



EIB INFORMATION

2 - 1998 · N° 97
 ISSN 0250-3891

DEN EUROPÆISKE INVESTERINGSBANK
 EUROPÄISCHE INVESTITIONSBANK
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European Investment Bank takes initiatives to create jobs in SMEs

At its meeting in Amsterdam in June of last year the European Council called upon the European Investment Bank to develop new instruments for financing innovative small and medium-sized enterprises (SMEs) offering strong growth prospects, in order to promote employment in Europe. With its "Amsterdam Special Action Programme" (ASAP) for the period up until the end of the year 2000, the Bank responded to this invitation and in November presented the preliminary results to the European Council's special summit on employment policy in Luxembourg. This article explains the new initiatives taken by the Bank.

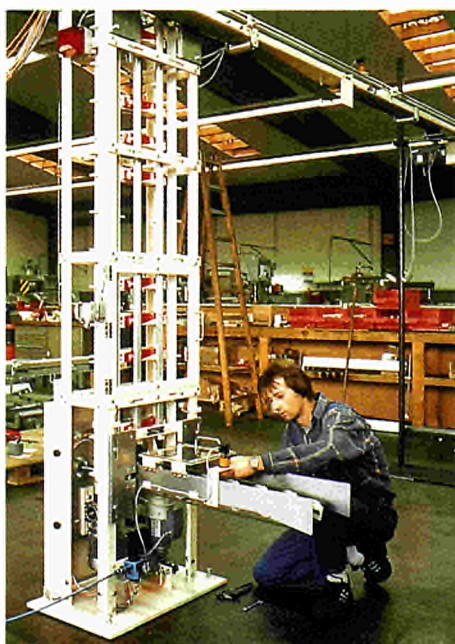
SMES' FINANCING CONSTRAINTS CURB GROWTH POTENTIAL

The vast majority of new jobs in the European Union are created in SMEs. Over the period 1988 to 1995, for instance, firms employing less than 100 people created 260 000 new jobs a year on average, while firms with more than 100 employees shed some 220 000 jobs annually over the same period. Small firms in rapidly growing sectors make a particularly significant contribution towards employment creation. The contribution of small and especially young firms could be even greater if they had better access to investment capital.

Young firms which have been in business for, say, less than ten years do not as a rule have access to equity capital from external sources or to bank loans for maturities of more than one year. They finance themselves by means of trade credits or short-term loans, which, in Italy for example, account for more than 100% of net operating assets, in France 60% and in the United Kingdom 40%. As firms get older, dependence on short-term financial resources is reduced by virtue of retained earnings, but access to long-term loans continues to be limited. In the early 1990s long-term debt, as a proportion of total working capital, was only 6% in Italy, for instance, and

Contents

- **New financing schemes for SMEs** 1
 With its new scheme to facilitate access from SMEs to venture capital financing, the EIB is breaking new ground in close cooperation with national partner financing institutions.
- **Public Private Partnerships** 4
 The range of PPPs the EIB can support has been widened under the ASAP-programme to include investments in the health and education areas.
- **The EIB and the Community's institutional set-up** 7
 Maintaining close links with its fellow EU institutions, the EIB extends and diversifies its activities in a constantly changing economic and political environment.
- **The role of the EIB in the ACP countries** 11
 Trends: increased lending to the private sector as well as stepping up of activities through financial intermediaries.
- **Central European capital markets** 14
 The AAA rated EIB can contribute strongly to the development and deepening of the capital markets in Central Europe.
- **EIB Forum 1998** 15
 Europe's Challenge: Investing for Jobs
- **Video to highlight 40 years of EIB life** 16



12% in the United Kingdom; and some 38% of Italian and 26% of British SMEs had no long-term debt at all.

Young and innovative firms with high growth potential are faced with special financing problems. They must expand rapidly, in order to exploit their competitive edge; their need for finance is therefore considerable, although the operating assets which can be pledged as security are usually limited and the potential success of the business can only be viewed as fraught with uncertainty. Financing such companies by means of long-term loans is therefore possible only within very tight limits. One alternative is to increase the company's equity via **venture capital**. However, the venture capital business in Europe is still in its infancy, except in the United Kingdom, which, after the United States, has the second largest venture capital market in the world.



While in the United Kingdom venture capital funds provided firms with equity totalling ECU 3 billion in 1996, the corresponding figure for France was ECU 900 million, for Germany ECU 700 million, for the Netherlands ECU 600 million and for Italy only ECU 500 million. In Europe as a whole, venture capital companies acquired new participations totalling ECU 6.8 billion in 1996, which is fully comparable with the amount invested that year in the United States. However, whereas in the United States over 40% of the venture capital was for business startups and kick-start financing, this

share accounts for only around 12% in Europe, with the best part of the remainder going to more mature companies.

Of course it is primarily a matter for the Member States of the European Union to ensure - through changes to their tax systems, capital market regulations and institutions - that more venture capital is channelled to the corporate sector. However, financial institutions such as the European Investment Bank can also give added momentum to this process.

EIB FACILITY TO STRENGTHEN SMEs' CAPITAL BASE

1. European Technology Facility -

Over the next three years the EIB will be providing ECU 125 million for the acquisition of holdings in tried-and-tested venture capital companies. On the basis of their own professional judgement, these companies acquire

shares in SMEs, giving preference to relatively young firms which can be expected to produce rapid growth in the high-technology sector. The EIB does not therefore participate directly in such SMEs but uses the specific expertise and market knowledge of successful venture capital companies. The

aim of these companies is to finance SMEs during the startup phase and subsequently achieve a return by selling their stakes.

The EIB has entrusted the European Investment Fund (EIF) with the task of selecting the venture capital companies in which it will be participating. The EIF is 40%-owned by the EIB and 30%-owned by the European Commission, with the remaining 30% being in the hands of some 80 private and public-sector banks. The EIF itself has ECU 75 million available, which is to be used to augment the EIB's ECU 125 million for

acquiring holdings in venture capital companies. The Bank expects its initiative to stimulate the European venture capital market to be supported by other financing institutions using their own financial resources, so that a sum totalling several times the EIB's and EIF's ECU 200 million can be mobilised to boost the equity of SMEs (2). This additional supply of capital will make itself felt on the market.

2. Equity and quasi-equity financing for innovatory SMEs -

Additional resources which are counted in their balance sheets as equity are important for SMEs. This directly strengthens their capital base and at the same time also increases their scope for raising further capital from outside sources. Possible instruments are of course direct equity participations but other forms of finance may also be considered which are not really equity but have quasi-equity status, such as subordinated loans in particular.

