

**COMMISSION OF THE EUROPEAN COMMUNITIES**

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**REPORT ON EIB OPERATIONS  
OUTSIDE THE COMMUNITY**

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## INTRODUCTION

On (25 February 1991) the Ecofin Council decided to extend the Community guarantee for EIB operations in Poland and Hungary to operations in the CSFR, Bulgaria and Romania. The discussions in the Council revealed that it was considered desirable to have a general discussion about the EIB's role outside the Community. To this end, the Council made the following declaration:

*The Council has noted the Commission's willingness to prepare, in conjunction with the EIB, an overall report on the external role of the EIB and in particular on the possible extension of the Bank's activities to the various third countries or regions which do not yet benefit from them and with which the Community has concluded co-operation agreements. This report will be submitted to the General Affairs and ECOFIN Councils in March 1991.*

*The Council undertakes to examine the report carefully, together with any suggestions it may receive either from the Commission and the EIB or from the delegations.*

*The Council states that this decision in no way prejudices the future activities of the EIB in the various parts of the world.*

The present report is the follow-up to this request from the Council to the Commission and has been drafted by the Commission services with close co-operation of the services of the EIB for the factual part of the text. However, the Board of Directors of the Bank not having had an opportunity to pronounce on this matter, the EIB is not yet in a position to comment on the conclusions of the report.

The report starts by considering the operations of the EIB outside the Community thus far. In the second part some elements that should be taken into account in considering extension of these activities are discussed. The annexes provide more detailed information about the different operations of the Bank outside the Community so far, as well as some useful statistical information.

### I. EIB OPERATIONS OUTSIDE THE COMMUNITY

#### A. General framework

Article 18 of the Statute of the European Investment Bank reads:

"(1) Within the framework of the task set out in Article 130 of this Treaty (i.e. Treaty of Rome), the Bank shall grant loans to its members or to private or public undertakings for investment projects to be carried out in the European territories of Member States, to the extent that funds are not available from other sources on reasonable terms.

However, by way of derogation authorised by the Board of Governors, acting unanimously on a proposal from the Board of Directors, the Bank may grant loans for investment projects to be carried out, in whole or in part, outside the European territories of Member States."

B. HOW THE EIB OPERATES OUTSIDE THE COMMUNITY

1. Individual authorisations

The Board of Governors has, on several occasions, authorised the Bank to carry out specific investment projects outside the Community on a case-by-case basis. These projects supported mainly investment in energy and communications. The table below lists all the projects outside the Community, and individually authorized under Article 18 of the Statute of the EIB.

Table 1

Individual authorizations under Article 18 of the Statutes of the EIB			
Year	Project name	Brief Description	Loans (MECU)
1973	Gaz de France IV	Gas pipelines	19.80
	Tag I	Gas pipelines	23.51
1974	Ekofisk	Production and exploitation of oil	18.41
1977	Tag II	Gas pipelines	4.71
	Frigg gas field II A	Production and exploitation of natural gas	8.82
	Frigg gas field II B	Production and exploitation of natural gas	35.28
1979	Zilliergrundi A	Hydroelectric power station	39.39
1980	Zilliergrundi B	Hydroelectric power station	33.60
	Metanol Ital-Algeria III A	Gas pipelines	17.28
1981	Metanol Ital-Algeria III B	Gas pipelines	22.76
1986	Eutelsat A	Satellites and stations	75.00
1987	Tag III/ENI	Gas pipelines	52.04
	Tag III/ENI	Gas pipelines	56.65
1988	Eutelsat B	Satellites and stations	100.00
	Inmarsat Maritime Satellites	Satellites and stations	184.98
1989	Eutelsat C	Satellites and stations	75.00
	Cable & Wireless PTATIA	International telephone cables	90.48
1990	Cable & Wireless PTATIB	International telephone cables	82.86
	Deminex Snor Vesle Oil Fields	Production and exploitation of oil	28.60
	Deminex Snor Vesle Oil Fields B	Production and exploitation of oil	22.88
	Deminex Snor Vesle Oil Fields	Production and exploitation of oil	19.31
	Deminex Snor Vesle Oil Fields B	Production and exploitation of oil	19.00
	Inmarsat Maritime Satellites compl	Satellites and stations	52.51
Total			1082.85

The energy projects were financed on the grounds of improving supplies to the European Community. Examples of these are: the development of the Frigg and Ekofisk gas fields and the Veslefrikk oil field in the Norwegian sector of the North sea, and the construction of pipelines in Austria and Tunisia bringing natural gas supplies from the Soviet Union and Algeria into the Community gas grid.

Projects supporting communications include : the purchase, launching and operation of new generation satellites by EUTELSAT (European Telecommunications Satellite Organisation, Paris) and INMARSAT (International Maritime Satellite Organisation, London) and a Transatlantic optical fibre cable link between the Community and the United States and the Caribbean.

The common characteristics of these operations are:

- a. the main reason for them seems to be that these projects all provide a direct and clearly identifiable economic benefit to the Community, contributing to the realisation of Community policy objectives
- b. the projects tend to have a strong (physical) link with Community territory;
- c. the projects tend to be located on the periphery of the Community;

The scale of these operations is increasing; since 1988 the number of projects and the amounts involved has risen considerably : an annual average of 36 Mecu\$ during 1981-1983, more than 225 Mecu\$ 1988-1990 (see chart 1). Individual authorisations under Article 18 of sole interest to European operators and which are assimilated to operations in the Community are not considered any further in this report.

## 2. Global authorisations : ACP, Mediterranean, Eastern Europe

The bulk of EIB operations outside the Community are based on global authorisations by the Board of Governors. These were given in response to specific invitations from the Council of the EC to the Bank, in order to provide loans as part of Community cooperation with third countries. Mention should also be made of those countries (for example Greece, Portugal and Spain) which received pre-adhesion aid with a view to their becoming member states of the Community.

Reasons to enable loan finance from the EIB are:

- a) Loans are, usually but not always, a complement to other more concessional forms of Community assistance and can be combined with grant aid (which can take the form, for example, of interest-rate subsidies);
- b) Loans have a potentially important leverage effect on investment at normally limited budget cost, even if they may create latent liabilities on the budgets of Member States and/or the Community;
- c) Loan finance imposes a certain discipline on the borrower, encouraging careful project appraisal and monitoring of costs and benefits.

The five main characteristics of these operations are:

- a. the authorisations are for set periods and amounts, which are generally laid down in agreements negotiated between the Community and individual countries or groups of countries<sup>(1)</sup>;
- b. as far as the EIB's own resources are concerned, the amounts foreseen (ceilings) are for projects to be financed according to the EIB's normal lending criteria as defined in its Statute;
- c. the Bank always benefits from a partial or full guarantee from the Community or its Member States;
- d. the EIB loans (out of own resources) are generally part of packages which may also include concessional funds drawn from the budgetary resources of the Community and the Member States;
- e. because of c and d, each of these authorisations has involved a specific invitation from the Council to the Bank to make the loans available.

Thus far, global authorisations have been given for EIB operations in the ACP countries, the Mediterranean countries and the Central and East European countries (see annexes 1, 2 and 3 for more details).

- The EIB loans to the (now 69) ACP countries and the Overseas countries and Territories find their origin in the initial provisions made in 1958 (see Part Four of the Treaty and Annex IV to the Treaty), for the colonies and territories of Member States (Belgium, France, Italy and the Netherlands) mainly in Africa. As the colonies subsequently became independent, the provisions relating to EIB loans were adapted and over time extended to benefit more countries, culminating in the now relevant fourth Lomé Convention. EIB finance is only one part of Community assistance, the other being the resources from European Development Fund (EDF). The EIB acts also as agent for operations of a different nature carried out on behalf of the Community. Those operations are not discussed in this report. Under a five year protocol attached to the fourth Lomé Convention, which comes into force in 1991, the Bank is to lend up to 1200 MECU from its own resources and manage 825 MECU as risk capital in the 69 ACP countries. The Member States act as guarantor for the Bank. This guarantee is restricted to 75% of the total amount of the credits opened by the Bank under all the loans contracts; it applies to cover all risks.

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(1) Although the financial protocols (containing EIB loans) for the ACP-countries and the Mediterranean countries are negotiated between the Commission and the beneficiary countries (and by the member states in the case of the Lomé Convention), the EIB is closely involved in the process. As far as EIB operations are concerned, it is of course the Bank's Board of Governors which authorizes the Bank to extend loans under Article 18 of the Statute.

- The loans to 12 Mediterranean countries (336 MECU - 1990) are also governed by financial protocols attached to cooperation or association agreements aimed at fostering close relations between the Community and these neighbouring countries and enhancing economic growth and political stability. The Community provides the EIB with a blanket guarantee of 75%. In the context of the decisions taken concerning the renewal of the agreements with these countries for the period 1991-1996 it has been decided that the EIB should be able to intervene outside the context of the financial protocols. It will concern projects in which the Community has a common interest<sup>(1)</sup> and regional projects which benefit several countries.
- In the light of the recent economic and political reconstruction of Central and Eastern Europe and the Community cooperation policy with these countries, the Governors authorised the Bank to make loans (up to 1.700 MECU) available to Poland, Hungary, Czechoslovakia, Romania and Bulgaria, backed by a full guarantee from the Community Budget. Although these loans are not included in a financial protocol framework, they are nevertheless closely linked to the Community's programme of assistance to these countries (Phare).

In conclusion one can say that the EIB loans which are made available under global authorisations, are part and parcel of a wider Community development policy. Furthermore, the loans given to projects in countries proximate to the EC (Mediterranean and Central Europe), could be considered to be of more direct economic significance to the Community.

### 3. Participation in other development Banks

A major innovation is the direct participation of the EIB (and indeed of the Community as such) in the share capital of the newly created European Bank for Reconstruction and Development. Through this participation the Community can ensure its presence and enhance the European character of this Bank and give expression to the responsibility it feels in an indirect way.

