

## THE MISSION OF THE EUROPEAN INVESTMENT BANK

Our mission is to further the objectives of the European Union by making long-term finance available for sound investment.

- **We are at the service of the Union.**

We were created by the Treaty of Rome; our shareholders are the Member States; and our Board of Governors is composed of the Finance Ministers of these States.

- **We provide service and value-added**

- through our appraisal and follow-up of investment projects and programmes.

To receive our support, projects and programmes must be viable in four fundamental areas: economic, technical, environmental and financial. We appraise each investment project thoroughly and follow it through to completion.

- through our financing.

Through our own lending operations and our ability to attract other financing, we widen the range of funding possibilities. Through our borrowing activities, we contribute to the development of capital markets throughout the Union.

- **We offer first class terms and conditions.**

Our financial soundness derives from the strength and commitment of our shareholders, the independence of our professional judgements and our record of achievement. It enables us to borrow at the finest terms, which we pass on in our lending conditions.

- **We work in partnership with others.**

Our policies are established in close coordination with the Member States and the other Institutions of the European Union. We also cooperate closely with the business and banking sectors and the main international organisations in our field.

- **We attract qualified and multi-lingual staff from all the Member States.**

We are motivated by our direct participation in the construction of Europe.



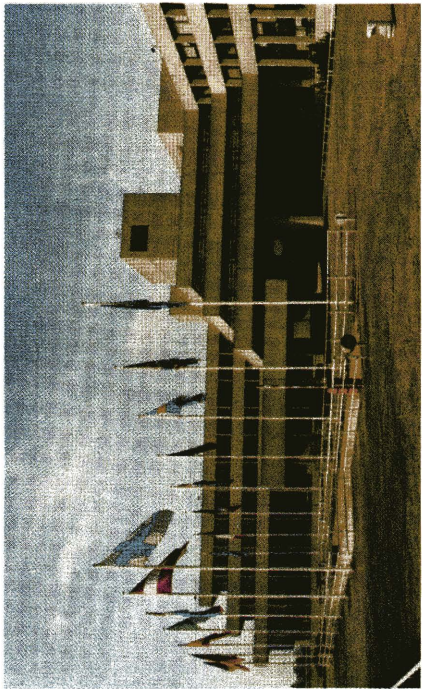
1958  
1995



## THE EUROPEAN INVESTMENT BANK

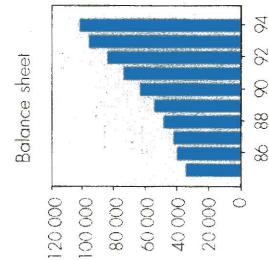
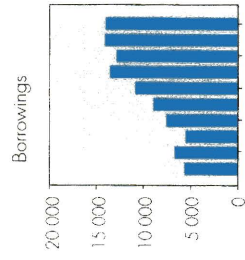
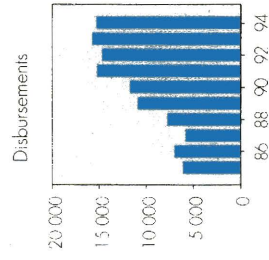
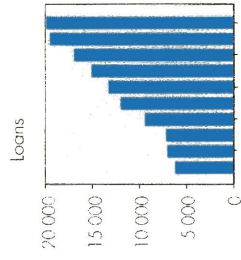
The European Union's financial institution

## KEY DATA

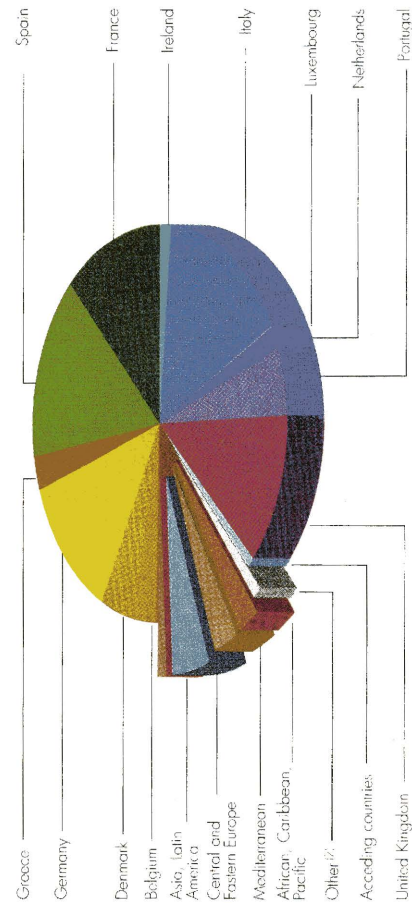


[ECU million]

	1994	1990-1994
<b>Total financing provided</b>	<b>19 928</b>	<b>85 307</b>
From own resources <sup>(1)</sup>	19 661	84 587
From other resources	267	720
<b>Within the European Union</b>	<b>17 682</b>	<b>78 649</b>
ACP States and OCT	462	887
Mediterranean Countries	607	2 135
Central and Eastern European Countries	957	2 659
Asian and Latin American Countries	220	319
<b>Resources raised</b>	<b>14 148</b>	<b>66 014</b>



Geographical breakdown of lending (1994)



<sup>(1)</sup> Mainly the proceeds of the EIB's borrowings on the capital markets.

<sup>(2)</sup> Projects located outside Member States but of benefit to the Union.

### Aggregate outstanding at 31 December 1994

Financing from own resources and guarantees	106 447
Financing from other resources	3 783
Short, medium and long-term borrowings	83 673

### Reserves and profit for the financial year

10 135

### Balance sheet total at 31 December 1994

102 753

### Subscribed capital at 1 January 1995

62 013

of which paid in and to be paid in

4 652

## MESSAGE FROM THE PRESIDENT

**T**he main feature of the European Investment Bank's activities in 1994 was our growing contribution to the European Union's economic objectives, both within the Union and in an increasing range of countries outside. Within the Union, the EIB's lending, ECU 18 billion, contributed to some 4.5% of gross fixed capital formation within the Twelve, three quarters of which in regional development or industrial conversion areas.

