

European
Investment
Bank



annual report 1987



The European Investment Bank in 1987 and 1986

Key data

	1987	1986
	(million ECUs)	
Total financing provided during the year	7 842.5	7 544.8
of which — loans from own resources	7 192.2	7 059.9
— financing from other resources (accounted for in the Special Section)	650.3	484.9
Operations within the Community		
Total	7 450.4	7 071.1
of which — loans from own resources	7 003.4	6 678.1
— loans from New Community Instrument resources	447.0	393.0
Operations outside the Community		
Total	392.1	473.7
of which — financing from own resources	188.8	381.8
— financing from Member States' or Community budgetary funds	203.3	91.9
<i>Breakdown:</i>		
Mediterranean countries	42.7	264.0
African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories	349.4	209.7
Amount outstanding at 31 December in respect of loans from own resources and guarantees	40 506.2	36 959.8
Amount outstanding at 31 December in respect of operations accounted for in the Special Section	8 880.6	8 866.4
Subscribed capital at 31 December	28 800.0	28 800.0
of which paid in and to be paid in	2 595.9	2 595.9
Reserves, provisions and operating income	4 453.5	3 804.4
Funds raised during the year	5 592.7	6 785.5
Medium and long-term borrowings outstanding at 31 December	31 956.7	30 271.1
Balance sheet total at 31 December	42 875.3	40 720.9

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1958—1987 Thirty Years of the European Investment Bank

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Board of Governors

Situation at 20 May 1988

Chairman	Palle SIMONSEN (Denmark) <i>until June 1987</i>
	Gerhard STOLTENBERG (Germany)
BELGIUM	Mark EYSKENS, Minister for Finance <i>until May 1988</i>
	Philippe MAYSTADT, Minister for Finance
DENMARK	Palle SIMONSEN, Minister for Finance
GERMANY	Gerhard STOLTENBERG, Federal Minister for Finance
GREECE	Constantinos SIMITIS, Minister for National Economy <i>until November 1987</i>
	Panayotis ROUMELIOTIS, Minister for National Economy
SPAIN	Carlos SOLCHAGA CATALÁN, Minister for Economic and Financial Affairs
FRANCE	Edouard BALLADUR, Minister for Economic and Financial Affairs and for Privatisation, <i>until May 1988</i>
	Pierre BEREGOVOY, Minister for Economic, Financial and Budgetary Affairs
IRELAND	Ray MacSHARRY, Minister for Finance
ITALY	Giovanni GORIA, Minister of the Treasury and Budgetary Affairs <i>until July 1987</i>
	Giuliano AMATO, Minister of the Treasury
LUXEMBOURG	Jacques F. POOS, Vice-President of the Government, Minister of the Treasury
NETHERLANDS	H. Onno RUDING, Minister for Finance
PORTUGAL	Miguel José RIBEIRO CADILHE, Minister for Finance
UNITED KINGDOM	Nigel LAWSON, Chancellor of the Exchequer

Audit Committee

Situation at 1 June 1988

Chairman

Constantinos THANOPOULOS, Manager, Bank of Greece, Athens
until June 1987

Jørgen BREDSDORFF, fhv. rigsrevisor, Audit Department, Copenhagen

Members

Constantinos THANOPOULOS, *until June 1987*

Jørgen BREDSDORFF, *until June 1987*

Albert HANSEN, Secrétaire Général du Conseil du Gouvernement, Luxembourg

João PINTO RIBEIRO, Juiz Conselheiro, Tribunal de Contas, Lisbon
from September 1987

Board of Directors

Situation at 1 June 1988

Chairman: Ernst-Günther BRÖDER

Vice-Chairmen:

C. Richard ROSS
Arie PAIS
Lucio IZZO
Noel WHELAN
Alain PRATE
Miguel A. ARNEDO ORBAÑANOS

Directors

Luigi ARCUTI	Presidente dell'Istituto Mobiliare Italiano, Rome
Bruno BIANCHI	Condirettore Centrale, Banca d'Italia, Rome, <i>from January 1988</i>
Richard BRANTNER	Sprecher des Vorstands der Kreditanstalt für Wiederaufbau, Frankfurt
Corneille BRÜCK	Président-Directeur de la Caisse d'Épargne de l'État, Luxembourg
Antonio Maria COSTA	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels, <i>from November 1987</i>
David DELL	Deputy Secretary, Department of Trade and Industry, London, <i>until May 1987</i>
Jos de VRIES	Plaatsvervangend Directeur, Directie Buitenlandse Financiële Betrekkingen, Ministry of Finance, The Hague
José António GIRÃO	Director-Geral do Tesouro, Ministry of Finance, Lisbon, <i>until April 1987</i>
Paolo GNES	Condirettore Centrale, Banca d'Italia, Rome, <i>until December 1987</i>
Erling JØRGENSEN	Departementschef, Ministry of Finance, Copenhagen
Timothy Patrick LANKESTER	Deputy Secretary (Overseas Finance), H. M. Treasury, London, <i>from February 1988</i>
Roger LAVELLE	Deputy Secretary (Overseas Finance), H. M. Treasury, London, <i>until October 1987</i>
Elizabeth LLEWELLYN-SMITH	Deputy Secretary, Department of Trade and Industry, London, <i>from June 1987</i>
Pedro MARTÍNEZ MÉNDEZ	Director General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid
David McCUTCHEON	Former Second Secretary, Department of Finance, Dublin
Paul MENTRÉ	Président-Directeur Général du Crédit National, Paris, <i>from June 1987</i>
Ludovicus MEULEMANS	Directeur Generaal van de Administratie der Thesaurie, Ministry of Finance, Brussels
Rudolf MORAWITZ	Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn
Luis Antonio GOMES MORENO	Director-Geral do Tesouro, Ministry of Finance, Lisbon, <i>from May 1987</i>
Waldemar MÜLLER-ENDERS	Ministerialdirektor, Federal Ministry of Finance, Bonn
Miguel MUÑIZ DE LAS CUEVAS	Presidente del Instituto de Crédito Oficial, Madrid
Alexander J. O. RITCHIE	Chairman, The Union Discount Company of London, p.l.c.
Yves ROLAND-BILLECART	Directeur Général de la Caisse Centrale de Coopération Économique, Paris
Massimo RUSSO	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels, <i>until June 1987</i>
Jean SAINT-GEOURS	Président Directeur-Général du Crédit National, Paris, <i>until May 1987</i>
Denis SAMUEL-LAJEUNESSE	Chef du Service des Affaires Internationales, Direction du Trésor, Ministry for Economic, Financial and Budgetary Affairs, Paris
Mario SARCINELLI	Direttore Generale del Tesoro, Ministry of the Treasury, Rome
Dimitrios ZACHARIADIS-SOURAS	Adviser to the Minister for National Economy, Ministry for National Economy, Athens

Alternates

Kaj BARLEBO-LARSEN	Director-General for Coordination of Structural Instruments, Commission of the European Communities, Brussels
T. Alastair CLARK	Head of Financial Markets and Institutions Division, Bank of England, London
Jacques DELMAS-MARSALET	Directeur Général-adjoint de la Caisse des Dépôts et Consignations, Paris
Andrew J. C. EDWARDS	Under Secretary (Overseas Finance), H. M. Treasury, London
Flemming FARUP-MADSEN	Kontorchef, National Bank of Denmark, Copenhagen
Winfried HECK	Ministerialdirigent, Federal Ministry of Finance, Bonn
Horst MOLTRECHT	Ministerialdirektor i. e. R., Federal Ministry for Economic Cooperation, Bonn
Miguel MORA HIDALGO	Vocal Asesor de la Dirección General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid
Ariane OBOLENSKY	Sous-Directeur des Affaires Multilatérales, Direction du Trésor, Ministry for Economic, Financial and Budgetary Affairs, Paris
Paolo RANUZZI DE BIANCHI	Direttore Generale del Debito Pubblico, Ministry of the Treasury, Rome
Savino SPINOSI	Direttore Generale a.r., Ministry of the Treasury, Rome
Jan VANORMELINGEN	Eerste Adviseur bij de Administratie der Thesaurie, Ministry of Finance, Brussels

Management Committee

Situation at 1 June 1988

Ernst-Günther BRÖDER, President
C. Richard ROSS, Vice-President
Arie PAIS, Vice-President
Lucio IZZO, Vice-President
Noel WHELAN, Vice-President
Alain PRATE, Vice-President
Miguel A. ARNEDO ORBAÑANOS, Vice-President

Organisation Structure of the Bank

(Situation at 1 June 1988)

	Heads of Departments	Heads of Divisions
Secretary-General Dieter HARTWICH, Manager General Administration Directorate		Internal Audit Coordination Information-Public Relations
		Jean-Claude CARREAU Andrew ALLEN Karl Georg SCHMIDT
	Personnel Ronald STURGES	Recruitment, Training, General Career Planning Personnel Administration Personnel Policy
	Secretariat and General Affairs Bruno EYNARD	Secretariat Translation Representative Office in Brussels Internal Services
	Management Services Roger ADAMS	Organisation and Methods Data Processing Budget
		Thomas CRANFIELD Rémy JACOB Gerlando GENUARDI
		Peter HELGER Klaus WOSZCZYNA Joachim MÜLLER-BORLE Adriaan ZILVOLD
		Fernando GARCIA AGUIRRE Ernest ERPELDING Hugo WOESTMANN
<hr/>		
Operations in the Community Directorate 1 Eugenio GREPPI, Manager (1)	Operations in Italy, Rome Giorgio RATTI, Central Manager Ernest LAMERS	Alessandro MORBILLI Filippo MANZI Alain BELLAVOINE
	Operations in Denmark, Germany and Spain José OLIVA MARIN	Fridolin WEBER-KREBS Manfred KNETSCH
Directorate 2 Pit TREUMANN, Manager	Operations in Belgium, France, Greece, Luxembourg and the Netherlands Gérard d'ERM	Jean-Louis BIANCARELLI Andreas VERYKIOS
	Representative Office in Athens	Konstantin ANDREOPOULOS
	Operations in Ireland, Portugal, the United Kingdom and the North Sea Francis CARPENTER	Jos VAN KAAM Richard POWER Maria Antónia BRAGA SIMÃO Dominique de CRAYENCOUR (Head of Office) Guy BAIRD (Head of Office)
	Liaison Office in Lisbon Liaison Office in London	
Organisational units serving Directorates 1 and 2	Coordination	André DUNAND
	Monitoring Thomas HALBE	Brian FEWKES Agostino FONTANA José Manuel MORI Anders ANKERSEN

(1) Also chairs the Coordination Group for all operations in the Community.

Organisation Structure of the Bank *(cont.)*

Heads of Departments

Heads of Divisions

Directorate for Operations outside the Community

Jacques SILVAIN, Manager

ACP 1
Thomas OURSIN

ACP 2
Rex SPELLER

Mediterranean Countries
Pietro PETTOVICH

Coordination
Monitoring Support Division

Martin CURWEN
Alfred KAWAN

John AINSWORTH
Jacqueline NOËL
Guy BERMAN

Justin LOASBY
Nicolas URMES
Patrick THOMAS

Terence BROWN
Jean-Paul SEILLER

Finance and Treasury Directorate

Philippe MARCHAT, Manager

Issues
Ulrich DAMM

Treasury
John VAN SCHIL

General Accountancy
François ROUSSEL

Coordination

Henri-Pierre SAUNIER

Jean-Claude BRESSON
Ulrich MEIER
Thomas HACKETT
Joseph VOGTEN

Lucio RAGUSIN
Eberhard UHLMANN

Research Directorate

Herbert CHRISTIE, Manager

Economic Research within the Community
Michel DELEAU

Economic Research outside the Community
Luigi GENAZZINI

Financial Research
Desmond G. McCLELAND
Alfred STEINHERR

Documentation and Library

Patrice GERAUD
Carlo BOLATTI
Horst FEUERSTEIN
.....

Klaus ACKERMANN
Stephen McCARTHY

Pier Luigi GILIBERT
Marie-Odile KLEIBER

Legal Directorate

Jörg KÄSER, Manager

Xavier HERLIN

Konstantin ANDREOPOULOS (1)
Giannangelo MARCHEGIANI
Roderick DUNNETT
Marc DUFRESNE

Technical Advisory Service

Hellmuth BERGMANN,
Chief Technical Adviser

Agriculture, environment, marketing

Jean-Jacques SCHUL

Chemicals and electronics
Filippo BARILLI

Patrick MULHERN
Jean-Jacques MERTENS

Manufacturing industry
J. Garry HAYTER

Bernard BÉLIER
Richard DEELEY

Mining and energy
Robert VERMEERSCH

Gerhart GERECHT
Hemming JØRGENSEN
Günter WESTERMANN

Infrastructure
Peter BOND

Jean-Pierre DAUBET
Zdenek HAVELKA
Philippe OSTENC

(1) Also responsible for the Representative Office in Athens.

Guide to readers

ECU — Except where otherwise indicated, all amounts quoted are expressed in ECUs.

Unit of account: In accordance with Article 4 (1) of the Statute, the unit of account of the Bank is defined as being the ECU used by the European Communities; for the composition of the ECU see page 99.

Statistical conversion rates: The conversion rates used by the Bank during each quarter for its financing and borrowing statistics are those obtaining on the last working day of the previous quarter; in 1987, these were as follows:

	during the 1st quarter	during the 2nd quarter	during the 3rd quarter	during the 4th quarter
1 ECU =				
DM	2.07610	2.07221	2.07288	2.07800
Ffrs	6.87503	6.90315	6.91563	6.91686
£	0.724942	0.715957	0.704028	0.693890
Lit	1 446.19	1 477.24	1 501.61	1 499.05
Ptas	141.151	145.743	143.637	135.874
Bfrs	43.2325	42.9222	43.0117	43.1259
Fl	2.34488	2.33947	2.33240	2.33827
Dkr	7.86192	7.83076	7.86263	7.98495
Dr	148.526	152.390	155.610	158.818
Esc.	156.382	160.725	162.497	163.619
IR£	0.764828	0.776488	0.773758	0.774106
Lfrs	43.2325	42.9222	43.0117	43.1259
US\$	1.07038	1.14804	1.13278	1.12965
Sfrs	1.73562	1.72837	1.72126	1.72780
Yen	171.046	167.728	166.519	165.099

Accounting conversion rates: The Bank's balance sheet and financial statements are drawn up on the basis of the conversion rates in force at 31 December of the financial year concerned.

Rounding: Differences between totals shown and the sum of individual amounts are due to rounding.

Totals and adjustments: Because of statistical adjustments, amounts quoted for previous financial years may differ slightly from those recently published.

Amounts are quoted at current prices and exchange rates. Any summary of financing provided over a long period, for example 1959—1987, should be interpreted with care; figures for individual years are affected by price movements and exchange rate variations occurring over the years.

Economic policy objectives: Certain projects within the Community simultaneously meet more than one objective (see pages 23 to 28 and list of finance contracts); this explains why the sub-totals of certain tables corresponding to different objectives cannot be added together meaningfully.

Deflator: The deflator applied to Bank activity is estimated at 1.14% for 1987.

Projects which, despite being located outside the European territory of Member States, are considered in the same way as loans within the EEC because of their interest for the Community

The Board of Governors may authorise financing for such projects under the terms of the second paragraph of Article 18 (1) of the Bank's Statute.

Abbreviations and acronyms:

ACP	= African, Caribbean and Pacific	OJ	= Official Journal of the European Communities
EAGGF	= European Agricultural Guidance and Guarantee Fund	RUE	= Rational use of energy
ECSC	= European Coal and Steel Community	SMEs	= Small and medium-sized enterprises
ERDF	= European Regional Development Fund	SOEC	= Statistical Office of the European Communities (EUROSTAT)
Euratom	= European Atomic Energy Community	toe	= tonnes of oil equivalent
FRN	= Floating rate notes		
GDP	= Gross domestic product		
GFCF	= Gross fixed capital formation		
GNP	= Gross national product	BRITE	= Basic research in industrial technologies for Europe — Community research programme
NCI	= New Community Instrument for borrowing and lending	ESPRIT	= European strategic programme for research and development in information technology
OCT	= Overseas Countries and Territories	EUREKA	= European programme for technological cooperation
OCTD	= Overseas Countries, Territories and Departments	RACE	= Research and development in advanced telecommunications technologies for Europe
OECD	= Organisation for Economic Cooperation and Development		

The economic context of EIB activity in 1987

In 1987, Bank activity took place against an international background of moderate economic growth. In the OECD countries as a whole, output increased in volume by 2.8%, very close to the rate of increase in 1986 (1).

In the United States, GNP rose by 2.9%, the same rate as in 1986; domestic demand and imports both slackened, whereas exports benefiting from the dollar's steady depreciation, increased in volume by 12.8% as against only 4.2% in 1986. In Japan, GNP increased by 3.7% compared with 2.5% in 1986. This improvement was made possible by a relatively expansionist policy sustaining internal demand, imports, encouraged by the yen's substantial appreciation, having increased more rapidly than exports. In the Community, rates of growth in GDP averaged 2.4% according to initial estimates (see table on page 10). As a whole, this moderate performance reflected not only a slackening in both private and public consumption, but also a more rapid increase in imports than in exports; investment improved.

Employment in the United States showed a further marked improvement (+2.6%) with the unemployment rate falling to 6.2%. The improvement was less marked in Japan (+1%), but this must be seen against the lower rate of unemployment obtaining there (2.9%). By comparison, the results obtained in the Community remained mediocre (+0.9% increase in employment with unemployment at 11.6% as against 11.8% in 1986).

Inflation continued to fall in Japan (0.2% in 1987 compared with 0.6% in 1986) and in the Community (3.2% in 1987 as against 3.7% in 1986) where this improvement was helped by more moderate wage increases and the effect of the appreciation of the currencies concerned in relation to the dollar. In contrast, the rate of inflation rose significantly in the United States (4% compared with 2.2% in 1986), partly as a result of the increase in import prices.

In 1987, the world economy continued to face two major imbalances: the indebtedness of the developing countries and the structure of the balance of payments between the industrialised countries.

In particular, the United States' balance of payments deficit on current account widened further to the equivalent of 3.6% of GNP. This contrasted with the situation in Japan where the surplus remained large (3.4% of GNP), although smaller than in 1986, while the Community's surplus fell (1% of GDP as against 1.5% in 1986).

In a world economic system highly integrated through international trade, such imbalances between different zones call for major adjustments which will require delicate handling.

Several international meetings were devoted to the problem of stabilising exchange rates (see page 77). Nevertheless, doubts about measures to reduce the United States' budgetary imbalance, the persistence of the US balance-of-payments deficit, the widening divergence between yields on shares and interest rates and scepticism regarding the outlook for world growth all contributed towards maintaining a climate of uncertainty, especially on the financial markets. A sharp fall in share prices occurred in the last quarter of 1987. Some stabilisation appeared to have been established during the first quarter of 1988.

* * *

In the **European Community**, economic activity continued to grow at a relatively modest rate, roughly the same as in the previous three years.

This growth was sustained by a rise in domestic demand (about 3.6%), itself largely attributable to the increase in gross fixed capital formation which grew by 3.7% in 1987 compared with 3.2% in 1986. On the whole the increase in investment in capital equipment was sustained (5.4% in 1987 as against 3.9% in 1986); the rise was more pronounced in Belgium (+7.9%) and even steeper in Spain (+20%) and Portugal (+29%).

On the other hand, the appreciation of the European currencies against the dollar since the end of 1986 meant that imports into the Community continued to increase faster (+6.9% as against +5.9% in 1986) than exports (+3.1% compared with +1.6% in 1986). The relative movements in import and export prices dampened the effect of this fall in the volume of trade on the Community's balance of payments on current account. The Community's overall trade surplus was equivalent to 0.8% of GDP compared with 1.3% in the previous year.

(1) The macroeconomic statistics contained in this chapter have been taken from the economic budgets for 1987-1988 published by the Commission of the European Communities during the first quarter of 1988 and from OECD sources. The figures for 1987 are still provisional.

The economic context of EIB activity in 1987

The situation differed from one country to another. Germany was able to maintain its trade and current account surpluses (+5.8% and +3.9% of GDP). In contrast, the United Kingdom's trade and current account deficits widened (-2.4% and -0.6% compared with -2.2% and -0.3% in 1986). France and Italy both had deficits while Spain's surpluses were reduced. There was a substantial improvement in Greece's foreign payments account, although the trade component of this account still remains in serious disequilibrium. Largely because of a widening trade surplus, Ireland's current account moved into modest surplus, the first for twenty years.

Thanks to industrial policy measures introduced during the last few years, employment picked up in

1987 with the creation of more than 1.1 million jobs (+0.9% as against +0.8% in 1986, +0.7% in 1985 and +0.2% in 1984). Despite this improvement, Community performance in terms of employment continued to lag behind that of the United States and Japan.

In particular, the rise in employment was still insufficient to lead to any substantial improvement on the labour market. As an annual average, the unemployment rate in 1987 remained at around 11.6%.

