



# EIB INFORMATION

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BANCO EUROPEU DE INVESTIMENTO

## Board of Governors' Annual Meeting

The European Investment Bank's Board of Governors, at its annual meeting in Luxembourg on 6 June 1994, welcomed the increasingly important role of the Bank in implementing European Union policies.

The Board comprises Government Ministers, usually the Minister of Finance, from each European Union country. Chairmanship of the Board runs from one annual meeting to another in alphabetical rotation of the member countries. The chairmanship until the end of the day of the 1994 annual meeting was held by the Governor for Luxembourg, Jacques Santer, Prime Minister and Minister of the Treasury,



*The Annual Meeting of the Board of Governors, chaired by the Governor for Italy, Treasury Minister Lamberto Dini*

who could not participate, and for whom the new Governor for Italy, Treasury Minister Lamberto Dini, substituted. Mr Santer is followed as Chairman by the Governor for The Netherlands.

The Governors held a wide exchange of views on the increasing range and scope of the tasks the EIB was asked to carry out, focusing their discussion on the report of the EIB's President, Sir Brian Unwin, which is reproduced from page two. They particularly congratulated the EIB for its success in the discharge of its remits under the European Union's initiative to promote economic recovery in Europe.

They noted that, following the coming into effect on 1 May of the Act amending the Protocol on the Statute of the EIB empowering the Board of Governors to establish a European Investment Fund, the EIB had moved rapidly on arrangements for the Fund's inaugural general meeting. They congratulated the Bank's Board of Directors and Management Committee for their effective work, and the staff for their professionalism and commitment.

The Governors noted that the Bank had increased lending in 1993 against a difficult economic background, and emphasised that its many new responsibilities should not distract it from its main task of supporting the Union's economic and social cohesion. They remarked on the increasing role the Bank was being called on to play in the EU's co-ope-

ration policy with over 130 non-Union countries and agreed that its external financing should not normally exceed 10% of its annual lending. The Governors also noted with approval the organisational and management changes being made by the President and Management Committee.

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Statement by Sir Brian Unwin KCB, President, to the Annual Meeting

### Chairman, Ladies and Gentlemen,

Since I spoke to you a year ago, there have been a number of important developments affecting the Bank. I wish to report to you today on behalf of the Board of Directors on the most significant of those developments; and also to give you an account of my stewardship during my first year of office as President. This will include some reflections on the key issues the Bank now faces, and on the steps we are taking to ensure that we can successfully tackle them.

Since you have received full information on the past year in the Annual Report and other documents, I will not repeat that. But I think it would be helpful to pick out some of the highlights.

### OVERALL OPERATIONS IN 1993

EIB operations grew strongly throughout 1993 and financing amounted to ECU 19.6 billion in the year - an increase of 15% on 1992. Most of the increase took place in the Member States in spite of the recession in the European economy. This strong growth in part reflected the accelerated lending under the Edinburgh and Copenhagen Facilities.

### Operations in the Community

Lending in the Community amounted to ECU 17.7 billion, 9% above a year earlier. This contributed to the financing of some 5% of Gross Fixed Capital Formation on average, and more in the less prosperous regions and countries - for example, no less than some 22% in Portugal and between 12% and 15% in the Mezzogiorno, Spain, Ireland and Greece.

A major feature of the Bank's activity in 1993 was the financing of projects in the transport, energy and telecommunications sectors. Nearly ECU 7.0 billion was lent for the financing of Trans-European Networks and access to these networks.

This was a third up on the previous year. There was also a continuing high level of financing for environmental projects; and lending for the industry and service sector held up well in spite of the difficult economic situation.

A feature of this lending was the large number of very big projects - of over ECU 100 million. By contrast, lending to SMEs fell in terms of both the number of global loan allocations and their aggregate amount. The recession has hit small and medium enterprises particularly hard.

