and therefore not eligible for financing under the FEMIP Support Fund". ECFIN has a seat in the "donor assembly", as do other donors to the fund. Meetings of the donor assembly are organised and chaired by the EIB, and take place around four times a year at EIB headquarters, where the strategy of the trust fund and individual proposals are discussed.

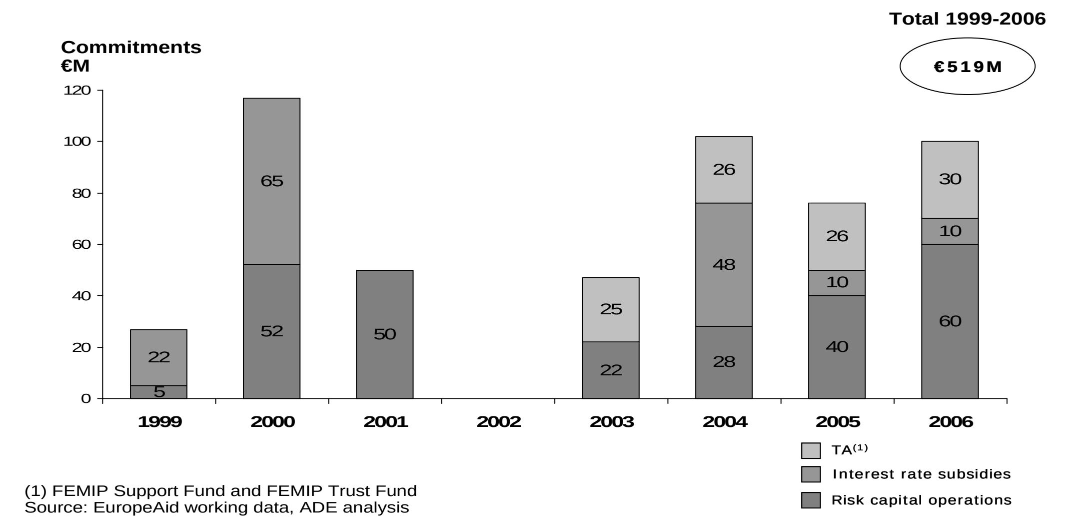
Commitments for specific amounts are settled in annual implementation agreements signed after the financing decisions have been adopted by the EC.

There is an exchange of letters between the EC and the EIB leading to the agreement of the EC (or not) on a specific proposal made by the EIB.

### *Funds channelled*

According to interviews with Commission representatives, EuropeAid represents the large majority of the funds transferred to the EIB for the geographic scope of the present evaluation. Analysis based on preliminary EuropeAid working data shows that EuropeAid has committed to the EIB over the evaluation period 1999-2006 for the geographic scope of the evaluation, a total of **€519M** of Budget funds (see graph below). All these funds concern the Mediterranean region.

**Figure 10 – Budget funds committed by RELEX-DEV-AIDCO to the EIB, 1999-2006**

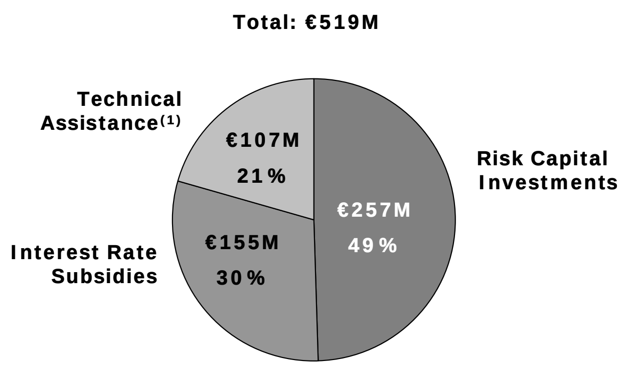



(1) FEMIP Support Fund and FEMIP Trust Fund
Source: EuropeAid working data, ADE analysis

The following graph provides an overview of the amounts committed to the EIB according to the above-mentioned modalities funded.

37 The FEMIP Trust Fund has been categorised under the TA instrument in the present document for this reason, in order to simplify the structure.

**Figure 11 – Budget funds committed by EuropeAid to the EIB, 1999-2006**




(1) Includes the FEMIP Trust Fund (€1M)
Source: EuropeAid working data, ADE analysis

Details of these commitments are presented in the table below.

**Table 6 – Budget funds to be transferred by the Commission to the EIB, 1999-2006[38]**

| Region | Instrument | 1999-2006 |
|---|---|---|
| MEDA | Risk Capital Investments | ▪ **€256.8M** were committed by the Commission and paid[39] to the EIB in 1999-2006, of which €150M committed for 2003-2006[40] (incl. €54M in 2006)[41]. |
| | Interest Rate Subsidies | ▪ **€155M** were committed by the Commission and paid to the EIB in 1999-2006[42] |
| | Technical Assistance | ▪ FEMIP Support Fund**: €106.4M** committed for 2003-2006[43], of which €50M paid (incl. Turkey).<br>▪ FEMIP Trust Fund**: €1M** committed and disbursed by the Commission in 2005 (3% of total €33.5M contributions, of which €6.5M approved until September 2006, and €1m disbursed) |

38 Source: Interviews with and documentation from Commission representatives.

39 All commitments made by the Commission have been paid to the EIB, except half of the 2006 tranche for the Risk Capital Facility (€30M out of €60M). Source: working data from EuropeAid.

40 Source: Evaluation team analysis on preliminary EuropeAid working data.

41 Source: Commission's Accompanying document to the Assessment of the Facility for Euro-Mediterranean Investment and Partnership and Future Options.

42 This amount does not include operations which have been closed before December 31, 2006, although these are not expected to change significantly the picture. Source: Evaluation team analysis on preliminary working data from EuropeAid, interview with Commission representatives.

43 Source: EIB annual report on TA (March 2006). It Includes €12M for Turkey (2003-2004).

A few observations about the information in the table are worthy of note:

- **Risk capital investments :**
  - The Commission has been using pre-financing since 2003. The committed amount can be transferred to the EIB entirely or in tranches. The Commission remains the owner and the EIB reports to the Commission on the amounts used.
  - Preliminary analysis by the evaluation team of working data from EuropeAid indicates that on 31 December 2006, around half of all amounts committed between 1999-2003 had been effectively transferred (paid and/or pre-financed) to the EIB and around half of these transferred funds had been effectively used by the EIB ("*consommations*").
- **Interest rate subsidies :**
  - As mentioned above, these interest rate subsidies could be granted over the evaluation period only for loans with an environmental purpose, which are part of national indicative programs. There are thus no fixed multi-annual amounts.
  - Here as well the Commission has been using pre-financing since 2003.
  - Preliminary analysis of the evaluation team based on EuropeAid working data indicates that at 31 December 2006, almost all committed funds in 1999-2003 had been effectively transferred (paid and/or pre-financed) to the EIB, and around 60% had been effectively used by the EIB ("*consommations*"). For funds committed in 2004-2005, less than 5% had been transferred by the Commission.
- **TA :**
  - The Commission contributes mainly to the **FEMIP Support Fund,** which was launched in 2003 and became fully operational in 2004. The Commission is sole contributor to the Fund, with MEDA budget resources.
  - The Commission also contributes to the **FEMIP Trust Fund** established in mid-2004, with a €1M contribution with its MEDA budget, out of a total current size of €33.5M (consisting mainly of MS contributions).

The European Community and the South African Government (via its Department of Trade and Industry) in 2002 concluded a €55M agreement, renewed in 2005 for an additional €50M. This was done in the framework of the EU's Programme for Reconstruction and Development in South Africa. The agreement provides risk financing to support black economic empowerment (BEE) and job creation in the private sector. The grant is funded from the Budget. The grant from the Commission will be used to establish a private equity fund (the Risk Capital Facility) managed jointly by the Industrial Development Corporation (IDC)[44] and the European Investment Bank (EIB) [45]. However, it is the evaluation team's current understanding that the Commission does not channel funds directly through the EIB. For this reason, it is not shown in the summary table above.

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44 The IDC is a self -financing, national Development Finance Institution, established in 1940 to promote economic growth and industrial development in South Africa.

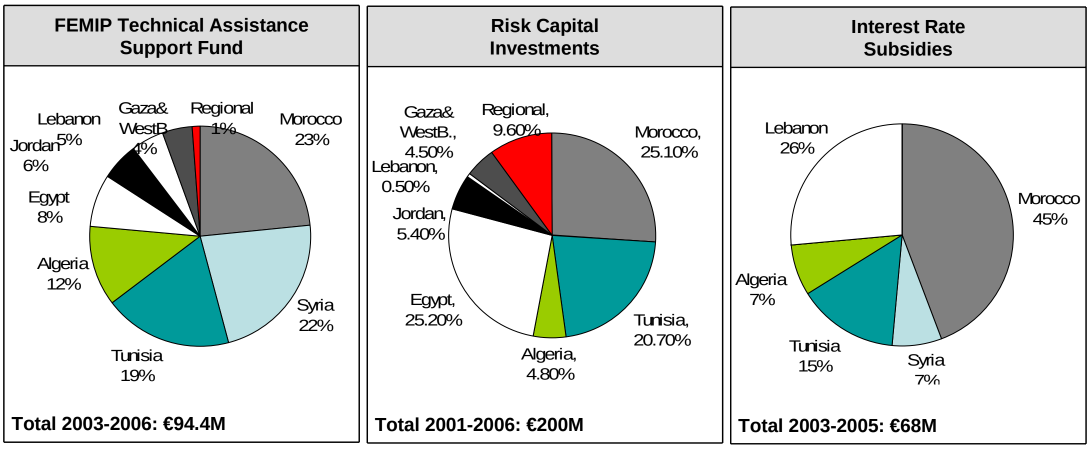
45 Sources: web sites of the EIB and the Commission delegation in South Africa, Commission press release in 2002, interviews with Commission representatives.

### *Geographical and sector distribution*

No grant money is channelled by the Commission to the EIB for ALA countries; however these countries do benefit from the EIB's external lending mandate.

For the Mediterranean region, the available data[46] did enable to provide the country analysis presented in the graph below. It appears that Morocco, Egypt and Tunisia were the largest beneficiaries of EU financial aid for the periods covered.

**Figure 12 – Budget funds transferred by RELEX-DEV-AIDCO to the EIB**

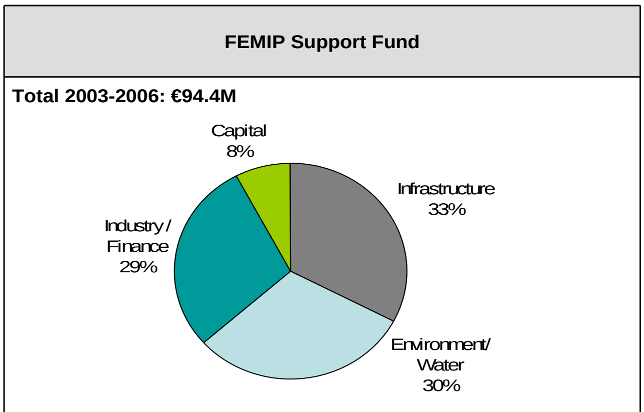



Note. 2006 figures are preliminary
Note. Figures exclude Turkey
Source: EIB annual report on TA (March 2006), DG ECFIN, Commission communication to the Council

Regarding the sectors benefiting from the channelling of funds, data for the Mediterranean countries enables to provide a comprehensive view for the TA activities of the FEMIP Support Fund. This information breaks the information down between infrastructure, environment/water, and industry/finance, as shown in the figure below.