This high level of unemployment affected different sections of the working population unevenly. The jobless among the young, women, elderly and unskilled workers posed specific labour problems while the rising number of long-term unemployed

Summary data, 1983—1987: EEC — USA — Japan

	EEC					USA					Japan				
	1983	1984	1985	1986	1987*	1983	1984	1985	1986	1987*	1983	1984	1985	1986	1987*
Annual rates of change															
Volume (%)															
GDP (1)	1.4	2.4	2.5	2.6	2.4	4.0	7.0	3.1	2.9	2.9	3.2	5.0	4.5	2.5	3.7
GFCF	-0.1	1.3	2.1	3.2	3.7	8.8	15.3	5.8	1.8	0.4	-0.3	4.9	5.6	6.1	8.6
GDP per head															
Volume indices (EEC 1980 = 100)(2)	102	104	106	109	111	154	163	167	170	173	110	115	119	121	125
in purchasing power parities	10 697	11 645	12 627	13 639	14 472	16 191	18 280	19 814	21 307	22 457	11 523	12 866	14 150	15 155	16 252
in ECUs	8 978	9 662	10 357	10 940	11 430	16 042	19 895	21 682	17 592	15 968	11 122	13 273	14 498	16 438	16 951
GFCF as % of GDP	19.7	19.3	19.2	18.9	19.1	17.2	18.1	18.6	18.6	18.1	28.3	27.8	27.5	28.5	29.8
Prices (private consumption deflator) (%)	8.6	7.0	5.9	3.7	3.2	3.5	3.9	3.1	2.2	4.0	1.9	2.1	2.1	0.6	0.2
Productivity (3)	2.1	2.2	1.8	1.8	1.3	3.0	2.4	0.9	1.2	-0.6	1.5	4.5	3.8	1.6	3.0
Trade balance (fob) (% GDP)	-0.1	0.0	0.5	1.3	0.8	-2.0	-3.0	-3.0	-3.4	-3.4	2.7	3.6	4.2	4.7	3.9
Public sector borrowing requirements (% GDP)	-5.2	-5.1	-5.2	-4.7	-4.4	-3.8	-0.8	-3.3	-3.5	-2.3	-3.7	-2.2	-1.2	-1.5	-1.2
Employment (% change)	-0.6	0.2	0.7	0.8	0.9	1.1	4.5	2.2	2.3	2.6	1.7	0.5	0.7	0.8	1.0
Unemployment rates	10.6	11.2	11.9	11.8	11.6	9.6	7.5	7.2	6.2	6.2	2.7	2.7	2.6	2.8	2.9

(1) GDP for the EEC and GNP for the United States and Japan.

(2) In the case of the United States and Japan, the indices are also compared with the Community 1980 value, EEC = 100.

(3) Annual rates of growth in GDP per person employed.

* Estimates

Sources: Commission of the European Communities; OECD

remained disquieting. This phenomenon was pronounced in Belgium, Ireland and Italy, where two thirds of the unemployed had been without work for more than a year, while in Spain and the Netherlands more than 50% of the jobless were in this position.

The previous tendency for the rate of inflation to slacken continued. In 1987, the consumer price index rose by 3.2% for the Community as a whole, the best result recorded for the last twenty years. The fall was especially marked in those countries where inflation was still high so that greater convergence was achieved in this respect within Europe. For the Community economy as a whole, real unit wage costs fell slightly.

* * *

In the **African, Caribbean and Pacific countries**, confronted with considerable economic difficulties since the beginning of the 1980s, some improvement could be discerned.

In a number of African countries, measures have been adopted for several years to liberalise the economy, restore financial incentives to encourage production, reduce deficits, strengthen public sector enterprises or make them more independent and, as far as possible, realign their rates of exchange more realistically. Certain of these countries have succeeded in resuming some modest economic growth, but the reforms remain fragile and the social and political costs are often high.

In several countries, the economic environment has nevertheless improved. With the tragic exception of Ethiopia, weather conditions were generally favourable for agricultural production and world prices for certain commodities seemed to have bottomed out and even to have moved upwards slightly; metal prices, especially those of copper, aluminium and nickel, rose considerably towards the end of the year. Although the depreciation of the dollar partly offset these gains, it also alleviated the debt burden of these countries.

The European Community and its Member States are playing an active part in promoting greater awareness within the international community of the special features of Africa's debt problems.

Lastly, the Caribbean and Pacific countries, most of which face less severe difficulties than the African countries, enjoyed economic growth based mainly on sustained expansion of international tourism.

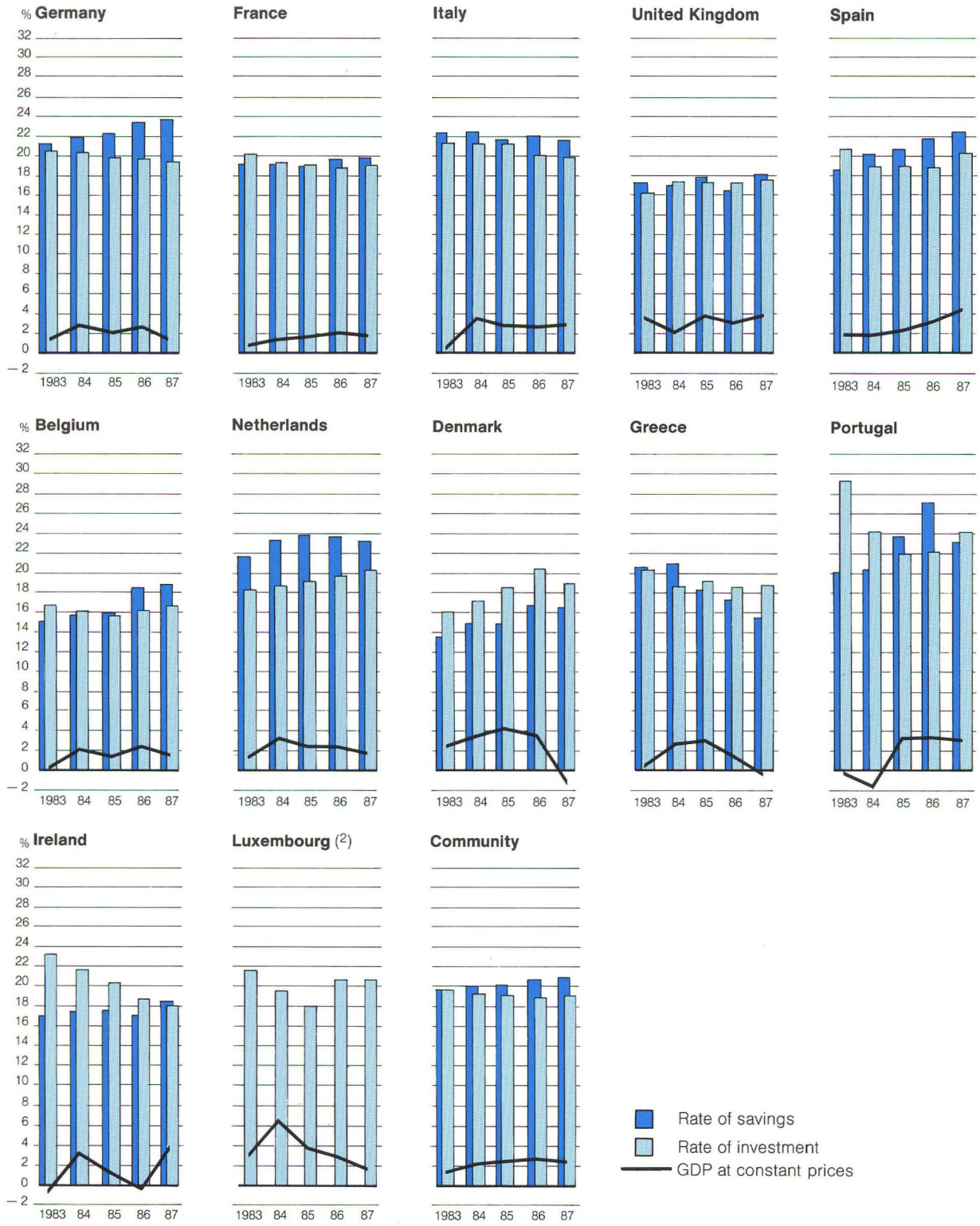
In the **Mediterranean countries outside the Community**, the less favourable international economic climate and, in the case of certain of them, the fall in crude oil prices or the reduced flow of remittances from migrant workers contributed towards aggravating the economic difficulties facing most of them.

The structural weaknesses of the economies of certain of the Mediterranean countries (the insufficient part played by market mechanisms, cost and price distortions, the inefficiency of state enterprises and poor agricultural productivity) are a serious handicap and, in general, government budget deficits, burdened with subsidy payments and defence expenditure, are still too high. In some countries, particularly Tunisia and Morocco, a certain liberalisation of the economy has been undertaken under the aegis of the IMF and the World Bank. In Lebanon civil war has disrupted the economy and also weighed heavily on that of Syria which has seen foreign aid diminish considerably; the position of the smaller countries has generally been better. Turkey has continued along the path of liberalisation, whereas Yugoslavia's economy is going through a severe crisis with inflation exceeding 100% and indecision as to the appropriate economic policy to follow.

* * *

Looking beyond short-term changes in macro-economic performance within the Community, two major challenges crucial to European economic development are completion of the internal market and the simultaneous achievement of greater economic and social cohesion. Success in attaining these objectives jointly by 1992 will help to determine both the future of the countries concerned and European unity. Community financing, notably that of the EIB, in favour of communications infrastructure is one contribution to this, for, to give tangible expression to the notion of an internal market, persons and goods must be able to circulate freely without major physical or financial hindrance. At the same time, the less-favoured regions should have the necessary economically justified infrastructure to develop their exports and establish the appropriate environment for creating and expanding businesses.

Rate of savings, rate of investment and rate of growth of gross domestic product in the Community (1)



(1) Derived from aggregates expressed in national currencies in the case of Member Countries and in ECUs in the case of the Community.

(2) The rate of savings for Luxembourg exceeds the range of this graph.

Transport systems, which were mostly designed in the 19th century in a purely national context, originally had two principal purposes: to bring about greater cohesion between the different regions of a country or, at least, between the most important ones; and to bring supplies to the major mining and industrial centres and to carry back to consumer centres the goods which these produced. The emergence of new forms of transport, the development of the European economies, the creation of the Common Market and the increasingly international character of trade have all profoundly changed the infrastructural needs of the Member States during the last 30 years.

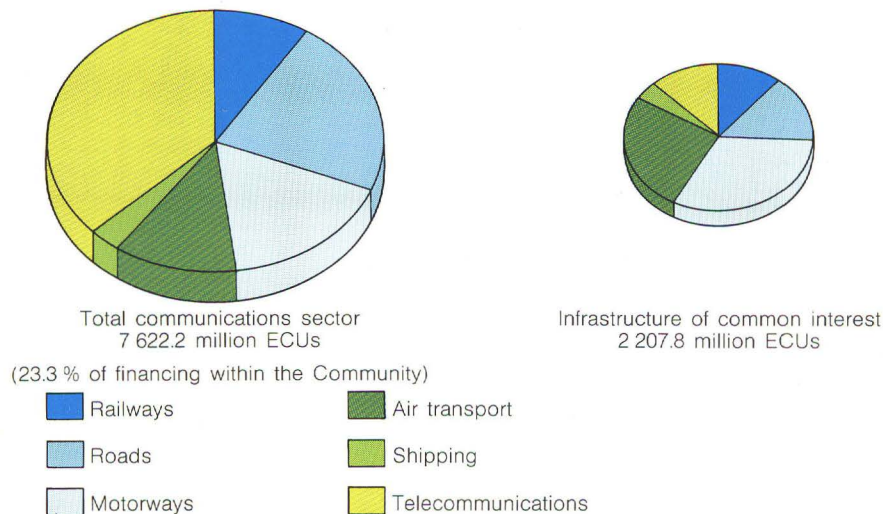
As a result of these developments, many regions now find themselves badly connected to the new decision-taking and economic centres and their infrastructure has become obsolete or ill-adapted to their changing needs. Although of more recent date, telecommunications systems also are not always free of similar shortcomings. As a result wide disparities have appeared both between regions of the same country and between neighbouring Member States. Last though certainly not least, poor cross-frontier communications have raised increasingly costly obstacles to the growth of international trade. Enlargement of the Community to

embrace Greece and then Spain and Portugal has aggravated the difficulties deriving from infrastructural disparities and the isolation of peripheral regions which are often among the less-favoured. The removal of these imbalances or deficiencies calls for a range of measures.

On the one hand, programmes must be set on foot progressively to improve and modernise existing regional systems and this may entail the implementation of many small-scale schemes. Moreover, few regions in the Community are without a minimum level of basic infrastructure, whether roads or electricity supply systems. The problem is that new equipment is still sometimes inadequate to create an environment encouraging the establishment and development of enterprises and to arrest the impoverishment of regions which are geographically or economically handicapped: peripheral, mountainous and isolated areas, backward rural areas and zones with declining industries.

In addition, it may be necessary to create Community-wide or more limited systems benefiting several Member Countries and adapted to contemporary needs as regards the capacity and rapidity of communications and the quality of services offered.

Financing provided within the Community from 1983 to 1987 for communications



In certain cases, major infrastructure must be created to fill the missing links in an integrated European network. The Channel tunnel is an outstanding example of this type of investment (see page 14).

As a whole, the investment projects concerned differ widely in size and purpose. They must be planned to take account of changing social and economic conditions and represent truly productive

investment for which considerations of productivity and quality of service are as important as those of capacity. In this respect, they cannot be exempt from the discipline of economic viability: an infrastructure project however 'large' must still be 'sound'.

The Bank's activity during recent years, as illustrated by the graph on page 13, has respected these various constraints.

The Channel Tunnel

185 years after the first Channel tunnel project was submitted to Napoleon by Albert Mathieu in 1802, the Prime Minister of the United Kingdom and the President of the French Republic on 29 July 1987 exchanged the instruments ratifying the Treaty between France and the United Kingdom for the construction and operation of a tunnel under the Channel.

This project will join the British and French road and rail systems by means of a rapid fixed link unaffected by the weather. In the benefits it provides to the Community as a whole, it is exemplary. The fruit of collaboration between investors and construction firms in different Member States, it will make for considerable reductions in road and rail travelling times between London and Paris, Brussels and other destinations, a gain which will be boosted by the project's integration with the high-speed train network on the continent. The movement of persons and goods between the United Kingdom and the whole of the continent will be much improved. The tunnel will also contribute towards greater cooperation between the different European railway companies, enhancing their efficiency as long-distance carriers.

As soon as the British and French governments' decision on the choice of project was announced, the Promoter, Eurotunnel, asked the Bank to consider possible ways of contributing to its financing. Accordingly economic, technical and financial aspects of the project were analysed by the Bank in line with its customary appraisal procedures. The results of appraisal confirmed: that the Eurotunnel project offered major economic benefits for the Community; that, despite the uncertainties inherent in this type of study, the assessment of the potential

market was reasonable and the project commercially viable; that, from the technical viewpoint, the project was sound and the risks limited because of the use of proven civil engineering technology; that the project was sufficiently robust to withstand changes in technical, economic and market conditions and offered satisfactory rates of economic return and profitability. In the light of these conclusions, the Bank's Board of Directors authorised the Bank to conclude a credit agreement with Eurotunnel, which was signed on 7 September 1987.

Under this agreement Eurotunnel will receive a total of £1 billion or Ffrs 10 billion (1 396 million ECUs) during the construction period. These will form part of the syndicated credit for £5 billion or Ffrs 50 billion (6 980 million ECUs) officially guaranteed by a group of 50 international banks on 26 August 1987. Under these arrangements, the Bank will grant essentially fixed-rate loans for terms of up to 25 years (i.e. for longer than the maximum term of 18 years for financing provided by the syndicated banks). The Bank's loans will be secured by letters of credit from the interbank syndicate until the project has been satisfactorily completed. Thereafter, the Bank's loans will be guaranteed on the same basis as the loans granted by the interbank syndicate, that is to say by charges on project assets and revenues. This credit agreement was a very positive factor in the negotiation and satisfactory conclusion of the syndicate arrangements for the overall credit.

The Bank's contribution to this major project in terms of expertise and financing could become a model for future co-financing operations concerning large infrastructure projects contributing to the European Community's further development and integration.

The EIB in the Community context

In accordance with its Statute, the Bank develops its activity within the framework of Community policies and in accordance with the deliberations of its decision-taking organs. At the same time it remains alive to economic developments under way, including some which are well advanced, and which are leading towards the realisation of a large single market.

* * *

The Single Act came into effect on 1 July 1987 following its ratification by the twelve Member States. This Act sets new objectives for the Community, including in particular the completion of the internal market by the end of 1992, while at the same time strengthening the Community's economic and social cohesion.

A number of its articles, particularly those included in Chapter V, which deal with this question, concern the Bank's activity. Article 130 B, in particular, underlines the role of the Bank in connection with the structural funds to 'promote [the Community's] overall harmonious development', 'reducing disparities between the various regions and the backwardness of the least-favoured regions'.

In February 1987, the Commission submitted a communication to the Council of Ministers, entitled 'The Single Act: A new frontier for Europe'. This communication contains a set of proposals concerning adaptation of the common agricultural policy, strengthening of budgetary discipline, reform of the structural funds and an adequate system of own resources; the European Council meeting in Brussels (29-30 June) underlined the indivisible nature of these proposals. Meetings in Copenhagen (5 December 1987) and Brussels (11-13 February 1988) allowed the Twelve to reach an agreement guaranteeing implementation of these proposals, giving greater credibility to the Community's target of creating a frontier-free area by 1992.

As regards one aspect fundamental to the Bank's activity, namely **reform of the structural funds**, the European Council decided that the 1993 commitment appropriations will be increased to twice the 1987 figure for these funds, emphasis to be placed on those for regions accorded the highest priority (Portugal, Greece, Ireland, certain regions of Spain and Italy, and Northern Ireland). This decision paved the way for the Council of the European Communities (Council of Ministers) to

consider the proposed framework regulation for reform of the structural funds drawn up by the Commission.

Support for **regional development** by financing economically sound investment projects has always been a Bank priority (see pages 23 and 115). During the last five years, loans granted by it from its own resources for regional development (17.2 billion) have very significantly extended Community financing based on ERDF grants (13.9 billion of commitment appropriations). In the light of the planned increase in funds, success in attaining the regional objectives framed in the Single Act will depend on effective coordination of ERDF grants and EIB loans so as to ensure that Community financing has the largest possible effect on investment for a given budgetary cost. An artificial displacement of loans by grant aid would weaken the anticipated impact and might encourage the implementation of poorly planned and badly managed projects by exempting them from the normal constraints that the need for profitability would impose. Community financing must therefore be conceived as a coherent combination of grants and loans, with the level of budgetary aid for the different major categories of investment being modulated appropriately according, among other considerations, to the revenue which projects are likely to generate. Not only must these principles be accepted, but the rules adopted for their practical application in providing and administering financing will be crucial if a fruitful synergy of Community grant aid and loans is to become a reality determining the future of the regions concerned and not an empty precept.

* * *

During the year, Community regional policy saw progress in the formulation of programmes and in particular the Integrated Mediterranean Programmes (IMPs) in which the Bank is involved. Progress was also made towards arranging financing including a substantial volume of loans from the Bank for reconstruction in areas stricken by natural disasters (the region of Kalamata, in Greece, which was struck by an earthquake in 1986; the Valtellina valley, in Italy, which suffered serious flooding in 1987).

On 9 March 1987, the Council of Ministers decided to renew the New Community Instrument for borrowing and lending (NCI IV) making 750 million available to finance **small and medium-sized enterprises**. At the request of the Council of Ministers,

the Bank's Board of Governors on 25 February 1987 accepted the mandate to manage NCI IV and authorised the Bank to make an identical amount available from its own resources for the same purpose. As a result of this decision, it was possible to boost support for investment by SMEs in areas not eligible for regional aid (see page 31).

Community financing for structural purposes within the twelve Member Countries in 1987

(million ECUs)

Loans	8 629
EIB — own resources	7 003
— NCI	447
European Coal and Steel Community	969
European Atomic Energy Community	210
Grants	8 315
European Regional Development Fund	3 662
European Social Fund	3 524
European Agricultural Guidance and Guarantee Fund (Guidance Section)	941
Integrated Mediterranean Programmes	188
GRAND TOTAL	16 944

Another valuable measure in the context of policy in support of SMEs has been the creation of a network of business and innovation centres to assist SMEs. With the same goal in mind, eleven institutions in Member Countries specialising in long-term credit set up the European Financial Engineering Company (EFEC) to support initiatives, preferably of a transnational character, launched by SMEs in Community Member Countries, by providing advice, studies and information.

* * *

Far-reaching changes taking place in Europe's financial sector are tending towards an integrated, more competitive market. In 1987, the Council of Ministers adopted a number of directives (2) aimed at creating a European financial zone.

As regards the **European Monetary System**, the Finance and Economic Affairs Ministers meeting at

Nyborg on 12 September endorsed a set of measures aimed at improving the system's effectiveness. These concern both the convergence of economic policies and its intervention mechanisms. The existing mechanisms, notably the coordinated management of interest rates, moderated the unsettling effects of October's financial crisis. The beginning of the year (12 January 1987) saw a realignment of central rates.

The EMS was strengthened by the accession of Spain, on 13 May, and Portugal, on 10 November, to the agreement of March 1979 between the central banks which fix the rules governing the functioning of the European Monetary System. On 16 June, the Deutsche Bundesbank authorised the private use of the ECU in the same way as other currencies.

The Bank, which had been the first to issue a loan in ECUs on the international capital markets, continued to promote the ECU's wider acceptance, endeavouring to interest different markets and attract new lenders; its outstanding long-term fixed-rate borrowings in ECUs at the end of 1987 amounted to 3 billion (see pages 83 and 98).

* * *

The dollar's depreciation in 1987 exposed **European industry** to increased competition.