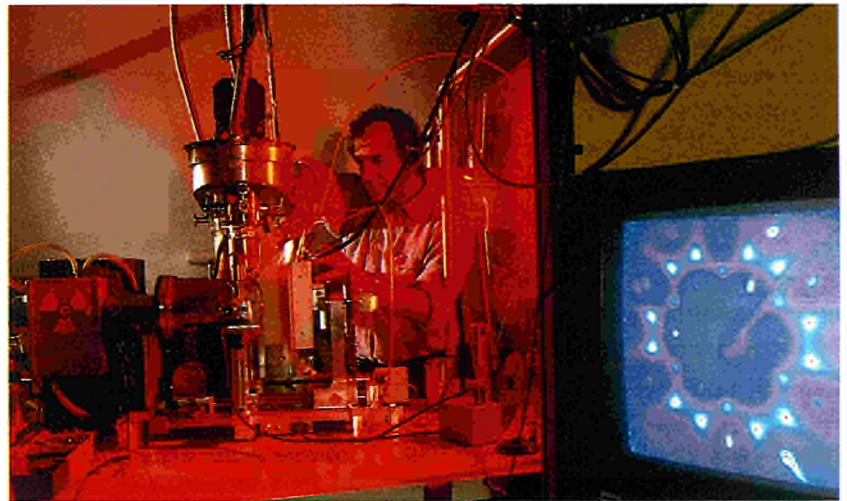
The EIB cannot offer such venture capital finance to SMEs directly but has to use tried-and-tested partners which have relations with clients and a knowledge of local and regional markets and which, because of their proximity to clients, are able to examine capital projects in a cost-effective manner and calculate appropriate risk premiums. In these financing operations the Bank is therefore following the same approach as in its

(2) The European Commission, the European Parliament and the Council of the European Union have approved the provision of venture capital to strengthen the innovatory potential and boost the competitiveness of the European economy. A venture capital fund ("Start-up") is to be set up, which will also be run by the EIF. It is envisaged that the Fund's resources will be used predominantly for new businesses and financing the startup phase of firms in the high-technology sector. Here too there is no provision for direct participation in individual firms but in specialist venture capital companies, which will be investing in firms on their own responsibility.

global loans business (3): it makes funds available to partner institutions which are passed on by those institutions on their own responsibility to SMEs. The risk involved in these financing operations will be shared by the EIB with the respective partner institutions. Accordingly, over the next three years the Bank will set aside ECU 800 million in risk provisions, enough, in other words, to be able to mobilise, in conjunction with the partner institutions, many more times this amount in venture capital financing.

With this venture capital financing the EIB is breaking new ground. The details have still to be worked out, and this must of course be done in collaboration with the partner institutions. The apportionment of risk and return is also to be clarified with each institution on an individual basis.

The Bank has so far made finance available to the state risk insurance company SOFARIS (Société française de garantie des financements des PME), which pro-

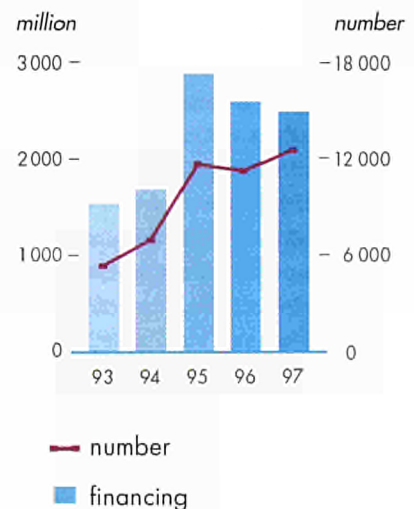


vides guarantees, within certain limits, for capital deployed by French venture capital companies; it has made a financial contribution towards setting up a joint venture capital company involving IMI (Istituto Mobiliare Italiano) and ABN Amro Bank; and negotiations are currently still in progress concerning ten or so other financing packages with other institutions.

The Bank sees the coming months as a trial period. It will be gathering experience and, jointly with its partners, adjusting the supply of venture capital financing to the specific and also differing requirements of SMEs in the various Member States. The aim is to develop a complete range of attractive financing products. ■

Under its traditional global loans business the EIB grants its partner institutions medium to long-term credit lines. From these, the institutions in question extend credit (secured by senior collateral) to SMEs for capital projects of less than ECU 25 million; they do this on their own responsibility, at their own risk and therefore also on terms laid down independently. Experience shows that competition among banks ensures that the favourable terms of EIB financing are passed on by the partner institutions to SMEs. Within the European Union the Bank currently grants global loans for SME finance to some 100 partner institutions. While in the early 1980s aggregate global loans averaged only about ECU 500 million annually and benefited some 1 000 individual SMEs, in 1997 the volume of lending totalled ECU 2.5 billion and involved some 13 000 SMEs. In the final analysis, global loans for SMEs accounted for around 12% of the Bank's aggregate lending within the European Union.

SME financing (1993 - 1997)



Between 1993 and 1997, over 47 000 SMEs, 85% of them employing fewer than 50 persons, attracted nearly ECU 11 billion for their ventures.

The EIB and Public Private Partnerships

The successful establishment of Economic and Monetary Union (EMU) and the single currency in the coming decade is dependent on investment reinforcing the integration of the European Union's Member States. The Single Market has highlighted the importance of efficient infrastructure as essential foundations for future European growth and competitiveness and to reduce unemployment.

A particular focus for such investment is to strengthen physical links with Europe's peripheral regions and with neighbouring countries, many of whom are now also candidates to join the European Union. A priority in this process is the continuing development and modernisation of the Trans-European Networks in transport, energy and telecommunications as well as other crucial major European infrastructure investment.

Achieving the criteria for EMU membership, set out by the Treaty of Maastricht, has required greater public sector restraint and budgetary discipline, emphasising the need for increased efficiency in spending on economic and social infrastructure. To maintain crucially needed investment in projects seen as essential for Europe's prosperity, the EU Member States are having to seek alternative financing mechanisms to reduce their operating budget deficits and capital programmes. These alternatives include privatisation and sharing investment costs with the private sector, in particular through Public Private Partnerships – PPPs.

A EUROPEAN APPROACH TO PPPs

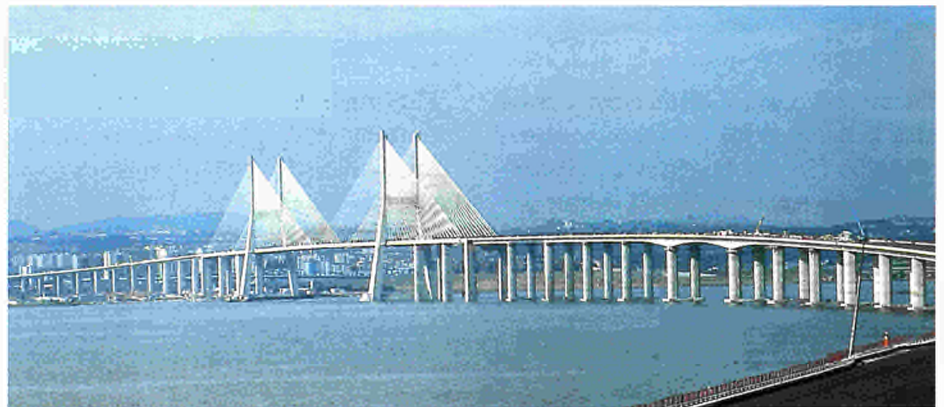
At the European Union level, common policies are evolving to encourage private interests to join with those of the state to develop, fund and manage infrastructure schemes. The development of PPPs is not seen as necessary

just to meet a lack of public funds, but also because of the positive contribution to be expected from the private sector in terms of management, cost effectiveness and quality of service, the sharing of certain costs, supply or demand risks, and advantages to be gained from the pooling of public and private sector expertise.

The European Council of Heads of State and Government have repeatedly highlighted in recommendations on

co-financing with other funding sources, and other appropriate financial instruments.

As an EU institution, the EIB can also co-operate in arrangements to attract other sources of EU funding into a project, in particular grant finance through the Union's structural funds – the Regional Development Fund, the Cohesion Fund – and the TENs budget line of the European Commission, as well as the European Investment Fund (EIF). In



Vasco de Gama bridge in Lisbon

economic policy, the importance of PPPs as mechanisms for speeding up implementation of vital projects. They have called for the establishment of working parties at the very earliest stages in the planning of major projects, specifically to encourage co-operation and participation of public and private interest.