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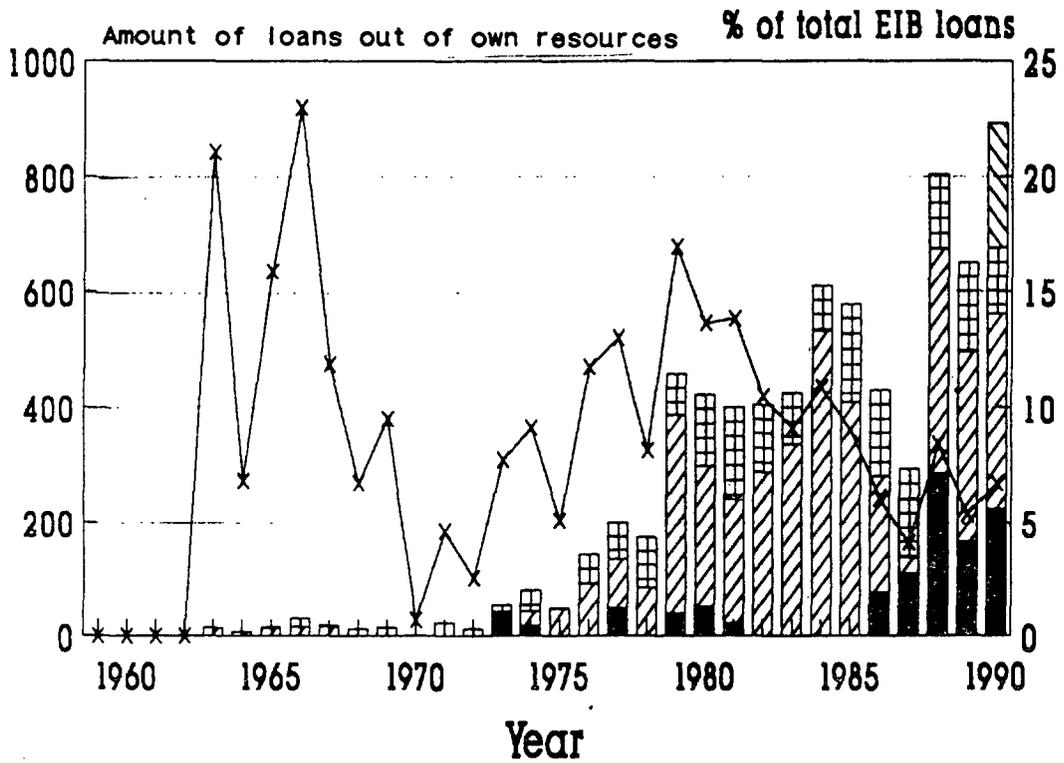
(1) Special mention is made in the proposals of interconnecting and/or strengthening infrastructure between the Community and Mediterranean countries in the fields of energy, transport, telecommunications and environment.

**C. HISTORICAL ANALYSIS**

1. An overview of the development of EIB operations (out of own resources) outside the Community as discussed in the preceding paragraphs is given in the chart below and table 3.

**Chart 1**

**EIB OPERATIONS OUTSIDE THE COMMUNITY  
out of own resources in mecu**



specific projects   
  Mediterranean   
  ACP/OCT  
 Eastern Europe   
 \* % of total EIB loans

2. A few comments are appropriate on this development:

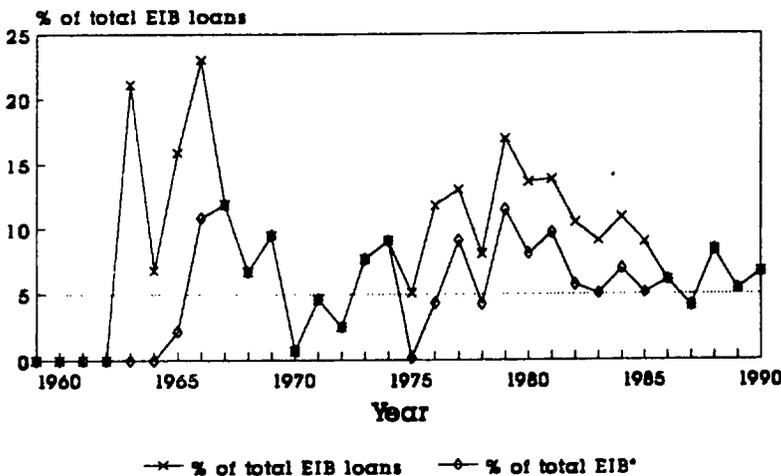
a. the first EIB operations outside the Community were directed towards the Mediterranean, mainly to Greece.

- b. of the total EIB loans given to projects in the Mediterranean, as at 31.12.1985, Greece, Spain and Portugal, before their respective accession to the Community (in 1981 and 1986), accounted for 58%;
- c. so far, 66% of all the EIB operations out of own resources and under global authorizations (thus excluding the typical art.18 projects) in third countries have been of benefit to the Mediterranean countries;
- d. the relative scale of EIB operations (as % of the total activity on own resources) outside the Community has fluctuated over the years; the wild fluctuations in the 60s were mainly the result of the Bank's low overall activity; in the 70s the relative importance of these operations grew as the Community's cooperation with notably the Mediterranean countries developed; finally, due to a large increase in EIB operations within the Community, the relative weight has dropped over the last decade;
- e. the importance of the specific EIB projects under individual authorizations is increasing, almost 80% of loans were signed since 1986;
- f. in 1990 the first loans were signed for projects in Eastern Europe (of which 120 MECU for Hungary and 95 MECU for Poland).

The Chart below shows the relative importance of operations outside EC-12 when adjustment is made for EIB operations in the now Community members Spain, Portugal and Greece.

Chart 2

### EIB operations outside the Community on own resources

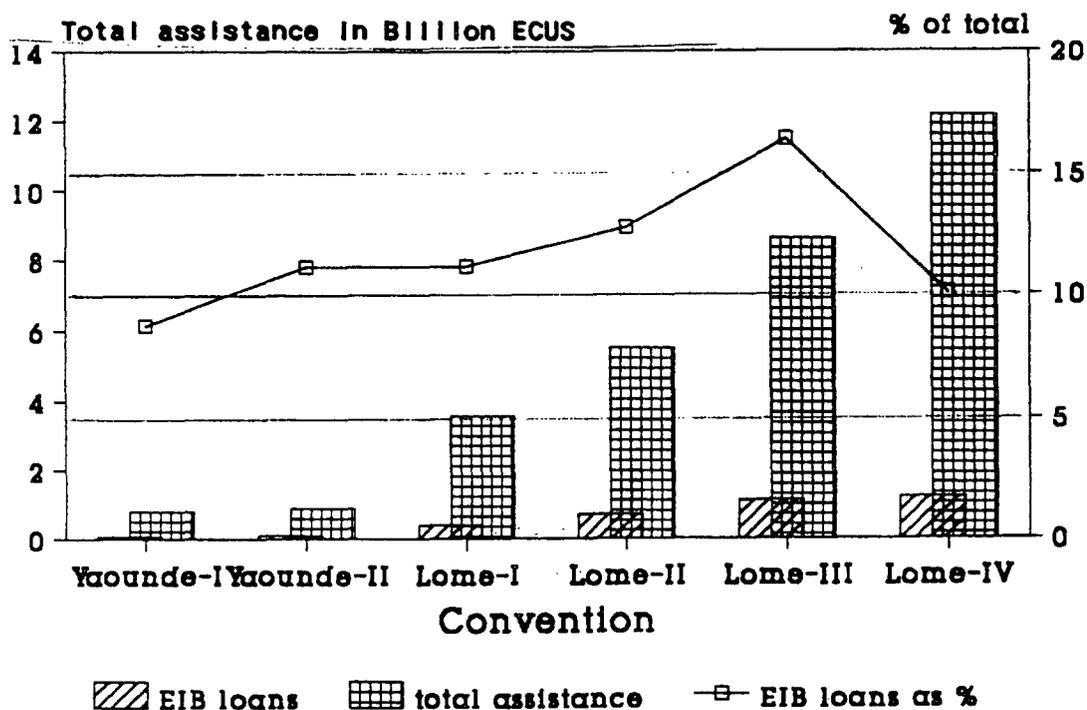


\*without Greece, Spain and Portugal

Under the latest (Lomé IV) Convention the relative importance of EIB loans (maximum authorized within the total financial assistance) has declined as can be seen in chart 2. This reflects the difficult economic situation in a number of these countries, resulting in less bankable projects. At the end of 1990 loan finance of up to only 709.2 MECU out of a possible 1120 MECU had been signed leaving an important balance of EIB finance still available under Lomé III.

chart 3

EIB OPERATIONS IN ACP COUNTRIES AND OCT



3. As can be seen in the table below, the number of ACP countries and OCT benefiting from Community assistance, and thus also EIB loans, has increased considerably over the years. The first convention (Yaoundé I) related to 18 countries and 12 OCT's, whereas at the moment (under Lomé IV) 69 countries and 18 OCT's are concerned. Altogether, the number of countries covered by EIB operations, in the framework of global operations, is 101 (69 ACP, 18 OCT 12 Mediterranean, 2 Eastern Europe).

Table 2

EIB operations in ACP COUNTRIES and OCT						
Convention	Yaoundé-I	Yaoundé-II	Lomé-I	Lomé-II	Lomé-III	Lomé-IV
EIB loans (MECU) <sup>1</sup> (*)	70 (51)	100 (95)	400 (379)	700 <sup>2</sup> (612)	1120(709)	1225
Total financial assistance	800	997	3580	5479	8620	12165
EIB operations as % of total	8.75	10.03	11.17	12.78	12.99	10.07
Number of ACP countries + OCT	18+12	19+12	46+33	57+20	66+18	69+18
Years	1964	1971	1975	1981	1985	1989

(\*) Loans signed.