Looking beyond short-term economic factors, completion of the internal market and adaptation of the way production capacity is organised to meet the latest technological and market requirements seem more than ever crucial to the future of the European economies. The Bank's activities in this domain, following the guidelines laid down by its decision-taking organs, can and will continue to promote these fundamental changes (see page 26).

The adoption by the Council of Ministers of the **technological research and development programme** for 1987-1991 (3) and specific programmes, together with the introduction of the second phase of ESPRIT and expansion of the BRITE and RACE programmes, create a framework for the Community to provide financing to complement both national funding and financing centred on the EUREKA multinational initiative. The Bank will continue to give favourable consideration to investment projects connected with these programmes. These programmes are part of

(2) O.J. L 185 of 4 July 1987.

(3) O.J. L 302 of 24 October 1987.

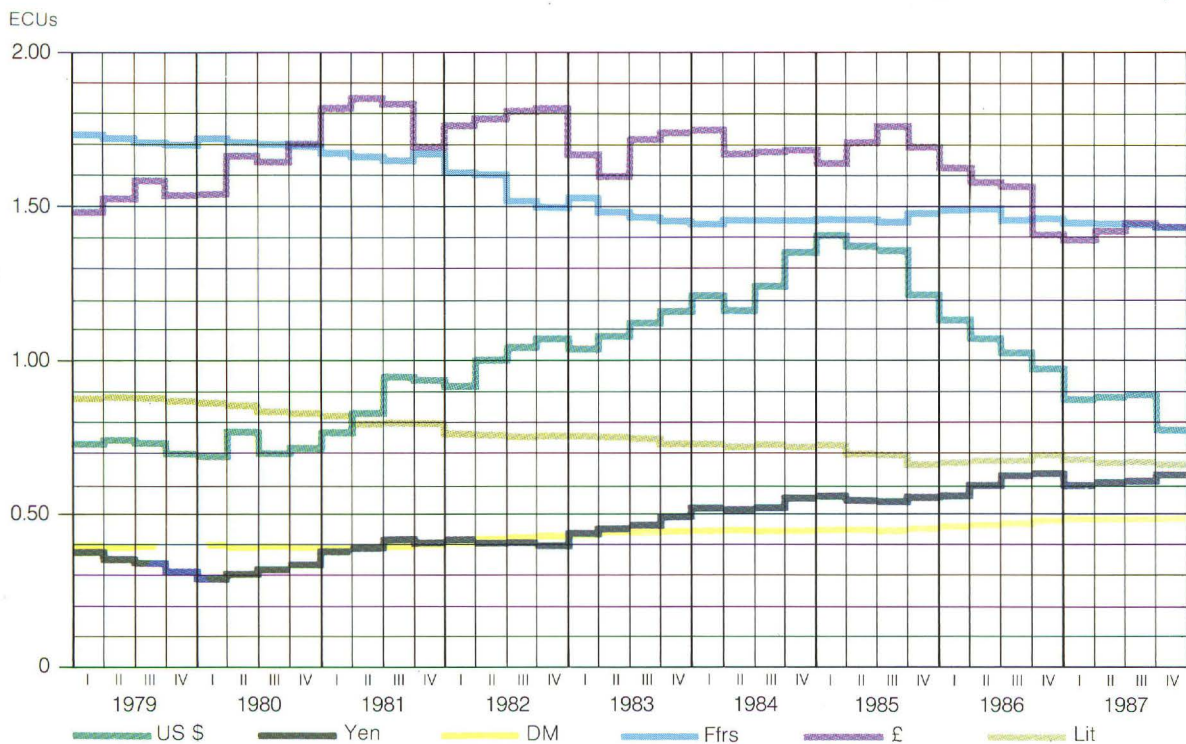
European efforts to make up the ground lost to Europe's major world competitors (the United States and Japan) with regard to the intangible yet fundamental component of industrial investment constituted by research and development. It is worthwhile recalling that in 1986 internal research and development expenditure corresponded to 2.9% of GNP in the United States and 2.7% of GNP in Japan. In the Community as a whole, it amounted to only 2% of GDP though the situation differed from one country to another.

The rapid rise in Bank lending in support of **environmental protection**, in accordance with the wishes expressed by its Board of Governors in 1984 (see page 29), is consonant with the objectives set out in the fourth Community environmental action programme (4). In particular, this reaffirms the inseparable nature of the Community's policy on the environment and the other policies, both national and Community, introduced by the Single Act. When appraising projects, the Bank pays particular attention to their compliance with existing or proposed standards and their effects on the environment.

Reflecting **Community energy objectives**, Bank financing in this area has risen steeply since the oil crises (18.2 billion and 35% of Bank financing in the Community between 1973 and 1987). It is estimated that the investment projects financed during the last five years will help to reduce the Community's dependence on oil by the equivalent of about 14% of the net annual oil imports foreseen in 1995. In reviewing Community energy objectives up to that year, the effects of the stabilisation of petroleum product prices following the sharp falls in 1985 and 1986 are to be reviewed in spring 1988 in conjunction with national programmes.

(4) O.J. C 70 of 18 March 1987.

ECU conversion rates
(for US\$1, Yen 100, DM 1, Ffrs 10, £1 and Lit 1 000)*



* Based on the statistical conversion rates: see "Guide to readers".

The appreciable increase in Bank financing in the **air transport** sector during the last three years (see page 13), reflects the sector's growing importance. The adoption in December of a package of measures concerning fares, capacity, market access and competition was a significant step towards the establishment of a single air space ⁽⁵⁾.

* * *

Outside the Community, Bank lending was based on cooperation agreements concluded between the Community and the States concerned.

In the African, Caribbean and Pacific countries and the OCT, the Third Lomé Convention entered its second year and the Bank continued actively to implement it in accordance with the indicative

programmes previously prepared. On 14 and 15 May, the ACP-EEC Council of Ministers reached agreement on the protocol for the accession of Portugal and Spain to Lomé III. The Community's adoption of a special programme in favour of certain countries which are heavily indebted but committed to significant measures to adjust their economies should go some way to improving their economic situation.

As regards cooperation with the Mediterranean countries, negotiations for renewal of the financial protocols with the Maghreb and Mashreq countries and Israel were concluded during the year; in addition, a new protocol was concluded with Yugoslavia, much of the financing provided under which will be used to fund transport infrastructure of common interest to this country and the Community. These protocols will gradually be implemented in 1988 (see page 65), enabling the Bank to continue its lending in these countries.

⁽⁵⁾ O.J. L 374 of 31 December 1987.

Financing provided in 1987

In the main, the European Investment Bank grants loans from its own resources (principally the proceeds of its borrowings on capital markets) and furnishes guarantees. It also acts as agent of the Community in providing financing from Community funds in non-member countries in furtherance of the Community's policy of economic and financial cooperation and, since 1979, in Member Countries by making loans from the resources of the New Community Instrument for borrowing and lending (NCI); such operations, the decision to mount which is the responsibility of the Bank's Board of Directors, are accounted for off balance sheet in the Special Section and are included in the statistics and reports on Bank activity.

Financing provided by the Bank in 1987 totalled 7 842.5 million ECUs as against 7 544.8 million in 1986 and 7 184.6 million in 1985; compared with 1986, this represented a 3.9% increase at current prices and 2.8% in real terms (see "Guide to readers" on page 8).

Loans from own resources amounted to 7 192.2 million compared with 7 059.9 million in 1986, 1.9% more than in that year. Special Section operations (see page 92) rose from 484.9 million to 650.3 million as a result of the resumption of

financing from NCI resources and increased risk capital financing in the ACP States.

Lending in the Community in 1987 totalled 7 450.4 million, comprising 7 003.4 million from the Bank's own resources and 447 million from NCI resources.

Financing outside the Community totalled 392.1 million, comprising 188.8 million from the Bank's own resources and 203.3 million from budgetary resources.

Table 1: **Financing provided in 1987, from 1983 to 1987 and from 1959 to 1987**

Broad breakdown by origin of resources and project location

	1987		1983—1987		1959—1987 ⁽¹⁾	
	million ECUs	%	million ECUs	%	million ECUs	%
Loans from EIB own resources and guarantees ⁽²⁾						
within the Community	7 003.4	89.3	28 572.7	80.7	49 146.2	80.5
outside the Community	188.8	2.4	2 195.5	6.2	4 515.8	7.4
Total	7 192.2	91.7	30 768.2	86.9	53 662.0	87.9
Financing provided from other resources (accounted for in the Special Section)						
within the Community, from NCI resources	447.0	5.7	4 105.0	11.6	5 910.6	9.7
outside the Community, from Member States' or Community budgetary resources	203.3	2.6	510.1	1.5	1 484.9	2.4
Total	650.3	8.3	4 615.1	13.1	7 395.5	12.1
Grand Total	7 842.5	100.0	35 383.3	100.0	61 057.5	100.0
within the Community	7 450.4	95.0	32 677.7	92.3	55 056.8	90.2
(of which guarantees)			(97.6)		(622.1)	
outside the Community	392.1	5.0	2 705.6	7.7	6 000.7	9.8

(1) Amounts at current prices and exchange rates — in view of the long period covered, figures should be interpreted with caution: the figures for different years are affected by price movements and fluctuations in exchange rates from 1959 to 1987.

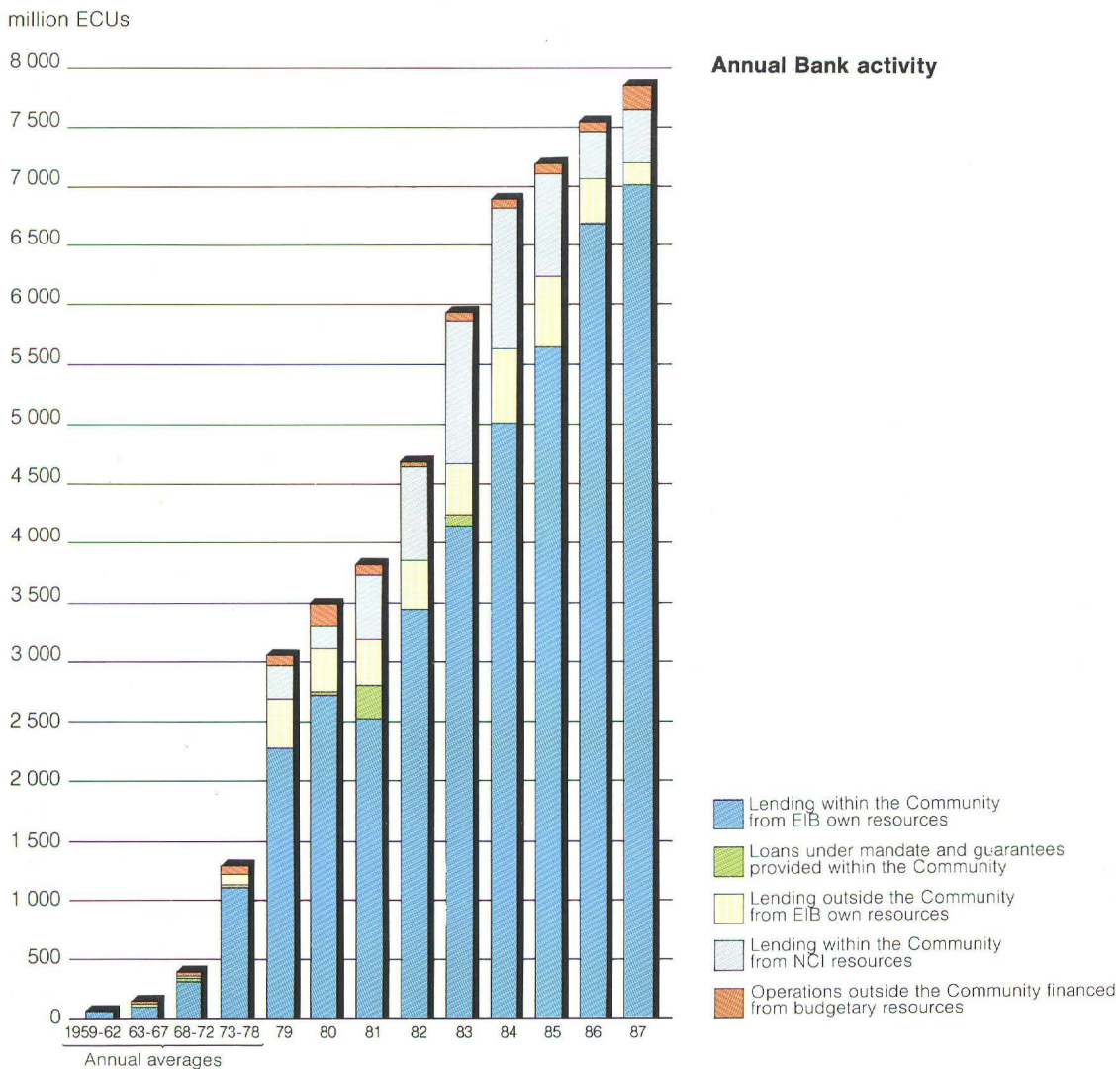
(2) Loans in Portugal and Spain until the end of 1985 and in Greece until the end of 1980 have been accounted for as being outside the Community (see Table 13.1).

Financing provided in 1987

The Bank made calls on the capital markets for a total of 5 592.7 million (compared with 6 785.5 million in 1986), of which 71% was raised in Community currencies. These resources included 4 564.5 million raised by fixed-rate public loan issues and private placements. Of this amount, 325.6 million was swapped to obtain other currencies at fixed rates (132.4 million) or floating rates (193.2 million). Including the 200 million borrowed directly at floating rates, funds available

for floating-rate operations amounted to 393.2 million or 7% of the total raised.

Interbank operations raised 455.9 million which, like the funds raised by means of medium-term notes (352.1 million), was used for financing early repayment of borrowings. An amount of 20.2 million was also raised by the allocation to third parties of participations in Bank loans, guaranteed by the Bank.



Loan formulae and interest rates

Loan formulae: the EIB offers borrowers:

- fixed-rate loans
 - disbursed in several currencies in varying mixes tailored to the EIB's holdings and the borrower's preferences;
 - disbursed in a single Community or non-Community currency;
 - disbursed in several currencies, but in standard mixes with the make-up, term and interest rate all fixed in advance;
- loans at variable rates of interest within certain limits.

Loans can be disbursed in ECUs, either wholly or as part of a mix of currencies.

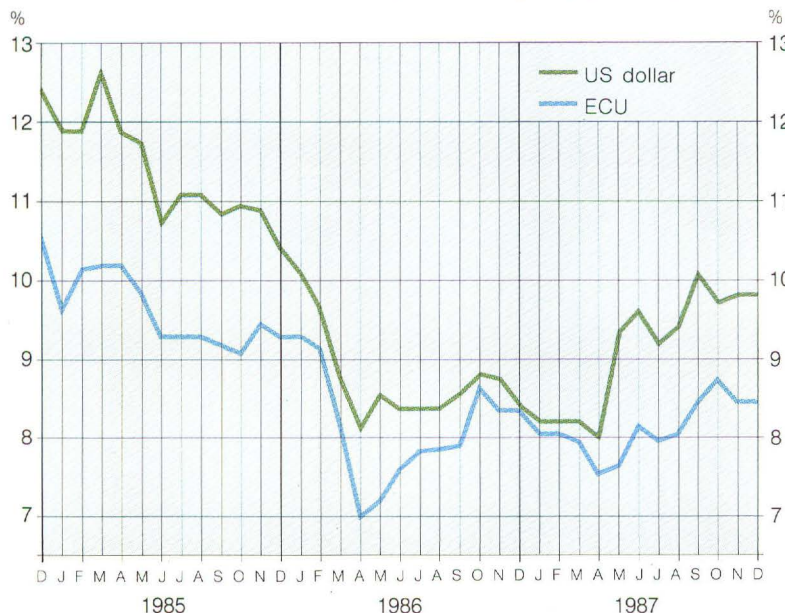
Lending rates - The Board of Directors fixes the interest rates for the EIB's loans. A specific rate is fixed for each of the currencies which the EIB uses, principally the Member States' currencies and the ECU, as well as the US dollar, Yen and Swiss franc. When more than one currency is disbursed, the specific rate for each currency is applied.

As the EIB operates on a non-profit-making basis, its lending rates closely reflect conditions on the financial markets where it obtains the bulk of its funds. The rate or rates charged on each fixed-rate loan are generally those in force on the day when the contract is signed or, in certain cases, on the date of disbursement, and are not subject to revision. The rates charged on variable-rate loans are determined on a quarterly or six-monthly basis. Loans are disbursed at par and capital repayments and payments of interest are made in the currencies received, generally in equal six-monthly instalments.

The fall in interest rates which commenced at the end of 1986 continued almost until May. The subsequent rise, which was appreciable though irregular, persisted until mid-October. In the following months the trend was once again downwards. However, the year finished with rates higher than when it started.

The following graph shows the trend from 1985 to 1987 of the rates applied by the Bank to its loans in ECUs and United States dollars; comparison with the graphs on page 78 shows the close correspondence between market conditions and the trend of the Bank's rates.

Interest rates applicable to 10-year EIB loans denominated in ECUs and in US dollars (six-monthly repayments)



Financing provided in 1987

Disbursements on loans from own resources in 1987 totalled 5 820.5 million, comprising 5 562 million within the Community and 258.5 million outside the Community.

The amount of loans from own resources and guarantees outstanding ⁽¹⁾ rose from 36 959.8 million at 31 December 1986 to 40 506.2 million at 31 December 1987 (+9.6%). Details of the principal forms of guarantee provided for loans outstanding are given in Annex B to the Financial Statements (Note 2).

(1) Original amount of loans and guarantees after taking into account principal repayments, terminations, cancellations, exchange adjustments and, in the case of operations mounted from own resources, third party participations in Bank loans: see Annex B to the Financial Statements (Note 3).

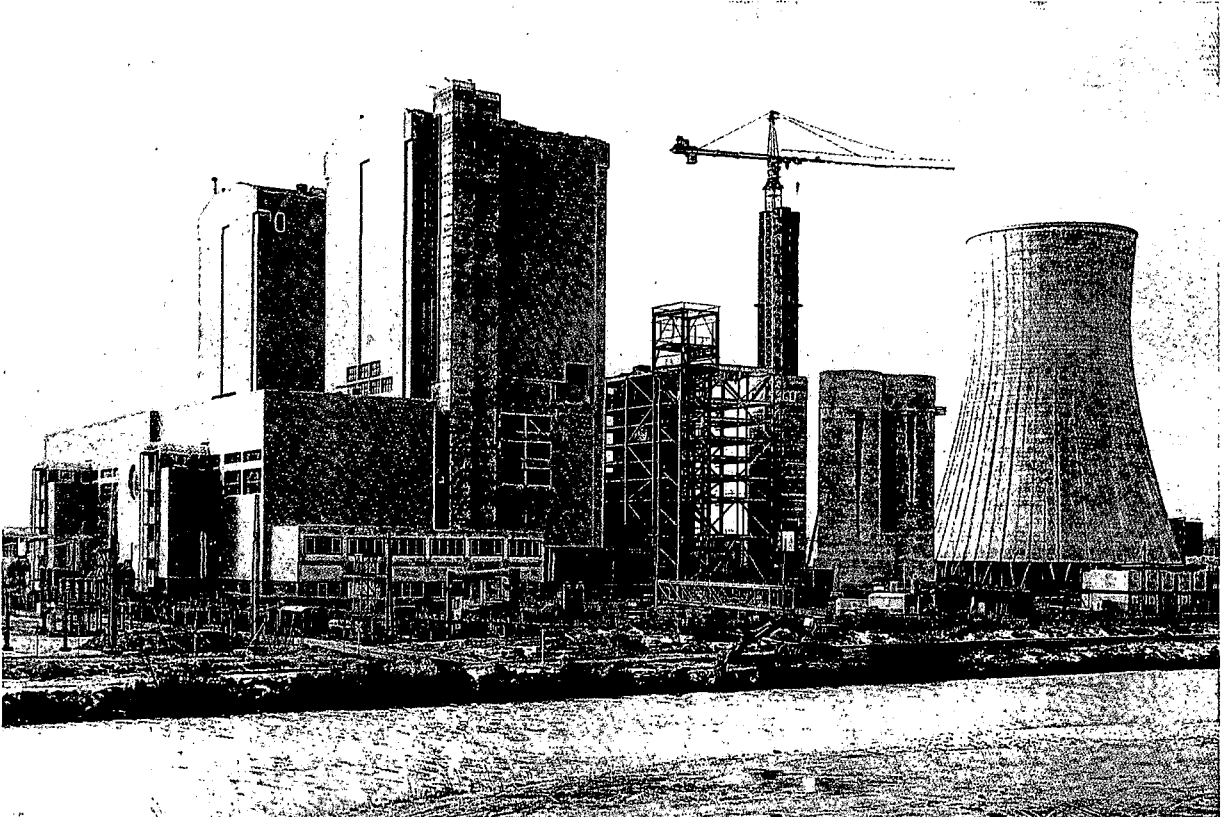
At 31 December 1987, the balance sheet total stood at 42 875.3 million compared with 40 720.9 million at the end of 1986.

Disbursements during 1987 in respect of financing provided from Community resources or from the resources of Member States came to 378.4 million, of which 303.2 million related to loans from NCI resources and 75.2 million to operations mounted in the African, Caribbean and Pacific States and in certain Mediterranean countries.

The amount outstanding in respect of Special Section operations increased from 8 866.4 million at 31 December 1986 to 8 880.6 million at the end of 1987.

Germany's regulations designed to combat atmospheric pollution have called for large-scale capital investment to reduce emissions from coal-fired power stations. Over the past two years the Bank has provided credit for such investment in seven German power stations, including the Stöcken plant at Hanover in Lower Saxony pictured below.