46 Sources: for TA: EIB annual report on TA, March 2006; for risk capital investments and interest rate subsidies: European Commission (in a communication to the Council).

**Figure 13 – Budget funds transferred by the Commission to the EIB for the FEMIP Support Fund, by sector**




Note. 2006 figures are preliminary
Note. Figures exclude Turkey
Source: EIB annual report on TA (March 2006), DG ECFIN

### 2.4.4 European Development Funds resources

*Specific legal & administrative framework*

The legal and administrative framework for the European Development Fund (EDF) resources, by definition for ACP countries, transferred to the EIB is mainly two-fold: before and after the Cotonou agreements in 2000. In addition, other important agreements concern debt relief initiatives, and the EU-Africa Infrastructure Partnership Trust Fund.

**Before 2000**, EDF resources were transferred to the EIB under the Risk Capital Facility, the predecessor of the Investment Facility (see below). EDF funds were managed and disbursed by the Commission to the EIB for specific projects, on a project by project basis depending on the needs/advancement. This concerns the 7th EDF (1990-1995, Lomé IV) and the 8th EDF (1995-2000, Lomé IV and IVbis).

**Under the Cotonou Agreement in 2000**, as mentioned above, the EIB is responsible for managing €2.2B from 9th EDF resources, although in general, it is the Commission which is responsible for managing MS' EDF resources. In this context, the MS are paying their contributions to the Cotonou's €2.2B *directly* to the EIB. The Commission therefore is not part of the channelling flow of these EDF resources to the EIB.

As the Commission is responsible in general for the EDF, it regularly receives accounts and other reports on the Cotonou's €2.2B managed by the EIB (which are paid directly by the MS to the EIB, see above). This information, sent also to MS, is being discussed in meetings of the "Investment Facility (IF) Committee", of which the Commission is a member. These meetings take place every 1-2 months at the EIB in Luxemburg and are chaired by the EIB. The committee discusses the operational program of the IF, its use, the IF annual report and other IF-policy documents. Furthermore, the Committee used to provide advice on individual IF project proposals, following a request by the EIB Board of Directors.

A Convention was signed in December 2000 between the European Commission and the EIB on **debt relief initiatives**. The European Community, as a creditor of debt to Least Developed Countries (LDC) through non-repaid EIB loans, is indeed willing to take part in the debt relief effort[47]. However, the statutes of the EIB do not allow it to cancel debt. The Commission therefore agreed with the EIB to grant it EDF resources (from the 7th, 8th, and 9th EDF). The EIB has created a Trust Fund for this. Before the inception of the EIB Trust Fund, Commission debt relief assistance was granted directly to the countries. The Commission relies on the Bretton Woods institutions for information on accomplishment of a country's completion point. The Commission then replenishes the EIB Trust Fund created for this purpose.

As mentioned above, the Commission also recently approved a financing proposal for the partnership on infrastructure between the EU and Africa, called the **EU-Africa Infrastructure Partnership Trust Fund**. The trust fund is being established in the context of the new role of the EIB. This is a financial instrument of the EU-Africa Partnership on Infrastructure, one of the pillars of the new EU Strategy for Africa proposed by the Commission. On 20 December 2006, the Commission agreed to contribute during a first phase (2006-07) €60M in grants from the 9th EDF[48], alongside expected MS contributions. The modalities of the Commission's contribution still have to be worked out. These funds will be used mainly to subsidise interest rates, TA, direct grants and insurance premia.

### *Funds channelled*

It is necessary to distinguish between EDF funds managed by the EIB under the Cotonou agreement, and other EDF resources managed by the Commission.

a) **EDF funds managed by the EIB** under the Cotonou agreement.

- This **€2.2B** envelope consists of:
  - **€2B** (€2,037M) Investment Facility, for four main elements, applicable in nearly all ACP countries: sovereign loans, syndicated loans[49], equity stakes, and guarantees. This IF is a risk-bearing and revolving instrument established to promote development of the private sector and commercially run public enterprises.
  - A **€0.2B** (€187M) envelope for interest rate subsidies and TA, which are used with the Investment Facility to provide concessional lending to the EIB's public sector borrowers in low-income countries.

47 Source for this paragraph: interview with Commission representative.

48 A much larger amount is expected to be financed on the 10th EDF (2008-2013), to support regional development in four priority areas: transport, energy, water, and information technology and telecommunication networks.

49 A *sovereign loan* is a loans issued by a government-backed agency. A *syndicated loan* is a large loan arranged by a group of banks that form a syndicate, headed by the lead manager (source: Reuters Financial Glossary).

- By the end of 2006, after three and a half years of operations, a total of €1398M was committed and €396.3M was paid[51].

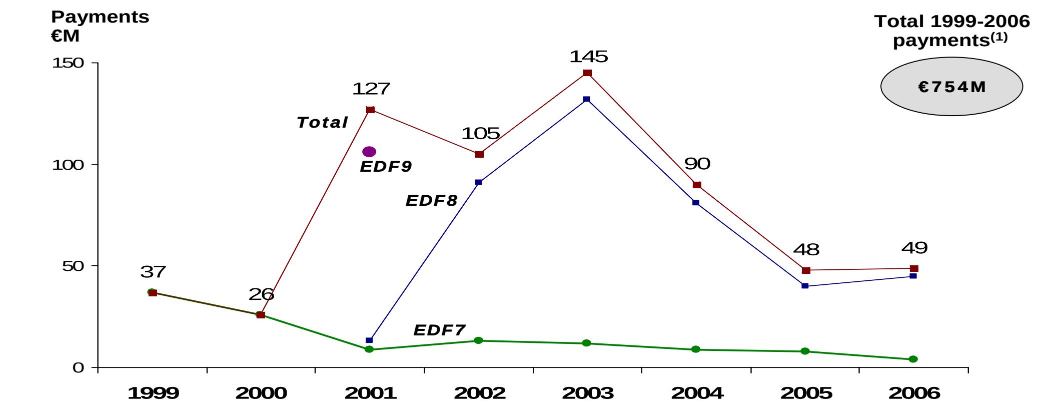
This enabled the EIB to offer ACP countries between 2002-2006 a wider range of funding modalities than the sole sovereign loans its statutes allow it to offer.

Because these funds are paid directly by the MS to the EIB and are not channelled by the Commission to the EIB (see above), they are not included in the Commission databases.

b) **EDF resources managed by the Commission**:

Analysis on the OLAS database indicates that EuropeAid has disbursed a total of €754M of EDF funds (from the 7th, 8th, and 9th EDF) over the 1999-2006 evaluation period (see graph below)[53]. These disbursements are for risk capital investments (before the MS were to channel funds directly to the EIB, under the Investment Facility from the Cotonou agreement), and funds for debt relief initiatives[54].

**Figure 14 – EDF disbursements made by EuropeAid to the EIB, 1999-2006, EDF 7-9**




1) The total does include €119M of funds for which the date is not specified
Note. 2006 figures are preliminary (November 2006)
Note. Excluding contracts related to PHARE countries
Note. Years of payment have been estimated where not completed in OLAS
Source: OLAS, ADE

51 Source: IF Annual Report 2006.

53 The OLAS dataset on amounts paid enables more detailed analysis than on amounts contracted.

54 There are no payments yet related to the EU-Africa Infrastructure Partnership Trust Fund, as the €60M amount has only been committed on 20 December 2006.

Another data source, the latest version of the Status Report on the Commission's participation in the **HIPC** initiative, states that the Commission transferred **€500M** to the EIB Trust Fund (related to the HIPC initiative) for disbursement, of which €349 between 2000 and 2003, out of a total amount pledged to the EIB of €680M. However, the evaluation team could not reconcile this information with the OLAS data[55].

On 20 December, the Commission committed a grant of €60M on 9th EDF resources for a first phase (2006-07) of the **EU-Africa Infrastructure Partnership Trust Fund**[56].

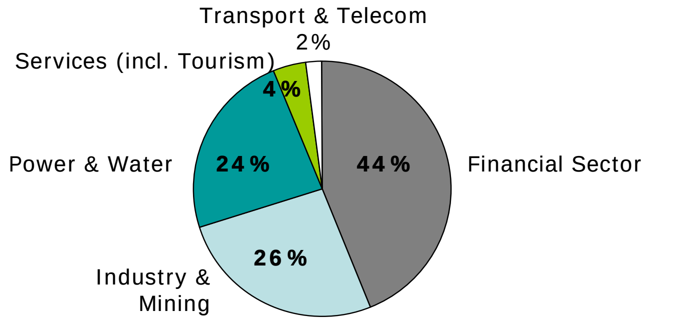
### *Geographical and sector distribution*

For the ACP region, the information received allows to present a breakdown per sector for amounts committed for projects under the Cotonou's Investment Facility. The IF annual report 2005 allows indeed to present the below breakdown per sector for the €829M committed between April 2003 and December 2005.

**Figure 15 - EDF resources committed by the EIB under Cotonou's IF – 04/2003-12/2005, by sector**

**Investment Facility**

**Total 04/2003-12/2005: €829M**




Source: IF Annual Report 2005

55 Analysis on OLAS based on the titles of the payments indicate a total amount paid for debt relief initiatives of €136M, from the 9th EDF only (which corresponds to the peak in 2001 in the graph).

56 As mentioned above, a much larger amount is expected to be financed on the 10th EDF (2008-2013).

### 2.4.5 Summary

The EIB is an European Institution. The EU MS are its only shareholders. Its mission is guided by the EU policy objectives. The Commission Budget and the MS provide all the grants received by the EIB. The EIB uses these grants mainly to offer types of funding modalities its statutes do not allow it to offer itself. These are usually linked in a way or another to one of its investments and most often are risk capital investments, interest rate subsidies, and technical assistance. It also uses this grant aid to discharge debt owed to it by poor countries.

The Commission has no agreement such as a MoU or a Framework Agreement with the EIB covering all types of aid and all regions of intervention. There are however a number of legal and administration agreements, which vary according to the types of funds, the regions of intervention, and the types of funding modalities.

For the scope of this evaluation, the aid it channels through the EIB consists mainly of two types of funds:

- **Budget aid**, which benefits the Mediterranean countries and funds three types of funding modalities: risk capital investments, interest rate subsidies, and technical assistance, for a total of €519M in commitments.
- **EDF resources from MS**, which benefit ACP countries. The EDF resources funded debt relief initiatives and risk capital investments before the Investment Facility from the Cotonou agreement. According to the OLAS database, these funds amounted to disbursements of €754M. In addition, there is Cotonou's €2.2B envelope, which is managed by the EIB and paid directly by the MS to the EIB. By the end of 2006, a total of €396.3M out of this envelope was paid.

Finally, it is worth noting that the Commission has not transferred to date more than a quarter of the funds it committed for the period 1999-2003, and that around half of the funds transferred have not yet been effectively used by the EIB.