The Bank has, however, remained true to its primary mission of promoting regional development. In 1993 this accounted for ECU 12.5 billion, nearly three quarters of the Bank's lending in the Community. More than 90% of this was to finance investment in regions eligible for support from the Community's Structural Funds. The Bank was thus able to combine successfully continuing commitment to its primary mission with strong support for communications networks and the environment.

### Follow-up to the European Council meetings in Edinburgh, Copenhagen and Brussels

I referred to the Edinburgh and Copenhagen summit remits and I should report more fully on this. The Bank was asked to lend ECU 7 billion to accelerate the financing of infrastructure projects and Trans-European Networks (TENs). I am glad to say that loans have now been approved by the Board of Directors for the bulk of this amount. The timing of disbursement is mainly a matter for project promoters themselves, but they know they can draw on these funds just as soon as they need them.

The Bank was also asked to lend ECU 1 billion for investment by small and medium-sized enterprises (SMEs) with an interest subsidy linked to the creation of employment. This measure broke new ground and it was not until April 1994 that the Council of Ministers reached agreement on the broad framework. The Bank and the Commission have since

translated this into a practical scheme which will achieve the desired result without being unduly burdensome or costly to administer. The scheme should come into operation before the summer.

These two measures were essentially conjunctural, prompted by the recession. The European Councils, however, also launched two important measures of a longer term structural nature, namely the establishment of the European Investment Fund (EIF), and, in December 1993, the TENs programme.

The purpose of the EIF is to support TENs and SMEs, initially by providing long-term guarantees, but later by equity as well. I am glad to confirm that, following completion of the necessary ratification and other procedures, the EIF was formally established on 25 May. Its founder shareholders include, as well as the Bank and the Commission, over 50 private and public-sector financial institutions from all 12 Member States. I am grateful to them for their participation and support and also to you for helping to complete the formal ratification procedures. The new Fund will start work shortly. I shall chair its first General Meeting on 14 June and I expect its first guarantee operations to take place soon after.

The TENs exercise which was launched by the White Paper last December promises to give a powerful impulsion to European integration, and the EIB is giving this exercise its full support. We have played an active part in the Christopheresen Group of Personal Representatives of Heads of State and Government and we believe that, together with our large financing capacity, we can bring to bear a depth of knowledge and experience of major infrastructure and public and private-sector participation. In many transport projects, the combining of the public and private sectors' strongest points will be the key to a successful outcome. You can be assured of the Bank's continued commitment to this exercise; but much will depend on the availability of sound projects and the full support of Member States and promoters and borrowers in sponsoring and carrying them forward.

## Lending outside the Community

Lending outside the Community in 1993 amounted to ECU 1.9 billion, more than double the 1992 figure. It covered a wider geographical range than ever before. While operations in the ACP States continued to be constrained by serious economic and political problems, lending in Central and Eastern European countries amounted to ECU 882 million and almost exhausted the ECU 1.7 billion foreseen under the first generation of agreements. The EIB also contributed strongly to the Community's redirected Mediterranean policy in the non-member Mediterranean countries and under the Community-Mediterranean Financial Protocols by loans of over ECU 680 million. Particular support was given for regional cooperation projects, environmental protection schemes and joint ventures with Community firms. The new programme of lending in Asia and Latin America also got under way in February 1993 with operations of nearly ECU 100 million in the year. The Bank is now authorised to operate in about 130 countries throughout the world, although over 90% of its lending still remains in the European Union.

This significant expansion prompted the Board of Directors to discuss the Bank's role outside the Community earlier in the year. The Board examined the scope of these operations and the principal issues that they raise, such as the appropriate level of lending outside the Union, the need to maintain adequate guarantees (to cover the particular risks run by the Bank when operating outside the territory of its Member States) and the administrative constraints placed on the Bank by the growing number and diversity of operations.