Aggregate EIB lending in 1987 for projects centred on protecting the environment totalled 1.6 billion ECUs.



Operations within the Community

During the financial year 1987, financing provided by the Bank from its own resources for projects within or of direct interest to each of the twelve Member Countries totalled 7 003.4 million, reflecting an increase of 4.9% over the previous year's figure of 6 678.1 million.

A recovery was observed in lending from NCI resources following commitment of part of the amounts available under NCI IV; spread over seven Member Countries, these loans amounted to 447 million as against 393 million in 1986.

Hence, aggregate financing within the Community climbed from 7 071.1 million in 1986 to 7 450.4 million in 1987, or by 5.4% at current prices and by 4.2% in real terms.

Serving Community policies

The diverse geographical and economic conditions prevailing within the Community, with its underdeveloped rural areas, regions characterised by declining traditional industries and peripheral or isolated inland areas, implied from the outset the existence of regional disparities which have been amplified by successive enlargements of the EEC. It is this consideration which prompted attainment of more balanced regional development to be enshrined in the Single Act as a vital objective in fostering Community-wide economic and social cohesion.

This guiding principle broadens and underpins the provisions of Article 130 of the Treaty of Rome which entrusts the Bank with the task of contributing 'to the balanced and steady development of the common market in the interest of the Community', while assigning to it the priority economic policy objective of furthering **regional development** by financing projects in all sectors of the economy (see inside cover page 3).

Against a backdrop often uncondusive to vigorous growth in public or private-sector investment in less-

Table 2: **Lending from own resources in the Community in 1987**

Breakdown by country, sector and economic policy objective

	(million ECUs)								
	Total	Sector			Economic policy objective (1)				
		Industry, services, agriculture	Energy	Infrastructure	Regional development	Energy	Advanced technology and modernisation of undertakings	Environment	Community infrastructure
Belgium	37.1	37.1	—	—	37.1	—	37.1	—	—
Denmark	283.5	4.5	279.1	—	29.5	279.1	—	—	—
Germany	276.5	14.0	148.5	114.1	56.4	225.5	14.0	262.5	—
Greece	160.2	70.8	44.9	44.5	160.2	90.5	—	61.8	9.4
Spain	593.7	324.5	50.8	218.4	459.5	50.8	141.1	24.3	110.7
France	929.8	356.4	122.7	450.7	655.1	200.1	110.3	101.2	90.6
Ireland	178.6	6.5	—	172.1	148.6	—	—	28.4	55.8
Italy	2 916.0	1 037.1	822.1	1 056.8	1 846.8	846.2	402.8	691.2	152.4
Luxembourg	1.6	—	—	1.6	—	—	—	—	1.6
Netherlands	18.0	14.9	—	3.1	18.0	—	14.9	—	—
Portugal	380.0	271.4	6.3	102.3	380.0	56.5	180.0	59.0	15.0
United Kingdom	1 119.8	32.3	344.8	742.7	520.6	347.7	—	350.8	242.6
Other (2)	108.7	—	108.7	—	—	108.7	—	—	—
Total	7 003.4	2 169.3	1 927.9	2 906.2	4 311.8	2 205.0	900.1	1 579.2	678.1

(1) The various totals cannot meaningfully be added together as certain loans correspond simultaneously to more than one objective.

(2) Authorised by the Board of Governors, see page 8.

favoured areas, the Bank succeeded in maintaining activity at a substantial level. Lending for projects promoting regional development came to 4 347.2 million, including 35.4 million from NCI resources (3 685.1 million and 88.3 million respectively in 1986), and represented 58% of overall financing or 62% of loans from own resources (52% and 54% respectively in 1986).

Lending under this heading centred primarily (70%) on regions commanding the highest priority under Community regional policy, namely Portugal, Greece, Ireland, Northern Ireland, the Mezzogiorno and certain parts of Spain.

The Bank bolstered its support for capital investment in areas with traditional industries on the decline as well as for other less advantaged regions, particularly in France and the United Kingdom.

Investment which the Bank helped to finance - covering between 20% and 50% of costs, depending on individual projects - accounted for just over 3%

of aggregate capital investment within the Community. In the case of the least prosperous countries or regions, however, the EIB's contribution towards overall investment was distinctly higher, ranging from 11.3% in Portugal, 9.5% in Ireland, 7.2% in Italy - 14% in the Mezzogiorno alone - to 5.3% in Greece.

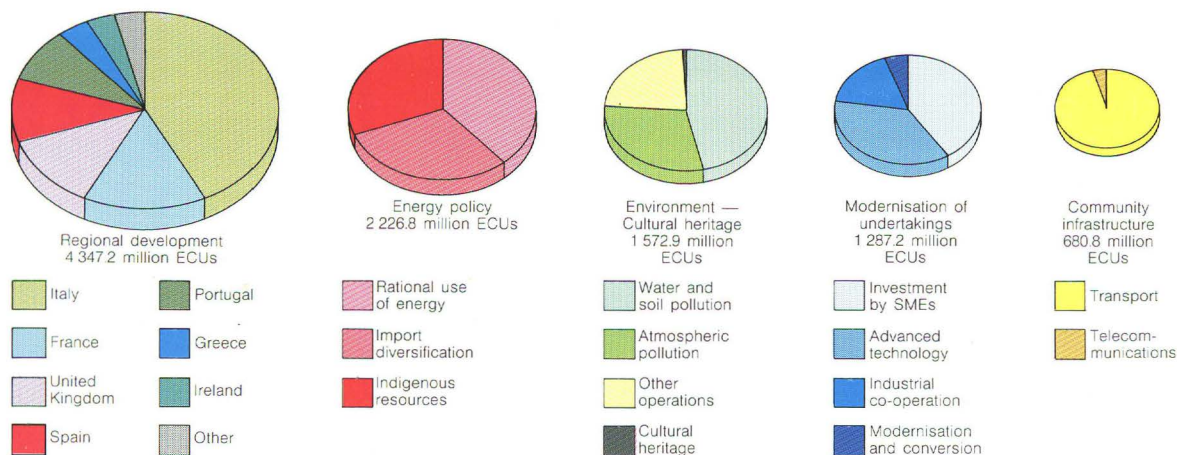
EIB loans in the least privileged areas helped to sustain investment in the industrial, service, agricultural and fisheries sectors which absorbed over one third of the funds advanced (1 568.5 million, including 786.4 million in global loans for SMEs), while also financing basic infrastructure (2 050.5 million) and energy installations (728.2 million).

* * *

Community **energy policy objectives** for 1995 reaffirm priorities established previously in terms of securing firmer control over energy consumption

Financing provided within the Community in 1987

Breakdown by principal economic policy objective (1)



(1) See note 1 to Table 2.

and reducing dependence on oil by boosting production from indigenous resources, while maintaining a balanced diversification policy and seeking greater flexibility as regards supplies.

Loans made available by the Bank in 1987 in pursuit of these objectives totalled 2 226.8 million, compared with 2 600.1 million twelve months earlier. Greater emphasis was accorded than in previous years to diversifying Community supplies and achieving rational use of energy, although financing was also provided for equipment designed to take account of the rapid development of regulations concerning protection of the environment.

Lending directed towards **import diversification** (695.7 million) focused on gaslines and on power stations which could be fired using imported coal.

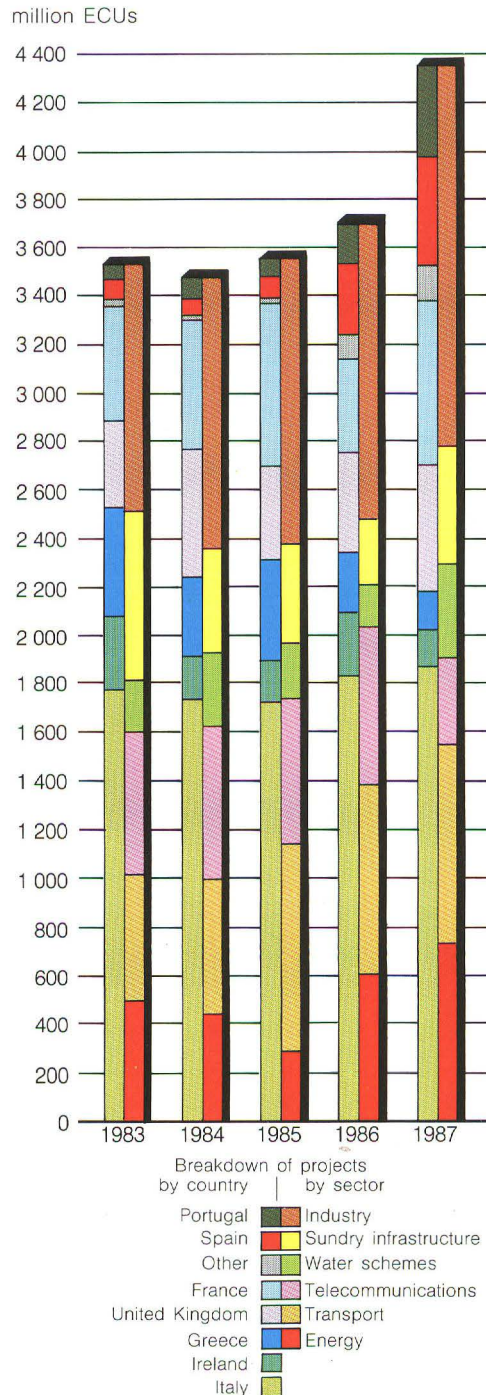
Financing geared to fostering **rational use of energy** amounted to 863.5 million, of which 393.3 million were made available in the form of global loans for industrial ventures and small-scale local authority installations. Individual loans (470.2 million) were devoted chiefly to district heating systems, a pumped storage power station, interconnection of high-voltage electricity grids and equipment for improving the energy efficiency of industrial enterprises.

In contrast, only 667.6 million were given over to strengthening the **Community's independence on the energy front**, with funds being earmarked for the nuclear energy sector, hydroelectric and geothermal plants, and tapping oil and natural gas deposits. In certain countries, completion or slowdown of programmes under way for a number of years with respect to the nuclear energy sector or development of oil and natural gas fields led to a marked decline in investment.

This pronounced downtrend was also reflected in the volume of Euratom operations concluded: acting as agent, the Bank signed jointly with the Commission four finance contracts for a total of 210.2 million for nuclear power stations in Italy, France and Germany, compared with 586.6 million in 1986. These operations are accounted for off balance sheet in the Special Section (see page 92) and, while they are appraised and managed by the Bank, are not included in its operating statistics as the financing decisions are taken by the Commission.

Once completed, new projects funded by the Bank will help to reduce the Community's dependence on oil by 13.5 million t.o.e. per annum, including

Financing provided for regional development from 1983 to 1987



including Spain and Portugal under pre-accession agreements until 1985

9.4 million through import diversification. The cut-back in oil imports achieved by virtue of projects financed over the past five years amounts to 55 million t.o.e. per annum, 12 million of this realised by dint of more rational use of energy; the overall saving corresponds to some 14% of projected net Community oil imports in 1995 (see also Graph VI on page 116).

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Sharpening the **Community's competitive edge** on world markets implies a sustained approach to structural adjustment, innovation and cooperation on the part of European industry. As in previous years, the Bank sought to provide support in these three areas, particularly by promoting modernisation and the dissemination of new technology among SMEs. The EIB made available a total of 1 287.2 million for capital investment of this kind, including 900.1 million from own resources

Financing advanced technology in industry

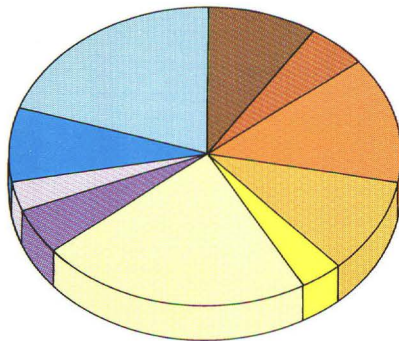
At its meeting on 4 June 1984, the EIB's Board of Governors considered that, in addition to pursuing its traditional priority objectives, the Bank should endeavour to help finance projects fostering the development of advanced technology.

Over the past three years, lending in keeping with this guideline has surged to 1 222.8 million, including

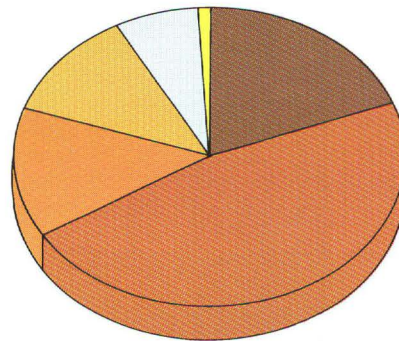
128.5 million in the form of global loans which have given rise to 35 allocations for smaller ventures.

Individual loans (1 094.3 million) account for the bulk of this figure and, as shown in the graph below, stand comparison with lending in favour of industrial schemes not involving recourse to high technology.

Individual loans for industry from 1985 to 1987



Traditional investment:
1 181.4 million ECUs



Advanced technology:
1 094.3 million ECUs

- | | | |
|------------------------|------------|------------|
| Metalworking | Glass | Paper |
| Electrical engineering | Building | Refineries |
| Transport equipment | Foodstuffs | Plastics |
| Chemicals | Textiles | |

(1 005.5 million and 744 million respectively in 1986).

Advanced technology projects claimed 474.1 million and were located in Italy, France, the Netherlands, Belgium and Germany. Micro-electronics, data-processing, telecommunications equipment and chemicals featured prominently, although the glass and rubber industries, motor vehicles and a variety of research laboratories also attracted funds (see box article, page 26).

In keeping with the decision of its Board of Governors, the Bank was able to step up lending for productive investment by SMEs with special emphasis on the application of new technology and innovation outside assisted areas. It concluded ten global loans from own resources for a total of 148.5 million, in addition to the 32 global loans (387.1 million) advanced from NCI resources (see page 16 and Graph VII on page 116).

Furthermore, loans were made available in Portugal and Italy in consideration of the benefits offered by capital investment schemes representing the fruit of cooperation between firms in different Member

Countries, while financing was also provided in Spain to facilitate SMEs' adjustment to the Community market.

* * *

In accordance with the recommendations handed down by its Board of Governors in 1984, the Bank boosted lending for projects helping to **protect the environment**, a component of the Community's other policies calling for concerted action in view of the multisectoral or cross-border nature of certain forms of atmospheric and water pollution.

In 1987, financing for projects espousing this objective amounted to 1 579.2 million (701.7 million in 1986), of which 337.8 million took the form of global loans in Italy, Germany, France and Portugal either tailored solely to supporting environmental protection works or also contributing towards other goals.

Projects fall into two main categories. The first comprises waste water purification schemes or projects designed to improve the quality of drinking

Table 3: **Geographical breakdown of financing provided within the Community in 1987, 1986 and from 1983 to 1987**

	1987				1986				1983—1987			
	Total		Resources		Total		Resources		Total		Resources	
	million ECU	%	EIB own million ECU	NCI million ECU	million ECU	%	EIB own million ECU	NCI million ECU	million ECU	%	EIB own million ECU	NCI million ECU
Belgium	37.1	0.5	37.1	—	46.1	0.7	46.1	—	193.6	0.6	193.6	—
Denmark	315.3	4.2	283.5	31.8	258.2	3.7	198.3	59.9	1 565.1	4.8	1 177.1	388.0
Germany	276.5	3.7	276.5	—	441.8	6.2	441.8	—	1 096.2	3.4	1 096.2	—
Greece	164.8	2.2	160.2	4.6	253.0	3.6	253.0	—	1 635.9	5.0	1 454.7	181.2
Spain (1)	707.4	9.5	593.7	113.7	409.3	5.8	340.0	69.2	1 116.7	3.4	933.7	183.0
France	1 006.5	13.5	929.8	76.8	623.4	8.8	565.0	58.4	4 971.7	15.2	3 906.2	1 065.5
Ireland	178.6	2.4	178.6	—	262.1	3.7	214.3	47.8	1 093.2	3.3	898.1	195.1
Italy	3 112.2	41.8	2 916.0	196.2	3 024.0	42.8	2 912.5	111.4	14 760.7	45.2	12 916.3	1 844.4
Luxembourg	1.6	—	1.6	—	18.2	0.3	18.2	—	36.2	0.1	36.2	—
Netherlands	18.0	0.2	18.0	—	98.2	1.4	98.2	—	185.3	0.6	185.3	—
Portugal (1)	389.9	5.2	380.0	9.9	190.3	2.7	160.4	29.9	580.2	1.8	540.4	39.8
United Kingdom	1 133.7	15.2	1 119.8	14.0	1 371.5	19.4	1 355.3	16.3	5 259.2	16.1	5 051.2	208.0
Other	108.7	1.5	108.7	—	75.0	1.1	75.0	—	183.7	0.6	183.7	—
Total	7 450.4	100.0	7 003.4	447.0	7 071.1	100.0	6 678.1	393.0	32 677.7	100.0	28 572.7	4 105.0

(1) Financing provided in Portugal and Spain before accession: see Table 13.1.

water (730.9 million). These often form part of long-term programmes covering several regions as for example in Italy (Po and Arno river basins, Veneto and the Ligurian coast) and the United Kingdom (Anglia, Yorkshire, Severn and Trent basins).

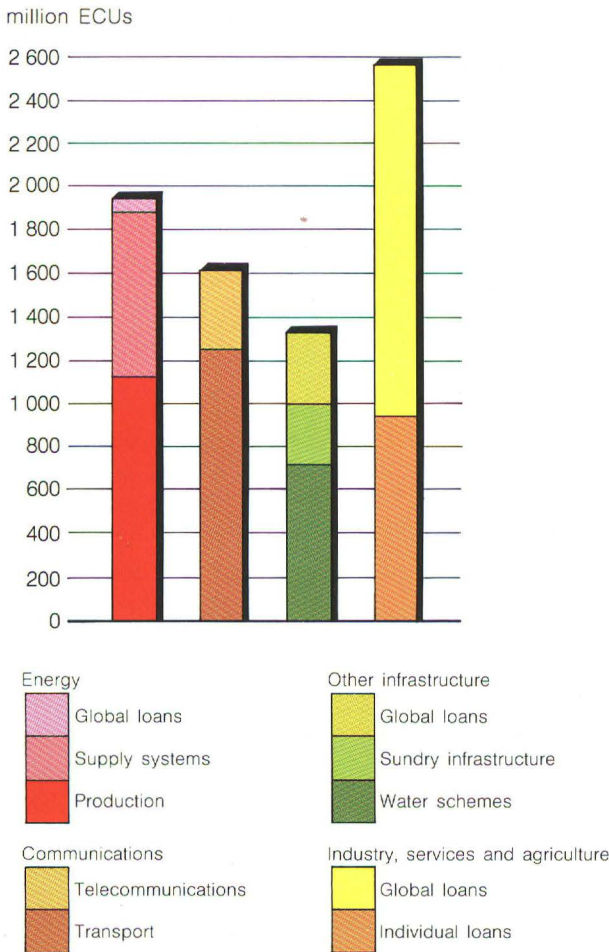
The second category consists of installations for reducing at source atmospheric pollution (see box article, page 29) caused by oil refineries and cement works often located in populous areas or by power stations, particularly coal-fired plant (470.6 million).

The Bank also lent a total of 39.9 million for a range of other operations involving urban waste processing, erosion control, reafforestation and safeguarding the Community's cultural heritage.

The extent to which environmental considerations now form part and parcel of Community policies is highlighted by the fact that some two thirds of funds advanced under this heading also served to promote regional development (numerous sewerage schemes, for example) or to attain common energy policy objectives.

Mention should also be made of the fact that the EIB joined with the World Bank in drafting an environmental programme for the Mediterranean, the purpose of which is to take stock of progress achieved, to pinpoint critical aspects and to propose priority measures.

Sectoral breakdown of financing provided in 1987



* * *

An appropriate network of **transport and telecommunications infrastructure** is of crucial importance in creating a geographically united Europe and a unified internal market (see page 11).

In 1987, financing for Community infrastructure ran to 680.8 million (561.5 million in 1986), of which over 45% was earmarked for air transport facilities (airports, acquisition of aircraft, air traffic control centres). As in previous years, loans were also devoted to numerous sections of road and motorway in Spain, France, Italy, Portugal and the United Kingdom, rail links in Spain, Italy and Greece, port infrastructure in Northern Italy, acquisition of a tanker in Luxembourg, intermodal freight terminals in Northern Italy and in Spain's Basque Country and enhanced telecommunications links between Ireland and the United Kingdom.

Sectoral analysis

Viewed in terms of its breakdown by major sector, the pattern of Bank lending in 1987 showed a fresh upturn in financing for industry, services and agriculture, a modest increase in support for infrastructural works and a sharp drop in credit for the energy sector.

Environment: combatting atmospheric pollution

For several years now, the Bank has been stepping up its support for environmental protection in keeping with the recommendations handed down by its Board of Governors (see Annual Report 1984).

The graphs below highlight the trend of EIB financing, illustrating both the gradual widening of the geographical spread of operations - loans granted in eight countries in 1987 - and the broad spectrum of projects selected; triggered by the European Council at its meeting in Stuttgart in June 1983, the campaign against atmospheric pollution is now being waged in tandem with the battle already under way for a number of years against water pollution, while directives have been adopted with regard to pollution from industrial plants and motor vehicles pending a decision on major combustion installations.

Indeed, atmospheric pollution not only knows no frontiers, but also contaminates other parts of the environment, leading in particular to acidification of soil and surface water with concomitant harmful effects on both mankind and the ecosystems.