<sup>1</sup> Maximum authorized. Between brackets, the amount of loans signed.

<sup>2</sup> Plus potentially 200 MECU for energy and mining investments of common interest to the ACP countries and the Community.

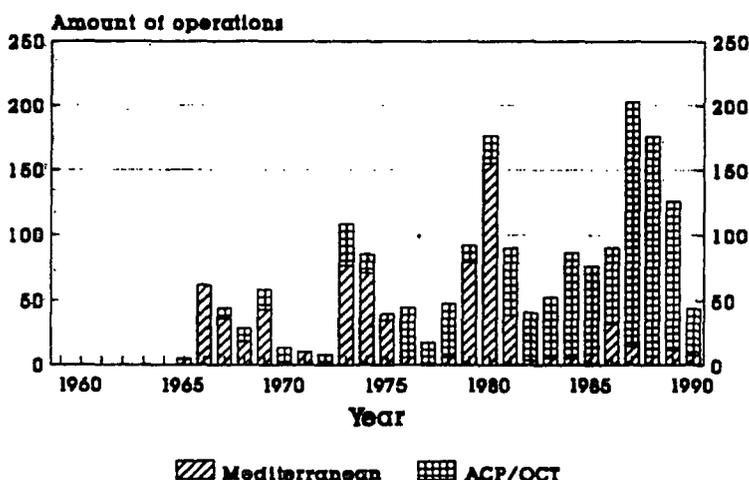
4. The geographical spread of the EIB's external operations - under global authorizations - has followed the development policy of the EEC as well as political priorities. In the first Yaoundé convention, only the former African colonies of Belgium, Italy and France and the Dutch Antilles were eligible for the EIB loans; in the Lomé Conventions, when a majority of the Commonwealth developing countries were included (India and Pakistan were left outside) other countries of black Africa were also admitted. This eligibility was later on extended to other countries of the Pacific and the Caribbean Ocean.

At the beginning of 1990, EIB's new external operations were targeted at Eastern Europe. When the Council decision (Febr. 1991) is implemented, Asia and Latin America will remain - within the LDC's - the main areas outside the scope of Bank's activities.

With regard to the financial instruments, the EIB, from its own resources, only gives loans (conventional or global) in its external activities. Those loans are associated with interest rate subsidies for the use of ACP countries. As agent, the EIB carries out other kinds of financial operations, such as risk capital, both in the Mediterranean (excluding Yugoslavia, Turkey and Israel) and in several ACP countries. (See Chart 4 below).

Chart 4

**EIB operations outside the Community**  
Special Section in MECU



risk capital and special loans

5. On the basis of the political decisions already taken (Lomé IV; renewal of Mediterranean protocols; decisions concerning Central and Eastern Europe), it can be foreseen that during the period '91-'95 loans on own resources outside the Community as a percentage of total lending operations inside the Community could grow in importance. From the present level of 5.2 % the relative share of the external operations vis-à-vis total lending could reach about 8% in 1992 and 1993.

1. OWN RESOURCES

LOANS OUTSIDE THE COMMUNITY SIGNED BY THE EIB FROM 1959 TO 1990 (million ecu) ON THE BASIS OF GLOBAL AUTHORIZATIONS (UNDER CONVENTIONS, PROTOCOLS OR PROGRAMMES) OR INDIVIDUAL AUTHORIZATIONS OF THE BOARD OF GOVERNORS PURSUANT TO ARTICLE 18 OF THE STATUTE													
ANNEE	EASTERN EUROPE	MEDITER-RANEAN	of which Greece Spain Portugal accession	of which other countries	AASM APC-OCT	of which Yaoundé 1	of which Yaoundé 2	of which Lomé 1	of which Lomé 2	of which Lomé 3	INDIVIDUAL AUTHORIZATION CLASSIFIED AS OPERAT. WITHIN THE COMMUNITY (**)(4)	TOTAL EXTERNAL LENDING (1) A (4)	TOTAL EIB ACTIVITY OWN RESOURCES
	(1)	(2)			(3)								
1959													34.1
1960													25.5
1961													86.5
1962													66.4
1963		15.0	15.0									15.0	71.2
1964		8.0	8.0									8.0	118.3
1965		13.8	13.8		2.2	2.2						16.0	100.9
1966		16.5	16.5		14.7	14.7						31.2	135.4
1967		15.9	15.9		4.1	4.1						20.0	168.2
1968					12.4	12.4						12.4	184.9
1969					15.5	15.5						15.5	263.4
1970					2.3	2.3						2.3	340.8
1971					22.5		22.5					22.5	491.5
1972					12.8		12.8					12.8	518.8
1973					10.9		10.9				43.3	54.2	707.7
1974		25.0		25.0	36.0		36.0				18.4	79.5	875.7
1975		47.2	47.2		1.8		1.8					48.9	966.5
1976		90.0	90.0		52.4		10.9	41.5				142.4	1207.9
1977		85.0	60.0	25.0	67.0			67.0			48.8	200.8	1542.8
1978		83.0	55.0	28.0	90.0			90.9				173.9	2140.4
1979		347.7	150.0	197.7	73.2			73.2			39.4	460.3	2702.1
1980		247.0	171.0	76.0	124.4			124.4			50.9	422.3	3109.8
1981		219.5	119.0	100.5	158.4				158.4		22.8	400.7	2901.7
1982		288.0	185.0	103.0	117.2				117.2			605.2	3851.2
1983		336.0	190.0	146.0	90.0				90.0			426.0	4669.5
1984		531.6	220.0	311.6	79.1				79.1			610.7	5617.7
1985		409.6	260.0	149.6	167.8				167.8			577.4	6218.1
1986		205.8		205.8	150.7					150.7	75.0	431.5	7034.6
1987		27.7		27.7	156.8					156.8	108.7	293.1	7151.6
1988		391.0		391.0	129.1					129.1	285.0	805.1	9549.0
1989		330.8		330.8	155.1					155.1	165.5	651.4	11992.5
1990	215.0	336.5		336.5	117.5					117.5	225.1	894.1	13325.9
TOTAL	215.0 (*)	4070.6	1616.4	2454.2	1864.4	51.1	95.0	397.0	612.5	709.2	1082.8	7233.2	88170.5

(\*) of which Hungary : ECU 120 million  
of which Poland : ECU 95 million

(\*\*) see annexed list.

## II. POINTS RELEVANT IN CONSIDERING EIB OPERATIONS OUTSIDE THE COMMUNITY

When an extension of the EIB operations outside the EEC has to be considered, some points should, as in the past, be borne in mind. It is necessary to take into account, firstly, the role the Bank must play, according to the Treaty, within the EEC and secondly, the technical and financial constraints to which the EIB, as a credit institution, is subject. The financial constraints of the Community linked to the guarantees that would be necessary should also be taken into consideration. Finally, certain elements of an administrative or institutional nature should also be considered.

### A. The EIB, a Community Bank

The Bank's primary statutory responsibility is to the financing of investments within the Community. Article 130 of the Treaty of Rome calls on it to finance projects on Community territory to develop less developed regions; projects necessary to the progressive establishment of the common market; and projects of common interest to several Member States.

The demand for EIB loans within the Community has grown very rapidly during the past few years and the prospects are for further substantial increases in demand to meet priority Community objectives:

- In the field of regional development, which is the Bank's main priority (nearly two-thirds of loans granted in 1990) the Bank will be called upon to play a growing rôle in support of the Community's commitment to economic and social cohesion, both alongside and in conjunction with the Community's Structural Funds.
- the Bank is already contributing substantially to the financing of environmental investment (1.7 billion ECU in 1989) and the needs are increasing rapidly.
- the proper functioning of the Internal Market will require massive investments in transeuropean communications networks - major infrastructure projects in the fields of transport, telecommunications and energy. The Bank has been closely associated with the development of a Community strategy in this field in which it can be expected to play a leading financing rôle. It already has considerable experience (EUROTUNNEL is the most vivid example);
- a substantial EIB contribution will also continue to be required to help promote the competitiveness of European industry through investment projects in particular in support of SMEs, including those applying new technologies. Currently 35% of the Bank's lending within the Community goes to the industrial sector, nearly half of it in the form of global loans to SMEs. The needs are growing.

These four objectives are at the centre of the Bank's agenda for the 1990s. They reflect key Community investment priorities in the framework of the completion of the Internal Market as well as the needs arising from progress towards EMU as outlined in the Commission's document on EMU of 21.8.90 (SEC(90) 1659 final).

#### B. Financial aspects: capital guarantees

The EIB is a financial institution whose credit rating and status in the financial markets depend on the soundness of its financial structure and the efficiency of its staff and its operations. The Bank's triple A rating is proof that its financial soundness is beyond doubt and should be guarded jealously.

1. According to the EIB Statute, its loan and guarantee activity may not exceed 2.5 times its subscribed capital. For this reason, its capital has been increased several times, in the past, in proportion to the increase in loan activity. Concerning its paid-in capital, the Bank's reserves were, on the last occasion, used to back its loan activity, but fresh capital from the Member States was also called upon.

It is obvious, therefore, that this statutory capital requirement is the first point of a financial nature to be taken into account for a decision on an extension, if substantial, of EIB loans outside the EEC.

2. The EIB requires guarantees for its operations outside the Community. Up until now, these guarantees have been provided by either the Community or the Member States. If EIB operations outside the Community were to be extended considerably, the guarantees to be provided by the Community budget might also have to be reconsidered.