In the course of 1994, the Bank largely completed the specific mandates entrusted to it by the European Council as part of the Union's Growth Initiative. The Bank accelerated the financing of over 140 major projects or regional investment programmes under its Edinburgh Lending Facility; together with the European Commission it launched the ECU 1 billion subsidised loan scheme for job-creating investment by Small and Medium-Sized Enterprises and, in partnership with the Commission and some 60 banks from every Member Country, it set up a new guarantee instrument, the European Investment Fund.

Another important feature was the Bank's role in the financing of trans-European networks (TENs), an EIB speciality, as evidenced by the ECU 23 billion or so lent since 1990 for infrastructure with a European dimension. But the Bank has now pledged itself to strong and positive support – through a special TENs "Window" – offering financing terms and conditions tailored to the particular needs of the priority TENs projects agreed at the December 1994 Essen European Council. Helping to finance TENs, and in particular seeking to mobilise private sector finance and involvement, will be one of the Bank's top priorities in 1995.

Outside the European Union, the EIB's role has further expanded in 1994 with loans amounting to nearly ECU 2 1/4 billion signed in some sixty countries. Financing in the African, Caribbean and Pacific countries more than doubled; lending in Central and Eastern Europe increased to nearly ECU 1 billion; in the non-member Mediterranean countries, the Bank maintained significant operations with a special focus on regional cooperation and environment-related projects, and it continued its new financing activity in Asia and Latin America.

The Bank has, of course, been strengthened by the accession to the Union of Austria, Finland and Sweden, who are now members and shareholders of the Bank, thus raising the statutory ceiling on EIB loans to ECU 155 billion. Since outstanding loans at the end of 1994 stood at ECU 106 billion, the Bank still has substantial headroom for future activity in supporting the Union's economic and external objectives and making a valuable contribution towards creating the Europe of tomorrow.



Sir Brian Unwin

## SUPPORTING THE PRIORITY GOALS OF THE EUROPEAN UNION



*Responding to economic needs...*

In 1994 and the early months of 1995, supporting the recovery of the European economy and underpinning renewed growth, helping to achieve the priorities of the European Union and creating appropriate instruments as well as preparing for and then implementing the accession of new Member States have meant that the European Investment Bank has had to respond to new needs, while continuing to develop its traditional activities.

In a persistently difficult economic environment, with growth resuming hesitantly, public indebtedness generally overstretched and, above all, more than one in every ten Europeans out of work, the EIB has been at pains to consolidate its level of activity, granting loans totalling almost ECU 20 billion and directing its financing capacity towards investment satisfying priority Union objectives.



*developing the least-favoured regions...*

In 1994 more than 70% of EIB financing, ECU 12 billion, was devoted to investment supporting the development of the least prosperous countries and regions, where incomes are particularly low and jobs vulnerable. Investment financed in this way benefited all the areas covered by the Structural Funds, where there has been greater interaction between EIB loan and Community grant aid.

In those regions, and indeed in the European Union as a whole, the EIB finances transport, telecommunications, energy supply and environmental protection infrastructure as well as plant and equipment for numerous enterprises in the industrial and service sectors. This concentration of Bank support makes for a balanced distribution of investment and enables advantage to be taken of the opportunities opened up by the Single Market. In concrete terms, between 1990 and 1994 EIB loans contributed towards implementation of some 5% of aggregate capital investment in the Member States.

In 1994, the EIB continued to provide firm backing for economic growth and job creation. It committed the full amount of the Edinburgh lending facility for speeding up infrastructure financing, with ECU 7 billion devoted to 140 projects or regional investment programmes. It also implemented the SME facility making subsidised loans available to small and medium-sized enterprises creating new jobs.

Furthermore, the EIB participated with the European Commission and the banking community in setting up the European Investment Fund (EIF), whose remit is to provide guarantees in respect of financing for European infrastructure and of investment by SMEs.

The EIB also took part in identifying priority trans-European network (TEN) projects and created a "special window" for tailoring its financing facilities to the specific needs of Community infrastructure schemes.



*underpinning growth...*

Following the accession of Austria, Finland and Sweden to the European Union on 1 January 1995, the EIB will be building on its relations with these three states and stepping up its lending in the wake of operations already mounted in 1994 under the Agreement with the EFTA countries. This further widening of the geographical spread of Bank activity epitomises the openness of the European Union and the EIB, its finance institution, in welcoming new members.

This outward-looking approach is again evidenced by the expansion of Bank financing in the Central and Eastern European Countries, the quest to establish a fully-fledged partnership in relations with non-member countries in the Mediterranean region, the growth in lending in the African, Caribbean and Pacific States and the extension of operations to embrace new countries in Asia and Latin America.



*in an enlarged Europe  
sharing common aspirations*

This policy is further exemplified by Bank support for the peace process in the Middle East, where the EIB has paved the way for financing in the territories of Gaza and the West Bank, as well as for ongoing democratisation in South Africa through regional projects forging closer ties between this country and its neighbours.

## BALANCED REGIONAL DEVELOPMENT

*ECU 60 billion lent between  
1989 and 1994...*

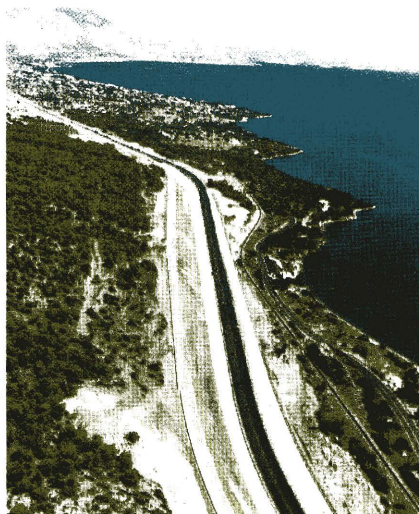
Differences in the level of development as between regions of the European Union remain one of the main obstacles to deepening integration and achieving genuine economic and monetary union: 20 million Europeans live in the twelve poorest regions with a per capita product of roughly less than half the European average, whereas that of the 30 million inhabitants of the six most developed regions is more than half as great again as the European average.