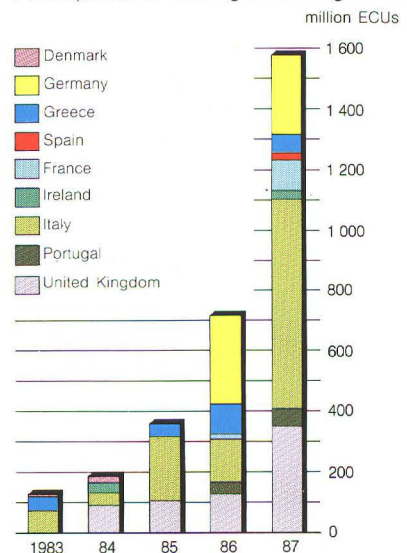
Against this backdrop, the EIB has advanced 718.6 million in individual loans over the past two years for equipment designed chiefly to reduce at source atmospheric pollution caused by power stations (506.7 million) and industrial plants (211.9 million).

Regulations introduced in Germany, especially for combatting acid rain, have called for major modifications to several power stations in North Rhine-Westphalia (Elberfeld, Merkenich, Voerde and Duisburg), Lower Saxony (Stöcken) and the Saar (Römerbrücke and Quierschied). Bank loans have helped to fund installation at these coal-fired plants either of equipment essential for treating flue gases or of new less polluting and more efficient generating units.

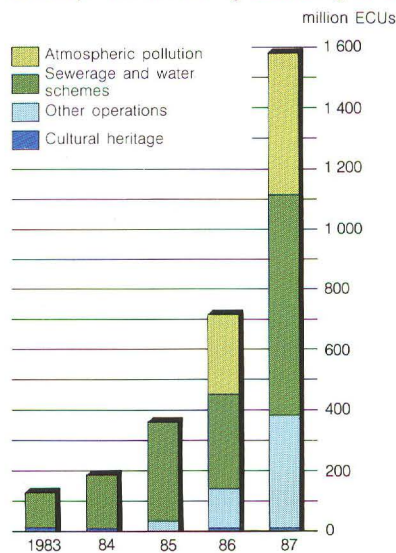
In Italy, loans given over to constructing a new power station in Brindisi, Apulia, as well as a plant in Brescia designed to feed the town's district heating grid also focused on equipment vital to avoid their becoming major sources of pollution. In the industrial sector, the Bank has provided support for a cement works in Italy and, in particular, for removing sulphur from smoke and other emissions from oil refineries in urban areas, i.e. at the Aspropyrgos refinery in the Athens conurbation and at the Aghii Theodori refinery near Corinth in Greece as well as on the outskirts of Rome and Cagliari in Italy. Again in Italy, several global loan allocations (20.6 million) have gone towards equipping cement works, iron and steel works, and chemicals and petrochemicals plants with filters to help protect the environment.

Loans for environmental protection

Development of lending according to country



Development of lending according to scheme



Loans for **industry, services and agriculture** climbed to 2 556.4 million, accounting for 34.3% of overall Bank activity within the Community (1 915.8 million and 27.1% respectively in 1986). **Individual loans** (937.1 million from own resources) were directed towards a broad range of mostly advanced technology projects spread over eight countries and centred on electrical engineering and electronics, mining and quarrying, chemicals, mechanical engineering and transport equipment. Several projects attracted EIB support in the service sector, encompassing tourism and leisure, urban waste collection and recycling, industrial research laboratories and computerised business management systems, while a vigorous recovery was observed in **global loan finance** (1 232.3 million from own resources plus 387.1 million from NCI resources).

Turning to **infrastructural schemes** which claimed 2 944.3 million or 39.5% of the total, the dip in lending for the transport and telecommunications sectors was offset by growth in financing for both sewage collection and treatment works and local authority installations, chiefly in conjunction with composite projects and global loans. The bulk of schemes was located in less developed areas.

Credit in the **energy** sector slipped from 2 533.4 million (36%) in 1986 to 1 949.7 million (26.2%) in the wake of a steep decline in financing for nuclear energy projects and oil and natural gas field development. However, an increase was recorded in funding for hydroelectric, geothermal and coal-fired power stations, while support for electricity, gas and heat transmission or supply systems remained on a par with the previous year.

* * *

Financing made available by the Bank in 1987 went towards capital investment totalling 19.4 billion with a contribution equivalent to a third of overall capital costs.

According to appraisal data, this aggregate capital investment should directly create 28 000 permanent jobs, of which two thirds will be generated in assisted areas and 17 000 by SMEs.

Bank lending also helped to boost productivity and to safeguard employment in a large number of firms, while the orders and works required to implement projects helped to bolster employment within the Community during sometimes lengthy construction periods.

The average weighted term of loans signed in 1987 was around 13 years for infrastructural works and energy installations and 10 years for industrial schemes.

Private industry accounted for 70% of lending for industrial projects as well as for all investment financed from global loans. In the energy and infrastructural sectors, most schemes were mounted by public undertakings or local authorities.

Global loans and allocations

An appreciable increase was observed in the volume of global loans concluded in 1987, chiefly as a result of the Bank's endeavours to strengthen and diversify its ties with institutions specialising in long-term investment financing.

Table 4: **Lending for industry, services and agriculture from 1983 to 1987**

	1983	1984	1985	1986	1987
Individual loans:					
amount (a) — million ECUs	431.6	506.2	509.0	960.6	937.0
Allocations from current global loans:					
amount (b) — million ECUs	1 010.9	1 380.9	1 599.3	1 027.1	985.3
number	3 172	4 541	5 745	3 548	2 871
Total (a + b = c)	1 442.5	1 887.1	2 108.3	1 987.7	1 922.3
Contribution of global loan allocations to total financing (b/c) (%)	70	73	76	52	51

In all, 64 institutions (37 in 1986) in eight countries contracted new global loans totalling 2 010.4 million (27% of lending within the Community, as against 1 234.4 million or 17% in 1986 and 1 858.5 million or 28% in 1985).

Global loans from **own resources** amounted to 1 601.5 million (964.3 million in 1986 and 1 229.4 million in 1985) and fell into a number of categories:

- those provided in less advantaged areas for small and medium-scale industrial, service and tourism ventures (786.4 million) and smaller infrastructural works (212.5 million);
- those made available outside these areas for ventures mounted by industrial SMEs, i.e. 148.5 million under the Board of Governors' Decision following establishment of NCI IV (see page 15) plus 57.6 million in Spain to promote the structural adaptation of the country's industry;
- those directed towards both assisted and non-assisted areas in support of investment in small and medium-scale industrial ventures contributing to the introduction or development of advanced technology (25 million) as well as investment in industry or infrastructural works answering the Community's

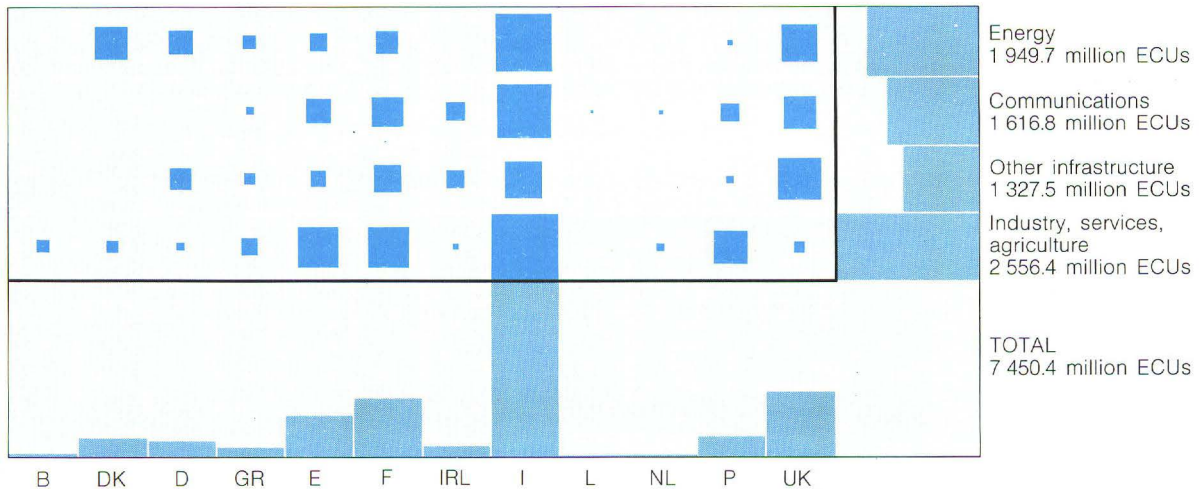
objectives as regards energy policy or environmental protection (371.5 million).

Global loans from **NCI resources** for a total of 387.1 million, including 307.5 million under NCI IV, were given over to financing productive investment by SMEs outside assisted areas, while a further 21.8 million went for investment in the energy sector (270.2 million in all in 1986).

The more modest volume of global loans concluded in 1986 weighed heavily, in 1987, on the number of **allocations** approved from global loans already under drawdown: these diminished for the second year running in terms of both number (3 035, as against 3 930 in 1986 and 6 465 in 1985) and amount (1 175.7 million, compared with 1 267.0 million in 1986 and 1 877.1 million in 1985).

This shrinkage applied to global loan activity across the board: not only did allocations for SMEs fall back, but also credit for infrastructural works and energy installations. There were, however, two exceptions: after an initial year devoted to arranging global loan operations, the pace of allocations gained momentum both in Portugal and, particularly, in Spain, while allocations for environmental protection showed a marked upward trend in Italy and in Germany.

Breakdown by country and by sector



Industrial investment accounted for 2 871 allocations (985.3 million). In terms of SMEs alone, the breakdown of allocations according to payroll numbers shows a concentration on small enterprises: businesses with less than 50 employees received 77% of the number of allocations and 56% of the total advanced (for a detailed breakdown of global loan allocations, see Table 12).

Whereas the financing of larger firms plays a vital role in enhancing the competitiveness of Community industry on world markets by virtue of the scale of their R&D and export market capacity, it has a necessary complement in support for capital investment by SMEs which, through their diversity and dynamism, have a greater impact on employment in relation to the capital invested.

Financing operations by country

Italy

In Italy, lending rose to 3 112.2 million from 3 024 million in 1986 and comprised 2 916 million from own resources plus 196.2 million from NCI resources.

Loans supporting **regional development** accounted for 60% of overall financing (1 868.2 million) and were earmarked chiefly for industrial investment (628.2 million, including 410.8 million in global loans), communications infrastructure (587.7 million) and energy installations (518.7 million).

Over 80% of regional development financing focused on projects in the **mainland Mezzogiorno and the islands** (1 622.8 million) where the breakdown was as follows: 240 million in Apulia, 191 million in Campania, 123 million each in Latium, Sicily and Sardinia, 82 million in Calabria, 57 million in Abruzzi, 33 million in Basilicata, 11 million in Molise and 7 million in The Marches. The figures for Campania and Basilicata include 48.2 million in loans attracting 3% per annum interest subsidies financed from the General Budget of the European Communities (1); these operations were mounted as part of an aid package of one billion, now committed in full, for reconstruction in areas damaged by the earthquake at the end of 1980.

The Bank also advanced 632.8 million for multiregional telecommunications, gas supply, shipping and air transport projects as well as in the form of multiregional global loans.

In the less-favoured parts of **Central and Northern Italy**, regional development financing amounted to 245.4 million, including 153.6 million in global loans for SMEs.

* * *

Lending for projects pursuing **Community energy policy objectives** came to 846.2 million and centred mainly on harnessing hydroelectric and geothermal resources, developing natural gas deposits, diversifying supplies and achieving energy savings.

Vigorous growth was recorded in financing for schemes designed to **protect the environment** (691.1 million as against 143.3 million in 1986). Funding was earmarked largely for waste water collection and treatment works in various basins in Central and Northern Italy, sewerage networks in the Mezzogiorno, flood protection and erosion control schemes, a system for monitoring natural disasters and projects intended to safeguard the Community's cultural heritage (the Doges' palace in Venice and the archaeological sites of Pompeii, Herculaneum and Stabiae). Loans were also made available for urban waste processing and for reducing atmospheric pollution.

In Central and Northern Italy, the Bank financed several items of **Community transport infrastructure** (152.3 million), namely a motorway across the Alps, ports, airports, airport access links and improved air services as well as rail/road freight centres.

(1) Council Decision 81/19/EEC of 20 January 1981

In addition, 402.8 million were lent for industrial projects incorporating **advanced technology** or representing the fruit of **cooperation** between aeronautical engineering firms in two countries.

* * *

Financing for **industrial and service-sector investment** totalled 1 209.2 million, of which 516.5 million took the form of **individual loans** to industry.

Many of the latter involved electronics, data processing and electrical engineering, with funds given over to manufacturing a new generation of electronic typewriters in Crema, extending a factory producing printers and magnetic memories at San Bernardo d'Ivrea, a plant turning out components for numerically controlled machine tools at Genova-Sestri, telecommunications equipment and components in Milan, and computer integrated manufacturing at a refrigerator plant in Susegana and at factories near Treviso producing electric heating resistances.

Several loans benefited the chemicals sector: manufacture of high performance fluorochemicals at a factory in Alessandria, modernisation of detergents and chemical adhesives plants in Lomazzo, Casarile and Ferentino, polypropylene production facilities in Terni and Brindisi, manufacture of acrylic and polyester fibres in Ottana and Porto Torres, an applied research laboratory in Pomezia and pharmaceuticals production in Sermoneta. Funding was also provided for equipment designed to increase production of lighter products at a refinery near Rome, while cutting back both pollution and energy consumption.

Other industrial projects financed covered a broad range of sectors: aeronautical engineering at two plants in Pomigliano d'Arco and Capodichino, production of railway traction units in Naples, manufacture of tyres in Bollate and car windows at an automated plant in San Salvo, production of paper in Avezzano and foodstuffs in Pomezia, and rationalisation of an alumina plant in Sardinia and a cement works in Vibo Valentia with a concomitant reduction in polluting emissions.

Lending under this heading was rounded off by a total of 24.4 million for service-sector investment encompassing tourism, applied research, urban waste management and a fish-farming enterprise.

Global loans for financing industrial investment amounted to 668.3 million and will go chiefly towards supporting SMEs in various regions of the Mezzogiorno (238.4 million) as well as in less privileged areas of Central and Northern Italy (145.5 million) or outside these areas (172.1 million from NCI resources). In all, 1 446 SMEs, mainly in industry but also in the service sector — particularly the hotel trade — and agriculture, attracted 568 million in allocations from global loans already activated (including 236 allocations worth 140.9 million from NCI resources). Other similar lines of credit were designed to help develop advanced technology (25.1 million committed in respect of nine industrial ventures), protect the environment and promote rational use of energy (87.3 million).

* * *

Loans for **infrastructure** (1 080.9 million) embraced a multiplicity of schemes throughout the country, notably in the **transport** sector (387.1 million).

The Bank financed extension of suburban rail lines to link up with airports in Rome and Milan, Naples's first underground railway system and repairs to installations damaged by the 1980 earthquake in Campania and Basilicata.

Funds were advanced for the final sections of the Tunnels Motorway connecting the Ligurian coast and Piedmont with Switzerland, the Milan—Rome and Rome—Naples motorway link by-passing Rome, widening of the Rome—Naples motorway, reconstruction of viaducts between Naples and Bari, building of an underpass in Caserta and construction of intermodal freight centres in Turin, Verona and Parma.

Several loans were made available for improving access for vessels to various ports: coal carriers in Brindisi, container vessels in Trieste, La Spezia and Ravenna, and commercial and fishing vessels plus pleasure craft in Ortona, Bagnara, Cariata, Pescara and Giulianova. One operation was intended to upgrade ferries serving Sicily and Sardinia by offering increased capacity and comfort. Financing was also provided for developing air traffic by dint of projects involving modernisation of Turin—Caselle airport and, in particular, acquisition of aircraft both for use on domestic routes — mainly towards the islands — and for flights to other Community countries.

In the **telecommunications** sector (343.1 million), the Bank helped to finance ongoing work on extending the network covering the Mezzogiorno as well as establishment of a satellite communications system for ensuring surveillance and facilitating preventive action in the event of natural disasters.

Turning to **water schemes**, an extensive range of sewerage and sewage disposal projects along with items of water supply infrastructure claimed loans totalling 286.7 million. Concentrated mainly in Central and Northern Italy, these concerned first and foremost the entire Po basin in conjunction with a programme under way for a number of years now as well as the Tiber basin (see Annual Report 1985, page 29), watershed management and flow control works on the Arno and sewerage and sewage disposal schemes in various parts of Veneto, notably the Gorzone basin. A sizeable number of sewage collection and treatment works were also financed, serving mainly the Rome conurbation, the Ferrara area and the Ligurian coast, while credit was also advanced for enhancing drinking water supplies and improving sewerage networks in Latium, Abruzzi and Sardinia.

In The Marches, Molise, Val d'Aosta and near Perugia and Pavia, the Bank contributed towards investment geared to combatting soil erosion, landslides and the risk of flooding. A broad spectrum of other projects also received financial backing: restoration of buildings in the historical centre of Bari, a science and technology park in Trieste, research laboratories in Viterbo, industrial estates in Campania and Basilicata, reafforestation in Piedmont and Basilicata and irrigation works in Latium.

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Loans in the **energy** sector (822.1 million) largely concerned productive investment designed to cut back dependence on oil: a coal-fired power station in Brindisi, hydroelectric plant in various northern regions and in Calabria and geothermal schemes in Tuscany. Work continued on developing several oil and natural gas fields in the Adriatic, the Strait of Sicily and Emilia-Romagna.

Credit was similarly advanced for natural gas transmission, storage and supply systems, notably in Turin and Milan, extensions to power transmission and supply grids in the Mezzogiorno and district

heating networks in Brescia and Reggio Emilia. Finally, a number of global loans will help to finance various types of energy saving equipment.

United Kingdom

Lending in the United Kingdom amounted to 1,133.7 million, including 14 million from NCI resources, compared with 1,371.5 million in 1986.

A sharp upturn was observed in financing for infrastructural works (756.7 million), especially projects helping to protect the environment, while loans for the energy sector slipped from 866.4 million to 344.8 million. Support for industry and services (32.2 million) was again of modest proportions.

On the **infrastructural** side, several loans sought to enhance communications with other Community countries: construction or development of airports in the London docklands area, Gatwick, Manchester and Norwich, improvements to air traffic control installations and upgrading of port and airport access roads in Kent and Essex (242.6 million).

The Bank also funded numerous waste water collection and treatment schemes (321.6 million) with a view to protecting the environment and enhancing the quality of drinking water in various counties and regions (North-West England, Wales, South-West England, Anglia, Yorkshire, Trent, Northumbria, Lothian and Wessex).

In addition to electrification of the rail network in Scotland and road schemes in Devon and Wales, lending in the Assisted Areas benefited composite projects encompassing road improvements, industrial estates, sewerage and sewage disposal schemes and other public works. Such composite projects attracted 162.2 million in all and were located mainly in Scotland, the Midlands, Northern and North-West England and Wales.

Certain schemes included facilities for treating household waste, thereby contributing towards protecting the environment (Cheshire, Lancashire), while others involved technical and vocational training colleges (Dyfed, Manchester, Stafford and Lancashire) or promoted urban renewal (Cardiff, Plymouth).

The bulk of loans for the energy sector was given over to nuclear installations, with 180.9 million going to Torness Point power station in Scotland and a vitrification and reprocessing plant in Sellafield, Northern England. Bank financing will also assist conversion to dual-firing (coal/oil) of Kilroot power station in Northern Ireland, development of an oil field off the Scottish coast and construction of a plant for producing fuel from recycled urban waste.

In addition, the EIB supported modernisation of aluminium production, casting and rolling facilities in Northumberland and Gwent, computerisation of management systems in a chain of cooperative stores and urban waste storage and incineration plant in Greater Manchester.

France

Loans in France totalled 1 006.5 million, including 76.8 million from NCI resources, as against 623.4 million in 1986. Regional development projects, encompassing mainly transport infrastructure and SMEs, attracted two thirds of overall financing.

Lending in the **manufacturing sector** came to 433.2 million, with individual loans (51 million) promoting the deployment of advanced technology (development of data processing and robotics with an eye to boosting productivity at a motor vehicle paint shop at Sochaux, production of computer-aided design and manufacturing — CAD/CAM systems — in Cestas) or strengthening and diversifying the fabric of both industry and agricultural processing in Brittany and the Loire.

Global loans for investment by SMEs were concluded with a wide range of institutions operating in numerous sectors both in assisted (240.3 million) and in non-assisted (141.8 million) areas and often offering leasing facilities. Under global loans already concluded, 260 allocations worth 72.3 million were approved in assisted areas and 505 allocations (79.8 million) in non-assisted areas, chiefly from NCI resources.

Financing for **infrastructure** (450.7 million) served largely to bolster transport links in the west of the country ('Atlantic' TGV - High Speed Train - line, Le Mans — Angers section of the A11 motorway, upgrading of the road network in Brittany), the

centre (stretches of the Bourges — Clermont-Ferrand motorway), the south-west (Toulouse eastern by-pass) and the Rhône-Alpes region (Lyons eastern by-pass and the A40 motorway between Mâcon and Châtillon, providing communications with Switzerland and Italy). In eastern France, loans were devoted to road improvements in the Vosges and the Lorraine iron and steel basin as well as to various items of infrastructure intended in particular to protect the Nancy conurbation from flooding. In the south of the country, the Bank helped to fund a second terminal at Nice international airport with a capacity of 2.5 million passengers per annum, along with construction of a major waste water treatment plant in Marseilles equipped with an underground facility for treating residual sludge and a six-kilometre sea outfall for disposing of pretreated effluent.