## Borrowing and disbursements

To finance its lending the EIB borrowed the equivalent of more than ECU 14.2 billion in 1993 and disbursed the equivalent of ECU 16 billion. Community currencies were particularly in demand and accounted for more than 80% of the total raised. By contrast, the demand for ECU

was weak, accounting for less than 7%, behind the Pound Sterling (nearly 19%), the Lira, Deutsche Mark, French Franc, US Dollar (all between 10% and 14%) and the Spanish Peseta (nearly 9%). The Bank continued to be innovative in its borrowing policies and in February of this year launched the first foreign Greek drachma issue, the Marathon bond.

## The balance sheet

At 31 December 1993, total loans and guarantees outstanding came to ECU 98 billion. The Bank therefore still has substan-



*Press conference after the annual meeting:  
Sir Brian Unwin, Lamberto Dini, Wolfgang Roth,  
(from left to right)*

tial lending headroom within the statutory ceiling of ECU 144 billion, which will, of course, be augmented by the accession of the new Member States. In keeping with its policy of prudent management, the Bank has transferred ECU 200 million from its operating surplus of ECU 1.3 billion to a fund for general banking risks, raising the amount of this fund to ECU 350 million. The balance of the operating surplus, ECU 1.1 billion, is being transferred to the Supplementary Reserve.

I can assure you that, despite an increasingly complex operating environment, the Bank's financial position remains very strong - fully worthy of its triple A status - and this strength is a powerful force for promoting Community policies inside and outside the Union.

## THE ECONOMIC AND POLICY CONTEXT

Standing back from the detail of the past year, however, there are some features of

the economic and policy context of the Bank's operations that I should like to underline.

The central feature of the economic environment in which we now operate is greatly increased competition both in the financial markets in which the Bank borrows and lends and in the goods and services markets which the projects financed by the Bank help to supply. Though this is partly a conjunctural phenomenon, competition is also being reinforced by the widespread movement in Europe towards increased liberalisation, deregulation and privatisation. The Single Market programme is one powerful force pushing these movements forward; the successful end to the recent GATT round is another.

These developments are affecting the Bank in various ways. One very recent development is that there has been a sharp slowdown in lending in the Community since the end of last year. In the first five months of 1994, the level of signatures and disbursements was substantially lower than a year ago. Although all the international financial institutions are experiencing some slowdown, and in the EIB's case at least part of it will probably be reversed in the coming months, there is cause for concern and we are examining the situation closely. In the meantime, I have taken steps to ensure that fuller and more up-to-date information on the Bank's lending rates is made available to project promoters, and this should help to secure the further drawdown of the large stock of loans which have been approved but not yet signed or disbursed. In any case, it is clear that, following the rapid expansion of recent years - lending has roughly doubled in the last 5 years, an annual average increase of some 15% - consolidation rather than further increase in lending will be the main feature of this year's outturn.

Taking a longer perspective than the last five months, there are two other important trends to emphasise. First, as the direct role of governments in economic activity has declined, the Bank's lending has had to be increasingly concentrated on promoters in the private sector. This has resul-

ted in the Bank becoming more sensitive both to the risks attached to its loan portfolio and to questions of subsidiarity. I will say more about this later.

Second, the policy context of the Bank's activity has been changing as well as the economic context. A combination of conjunctural and structural factors has resulted in the Bank being increasingly involved at the forefront of Community economic policy. The creation of the EIF, and the tasks given to the Bank in the Edinburgh/Copenhagen/Brussels initiatives, all fit this pattern.

I welcome these last developments on the understanding that, as I said last year, the Bank is given an opportunity at an early stage to contribute to the discussion of the policy framework in which it is asked to operate. I am therefore glad to have taken part in ECOFIN and other relevant policy meetings during the past year and thus to have been able to present the Bank's views.