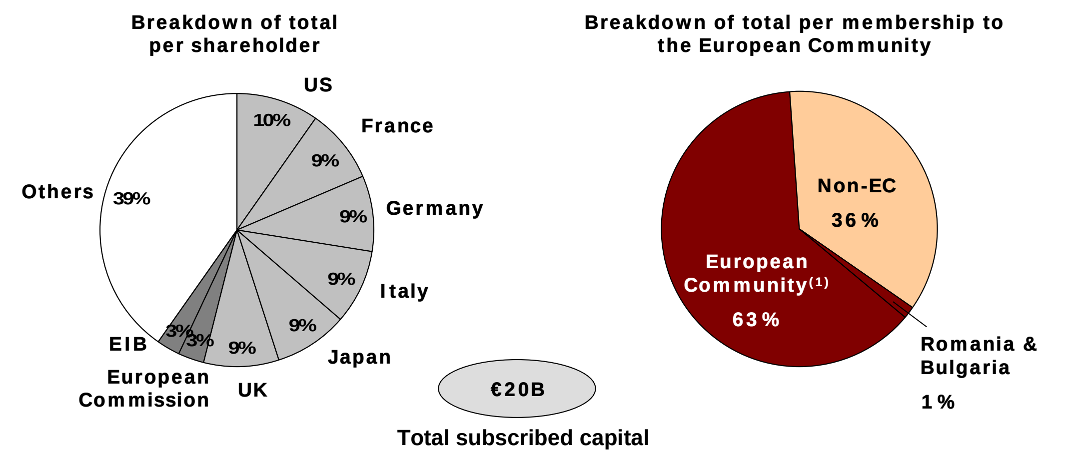
## 2.5 EBRD

The present section aims at presenting a structured and comprehensive overview of the funds transferred by the Commission to the EBRD. Firstly, the legal and administrative framework for the channelling of these funds is summarised; the Commission's contributions are subsequently presented in financial terms, with the most important sector and interventions detailed and conclusions are finally presented for the channelling through the EBRD.

### 2.5.1 The legal and administrative framework

It is worthwhile specifying that although the Commission is a shareholder of the EBRD for €600M or 3% of the total €20B of subscribed capital[57], the European Community represents 64%[58] of the EBRD's subscribed capital (see graph below) and thus of the voting rights. This figure is achieved by adding up the shares[59] of the Commission, the EIB, and the EU member states. Additionally, the Commission represents the European Community on the EBRD board of directors[60].

**Figure 16 – EBRD shareholders: two breakdowns of €20B subscribed capital**



(1) Including EU25 MS, European Commission and EIB
Source: EBRD web site (December 2006)

There is no MoU or a Framework Agreement between the Commission and the EBRD covering all regions of intervention. The EBRD has signed however a number of MoUs for specific regions, among which one is in the geographical scope of this evaluation, i.e. the MoU between the Commission, EIB, and EBRD to facilitate the joint financing of projects in Russia, Eastern Europe, Southern Caucasus and Central Asia, signed on 15 December 2006.

As to Commission informants, most of the Commission's grants to the EBRD were awarded by a call for proposals, in accordance with the Commission's contractual procedures[61]. However, some grants were offered as a "direct award", since they were given to bodies with a *de jure* or *de facto* monopoly, in accordance with these same procedures. This was the case particularly for activities related to nuclear safety, since the EBRD is the only International Financial Institution (IFI) whose statutes permit

57 Source: EBRD web site.

58 Including the shares of Romania and Bulgaria (togther 1%), see figure.

59 Source : EBRD web site (December 2006).

60 Source: interview with Commission representatives.

61 Source: Practical guide to contractual procedures for EC external activities.

intervention in this field. A formal Contribution Agreement, for instance, was made for the new reactor shelter at Chernobyl.

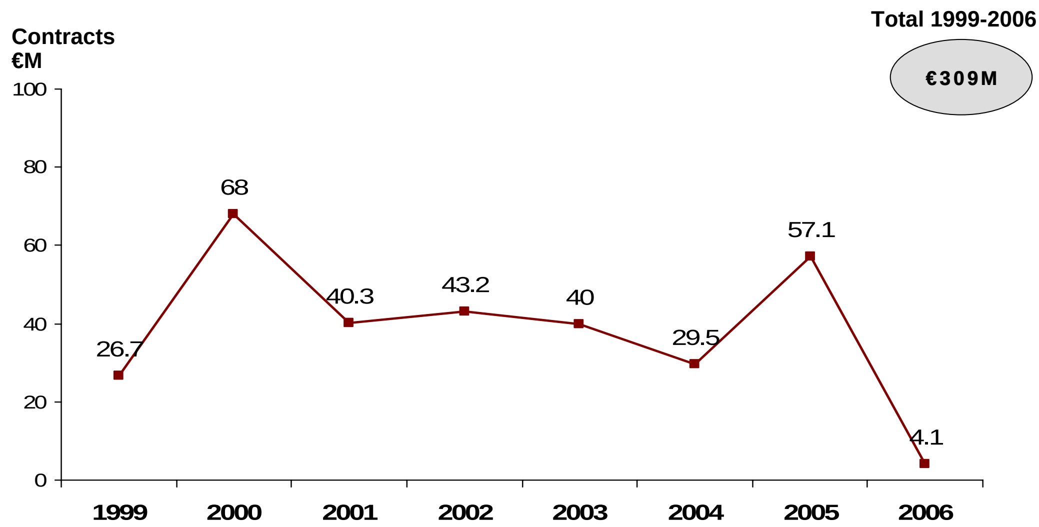
In addition to financial co-operation, non-financial co-operation is also very important in the form of political dialogue with the governments of the countries of intervention, e.g. on country and sector strategies.

### 2.5.2 The Commisson's contribution to the EBRD

#### *The figures*

Analysis based on the CRIS database shows that RELEX-DEV-AIDCO contracted a total of €309M with the EBRD over the evaluation period, for the regions within the scope of the present evaluation.

**Figure 17 – Budget funds contracted by RELEX-DEV-AIDCO with EBRD, 1999-2006, per year**




Note. 2006 figures are preliminary
Source: ABAC

All funds channelled through the EBRD are from the Commission budget.

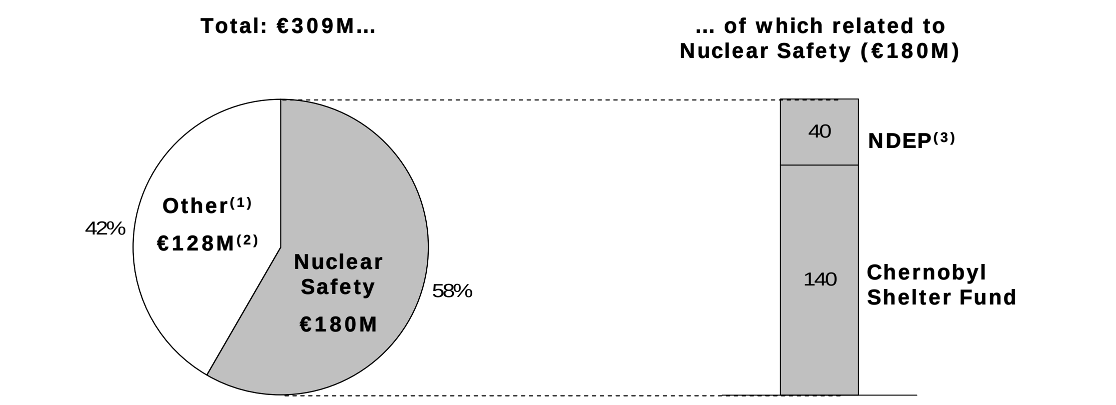
### *Geographical and sector distribution*

All contracts of RELEX-DEV-AIDCO with the EBRD over the 1999-2006 period within the geographical scope of the evaluation concern TACIS countries[62].

Regarding the sector distribution of Commission aid, analysis based on data from CRIS indicates that a large part of the contracted funds (58%) represent participations to Funds related to nuclear safety.

This follows the Nuclear Safety Strategy Paper the Commission adopted on 17 January 2002, which provided the strategic framework within which Commission assistance was to be provided for the period 2002-2006[63]. Nuclear safety in Europe is one of the EU's primary concerns[64]. It therefore decided to take a prominent role in international efforts to help the New Independent States (NIS) and countries of Central and Eastern Europe to ensure the safety of their nuclear reactors.

**Figure 18 – Funds contracted by RELEX-DEV-AIDCO with EBRD, 1999-2006, per sector**




(1) TA mostly, principally in the sectors of SME, Transport, and Energy.
(2) €123M as reported in CRIS as to TACIS countries+ €5M for Georgia (a TACIS country) reported separately.
(3) This includes only the Commission contribution to the NDEP Support Fund for its nuclear operations
Note. 2006 figures are preliminary
Source: CRIS, Commission representatives, ADE sector classification

The €180M contracted in the field of **nuclear safety** are used for two funds: the **Chernobyl Shelter Fund** in Ukraine (€140M) and the **Northern Dimension Environmental Partnership** in Russia (NDEP, €40M[65]). Some details follow for these two funds.

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62 Source : Analysis on CRIS data.

63 Source: European Commission web site.

64 Source: European Commission web site.

65 In addition to the €40M Commission's contribution to the nuclear window of the fund, there are €20M for environmental projects of the NDEP.

In addition to these contracts signed between 1999 and 2006, the European Commission announced an additional €49M for the international **Chernobyl Shelter Fund** (CSF). With the **new pledge**, to be disbursed over the 2006-2009 period, the Commission committed a total of €239.5M for the Fund since 1997, making it the main donor[66].

The amount of **other contracts (€128M[67])**, not concerned with nuclear safety, mostly relate to TA, principally in the sectors of small to medium-sized business enterprises (SME), Transport, and Energy[68]. More than 80% of these €128M consist of three main contributions:

- €49M contracted in 1999 and 2000, related to the Commission's **TACIS Bangkok Facility**, which provides grant funding to EBRD to support TA components of its operations[69];
- €35M contracted in 2002-2004, are related to the **EU/EBRD Investment Preparation Facility** (IPF), on the TACIS budget, which essentially consisted of EC technical cooperation funds for EBRD projects in the countries of the former Soviet Union (mainly the Russian Federation, Ukraine, Moldova, Georgia and Azerbaijan);
- €20M to the **NDEP** for environmental activities (not part of the nuclear safety window).

### *Details on main contributions*

The **Chernobyl Shelter Fund** (CSF) was set up in December 1997 to fund the Shelter Implementation Plan (SIP). The main objective of the SIP, developed in a co-operative effort between the European Union, the United States and Ukraine, was to protect the personnel, population and environment from the threat of the huge radioactive inventory of the Chernobyl Unit 4 Shelter. The EBRD was entrusted with managing the CSF.

The European Commission was the main donor at the set-up of the Fund[70], with a €90.4M ($100M) initial contribution, representing 30% of the total[71]. An Assembly of Contributors, which normally meets three to four times per year, governs the SIP. It was composed at the set-up of the Fund by 22 contributors including the Commission. The Assembly authorizes the grant agreements financed from the resources of the CSF, supervises their implementation by the EBRD, reviews the effectiveness of the financed activities, and approves the annual budget and financial statements of the Fund.