It is evident that there are limits to the capacity of the General Budget to provide guarantees to the EIB. (The total of outstanding loans guaranteed by the General Budget amounted to 10.6 billion Ecu on 31.12.90). The financial position of several actual and potential beneficiary countries does not give the impression that a guarantee for their liabilities to the EIB would just be a pro forma obligation for the Community budget.<sup>(1)</sup> In fact the Community Budget guarantee has already been called upon for an amount of more than 30 million ECU for defaults on EIB loans in Syria and the Lebanon.

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(1) Obviously, under the hypothesis that Member States would supply guarantees for EIB new external loans (as is the case in the ACP conventions), the budgetary problems for the Community mentioned above would not exist.

C. Administrative and Institutional aspects

1. A number of administrative consequences have to be considered as well. In terms of number of staff, the Bank is a relatively small institution (with as a consequence a high turnover per head). The Bank is therefore not yet fully prepared to scrutinise and control directly a large number of promoters and projects. This is already the case for operations within the Community and has led in the past to the creation of the global loan system.

This argument has also to be considered in the case of a new future development of its operations outside the Community. Already, the costs, in terms of staff, of operations outside the EEC are higher than those within the EEC.

In order to overcome these problems, the EIB could, as is normally the case, take advantage of existing local financial intermediaries, when possible or necessary.

On the other hand, it is obvious that such a problem would only become relevant if the increase in that external activity was very substantial. The previous extensions of EIB loans did not create major problems in this field.

2. Finally, with regard to EIB policy in relation to other international financial institutions, it should be noted that in general, with the exception of the IMF and the World Bank, international financial institutions<sup>(1)</sup> each focus on different regions in the world with their specific needs and circumstances. The obvious reason for this is that they are thus able to attain the highest possible effectiveness and efficiency.

Politically it seems evident that the "European" mark of Community aid would be much more "visible" if, as it is the case in the ACP countries, it were channelled through the EIB rather than through other international institutions. Moreover, given the close relations between the EIB and other Community institutions, the coherence of the European assistance might be better assured. But both the "European" mark and the coherence might be improved by having a Community representation in existing international institutions during the process towards EMU.

In any future extension of its external activities, the EIB should ensure close cooperation and coordination with existing international institutions (the same question arises between the EBRD and the EIB in Eastern Europe).

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(1) Asian Development Bank, African Development Bank, Inter-American Bank, the European Bank for Reconstruction and Development.

### III. CONCLUSIONS

1. The EIB, in its external activities, is both an instrument for providing loan finance at favourable terms and a symbol of the Community's presence in the world. For this reason, it has been and will be the external and cooperation policy (in general) which the Community decides to develop in the years ahead which will largely determine the scale and the geographical spread of the Bank's activities outside the Community, in the light of past support and experience.
2. The first part of this report has shown that the EIB activity outside the Community has been guided by two major considerations :
  - the direct economic interest of Community countries and the realisation of Community policy objectives;
  - complementarity to other Community measures of cooperation with third countries.

In the first case, many of the investments have been geographically close or physically linked to the territory of the Community. In the second case, historical and political links have had a major influence on the geographical spread of operations.

3. The second part of this report argues that certain points would, as in the past, have to be taken into account if it were decided to expand further EIB loans outside the Community.
  - (i) Considering the EIB's available resources, the proportion (in relation to the balance sheet total) of the EIB's non-Community loans will depend on the level of lending which will be needed for it to attain its Intra-Community objectives. Nevertheless it should be noted that the current relative level of EIB external interventions is lower than in the past.
  - (ii) The EIB is a financial institution, and as such, it is subject to technical constraints, fixed in its Statutes. A considerable expansion of its external activity could have implications for its capital base.
  - (iii) The Bank requires guarantees for operations outside the Community. Up until now those guarantees have been provided by either the Community or the Member States. The financial position of several actual and potential beneficiary countries does not give the impression that a guarantee for their liabilities would just be a pro forma obligation. If the Bank became more active outside the Community, the guarantee issue would have to be addressed. Obviously, the Bank's triple A rating must not suffer as a result.

- (iv) The question of efficiency also has to be considered. The EIB is well equipped for its present activities. An extension of its geographical commitment will need adaptation in the working methods and organisation.
- (v) There is already a network of very varied international credit institutions, the prime task of which is to finance the development of third countries. The relationship between the activities of the EIB and those of the other institutions in the field will have to be taken into consideration.
- (vi) It is always possible for the EIB using its usual criteria to finance investments on an ad hoc basis, outside the Community under Article 18 of its Statute.

Annex 1

1. FINANCING IN THE ACP COUNTRIES

Development cooperation between the Community and developing countries, involving the European Investment Bank, dates back to the first Yaoundé Convention which came into effect in 1964. Not counting the fourth Lomé Convention, which has been signed but has yet to be ratified, there have been five conventions providing grant aid and concessionary loans (including risk capital managed by the EIB) from the European Development Fund (EDF) as well as loans from the Bank's own resources (essentially funds raised on the capital market) : Yaoundé I (1963-1968) and Yaoundé II (1969-1974), and Lomé I (1975-1979), Lomé II (1980-1984), and Lomé III (1985-1990).

Each of these conventions was supplemented by a separate decision of the Council of the European Communities making development funds available for the Overseas Countries and Territories (up to and including Lomé I : Overseas Countries, Territories and Departments) with historical ties to EC Member States. The amounts below refer only to loans from the EIB's own resources and include both the maximum of such loans laid down by the conventions and by the special Council decisions.

The Yaoundé Conventions were signed by 18 African countries. The first Convention offered a financial package of ECU 800 million of which up to ECU 50 million in EIB loans (Official Journal N° L 93, 11 June 1964). A 3% interest subsidy was available for these loans with a maturity of up to 25 years, to be paid out of the EDF.

The Second Yaoundé Convention offered ECU 1 billion in financial assistance of which up to ECU 90 million in EIB loans (Official Journal N° L 282, 28 December 1970). For a maximum maturity of 25 years interest rate subsidies were provided from EDF resources to reduce the interest charged to the beneficiary to less than 3%, with the proviso that interest on loans granted to intermediary institutions for on-lending would not be below 2%.

The First Lomé Convention was signed by 46 countries in Africa, the Caribbean and the Pacific, and joined by 13 more while in force. It provided for ECU 3.498 million in financial assistance, of which up to ECU 390 million in EIB loans (Official Journal N° L 25, 30 January 1976). As a general rule, the loans carried a 3% interest subsidy, which, however, was automatically adjusted so that the actual rate borne by the borrower would be neither less than 5% nor more than 8%. Again the interest rate subsidies were charged against the EDF. The Convention stipulated that EIB loans would not be for longer than 25 years. Excluded from the 3% interest subsidy were investment projects in the oil sector, wherever located, or in the mining sector, unless they were located in the least developed countries listed in the Convention.

The Second Lomé Convention numbered 57 signatories. Community financial assistance increased to ECU 5.394 million of which up to ECU 685 million in EIB loans (plus, potentially, ECU 200 million for energy and mining investments of common interest to the ACP countries and the Community). The interest subsidy provisions were the same as for Lomé I, the sole investments now excluded from interest subsidies being projects in the oil sector (Official Journal N° L 347, 22 December 1980; for OCTs : Official Journal N° L 361, 31 December 1980).

The Third Lomé Convention, signed by 66 African, Caribbean and Pacific States, provides for a total of 8.500 million ecus in financial assistance of which up to 1.100 million in EIB loans. Interest rate subsidies are the same as for Lomé II (Official Journal N° L 86, 31 March 1986; for OCTs : Official Journal N° L 175, 1 July 1986).

The Fourth Lomé Convention was signed on 15 December 1989 between the Member States and the European Community on one side and on the other by the 66 African, Caribbean and Pacific (ACP) States which were signatories of the previous Convention : these were joined by two newcomers, Haiti and the Dominican Republic. Provision was also made for the accession of Namibia once the country became independent. While previous Conventions were concluded for five years, Lomé IV will cover a period of 10 years and is accompanied by a first Financial Protocol spanning the first five years. It will enter into force as soon as ratification procedures have been completed by the EEC countries and two thirds of the ACP States, probably in the second half of 1991; during the transitional period, operations continue under the framework and within the agreed financing ceilings of the Third Lomé Convention.

Before looking at the broad lines of prospective EIB activity under Lomé IV it might be useful to consider some of the basic background facts about the EIB's role in the implementation of the Community's development aid policy. The finance provided by the Bank is of two kinds : loans from own resources, essentially the proceeds of borrowings on the capital markets, and risk capital drawn from the European Development Fund (EDF) financed by EEC Member States' budgetary contributions.

Loans from the Bank's own resources are used principally for financing viable projects in countries whose economic and financial situation is such that they can shoulder the debt involved and ensure that service payments are maintained. Under Lomé IV all loans from the EIB's own resources will attract an interest rate subsidy from the grant aid laid down under the Convention.

Risk capital, a form of financing first used by the Bank in the framework of the Second Yaoundé Convention (1969-74), is particularly well suited to the difficult financial situation and economic conditions prevailing in many ACP countries. Loans from risk capital can be made on concessionary conditions distinct from those applying on loans from the EIB's own resources, which

are raised on the international capital markets, and provide an opportunity to fund operations which it would be inappropriate to finance from borrowed funds. They give the Bank greater flexibility in its financing operations as they are often utilised alongside loans from the Bank's own resources for different components of a project's financing plan so that the overall terms and conditions are more favourable and thus better suited to investment in the ACP environment. This type of assistance has gone from strength to strength with each successive convention, the amounts set aside for such operations having been increased and the terms and conditions developed and fine-tuned. Risk capital may be deployed either for funding equity participations or as quasi-capital. Acting in the name of the Community, the EIB may subscribe equity in the capital of companies or development banks in the ACP countries. The holding must be a minority, acquired on a temporary basis for sale at the appropriate time, preferably to nationals of, or institutions based in the ACP countries in question. Quasi-capital may take the form either of subordinated loans, repayment of which is subject to the prior fulfilment of other debt obligations, or, more frequently, of conditional loans, whose terms of repayment and interest rates are linked to the extent to which financial or technical targets agreed during negotiations of the loan are achieved. Risk capital may also be used for financing feasibility studies and, in some cases, other pre-investment or start up expenditure.