#### Additional tasks

This active participation by the Bank is all the more important in view of the increasing range of tasks that the European Council and you, the Board of Governors, have asked the Bank to take on. May I remind you of some of these:

- Our cooperation with the Cohesion Fund now goes well beyond the cofinancing of projects; we are appraising a number of investment projects in which no EIB financing is involved.
- The Bank will implement the EFTA financial mechanism as soon as it has been approved by the European Parliament. This will mean that, for the first time in the history of its operations within the Union, the Bank will handle grants and interest subsidies.
- The Bank has also been asked to take over part of the ECSC remit from 1 July 1994, and discussions on this with the Commission are continuing.
- Outside the Community the Bank has been asked to continue its work in eleven countries of Eastern and Central Europe within a new ceiling of ECU 3 billion

over the next three years. It is also adding new Asian and Latin American countries to the list of places in which it has outstanding loans, and stands ready to participate in the new Community support programme in the Gaza strip and the West Bank. Furthermore we expect to receive shortly a formal request to manage a Euratom facility for improving long-term nuclear safety in Eastern Europe and the former Soviet Union.

- The Bank has been asked to manage the liquid assets of the External Loans Guarantee Fund as soon as this Fund comes into operation.

In addition to all these new tasks, the Bank is, of course, preparing actively for enlargement and the reception of the new Member States. We are also, following your approval, extending our lending operations in all the EFTA countries, including, of course, the four applicant states.

#### ORGANISATIONAL AND MANAGEMENT CHANGES

The Bank is glad to take on these new responsibilities - indeed it takes pride in being asked to do them - and will, I am confident, discharge them with its customary professionalism and efficiency. But the task is not easy. In addition to these extra tasks, the nature of the Bank's core lending has become more complicated as its volume has increased and its focus has shifted towards the private sector. This has put a substantial strain on the Bank's staff and organisation and we have to ensure that this does not impair the Bank's ability to maintain the quality and dynamism of its primary objective, lending within the European Union. And this applies to the important role that the Bank will be able to play within the Union and with its near neighbours in the initiative on Trans-European Networks.

To enable the Bank to meet these increasing demands, to avoid undue risks and to assure an overall consistency of purpose, we have taken a number of steps to ensure that the Bank's resources are adequate and that the very best use is made of them.

First, as I said last year, we need some more staff. We have therefore budgeted for a net increase of about 40 posts for this year, and this will, of course, be implemented in the light of the need to recruit staff members from the prospective new Member States. Our objective will be to manage our staff resources as tightly as possible, to recruit only the highest quality, and to direct them to the most urgent tasks. However, with a planned complement of about 850 by the end of 1994, the Bank will still, by any measure, be the most productive of all the international financing institutions.

Second and equally important, however, is the need to make the best possible use of existing resources. This requires some management and organisational changes. I inherited a very efficient machine, but it too must change as the world around it changes. My colleagues in the Management Committee and I have therefore decided to introduce a number of important changes, of which I should like to bring the following in particular to your attention.

The senior staff of the Bank, who have in the past been divided into two main grades, are being brought together into a single Senior Management Cadre. This will be on the basis of a new salary structure in which merit will be recognised primarily by bonus awards. The new system is being phased in as quickly as our obligations to present senior staff members permit and on the basis of a new evaluation of each senior post. I believe that this will permit much greater flexibility and mobility within the senior cadre, and provide better opportunity and incentives for able staff seeking a senior career in the Bank.

The key post of Secretary-General has also been redefined to free him from direct responsibility for most of the day-to-day running of the Bank and enable him to become principal senior adviser to the Management Committee on issues that concern the institution as a whole. While retaining the principle and practice of collective responsibility, the Management Committee has also revised its proce- ➤

## Four new appointments to the Management Committee

At their annual meeting on 6 June 1994, the EIB's Governors appointed as Vice-Presidents to the Bank's Management Committee: Mr Panagiotis-Loukas Gennimatas (Greece) and Mr Massimo Ponzellini (Italy), with effect from 7 June 1994, and Mr Luis Martí (Spain) with effect from 1 July 1994. They succeed, respectively, Vice-Presidents Hans Duborg (Denmark), Lucio Izzo (Italy) and José de Oliveira Costa (Portugal), whose terms of office end. On 10 June 1994, Mrs Ariane Obolensky was appointed as Vice-President, with effect from 1 July 1994.