Consequently, for the sake of the economic and social cohesion of the European Union, regional support initiatives need to be taken in order to prevent investment, which means growth and employment, from gravitating chiefly towards the most dynamic regions and to ensure that it nurtures the whole of the European Union in a more balanced way.

That aim is the constant priority of the EIB: on average, it devotes more than two thirds of its financing to investment fostering the development of the less favoured regions or those facing industrial redevelopment difficulties. Such operations are carried out largely so as to interact with grants from the Community Structural Funds.

This complementarity, which results from close liaison with partners in the regions, is particularly important at a time when growth is still precarious, public borrowing generally excessive and unemployment persistent.

Since implementation in 1989 of the reform of the Structural Funds, EIB financing for regional development has reached almost ECU 60 billion (12 billion in 1994), which is comparable to the amount of grant aid made available under the Community budget. That financing has contributed towards investment with a total cost of almost ECU 180 billion.



More than half of such lending is focused on the regions most lagging behind in their development – the so-called “cohesion countries” (Greece, Spain, the island of Ireland, Portugal), together with the south of Italy and eastern Germany. With this aim in mind and with a view to underpinning the peace process embarked upon in Northern Ireland, the EIB is participating in the multi-annual development aid programme set in place by the Union.

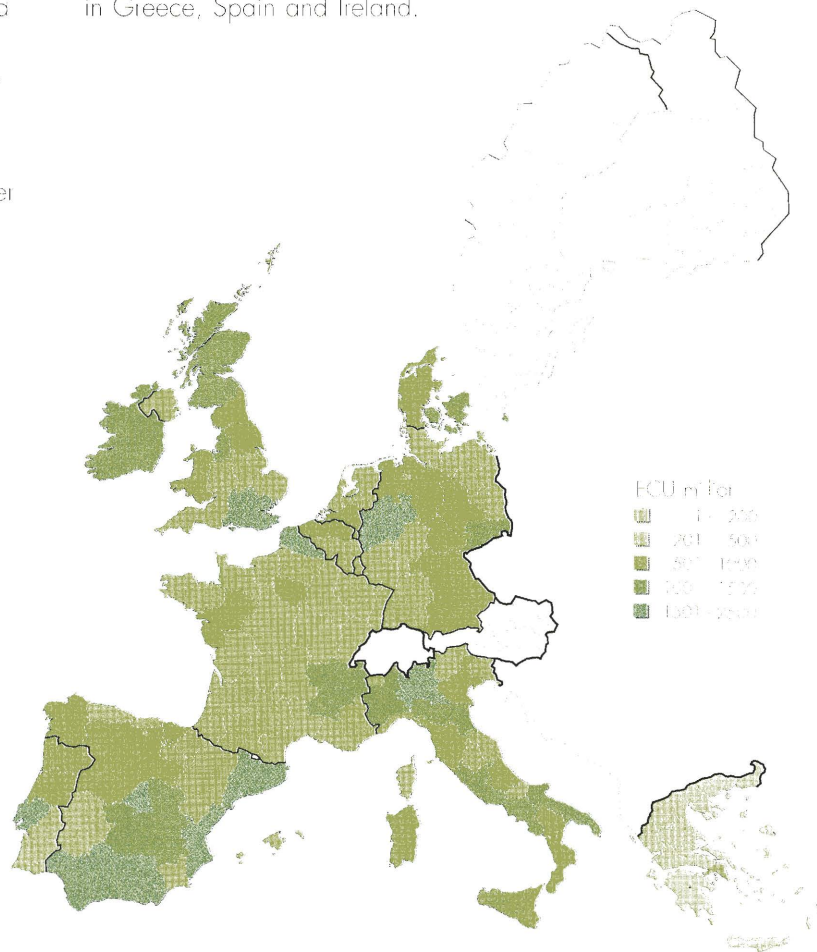
Above and beyond statistics, EIB financing has a practical significance. Thus, over the past five years, the EIB has contributed substantially to the development of local road networks and regional motorway, rail and air links, to the extension and modernisation of telecommunications and to energy supply schemes.

In parallel, it has supported drinking water supplies, sewerage and waste management in a large number of local communities.

In industry and the tertiary sector, financing has been provided not only for large-scale production facilities but also for some 22 500 small businesses, generally with a workforce of less than 50, in those regions, where their impact on employment is crucial.

Overall, aggregate investment financed by the EIB in the European Union accounted on average between 1990 and 1994 for about 5% of gross fixed capital formation (GFCF). However, Bank activity contributes to a much greater proportion of investment in the less developed regions, attaining 20% of GFCF in Portugal and about 11% in Greece, Spain and Ireland.

*in favour of  
the least-privileged regions*



*Financing  
in the European Union  
(1990-1994)*

## EFFICIENT COMMUNICATIONS

*A "special window" for exceptional projects...*

The need for efficient, well-conceived transport and telecommunications networks is more necessary than ever in the European Union now that its area has increased by one third through the rise in the number of member countries from 12 to 15, and bearing in mind its ever-closer links with its neighbours.

Such infrastructure, which is essential for the free movement of persons, goods and information, will largely determine the success of European integration and the balanced development of the Union.

This philosophy also applies to energy supply infrastructure and links with non-member countries on the periphery of the European Union, namely in central and eastern Europe and in the Mediterranean region.

The EIB has assisted the various national communications networks in changing to an integrated European system and has given substantial support to investment in these areas.

Over the next few years, the EIB will continue to turn its experience and ability to mobilise substantial financial resources to good account in implementing trans-European transport networks, first and foremost the fourteen priority projects adopted by the Essen European Council in late 1994.

Accordingly, in view of the unusual scale and especially long construction periods of some of those infrastructure projects with a European dimension, as well as their specific financing requirements, the EIB has set up a "special window". This provides for tailor-made financing facilities in terms of loan maturities and grace periods and for early, more active involvement in the financial engineering of the projects concerned.