Development of an appropriate PPP concept in the financing of transport infrastructure is also emphasised in the recommendations of the high-level TENs Working Group, of which the EIB is a member, chaired by EU Commissioner Neil Kinnock. The EIB itself is prepared actively to support PPPs through the use of its existing financial resources, and where necessary, by reinforcing

Central and Eastern Europe, where the EIB is active in preparations for greater integration and accession to the EU, it also co-operates closely with the Commission's PHARE grant aid resources. Following the decision of the European Council meeting in Copenhagen in 1993, PHARE funds are being increasingly focused at co-financing infrastructure projects.

Such EU funding can be a major source of value added to PPPs both by reducing the cost of capital, and by creating substantial financial synergies. EU co-financing with public and private sectors reinforces the credibility and creditworthiness of PPP projects as well as improving the leverage achieved on public sector finance committed to the project.

THE EIB AND INFRASTRUCTURE

As the European Union's project financing institution, the EIB has a 40 year history of supporting infrastructure development, in particular transport projects, in the European Union's Member States, and also increasingly in third countries. In 1997, its loans for schemes to modernise Europe's infrastructure, in particular the TENs, amounted to ECU 9.5 billion. Over the past five years (1993-1997), the EIB has approved ECU 46 billion for Trans-European Networks and their extension into countries bordering on the Union, particularly in Central and Eastern Europe. Operations within the Union accounted for ECU 38 billion. Altogether, major infrastructure projects supported represent an aggregate of new investment of over ECU 130 billion during this period.

The EIB does not discriminate between public and private investment, nor greenfield and expansion, new and rehabilitation projects. It does not have particular country or sector targets. Its mission as an EU institution is to provide long-term loan for viable projects meeting EU economic policy objectives.

The growing importance of the private sector, as it moves into areas from which the public sector is retreating under the influence of the Maastricht criteria, strengthened by the general global trend towards privatisation and liberalisation, is also reflected in the evolution of the EIB's own lending patterns. While still continuing to support pure public sector infrastructure projects, the EIB has also been financing a growing volume of private sector projects, including newly privatised telecommunications, as well as in the energy sectors and environmental areas (the treatment of solid waste and wastewater, and water supply).

At the end of 1997, some 62% of the Bank's loan portfolio for projects in the EU was in the private sector, most of which 10 years ago would have been the direct responsibility of the state. Such support has also gone towards PPPs.



Port of Piraeus

European Union examples of PPPs in which the EIB is involved, include the new Elbe Tunnel for Hamburg in Germany; Spata Airport, the Elefsis-Stavos section of the Patras-Athens-Thessaloniki motorway in Greece; Malpensa-Milan Airport and the oil gasification power stations in Italy; the M6 motorway extension and other DBFO road schemes, the Manchester Metrolink Tramway, the first phase of the Channel Tunnel Rail Link, the Heathrow Express, the Second Severn Bridge and Skye Bridge in the United Kingdom; the Vasco de Gama Bridge in Lisbon, and Tapada IPP power station project in Portugal; the Dublin ring-road in Ireland, the Great Belt link in Denmark, and the Öresund link between Denmark and Sweden.

PPP ADVANTAGES

Development of PPPs in the EU is still very uneven and recent, and examples tend to be relatively unique. Much has depended on the cultural context, existing financing structures and experience and the specific circumstances of the PPP project. PPPs are usually complex structures that require careful preparation and, as with any successful partnership, a full commitment by the parties involved.

In the EIB's experience PPPs offer government and public sector bodies a more flexible approach to ownership, organisation, risk-sharing and regulation of projects. PPPs do not necessarily involve the private sector taking partial or total ownership of the projects.

Equally valuable can be the sharing of cost risk and/or the revenue risk or other project risks.

For success in a PPP, there has to be an equitable share-out of the risks by both the public and the private partners, a clear, sound regulatory framework and overall supportive

policy environment. Issues associated with the tendering process need to be improved and the costs of developing PPP proposals need to be pruned. There is no one simple solution, and finding the right balance between risk and reward in a PPP arrangement can be difficult and time-consuming. In some cases, the project might have been completed much sooner by the public sector acting alone.

Private sector finance will only materialise if it is confident of receiving a satisfactory financial return. It is not "cheap finance", as the principal value for governments of private involvement in PPPs is the anticipated gains in management associated with the transfer of risk.

It should be noted that large-scale infrastructures will always remain the natural domain of the state, in view of their wide impact and importance, and whatever solutions are chosen, governments will always have a fundamental role to play in realising major transport projects. Such schemes are often not financially profitable and any private sector contribution needs to be adapted for this. In other more commercial sectors such as telecommunications and energy, market liberalisation and privatisation are increasingly limiting state intervention to a purely regulatory role.

EIB SUPPORT

EIB loans, as a AAA capital market borrower, are at an interest rate cost which is close to that of the Member States. The Bank can provide a maturity and

grace period which will improve the viability of the project for the public sector and contributing to its financial robustness for the private sector.

The EIB is also prepared to make additional efforts in easing the way for financing major infrastructure projects and PPPs. In support of the Union's policy on TENs, the Bank established a special "window" for major infrastructure which was welcomed by the European Council in December 1994 in Essen. The establishment of the EIB's TENs window coincided with the Council's adoption of the list of priority transport and energy TENs.

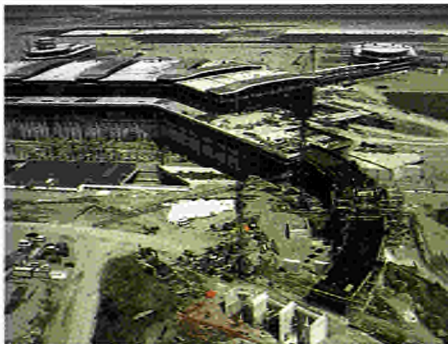
The aim of the EIB's window is to help maintain the momentum of lending for such projects and especially to meet the requirements of PPPs. As most of the eligible PPP projects involve the construction of long-lived assets, the EIB will consider under its window, further extensions to its already long-term loan maturities, to 25 or more years, and lengthen capital grace periods to match debt repayment and cash flow.

The window's scope was further strengthened and widened as part of the EIB's Amsterdam Special Action Programme (ASAP) set up in response to the Member States' resolution on growth and employment at European Council meeting in Amsterdam in June 1997. ASAP is targeted at increasing support of investment that will encourage long-term job creation, including the financing of major job-creating infrastructure projects and TENs. The range of PPPs the EIB can support has also been widened under the ASAP programme, to include projects in the health and education areas.

The EIB sees its role as a pragmatic one – as a complementary source of finance and advice, helping to realise projects and in particular to act as catalyst in arranging the appropriate financing solutions. The overall intention is to minimise financing costs and risk, and to maximise the chances of project success. It also

opens the way for the EIB to become involved in a project at the earliest possible stages of the financial and contractual structuring, to extend and help with mobilising funding for feasibility studies, and encourage the participation of other sources of finance.

Financing structures arranged for PPPs are also becoming increasingly sophisticated, and the EIB is prepared to participate in arrangements that involve the introduction of capital market instruments.



Malpensa Airport

The EIB's ability to provide substantial additional credit can increase the PPPs co-financing options between commercial bank and capital market financing. Examples of combined EIB and capital market bond financing in a PPP have occurred in the DBFO road schemes and for the project to purchase and lease passenger railway rolling-stock by Stagecoach in the UK.

EUROPEAN INVESTMENT FUND SUPPORT

Another institutional support for the financing of European infrastructure is the European Investment Fund, which started operations in June 1994. With a capital of ECU 2 billion, the EIF has been set up to provide guarantees for senior and subordinated debt, and in certain cases to provide equity for major infrastructure projects, in particular the TENs. Its mandate also extends to provision of similar support for small and medium sized enterprises.