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66 Source: European Commission web site.

67 €123M as reported in CRIS for TACIS countries+ €5M for Georgia (a TACIS country) reported separately. The €123M comprise the contracts related to the Ukraine Micro Lending Programme (€1.5M) and the SME Finance Support to Regional Banks (€1M) signed in 2006.

68 Source: interview with Commission representative. It is not possible to determine specific amounts for each of these sectors based on the titles inputted in the CRIS database.

69 Source: Commission decision DGIA/EN/46/9914/02/02 of 1999.

70 Other contributors were in Oct 1999: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Kuwait, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, UK, Ukraine, and the USA.

71 Source: First annual progress report on the Implementation of the Chernobyl Shelter Fund (COM (1999)470 - Oct. 12, 1999).

The **NDEP** Support Fund was established as a "cooperative effort responding to calls from the Russian Federation and the international community for a concerted effort to tackle some of the most pressing environmental problems in north-west Russia"[72]. These occur in the fields of "water, wastewater, solid waste, energy efficiency and nuclear waste management". The NDEP is to provide a "strong international framework, backed by adequate financial resources, for governments, international financial institutions, private investors, Russian authorities and all concerned to work together in bringing solutions to the region's long-standing environmental problems". To this end, the NDEP "gathers, for the first time, the expertise and resources of the European Commission, the Russian Federation, EBRD, EIB, Nordic Investment Bank and the WB in designing and implementing its pipeline of projects".

The Fund became operational in July 2002 once a minimum number of five contributors, including the Russian Federation, had made pledges totalling €100 million[73]. In January 2006 the European Commission reported that it had so far contributed €60M to the Fund[74].

The NDEP Support Fund is "managed by the EBRD under the supervision of all contributors grouped in a governing body, the Assembly of Contributors". The Assembly is currently "chaired by the Fund's largest contributor, the European Union". The NDEP Steering Group, the operational body of the NDEP, comprises representatives from the European Commission, the Russian Federation, and the international financial institutions (IFIs) operating in Northwest Russia, namely the EBRD, Nordic Investment Bank, EIB, and the WB. The Chair of the NDEP Steering Group rotates among the IFIs each year.

The Commission finances the NDEP mainly for its nuclear operations, but also for non-nuclear environmental projects.

### 2.5.3 Summary

The EBRD is an IFI which has 63 shareholders. Although the Commission represents only 3% of the shares on its own, it represents the European Community, which all together represent more than half of the shares and thus of the voting rights.

However, the Commission has no MoU or a Framework Agreement with the EBRD covering all regions of intervention. Moreover, most of the Commission's contracts to the EBRD in the scope of the present evaluation were awarded by a call for proposal.

Regarding the funds channelled through the EBRD, a total amount of €309M was contracted by RELEX-DEV-AIDCO between 1999 and 2006. This aid is related for 58%

72 Source for this paragraph: NDEP web site.

73 The countries having made contributions to the Fund are, next to the European Commission and the Russian Federation: Belgium, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Sweden and the United Kingdom. Source: NDEP web site.

74 Source: European Commission web site.

to nuclear safety, which recipients are the Chernobyl Shelter Fund and the NDEP, whilst the rest is to fund technical assistance.

The Commission is the main donor in the Chernobyl Shelter Fund, and it chairs the Assembly of Contributors of the NDEP as the EU is its largest donor.

# 3. Detailed typology

The channelling of funds by the Commission through the WB, EIB, and EBRD can be categorised according to different dimensions. Section 2.2.2 discussed the key elements of the typology (funding sources, Commission channelling entities, recipient banks, 'stages' of funding). A more detailed typology concerns the types of co-financing modalities, the regions and the sectors of intervention. These have been highlighted in the specific sections for the WB/EIB/EBRD above, but are presented here in a systematic way.

The **co-financing modalities** can take various forms with banks/IFIs, whose main function is to provide loans. It may be distinguished between:

- **Parallel co-financing** of (sub-) projects/programmes: the project/programme is broken down into clearly identifiable sub-projects which are each funded by the different co-financing partners (donors and banks/IFIs). The rules and procedures of each co-financing partner are hereby applicable in their entirety and without modification to their part of the sub-projects[75].
- **Joint co-financing** of projects/programmes/Funds: the total project/programme/Fund cost is divided between the co-financing partners and all the funds are pooled so that the source of funding for a specific activity or type of expenditure within the project/programme/Fund cannot or is inappropriate to be identified. The project/programme/Fund is not obliged to follow procedures other than its own[76]. The WB Group **Trust Funds** are examples of joint co-financing.
- **Interest rate subsidies**: the donor softens the lending conditions of banks/IFIs by reducing their interest rate, often with a concessionality level lowering it below market rates.
- **Risk capital operations**: the donor supports risk-bearing activities, such as investments in equity funds, loans in local currencies, direct participations in companies etc., for which the bank/IFI has limitations.
- **"Up-stream preparation"**: the donor finances preparatory phases of projects/programmes of banks/IFIs, often having a link to ongoing or future investment projects, including principally pre-feasibility studies and TA.
- **Guarantees**: the 'donor' offers guarantees to banks/IFIs to cover certain risks related to their lending.

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75 Source: Practical guide to contract procedure for EC external actions, 2006.

76 Source: Practical guide to contract procedure for EC external actions, 2006.

In the present context of the evaluation of the delivery of Commission's aid *through* banks/IFIs, the co-financing modalities considered in the scope are joint co-financing, interest rate subsidies, risk capital operations, and "up-stream preparation"[77]. The modalities used by the Commission for its aid through the WB, EIB, and EBRD are summarised in the table below.

**Table 7 - Co-financing modalities between the Commission and the WB-EIB-EBRD, 1999-2006**

| | Parallel Co-financing | Joint Co-financing (Trust Funds) | Interest Rate Subsidies | Risk Capital Operations | "Up-stream Preparation" | Guarantees |
|---|---|---|---|---|---|---|
| **WB** | ✓ | ✓ | | | | |
| **EIB** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **EBRD** | ✓ | ✓ | | | ✓ | |

In this exercise, the attention may be drawn on different types of **activities financed through joint co-financing modalities**, which are mostly represented by trust funds. Most activities may be summarised here in four main categories: debt relief; government budget funding; TA, training, capacity building; and commodities, equipment and infrastructure. The joint co-financing of the Commission and the WB Group (for the 7 major Commission's contributions to the WB Group, representing 84% of the total Commission budget/EDF Commission's payments received by the WB Group), the EIB, and the EBRD, may be summarised accordingly as shown in the table below.

77 In parallel co-financing, donors' contributions are not channelled through other institutions, are kept separate, and each donor can operate according to its own procedures/rules/conditionalities/etc. Regarding guarantees, these represent a type of co-operation with banks/IFIs. A portion of the Commission budget is set aside each year for this purpose. However, these do not really represent a channelling of funds through the IFIs, as they have a function of guarantee. Moreover, in practice, these Commission funds have seldom had to be used.

**Table 8 - Joint co-financing between the Commission and the WB-EIB-EBRD – main categories of activities, 1999-2006**

| MDB | Activities / Trust Funds | Debt Relief | Government Budget Funding[78] | TA, Training, Capacity Building | Commodities, equipment, infrastructure |
|---|---|---|---|---|---|
| **WB Group** (7 major Commission's contributions) | **Global level** | | | | |
| | **HIPC** | ✓✓✓ | | | |
| | **GFATM** | | | ✓ | ✓✓ |
| | **CGIAR** | | | ✓✓✓ | |
| | **Country level** | | | | |
| | **West Bank/ Gaza TFs** | | ✓✓ | ✓✓ | ✓ |
| | **Afghanistan Reconstruction TF** | | ✓✓ | ✓ | ✓✓ |
| | **Iraq Reconstruction TF** | | | ✓ | ✓✓ |
| | **East Timor TFs** | | | ✓ | ✓✓ |
| **EIB** | | ✓✓ | | ✓✓ | ✓ |
| **EBRD** | | | | ✓✓ | ✓ |

*Note. The number of "✓" marks represents an appreciation of the relative weight of an activity in the total amount of the trust fund, from a light (✓) to a heavy (✓✓✓) weight.*

Subsequently, the table below aims at providing a detailed typology of the regions and of the sectors benefiting from the Commission's aid through the WB, EIB, and EBRD[79].

78 Including budget support and funding for Government's recurrent costs (e.g. salaries for public servants)

79 For the HIPC an estimation of the percentages per region has been obtained by applying the percentages mentioned in the "Commission Participation in the HIPC Initiative 2006 Status Report" to the amounts mentioned in annex 4 for the HIPC. For the GFATM, the same reasoning has been applied, starting from the country breakdown as mentioned in the "Global Fund Disbursements by Region, Country and Grant Agreement". For the CGIAR the basis for a similar approach were the CGIAR annual reports 1999, 2004 and 2005, where the CGIAR expenditures by center indicating the country in which the country is located were used to provide an idea of the geographical breakdown. Although these approaches are approximations, they provide a useful idea of the geographical distribution by region.

# Table 9 - Channelled aid from Commission's entities to the WB-EIB-EBRD – Overview of regions and sectors, order of magnitude of amounts

| | | Regions | ACP | | | | | | | | MEDA | | | | | | | | TACIS | | | | | | | | ALA | | | | | | | | Iraq | Other | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | in €M | Sector | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Post-Conflict | Env.& Sust.Agr. | | |
| WB Group | 7 major Commission's contributions | **Global level** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | HIPC | 797 | | | | | | | | | | | | | | | | | | | | | | | | 63 | | | | | | | | | | **860** | |
| | | GFATM | | | 288 | | | | | | | | 3 | | | | | | | | 34 | | | | | | | | 118 | | | | | | | | **443** | |
| | | CGIAR | | | | 29 | | | | | | | | 7 | | | | | | | | | | | | | | | | 59 | | | | | | 19 | **114** | |
| | | **Country level** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | West Bank/ Gaza TFs* | | | | | | | | | | 186 | | | | | | | | | | | | | | | | | | | | | | | | | **186** | |
| | | Afghanistan Reconstruction TF | | | | | | | | | | | | | | | | | | | | | | | | | | 139 | | | | | | | | | **139** | |
| | | Iraq Reconstruction TF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 125 | | **125** | |
| | | East Timor TFs | | | | | | | | | | | | | | | | | | | | | | | | | | 63 | | | | | | | | | **63** | **WB Total** |
| | Other Funds | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | **376** | **2,306** |
| EIB | | Debt reduction | 225 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | **225** | |
| | | Risk capital investments | | | | | | | 529 | | | | | | | | 257 | | | | | | | | | | | | | | | | | | | | **786** | |
| | | Interest rate subsidies | | | | | | | | | | | | | | | 155 | | | | | | | | | | | | | | | | | | | | **155** | |
| | | TA | | | | | | | | | | | | | | | 106 | | | | | | | | | | | | | | | | | | | | **106** | **EIB Total** |
| | | Cotonou's IF & TA-IRS | | | | | | | 396 | | | | | | | | | | | | | | | | | | | | | | | | | | | | **396** | **1,668** |
| EBRD | | Chernobyl Shelter Fund | | | | | | | | | | | | | | | | | | | | | | 140 | | | | | | | | | | | | | **140** | |
| | | NDEP | | | | | | | | | | | | | | | | | | | | 20 | | 40 | | | | | | | | | | | | | **60** | **EBRD Total** |
| | | Other - TA | | | | | | | | | | | | | | | | | | | | | | | 128 | | | | | | | | | | | | **128** | **329** |

Sectors: Debt, Post-Conflict Reconstruction, Health & Human Development, Environment & Sustainable Agriculture, Social Development, Nuclear Safety, Economic Development

Note. These tables aim at providing an idea of the order of magnitude of the amounts of the Commission's channelled aid benefiting specific regions and sectors, although it consists of amounts of different nature (e.g. commitments-contracts-payments, different accounting methods...)