### *14 priority trans-European networks*

The EIB has appraised most of the 14 priority transport network projects. As at end-1994 it had committed some ECU 4.5 billion, or 5% of their estimated total cost, for financing several of their components already under construction. The projects in question are: the Brenner high-speed rail line; the Paris-Brussels-Cologne-Amsterdam-London high-speed rail link; the Cork-Dublin-Belfast rail connection; motorways



The EIB, which is already the leading source of bank finance for large infrastructure projects in more than half the Member States of the Union, will therefore continue to reinforce its longstanding commitment in this area, so equipping industry in particular with the means to respond to the challenges of competitiveness and employment.

Between 1990 and 1994 its financing for transport and telecommunications projects amounted to almost ECU 32 billion – ECU 8.8 billion of which was provided in 1994 – corresponding to investment worth some ECU 108 billion. Approximately one third of this amount was for generally small-scale regional projects implemented by local authorities.

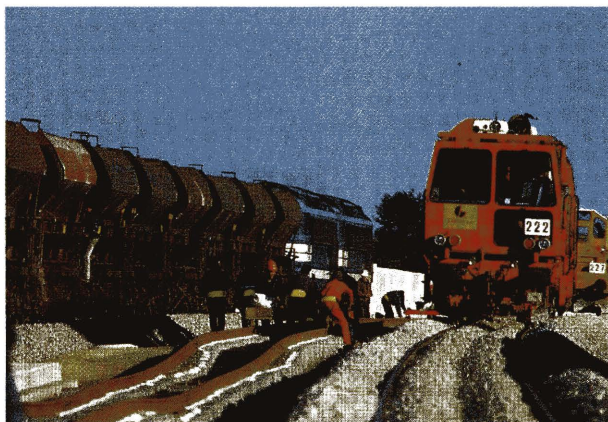
The bulk of the loans (ECU 23 billion), however, was granted for large-scale infrastructure schemes with investment costs approaching ECU 90 billion.

Some of these projects are particularly symbolic of the drive to bridge infrastructural gaps within the Union, surmounting distances and natural barriers: as such, they often constitute the foundations of trans-European networks. Significant examples are the Channel Tunnel, the Great Belt fixed link in Denmark and sections of the European high-speed train network in Spain, France and Belgium.

The EIB has also provided financing throughout most of Europe for constructing the main motorway and rail links, expanding airport capacity, setting up a European air traffic control and safety system and renewing airline fleets. In addition, it has supported the development of telecommunications, notably leading-edge services such as digital data transmission systems.

*transport infrastructure  
creating a closer-knit Europe*

*in Greece, Spain, Portugal and Finland; uprating transport capacity for developing the Ireland-United Kingdom-Benelux link; extension of Milan-Malpensa airport. Mention should also be made in the energy field of the Maghreb-Spain gasline, gas grids in Greece and Portugal and the electricity interconnection between Spain and Portugal.*



## A DEDICATED APPROACH TO SAFEGUARDING THE ENVIRONMENT

*Environmental protection:  
a prerequisite for  
sustainable growth*

The European Union and its Member States are incorporating environmental concerns to an ever-increasing extent into their various policies. In this way, they are responding to the expectations of their citizens for better husbandry of natural resources and preserving and improving the quality of life and likewise their common ecological and historical heritage.

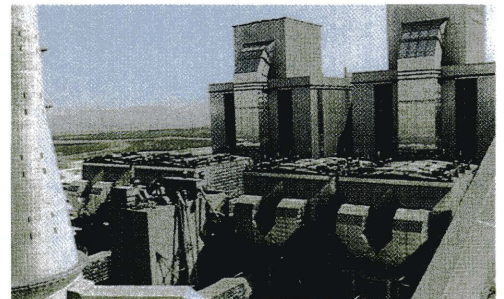
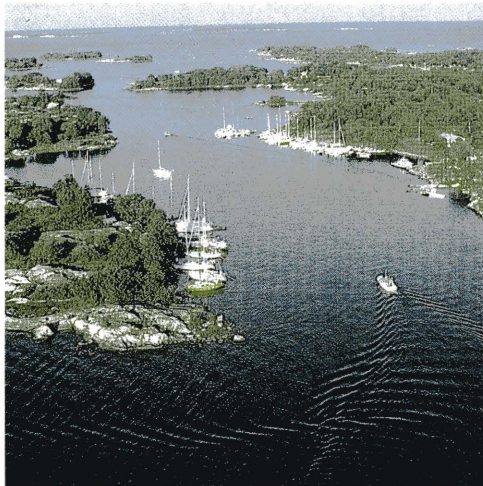
At both national and Community levels, economic competitiveness, employment and environmental protection no longer seem at odds with each other, but are tending to be combined with a view to achieving sustainable growth.

The accession of Austria, Finland and Sweden, whose experience and practice are at the forefront, should give new impetus to action in this sphere.

For its part, the EIB is making an increasingly significant contribution towards investment specifically aimed at environmental protection or with a dominant environmental component.

Between 1990 and 1994, it devoted almost a quarter of its lending (some ECU 18 billion, including ECU 4.9 billion in 1994) to investment improving the environment or the quality of life.

Activity in this area centres mainly on water management. The EIB has co-financed drinking water supply systems, often at regional level - as in the United Kingdom -, and wastewater collection and treatment in large towns and cities, including Madrid, Valencia, Rome, Venice, Florence, Milan, Cologne, Bitterfeld, Athens, Heraklion and Marseilles. It has also assisted several hundred small and medium-scale projects carried out by local authorities, notably in Germany, France and Denmark.



The EIB is similarly helping to implement multiannual programmes for cleaning up river systems (such as the Po, Arno, Severn, Thames and Tagus) and coastal areas, particularly in southern Europe.

In many cases, in order to support a coordinated approach to cross-border pollution, the EIB participates in various international cooperative initiatives designed to protect the Mediterranean, rehabilitate the Baltic, clean up the Elbe river basin and safeguard the Danube.

Stricter European and national legislation relating to the storage and processing of solid domestic and industrial waste has been reflected in major investment programmes attracting substantial EIB backing, particularly in northern Europe; likewise, special attention is paid to controlling the risks connected with fumes from incineration plants. This concern has prompted the Bank to advance finance for equipping, modernising and even restructuring coal-fired power stations.