There is a clear division of responsibility between the two institutions that administer Community aid, the European Commission and the EIB. It is the Bank that has primary responsibility for financing long-term investment projects in the industrial sector (including agro-industrial ventures), mining, tourism and energy schemes. Revenue-generating infrastructure projects such as ports, telecommunications and water supply, are also eligible for EIB financing.

In the industrial sector the EIB provides individual loans for larger projects and finances small and medium-sized ventures indirectly through global loans to development banks or other financial intermediaries. The choice and appraisal of projects to be financed is handled by the intermediaries but the EIB has to approve each allocation on the basis of detailed documents provided by them. In many ACP countries the development banks are the sole institutions providing long-term finance and foreign exchange for project investment.

The aggregate amount of financial aid provided for has been raised from ECU 8.5 billion under Lomé III to ECU 12 billion for the first five year protocol of Lomé IV. Of this amount, ECU 10.8 billion, including ECU 825 million of risk capital to be managed by the EIB (compared with ECU 600 million under Lomé III) will be drawn from the European Development Fund (EDF), while up to ECU 1.2 billion will be provided in the form of loans from the Bank's own resources. As under previous conventions, the Commission is thus responsible for administering the majority of the EDF funds. Under the Fourth Lomé Convention, all the assistance from EDF resources

administered by the Commission will be non-reimbursable. For loans from risk capital, the rate of interest should be less than 3% while provision has been made for the exchange risk to be shared between the Community and the other parties concerned. The interest rate subsidy for loans from the Bank's own resources has been increased from 3% under Lomé III to 4% under the new Convention. Furthermore the Convention stipulates that the interest rate borne by the borrower should not normally be less than 3% or more than 6% (compared with 5% to 8% under Lomé III). This finance will thus be on more concessionary terms. For the first five year protocol of the new Convention ECU 280 million from the EDF have been earmarked for interest rate subsidies.

The Bank will again participate with the Commission in the programming exercise, characterised by a dialogue with the ACP States on their development objectives and priorities, and designed to achieve the optimal utilisation of the financial resources of the Convention. As shown in the table below the degree of concessionality of the resources administered by the EIB has increased over time, due to the growing proportions of risk capital.

	LOME I		LOME II		LOME III		LOME IV <sup>(*)</sup>	
	(□ ecu)(%)		(□ ecu)(%)		(□ ecu)(%)		(□ ecu)(%)	
Own resources	390	80	685	71	1 100	65	1 200	59
Risk capital	96	20	274	29	600	35	825	41
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Total loan assistance	486	100	959	100	1 700	100	2 025	100

Furthermore under Lomé IV the concessionality has been increased by a higher interest subsidy.

In order to respond to the economic and financial crisis besetting numerous ACP States, funds for structural adjustment support administered by the Commission have been included in the new Convention, in order to complement long-term development measures.

Furthermore, the Convention places greater emphasis on the private sector and its role in promoting the growth and diversification of the ACP States' economies.

Building on past experience, the Fourth Lomé Convention entrusts the Bank with largely the same spheres of activity and emphasises not only new project financing, but rehabilitation

(\*) for the first 5-year period 1991-1995.

schemes as well. The Convention underscores the need for restoring the capacity of economically viable enterprises and for maintaining productive assets. As part of the focus on the private sector and small and medium-sized enterprises, restructuring and rehabilitating of ACP development finance institutions, which have been adversely affected by the economic difficulties experienced by many ACP countries and particularly by large fluctuations in exchange rates, is foreseen.

As stated above, productive projects and programmes in industry, agricultural processing, tourism, mining, energy and - where they are related to the aforementioned sectors - water, transport and telecommunications infrastructures will continue to be financed first and foremost through loans from the EIB. However, to ensure that a substantial portion of risk capital is devoted to investment in the private sector and especially to supporting small and medium-sized enterprises (SMEs), the scope for applying this already highly flexible instrument has been broadened still further and for the first time, the EIB may use European development finance institutions as intermediaries for channelling assistance to SMEs in the ACP countries.

In conclusion, the Fourth Lomé Convention largely confirms the thrust of the previous Conventions and implies no major changes as far as the European Investment Bank is concerned. Nevertheless, it is significant that under Lomé IV, the EIB will be the sole Community institution providing reimbursable finance. Under the new Convention the EIB faces challenges that will require an imaginative response and a particular mix of financial assistance to satisfy a much more varied range of project proposals from the ACP states, many of which wish to accord greater importance to the role of the private sector in their economies.

Annex 2

FINANCING IN THE MEDITERRANEAN COUNTRIES

EIB lending in this area takes place in the framework of financial protocols, which normally run for five years, and form part of Cooperation or Association Agreements between the European Community and the countries concerned. Financial cooperation comprises loans from the EIB's own resources as well as from Community risk capital resources (managed by the EIB) and, in most cases, grant aid. In the past loans on special conditions (managed by the EIB or the Commission) were also a feature.

Agreements in which loan finance is supplemented by grant aid have been concluded with nine of the twelve Mediterranean countries in which the Bank operates : the Maghreb countries (Algeria, Morocco, Tunisia), the Mashreq (Egypt, Jordan, Lebanon, Syria), Cyprus and Malta. When negotiating the protocols, these nine countries can choose to use part of the grant aid for interest subsidies on EIB loans. Grant aid has not been envisaged for Israel and Yugoslavia and, in the case of Turkey, only the last protocol, which negotiated in the early eighties but has not yet been signed, makes grant aid available. Consequently, a decision on how the grant aid will be used has not been taken. In those cases where interest subsidies could and have been opted for, they are specified in the protocol. At times, the protocols have indicated that investment in the oil sector is not eligible for such subsidies. (References to the Official Journal only relate to the last protocols signed.)

The Maghreb

There have been three successive protocols with each of the Maghreb countries since 1978, the ones now in force covering the years 1988 to 1991. In the case of Algeria they provided for a total of ECU 360 million in loans. The first two protocols foresaw 2% interest subsidies. Algeria decided not to use the subsidy option under the present protocol (Official Journal N° L 22, 27 January 1988). For Morocco the protocols have provided for loans totalling ECU 297 million. Under the first two protocols 2% interest subsidies were available; the present protocol does not include subsidies (Official Journal N° L 224, 13 August 1988). The protocols for Tunisia have provided for a total of ECU 250 million in loans. All three protocols include 2% interest subsidies (Official Journal N° L 22, 27 January 1988).

The Mashreq

As with the Maghreb countries, financial cooperation with the Mashreq countries has been governed by three successive protocols covering the years from 1978 to 1991. In Egypt the protocols have provided for loans totalling ECU 482 million. The first as well as the present third protocol (Official Journal N° L 22, 27 January 1988) provided for 2% subsidies, the second for 3%. In Jordan the protocols have

provided for a total of ECU 118 million in loans. In all three protocols 2% interest subsidies were specified (same Official Journal). For Lebanon three financial protocols and two emergency aid packages have provided a total of ECU 177 million in loans (same Official Journal). No grant aid was available in the emergency aid packages and only the first financial protocol (1978-1981) included 2% interest subsidies. In the case of Syria, two protocols provided for a loan total of ECU 98 million between 1978 and 1986. The first protocol specified a 2% interest subsidy, the second 3% (Official Journal N° L 337, 29 November 1982). Negotiations on a third protocol have been suspended.

Financial cooperation between Cyprus and the EC is laid down in three protocols providing for loans totalling ECU 92 million over the years 1979 to 1993. The first and the second protocols specified interest subsidies of 2% maximum; the third protocol, now in force, includes subsidies of 1.5%. (Official Journal N° C 53, 5 March 1989.)

EIB lending in Malta is covered by three protocols providing for a total of ECU 55 million in loans in the period 1978 to 1993. The first protocol provided for 2% interest subsidies, no such subsidies were envisaged in the second, while the present, third protocol provides for 1.5% (Official Journal N° L 180, 27 June 1989).

Annex 3

FINANCING IN CENTRAL AND EASTERN EUROPE

LENDING IN POLAND AND HUNGARY

On 9 October 1989, the Council of the European Communities invited the European Investment Bank to initiate the necessary procedures for the financing of investment projects in Poland and Hungary in accordance with its normal lending criteria. This request followed on from the decision taken by the Council on 3 October to implement a Community programme designed to assist those countries in establishing market-oriented economies.

On 29 November, the EIB's Board of Governors approved lending of up to ECU 1 billion for such projects in these two countries under Article 18 of the EIB's Statute which allows the Governors, acting unanimously on a proposal from the Board of Directors, to authorise the Bank to grant loans for projects outside the Community. On 12 February 1990, the Council decided to provide a full guarantee under the General Budget of the European Communities in respect of loans made available by the EIB in Poland and Hungary.

Contacts already established with the International Monetary Fund, the World Bank and the Commission of the European Communities should ensure rapid implementation of initial operations in the infrastructure sector in support of co-ordinated projects complying with the commitments entered into by both countries in relation to the IMF.

The European Investment Bank has begun operations in Poland and Hungary with loans to help modernise Hungarian electricity distribution and the Polish railways. A ECU 15 million loan has been advanced to the Hungarian Electric Works Trust (Magyar Villamos Muvek Troszt) to modernise loan management facilities and introduce a ripple control system for the national grid. A second loan may be advanced for a further phase of the scheme to bring EIB finance to ECU 35 million.

The investment enables a more rational use of energy and will be of benefit to the environment by allowing the retirement of obsolete and polluting generating plant and the more efficient use of remaining capacity.