Note. The regional breakdown for the HIPC TF is based on the Commission's contributions (source: Commission Participation in the HIPC Initiative 2006 Status Report)

Note. The regional breakdowns for the CGIAR and GFATM are based on the total contributions of the Funds (source: Funds' web sites and reports)

Note. EIB debt reduction figure is based on OLAS data. However, as mentioned above, the "Commission Participation in the HIPC Initiative 2006 Status Report" reports that €500M has been transferred to the EIB for disbursement Details are nevertheless provided here to allow a view on the weight of debt relief in channelling to the EIB.

Sources: see details above in the specific sections for the WB-EIB-EBRD

# Table 10 - Channelled aid from Commission's entities to the WB-EIB-EBRD - Overview of regions and sectors, weight per institution

| | | Trust Fund | ACP | | | | | | | | MEDA | | | | | | | | TACIS | | | | | | | | ALA | | | | | | | | Iraq | Other | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | in % | Sector | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Debt | Post-Conflict | Health & H.D. | Env.& Sust.Agr. | Social Dev. | Nuclear Safety | Economic Dev. | Other | Post-Conflict | Env.& Sust.Agr. | | |
| WB Group | 7 major Commission's contributions | **Global level** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | HIPC | 35% | | | | | | | | | | | | | | | | | | | | | | | | 3% | | | | | | | | | | **37%** | |
| | | GFATM | | | 12% | | | | | | | | 0% | | | | | | | | 1% | | | | | | | | 5% | | | | | | | | **19%** | |
| | | CGIAR | | | | 1% | | | | | | | | 0% | | | | | | | | | | | | | | | | 3% | | | | | | 1% | **5%** | |
| | | **Country level** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | West Bank/ Gaza TFs | | | | | | | | | | 8% | | | | | | | | | | | | | | | | | | | | | | | | | **8%** | |
| | | Afghanistan Reconstruction TF | | | | | | | | | | | | | | | | | | | | | | | | | | 6% | | | | | | | | | **6%** | |
| | | Iraq Reconstruction TF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 5% | | **5%** | |
| | | East Timor TFs | | | | | | | | | | | | | | | | | | | | | | | | | | 3% | | | | | | | | | **3%** | **WB Total** |
| | **Sub-total** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | **Other Funds** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | **16%** | **100%** |
| **EIB** | | Debt reduction | 13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | **13%** | |
| | | Risk capital investments | | | | | | | 32% | | | | | | | | 15% | | | | | | | | | | | | | | | | | | | | **47%** | |
| | | Interest rate subsidies | | | | | | | | | | | | | | | 9% | | | | | | | | | | | | | | | | | | | | **9%** | |
| | | TA | | | | | | | | | | | | | | | 6% | | | | | | | | | | | | | | | | | | | | **6%** | **EIB Total** |
| | | Cotonou's IF & TA-IRS | | | | | | | 24% | | | | | | | | | | | | | | | | | | | | | | | | | | | | **24%** | **100%** |
| **EBRD** | | Chernobyl Shelter Fund | | | | | | | | | | | | | | | | | | | | | | 43% | | | | | | | | | | | | | **43%** | |
| | | NDEP | | | | | | | | | | | | | | | | | | | | 6% | | 12% | | | | | | | | | | | | | **18%** | **EBRD Total** |
| | | Other - TA | | | | | | | | | | | | | | | | | | | | | | | 39% | | | | | | | | | | | | **39%** | **100%** |

Sectors: Debt, Post-Conflict Reconstruction, Health & Human Development, Environment & Sustainable Agriculture, Social Development, Nuclear Safety, Economic Development

Note. These tables aim at providing an idea of the order of magnitude of the amounts of the Commission's channelled aid benefiting specific regions and sectors, although it consists of amounts of different nature (e.g. commitments-contracts-payments, different accounting methods...)

Note. The regional breakdown for the HIPC TF is based on the Commission's contributions (source: Commission Participation in the HIPC Initiative 2006 Status Report)

Note. The regional breakdowns for the CGIAR and GFATM are based on the total contributions of the Funds (source: Funds' web sites and reports)

Note. EIB debt reduction figure is based on OLAS data. However, as mentioned above, the "Commission Participation in the HIPC Initiative 2006 Status Report" reports that €500M has been transferred to the EIB for disbursement Details are nevertheless provided here to allow a view on the weight of debt relief in channelling to the EIB.

Sources: see details above in the specific sections for the WB-EIB-EBRD

# Annexes

# Annex 1 - Short description of the main Development Banks and the EIB

A brief description is provided here of the banks on which the Inventory stage had to focus, namely the WB, the ADB, the AfDB, the IDB, the EIB, and the EBRD.

## 1. World Bank

The World Bank was created in 1944 at the United Nations Monetary and Financial Conference (better known as the Bretton Woods Conference), whose aim was to establish « a framework for economic cooperation and development that would lead to a more stable and prosperous global economy ». The IMF, also set up at the Bretton Woods Conference, promotes international monetary cooperation. In parallel, the WB promotes long-term economic development and poverty reduction by providing technical and financial support to foster "creation of a favourable investment climate and empowering poor people". When it first began operations in 1946, the WB had 38 shareholders. That number increased sharply in the 1950's and 1960's; it now has 184 shareholders. Unlike the EU MS, the Commission is not a shareholder of the WB.

### 1.1 Organisation

The WB Group is composed of 5 closely associated institutions:

- The **International Bank for Reconstruction and Development (IBRD),** set up in 1945, focuses on middle income and creditworthy poor countries. It offers advisory services and provides capital investment funds borrowing in the international capital market.
- The **International Development Association (IDA),** set up in 1960, provides interest-free loans and grants to the poorest developing countries in the world. IDA accounts for nearly 40% of WB lending.
- The **Multilateral Investment Guarantee Agency (MIGA),** set up in 1988, *promotes foreign direct investment (FDI) into developing countries by insuring* investors against political or non-commercial risks.
- The ***International Finance corporation (IFC)****, set up in 1956,* promotes sustainable private sector investment in developing countries.
- The **International Centre for Settlement of Investment Disputes (ICSID)**, set up in 1966, offers assistance in mediation or conciliation of investment disputes between governments and private foreign investors.

The term "World Bank" generally refers to two of the five institutions: the IBRD and the IDA.

### 1.2 Operations

Originally, the WB was the facilitator of post-war reconstruction and development. Reconstruction remains an important focus of the WB, given the natural disasters and post conflict rehabilitation needs that affect developing and transition economies. However, it has broadened its portfolio's focus to include social sector lending projects, poverty alleviation, debt relief and good governance. It recently sharpened its activities by focusing on achievement of the Millennium Development Goals.

The WB offers two basic types of loans and credits: investment loans and development policy loans. Investment loans are made to countries for goods, works and services to support economic and social development projects in a broad range of economic and social sectors. Development policy loans (formerly known as adjustment loans) provide quick-disbursing financing to support national policies and institutional reforms. IDA long term loans (credits) are interest free but do carry a 0.75 % service charge on funds lend out.

The WB also offers a limited number of grants to assist development projects. These grants are designed to encourage innovation, co-operation between organizations and to increase local stakeholders' participation in projects. Some grants are funded from the bank's administrative budget and are funded directly. The WB also administers or manages other grant funds for donors through partnerships and trust funds. These represent 850 active trust funds (with separate accounting from its Bank's own resources), which disburse over $1B a year for development-related activities.

## 2. Asian Development Bank

The Asian Development Bank (ADB), established in 1966, is a multilateral development finance institution engaged mostly in public sector lending for development projects in its developing member countries. Its vision is a "region free of poverty". Its mission is to "help its developing member countries reduce poverty and improve the quality of life of their citizens", with emphasise on "improving the welfare of the people in Asia and the Pacific, particularly the 1.9 billion who live on less than $2 a day".

The ADB's main instruments for providing help to its developing member countries are policy dialogue, loans, technical assistance, grants, guarantees, and equity investments.

ADB's operations over the last years amounted to around $6B per year, as shown in below table.

**ADB[80] Operations, 2002-2005[81]**

| *in $M* | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| Total operations (Lending, Equity, TA) | 5,872 | 6,317 | 5,609 | 6,281 |

80 The amounts include the Asian Development Fund.

81 Sources: ADB Annual Reports 2003, 2004, 2005.

The ADB is currently owned by 66 shareholders, 47 from the Asia region and 19[82] from other parts of the globe. Its headquarters are in Manila (Philippines). The Commission is not a shareholder of the AfDB.

## 3. African Development Bank

The African Development Bank Group (AfDB) is composed of the African Development Bank, the African Development Fund and the Nigeria Trust Fund. Its primary objective is to promote sustainable economic growth in order to reduce poverty in Africa. It pursues this objective by financing a broad range of development projects and programs.

The AfDB, established in 1964, is a regional multilateral development finance institution "dedicated to combating poverty and improving the lives of people of the continent and engaged in the task of mobilizing resources towards the economic and social progress of its Regional Member Countries". Its mission is to "promote economic and social development through loans, equity investments, and technical assistance". It provides loans to its clients on non-concessional terms. It is reported to be the leading financial development institution of Africa.

The amounts approved by the AfDB Group over the last years are summarised in below table.

**AfDB Group approvals, 2000-2005[83]**

| *In millions of SDR[84]* | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|
| AfDB Project Lending, Policy-based lending, Special relief fund, Equity participation, Guarantee, Loan reallocation | 669 | 812 | 898 | 746 | 812 | 793 |
| AfDB Debt and debt service reduction | 174 | 175 | 188 | 0 | 708 | 76 |
| **AfDB Total Approvals** | **843** | **987** | **1086** | **446** | **1520** | **869** |
| **African Development Fund Total Approvals** | **1130** | **1381** | **961** | **998** | **1258** | **1422** |

The AfDB is officially headquartered in Abidjan (Ivory Coast). However, headquarters were temporarily relocated to Tunis (Tunisia) in 2003 due to political instability in the Ivory Coast.

The shareholders of the AfDB include 53 African countries (regional member countries) and 24 non-African countries from the Americas, Asia, and Europe[85] (non-regional member countries). The Commission is not a shareholder of the AfDB.

82 Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States. Source: ADB web site.