For the same reason, the EIB has stepped up its action for protecting the environment at industrial sites, especially by underpin-

ning the investment plans of several chemical and petro-chemical groups and by financing introduction of low-pollution technologies, for instance in the automotive (water-based paintshops, new engine development), paper and steel industries.

Lastly, as far as Europeans living in urban centres are concerned, improving the quality of life depends to a very large degree on the reduction of nuisance caused by road traffic. Accordingly, in addition to projects designed to move through-traffic out of towns (bypasses, out-of-town parking areas, road improvement and rehabilitation), the EIB has supported the development of public transport in more than fifteen large towns and cities: underground railway lines, trams, buses and suburban trains. Aggregate Bank lending for enhancing the urban environment has amounted to almost ECU 4 billion in the space of five years.

### *Controlling industrial and urban pollution*



## AN EFFECTIVE FINANCIAL INTERMEDIARY

*A popular top-quality  
signature...*



In contrast to other financial institutions, the EIB does not draw on customer savings deposits or current accounts but funds the bulk of its lending requirements through calls on the capital markets. Maintaining a permanent presence on the world's leading financial centres, the Bank offers investors a much sought-after signature, reflected in the "AAA" rating regularly awarded to its bond issues.

The EIB is thus in a position to mobilise significant volumes of investor savings (ECU 66 billion between 1990 and 1994) on the finest terms available, which it steers towards economically viable and worthwhile projects serving the objectives of the European Union. Operating on a non-profit-making basis, the Bank passes on, through its loans, the benefits of its excellent position on the markets via the rates, maturities and range of currencies offered to its borrowers.

*on all the markets*

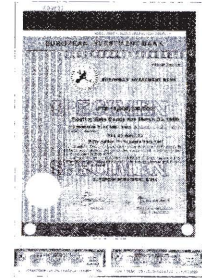
In 1994, a year marked by extreme interest-rate volatility, the EIB raised over ECU 14 billion through 73 medium and long-term, mainly fixed-rate, borrowing operations. However, demand on the part of the Bank's borrowers for variable-rate resources prompted a significant increase in issues of this type as well as the conclusion of numerous swaps and a limited volume of operations on the derivatives market; in all, floating-rate borrowings accounted for almost one quarter of total funds raised. Short-term commercial-paper programmes outstanding fell back accordingly.

Attuned to market sentiment, the EIB has, in recent years, adapted the pattern of its calls and its issuing techniques. It has redeemed borrowings early, taking advantage of favourable refinancing opportunities when available, and had recourse to hedging instruments for more than two thirds of aggregate funds raised at fixed rates in 1994, mainly by means of deferred-rate setting contracts.



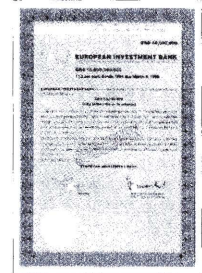
**A** committed player in building the Europe of tomorrow, the EIB provides long-term financing for capital projects located, for the most part, within the European Union. It is thus hardly surprising that, in 1994, almost four fifths of resources were raised in all the currencies of the Member Countries of the Union and in ECU, with the lira, Deutsche Mark, pound sterling and French franc accounting for over half of the total. The Bank is also an active force on the principal non-Community markets where it borrows chiefly US dollars, Swiss francs and yen. By virtue of its presence on the Austrian Schilling and Swedish krona markets, the EIB has already established contacts with financial circles in the three new Member States of the Union.

*Borrowing to lend...*



**S**ince 1981, the EIB has sought both to promote use of the ECU and to extend the international reach of ECU-denominated bond issues. Although in 1994, the European currency represented only a very small portion of Bank borrowings, it nevertheless continues to rank high – in fourth position – on the list of currencies disbursed by the EIB. This apparent contradiction can be traced to substantially surplus cash flow in ECUs at the Bank during the financial year, mainly as a result of loan prepayments by a number of borrowers for whom the ECU had forfeited some of its attraction in the wake of interest-rate trends and developments within the European Monetary System.

*in furtherance  
of European integration*



As the European Union's finance institution and the leading supranational borrower, the EIB has constantly endeavoured to develop Europe's capital markets. It has opened up and strengthened various compartments of the long-term markets in several Member States and contributed towards their internationalisation. After pioneering the sterling, peseta and escudo markets for non-residents, the EIB inaugurated the "Marathon" market, floating fixed-rate (February 1994) and floating-rate (March 1995) issues in drachmas which are still the largest to date in this segment. The Bank has thus confirmed, in practice, the philosophy underlying its borrowing policies: reconciling the efficacy of its resource-raising operations with its determination to develop Europe's financial markets.

## RELIABLE, DIVERSIFIED ENERGY SUPPLIES

### *Promoting the use of natural gas...*

The efforts which have been put into providing reliable, economic and non-polluting energy since the oil crises have enabled the share of Europe's energy supplies accounted for by imported oil to be reduced and diversification of energy sources to be stepped up.

Natural gas, whose development potential is still considerable, accounted for about one fifth of consumption in the European Union in 1994.

This fuel offers the advantage of lower atmospheric pollution, reliance on abundant sources relatively close at hand and use in electricity generation as a result of technological advances in gas turbines, particularly combined-cycle turbines.

The EIB has actively supported this development: its total loans in respect of the gas sector have reached almost ECU 4.7 billion since 1990, including ECU 1.5 billion

in 1994 alone. In this way, it has contributed towards the appreciable investment needed for the transmission and storage of natural gas from areas on the periphery of the Union where it is available in abundance.

In 1993 and 1994, the EIB financed – to the extent of ECU 840 million in all – two major gaslines intended to supply the Union from gasfields in southern Algeria: the “Maghreb-Europe” gasline crossing the Strait of Gibraltar to link up with the Spanish grid plus the “SNAM-Transmediterraneo” line supplying Italy via the Strait of Messina and operating in parallel with the gasline previously co-financed by the EIB.