Mrs Obolensky succeeds Vice-President Alain Prate on the Management Committee, whose term of office ends. The Governors conferred the title of Honorary Vice-Presidents on the outgoing Management Committee Members in appreciation of services rendered to the Bank.

With these appointments, as of 1 July 1994, the EIB's Management Committee will be composed as follows: Sir Brian Unwin, President of the Bank, and Messrs Wolfgang Roth, Corneille Brück, Panagiotis-Loukas Gennimatas, Massimo Ponzellini,

Luis Martí and Mrs Ariane Obolensky, Vice-Presidents.

The Management Committee, whose Members are appointed by the Board of Governors, on a proposal from the Board of Directors, for a renewable term of six years, is the EIB's full-time executive body, responsible for day-to-day business, recommending financing decisions and policy changes to the Board of Directors and carrying out their implementation. The President, or in his absence one of the Vice-Presidents, presides over meetings of the Board of Directors. ■

### Panagiotis-Loukas GENNIMATAS

*Greek, born 1949: Special adviser to the Ministry of Merchant Marine 74-76; Legal practice 75-85; Special adviser on international relations to the Prime Minister 80-81; Adviser to the Ministry of Trade 85-88, to the Hellenic Industrial Development Bank 87-89; Vice-President VIPETVA S.A. 87-89; Secretary-General Institute of European Civilization 87-89; Chairman EUROSEC S.A. 92-94; Senior adviser Bank of Greece 93-94.*



### Massimo PONZELLINI

*Italian, born 1950: Managing Director Tipografia Compositori S.p.A 71-78; Personal Assistant to Prof. Prodi, Minister for Industry and Trade 78-79; Managing Director SI 80; General Manager NOMISMA S.p.A 81-82; IRI Corporate Senior Manager 83; Responsible for the Strategies and Studies Department 84-86; Managing Director SOFIN S.p.A. 86-90; EBRD Member of the Transitional Team for the institution, Team Leader Tourism and Real Estate 90-94.*

### Luis MARTÍ

*Spanish, born 1936: Ministry of Trade 61-64; Fullbright scholar at Harvard University 64-65; Ministry of Trade, responsible for preparing the balance of payments 66-69, Deputy Director of Exchange Control Authority 69-73; Spanish Export Credit Insurance Manager 73-82, Executive President and Chairman 82-90; CEO Spanish Export Promotion Institute 90-93; Adviser to Minister of Economy and Finance 93-94, Lecturer in macroeconomics Madrid University.*



### Ariane OBOLENSKY

*French, born 1950: Assistant to Head of Balance of Payments Office 74-78; Financial attaché, French Permanent Representation to the EC 78-80; Treasury, Head of European Organisations Office 80-81, Head of Capital Equipment and other Investments Office 81-84; Head of Cabinet Office of Treasury Director 84-85, Deputy Director Multilateral Affairs, International Affairs Department 85-88; Technical adviser on Economic and Financial Affairs, Prime Minister's Cabinet Office 88; Treasury, Head of Monetary and Financial Affairs 88-92; Head of International Affairs 92-94; EIB Alternate Director 86-88, Director 92-94.*

dures so as to speed up its work, devote more time to issues of strategic importance to the Bank and allow individual members, as you have agreed in the past, to exercise more active responsibility in the areas of competence assigned to them.

To respond to the increasing complexity of the Bank's lending activity in the Community, we have set up a strong new Credit and Monitoring Department, and inaugurated an intensive training programme for all staff involved in this area. I believe this will equip the Bank to cope well with the new credit environment in which it is now operating. We have also commissioned reviews of the organisation of the legal advisory and technical advisory services of the Bank, in each case with the help of outside consultants.