Four global loans were concluded with a view to providing local authorities with funds required for implementing smaller scale infrastructural works. A total of 80 allocations (58.5 million) were approved during the year, mostly for road schemes.

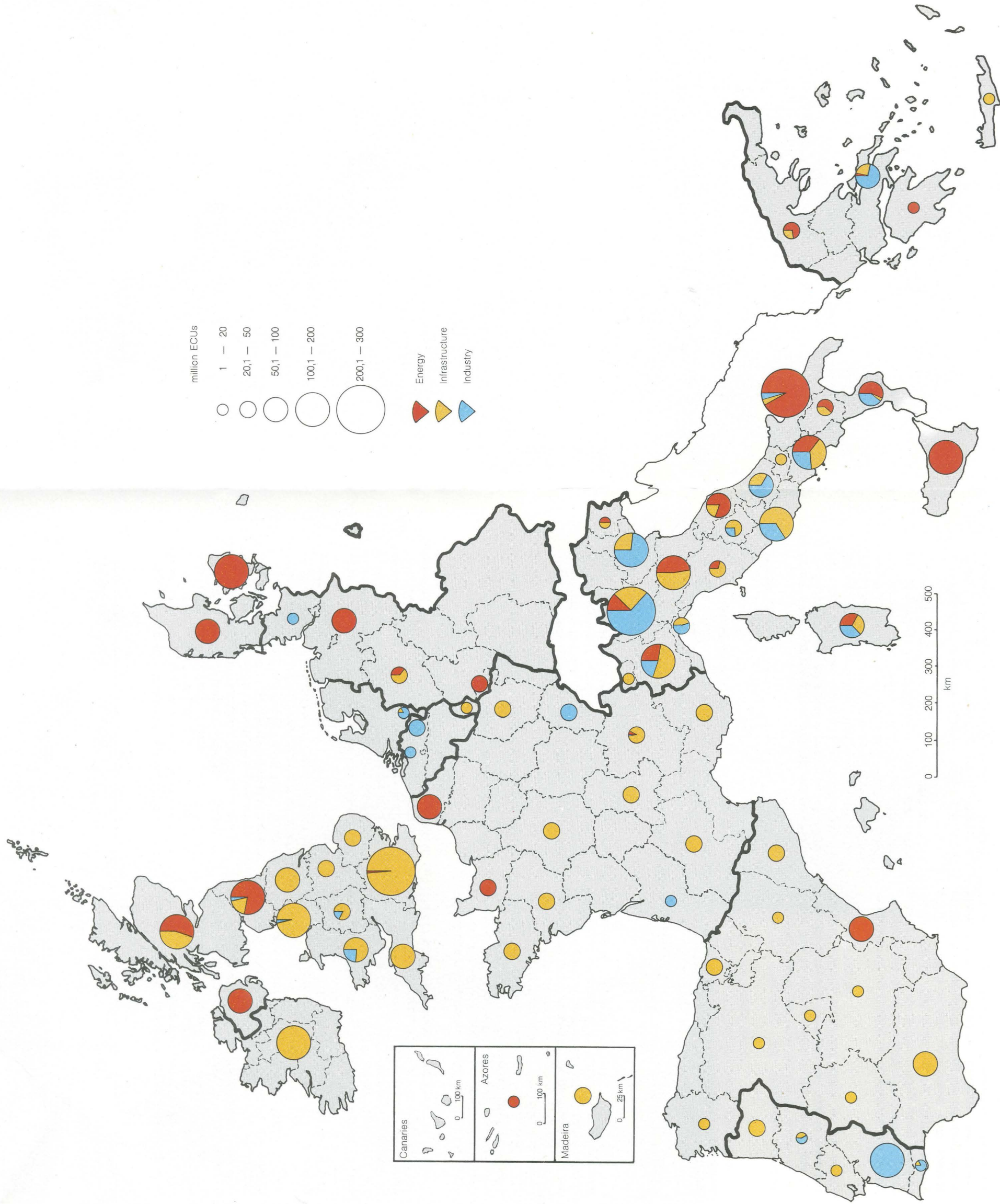
In the **energy** sector, four loans (122.7 million) were earmarked for construction of Flamanville nuclear power station in Normandy, interconnection of the French and British high voltage power grids by means of submarine cables, production of electricity and hot water from steam generated by a household waste incineration plant in Lyons and small installations consonant with Community energy policy objectives.

Spain

Lending in Spain totalled 707.4 million, including 113.7 million from NCI resources, as against 409.3 million in 1986, the first year following accession.

This uptrend reflects vigorous growth in the volume of global loans, operations being concluded with fourteen intermediary institutions mainly for funding **industrial, agricultural processing, service-sector and tourism ventures**.

Financing in these sectors (416.5 million compared with 161.9 million in 1986) took the form of global



loans for supporting SMEs either in less developed areas of the country (183.5 million), outside these areas in the case of lines of credit drawn both from NCI resources (92 million) and from EIB own resources in accordance with the Board of Governors' Decision (see page 16) (83.4 million) or throughout Spain (57.6 million), the goal being to facilitate adjustment to the new market environment created by accession. From global loans already activated, 321 allocations were approved for a total of 89.5 million, including 175 (62.7 million) from NCI resources.

Loans for infrastructure, amounting to 218.4 million in all, were mostly geared to upgrading road and rail links (157.8 million), with funds benefiting road schemes in various regions of the country (in particular the artery crossing the Andalusian hinterland from west to east, works on National Highway IV towards Madrid, a bridge straddling the Guadiana on the road between Seville and Faro, on the border with Portugal), several sections of motorway and a customs clearance centre for heavy goods vehicles near Bilbao, and improvements to the rail network in the north of the country between La Coruña and Port-Bou.

The Bank also granted a loan of 24.3 million for constructing dams on the Upper Guadiana designed to enhance water supplies while reducing the risk of flooding in western Extremadura; a global loan was also concluded for financing small infrastructural works implemented by local authorities.

Turning to the **energy** sector, a loan for 50.8 million was earmarked for a major hydroelectric complex south-west of Valencia and a global loan was concluded with an eye to financing equipment fostering rational use of energy.

Portugal

Loans in Portugal more than doubled compared with 1986 and totalled 389.9 million, including 9.9 million from NCI resources, compared with 190.3 million during the previous year. This upswing could be traced largely to lending for industry, agriculture and services which amounted to 281.3 million, followed by infrastructural works (102.3 million) and the energy sector (6.3 million). All loans from own resources served to promote regional development.

In the **productive sector**, special mention should be made of a loan for 180 million for developing a copper mine and constructing an ore processing

plant in Alentejo. Production from these deposits, which number among the richest in the world with an average copper content of 8%, is expected to reach 1.3 million tonnes of ore per annum and should enable important resources to be tapped in an underprivileged region of the country. Other individual loans went to a factory producing wood-fibre panels in Nelas (centre) and a hotel complex in Pinhal do Concelho on the Algarve coast.

Five global loans totalling 79.9 million, including 9.9 million from NCI resources, were concluded with the banking sector for funding SMEs in industry, tourism and agriculture. These operations will enable enterprises not only to modernise their plant, but also, in some cases, to trim energy consumption or to improve protection of the environment. From global loans already in operation, 59 allocations (29.2 million) were made during the year.

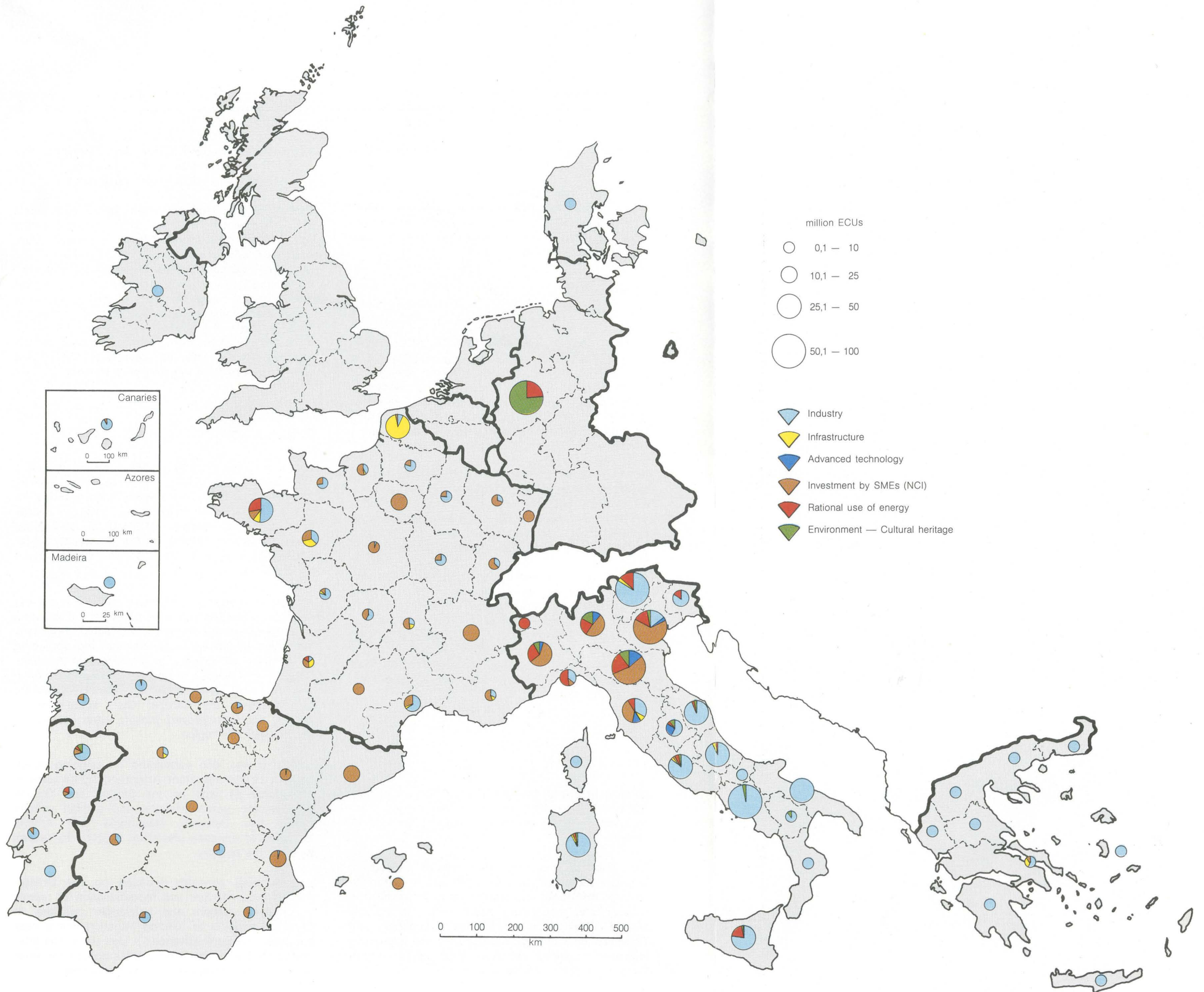
Infrastructural schemes financed by the Bank centred largely on upgrading the national road network, constructing the Portuguese section of a road bridge across the Guadiana linking the Algarve with Andalusia and providing easier access to Madeira airport (86.8 million). The EIB also helped to support improvements to water supplies for the Oporto conurbation as well as development of the power supply grid and implementation of a sewage collection, treatment and offshore disposal scheme on Madeira.

Denmark

Lending in Denmark came to 315.3 million, including 31.8 million from NCI resources (258.1 million in 1986). Of this, 279 million were given over to projects in the energy sector.

Loans for improving the distribution network supplying natural gas from the Danish sector of the North Sea to various parts of the country and for expanding storage capacities will help to make this Member Country more self-reliant on the energy front (48.6 million).

In addition to connecting up businesses and private dwellings, the laying of distribution systems allowed greater recourse to district heating using gas-fired plants. Hence, EIB financing for district heating projects (230.5 million) contributed both towards fostering rational use of energy and reducing atmospheric pollution caused by emissions from conventional heating installations (Copenhagen, Århus and



Fredericia conurbations and numerous municipalities along the Little Belt).

During the year, global loans worth 36.3 million, drawn largely from NCI resources, were earmarked for funding SMEs, while 46 such enterprises attracted allocations from global loans already under drawdown (5.2 million).

Germany

Loans in Germany amounted to 276.5 million, falling short of the exceptionally high figure recorded in 1986 (441.8 million) but outstripping the levels observed in other years. Apart from an electronic components plant in Kiel, all projects helped to protect the environment, while many contributed towards attainment of Community energy policy objectives.

A substantial proportion of financing was devoted to bringing combined heat and power plants into line with current regulations by equipping them with flue gas treatment facilities (Duisburg and Weiher) or by installing more energy-efficient and less polluting generating units (Stöcken and Römerbrücke).

The EIB also stepped up its cooperation with the banking system by concluding global loans (96.3 million) for infrastructural works intended to reduce pollution or to achieve energy savings (64.7 million were made available under this heading during the year in support of 20 smaller schemes). Rounding off the list was a loan for 17.8 million for constructing a 320-metre-long dam to control the flow of the Wupper.

Ireland

Lending in Ireland totalled 178.6 million as against 262.1 million in 1986 and benefited chiefly infrastructural schemes essential for the country's development.

The bulk of financing (90.1 million) helped to upgrade either domestic or international communications, with funds directed towards improving the primary and secondary road networks notably around Dublin, Cork, Waterford, Limerick and Tipperary (34.3 million), modernising and expanding telecommunications networks (25.8 million) largely through optical fibre links with Great Britain and

microwave links to Galway, and acquiring two aircraft for extending services to London and other Community Member Countries (30 million).

Other loans focused on water supply installations and waste water collection and treatment works (36.4 million, mainly for Dublin, Roscommon, Skibbereen, Cork, Kerry, Midleton, Drogheda and Mullingar), various forestry development and reforestation programmes covering more than 30 000 ha (36 million) as well as on restoration of Dublin Castle and construction of new conference facilities there (9.7 million). In addition, 6.5 million were made available in the form of a global loan for financing SMEs, while 62 allocations (7.1 million) were approved from ongoing global loans.

Greece

Loans in Greece came to 164.8 million, including 4.6 million from NCI resources, as against 253 million in 1986. Funds were made available for environmental protection (61.8 million), energy generation and supply (44.9 million) and infrastructural works, mainly in the transport sector (28.3 million), as well as in the form of global loans (29.8 million).

As part of efforts to combat atmospheric and water pollution which has assumed particularly disquieting proportions in the Athens conurbation, the Bank continued to finance modernisation and upgrading of a major oil refinery to the west of the city. Support was also provided for sewage collection and treatment works under an overall programme encompassing the Saronic Gulf, south-west of Athens, and for improved drinking water supplies to the Thessaloniki region.

Financing was also earmarked for ongoing development of the important Amynteon lignite mine in Macedonia as well as for Stratos and Ghiona hydroelectric power stations and a high voltage power line between Macedonia and Athens designed to enhance electricity supplies to several parts of the country.

Infrastructural schemes focused on the Greater Athens road network and modernisation of railway locomotives, railcars and passenger coaches. In Crete, in addition to funding irrigation works near Ierapetra, the Bank advanced a loan under the Integrated Mediterranean Programmes notably for small water supply, sewerage and road schemes.

Finally, three global loans, including one for 4.6 million from NCI resources, will help to back small and medium-scale ventures in industry, tourism, agriculture and agricultural processing. A total of 100 allocations were authorised during the year (38.3 million), mainly for SMEs but also for smaller items of infrastructure.

Belgium

The Bank lent 37.1 million in Belgium for two projects deploying advanced technology. One focused on extension and automation of a factory in Hasselt producing compact disc players, while the other involved a plant in Mol turning out thin and extra-thin glass. These two schemes were located in assisted areas where closures in the coalmining, textiles and metallurgical industries have created serious unemployment problems.

Netherlands

EIB loans in the Netherlands (18 million) served to diversify activities in the former coalmining areas of

Limburg. The projects centred on construction of a factory to produce artificial sweeteners at Geleen and installation of a Fokker F-50 flight simulator at Maastricht airport.

Luxembourg

A loan was granted in the Grand Duchy (1.6 million) for acquisition of a tanker to transport chemicals and petrochemicals in the North Sea and along both the Rhine and the Moselle.

Other financing

A loan for 108.7 million was made available for constructing a complete loop line to an existing gasline conveying Soviet natural gas across Austria. This latest operation follows on from financing provided in 1973 and 1977 for the initial line which served to diversify the EEC's energy supplies.

The loan was authorised by the Board of Governors in accordance with the special provisions of Article 18 of the Bank's Statute by virtue of the project's benefits for the Community as a whole.

List of loans provided within the Community ⁽¹⁾

A. Loans provided from the Bank's own resources

Contracts signed in 1987

Loans granted from the Bank's own resources in 1987 in respect of projects within the Community totalled 7 003.4 million. All these operations give rise to financial commitments for the Bank and are included on its balance sheet. The symbols in the columns to the right of each operation listed hereafter refer back to the economic policy objective headings featured in Table 10.

	million ECUs	Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
BELGIUM (1 600 million Belgian francs)	37.1					
Production unit in Mol (Antwerp) for thin and extra-thin glass replacing obsolete plant — Glaverbel Services N.V. for Glaverbel N.V. through Caisse Générale d'Epargne et de Retraite Bfrs 600 million	14.0	●				
Expansion and automation of plant producing compact disc players in Hasselt (Limburg) — Phillips N.V. through Société Nationale de Crédit à l'Industrie Bfrs 1 billion	23.1				●	
DENMARK (2 232.3 million Danish kroner)	283.5					
Construction of underground storage facility for natural gas at Lille Torup and extension of the gasline system to Aalborg (North Jutland) — Dansk Naturgas A/S Dkr 200 million	25.0				●	
Laying of natural gas transmission and distribution system to serve 43 of the 53 municipalities in Counties of Vejle, Ribe and Sønderjylland (South Jutland) — Naturgas Syd I/S - NGS through Kongeriget Danmarks Hypotekbank og Finansforvaltning Dkr 100 million	12.9					●
Laying of natural gas transmission and distribution system in 27 municipalities on island of Funen — Naturgas Fyn I/S through Kongeriget Danmarks Hypotekbank og Finansforvaltning Dkr 85 million	10.6					●
Connection of Hornslet local district heating grid to Århus regional heat transmission system (North Jutland) — Hornslet Fjernvarmeselskab A.m.b.a. Dkr 10 million	1.3					●
Extension of district heating grid to serve five municipalities in Lillebælt Strait (East Jutland) — Trekantområdets Varmetransmissionsselskab I/S Dkr 100 million	12.7					●
	11.3					●
Construction of district heating system in western part of Copenhagen — Vestegnens Kraftvarmeselskab I/S Dkr 215 million	27.3					●
Dkr 780 million	99.2					●
Expansion of district heating grid serving Greater Copenhagen area — Centralkommunernes Transmissionsselskab I/S Dkr 500 million	63.9					●
Construction of district heating grid (68 km) to serve public buildings, industrial premises and apartment blocks in municipality of Gentofte (Copenhagen) — Municipality of Gentofte Dkr 50 million	6.4					●
Connection of Fredericia urban district heating grid to regional heat transmission system (Vejle) — Fredericia Fjernvarmecentral A.m.b.a. Dkr 17.3 million	2.2					●

(1) Finance contracts are generally denominated in the equivalent of the national currency concerned.

	million ECUs	Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
Expansion of district heating grid serving municipality of Århus (North Jutland) — Municipality of Århus Dkr 50 million	6.3	•				
Global loan to Danish Government (Regional Development Board) to finance small and medium-scale industrial and tourism ventures in assisted areas Dkr 35 million	4.5	•				
GERMANY (573.8 million Deutsche Mark)	276.5					
Installation of desulphurisation equipment in Weiher coal-fired power station (Saarland) — Saarländische Kraftwerksgesellschaft mbH DM 20 million	9.6	•	•			
Construction of coal-fired combined heat and power plant at Stöcken on outskirts of Hanover (Lower Saxony) to replace obsolete plant and reduce pollution — GKH-Gemeinschaftskraftwerk Hannover GmbH DM 100 million DM 70 million DM 30 million	48.2 33.8 14.5		•	•	•	•
Modernisation*and expansion of Römerbrücke combined heat and power plant (Saar) Stadtwerke Saarbrücken AG through Westdeutsche Landesbank Girozentrale for Heizkraftwerk Römerbrücke II GmbH & Co Betriebs-OHG DM 68 million	32.8	•	•		•	
Installation of desulphurisation equipment in coal-fired power station at Duisburg (North Rhine-Westphalia) — Stadtwerke Duisburg AG through Westdeutsche Landesbank Girozentrale DM 20 million	9.6					•
Construction of dam to control flow of Wupper river in Lower Wupper Valley together with 1.2 MW power plant and ancillary works (North Rhine-Westphalia) — Wupperverband through Westdeutsche Landesbank Girozentrale DM 36.8 million	17.8					•
Construction of electronic components factory specialising in production of hybrid integrated circuit modules at Flintbek (Schleswig-Holstein) — Salzgitter Elektronik GmbH and Co Grundstücksvermietung OHG DM 16.9 million DM 12.1 million	8.1 5.8	•		•		
Global loans to Westdeutsche Landesbank Girozentrale to finance small and medium-scale infrastructural schemes serving to protect or improve the environment and/or to make for rational use of energy DM 50 million DM 50 million DM 100 million	24.1 24.1 48.1			•	•	•
GREECE (24 888.2 million Drachmas)	160.2					
Construction of small hydroelectric power plants at Stratos (Stratos II - 6 MW) on the Acheloos (Western Central Greece) and Ghiona (8.5 MW) (Eastern Central Greece) — Public Power Corporation Dr 400 billion	2.5	•	•			
Construction of Stratos hydroelectric power station (Stratos I - 150 MW) on the Acheloos (Western Central Greece) — Public Power Corporation Dr 2.7 billion	18.2	•	•			
Erection of high-voltage power line (400 kV) between sub-stations at Kardia (Western Macedonia) and Aghios Stefanos near Athens (Attica) — Public Power Corporation Dr 1 billion	6.3	•	•			
Open-cast working of lignite mine at Amynteon to supply fuel to nearby power station (Western Macedonia) — Public Power Corporation Dr 2 850 million	17.9	•	•			
Renewal and modernisation of railway rolling stock for use on Athens-Thessaloniki line — Organismos Sidirodromon Ellados (Hellenic Railways Organisation S.A.) Dr 1.5 billion	9.4	•				•