These two infrastructure projects of major benefit to the Community are, moreover, serving to strengthen relations with the Maghreb countries as part of the Redirected Mediterranean Policy.



The EIB has also financed the construction of infrastructure for conveying gas from Siberia and deposits in the North Sea, the Irish Sea and the Adriatic to the interconnected European grid. At the same time, it has supported the development of oil fields in these areas.

Substantial financing has facilitated more widespread distribution of natural gas. In recent years, such lending has been concentrated on hitherto poorly served regions: eastern Germany, Spain, Greece and Portugal. Lastly, the EIB has co-financed the switch to natural gas by numerous electricity producers (in Germany, Italy, Belgium, the Netherlands and the United Kingdom).

A growing proportion of financing is earmarked for the management and more rational use of energy. The EIB is lending its support to the establishment of

interconnected electricity grids at European level and in particular to the laying of undersea power transfer cables from the Scandinavian countries which have substantial hydroelectric capacity.

It is also participating in the development of renewable and alternative sources of energy (energy recovery, biogas production, waste recycling, etc.), the conversion of industrial production processes and the promotion of intermodal transport. Many of these projects include a large proportion of environmental protection equipment.

In total, EIB loans for investment meeting energy management objectives in the European Union amounted to more than ECU 13.5 billion between 1990 and 1994.

*and the interconnection  
of electricity grids*



## A COMPETITIVE INDUSTRY

*Developing  
industrial potential...*

**G**radually emerging from a long period of stagnation, the European economy is still faced with a dramatic level of unemployment. Against this background, strengthening the competitiveness of European industry is of crucial importance for the recovery of employment as well as industry's capacity to sustain international competition, adjust to technological change and take advantage of the Single Market.

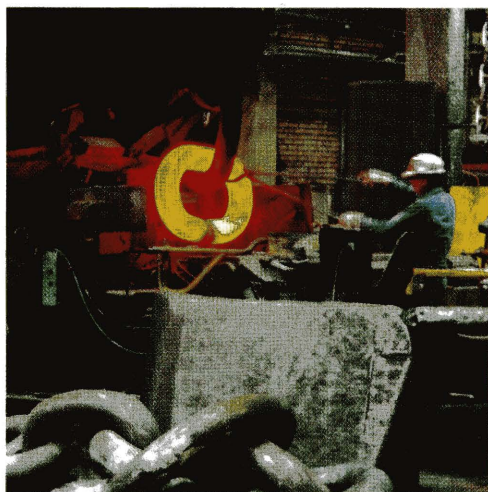
The EIB has consistently supported this process, advancing more than ECU 21 billion between 1990 and 1994 for projects throughout most of industry and the service sector. Such operations, accounting for almost 30% of overall Bank activity in the European Union, have contributed to aggregate capital investment of ECU 67 billion.

This financing, over half of which was made available in the less prosperous areas of the Union, breaks down more or less equally between large-scale, often technologically very advanced, projects and over 35 000 ventures undertaken by SMEs.

The large enterprises financed by the EIB are logically concentrated in sectors particularly exposed to international competition (the automotive, aeronautical, chemical and paper industries). Through its lending, the EIB is bolstering capital inputs made by European industry. In particular, it has contributed towards investment for reducing energy consumption, controlling the discharge of effluent and adapting production to suit new environmental standards.

In many cases, projects, bringing together partners from several Member States, have served to strengthen European integration.

The Bank pays particular attention to the favourable impact on employment of investment by large undertakings in the industrial and service sectors, notably in assisted areas.





In order to encourage investment in small and medium-scale ventures throughout the European Union, the EIB has forged fruitful partnerships with some 130 commercial banks and financial institutions. Their strong local or sectoral presence and their proven ability to deploy the proceeds of the Bank's global loans mean that they are effective intermediaries for allocating credit from EIB resources.

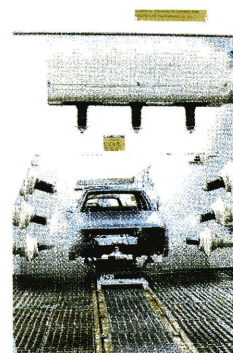
EIB funds totalling ECU 1.7 billion were allocated to 6 800 SMEs in 1994. A great many of these, 80% employing fewer than 50 workers, located for the most part in assisted areas, fall within the mechanical engineering, agri-foodstuffs, paper, textiles, service and tourism sectors.

The close relations established with the banking sector have been built on in order

to enable job-creating SMEs to obtain, under EIB global loans specially subsidised from European budgetary resources to the extent of 2% over five years, funds of up to ECU 30 000 per job created.

This action in support of employment, which is being conducted in all the countries of the European Union and accounts for a total of ECU one billion, was launched in September 1994. Initial results show that, less than one year later, loan applications received already account for half the total, emanate from over 2 000 enterprises and provide for the creation of some 23 000 new jobs.

*and facilitating investment by job-creating SMEs*



## THE EIB AND ENLARGEMENT OF THE EUROPEAN UNION

*1 January 1995:  
Europe grows from 12 to 15*

**F**ollowing the accession of Austria, Finland and Sweden to the European Union on 1 January 1995, the EIB's shareholders have numbered fifteen Member States. The Union now covers an area of 3.24 million km<sup>2</sup> and has a population of 366 million, while its prosperity, in terms of GNP, has increased by some 7%.

The EIB's theatre of operations has once again been extended and the Bank has adjusted its operating structure to accommodate its new remits.

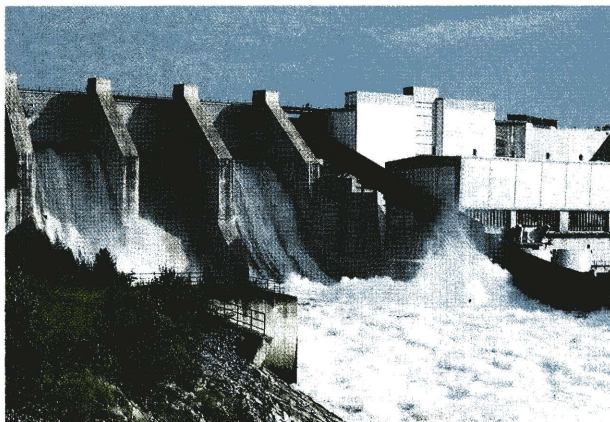
The rapidity with which the accession procedures, initiated at end-1992, were completed was due largely to the applicant States' willingness to accept the "acquis communautaire" as well as to their economic and social fabric, similar to that of the Twelve.