The EIF is itself a PPP in the sense that it is a joint venture between the EIB (which

holds 40% of the capital), the Commission (30%) and public and private banks (30%). It can have an important influence on reducing the cost of capital for credit facilities. The EIB has financed a number of PPPs which have also been supported by the EIF, such as the Rion-Anfirion bridge in Greece, Malpensa airport in Italy, the Tapada power station in Portugal, and the Channel Tunnel-London fast train link project (CTRL), as well as the Stagecoach railway rolling-stock project and some of the DBFO road schemes in the UK.

PPP'S OUTSIDE THE EU

In addition to the countries in Central and Eastern Europe, the EIB is likely to become increasingly involved in PPP projects outside the European Union. The EIB currently is operating in over 120 non-member countries within the framework of the EU's external relations policy. Support for PPP investment will be particularly significant in the Mediterranean region where the Bank is active under the European-Mediterranean Partnership programme which places a heavy emphasis on development of the private sector in the region. A recent Mediterranean PPP example is the EIB's support for the construction of a major oil refinery near Alexandria by Middle East Oil Refineries.

In Asia and Latin America, the EIB's finance is being directed towards projects involving joint ventures with European and local partners, including PPP structures. Examples of such PPPs include the wastewater collection and treatment facilities for northern Buenos Aires, Argentina by Aguas Argentinas, and the upgrading and extension of water supply transmission and distribution in West Jakarta, Indonesia, by Garuda Dipta Semesta.

In the African, Caribbean and Pacific states the EIB's activities are conditioned by the Lomé IV Convention. EU orientation for future support in these states is likely to place a strong focus on development of the private sector, which will also bring increased EIB participation in PPPs. ■

The EIB as part of the European Community's institutional set-up

Founded in 1958 under the Treaty of Rome as the European Community's financing institution, the EIB's operational framework is defined by the Treaty establishing the European Community, other Community Treaties and the Bank's own Statute. The EIB serves European Community objectives by directing long-term finance, raised on the world's capital markets to investment projects within the European Union and, since the beginning of the sixties, in third countries helping implement the Community's co-operation and development aid policy. Far from confining the EIB in its operations, the terms of the Community's legal framework allow the Bank to accommodate new European policy priorities into its operations. Whenever opportune, the EIB extended and diversified its activities to execute its mission as the Community's financial arm in a constantly changing economic and political environment.

THE EIB'S REASON FOR EXISTENCE

In the year that the Bank is celebrating its 40th anniversary it seems opportune to remind the reasons for its inception. The decision to create the EIB was an integral part of the decision to establish the European Economic Community. One of the conditions for successfully extending the sectoral cooperation under the European Coal and Steel Community into a comprehensive common

Signing of the Treaty of Rome in 1958.



market was the availability of funds for financing extensive physical infrastructure inter-linking the national economies of the countries involved. Large amounts of finance were also required for financing investment in less-advanced regions and in industry helping these to integrate into an open, competitive economic area. At the Messina Conference, held in 1955 to prepare the Treaty on the European Economic Community these considerations led to the concept of a European public body facilitating the mobilisation and transfer of capital from the richer to poorer regions within the Community and bringing capital into the Community from the outside. Consequently the EIB was "born": a project-financing bank, capable of raising the bulk of its loans out of the proceeds of its borrowings on the capital markets and operating on a non-profit basis in close collaboration with the banking sector. It was obvious that its lending priorities were to be regional development, industrial modernisation and conversion, and economic objectives of common European interest, in particular trans-European infrastructure in transport and telecommunications. These are still foremost among the EIB's lending objectives today; other being added throughout the years in response to investment demand created by changing economic conditions such as safe energy supplies, environmental protection, innovation in industry and, recently, growth and employment. Serving European integration was and still is the Bank's only reason for existence.

AN AUTONOMOUS BODY WITH AN INDEPENDENT DECISION-MAKING STRUCTURE

The fact that the decision to create the EIB was an integral part of the one establishing the European Eco-

nomie Community explains why the Bank's Statute, as a Protocol, forms an integral part of the Treaty of Rome. The Treaty gives the EIB its own legal personality and financial and administrative autonomy, acknowledging its unique situation as being the only Community body operating in the market, together with commercial banks and other financial institutions as its partners. Only its own decision making bodies can commit the Bank, ensuring that it can exercise an independent professional judgement in its lending and borrowing activities.

The EIB's financial structure has also been designed in accordance with the notion of autonomy. The capital is subscribed by the owners of the Bank who are the Member States of the European Union. The Board of Governors, the EIB's supreme body representing the owners can increase the subscribed capital and fix the percentage to be paid in. Furthermore, the structure of the Bank's administration is geared towards providing operational autonomy within the terms of the general mandate defined by the Treaty and the EIB's Statute and thus completing the conditions for the functioning of an institution which is an European Community body and a bank alike.

RESPONSIVENESS

In its day-to-day practice the Bank is constantly seeking to establish a balance between autonomy and responsiveness which includes that its actions are not simply consistent with Community policies but are positively supporting them. The EIB closely co-ordinates its activities with the Community's economic policy and, by extension, maintains close links with its fellow institutions. In laying down the EIB's general policy orientations, the Bank's Board of Governors takes into

account new policy objectives formulated by other Community institutions, in particular those of the Council of the European Union, based on proposals put forward by the European Commission, and the European Parliament's opinion.

In line with the notion of responsiveness the Bank has developed an active attitude not only towards the implementation of new European policy objectives but also increasingly towards their conceptualization and preparation through its preliminary work preparing the ground for policy initiatives launched by the European Council of Heads of State or Government. It does so for instance by participating in EU High-Level Working Groups preparing new policies, such as those defining Europe's priority transport and energy trans-European networks (TENs) and telecommunications TENs in the mid-nineties. A recent example of the EIB's innovative activities contributing in a pro-active way to new policy initiatives of the European Council are its lending operations in support of the European Union's growth and employment policies, defined in Mid-1997. These stemmed from an evolutionary process starting with the EIB's "Edinburgh lending facility" providing extra finance for investment in TENs and environmental protection at the request of the Edinburgh Summit in December 1992. The Edinburgh facility was extended to investment by small and medium-sized enterprises (SMEs) at the request of the Council Meeting in Copenhagen (June 1993). A range of other lending policy initiatives followed, including a temporary subsidised lending facility for job-creating SMEs, set up in 1994 in co-operation with the European Commission. In June of the same year the Bank launched, together with the Commission and the banking sector, the European Investment Fund (EIF) for the purpose of supporting investment by granting guarantees in favour of TENs and SME investment. In Mid-1995, the EIB's Board of Governors decided to widen the eligibility for the Bank's lending to encompass research and development and the retail sector in order to accommodate the financing

requirements of innovative ventures in these sectors. In August 1997 the EIB defined its employment package "Amsterdam Special Action Programme" (ASAP) contributing to the implementation of the Amsterdam European Council's "Resolution on Growth and Employment" (1).

CO-OPERATION WITH OTHER COMMUNITY INSTITUTIONS

While enjoying the autonomy conferred upon it by the Treaty, the Bank is working together with its fellow Community institutions with a view to maximise the impact of their respective activities pursuing the same European objectives. To provide back-up for its co-operation with Brussels-based institutions the EIB set up a representative office in Brussels in 1968.