Community infrastructure
Environment-Cultural heritage
Modernisation of undertakings
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Regional development

million ECUs

Road works in Greater Athens area (Attica) — Hellenic Republic (Ministry of the Environment, Town Planning and Public Works) Dr 1 billion	6.6	●			
Improvements to water supply system serving Thessaloniki (Macedonia) — Thessaloniki Water Supply Authority through Hellenic Republic (Ministry for National Economy) Dr 1 billion	6.7	●	●		
Sewerage and sewage-treatment works in Saronic Gulf, west of Athens (Attica) — Hellenic Republic (Ministry of the Environment, Town Planning and Public Works) Dr 1.5 billion	9.4	●	●		
Irrigation of 2 200 ha in the Ierapetra region of Crete — Hellenic Republic (Ministry for National Economy) Dr 350 million	2.3	●			
Small infrastructural schemes on Crete financed under Integrated Mediterranean Programme — Hellenic Republic (Ministry for National Economy) Dr 1 588.2 million	10.0	●			
Modernisation of oil refinery at Aspropyrgos (Attica) — Hellenic Aspropyrgos Refineries S.A. Dr 4.5 billion Dr 2.5 billion	29.5 16.1	●	●	●	●
Global loan to Agricultural Bank of Greece to finance small agricultural processing and on-farm investment schemes and capital expenditure by rural-based, smaller industrial undertakings Dr 2.5 billion	15.7	●			
Global loan to Hellenic Industrial Development Bank S.A. to finance small and medium-scale industrial, service and tourism ventures Dr 1.5 billion	9.4	●			
SPAIN (82 750 million Pesetas)	593.7				
Construction of hydro-electric complex comprising storage reservoirs and two power plants on Jucar river, 50km south-west of Valencia (Valencia) — Hydroeléctrica Española S.A. through Banco de Crédito Industrial Ptas 7 billion	50.8		●		
Improvements to 300km of railway line in north of country linking La Coruña (Galicia) and Port-Bou (Catalonia) — RENFE Ptas 6 billion	41.8	●		●	
Construction of four sections of Ugaldebieta motorway (15.5km) in Bilbao conurbation (Basque country) to connect this city with the motorway to Santander — Diputación Foral de Vizcaya Ptas 4 billion	29.0	●		●	
Widening and upgrading of ten sections (180km) of N4 Madrid - Andalusia trunk road — Kingdom of Spain (Ministry of Finance) for Ministry of Public Works and Urban Development Ptas 1.5 billion	10.9	●			
Construction, widening or upgrading of twelve sections (215km) of NI and NII trunk roads linking Madrid with Burgos and Zaragoza and of N620 arterial highway leading from frontier with Portugal (Vilar Formoso) to Burgos, northern Spain and France — Kingdom of Spain (Ministry of Finance) for Ministry of Public Works and Urban Development Ptas 1.5 billion	10.9	●		●	
Improvements over 265km of trunk roads: Seville-Grenada-Baza, Jerez-Antequera and Guadix-Almería (Andalusia) — Comunidad Autónoma de Andalucía Ptas 5 billion	36.3	●			
Road bridge between Spain and Portugal across Guadiana river replacing ferry service; construction of access and secondary link roads; upgrading of Huelva-Seville (57km) motorway (Andalusia) — Kingdom of Spain (Ministry of Finance) for Ministry of Public Works and Urban Development Ptas 2 billion	14.5	●			●

Community infrastructure
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million ECUs

Road haulage centre at Ugarte (Basque country) — Aparcamiento Disuasorio de Camiones de Vizcaya S.A. Ptas 2 billion	14.5	•	•
Construction of five dams in Guadiana basin to increase water supply and reduce flood risks (Extremadura) — Kingdom of Spain (Ministry of Finance) for Ministry of Public Works and Urban Development Ptas 3 350 million	24.3	•	•
Global loan to Banco de Crédito Local de España to finance smaller-scale infrastructural schemes implemented by local authorities in less-developed areas Ptas 5 billion	36.3	•	
Global loans to finance small and medium-scale industrial, service and tourism ventures in less-developed areas Banco de Bilbao Ptas 5 billion	34.8	•	
Banco de Crédito Industrial S.A. Ptas 2.5 billion	18.1	•	
Banco Hispano-Americano S.A. and Banco Hispano-Industrial S.A. Ptas 4 billion	29.0	•	
Banco Popular Español S.A. and Banco Popular Industrial S.A. Ptas 2.5 billion	18.1	•	
Banco de Vizcaya S.A. and Banco de Financiación Industrial S.A. Ptas 2.5 billion	18.1	•	
Banco Español de Crédito S.A. and Banco del Desarrollo Económico Español S.A. Ptas 2.5 billion	18.1	•	
Global loan to Caja General de Ahorros de Canarias to finance small and medium-scale industrial and tourism ventures in the Canary Islands Ptas 4 billion	29.0	•	
Global loan to Banco de Crédito Agrícola S.A. to finance small and medium-scale agricultural-processing ventures: — in less-developed areas Ptas 2.5 billion	18.1	•	
— outside less-developed areas Ptas 2.5 billion	18.1		•
Global loans to provide leasing finance for small industrial, service and tourism ventures in less-developed areas, and to finance productive investment by industrial/service-sector SMEs outside less-developed areas: LISBAN S.A. Ptas 2.8 billion	19.2	•	•
UNINTER-LEASING S.A. Ptas 2.8 billion	19.2	•	•
Banco de Vizcaya S.A. and Leasing Bancaya S.A. Ptas 2.8 billion	19.2	•	•
Global loans to finance productive investment by SMEs outside less-developed areas: Banco de Crédito Industrial S.A. Ptas 2.5 billion	18.1		•
Banco Hispano-Americano S.A. and Banco Hispano-Industrial S.A. Ptas 4 billion	29.0		•
Banco Popular Español S.A. and Banco Popular Industrial S.A. Ptas 2.5 billion	18.1		•
FRANCE (6 422.5 million French francs)	929.8		
Construction of units 1 and 2 (2 x 1 300 MW) of Flamanville nuclear power station on the Cotentin Peninsula in Lower Normandy — EdF Ffrs 230.5 million	33.5	•	
Interconnection of French and British high-voltage power grids by laying four pairs of submarine cables under the Channel between Bonningues-lès-Calais (Nord Pas-de-Calais) and Sellindge in Kent — EdF Ffrs 440 million	63.8	•	

Community infrastructure
 Environment-Cultural heritage
 Modernisation of undertakings
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 Regional development

million ECUs

Construction of household waste incineration plant; recovery of steam for generating electricity and producing superheated water for district heating system serving Greater Lyons area (Rhône-Alpes) — **Communauté Urbaine de Lyons**
 Ffrs 25 million

3.6

High-speed train services (TGV-Atlantique): construction of 273km of electrified railway lines connecting Paris with Le Mans and Tours; introduction of 95 high-speed train sets — **SNCF**
 Ffrs 200 million

29.0

Construction of Bourges - Clermont-Ferrand section (182km) of A71 motorway between Orléans and Clermont-Ferrand (Auvergne) — **Société des Autoroutes Paris-Rhin-Rhône** through **CNA**
 Ffrs 400 million

57.9

Construction of Le Mans-Angers section (81.5km) of A11 motorway between Paris and Nantes (Pays de la Loire) — **Société des Autoroutes Paris-Rhin-Rhône** through **CNA**
 Ffrs 200 million

29.0

Construction of Rillieux-Neyron section (2.8km) of A46 motorway by-pass east of Lyons (Rhône-Alpes) — **Communauté Urbaine de Lyon** through **CAECL**
 Ffrs 8 million

1.2

Construction of motorway by-pass east of Toulouse linking A61 with A62 (Midi-Pyrénées) — **Région Midi-Pyrénées, Département de Haute-Garonne** and **Ville de Toulouse** through **CAECL**
 Ffrs 150 million

21.7

Construction of Mâcon-Châtillon section (96km) of A40 motorway linking up with Mont Blanc tunnel (Rhône-Alpes) — **Société des Autoroutes Paris-Rhin-Rhône** through **CNA**
 Ffrs 300 million

43.4

Improvements to nine sections of road and motorway network in Lorraine — **Région Lorraine, Département de Meurthe-et-Moselle** and **Département des Vosges** through **CAECL**
 Ffrs 259.4 million

37.5

Improvements to road infrastructure over more than 100km, notably on trunk roads between Rennes and Nantes and between St Brieuc and Quimper — **Région** and **Départements de Bretagne, Région des Pays de la Loire** and **Département de Loire-Atlantique** through **CAECL**
 Ffrs 208.4 million

30.1

Construction of second passenger terminal at Nice international airport (Côte d'Azur) — **Chambre de Commerce et d'Industrie de Nice et des Alpes Maritimes**
 Ffrs 59.3 million

8.6

Construction of waste water treatment plant serving large part of Marseilles urban area and treatment plant for residual sludge (Provence-Côte d'Azur) — **Ville de Marseille** through **CAECL**
 Ffrs 140 million

20.2

River training scheme in Meurthe Valley, sewerage works, drinking-water storage facilities and road link across the Meurthe into Nancy (Lorraine) — **District Urbain de Nancy** through **CAECL**
 Ffrs 40 million

5.8

Increase in production and R&D capacity of company turning out computer-aided design and manufacturing systems at Cestas (Aquitaine) — **Lectra-Systèmes S.A.**
 Ffrs 12 million

1.7

Extension and modernisation of plant producing extruders for foodstuffs and chemical industries at Firminy (Loire) — **CLEXTRAL S.A.**
 Ffrs 10 million

1.4

General deployment of data-processing systems and robotics in motor vehicle paint shop at Sochaux (Franche-Comté) — **Automobiles Peugeot S.A.**
 Ffrs 300 million

43.5

Community infrastructure
 Environment-Cultural heritage
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million ECUs

Loan to Société de Développement Régional de la Bretagne for: — automating a chicken abattoir in Vannes				
Ets Guyomarch — modernising three units producing telecommunications equipment	Ffrs 5 million	0.7		
Matra Communications — modernising and expanding fertiliser production and storage plant in Saint Malo	Ffrs 10 million	1.4		
TIMAC S.A. — vegetable processing and packaging facilities	Ffrs 5 million	0.7		
COOPAGRI and GELAGRI Ffrs 30 million	Ffrs 10 million	1.4	4.3	●
Global loans to CAECL : — to finance, via local authorities or public agencies, smaller items of capital investment according with the Community's energy objectives Ffrs 150 million			21.8	●
— to finance small and medium-scale capital projects undertaken by public authorities or their associations in assisted areas				
Aquitaine Ffrs 250 million			36.2	●
Languedoc-Roussillon Ffrs 250 million			36.2	●
Midi-Pyrénées Ffrs 250 million			36.2	●
Provence-Alpes-Côte d'Azur Ffrs 400 million			57.8	●
Global loans to finance small and medium-scale industrial, tourism and service ventures in assisted areas:				
Banque de Financement des Equipements Ffrs 75 million			10.8	●
Sociétés de Développement Régional: SDR de Normandie Ffrs 50 million			7.3	●
SDR de Picardie Ffrs 50 million			7.3	●
SDR de Champagne-Ardenne Ffrs 25 million			3.6	●
SDR de Lorraine Ffrs 20 million			2.9	●
SDR du Nord et du Pas-de-Calais Ffrs 55 million			8.0	●
SDR du Centre-Est Ffrs 75 million			10.9	●
SDR du Centre et du Centre-Ouest Ffrs 75 million			10.9	●
SDR de la Bretagne Ffrs 100 million			14.5	●
SDR du Sud-Ouest Ffrs 75 million			10.8	●
SDR Toulousaine financière et industrielle du Sud-Ouest Ffrs 75 million			10.8	●
Global loans to Caisse Centrale de Crédit Coopératif to finance small and medium-scale ventures:				
— in the offshore fisheries sector in assisted coastal areas: Ffrs 100 million			14.5	●
Ffrs 250 million			36.1	●
— in the industrial, tourism and service sectors, chiefly through leasing facilities in assisted areas Ffrs 100 million			14.5	●
Global loans to finance, partly through leasing facilities, small and medium-scale, industrial, tourism and service ventures (in assisted areas) as well as energy-saving or environmental-protection schemes (throughout France): Banque Populaire de Lorraine Ffrs 110 million			15.9	● ● ●

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Banque Populaire du Nord Ffrs 150 million	21.7	•	•	•
Banque Populaire du Haut-Rhin Ffrs 25 million	3.6	•	•	•
FRUCTICOMI Ffrs 50 million	7.2	•	•	•
FRUCTIBAIL Ffrs 50 million	7.2	•	•	•
BAIL-ENERGIE Ffrs 75 million	10.8	•	•	•
MURABAIL Ffrs 75 million	10.8	•	•	•
Global loans to finance, partly through leasing facilities, productive investment by SMEs:				
Banque Populaire du Nord Ffrs 100 million	14.5		•	
Banque Populaire du Haut-Rhin Ffrs 75 million	10.8		•	
Banque Populaire de la Région Economique de Strasbourg Ffrs 100 million	14.5		•	
FRUCTICOMI Ffrs 50 million	7.2		•	
FRUCTIBAIL Ffrs 50 million	7.2		•	
Banque de Financement des Equipements Ffrs 75 million	10.8		•	
IRELAND (138.2 million Irish pounds)	178.6			
Dublin by-pass (9km section) — Dublin County Council through Irish Government (Minister for Finance) IR£7.5 million				
	9.7	•		
Improvements to various sections of national road network — Irish Government (Minister for Finance) IR£5 million				
	6.5	•		
IR£6.5 million	8.4	•		
IR£7.5 million	9.7	•		
Acquisition of two Boeing 737-300 short-to-medium haul aircraft for use on Dublin - London route — Aer Lingus through Aer Lingus plc IR£11.6 million				
	15.0			•
IR£11.6 million	15.0			•
Extension and modernisation of urban and trunk telephone exchanges incorporating digital technology; expansion of urban and trunk data transmission networks; laying of submarine optical-fibre cable connecting Ireland and Great Britain, and enhanced digital radio system linking Dublin and Galway — Bord Telecom Eireann through Irish Telecommunications Investments plc IR£20 million				
	25.8	•		•
Improvements to two water supply systems in Counties Louth and Westmeath and to two sewerage networks in Counties Cork and Kerry — Irish Government (Minister for Finance) IR£6.2 million				
	8.0	•		
Water supply and sewage treatment facilities — Irish Government (Minister for Finance) IR£5.2 million				
	6.7	•		•
Water supply and sewage treatment facilities in Dublin, Roscommon, Skibbreen, Cork and Midleton — Irish Government (Minister for Finance) IR£13.3 million				
	17.2	•		•
Water supply and sewage treatment facilities in Dublin area — Dublin County Council and Dublin City Corporation through Irish Government (Minister for Finance) IR£3.5 million				
	4.5	•		•

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Forestry development and reforestation schemes — Irish Government (Minister for Finance)				
IR£5 million	6.5	●		
IR£22.8 million	29.5	●		
Restoration works at Dublin castle incorporating construction of international conference facilities — Irish Government (Minister for Finance)				
IR£7.5 million	9.7	●		
Global loan to Bank of Ireland to finance small and medium-scale industrial, service and tourism ventures				
IR£5.0 million	6.5	●		
ITALY (4 325 billion Lire)	2 916.0			
Construction of 4 x 614 MW units at Brindisi coalfired power station, also equipped to operate on fuel oil or natural gas, and installation of desulphurisation equipment (Apulia)				
Lit 70 billion	46.6	●	●	●
Lit 91 billion	60.6	●	●	●
Lit 30 billion	20.0	●	●	●
Lit 39 billion	26.0	●	●	●
Lit 70 billion	46.7	●	●	●
Lit 10 billion	6.7	●	●	●
Lit 20 billion	13.3	●	●	●
Construction of hydroelectric power stations offering combined capacity of some 114 MW in Calabria — ENEL				
Lit 24.5 billion	16.9	●	●	
Lit 10.5 billion	7.3	●	●	
Construction of hydroelectric power stations offering combined capacity of some 70 MW in Friuli, Emilia-Romagna and Lombardy — ENEL				
Lit 50 billion	34.0		●	
Construction of run-of-the river power station (22 MW) on the Dora Baltea between Pont-St Martin and Quincinetto (Piedmont) — ENEL				
Lit 15 billion	10.2		●	
Construction of three geothermal power stations in Tuscany offering combined capacity of 300 MW and replacing nine obsolete units — ENEL				
Lit 14 billion	9.3		●	
Lit 6 billion	4.0		●	
Equipping of Brescia (Lombardy) combined heat and power plant with new coal/fuel-oil/gas-fired steam generator and installation of flue-gas desulphurisation plant — Azienda Servizi Municipalizzati through BNL-SAFOP				
Lit 7 billion	4.7		●	●
Lit 3 billion	2.0		●	●
Development of three natural gas fields: 'Barbara' (The Marches) and 'Armida' and 'Antares' (Emilia-Romagna) — AGIP S.p.A.				
Lit 49 billion	33.9		●	
Lit 21 billion	14.5		●	
Exploitation of five natural gas fields: four offshore - 'Barbara', 'Clara Ovest' and 'Brenda' off Ancona and 'Fano' off The Marches; and one onshore - 'Dosso degli Angeli', north of Ravenna (Emilia-Romagna) — AGIP S.p.A.				
Lit 42 billion	28.0		●	
Lit 18 billion	12.0		●	
Development of Italy's largest oil field, the 'Vega' field in the Strait of Sicily off Ragusa Province AGIP S.p.A. through ENI				
Lit 31.5 billion	21.8	●	●	
Lit 13.5 billion	9.3	●	●	
Lit 56 billion	37.9	●	●	
Lit 24 billion	16.3	●	●	
Development of 'Perla' oil field in Strait of Sicily off Agrigento Province — AGIP S.p.A. through ENI				
Lit 45 billion	31.1	●	●	

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Construction of gasline linking Minerbio underground gas reservoir in Emilia-Romagna with Alessandria in Piedmont; conversion of partially depleted gas deposit at Setala (Lombardy) into gas storage reservoir — **SNAM S.p.A.**

Lit 56 billion

38.7

Lit 24 billion

16.6

Extension of electricity transmission and supply grids in Campania, Calabria, Basilicata and Sardinia — **ENEL**

Lit 70 billion

48.4

Lit 30 billion

20.7

Lit 70 billion

47.4

Lit 30 billion

20.3

Natural gas transmission systems:

— serving some 100 communes, chiefly in Turin area

ITALGAS

Lit 35 billion

24.2

Lit 15 billion

10.4

— serving some 100 communes in Lombardy, Veneto and Piedmont

ITALGAS

Lit 24.5 billion

16.6

Lit 10.5 billion

7.1

— serving 30 communes in Latium, Calabria, Apulia, Campania and Molise

ITALGAS Sud S.p.A. through **ENI**

Lit 10.5 billion

7.0

Lit 4.5 billion

3.0

Lit 15 billion

10.0

Conversion from town to natural gas and extension of Milan (Lombardy) distribution grid (1st phase) — **Municipality of Milan, Azienda Energetica Municipale** through **BNL**

Lit 7 billion

4.7

Lit 3 billion

2.0

Construction of natural gas distribution networks in 20 communes in Udine Province — **Friuli-Venezia Giulia Autonomous Regional Authority**

Lit 10.3 billion

6.9

Construction of Reggio Emilia (Emilia-Romagna) district heating system and combined heat and power plant fired with coal, wood and natural gas — **Azienda Gas Acqua Consorziale** through **BNL-SAFOP**

Lit 7 billion

4.7

Lit 3 billion

2.0

Upgrading to twin track 21km of railway line on Tyrrhenian coast between Maccaresse and Rome (Latium) — **Ferrovie dello Stato** through **Ministry of Transport**

Lit 20 billion

13.8

Upgrading to twin track the railway line between Milan and Saronno providing a regular rail service to Malpensa International Airport (Lombardy) — **Ferrovie Nord Milano Esercizio S.p.A.** through **Ministry of Transport**

Lit 30 billion

20.0

Widening of A2 Rome-Naples motorway from two to three lanes (176km) (Latium-Campania) —

AUTOSTRADA

Lit 50 billion

34.6

Repairs to six viaducts on Naples-Avellino-Bari motorway damaged during November 1980 earthquake (Campania) — **AUTOSTRADA**