With the strong support of the Management Committee I have also placed much greater emphasis on the promotion of equal opportunities in the Bank, in particular with a view to increasing the proportion of female staff in the management and executive grades. We have now formally set up an internal Advisory Committee on Equal Opportunities for men and women, and a five-year action programme is in preparation. This is only a first step, and more needs to be done if satisfactory progress is to be achieved. But we shall monitor this closely and as one related measure we are establishing a Bank crèche which should be in operation before the end of the year.

### Objectives

A major exercise is also under way to articulate the corporate business and policy objectives of the Bank and to establish a clear Mission Statement. This is a very important initiative in which I am seeking to involve as many of the staff as possible. With the growth and complexity of our responsibilities it is more important than ever that all of us in the Bank should be clear about our role and priorities and be able to communicate them to the outside world. After consultation with the Board of Directors, I shall let you have a statement on this before the next Annual Meeting.

### Communications and transparency

These changes, and others associated with them, are not, however, sufficient unless the culture of communications in the Bank, both external and internal, is also changed. There is no case for publicity for its own sake, but there are great risks in not communicating more effectively.

We have therefore carried out a thorough review of our communications policy and changes in both organisation and culture are under way. I have sought to give a lead both by encouraging freer exchange within the Bank and, together with my Management Committee colleagues, by an active programme of speaking engagements and participation in other events throughout the Union. As a further step in improving internal communications, I propose to talk to the staff of the Bank tomorrow about this meeting and your reactions to the Bank's performance over the past year.

### Accountability and transparency

I believe also that, within the statutory framework of accountability laid down for it, the Bank needs to be more transparent in its activities. I have therefore instituted a review of the present arrangements for the Bank's Audit Committee with a view to strengthening their capability and also that of the Internal Audit function of the Bank. I believe that the Audit Committee, with whom we are consulting closely, welcome these proposals, and I shall bring them forward to you later this year. In the meantime, I am extremely grateful to the Audit Committee for the valuable work they have performed, not least to the Chairman, Mr Thanopoulos, who is now stepping down from his position.

### Building extension

Finally, on specific current developments, I should mention that the extension to the Bank's building is coming on well. Completion may be a few weeks late; but,

more important, we expect it to be within budget. When opened early next year, it will enable us to bring all the Bank's staff together and allow room for expansion when it becomes necessary with the enlargement of the Community and increases in the Bank's activity. We plan to rent out the surplus space that will initially be available.

### CONCLUSIONS AND PROSPECTS

I hope you will agree that the Bank has had a satisfactory year. It has discharged the main additional remits given to it while maintaining a strong momentum in its primary task of contributing to the balanced economic development of the European Union by lending for sound projects. I hope also that the management and organisational changes that I have initiated will progressively strengthen the Bank's ability to operate in an increasingly challenging environment.

It is a very challenging environment and it has been an exciting and privileged year for me personally. I am conscious, however, that much more remains to be done and I can assure you that I shall dedicate myself fully to the large tasks still facing the Bank in the year ahead. I shall do so with the support of a highly professional and loyal staff, whose hard work at every level in the Bank deserves high praise, and whom I take this opportunity to thank warmly on behalf of the Management Committee for their contribution to the Bank's successes. I shall, however, no longer have at my side in the Management Committee Messrs Izzo, Prate, Duborg and Costa: I should also like to thank them for their excellent work for the Bank during their periods of office, and particularly for their personal support to me during this past year. I look forward, however, to working with their successors.

Finally, Chairman, may I also express my gratitude and that of my colleagues on the Management Committee to the Board of Directors and to you, the Governors, for your continuing support. ■

# The European Investment Fund

Established in Luxembourg on 14 June 1994, the EIF is designed to provide long-term guarantees for the financing of trans-European transport, telecommunications and energy transfer networks (TENs), as well as for the development of small and medium-sized enterprises (SMEs). It has an authorised capital of ECU 2 billion. The EIF's founder shareholders bring together the European Investment Bank (EIB) (40% of the capital), the European Community (30%) and 58 banks and financial institutions from the twelve Member States of the European Union.