The extent of this determination had already been illustrated by conclusion in 1992,

with the EFTA Countries, of the Agreement on the European Economic Area, paving the way for the accession of the new Member States. In addition, the Board of Governors' decision to authorise the provision of loans and guarantees in the EFTA Countries allowed the EIB to finance an initial series of projects.

The Bank is now in a position to bolster its support for capital investment by the corporate sector and local authorities in these countries.

Furthermore, having already established a presence on the Austrian and Swedish capital markets, the EIB is well placed to turn to optimum effect its links with the authorities, banking circles and industry in rapidly building up its lending and borrowing activity.



### *Initial EIB activity in the new Member States*

*After lending a total of ECU 165 million in Austria, Finland and Sweden in 1994, the EIB stepped up the pace of its operations following these countries' accession and, by end-April 1995, had advanced ECU 267 million in all.*

*The funds were channelled into major projects, in most cases also benefiting other countries within the Union.*

## CENTRAL AND EASTERN EUROPE: A NEW HORIZON

The countries of Central and Eastern Europe, which five years ago were still isolated from the Union, have become fully-fledged partners in the building of Europe. As present or prospective signatories of Europe Agreements, they are on the path to acceding to the Union if they so wish and once they are in a position to fulfil the relevant obligations. This political choice sets the framework for action by the EIB in line with the Union's wishes: supporting the development and conversion of these countries' economies with a view to progressive rapprochement and integration.

The EIB has been contributing to the efforts undertaken in these countries since 1990. Loans amounting to ECU 2.7 billion have already been granted, first in Poland and Hungary, subsequently in Bulgaria, Romania, Slovakia and the Czech Republic, more recently in the Baltic States (Estonia, Latvia, Lithuania) and in Slovenia. This financing helps to strengthen the infrastruc-

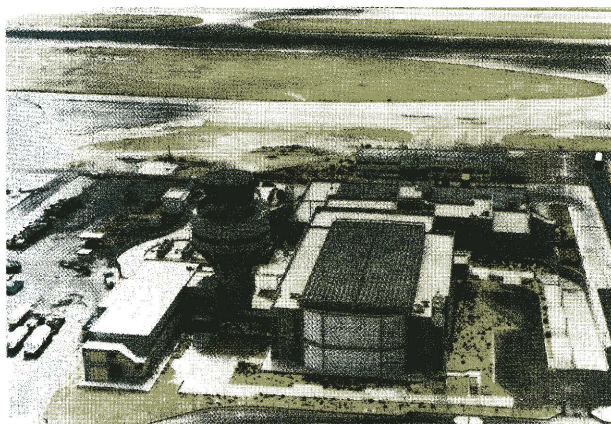
ture essential for their economic recovery and greater accessibility. In particular, through partnerships, it contributes towards the development of outward-looking private-sector industry and services.

Special attention is being paid to investment facilitating trade: telecommunications and transport infrastructure extending the trans-European road and rail networks across the Union.

A case in point is the support already being provided in eight of these countries for the coordinated investment programme designed to rehabilitate or modernise air traffic control and management systems, now an urgent priority given the growth in air traffic movements, the obsolescence of existing equipment and the need to harmonise systems throughout mainland Europe.

*Loans in ten countries*

*This is exemplified by projects in Sweden: a scheme to uprate capacity for electricity generation and transmission to Germany as well as a wastewater treatment plant in Stockholm, reducing discharges into the Baltic. Further examples are the modernisation of telephone links between Austria and its neighbours and, in Finland, sections of the E18 motorway in the Nordic triangle connecting Norway with Saint Petersburg.*



## THE MEDITERRANEAN: NEIGHBOURS IN PARTNERSHIP

*Supporting development  
in the cause of peace*

**W**ith every passing year, closer ties are being forged between the countries on the northern and southern rims of the Mediterranean, based on mutual interdependence and a desire for building a genuine partnership.

With a record of almost twenty years' activity in the non-member Mediterranean countries, the EIB is playing a vital role in implementing the Redirected Mediterranean Policy, with over ECU 2.2 billion made available since 1990.

Bank support for capital investment in these countries focuses on transport, telecommunications and energy transfer infrastructure, management of all too limited water resources and development of the productive private sector.

Accordingly, the EIB provides backing for inter-regional cooperation initiatives making for stronger links between these countries

and the Union and fosters the emergence of industrial partnerships between local and European firms designed to inject knowhow and technology and open up new markets. More than 200 joint ventures have attracted risk capital resources from the Community budget to this end. The EIB has also aided the establishment of several thousand, mostly small and medium-sized, enterprises as part of close cooperation with local commercial or development banks.

Lastly, the EIB is assisting the peace process in the Middle East, both in Lebanon, where it is actively involved in reconstruction of the country, and in the territories of Gaza and the West Bank. In this region, at the request of the Council of the European Union, the EIB is supporting the development of the productive private sector and encouraging regional environmental protection and infrastructure projects.



## ACP COUNTRIES: ONGOING COOPERATION

**F**or more than 25 years, the EIB has been an active participant in European development cooperation policy in an ever-increasing number of African, Caribbean and Pacific countries.

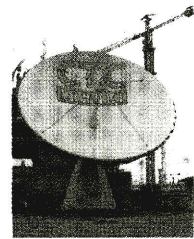
In parallel to the substantial contribution of grant aid mobilised by the Union and its Member Countries in order to assist the most deprived populations and to remedy the most acute economic problems, the EIB concentrates on financing investment in industry, agriculture, fisheries and services. It is endeavouring to respond to practical needs in such sectors by furthering the growth of the local banking system. The EIB is also helping to reinforce infrastructure essential for securing power generation and

transmission and improving communications and water management, above all in urban areas.