Council of the European Union

The Council of the European Union who is enacting Community legislation, can call upon the EIB to take part in the implementation of new Community policies. The Bank follows closely the deliberations in the Council and maintains, with the assistance of its office in Brussels, contacts with those involved in the Council's thinking on the prospective direction to be taken on Community policies. The Council appreciates the EIB's professional expertise and knowledge and therefore invites the Bank's President to participate in Council meetings to contribute to its discussions. In the ECOFIN Council (Economic and Financial Affairs Ministers) meetings it has become practice to invite the EIB's President whenever the agenda contains items of relevance to the Bank (2). EIB staff participates in ad hoc working groups established by the Council to discuss and prepare policies in which the EIB plays a role, such as the one on trans-European transport networks

(1) See also "EIB Information" N° 95, p. 1-4.

(2) An important feature of the ECOFIN Council is that the Ministers of Finance, gathering in this Council are also the Bank's Governors and therefore fully familiar with EIB affairs.

(TENs), chaired by European Commissioner Neil Kinnock, and the one on telecommunications, chaired by Commissioner Martin Bangemann.

European Council of Heads of State or Government

Increasingly, the EU Member States' Heads of State or Government call upon the EIB to help implementing new Community policy objectives. In many of their Summit' Conclusions over the past five years the Bank was invited to support implementing these, starting at the Edinburgh Council Meeting in December 1992 where the EIB was asked to support economic recovery in the Union by accelerating its financing for transport, telecommunications and energy TENs and investment serving environmental protection. Another example in the field of TENs was the Bank's participation throughout 1994 in the proceedings of the Group of Personal Representatives of the Heads of State or Government helping to identify the fourteen high-priority transport projects and the ten priority energy schemes definitively adopted in December 1994 by the Essen European Council. An example from last year was the EIB's pro-active role in preparing the establishment of an additional pre-accession lending facility in the candidate Central and Eastern European countries and Cyprus, allowing the Bank to substantially step up its financing in those countries in support of their preparations for EU membership.

European Parliament

Contacts between the EIB and the European Parliament, which together with the Council forms the Community's legislative power, have been institutionalised over the years, including regular contacts at the very highest level as well as staff contacts. The Bank considers it important to keep the European Parliament well briefed on its activities and, vice versa, to keep itself thoroughly primed on the Parliament's opinions and deliberations. Every year the President of the EIB addresses the Committee on Economic and Monetary Affairs and Industrial Policy shortly after and based on



The EIB



European Commission



Council of the EU



European Parliament



European Court of Auditors



Court of Justice

the yearly meeting of the Bank's Board of Governors in June, followed by a wide exchange of views on Community matters in which the Bank is involved at the time. Members from other Committees also attend this important meeting.

In addition, parliamentary Committees invite Members of the Bank's Management Committee or staff to take part in their meetings so as to fill them in on EIB-related subjects or have themselves informed on relevant Bank activities. This exchange of information and views primarily takes place in the Committees dealing with economic and monetary affairs, regional policy, transport, environment, and development.

The EIB also maintains contacts with the two main consultative bodies within the

Community's institutional set-up, the Economic and Social Committee and the Committee of the Regions. Both are dealing with subjects in which the EIB plays a role, in particular economic integration and regional development. Therefore, the EIB keeps these institutions informed about its relevant activities, occasionally in the form of an address by its President.

European Commission

The Commission is the EIB's key partner within the institutional set-up in its day-to-day work, both institutions being fully engaged in the completion of the common market and further European economic integration. Their working together is multifarious, including formal institutional and staff working relations.

The Bank's Statute provides for administrative links between the two institutions. Firstly, Article 11 stipulates that the Commission nominates one Member and one Alternate on the EIB's Board of Directors; the Director-General for Economic and Financial Affairs (DG II) being appointed for the post of Director and the Director-General for Regional Policy and Cohesion (DG XVI) as Alternate Director. The Board of Directors is responsible for ensuring that the Bank is managed in accordance with the provisions of the Treaties and with the general directives laid down by the Board of Governors. The Commission's representative is in a position to explain to his fellow Directors the Commission's views on any topic under discussion. Article 21 of the Statute states that for every loan demand to the Bank it seeks the Commission's Opinion

as to whether EIB financing is considered consistent with Community economic objectives. If that Opinion were negative, the loan could be approved only by unanimous vote of the Board of Directors, the Commission-nominated Director of course abstaining.

At the operational level, there are daily working contacts between staff of the two institutions, at the side of the Commission including a large number of Directorates-General, the one for Economic and Financial Affairs (DG II) being the main vehicle of liaison with the EIB. A key area of co-operation is regional development, both the Bank's loans and the European Community's budgetary aid and grants helping redress regional structural imbalances affecting many of the EU regions (less-advanced regions absorb some 70% of total EIB lending within the Union). The two institutions – at the Commission DG XVI Regional Policy and Cohesion is responsible for managing the Community's Structural and Cohesion Funds – are working in close association to achieve a high degree of complementarity and coherence in their respective financing activities and to realise joint funding through EIB loans and Structural Fund grants (in this context it should be stressed that the Bank remains the final arbiter of its financing decisions, adopted on a project-by-project basis by its Board of Directors after having sought the Opinion of the Commission and the Member State concerned). In 1997, co-financing arrangements concerned investment projects making up one quarter of the EIB's activity in areas qualifying for Structural Funds' measures. The Bank's staff is involved in the different stages of preparing and implementing the various forms of Community structural aid intervention led by the Commission and in consultation with the national or regional authorities in the Member States concerned. This includes helping define the priorities for deploying funds, the terms and conditions for their implementation, as well as monitoring and assessing the results. The EIB actively assists with implementing the Cohesion Fund (3) and furthermore

manages the European Economic Area (EEA) Financial Mechanism (4), providing its technical, economic and financial expertise in appraising projects.

Another important area of co-operation is the financing of investment projects outside the European Union where EIB loans complement the general finance contributed by the European Community from budgetary resources managed by the Commission. Most of the Bank's lending operations are from its own resources but it also acts as an agency in administering, under mandate from the Community or its Member States, risk capital resources as well as interest-rate subsidies for investment projects in the ACP-States and non-member Mediterranean countries. Operational contacts with Commission services include DG I (External Relations) and DG VIII (Development). Also worth mentioning are the working relations with DG XI (Environment, Nuclear Safety and Civil Protection) regarding the fulfilment of the Bank's responsibilities under the Community's policy on protection of the environment and improvement of the quality of life.

Staff co-operation is underpinned by contacts between Members of the EIB's Management Committee, responsible for day-to-day running of the Bank and European Commissioners, obviously in particular those in charge of portfolios of joint interest to both institutions such as economic and financial affairs, regional development, transport, environment, and co-operation and development aid policy.

Court of Justice of the European Communities

As the custodian of Community legislation, the Court of Justice of the European Communities is specifically referred to in various institutional provisions in the text of the Treaties relating to the EIB and in its Statute. The Court has jurisdiction in cases concerning fulfilment by Member States of their obligations towards the EIB and the legality of measures adopted by the Bank's Board of Governors and Board of Directors. The EIB submits its contractual relations with its debtors or creditors established outside the Euro-

pean Union to the jurisdiction of the Court (in contrast, any dispute which might arise between the Bank and third parties within the Union is decided by the competent national courts of the countries where the Bank has elected domicile). The Court of Justice also hears disputes between the Bank and its staff.