83 Sources: AfDB Annual Reports 2002, 2005.

84 SDR: Special Drawing Rights. The currency value of the SDR is determined by summing the values in USD, based on market exchange rates, of a basket of major currencies (the USD, Euro, Japanese yen, and pound sterling). The SDR currency value is calculated daily and the valuation basket is reviewed and adjusted every five years. On 28 March 2007 : 1 SDR= €1.33410

## 4. Inter-American Development Bank

The Inter-American Development Bank (IDB) was established in 1959 as a development institution with special mandates and tools, with mainly lending and technical cooperation programs for economic and social development projects. The IDB says that it is the oldest and largest regional development bank, and is "the model on which all other regional and sub-regional multilateral Development Banks were created".

The IDB provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors in its Latin American and Caribbean borrowing member countries. Most IDB loans are made at interest rates linked to the cost of raising funds in capital markets. It reports it is the main source of multilateral financing for economic, social and institutional development projects, as well as trade and regional integration programs in Latin America and the Caribbean.

The amounts of loans and guarantees approved by the IDB over the last years are summarised in the below table.

**IDB Loans and Guarantees Approved, 2002-2006[86]**

| *in $M* | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Ordinary Capital | 4,143 | 6,232 | 5,468 | 6,738 | 5,774 |
| Fund For Special Operations | 406 | 578 | 552 | 410 | 605 |

The IDB is owned by 47 shareholders, of which 26 are borrowing countries in Latin America and the Caribbean. Its initial membership of 19 Latin American countries and the United States subsequently expanded to the English-speaking Caribbean countries, Canada and Suriname in the Western Hemisphere, and to 16 European countries[87], plus Israel, Japan and the Republic of Korea. The Commission is not a member of the IDB.

## 5. European Investment Bank

The European Investment Bank (EIB) is "the financing institution of the EU". Created in 1957 by the Treaty of Rome, its shareholders are the MS of the EU, who have all subscribed to the EIB capital.

The EIB enjoys its own legal personality and financial autonomy within the European Community system. Its mission is to use sound financial investment to contribute to the policy objectives of the EU as laid down in its statutes and in decisions of the European Council.

85 Argentina, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Korea, Kuwait, Netherlands, Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, United Kingdom and United States of America. Source: AfDB web site.

86 Source: IDB Annual report 2006.

87 Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom. Source: IDB web site.

The majority of EIB financing goes to projects located in the MS, as its traditional mandate is to lend within the EU. Over the years it has also been called on to finance projects outside the EU mostly on the basis of mandates issued by the Council on proposals from the Commission, where EIB operations are covered by a guarantee from the Community budget, or from the MS. The EIB can also lend at its own risk, under certain conditions, in pre-accession and Mediterranean countries.

The EIB's activities outside the EU have traditionally made up around 10% of its total activities (EUR 5.1 billion in 2005, of which EUR 3.7 billion under Community guarantee). The main regions of its current activity are pre-accession and Mediterranean countries, though it also undertakes substantial operations in Asia, Latin America and South Africa, and is progressively expanding its operations in Russia, Ukraine and other eastern neighbours. Activities in ACP countries are carried out under the Cotonou Agreement with EDF resources or with EIB resources with a guarantee from Member States.

The EIB finances mainly infrastructure (transport, energy, water, etc.) and private sector development (e.g. loans to enterprises, directly or through local financial institutions). The EIB is therefore different from mere 'development banks', as it does not focus on poverty reduction as such, is barely involved in social sectors (health, education) and is not involved in public sector reforms. In terms of governance, the EIB has only the EU MS as shareholders, whereas in development banks all borrowers use to be shareholders.

The role of the EIB has evolved over recent years particularly in Mediterranean and ACP countries where the EIB has been entrusted with a more developmental role involving the use of a strategic approach and a wider spectrum of financial instruments, including new forms of cooperation with the Commission and with other IFIs. This evolution in EIB's strategy has required the EIB to bolster its human resources and diversify its types of operation.

The European Council decision of December 2006 on the new EIB external lending mandate for the period 2007-2013 emphasizes the need to strengthen the linkage between EIB activities and the EU external policy, notably by enhancing the dialogue and upstream consultation between the Commission and the EIB and by maximising the synergies of EIB lending and budgetary resources of the EU.

The EIB's external lending mandate for 2000-2006 and for 2007-2013 are summarised in the following table.

**EIB 'External Lending Mandate' for 2000-2006[88] and for 2007-2013[89]**

| EIB External Mandate | 2000-2006 | 2007-2013 |
|---|---|---|
| **Pre-accession countries** | **€10.2B** | **€8.7B** |
| **European neighbourhood and partnership countries**: | **€7.1B** | **€12.4B** |
| - Mediterranean countries | €6.5B | €8.7B |
| - Eastern Europe, Southern Caucasus and Russia[90] | €0.6B | €3.7B |
| **Asia and Latin America**: | **€2.5B** | **€3.8B** |
| - Asia | | €1B |
| - Latin America | | €2.8B |
| **South Africa** | **€0.8B** | **€0.9B** |
| **Optional mandate[91]** | N/A | **€2M** |
| ***Total*** | ***€20.7B*** | ***€27.8B*** |
| ***Total excluding pre-accession countries*** | ***€10.5B*** | ***€17.1B*** |

The regions in scope of the present evaluation (i.e. all in the above table except the pre-accession countries) represented €10.5M or 51% of the €20.7B external lending mandate for 2000-2006, and €17.1M or 66% of €27.8B for 2007-2013.

A portion of the Commission budget is set aside each year to feed a Guarantee Fund providing a liquidity cushion for the Community budget against defaults on guaranteed operations. The budget foreseen for this purpose under the 2007-2013 Financial Framework amounts to €200M a year. According to Commission interviewees, so far the EIB has seldom called on the Community guarantee.

In addition to its "external lending mandate" presented above, the EU has a partnership with the ACP countries for granting financial assistance by:

a) The Commission for non-reimbursable aid programmes.
b) The EIB for loans and equity investments in the private sector, under the Investment Facility.

This **ACP-EU Partnership Agreement** (9th EDF, 2000-2007) was signed in Cotonou (Benin) in 2000 (it is referred to as the "Cotonou agreement"). The total EU financial aid available amounted to €15.2B for 2002-2006, of which €11.3B (9th EDF resources) was grant aid from the MS, €2.2B (9th EDF resources) was managed by the EIB (Investment Facility, and interest rate subsidies and TA), and up to €1.7B was in the form of loans from the EIB's own resources.

88 Source: European Commission 2006 ("Analysis of EIB operations under the External Lending Mandate 2000-2006").

89 Source: European Council Decision 2006/1016/EC (Official Journal of the EU, 30-12-2006).

90 The Commission, the EIB and the EBRD have signed on 15 December 2006 a MoU of cooperation in Russia, Eastern Europe, and the Southern Caucasus, as well as, depending on a new decision of the Council, in Central Asia.

91 The activation in whole or in part of this optional amount and its regional distribution will be decided by the Council based on the outcome of the mid-term review. Source: European Council Decision 2006/1016/EC (Official Journal of the EU, 30-12-2006).

Finally, it is important to note that under its statutes, the EIB can provide loans and guarantees under its own resources[92]. It can, however, manage resources under mandate to provide grants and equity, enabling it to blend its loans with Commission or MS budgetary resources.

# 6. European Bank for Reconstruction and Development

## 6.1 Role

The European Bank for Reconstruction and Development (EBRD) was created in 1991 to "foster the transition towards open market-based economies, and to promote private and entrepreneurial initiative, in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism, and market economics"[93] [94].

The EBRD is an international institution based in London with 63 shareholders. The Commission and the EIB are both shareholders of the EBRD, each being a 3% shareholder (see below).

The EBRD's investments over the last years are summarised in the below table. They consist mainly of loans and equity. Almost half (43%) of the total amount invested in 2005 was related to countries in the scope of the evaluation (TACIS countries).

**EBRD Financing, 1999-2005[95]**

| *In €M* | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|
| EBRD Financing: Investments[96] - Annual commitments | 2,162 | 2,673 | 3,656 | 3,899 | 3,721 | 4,133 | 4,277 |

The EBRD is distinctive among IFIs in concentrating on transition countries, in having a mandate which explicitly includes political reform, and in financing projects to have a catalytic effect on private investment. The EBRD is not permitted to undertake programme lending and has no concessional lending window[97].

92 The EIB's own resources consist mainly of the proceeds of its borrowings, and its paid-in capital & reserves. Source: EIB web site.

93 Source: EBRD (*in* Political Aspects of the Mandate of the EBRD).

94 The EBRD's countries of operations are currently: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, FYR Macedonia, Moldova, Mongolia (since 2006), Montenegro, Poland, Romania, Russia, Serbia, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

95 Sources: EBRD Annual Reports 2003, 2005.

96 By investment is meant an EBRD financing committed under a signed agreement.

97 Source: DFID (*in* Institutional Strategy Paper for the EBRD, 2001).

The role of the EBRD is distinct from the other Multilateral Development Banks (MDBs), whose primary focus is on poverty reduction[98]. However, it does see the central purpose of transition as bringing about sustainable and equitable increases in living standards[99]. Since 1990 there has been a sharp increase in poverty and inequality in most of the EBRD's countries of operation. Partly in response to this, the EBRD has recently become more attentive to complementary policy dialogue, potential synergies between business and civil society, and the interests of its intended beneficiaries, i.e. the peoples of the region. The EBRD now recognises the effects of transition on people to be as an essential ingredient in allowing necessary but often difficult reforms to proceed.

As a result of the Capital Resources Review, in May 2006 the EBRD launched a **new strategy** to shift the focus of its investment to Russia, Southeast Europe, the Caucasus and central Asia. This is being carried out by re-allocating resources from Central and Eastern Europe, where the successful transition to a full market economy is nearing completion. The new five-year strategy "recognises the achievements of the eight countries of Central and Eastern Europe which have joined the EU and envisages that they will have graduated from the EBRD by the end of 2010", the final decision resting with the countries themselves. In addition to shifting resources, the strategy sets "overall targets for business volume for the region which rise over the period to about €4 billion per year in the coming five years", partially made possible by net profits "enabling it to accept higher country or financial risk as well as taking on more participation in equity". Apart from the geographical shift, the EBRD strategy is based on "a new business model that stimulates innovation and carefully adapted investment strategies that align with particular country needs".

### *How the EBRD finances its operations*

The EBRD finances project lending and operational needs by borrowing funds in the international capital markets. It does not directly use shareholders' capital to finance its loans.

The EBRD uses official co-financing for investment projects in order to mobilise domestic and foreign capital in its countries of operations, this being one of its prime objectives. Sources of co-financing include commercial banks, export credit agencies, official co-financiers (such as government agencies and bilateral financial institutions providing grants, parallel loans and equity), and other IFIs.

The EBRD also relies on bilaterally-pledged technical assistance to support project preparation, project implementation, advisory services and sector studies.