Part of the loan is also for a feasibility study on the benefits of interconnecting the Hungarian and West European power grids to improve efficiency, security and stability of supplies and energy exchanges. The power sector supplies 30% of Hungary's energy requirements, playing an important role in the context of the country's implementation of economic reform.

The first phase of a programme to modernise the Polish State railway (PKP - Polskie Koleje Panstwowe) is being supported with ECU 20 million. The EIB's funds go towards three electric locomotive workshops at Minsk Mazowiecki near Warsaw, Olenica near Wroclaw and Gliwice near Katowice, and a railway wagon repair shop at Bydgoszcz. Repair of colliery wagons will also benefit the environment by reducing substantial losses of coal dust from wagons and contamination of track during coal haulage.

The Polish economy is particularly heavily dependent on the railways, which form the backbone of the transport sector, with a high demand for freight, especially from the heavy manufacturing and mining industries. The railways carry about 70% (some 120 billion ton-kilometres) of the country's freight and about 1 billion passengers (30% of total passenger traffic) a year. The PKP transports approximately as much freight as the French and German railways combined. Restructuring and improvement of PKP will yield significant economic benefits.

Having laid the basis of a framework for future activity and established the necessary relationships and contacts with interested public and private sector enterprises, the EIB expects shortly to finalise other loans for investment projects in the two countries. The orientation of its lending will be in the priority areas of energy and communications as well as for private sector initiatives, particularly joint-ventures with EC companies. Emphasis is being given to investment that helps to improve and protect the environment. Possible projects in the pipeline in both countries include telecommunications schemes, oil and gas development, the promotion of small and medium-sized private sector industry ventures through global loans to be implemented in cooperation with Polish and Hungarian financial intermediaries, as well as the financing of larger industrial investment.

#### Participation in the European Bank for Reconstruction and Development

Under the consensus reached in April 1990 on establishment of the EBRD, the EIB as well as the European Economic Community are founder members of this institution; the EIB has subscribed 3% of the EBRD's capital and appoints one Director and one Alternate. There are also plans for the EIB to provide specific assistance for the EBRD to start its operations.

The Agreement establishing the EBRD will have to be ratified by the participant States, while the EIB's participation will be covered by a decision of its Board of Governors.

#### Operations in the former German Democratic Republic

Following the request formulated by the Council of the European Communities on the basis of the guidelines handed down by the European Council (Dublin, 28 April 1990), the EIB will be invited to finance investment in the German Democratic Republic in accordance with its usual criteria.

## TABLES

## Financing provided outside the Community in 1989

	(million ecus)						
	Total	EIB own resources	Budgetary resources	Sector			
				Energy	Infra-structure	Individual loans	Global loans
				Industry, Agriculture, Services			
<b>Mediterranean</b>	<b>342.8</b>	<b>330.8</b>	<b>12.0</b>	<b>97.3</b>	<b>168.5</b>	<b>28.0</b>	<b>49.0</b>
Algeria	73.0	73.0	—	—	73.0	—	—
Morocco	39.0	30.0	9.0	30.0	—	—	9.0
Tunisia	17.0	17.0	—	—	—	—	17.0
Egypt	130.3	127.3	3.0	67.3	35.0	28.0	—
Jordan	2.5	2.5	—	—	2.5	—	—
Israel	23.0	23.0	—	—	—	—	23.0
Yugoslavia	58.0	58.0	—	—	58.0	—	—
<b>ACP—OCT</b>	<b>269.1</b>	<b>155.1</b>	<b>114.0</b>	<b>10.0</b>	<b>104.8</b>	<b>101.6</b>	<b>52.7</b>
Africa	193.4	97.5	95.9	10.0	71.3	100.9	11.2
Caribbean	44.4	31.0	13.4	—	17.5	0.4	26.5
Pacific	21.3	21.0	0.3	—	13.0	0.3	8.0
OCT	10.0	5.6	4.4	—	3.0	—	7.0
<b>Total</b>	<b>611.9</b>	<b>485.9</b>	<b>126.0</b>	<b>107.3</b>	<b>273.3</b>	<b>129.6</b>	<b>101.7</b>

## Amounts of Community financial aid provided for in conventions, financial protocols and decisions in force or under negotiation at 1 May 1990

Agreement	Duration	Loans from own resources (1)	Operations mounted from budgetary resources			Total	
			Risk capital operations (2)	Grant aid (3)	Loans on special conditions		
<b>Mediterranean Countries</b>							
Yugoslavia	Second Financial Protocol	1988—1991	550	—	—	550	
Turkey	Fourth Financial Protocol	awaiting signature	225	—	50	325 (2)	
Algeria	Third Financial Protocols	1988—1991	183	4	52	—	239
Morocco			151	11	162	—	324
Tunisia			131	6	87	—	224
Egypt			249	11	189	—	449
Jordan	Third Financial Protocols	1988—1991	63	2	35	—	100
Lebanon			53	1	19	—	73
Israel	Third Financial Protocol	1988—1991	63	—	—	—	63
Malta	Third Financial Protocol	1988—1993	23	2.5	12.5	—	38
Cyprus	Third Financial Protocol	1988—1993	44	5	13	—	62
Lebanon	Exceptional Aid		50	—	—	—	50
<b>ACP States-OCT</b>							
ACP	Third Lomé Convention (*)	1986—1990	1 100	600	4 860	600 (4)	7 160
	Fourth Lomé Convention (*)	1990—1995	1 200	825	9 975	—	12 000
OCT	Council Decision	1986—1990	20	15	55	25 (4)	115
	Council Decision	1990—1995	25	140	—	—	165

(1) Loans attracting interest subsidies from the European Development Fund in the case of projects in the ACP States and the OCT and from the General Budget of the European Communities in the case of projects in certain Mediterranean countries. Amounts required for interest subsidies are financed from grant aid.

(2) Financing granted and managed by the Bank.

(3) Aid granted and managed by the Commission.

(4) Loans granted and managed by the Commission.

(5) Excluding transfers from STABEX, the fund for the stabilisation of export earnings for the ACP States and the OCT, and from SYSMIN, the special financing facility for mining products in the ACP States; financing granted by the Commission.

(6) The Financial Protocol for the Fourth Lomé Convention, concluded for a ten-year period, only covers the first five years. The 1 500 million in STABEX appropriations and the 1 150 million for structural adjustment are included under grant aid.

FOURTH LOME CONVENTION:  
FINANCIAL PROTOCOL 1991-1995

Managed by the Commission of the European Communities:

(from EDF resources)	(million ecus)
Grants	7 715
<i>of which - grants for national and regional programmes</i>	6 215
<i>- structural adjustment</i>	1 150
<i>- emergency/refugee aid</i>	350
STABEX (grants for the stabilisation of export earnings)	1 500
SYSMIN (grants for special financing facility for mining products)	480
TOTAL	9 695

Managed by the European Investment Bank:

Loans from the EIB's own resources (ceiling amount)	1 200
Risk capital from EDF resources	825
Interest subsidies from EDF resources	280
Total	2 305
GRAND TOTAL	12 000