Addressing the Fund's Constitutive General Meeting, Sir Brian Unwin, EIB President and Chairman of the EIF's Supervisory Board, said: "By virtue of its unique tripartite structure, the EIF is well suited to become a driving force in the realisation of trans-European networks and in underpinning capital investment by small and medium-sized enterprises, two key objectives of the European Union. Complementing banking-sector finance, the EIF will facilitate implementation of priority projects due to be submitted for consideration at the forthcoming European Summits in Corfu and Essen. The Fund's sound financial structure and the expertise of its shareholders combine to make the EIF an instrument equipped with all the resources needed to contribute effectively to the development of those public and private-sector projects which give meaningful expression to the European Union in the eyes of its citizens."

## FOSTERING INVESTMENT IN TENs AND SMEs

A product of the European growth initiative, the EIF has been set up with the

sound planning support of the EIB dating from 1992 when the latter initiated a debate on how to strengthen capital investment within the Community. It was then that the Bank's Board of Directors saw the advantages to be had from creating a new mechanism in response to the shortage of long-term guarantees (i.e. those of more than ten years) arising from the limited capacity of both public-sector finances and the commercial banking sector. The idea to set up the Fund, seconded by the Commission and endorsed by the Heads of State and Government at the Edinburgh Summit in December 1992, necessitated amending the EIB's Statute and consequently the Treaty of Rome, a process completed in May 1994 following the final parliamentary ratification. While these steps were being taken, the Council of the European Union, after consulting the European Parliament for its opinion, adopted the texts authorising the Community to subscribe to the capital of the EIF.

Initially, the Fund will be able to guarantee financing of almost ECU 6 billion, then in the longer term, on the decision of its managing bodies, up to ECU 16 billion. It will have the scope to guarantee up to 50% of a project's cost. The guarantees furnished will cover the financial risks incurred by banks in terms of commercial exposure, portfolio holding costs or the lack of portfolio diversification, resulting from decisions to finance the projects in question.

In the longer term and on the decision of its General Meeting - after the EIF has

been in operation for at least two years and appropriate reserves have been built up - the Fund will also be able to acquire equity participations in firms such as venture capital companies specialising in SME equity funding or in firms involved in the design and/or implementation of trans-European infrastructure. Such participations, of a minority and temporary nature, will serve to consolidate these firms' capital base and thereby foster their smooth development, notably by facilitating access to bank credit.

## OPERATIONAL FROM THE OUTSET

Forecasts suggest that the European Investment Fund will provide ECU 3 to 4 billion in guarantees over the next three



*The constitutive meeting of the European Investment Fund*

years, including some ECU 500 million in 1994 during its first six months of business. Given the need to establish a balanced portfolio of commitments, it is envisaged that the EIF will initially focus on TENs already financed by EIB loans, as well as on support for SME financing facilities arranged by the Fund's shareholder banks.

"EIB Information" will be covering the activities of this new instrument. ■

## ECU 1 billion subsidised loan scheme for SMEs

As part of the Union's initiative to stimulate economic growth, employment and competitiveness, the Copenhagen European Council in June 1993 asked for the Edinburgh lending facility (1) to be increased by ECU 3 billion, of which 1 billion for the financing of job-creating investment by small and medium-sized enterprises (SMEs). The European Council asked the Finance Ministers to examine ways of providing an interest subsidy for such lending. The Council of Ministers, in April this year, agreed on a 2% interest rate subsidy and to give the EIB a mandate to administer the facility. European Investment Bank President, Sir Brian Unwin and European Commission Vice-President, Henning Christophersen signed the co-operation agreement for the implementation of the new scheme on 14 June.



Signature of the co-operation agreement by Sir Brian Unwin and Henning Christophersen

The subsidy, drawn from the European Union's budget, is a 2% a year interest rate rebate over 5 years on a loan of up to ECU 30 000 per job created. Equivalent to 10% of the loan, the subsidy will take the form of a single payment of up to ECU 3 000 for each new job. It will be paid once the beneficiary has proven that new jobs have been created.