98 Source: DFID (*in* Institutional Strategy Paper for the EBRD, 2001).

99 Source for the information in this paragraph: DFID (*in* Institutional Strategy Paper for the EBRD, 2001).

# Annex 2 - List of persons interviewed

## 1. European Commission - EuropeAid

| | | |
|---|---|---|
| Balzarro, Giorgio | Unit F4, Relations with EU institutions, international organisations and donors | Coordinateur des relations avec le "groupe II" des donateurs |
| Carton, Vincent | Unit G1, Programming and budgetary matters | Project / Process Officer Statistics |
| Chellafa, Nadia | Unit A3, Centralised operations for Europe, the Mediterranean and Middle-East | |
| Downhill, Susan | Unit G2, Coordination of ICS and methodology for ex-post controls and auditing | External Auditor |
| Jacob, Frank | Unit 04, Central management of Thematic budget lines, Section Environment | Programme Manager |
| Munaiz Samperio, José | Unit 04, Central, Section Food Security | Programme Manager |
| Pennington, Martyn | Unit F4, Relations with EU institutions, international organisations and donors | Head of Unit |
| Salinas, Claudio | Unit C4, Centralised operations for the ACP countries | Programme Manager |
| Valor Arce, Cesar | Unit G1, Programming and budgetary matters | Head of sector "DAC Reporting and help desk", Programming and budgetary matters |
| Van den Bossche, Michel | Unit 04, Section Environment | Programme Manager |

## 2. European Commission - DG ECFIN

| | | |
|---|---|---|
| Bouteiller, Didier | Unit D4 | Head of Sector (Horizontal issues and liaison with multilateral institutions) |
| Garnier, Carole | Unit D4, Horizontal issues and co-ordination of financial assistance. | Head of Unit |
| Tanttari, Liisa | Unit D4 | Policy Officer |
| van der Lans, Clairette | Unit D4 | Policy Advisor |

## 3. European Commission - DG RELEX

| | | |
|---|---|---|
| Mogni, Andrea | Unit 3, Directorate L Horizontal coordination | Policy desk officer |

## 4. World Bank Group

| | | |
|---|---|---|
| Bridi, Haleh | World Bank Brussels Office | Special Representative to the EU |
| Drewnowski, Sophia | Global Partnerships and Programs | In charge of EC matters |
| Duvall, Tom | Legal Department | Chief of Legal Department |
| Jacobs, Véronique | World Bank Brussels Office | Counsellor |
| Thalnitz, Margret | Global Partnerships and Programs | Director |

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| European Commission-World Bank | Several Administration Agreements | |
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| **European Investment Bank** | | |
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| European Commission | Analysis of European Investment Bank operations under the external lending mandate 2000 2007 | 2006 |
| European Commission DG DEV | EU-Africa partnership on infrastructure and the Trust Fund | 2006 |
| European Commission DG ECFIN | TA derived from European Investment Bank annual report on TA | 2006 |
| European Commission-European Investment Bank | Convention entre la Commission Européenne et la BEI concernant la gestion d'aides financières 1992 | 1992 |
| European Council | European Council regulation on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership | 2000 |
| European Council | Council Regulation on financial and technical measures to accompany MEDA | 1996 |
| European Council | Council decision granting a Community guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Community 2006 | 2006 |
| European Investment Bank | European Investment Bank Annual report 2005, financial report | 2005 |
| European Investment Bank | European Investment Bank Annual report 2005, Activity report | 2005 |
| European Investment Bank | Toward a new strategy for the European Investment Bank group 2005 | 2005 |
| European Investment Bank | Investment Facility. ACP-EU Cotonou Partnership Agreement. Annual Report 2005 and 2006 | 2005 2006 |
| **European Bank for Reconstruction and Development** | | |
| Department For International Development (DFID) | Working in Partnership with EBRD, Institutional strategy | 2001 |
| European Bank for Reconstruction and Development | EBRD Donor Funds Programme and Official co-financing 2006 | 2006 |
| European Bank for Reconstruction and Development | Political aspects of the Mandate of the EBRD | 1993 |
| European Commission | First annual progress report on the Implementation of the Chernobyl Shelter Fund | 1999 |

## ANNEX 4 - LIST OF WORLD BANK GROUP TRUST FUNDS T\DS TO WHICH THE COMMISSION BUGDET/EDF CONTRIBUTES

| WB title of trust funds | Type of trust funds | Sectors | Regions | Total payments recieved by the WBG from the Commission budget/EDF from 1999 to 2005 (in Euro) | Payments received by the WBG from the Commission budget/EDF per WB fiscal year (in Euro) | | | | | | | | Distribution of the payments received by the WBG from the Commission budget/EDF by trust funds | Cumulative sum | Multi / single donor trust funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 30 June 1999 | 30 June 2000 (in Euro) | 30 June 2001 (in Euro) | 30 June 2002 (in Euro) | 30 June 2003 (in Euro) | 30 June 2004 (in Euro) | 30 June 2005 (in Euro) | 31 December 2005 (in Euro) | | | |
| **Highly Indebted Poor Countries** | Global/regional trust funds | Debt service and Debt reduction | Global | 859,721,928 | - | - | 314,548,562 | 254,541,583 | 177,504,057 | 113,127,726 | - | - | 37.3% | 37.3% | MD |
| **Global Fund for Aids, Tuberculosis and Malaria** | Global/regional trust funds | Health and Humain Development | Global | 442,870,462 | - | - | - | - | 123,027,620 | 221,367,084 | 40,775,665 | 57,700,093 | 19.2% | 56.5% | MD |
| **West Bank/Gaza Trust Funds** | Country trust funds | Post conflict reconstruction and natural disaster relief | MEDA | 186,340,040 | - | - | - | - | 9,729,261 | 21,326,360 | 85,872,841 | 69,411,578 | 8.1% | 64.6% | MD |
| **Afghanistan Reconstruction** | Country trust funds | Post conflict reconstruction and natural disaster relief | ALA | 138,715,677 | - | - | - | - | 31,059,667 | 30,436,623 | 46,189,841 | 31,029,546 | 6.0% | 70.6% | MD |
| **Iraq- World Bank Iraq Trust Fund** | Country trust funds | Post conflict reconstruction and natural disaster relief | Iraq | 124,558,946 | - | - | - | - | - | 83,016,050 | 2,771,725 | 38,771,171 | 5.4% | 76.0% | MD |
| **Consultative Group on International Agricultural Research** | Global/regional trust funds | Environment and sustainable agriculture | Global | 114,354,311 | - | - | 15,503,931 | 27,687,065 | 24,479,321 | 22,898,720 | 23,785,273 | - | 5.0% | 80.9% | MD |
| **East Timor Trust Funds** | Country trust funds | Post conflict reconstruction and natural disaster relief | ALA | 63,207,366 | - | - | 18,120,759 | 33,380,362 | 8,468,274 | - | 3,237,970 | - | 2.7% | 83.7% | MD |
| **Indonesia Fund for Aceh and Nord Sumatra** | Country trust funds | Post conflict reconstruction and natural disaster relief | ALA | 37,411,434 | - | - | - | - | - | - | - | 37,411,434 | 1.6% | 85.3% | MD |
| **Bangladesh-Health and Population Program Project** | Country trust funds | Health and Humain Development | ALA | 34,391,310 | - | - | - | 33,728,163 | - | 663,148 | - | - | 1.5% | 86.8% | MD |
| **ASEM-EU Asian Financial Crisis Response** | Global/regional trust funds | Financial sector strenthening and crisis management | ALA | 34,322,895 | - | 7,319,962 | 4,305,953 | 2,847,171 | 9,508,974 | 6,269,323 | 4,071,511 | - | 1.5% | 88.3% | MD |
| **Pakistan, Second Social Program Project (SAPPII)** | Country trust funds | *Poverty Reduction and Social Development* | ALA | 32,619,393 | - | - | 18,359,547 | 14,259,847 | - | - | - | - | 1.4% | 89.7% | not retrieved |
| **Ethiopia - Productive Safety Net Program (PSNP)** | Country trust funds | *Environment and sustainable agriculture* | ACP | 29,503,419 | - | - | - | - | - | - | - | 29,503,419 | 1.3% | 91.0% | MD |
| **Eritrea Demobilization and Reintegration Program** | Country trust funds | Post conflict reconstruction and natural disaster relief | ACP | 27,631,837 | - | - | - | - | - | 14,207,243 | - | 13,424,595 | 1.2% | 92.2% | MD |
| **Angola Third Social Action Fund (FAS III)** | Country trust funds | *Poverty Reduction and Social Development* | ACP | 23,302,882 | - | - | - | - | - | - | 23,302,882 | - | 1.0% | 93.2% | SD |
| **Greater Great Lakes Demobilization and Reintegration** | Global/regional trust funds | Post conflict reconstruction and natural disaster relief | ACP | 20,275,873 | - | - | - | - | 10,313,479 | - | - | 9,962,394 | 0.9% | 94.1% | MD |
| **Pilot Program to Preserve the Brazilian Rain Forest** | Global/regional trust funds | Environment and sustainable agriculture | ALA | 18,696,528 | 6,424,916 | 1,274,788 | 2,592,994 | - | - | 8,403,829 | - | - | 0.8% | 94.9% | MD |
| **Vietnam Third Poverty Reduction Support Credit program (PRSC3)** | Country trust funds | *Poverty Reduction and Social Development* | ALA | 15,284,676 | - | - | - | - | - | - | 15,284,676 | - | 0.7% | 95.5% | not retrieved |
| **Demobilization and Reintegration Program** | Global/regional trust funds | Post conflict reconstruction and natural disaster relief | ACP | 9,954,114 | - | - | - | 9,954,114 | - | - | - | - | 0.4% | 96.0% | MD |
| **EU Health Programme for East Timor** | Country trust funds | *Health and Humain Development* | ALA | 8,630,750 | - | - | - | - | - | 8,630,750 | - | - | 0.4% | 96.3% | SD |
| **Grenada - Post Ivan School Rehabilitation** | Country trust funds | *Post conflict reconstruction and natural disaster relief* | ACP | 8,348,648 | - | - | - | - | - | - | - | 8,348,648 | 0.4% | 96.7% | MD |
| **Angola-EC Socio Economic Reintegration Assistance to Vulnerable Groups** | Country trust funds | *Poverty Reduction and Social Development* | ACP | 6,770,123 | - | - | - | - | - | - | - | 6,770,123 | 0.3% | 97.0% | SD |
| **IFC Technical Assistance Trust Fund Program** | Global/regional trust funds | *Other World Bank Group Institution* | To be determined | 5,641,660 | - | - | - | - | 5,641,660 | - | - | - | 0.2% | 97.2% | not retrieved |
| **Republic of Congo-Capacity Building Support** | Country trust funds | *Capacity building and Technical advisory Services* | ACP | 5,521,153 | - | - | - | - | 5,521,153 | - | - | - | 0.2% | 97.5% | SD |
| **Mediterranean Environmental Technical Assistance Programme** | Global/regional trust funds | *Environment and sustainable agriculture* | MEDA | 5,403,606 | - | 401,992 | - | 2,613,702 | - | 1,875,192 | - | 512,720 | 0.2% | 97.7% | not retrieved |
| **Indonesia - NTB River Basin Water Resource Based Poverty Alleviation (NTB Wrap)** | Country trust funds | *Environment and sustainable agriculture* | ALA | 4,449,426 | - | - | - | - | - | - | - | 4,449,426 | 0.2% | 97.9% | SD |
| **Yemen Social Fund Development (SFD)III** | Country trust funds | *Poverty Reduction and Social Development* | Yemen | 4,188,644 | - | - | - | - | - | - | 4,188,644 | - | 0.2% | 98.1% | SD |
| **Sub-Saharan Africa Transport Policy Program (SSATP)** | Global/regional trust funds | Private sector and infrastructure developement | ACP | 4,121,226 | - | - | - | - | - | 4,121,226 | - | - | 0.2% | 98.3% | MD |
| **Ecuador Poverty Reduction and Local Rural development** | Country trust funds | *Poverty Reduction and Social Development* | ALA | 3,952,138 | - | - | - | - | - | - | - | 3,952,138 | 0.2% | 98.4% | SD |
| **Nile Basin Initiative** | Global/regional trust funds | Private sector and infrastructure developement | ACP | 3,465,353 | - | - | - | - | - | - | - | 3,465,353 | 0.2% | 98.6% | MD |
| **IFC Private Enterprise Partnership** | Global/regional trust funds | *Other World Bank Group Institution* | TACIS | 2,958,786 | - | - | - | - | - | - | 541,603 | 2,417,184 | 0.1% | 98.7% | SD |
| **Forest Law Enforcement and Governance** | Global/regional trust funds | Environment and sustainable agriculture | Global | 2,136,275 | - | - | - | - | - | 380,740 | 1,755,535 | - | 0.1% | 98.8% | MD |
| **Public-Private Infrastructure Development In MENA** | Global/regional trust funds | *Private sector and infrastructure developement* | MEDA | 2,110,307 | 194,900 | 381,360 | 323,883 | 401,595 | 414,356 | 394,213 | - | - | 0.1% | 98.9% | not retrieved |
| **Consultative Group to Assist the Poorest** | Global/regional trust funds | Financial sector strenthening and crisis management | Global | 2,052,468 | - | - | - | - | - | - | 653,574 | 1,398,894 | 0.1% | 99.0% | MD |
| **MNA - Regional Initiative for Dryland Management** | Global/regional trust funds | *Environment and sustainable agriculture* | MEDA | 2,011,518 | - | - | - | - | - | 1,410,440 | - | 601,078 | 0.1% | 99.1% | MD |
| **Timor Leste Health Sector** | Country trust funds | *Health and Humain Development* | ALA | 1,959,287 | - | - | - | - | - | - | - | 1,959,287 | 0.1% | 99.2% | SD |
| **Mozambique Enterprise Development Project** | Country trust funds | *Private sector and infrastructure developement* | ACP | 1,835,788 | - | - | - | - | 1,835,788 | - | - | - | 0.1% | 99.2% | SD |
| **Public Expenditure & Financial Accountability (PEFA)** | Global/regional trust funds | *Capacity building and Technical advisory Services* | To be determined | 1,761,878 | - | - | - | 845,870 | - | 120,621 | 795,386 | - | 0.1% | 99.3% | SD |
| **ACP/EU Commodities Risk Management TF** | Global/regional trust funds | *Private sector and infrastructure developement* | ACP | 1,681,978 | - | - | - | 881,313 | 800,665 | - | - | - | 0.1% | 99.4% | not retrieved |
| **Ukraine - Black Sea Umbrella Crimea coastal zone management** | Country trust funds | *Environment and sustainable agriculture* | TACIS | 1,459,021 | - | - | - | - | - | - | - | 1,459,021 | 0.1% | 99.5% | SD |