European Court of Auditors

The European Court of Auditors' jurisdiction extends to external audit of Community public finance. It audits the European Commission which is responsible for the activities in which the EIB is involved as administrator of European Community resources under mandate from the Community. This audit is executed on the basis of documentary evidence provided by the Bank which allows the Court to perform its so-called "system-based audit". If needed and on mutual agreement, the Court and the EIB's Audit Committee can carry out a joint on-the-spot audit. The practical aspects of this pragmatic co-operation between the Court, the Commission and, by extension, the EIB to control the relevant operations were formalised in 1989 under an agreement. In contrast, the administration of the Bank's operations financed from its own resources are audited by the EIB's own Audit Committee, which consists of three members appointed by the Bank's Board of Governors for their expertise in public auditing and accounts. The Audit Committee audits the EIB's accounts in co-ordination with the External Auditors, currently Ernst & Young, and the EIB's own internal audit structure. ■

(3) In 1997 the Bank was involved in appraising the economic and technical merits of 26 projects submitted for Cohesion Fund support.

(4) The EEA Financial Mechanism is funded by the countries of the European Free Trade Association participating in the EEA and the European Community budget. Its objective is to assist investment in the fields of environment, transport and education as well as projects by SMEs in Greece, Portugal, the island of Ireland and underprivileged regions of Spain. The Mechanism includes ECU 500 million in grants and 2% interest rebates on EIB loans totalling ECU 1.5 billion.

For a sustainable development in ACP countries

The role of the EIB under Lomé IV

Since its inception in 1958, the European Economic Community started searching practical ways to express European solidarity towards the Less Developed Countries, doing so by defining a co-ordinated development cooperation policy towards Third countries. The European Investment Bank (EIB) was from the outset directly involved in supporting this policy through its technical and financial expertise.

Strongly rooted historical ties linking Member States with certain countries in Africa led the European Community to lay the basis for a common development aid policy with these countries with the signature, as early as 1963, of the first Yaoundé Convention. Since then, the European Union (EU) has assisted the African, Caribbean and Pacific (ACP) states and Overseas Countries and Territories (OCT) (1) through successive ACP-EU Conventions, now currently under the Fourth Lomé Convention benefiting 70 ACP countries and 19 OCT.

Lomé Conventions set a framework for developing relationships in different fields – political, economic and cultural – clearly reaffirming the principles underlying this cooperation, such as non-interference, mutual respect and part-

nership, while providing financial support through the EU's aid programme. Responsibilities for this financial aid are divided between two institutions, the European Commission, through the European Development Fund (EDF) which manages grant aid largely for social development sectors, and the EIB, which deals with reimbursable funding for productive investment. Because of its experience in similar fields within the EU, the EIB concentrates on financing projects in the industry, agro-industry, mining, tourism and energy sectors, as well as – in appropriate circumstances – economic infrastructure projects, such as ports, airports, telecommunications, railways. In appraising proposals for Bank lending, the first and overriding consideration is whether the project is likely to make a positive contribution to the economic development of the country or countries in question.

Just as in any other countries where the EIB operates, projects must offer convincing prospects of viability in four fundamental areas – economic, financial, technical and environmental – and demonstrate profitable use of scarce resources. However, the ACP have particularly difficult development problems – most have per capita incomes of only a few hundred ECU per year – and so the

Bank has a great deal of flexibility in its approach for funding investments. A variety of instruments is available.

Loans on Bank's own resources (i.e. from the proceeds of borrowing operations on the capital markets) made in a conventional manner.

Usually, but not always, these carry an interest subsidy of up to 4% (2), from the EDF, managed by the EIB under mandate from the EU Member States and the European Commission.

Loans on risk capital resources, also from the European Development Fund, which are managed by the Bank under mandate. These resources enable the Bank to provide various forms of equity and quasi-capital financing which can be finely tuned to specific project needs, borrower's capacity and the risk/return profile of a project. Some of these funds are used as "seedcorn", by paying for feasibility studies and pilot projects.

The EIB's most recent financing activities have been carried out under the two financial protocols attached to the Fourth Lomé Convention, providing for EIB lending of up to ECU 5.3 billion between 1991-2000. The EIB Board of Governors approved ECU 1 658 million from

(1) In tandem with the Lomé Convention, the European Union made specific provisions for financial and technical assistance for nineteen Overseas Countries and Territories (OCT), constitutionally linked to three EU Member States (France, The Netherlands and the United Kingdom). Financing is provided on the same terms and conditions as in the ACP countries.

(2) This subsidy, in practice, is used to support expenditure on environmental improvements, training programmes or other items agreed by the Bank, or passed to the Government as budgetary support (i.e. it is not used to subsidise private sector investment).

FUNDS MANAGED BY THE EIB UNDER THE FOURTH LOMÉ CONVENTION

	1st Protocol (1991-1995) ECU million		2nd Protocol (1996-2000) ECU million	
Loans from EIB own resources	1 200	52%	1 658	55%
Interest subsidies from EDF resources	280	12%	370	12%
Loans from risk capital resources (EDF)	825	36%	1 000	33%
TOTAL	2 305	100%	3 028	100%

EIB own resources in October 1995 following a decision by the Ecofin Council. The facility will carry a guarantee from the EU Member States.

WHAT HAS THE EIB DONE SO FAR UNDER LOMÉ IV?

EIB lending under the Fourth Lomé Convention has concentrated on: energy (power generation and transmission infrastructure, oil and gas development), communications infrastructure (transport, telecommunications), environment (water supply and sewerage), industrial development, tourism and services linked to these sectors. Under the first financial protocol, the EIB has financed 77 operations from own resources and 166 operations from risk capital, in 56 ACP states and OCT. About 30% of this funding has passed through local banks and financial institutions, which are then responsible for the specific investment decisions, according to EIB guidelines.

Loans in the **energy sector**, amounting to ECU 655 million, have been devoted to the construction or modernisation of power stations, such as the construction of Takoradi and the modernisation of Aksombo hydroelectric power stations on the Volta River in Ghana, or the construction of the Garafiri dam in Guinea, and the Muela hydroelectric power station in Lesotho; as well as for the expansion of electricity transmission and distribution capacity in several countries - Bahamas, Barbados, Belize, Cayman Islands, Comores, Dominican Republic, Grenada, Jamaica, Papua New Guinea - and the electricity grid interconnections between Côte d'Ivoire and Burkina Faso, as well as schemes linking Botswana, South Africa, Zimbabwe and Mozambique. The EIB has also provided loans for the development of oil and gas deposits in Côte d'Ivoire and the construction or rehabilitation of oil pipelines in Kenya, Trinidad & Tobago and Zambia.

In the **transport sector**, ECU 180 million has been used to support investments to rehabilitate a railway line linking Côte d'Ivoire and Burkina Faso, to

develop port facilities in Cape Verde (Mindelo), Mauritius (Port Louis), Namibia (Lüderitz and Walvis Bay), St. Vincent & the Grenadines (Kingstown) and Tanzania (Dar-es-Salaam), and to improve airports in Ethiopia, Fiji, Gabon,



Mauritius and St. Kitts & Nevis. A project of particular regional importance was the renewal and modernisation of airports and equipment to improve air safety in the 15 ACP countries members of the ASECNA (3). The extension and rehabilitation of **telecommunications** networks has also been financed - with a total ECU 125 million - in countries such as Djibouti, Eritrea, Ethiopia, Fiji, Jamaica, Mauritius, Namibia, Senegal and Tonga.