Between 1991 and 1994, the EIB advanced more than ECU 1 200 million, of which 462 million in 1994 alone, in the form of loans and risk capital assistance under the Lomé Convention.

As a result of the new relations established between the European Union and South Africa since its commitment to democracy, the EIB will be expanding its operations to embrace this country too. Here, as in other parts of Africa, the EIB will seek in particular to support greater inter-regional cooperation.

*Projects with  
a human dimension*



## ASIA AND LATIN AMERICA: WIDENING SPREAD OF OPERATIONS

**I**n the countries of Asia and Latin America which have signed cooperation agreements with the European Union, the Board of Governors has authorised the EIB to commit up to ECU 750 million between 1993 and 1995. It is empowered to finance projects of mutual interest to both the country concerned and the Union, notably where these are implemented in association with business operators from Member States.

Loans totalling ECU 319 million have already been granted, mainly in the energy sector, on the one hand, in Costa Rica, Argentina and Chile and, on the other, in India, Thailand, Pakistan and the Philippines.

*More than 300 million  
over the past two years*

## LOANS

### **W**ho can borrow?

The EIB finances specific projects in line with the objectives set out in this brochure. It lends to borrowers in both the public and private sectors. Loans may not be used either to fund the acquisition of an enterprise or to build up a company's capital base. Outside the European Union, operations are governed by the various agreements in force.

### *For what amount?*

The EIB loan is a supplementary source of financing and does not, as a rule, exceed 50% of project cost. Loans can be used in combination with national or Community grant aid, particularly in assisted areas.

### *In what form?*

Large-scale projects (upwards of ECU 25 million) are financed through individual loans concluded directly with promoters. Small or medium-scale ventures are financed indirectly by way of global loans granted to banks or financial institutions.

### *What criteria apply?*

The EIB assesses the project's consistency with Community policies, its technical and financial viability as well as its economic benefits. Compliance with environmental protection and procurement regulations is also vetted. Finally, the promoter's financial situation and cash flow projections along with security offered are examined closely.

### *Who decides?*

Once the appraisal is completed, the EIB's Board of Directors, acting on a proposal from the

Management Committee, decides on the granting of the loan, following opinions delivered by the Member State concerned and the European Commission.

### *What maturities?*

The EIB grants long-term loans (up to 20 years or more). Their maturity and the possibility of a grace period depend on the type of project involved and its useful life. In the case of certain exceptionally large infrastructure schemes of benefit to Europe in general, the EIB may, if need be, tailor its terms accordingly.

### *What currencies?*

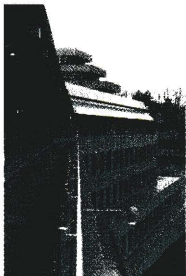
Depending on the EIB's holdings and the borrower's preferences, the loan is disbursed in one or more currencies of the Union, in ECUs, or in other currencies used by the Bank.

### *What rates?*

As a financial intermediary operating on a non-profit-making basis, the EIB onlends the funds borrowed by it at a rate reflecting its excellent position on the capital markets, plus a small margin to cover its operating costs. Loans are disbursed at par.

Rates (fixed usually, but also revisable, variable or convertible into fixed rate) may be set either upon signature of the finance contract or upon each disbursement (open-rate contract).

The method adopted for setting rates is the same for all countries and sectors. The EIB does not grant interest subsidies, although these may be provided by third parties.



# EUROPEAN INVESTMENT BANK

## MANAGEMENT COMMITTEE

(15 May 1995)

*President:*

*Sir Brian Unwin*

*Vice-Presidents:*

*Wolfgang Roth*

*Cornelle Brück*

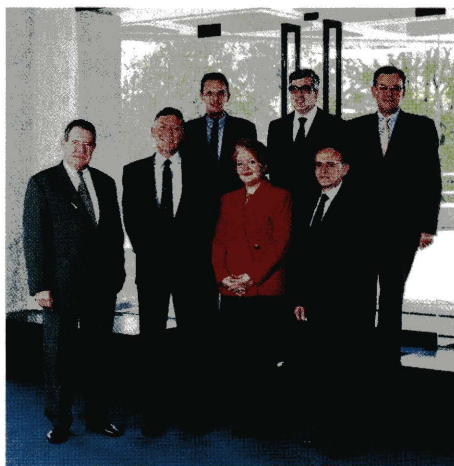
*Panagiotis-Loukas Gennimatas*

*Massimo Ponzellini*

*Luis Martí*

*Ariane Obolensky*

...



Bank in keeping with the objectives assigned to it.

*Its Management Committee* controls all current operations, recommends decisions to the Board of Directors and is then responsible for carrying them out; the Bank's President, or in his absence one of the Vice-Presidents, chairs the meetings of the Board of Directors.

*Its Audit Committee*, on the basis of work carried out by internal/external monitoring and audit bodies, verifies that the operations of the Bank have been conducted and its books kept in a proper manner.

For fuller information on topics covered by this brochure, please contact the EIB's Information and Communications Department, Adam McDonough (tel.: 4379-3147, fax: 4379-3189).

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*EIB activity is described in greater detail in the Bank's Annual Reports and other publications. These are available on request in each of the official languages of the European Union.*

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**T**he EIB is a Community institution enjoying its own legal personality and financial autonomy. Its members are the Member States of the European Union, who all subscribe to its capital.

*Its Board of Governors* consists of the ministers designated by each of the Member States, usually Ministers for financial or economic affairs. It lays down general directives on credit policy, approves the balance sheet and annual report, decides on capital increases and appoints members of the Board of Directors, the Management Committee and the Audit Committee.

*Its Board of Directors*, 24 of whose members are nominated by the Member States and one by the European Commission, is responsible for the management of the

DEN EUROPÆISKE INVESTERINGSBANK  
EUROPÄISCHE INVESTITIONSBANK  
ΕΥΡΩΠΑΪΚΗ ΤΡΑΠΕΖΑ ΕΠΕΝΔΥΣΕΩΝ  
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