| WB title of trust funds | Type of trust funds | Sectors | Regions | Total payments recieved by the WBG from the Commission budget/EDF from 1999 to 2005 (in Euro) | Payments received by the WBG from the Commission budget/EDF per WB fiscal year (in Euro) | | | | | | | | Distribution of the payments received by the WBG from the Commission budget/EDF by trust funds | Cumulative sum | Multi / single donor trust funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 30 June 1999 | 30 June 2000 (in Euro) | 30 June 2001 (in Euro) | 30 June 2002 (in Euro) | 30 June 2003 (in Euro) | 30 June 2004 (in Euro) | 30 June 2005 (in Euro) | 31 December 2005 (in Euro) | | | |
| **World Bank Institute** | Global/regional trust funds | Capacity building and Technical advisory Services | To be determined | 1,147,355 | 200,694 | 229,128 | 194,058 | 523,475 | - | - | - | - | 0.0% | 99.5% | not retrieved |
| **InfoDev** | Global/regional trust funds | Private sector and infrastructure developement | To be determined | 972,365 | - | - | - | - | - | 972,365 | - | - | 0.0% | 99.6% | MD |
| **China-Energy Conservation Project** | Country trust funds | *Private sector and infrastructure developement* | ALA | 795,833 | 795,833 | - | - | - | - | - | - | - | 0.0% | 99.6% | not retrieved |
| **KCP-Investment Climate and Trade and Integration TF** | Global/regional trust funds | Capacity building and Technical advisory Services | To be determined | 771,502 | - | - | - | - | - | 137,392 | 132,672 | 501,438 | 0.0% | 99.6% | MD |
| **Vietnam Multi Donor Public Finance Modernisation** | Country trust funds | *Financial sector strenthening and crisis management* | ALA | 770,884 | - | - | - | - | - | - | - | 770,884 | 0.0% | 99.7% | MD |
| **Trade Poverty and Environment** | Global/regional trust funds | *Environment and sustainable agriculture* | Global | 732,625 | - | - | - | - | - | 732,625 | - | - | 0.0% | 99.7% | MD |
| **Tacis Program for Joint EC/World Bank Office** | Global/regional trust funds | *Private sector and infrastructure developement* | TACIS | 636,288 | - | - | - | 294,679 | 341,609 | - | - | - | 0.0% | 99.7% | SD |
| **Tonga Cyclone Emergency Recovery and Management Project** | Country trust funds | *Post conflict reconstruction and natural disaster relief* | ACP | 626,101 | - | - | - | - | 626,101 | - | - | - | 0.0% | 99.7% | not retrieved |
| **The Economics of an HIV/AIDS Vaccine in the Developing Countries** | Global/regional trust funds | *Health and Humain Development* | Global | 549,670 | - | - | 417,764 | 131,906 | - | - | - | - | 0.0% | 99.8% | not retrieved |
| **African Virtual University (AVU)** | Global/regional trust funds | *Capacity building and Technical advisory Services* | ACP | 523,297 | - | - | 523,297 | - | - | - | - | - | 0.0% | 99.8% | not retrieved |
| **Africa Water Resources Management Initiative (AWRMI)** | Global/regional trust funds | *Environment and sustainable agriculture* | ACP | 505,686 | - | 426,326 | - | 79,360 | - | - | - | - | 0.0% | 99.8% | not retrieved |
| **Public-Private Infrastructure Advisory Facility** | Global/regional trust funds | Private sector and infrastructure developement | Global | 489,202 | - | - | - | - | - | - | - | 489,202 | 0.0% | 99.8% | MD |
| **Vietnam Forest Sector Development** | Country trust funds | *Environment and sustainable agriculture* | ALA | 423,402 | - | - | - | - | - | - | - | 423,402 | 0.0% | 99.8% | SD |
| **IFC Foreign Investment Advisory Services (FIAS)** | Global/regional trust funds | *Other World Bank Group Institution* | TACIS | 416,816 | - | - | - | - | - | - | 416,816 | - | 0.0% | 99.9% | SD |
| **Global Coalition for Africa** | Global/regional trust funds | *Poverty Reduction and Social Development* | ACP | 376,099 | - | 402,268 | - 224,228 | 198,060 | - | - | - | - | 0.0% | 99.9% | not retrieved |
| **Managing The Environment Locally In Sub-Saharan Africa** | Global/regional trust funds | *Environment and sustainable agriculture* | ACP | 337,268 | 171,980 | 165,288 | - | - | - | - | - | - | 0.0% | 100% | not retrieved |
| **Trust Fund for 1993 SNA Revision -ISWGNA** | Global/regional trust funds | *Capacity building and Technical advisory Services* | To be determined | 298,299 | - | - | - | - | - | - | - | 298,299 | 0.0% | 100% | MD |
| **Pakistan-MSU For Social Action Program** | Country trust funds | *Poverty Reduction and Social Development* | ALA | 294,916 | 193,557 | 102,490 | - 1,132 | - | - | - | - | - | 0.0% | 100% | not retrieved |
| **Clean air initiative in sub-saharan african cities** | Global/regional trust funds | Environment and sustainable agriculture | ACP | 263,320 | - | - | - | - | - | 263,320 | - | - | 0.0% | 100% | SD |
| **Capacity building - competition and trade** | Global/regional trust funds | *Capacity building and Technical advisory Services* | To be determined | 259,248 | - | - | - | - | - | 259,248 | - | - | 0.0% | 100% | not retrieved |
| **EU Trade facilitation Negotiations Support** | Global/regional trust funds | *Private sector and infrastructure developement* | To be determined | 202,092 | - | - | - | - | - | - | - | 202,092 | 0.0% | 100% | SD |
| **Africa Stockpile Program** | Global/regional trust funds | Environment and sustainable agriculture | ACP | 194,873 | - | - | - | - | - | - | 194,873 | - | 0.0% | 100% | MD |
| **Land Market Liberalization and the Welfare of the Rural Poor** | Global/regional trust funds | *Environment and sustainable agriculture* | To be determined | 186,575 | - | - | 186,575 | - | - | - | - | - | 0.0% | 100% | not retrieved |
| **Private participation in mediterranean infrastructure-phase 2** | Global/regional trust funds | *Private sector and infrastructure developement* | MEDA | 178,875 | - | - | - | - | - | - | 178,875 | - | 0.0% | 100% | SD |
| **Madagascar Environment Program** | Country trust funds | *Environment and sustainable agriculture* | ACP | 147,000 | - | - | - | - | 147,000 | - | - | - | 0.0% | 100% | not retrieved |
| **Madagascar-EP2 - Donor Secretariat** | Country trust funds | *Capacity building and Technical advisory Services* | ACP | 128,364 | - | - | - | - | - | 128,364 | - | - | 0.0% | 100% | MD |
| **Study on appropriate pri systems to support smi's in meda region** | Global/regional trust funds | *Private sector and infrastructure developement* | MEDA | 97,448 | - | - | - | - | - | 97,448 | - | - | 0.0% | 100% | not retrieved |
| **Corporate Social Responsibility in Europe Central Asia** | Global/regional trust funds | *Private sector and infrastructure developement* | Tacis | 80,415 | - | - | - | - | - | - | 80,415 | - | 0.0% | 100% | SD |
| **Algeria-Agricultural Sector Adjustment Loan** | Country trust funds | *Capacity building and Technical advisory Services* | MEDA | 19,166 | - | 19,166 | - | - | - | - | - | - | 0.0% | 100% | not retrieved |
| **Environmental Action Plan for Gulf of Aquaba** | Global/regional trust funds | *Environment and sustainable agriculture* | MEDA | 16,289 | - | 16,289 | - | - | - | - | - | - | 0.0% | 100% | not retrieved |
| | | | **Total** | **2,306,064,397** | 7,981,881 | 10,739,056 | 374,851,964 | 382,368,266 | 409,418,985 | 541,240,050 | 254,230,778 | 325,233,416 | | | |