The EIB has always been particularly keen to fund projects that help to protect and upgrade the **environment**, not only by financing environmental protection projects as such, but also by ensuring through its vigorous project appraisal procedures that the impact of any investment it supports is environmentally appropriate. Mainly oriented towards facing urban renewal, environmental projects financed in the ACPs have included drinking water supply, sewerage, sewage treatment and solid waste disposal schemes, for a total of ECU 197 million, in Antigua and Barbuda, Bahamas, Barbados, Botswana, Cayman Islands, Gambia, Guinea, Grenada, Guyana, Malawi, Mauritius, Namibia, Senegal and Zimbabwe.

(3) Agence pour la Sécurité de la Navigation Aérienne en Afrique et à Madagascar

Mining and industrial development, often focused on increasing the value added of local raw materials and thus helping to improve the balance of payments performance of the countries concerned, are defined in the Lomé Convention among the priority areas for the Bank's financing. ECU 140 million went to **mining** projects, including development of the Angorochas block granite quarries (Angola), the Sadiola gold deposit (Mali), M'Haoudat iron ore deposit (Mauritania), Ancuabe flake graphite deposit (Mozambique), Sanyati open-cast copper mine (Zimbabwe) and the extraction of cobalt at Kilembe (Uganda).

INDUSTRIAL DEVELOPMENT: INCREASING EMPHASIS ON PRIVATE ENTERPRISE

Since its inception, the EIB has dealt with both public and private promoters. In recent years there has been an increasing emphasis on private enterprise, given the sector's potential to stimulate growth in emerging economies and to contribute to a competitive economic environment.

Under the first financial protocol of Lomé IV, 40% of EIB operations have been directed towards the development of the private sector, with investments in companies of all sizes. Direct loans to large industrial projects amounted to ECU 198 million, mainly for chemicals, food processing, textiles and leather, as well as processing and semi-processing of metals, rubber and plastics.

For smaller projects, the Bank's approach has been to operate through lines of credit (Global loans) made available to the domestic banks and financial institutions in the ACP states, thereby strengthening them and helping them to build up their administrative

and financial capacities. The Bank has also operated through several European development finance institutions (EDFI) (4). A total of ECU 549 million has permitted the EIB to conclude 65 global loans in 41 ACP countries. Under these global loan arrangements the local bank is responsible for identifying, appraising, choosing and monitoring the projects to be financed, over which, to a varying degree, the EIB exercises a supervisory role. The advantage of this approach is that the decision-making is close to the market, where ideas, aspirations and opportunities emerge.

With the flexibility of the funds available to it, the Bank has been able to offer local intermediaries a variety of instruments. Its direct lending has been complemented with subordinated and conditional loans, convertible loans, loans with participating rights, shareholders' advances, drawn from its risk capital resources.

In Kenya and Uganda, the Bank has developed an "Apex" system, under which lending goes through Government to the Central Bank at subsidised rates, which then on-lends to local banks and DFIs at commercial rates – to avoid financial markets distortion – to fund their clients' investment projects. The Central Bank acts as the Government's agent (calling for and making disbursements, taking responsibility for debt recovery from the banks) but the appraisals are handled by the banks themselves, which take the risk on all loans. This form of cooperation with local financial circuit has extended over some 20 banks and finance institutions.

The EIB also uses the risk capital to provide equity financing. This may be in a variety of forms: direct participa-

tion, in the name of the EU, in the equity of financial intermediaries; indirect participation in the equity of SMEs through financial intermediaries, including venture capital funds; funds to

contribute to the upgrading of public sector companies prior to their privatisation; equity holdings of European companies in ACP enterprises (joint-ventures), etc. ■



EIB's Vice-President responsible for ACP countries, Mr Claes de Neergaard, comments on recent developments and looks at the future:

"In recent years we have seen a number of trends in the activities of the EIB: increased importance of lending to the private sector and increasing lending/investments through financial intermediaries using a variety

of financial instruments. At the same time, the EIB has continued to support infrastructure investments, important both for the ACPs' economic development and to these countries' private sector.

"These trends will probably be reinforced in the years to come. The shift from the public to the private sector is a global phenomenon: we are seeing how an increasing number of services and utilities are being run by the private sector, in telecommunications, power generation, wastewater, etc. Our market is changing and we must adapt to that. One main mission of the EIB will be to deepen its cooperation with the local financial sector in order to assist them in financing small as well as larger companies.

"Our markets have also generally changed for the better. There are promising signs in Africa, in terms of growth, regional co-operation and increased political stability, which will make European companies more interested in investing. The more the sustainability of this process can be underpinned the better. The EIB should be a natural financial partner since it has a unique experience of emerging markets, and has links with a wide network of European enterprises.

"Because of the slow ratification by the EU Member States of Lomé IV second financial protocol, the EIB has had to pursue business with ACP countries with one important limitation: few new loans could be signed or disbursed. However, a sizeable stock of loans has been appraised and approved during this time. Now that the protocol has been ratified, the Bank can rapidly accelerate lending.

"An urgent and important task for the Bank is to work closely with the European Commission to design the medium term architecture of the post-Lomé system. This is being done on the basis of a Green Paper from the Commission and extensive consultation with and between the ACP countries and the EU Member States. The Bank is in the driver's seat of designing the framework for a revolving Investment Facility to replace the present risk capital. I am convinced that the modernised post Lomé framework that is gradually emerging will be well suited to the needs and the interest of both the ACP-countries and the EU".

(4) Under the first Protocol: Cofides (ESP), Commonwealth Development Corporation (UK), Financierings-Maatschappij voor Ontwikkelingslanden NV (NL), Industrialiseringsfonden for Udviklingslandene (DK) and Proparco (FR).

EIB helps develop Central European capital markets



The European Investment Bank is already one of the biggest lenders to projects in the Central European countries with loans totalling ECU 5.4 billion over the last five years (1993-97). As the largest multilateral borrower on the world's capital markets, the EIB is now also extending its borrowing activities to a number of countries in Central Europe. Through such transactions the Bank will be able to channel domestic savings in these countries into productive projects while, by onlending in local currencies, eliminating exchange risks for the project promoters. But above all, the presence of a large and experienced player such as the AAA rated EIB on the capital markets of Central Europe can contribute strongly to their development and deepening.

PIONEERING THE MARKETS FOR FOREIGN ISSUERS

A decade ago, following the EU's enlargement taking in Greece, Spain and Portugal the EIB was a pioneer in the development of the Spanish, Portuguese and Greek capital markets, contributing to their growth and internationalisation. Along the same lines the Bank has already become active in the currencies of three Central European EU applicants: the Czech Republic, Hungary and Poland. It has raised funds in Czech Koruna (CZK), synthetic Polish Zloty (PLN) and most recently Hungarian Forint (HUF) in the domestic Hungarian capital market.

CZECH REPUBLIC: TREASURY IN CZECH KORUNA

Since 1996 the EIB has launched seven Czech Koruna bond issues in the CZK Euro-market for a total of CZK 7 500 million (some ECU 200 million). The latest was a 15-year issue which allowed the Bank to set up the first treasury pool with CZK funds available for disbursing loans

in the currency of the Bank's clients in the Czech Republic at very attractive terms.

Although the Euro-Czech Koruna capital market allows for CZK fund raising at excellent terms, the EIB is now envisaging to tap the domestic CZK market by means of a Debt Issuance Programme in the Czech Republic.

POLAND: SYNTHETIC ZLOTY INDEXED TO DEM

The EIB has also launched two synthetic Polish Zloty (PLN) Euro-bond issues indexed to DEM. The first was a PLN 100 million two-year transaction. The second issue had a volume of PLN 300 million (some ECU 77 million), a coupon of 17%, and a maturity of seven years. It is the longest PLN bond linked to DEM with the largest nominal amount issued by any borrower so far. Issuance of such synthetic PLN, where all payments of interest and principal in respect of the bonds are in DEM, demonstrates the growing international investor demand for investment and exposure in PLN.