The facility will be available through the EIB's global loans operated in co-operation with banks and financial institutions in the Member States. Banks and financial institutions managing the facility will

handle subsidised loan requests directly. Applications must be received before the end of July 1995, and applicants will be asked to specify the number of jobs to be created before 31 December 1996. Subsidy payments will begin from 1 August 1995 for jobs that have been in place for at least 6 continuous months.

The subsidy facility is available to SMEs in the European Union with net fixed assets of up to ECU 75 million and fewer than 500 employees. At least 60% of beneficiaries will be SMEs with not more than 250 employees and an annual turnover of up to ECU 20 million or total assets of less than ECU 10 million. Loan requests may exceed the amount of ECU 30 000 per job created, but the additional amount

will not benefit from the interest subsidy. Subsidised loans may be combined with national and regional forms of aid, but cannot be used for investment receiving other subsidised European Union loans.

Details on the participating banks and financial institutions in each Member Country were not available when going to press; they will be communicated as soon as agreements are concluded. ■

(1) The Edinburgh lending facility was set up following the Edinburgh European Council in December 1992, which called on the EIB to provide up to ECU 5 billion to help accelerate the financing of capital infrastructure projects notably connected with Trans-European Networks.

## ECU

Below are the ECU values in national currencies, as at 31 March 1994; these rates are applied for the second quarter in preparing financial statements and operational statistics of the EIB:

DEM	1.93114	BEF	39.7803
GBP	0.777537	LUF	39.7803
FRF	6.59301	DKK	7.58381
ITL	1860.45	GRD	284.55
NLG	2.16957	IEP	0.804797
ESP	157.078	PTE	197.848
		USD	1.15464

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## IN MEMORIAM

**Hans Duborg***Honorary Vice-President*

Mr Hans Duborg, Honorary Vice-President of the European Investment Bank and former Permanent Secretary at the Danish Ministry of Industry, died suddenly in Luxembourg on 18 June 1994 at the age of 66.

Mr Duborg served as Vice-President on the EIB's Management Committee from his appointment on 6 April 1990 to the end of his term of office on 6 June 1994.

With a wide-ranging intellectual grasp of European affairs and deep understanding of the Bank's role and operations, backed by a formidable common sense, Mr Duborg made an outstanding contribution to the development of the EIB. As well as being responsible for Denmark, Greece, Ireland and regional development within the European Union, he also supervised the expansion of the EIB's activity in the Central and Eastern European countries, in the framework of the economic cooperation policy agreements between the Union and these countries.

In his time at the Bank, he was appreciated for being a thoughtful and kind colleague, whose warmth, accessibility and friendship will be very much missed. He quickly impressed colleagues, staff and business partners as a man of judgement and principle, reinforced with an open and direct manner. Mr Duborg will be deeply missed by friends and colleagues on the EIB's Management Committee and amongst the Bank's staff at all levels.



Before joining the EIB, Mr Duborg had a distinguished career in the Danish public sector. He joined the Ministry of Trade in 1953 after graduating in Law from the University of Copenhagen, and was seconded between 1962 and 1965 to the Danish Embassy in London to deal with commercial and economic affairs. In 1971 he was appointed Head of Department at the Ministry of Trade, responsible inter alia for price control and competition policy. He also served as Vice-Chairman of the Monopolies Control Board, and as Chairman of the Danish Committee on European Union questions concerning the right of establishment and competition policy. From 1979 until his appointment as Permanent Secretary at the Ministry of Industry in 1984, he served as Director General of the Danish Monopolies Commission. He has been a Member of the Board of Directors of the Copenhagen Port Authority.

A man with many interests, he placed a special emphasis on outdoor activities and his family.

On his retirement from the EIB Management Committee, the EIB Governors conferred on Mr Duborg the title of Honorary Vice-President in appreciation of services rendered to the Bank.

SIR BRIAN UNWIN

President