- X II -

**Financing provided from 1976 to 1989 in the ACP States under the Lomé Conventions and in the OCT**

Geographical breakdown

	(million ecus)								
	Total financing			From EIB own resources			From budgetary resources		
	Total	Lomé I + II	Lomé III	Total	Lomé I + II	Lomé III	Total	Lomé I + II	Lomé III
<b>AFRICA</b>	<b>2 059.04</b>	<b>1 136.24</b>	<b>922.8</b>	<b>1 259.6</b>	<b>812.5</b>	<b>447.1</b>	<b>799.44</b>	<b>323.74</b>	<b>475.7</b>
<i>West Africa</i>	833.5	461.2	372.3	534.7	348.6	186.1	298.8	112.6	186.2
Nigeria	208.0	90.0	118.0	208.0	90.0	118.0	—	—	—
Côte-d'Ivoire	145.1	104.0	41.1	139.7	98.6	41.1	5.4	5.4	—
Ghana	71.3	34.3	37.0	33.0	16.0	17.0	38.3	18.3	20.0
Senegal	70.5	46.7	23.8	33.0	33.0	—	37.5	13.7	23.8
Regional	49.8	16.8	33.0	15.0	5.0	10.0	34.8	11.8	23.0
Mauritania	48.5	32.0	16.5	25.0	25.0	—	23.5	7.0	16.5
Togo	37.8	28.5	9.3	20.7	20.7	—	17.1	7.8	9.3
Guinea	37.7	15.1	22.6	11.9	11.9	—	25.8	3.2	22.6
Burkina Faso	33.7	23.2	10.5	8.0	8.0	—	25.7	15.2	10.5
Benin	31.8	18.3	13.5	13.5	13.5	—	18.3	4.8	13.5
Niger	31.2	16.9	14.3	16.0	16.0	—	15.2	0.9	14.3
Mali	30.3	9.8	20.5	—	—	—	30.3	9.8	20.5
Liberia	14.0	14.0	—	10.9	10.9	—	3.1	3.1	—
Cape Verde	8.4	5.4	3.0	—	—	—	8.4	5.4	3.0
The Gambia	8.1	2.4	5.7	—	—	—	8.1	2.4	5.7
Guinea-Bissau	7.3	3.8	3.5	—	—	—	7.3	3.8	3.5
<i>Central &amp; Equatorial Africa</i>	390.54	260.54	130.0	246.0	191.0	55.0	144.54	69.54	75.0
Cameroon	133.3	133.3	—	128.3	128.3	—	5.0	5.0	—
Zaire	76.2	26.2	50.0	50.0	—	50.0	26.2	26.2	—
Congo	57.9	31.9	26.0	28.1	28.1	—	29.8	3.8	26.0
Gabon	34.5	34.5	—	32.0	32.0	—	2.5	2.5	—
Burundi	20.7	8.7	12.0	—	—	—	20.7	8.7	12.0
Chad	17.7	9.5	8.2	—	—	—	17.7	9.5	8.2
Rwanda	17.7	5.7	12.0	—	—	—	17.7	5.7	12.0
Central African Republic	15.1	5.1	10.0	—	—	—	15.1	5.1	10.0
Regional	9.3	3.6	5.7	7.6	2.6	5.0	1.7	1.0	0.7
Equatorial Guinea	6.0	2.0	4.0	—	—	—	6.0	2.0	4.0
São Tomé and Príncipe	2.14	0.04	2.1	—	—	—	2.14	0.04	2.1
<i>East Africa</i>	359.1	182.7	176.4	179.4	102.9	76.5	179.7	79.8	99.9
Kenya	177.4	100.9	76.5	166.9	97.9	69.0	10.5	3.0	7.5
Ethiopia	44.0	13.0	31.0	—	—	—	44.0	13.0	31.0
Tanzania	42.2	23.7	18.5	5.0	5.0	—	37.2	18.7	18.5
The Sudan	38.5	16.5	22.0	—	—	—	38.5	16.5	22.0
Somalia	25.2	9.8	15.4	—	—	—	25.2	9.8	15.4
Uganda	12.3	10.3	2.0	—	—	—	12.3	10.3	2.0
Seychelles	7.6	4.6	3.0	1.5	—	1.5	6.1	4.6	1.5
Regional	6.5	0.5	6.0	6.0	—	6.0	0.5	0.5	—
Djibouti	5.4	3.4	2.0	—	—	—	5.4	3.4	2.0
<i>Southern Africa</i>	460.9	231.8	229.1	299.5	170.0	129.5	161.4	61.8	99.6
Zimbabwe	102.4	40.4	62.0	97.0	35.0	62.0	5.4	5.4	—
Zambia	70.6	47.4	23.2	42.0	42.0	—	28.6	5.4	23.2
Botswana	66.3	37.3	29.0	59.5	35.5	24.0	6.8	1.8	5.0
Malawi	60.5	39.0	21.5	31.5	22.0	9.5	29.0	17.0	12.0
Mauritius	51.5	17.0	34.5	44.5	16.5	28.0	7.0	0.5	6.5
Madagascar	48.6	24.2	24.4	—	—	—	48.6	24.2	24.4
Swaziland	33.2	20.2	13.0	25.0	19.0	6.0	8.2	1.2	7.0
Lesotho	12.6	6.1	6.5	—	—	—	12.6	6.1	6.5
Mozambique	9.0	—	9.0	—	—	—	9.0	—	9.0
Angola	4.0	—	4.0	—	—	—	4.0	—	4.0
Comoros	2.2	0.2	2.0	—	—	—	2.2	0.2	2.0
<i>Multiregional project</i>	15.0	—	15.0	—	—	—	15.0	—	15.0
<b>CARIBBEAN</b>	<b>196.6</b>	<b>92.9</b>	<b>103.7</b>	<b>143.5</b>	<b>68.1</b>	<b>75.4</b>	<b>53.1</b>	<b>24.8</b>	<b>28.3</b>
Trinidad and Tobago	56.9	42.0	14.9	54.0	42.0	12.0	2.9	—	2.9
Jamaica	40.3	9.0	31.3	35.3	4.0	31.3	5.0	5.0	—
Barbados	21.1	17.1	4.0	20.1	17.1	3.0	1.0	—	1.0
Bahamas	17.7	0.1	17.6	17.6	—	17.6	0.1	0.1	—
Guyana	11.2	7.2	4.0	—	—	—	11.2	7.2	4.0
Saint Lucia	9.2	1.2	8.0	6.0	—	6.0	3.2	1.2	2.0
St Vincent & Grenadines	8.8	3.0	5.8	3.0	—	3.0	5.8	3.0	2.8
Suriname	7.3	4.3	3.0	—	—	—	7.3	4.3	3.0
Belize	6.1	2.6	3.5	4.5	2.0	2.5	1.6	0.6	1.0
Grenada	5.2	2.4	2.8	—	—	—	5.2	2.4	2.8
Regional	5.0	3.0	2.0	3.0	3.0	—	2.0	—	2.0
Dominica	4.8	1.0	3.8	—	—	—	4.8	1.0	3.8
St Christopher & Nevis	1.5	—	1.5	—	—	—	1.5	—	1.5
Antigua	1.5	—	—	—	—	—	1.5	—	1.5
<b>PACIFIC</b>	<b>203.7</b>	<b>139.7</b>	<b>64.0</b>	<b>160.4</b>	<b>108.9</b>	<b>53.5</b>	<b>43.3</b>	<b>32.8</b>	<b>10.5</b>
Papua New Guinea	103.1	70.6	32.5	83.9	54.9	29.0	19.2	15.7	3.5
Fiji	83.5	60.0	23.5	74.5	52.0	22.5	9.0	8.0	1.0
Western Samoa	7.5	3.3	4.2	—	—	—	7.5	3.3	4.2
Tonga	6.1	2.3	3.8	2.0	—	2.0	4.1	2.3	1.8
Vanuatu	3.0	3.0	—	—	—	—	3.0	3.0	—
Kiribati	0.2	0.2	—	—	—	—	0.2	0.2	—
Solomon Islands	0.2	0.2	—	—	—	—	0.2	0.2	—
Tuvalu	0.1	0.1	—	—	—	—	0.1	0.1	—
<b>Total: ACP States</b>	<b>2 459.34</b>	<b>1 368.84</b>	<b>1 020.5</b>	<b>1 563.5</b>	<b>987.5</b>	<b>576.0</b>	<b>665.84</b>	<b>381.34</b>	<b>514.5</b>

	Total financing			From EIB own resources			From budgetary resources		
	Total	Lomé I + II	Lomé III	Total	Lomé I + II	Lomé III	Total	Lomé I + II	Lomé III
<b>OCT</b>	<b>55.7</b>	<b>30.1</b>	<b>25.6</b>	<b>37.7</b>	<b>22.0</b>	<b>15.7</b>	<b>18.0</b>	<b>8.1</b>	<b>9.9</b>
French Polynesia	16.3	6.3	10.0	11.0	4.0	7.0	5.3	2.3	3.0
Netherlands Antilles	15.6	9.5	6.1	12.8	7.1	5.7	2.8	2.4	0.4
New Caledonia	11.0	8.0	3.0	7.0	7.0	—	4.0	1.0	3.0
British Virgin Islands	4.0	—	4.0	3.0	—	3.0	1.0	—	1.0
Cayman Islands	3.0	3.0	—	3.0	3.0	—	—	—	—
Anguilla	1.5	—	1.5	—	—	—	1.5	—	1.5
Montserrat	1.2	1.2	—	0.9	0.9	—	0.3	0.3	—
Regional — West Indies	1.0	1.0	—	—	—	—	1.0	1.0	—
St Christopher & Nevis	1.0	1.0	—	—	—	—	1.0	1.0	—
Aruba	1.0	—	1.0	—	—	—	1.0	—	1.0
Falkland Islands	0.1	0.1	—	—	—	—	0.1	0.1	—
<b>Grand Total</b>	<b>2 515.0</b>	<b>1 398.2</b>	<b>1 116.1</b>	<b>1 601.2</b>	<b>1 009.5</b>	<b>591.7</b>	<b>913.8</b>	<b>389.4</b>	<b>524.4</b>

Certain countries figure under both ACP-Caribbean and OCT, as their status has changed during the period covered.