The EIB's emphasis now is to develop the domestic capital markets, in particular in the Czech Republic, Hungary and Poland and to transfer its extensive financial expertise in this segment to these countries.

HUNGARIAN FORINT DEBT ISSUANCE PROGRAMME

A major step in this direction was the establishment by the EIB of its first Hungarian Forint Debt Issuance Programme in Hungary, with a volume of HUF 20 billion (some ECU 100 million), which was the first of its kind in any country in Central Europe. Following ratification of the Framework Agreement between the EIB and the Republic of Hungary, the Programme developed in close cooperation with all rele-

vant government bodies and the Hungarian banks, enabled the EIB to issue HUF-denominated bonds in the Hungarian capital market in a variety of structures and to offer HUF loans to project promoters in Hungary.

In the meantime, the Bank has issued 5-year floating rate bonds linked to the Budapest Interbank Offered Rate. This concept constitutes a new product offered in the Hungarian marketplace which has so far only seen floating rate bonds linked to the Hungarian T-Bill yield or inflation rate. The launch of the Bank's floating rate bonds in Hungary underlines once more its role as a pioneer in the development of new markets and the deepening of domestic capital markets by issuing new bond issue structures.

FINANCIAL EXPERTISE FOR DEVELOPING DOMESTIC MARKETS

The EIB's experience with the Hungarian Debt Issuance Programme and of similar programmes in currencies of several Member countries will serve as reference for launching a similar project in Poland in close cooperation with the Polish banking community and the relevant government authorities.

In Hungary, Poland and the Czech Republic the EIB is quickly becoming a benchmark issuer. This is an important requisite for contributing to the growth, deepening and diversifying of existing market structures and to bring them in line with current structures in the European Union. With a view to satisfy specific wishes of project promoters in other Central European countries, the EIB has already contacted the relevant national authorities and banks in several countries and may be expected to raise funds in an increasing number of Central European currencies in a not too distant future. ■



EIB Forum 1998

Europe's Challenge: Investing for Jobs

- London 22-23 October 1998 -

This fourth EIB Forum will address a topic which is of crucial importance for the success of Economic and Monetary Union and therefore figures at the top of the European Union's political agenda. On the threshold of the third stage of EMU, the EU has to fulfil the conditions for macro-economic stability and further support for European economic integration while, at the same time, being confronted with a continuing high unemployment rate. With this in mind, the Amsterdam European Council in June 1997 established a strategy for growth and employment in which promotion of investment plays an important role.

As the European Union's financing institution, the EIB is strongly committed to the Union's growth and employment policies, which it supports by providing long-term loans for investment projects. With the aim of channelling a substantial part of its financing to sound investment in labour-intensive sectors, the Bank launched its Amsterdam Special Action Programme (ASAP) in mid-1997. This programme encompasses the extension of EIB lending to the areas of health, education and urban renewal; stepping-up financing for job-creating infrastructure investment; and providing venture capital facilities for innovative small and medium-sized enterprises.

The aim of the EIB Forum is to contribute towards exploring major European topics and, as a meeting place for experts, to promote professional contacts between specialists involved in the subjects highlighted at the Forum. The EIB Forum 1998 will address the relationship between investment and employment in the European Union, with special emphasis on the topics of mo-

bilising capital within EMU and the availability of risk capital for innovative businesses. The Bank's own intellectual contribution to discussions at the Forum will be based, among other things, on practical experience in implementing ASAP.

The Forum will bring together over 300 delegates from banks and other financial institutions, industry and trade unions, parliaments, governments, regional public bodies, international organisations, universities and the media. Keynote speakers will be Gordon Brown, Chancellor of the Exchequer and EIB Governor for the United Kingdom - as an opening speaker, Renato Ruggiero, Director General of the World Trade Organisation, as dinner speaker and Mario Monti, European Commissioner for the Internal Market and Financial Services, who will present the Commission's ideas. Amongst the other distinguished speakers representing a wide spectrum of economic, financial and political views as well as operational and scientific expertise will be Bernd Pischetsrieder, Chairman of the Board of BMW, John S. Monks, Secretary General of the Trade Union Congress, Great Britain, Marc Vienot, Chairman of the Paris Stock Exchange EUROPLACE, and Salvador García Atance, Chairman of AB Asesores.

The EIB is very pleased to have as an introductory speaker to the first day's



session on the role of investment in creating jobs Jacques Delors, former President of the European Commission, whose White Paper on Growth, Competitiveness and Employment can be considered to be the initial "source" of the Union's present growth and employment strategy.

The EIB Forum 1998 marks the year in which the EIB is celebrating its 40th Anniversary and follows two events devoted to regional topics: the third Forum in Stockholm in 1997 on integration and cooperation in the Northern Sea and Baltic regions and the second in Madrid in 1996, which focused on Euro-Mediterranean partnership issues. The first EIB Forum, held in Amsterdam in 1995, addressed the "horizontal" issue of private-sector participation in large infrastructure financing. As in the case of the previous events (1), the Proceedings of this year's Forum will be published and distributed on a wide scale within and outside the EU amongst those interested in the Forum's topic. ■

(1) The Proceedings of the EIB Forum 1997 were published in April 1998 and can be ordered free of charge from the EIB's Information and Communications Department, fax +352 4379 3189.

Video to highlight 40 years of EIB life



The EIB has produced a short video to mark its 40 years of activity. The story is told in an informative and entertaining manner. The film is available in English, French, German, Italian, Spanish and Portuguese. It constitutes a major change from EIB's other audio-visual corporate productions which are mostly geared to the banking and financial experts and who may still obtain the corporate film "Financing European Integration" which is regularly updated.

With the new 40th anniversary film we hope to reach a larger audience. In particular TV stations, Chambers of Commerce and Industry, EU-institutions and missions abroad, European organisations, professional associations, universities and schools will find the new video helpful for "explaining the EIB" which holds the unique distinction of being both an institution of the European Union and a bank.

In a history section sub-divided into four decades, well-known world events and personalities are presented side by side with EIB activity during the same period. Toward the end of the film, EIB-President Sir Brian Unwin explains the Bank's Amsterdam Special Action Programme - ASAP, the EIB's response to the Resolution on Growth and Employment of the EU's June 1997 Amsterdam Summit.

The film offers a mixture of images of projects, capital markets, and "the Bank at work" highlighting its role for helping to improve standards of living and life quality in the European Union and in other regions of the world.

In addition to the new 40th anniversary film and the corporate video, the EIB is also building up a film library for supplying "rough" film footage to TV journalists. The following cassettes are present-

ly available: The Decision-making Bodies of the EIB (Board of Governors, Board of Directors, Management Committee, the President), the EIB-building, EIB Financing for Regional Development, EIB-Financing in Greece, and EIB Financing in Portugal. ■



VHS copies (Betacam TV stations) may be obtained free of charge by contacting Mrs Sophie Decelle, EIB, 100 Bd. Konrad Adenauer, L-2950-Luxembourg, Tel.:+352/4379.3135 Fax :+352/4379.3189 E-MAIL S.DECELLE@eib.org.

EIB Information is published periodically by the Information and Communications Department of the European Investment Bank in eleven languages (Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish and Swedish).

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Internet <http://www.eib.org>

Photos: EIB photographic library,
EC, Sue Cunningham, Fotostock.

Printed in Belgium by Ceuterick on Arctic Silk paper
awarded the "Nordic Swan" environment label
IX-AA-98-002-EN-C