### ACP States and OCT from 1976 to 1989

Financing provided and allocations from ongoing global loans

	Financing operations		Lomé III Global loan allocations		Financing operations		Lomé I + II Global loan allocations	
	million ecus	%	Number	million ecus	million ecus	%	Number	million ecus
	<b>Energy</b>	<b>204.8</b>	<b>18.3</b>	<b>1</b>	<b>0.3</b>	<b>378.5</b>	<b>27.1</b>	<b>7</b>
<b>Production</b>	<b>93.0</b>	<b>8.3</b>	<b>1</b>	<b>0.3</b>	<b>309.5</b>	<b>22.1</b>	<b>6</b>	<b>3.2</b>
Conventional thermal power stations	46.6	4.2	—	—	98.1	7.0	3	1.8
Hydroelectric power stations	46.4	4.2	1	0.3	169.9	12.1	2	0.3
Geothermal power stations	—	—	—	—	9.0	0.6	—	—
Oil and natural gas deposits	—	—	—	—	32.5	2.3	1	1.0
<b>Transmission and supply</b>	<b>111.8</b>	<b>10.0</b>	<b>—</b>	<b>—</b>	<b>69.0</b>	<b>4.9</b>	<b>1</b>	<b>0.6</b>
Electricity	98.8	8.9	—	—	69.0	4.9	—	—
Oil	13.0	1.2	—	—	—	—	1	0.6
<b>Infrastructure</b>	<b>293.5</b>	<b>26.3</b>	<b>1</b>	<b>0.1</b>	<b>121.9</b>	<b>8.7</b>	<b>2</b>	<b>1.6</b>
<b>Transport</b>	<b>62.7</b>	<b>5.6</b>	<b>1</b>	<b>0.1</b>	<b>27.2</b>	<b>1.9</b>	<b>1</b>	<b>0.6</b>
Railways	—	—	—	—	10.0	0.7	—	—
Shipping	46.2	4.1	1	0.1	17.2	1.2	1	0.6
Airlines	16.5	1.5	—	—	—	—	—	—
<b>Telecommunications</b>	<b>95.4</b>	<b>8.5</b>	<b>—</b>	<b>—</b>	<b>63.1</b>	<b>4.5</b>	<b>1</b>	<b>1.0</b>
<b>Water catchment, treatment, supply</b>	<b>135.4</b>	<b>12.1</b>	<b>—</b>	<b>—</b>	<b>31.6</b>	<b>2.3</b>	<b>—</b>	<b>—</b>
<b>Industry, agriculture, services</b>	<b>617.8</b>	<b>55.4</b>	<b>181</b>	<b>49.1</b>	<b>898.5</b>	<b>64.2</b>	<b>581</b>	<b>234.1</b>
<b>Industry</b>	<b>389.4</b>	<b>34.9</b>	<b>114</b>	<b>31.4</b>	<b>564.7</b>	<b>40.4</b>	<b>458</b>	<b>199.5</b>
Mining and quarrying	94.0	8.4	4	0.4	149.7	10.7	13	8.1
Metal production and semi-processing	13.0	1.2	—	—	31.5	2.3	9	4.0
Construction materials	13.6	1.2	9	1.7	59.3	4.2	17	8.4
Woodworking	4.5	0.4	6	2.5	25.2	1.8	36	12.9
Glass and ceramics	—	—	—	—	4.0	0.3	11	6.6
Chemicals	12.3	1.1	8	1.4	54.5	3.9	28	17.3
Metalworking and mechanical engineering	—	—	18	2.5	0.5	—	30	10.3
Transport equipment	—	—	8	1.6	7.3	0.5	14	5.7
Electrical engineering, electronics	—	—	4	0.6	—	—	12	5.6
Foodstuffs	134.2	12.0	22	7.8	165.3	11.8	122	52.7
Textiles and leather	67.8	6.1	15	7.8	42.9	3.1	66	22.6
Paper and pulp, printing	19.0	1.7	4	0.7	—	—	43	20.1
Rubber and plastics processing	2.0	0.2	8	2.5	24.6	1.8	46	22.8
Other manufacturing industries	—	—	1	0.1	—	—	8	1.9
Civil engineering — building	4.0	0.4	7	1.8	—	—	3	0.5
Support for industry	25.0	2.2	—	—	—	—	—	—
<b>Agriculture, forestry, fisheries</b>	<b>3.5</b>	<b>0.3</b>	<b>3</b>	<b>0.8</b>	<b>—</b>	<b>—</b>	<b>13</b>	<b>4.8</b>
<b>Services</b>	<b>12.5</b>	<b>1.1</b>	<b>64</b>	<b>16.9</b>	<b>42.4</b>	<b>3.0</b>	<b>99</b>	<b>25.7</b>
Tourism	4.5	0.4	50	13.8	19.3	1.4	67	21.3
Other services	8.0	0.7	14	3.1	23.1	1.7	32	4.4
<b>Global loans</b>	<b>201.4</b>	<b>18.0</b>	<b>—</b>	<b>—</b>	<b>268.0</b>	<b>19.2</b>	<b>—</b>	<b>—</b>
<b>Development banks</b>	<b>11.0</b>	<b>1.0</b>	<b>—</b>	<b>—</b>	<b>23.3</b>	<b>1.7</b>	<b>11</b>	<b>4.1</b>
<b>Total</b>	<b>1 116.1</b>	<b>100.0</b>	<b>183</b>	<b>49.5</b>	<b>1 398.9</b>	<b>100.0</b>	<b>590</b>	<b>239.5</b>

## Financing provided in the Mediterranean Countries from 1963 to 1989

## Geographical breakdown

	Total		EIB own resources	Budgetary resources
	million ecus	%	million ecus	million ecus
Turkey	734.2	25.8	115.0	619.2
Yugoslavia	578.0	20.3	578.0	—
Algeria	250.0	8.8	250.0	—
Morocco	254.0	8.9	226.0	28.0
Tunisia	212.5	7.5	175.0	37.5
Egypt	389.0	13.7	380.0	9.0
Jordan	98.8	3.5	90.5	8.3
Lebanon	40.0	1.4	40.0	—
Syria	97.6	3.4	94.1	3.5
Cyprus	58.0	2.0	48.0	10.0
Israel	93.0	3.3	93.0	—
Malta	40.0	1.4	32.0	8.0
<b>Total</b>	<b>2 845.1</b>	<b>100.0</b>	<b>2 121.6</b>	<b>723.5</b>

## Mediterranean Countries from 1963 to 1989

## Sectoral breakdown of financing provided and allocations from ongoing global loans

	Financing operations		Global loan allocations	
	million ecus	%	Number	million ecus
<b>Energy</b>	<b>872.2</b>	<b>30.7</b>	—	—
<b>Production</b>	<b>617.7</b>	<b>21.7</b>	—	—
Conventional thermal power stations	363.7	12.8	—	—
Hydroelectric power stations	226.0	7.9	—	—
Oil and natural gas deposits	28.0	1.0	—	—
<b>Electricity transmission and supply</b>	<b>254.6</b>	<b>8.9</b>	—	—
<b>Infrastructure</b>	<b>1 157.0</b>	<b>40.7</b>	<b>28</b>	<b>4.5</b>
<b>Transport</b>	<b>888.5</b>	<b>31.2</b>	<b>15</b>	<b>2.3</b>
Railways	212.2	7.5	—	—
Roads	529.2	18.6	15	2.3
Shipping	122.5	4.3	—	—
Airlines	24.7	0.9	—	—
<b>Telecommunications</b>	<b>13.0</b>	<b>0.5</b>	—	—
<b>Water catchment, treatment, supply</b>	<b>112.0</b>	<b>3.9</b>	—	—
<b>Other infrastructure</b>	<b>137.1</b>	<b>4.8</b>	<b>13</b>	<b>2.2</b>
Agricultural and forestry development	137.1	4.8	—	—
Composite and urban infrastructure	—	—	13	2.2
<b>Global loans</b>	<b>6.5</b>	<b>0.2</b>	—	—
<b>Industry, agriculture, services</b>	<b>815.9</b>	<b>28.7</b>	<b>2 024</b>	<b>384.3</b>
<b>Industry</b>	<b>229.4</b>	<b>8.1</b>	<b>461</b>	<b>288.6</b>
Mining and quarrying	—	—	9	6.3
Metal production and semi-processing	2.9	0.1	15	8.7
Construction materials	57.5	2.0	25	20.8
Woodworking	1.2	—	22	7.0
Glass and ceramics	3.3	0.1	13	15.9
Chemicals	37.9	1.3	45	36.2
Metalworking and mechanical engineering	—	—	60	44.6
Transport equipment	—	—	11	5.3
Electrical engineering, electronics	0.8	—	29	24.9
Foodstuffs	1.5	0.1	96	35.3
Textiles and leather	3.7	0.1	67	32.2
Paper and pulp, printing	77.7	2.7	23	14.3
Rubber and plastics processing	28.5	—	27	20.1
Other manufacturing industries	—	—	6	1.6
Civil engineering — building	14.5	0.5	13	15.4
<b>Agriculture, forestry, fisheries</b>	<b>52.1</b>	<b>1.8</b>	<b>1 481</b>	<b>73.6</b>
<b>Services</b>	<b>3.0</b>	<b>0.1</b>	<b>82</b>	<b>22.1</b>
Tourism	—	—	20	14.5
Other services	—	—	62	7.6
Waste recovery	3.0	0.1	—	—
<b>Global loans</b>	<b>531.3</b>	<b>18.7</b>	—	—
<b>Total</b>	<b>2 845.1</b>	<b>100.0</b>	<b>2 052</b>	<b>388.8</b>

Prospective operations outside the Community  
 - 1991-1996 -  
(Loans on own resources)  
 Position at 28/2/91

	<u>M Ecus</u>
<b>1. <u>ACP-OTC</u></b>	
1.1. <u>Lomé III - OTC</u> 1986-1990	60,0
Balance likely to be committed in 1991 before entry into force of Lomé IV	
- Decision of BG(*) of 04.12.1984	
Convention extended - Decision of BG of 01.02.1990	
1.2. <u>Lomé IV - OTC</u> 1991-1996	1 225,0
- Decision of BG of 14.03.1990	
<b>2. <u>Mediterranean</u></b>	
<b>A. <u>Protocols</u></b>	
2.1. <u>Maghreb-Mashrek-Israeli</u>	
1988-1991 - Balance 3rd Protocols to be committed (+ balance for Lebanon and re-affectation of 2nd Protocols)	478,0
- Decision of BG of 10.11.1981	
- Decision of BG of 30.06.1987	
1991-1996 - 4th Protocols - Letter from Council to be received	1 300,0
- Decision of BG expected in March/April 1991	
2.2. <u>Cyprus and Malta</u>	
1988-1993 - Balance 3rd Protocols to be committed	57,0
- Decision of BG of 14.04.1989	
1993-1996 - Hypothesis for 4th Protocols (3 years)	50,0
2.3. <u>Yugoslavia</u>	
1988-1991 - Balance 2nd Protocol	100,0
- Decision of BG of 07.09.1987	
1991-1996 - 3rd Protocol	730,0
- Letter from Council of 05.02.91	
- Decision of BG expected March/April 1991	
2.4. <u>Turkey</u>	
4th Protocol - Protocol from initialled	225,0
- Letter from Council to be received	
- Decision of BG to be obtained	
<b>B - <u>Hors Protocol</u></b>	
Operations "Hors Protocol" -Regional Cooperation of interest to the Community and Environment	1 800,0
1992-1996 - Ceiling non extendable after 1996	
- BG authorisation to be requested during 1991	
<b>3. <u>Eastern Europe</u></b>	
3.1. <u>Poland and Hungary</u>	
1990-1993 - Balance	785,0
- Decision of BG of 29.11.1989	
3.2. <u>Czechoslovakia-Bulgaria-Romania</u>	
- Letter from Council of 28.2.91	
- Decision of BG expected March/April 1991	700,0
<b><u>TOTAL</u></b>	<b><u>7 510,0</u></b>

(\*) Board of Governors