Lit 6.3 billion

4.2

Completion of Rome eastern orbital motorway link (46.9km) (Latium) connecting A1 from Milan to A2 to Naples — **AUTOSTRADA** through **IRI**

Lit 75 billion

50.8

Tunnels motorway: construction of final sections (57km) to Domodossola (Piedmont) on frontier with Switzerland — **AUTOSTRADA** through **IRI**

Lit 35 billion

23.3

Lit 15 billion

10.0

Construction of road tunnel to remove traffic bottleneck in Caserta (Campania) near city's royal palace — **Campania Regional Authority**

Lit 2 billion

1.4

	million ECUs	Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
Increasing capacity of, and improving passenger accommodation on, six ferries operating over routes serving Sicily (Genoa-Palermo and Naples-Palermo) and Sardinia (Genoa-Porto Torres) Tirrenia di Navigazione through IRI Lit 65 billion	44.0	●				
Construction of terminal for container and roll-on/roll-off vessels at commercial port of La Spezia (Liguria) — Italian Republic (Ministry of Public Works) Lit 8 billion	5.4		●			
Construction of marina at Pescara (Abruzzi) — Abruzzi Regional Authority Lit 8 billion	5.3	●				
Construction of two small harbours for fishing boats and yachts at Bagnara and Cariati (Calabria) — Calabria Regional Authority Lit 5 billion	3.3	●				
Modernisation and expansion of fishing port at Giulianova and commercial port at Ortona (Abruzzi) — Abruzzi Regional Authority Lit 8 billion	5.3	●				
Extension of pier VII in Trieste harbour to accommodate container and roll-on/roll-off vessels (Friuli-Venezia Giulia) — Italian Republic (Ministry of Public Works) Lit 5 billion	3.3	●				●
Strengthening of breakwater in outer harbour and coal jetties at Brindisi (Apulia) — Italian Republic (Ministry of Public Works) Lit 6 billion	4.0	●	●			
Completion of 'San Vitale' terminal at port of Ravenna to accommodate container vessels (Emilia-Romagna) — Emilia-Romagna Regional Authority Lit 15 billion	10.0					●
Acquisition of MD 82 aircraft for use on domestic routes — Aero Trasporti Italiani through IRI Lit 40.5 billion	28.0	●				
Acquisition of ten MD 82 aircraft for increasing and improving connections with other Member Countries — ALITALIA through IRI Lit 40 billion	27.7					●
Acquisition of an MD 82 aircraft for use on routes linking Sardinia with mainland Italy and the rest of Europe — ALISARDA S.p.A. through CIS Lit 9.8 billion	6.8	●				
Lit 4.2 billion	2.9	●				
Lit 3.5 billion	2.3	●				
Lit 1.5 billion	1.0	●				
Acquisition of three ATR 42-300 aircraft by new Avianova company for increasing and improving connections between Sardinia, the Mezzogiorno and the rest of the Community — Avianova S.p.A. through CIS Lit 5.6 billion	3.7	●				●
Lit 2.4 billion	1.6	●				●
Modernisation and expansion of Turin-Caselle airport (Piedmont) — Società Azionaria Gestione Aeroporto 'Città di Torino' S.p.A. through Istituto Bancario San Paolo di Torino-Sezione di Opere Pubbliche Lit 3.5 billion	2.4					●
Lit 1.5 billion	1.0					●
Construction of first underground railway line in Naples: section of about 9km linking Secondigliano in northern suburbs with Vomero in city centre (Campania) — Municipality of Naples through Campania Regional Authority Lit 25 billion	16.7	●				
Infrastructural works and equipment upgrading intermodal freight traffic terminal in Verona (Veneto) — Ente Autonomo Magazzini Generali di Verona through VENEFONDIARIO Lit 7 billion	4.7					●
Lit 3 billion	2.0					●

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Construction of intermodal rail/road freight terminal in Parma (Emilia-Romagna) — Centro Padano Interscambio Merci through IMI			
Lit 5.3 billion	3.5		●
Lit 2.2 billion	1.5		●
Lit 5.3 billion	3.5		●
Lit 2.2 billion	1.5		●
Construction of intermodal rail/road freight terminal (1st phase) near Turin (Piedmont) — Piedmont Regional Authority			
Lit 20 billion	13.3		●
Extensions to telephone networks in Abruzzi, Molise, Latium, Campania, Basilicata, Apulia, Calabria, Sicily and Sardinia — SIP through IRI			
Lit 400 billion	266.4	●	
Lit 70 billion	46.7	●	
Lit 30 billion	20.0	●	
Establishment of a national telecommunications-satellite network for monitoring earthquakes and other natural disasters — Italian Republic (Ministry of Civil Defence)			
Lit 15 billion	10.0		●
Construction of new research laboratories for Faculty of Agronomy at University of Viterbo (Latium) — Università degli Studi della Tuscia through Ministry of Education			
Lit 5 billion	3.3	●	●
Restoration of four buildings in historical centre of Bari (Apulia) to accommodate public offices — Italian Republic (Ministry of Public Works)			
Lit 1.9 billion	1.3	●	
Lit 6 billion	4.0	●	
Development of science and technology park in suburbs of Trieste by restructuring existing premises and putting up new buildings (Friuli-Venezia Giulia) — AREA (Consorzio per la ricerca scientifica e tecnologica) through Italian Republic (Ministry of the Treasury)			
Lit 5 billion	3.5	●	
Redevelopment and fitting out of industrial estates in San Mango, Calabritto, Buccino and Calaggio (Campania) damaged during November 1980 earthquake — Italian Republic			
Lit 23 billion	15.9	●	
Redevelopment and fitting out of industrial estates in Conza, Morra de Sanctis, Porrara and Oliveto Citra (Campania) damaged in November 1980 earthquake — Italian Republic			
Lit 10 billion	6.7	●	
Irrigation works encompassing 6 800 ha in Sinistra Marta coastal plain near Tarquinia (Latium) — Consorzio di Bonifica della Maremma Etrusca through Latium Regional Authority			
Lit 7.5 billion	5.1	●	
Reafforestation works and development of 3 200 ha together with construction of 80km of roads in Cuneo Province — Piedmont Regional Authority			
Lit 2.5 billion	1.7		●
Construction or reinstatement of 53km of forest roads and development of 30km of byways in Potenza and Matera Provinces (Basilicata) — Basilicata Regional Authority			
Lit 3.5 billion	2.4	●	●
Improvements to water supply system serving more than 50 communes (380 000 inhabitants) as well as industrial estates — Latium Regional Authority			
Lit 5.9 billion	4.1	●	
Improvements to and increases in drinking water supplies in 67 communes in L'Aquila and Teramo Provinces (Abruzzi) — Abruzzi Regional Authority			
Lit 8 billion	5.3	●	
Improvements to water supply system, sewage treatment and solid waste disposal plants in Metauro river basin in Pesaro and Urbino Provinces (The Marches) — The Marches Regional Authority			
Lit 10 billion	6.7	●	●
Improvements to water supply system in Campobasso; works to prevent landslides and to consolidate a viaduct at Ripalimosani — Molise Regional Authority			
Lit 11 billion	7.3	●	●

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Improvements to drinking water supplies in north-eastern Sardinia — Ente Sardo Acquedotti e Fognature through Sardinia Autonomous Regional Authority Lit 2.5 billion	1.7	●	●
Improvements to drinking water supplies in and around Rome, sewerage and sewage treatment schemes in Lake Bolsena tourist area and prevention of coastal erosion south of Rome — Latium Regional Authority Lit 20 billion	13.3	●	●
Sewerage, waste water treatment and sea outfall works on Ligurian coast between San Remo and Ventimiglia — Liguria Regional Authority Lit 8 billion	5.3		●
Waste water treatment plants at Pescara and Scanno and improvements to drinking water supplies in Teramo Province (Abruzzi) — Abruzzi Regional Authority Lit 4.5 billion	3.0	●	●
Sewerage and sewage treatment works to reduce pollution in River Po and its tributaries over area encompassing population of some 3.5 million: — Piedmont Regional Authority Lit 16 billion	11.1		●
Lit 9 billion	6.1		●
Lit 40 billion	26.7		●
Lombardy Regional Authority Lit 35 billion	23.4		●
Lit 30 billion	20.0		●
Emilia-Romagna Regional Authority Lit 15 billion	10.0		●
Lit 40 billion	26.7		●
Works to improve quality of water in Valli di Comacchio lagoon (Ferrara Province) — Emilia-Romagna Regional Authority Lit 3 billion	2.1		●
Construction of sewerage mains to south Rome treatment plant and expansion of Rome-Ostia plant (Latium) — Municipality of Rome through Istituto Bancario San Paolo di Torino Lit 14.5 billion	9.8		●
Improvements to drinking water supplies in 28 communes (44 000 inhabitants) in Novara and Alessandria Provinces — Piedmont Regional Authority Lit 5 billion	3.4		●
Construction of sewerage mains and treatment plant for domestic and industrial effluent discharged into Gorzone basin (Veneto) — Veneto Regional Authority Lit 10 billion	6.7		●
Flow control works on River Arno, scheme in Arno Valley to protect mainly Florence and Pisa from flooding; reduction of water pollution; improvements to water supplies — Tuscany Regional Authority Lit 30 billion	20.0		●
Sewerage and sewage treatment works designed to reduce pollution in River Arno — Tuscany Regional Authority Lit 20 billion	13.3		●
Sewerage and sewage treatment works to reduce coastal pollution — The Marches Regional Authority Lit 10 billion	6.7	●	●
Construction of sewerage and sewage treatment works around Lake Omodeo near Sassari and at Porto Torres, including upgraded water supply system — Sardinia Autonomous Regional Authority Lit 5 billion	3.3	●	●
Laying of 52km of sewers and construction of sewage treatment plant at Savona with outfall sewer for domestic and industrial effluent from large area of Savona Province — Liguria Regional Authority through Italian Republic Lit 8 billion	5.3		●
Works to control erosion and prevent landslides in mountainous areas of Isernia Province — Italian Republic (Ministry of Public Works) and Molise Regional Authority Lit 5 billion	3.4	●	

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Flow control works on Dora Baltea and its tributaries and to prevent landslides and avalanches — Val d'Aosta Autonomous Regional Authority Lit 12 billion	8.1	•	•
Flood protection works for 32 tributaries of the Tiber and Caina in Perugia Province (Umbria) — Italian Republic (Ministry of Agriculture and Forestry) Lit 4 billion	2.7	•	•
Flood protection works in Po Valley in Rovigo (Veneto), Mantua (Lombardy) and Ferrara (Emilia-Romagna) Provinces — Ministry of Public Works Lit 16 billion	10.7	•	•
Works to control erosion and prevent landslides in Basento Valley and 'Valle del Noce'; construction of sewerage mains, sewage treatment and solid waste disposal plant serving communes with combined population of 32 000 (Potenza Province) — Basilicata Regional Authority Lit 8 billion	5.3	•	•
Works to control erosion and to regulate flow of three water courses in Dese and Sile basin (northern Veneto); sewerage and sewage treatment works in Brenta and Bacchiglione basins — Veneto Regional Authority Lit 8 billion	5.3		•
Flood protection, stormwater drainage and landslide prevention works in Ancona Province — The Marches Regional Authority Lit 4 billion	2.7	•	•
Erosion and flood protection works in Pavia Province — Lombardy Regional Authority Lit 11 billion	7.3	•	•
Rationalisation of alumina plant in Cagliari (Sardinia) — Eurallumina S.p.A. through EFIM Lit 5 billion	3.3	•	•
Lit 5 billion	3.3	•	•
Modernisation of cementworks at Vibo Valentia (Calabria) and reduction of dust emissions — Cementerie Italiane del Sud S.p.A. through IMI Lit 30.7 billion	20.5	•	•
Lit 13.1 billion	8.8	•	•
Modernisation of production lines in a factory at San Salvo (Abruzzi) turning out windows for cars and the construction industry — Società Italiana Vetro S.p.A. through EFIM Lit 15 billion	10.4	•	
Process modifications and improvements to a refinery west of Rome designed to increase yields of lighter products and to reduce energy consumption and sulphur emissions (Latium) — Raffineria di Roma S.p.A. through MEDIOBANCA Lit 14 billion	9.5		•
Lit 6 billion	4.1		•
Establishment of new high-performance fluorochemical production capacity in a plant near Alessandria (Piedmont) — AUSIMONT S.p.A. and MONTEFLUOS S.p.A. through IMI Lit 10.5 billion	7.1		•
Lit 4.5 billion	3.0		•
Modernisation of polypropylene plants incorporating new technology: — HIMONT Italiana S.p.A. through IMI — Terni Province (Umbria)			
Lit 6.3 billion	4.2	•	•
Lit 2.7 billion	1.8	•	•
— Brindisi (Apulia)			
Lit 11.2 billion	7.5	•	•
Lit 4.8 billion	3.2	•	•
Pharmaceuticals research and production facilities: — Pomezia research centre (neurobiology, immunology, biochemistry and biological engineering); production of medicaments based on L-Carnitine in two facilities at Sermoneta (Latium) PRASSIS S.p.A. , BIOSINT S.p.A. and AXIS S.p.A. through ISVEIMER Lit 9.8 billion	6.5	•	•
Lit 4.2 billion	2.8	•	•

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— Modernisation of production lines and storage facilities in factory at Pomezia (Latium) SIGMA TAU S.p.A. through BNL Lit 16.8 billion Lit 7.2 billion	11.2 4.8	● ●		
Introduction of advanced process technology in three factories producing detergents and chemical adhesives: — Lomazzo and Casarile (Lombardy) Henkel Chimica S.p.A. and Chemplast S.p.A. through IMI Lit 4.6 billion Lit 2 billion — Ferentino (Latium) Henkel Sud S.p.A. through IMI Lit 3.8 billion Lit 1.6 billion	3.1 1.3		● ●	
Restructuring and modernisation of synthetic fibre plants at Ottana and Porto Torres (Sardinia) — ENICHEM FIBRE through ENI Lit 21 billion Lit 9 billion	14.0 6.0	● ●		
Development of a factory at Genova-Sestri (Liguria) specialising in the production of electronic components for numerical control machine tools, electronic mail sorting and image and speech recognition — Electronica San Giorgio - ELSAG S.p.A. through IRI Lit 30 billion	20.7			●
Upgrading capacity in a factory producing peripheral equipment (printers and magnetic memory units) at San Bernardo d'Ivrea (Piedmont) — Olivetti Peripheral Equipment S.p.A. through CREDIOP Lit 28 billion Lit 12 billion	19.4 8.3			● ●
Production of new generation of electronic typewriters based on advanced manufacturing systems in a factory at Crema (Lombardy) — Olivetti & Co. S.p.A. through IMI Lit 63 billion Lit 27 billion	42.0 18.0			● ●
Modernisation and expansion of a factory producing railway traction units in Naples (Campania) — ANSALDO TRASPORTI S.p.A. through ISVEIMER Lit 3.5 billion Lit 1.5 billion	2.4 1.0	● ●		
Development and production of ATR 72 Franco-Italian short-haul aircraft in factories at Pomigliano d'Arco and Capodichino (Campania) — AERITALIA S.p.A. through IRI Lit 60 billion	40.0	●		●
Development and production of advanced technology equipment and components for the telecommunications industry in a factory in Milan (Lombardy) — Italtel SIT - Società Italiana Telecomunicazioni S.p.A. through IRI Lit 75 billion Lit 45 billion	51.9 30.5			● ●
Introduction of advanced manufacturing systems in three factories producing electric resistances and construction of a new research centre for development of flexible manufacturing systems in Treviso Province (Veneto) — UNIFIN - Unione Finanziaria S.p.A. and its subsidiaries IRCA S.p.A. , SIPA S.p.A. and RICA S.p.A. through IMI Lit 17.5 billion Lit 7.5 billion	12.1 5.2			● ●
Redevelopment of plant producing refrigerators and deep-freeze units at Susegana (Veneto) through introduction of computer-integrated manufacturing systems — Industrie Zanussi S.p.A. through IMI Lit 52.5 billion Lit 22.5 billion	35.0 15.0			● ●

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Expansion of production facilities at a delicatessen factory at Pomezia (Latium) — Salumificio Cesare Fiorucci S.p.A. through ISVEIMER				
Lit 14.3 billion	9.6	●		
Lit 6.2 billion	4.1	●		
Restructuring of paper mill at Avezzano (Abruzzi) producing medium and heavy-weight coated paper — Cartiere Burgo S.p.A. through ISVEIMER				
Lit 28.7 billion	19.2	●		
Lit 12.3 billion	8.2	●		
Construction of highly automated car-tyre factory at Bollate (Lombardy) — Società Pirelli Pneumatici S.p.A. through IMI				
Lit 35 billion	23.7		●	
Lit 15 billion	10.2		●	
Construction of laboratories in Milan (Lombardy) for research into nuclear physics, super-conductivity and cryogenics with industrial and medical applications — Istituto Nazionale di Fisica Nucleare through Italian Republic				
Lit 3 billion	2.0	●	●	
Expansion of interregional veterinary analysis and research centre at Padua (Veneto) — Istituto Zooprofilattico Sperimentale delle Venezie through Ministry of Health				
Lit 10 billion	6.7	●		●
Restoration and conservation of Doges' Palace and its works of art in Venice (Veneto) — Municipality of Venice through Istituto Bancario San Paolo di Torino				
Lit 5 billion	3.4			●
Restoration and protection of archaeological sites at Pompeii, Herculaneum and Stabiae (Campania) — Italian Republic (Ministry for Cultural Heritage and the Environment)				
Lit 9.4 billion	6.3	●		●
Development of refuse disposal facilities and construction of solid waste composting plants in Reggio, Catanzaro and Rossano (Calabria) — Calabria Regional Authority				
Lit 5 billion	3.3	●		●
Development of fish farming in lagoons on west coast of Sardinia, near Oristano — Sardinia Autonomous Regional Authority				
Lit 4 billion	2.7	●		
Global loans for deployment in the less-developed areas of Central and Northern Italy to finance: — small and medium-scale industrial and service ventures				
BNL - Sezione Speciale per il Credito Industriale				
Lit 10.5 billion	7.3	●		
Lit 4.5 billion	3.1	●		
VENEFONDIARIO				
Lit 7 billion	4.7	●		
Lit 3 billion	2.0	●		
— small and medium-scale industrial, tourism and service ventures				
Mediocredito Centrale for the Regional Mediocrediti				
Lit 23.6 billion	16.3	●		
Lit 3.3 billion	2.3	●		
Lit 22.3 billion	15.1	●		
Lit 15.5 billion	10.3	●		
Lit 19.3 billion	12.9	●		
Lit 17 billion	11.3	●		
IMI				
Lit 21 billion	14.2	●		
Lit 9 billion	6.1	●		
Lit 21 billion	14.0	●		
Lit 9 billion	6.0	●		
CREDIOP				
Lit 7 billion	4.7	●		
Lit 3 billion	2.0	●		

Community infrastructure
 Environment-Cultural heritage
 Modernisation of undertakings
 Energy
 Regional development

million ECUs

Banco di Napoli			
Lit 7 billion	4.7	●	
Lit 3 billion	2.0	●	
— small and medium-scale hotel and tourism ventures			
BNL - SACAT			
Lit 7 billion	4.7	●	
Lit 3 billion	2.0	●	
Global loans for deployment in the Mezzogiorno to finance:			
— small and medium-scale industrial and service ventures			
CREDIOP			
Lit 7 billion	4.8	●	
Lit 3 billion	2.1	●	
Mediocredito Centrale			
Lit 5.1 billion	3.6	●	
Lit 2.7 billion	1.8	●	
Lit 4.1 billion	2.7	●	
Lit 4.9 billion	3.2	●	
ISVEIMER			
Lit 50.6 billion	34.3	●	
Lit 21.7 billion	14.6	●	
Lit 27.3 billion	18.2	●	
Lit 11.7 billion	7.8	●	
EFIBANCA			
Lit 14 billion	9.3	●	
Lit 6 billion	4.0	●	
Lit 7 billion	4.7	●	
Lit 3 billion	2.0	●	
Banco di Napoli - Sezione di Credito Industriale			
Lit 10.5 billion	7.0	●	
Lit 4.5 billion	3.0	●	
INTERBANCA			
Lit 20 billion	13.3	●	
IMI			
Lit 30 billion	20.0	●	
— small and medium-scale hotel and tourism ventures			
Monte dei Paschi di Siena - Sezione di Credito Fondiario			
Lit 7 billion	4.8	●	
Lit 3 billion	2.1	●	
BNL - SACAT			
Lit 10.5 billion	7.0	●	
Lit 4.5 billion	3.0	●	
Istituto Bancario San Paolo di Torino			
Lit 10.5 billion	7.0	●	
Lit 4.5 billion	3.0	●	
— small and medium-scale on-farm and agricultural-processing ventures and small irrigation, forestry and infrastructural schemes			
Consorzio Nazionale per il Credito Agrario di Miglioramento			
Lit 6 billion	4.1	●	
Global loans to CIS to finance small and medium-scale industrial and service ventures in Sardinia			
Lit 24.5 billion	16.9	●	
Lit 10.5 billion	7.3	●	
Lit 21 billion	14.0	●	
Lit 9 billion	6.0	●	
Global loans to IRFIS to finance small and medium-scale industrial ventures in Sicily			
Lit 7 billion	4.7	●	
Lit 3 billion	2.0	●	
Global loans to IMI to finance smaller advanced-technology ventures in industry in Central and Northern Italy			
Lit 8.1 billion	5.6	●	
Lit 14.4 billion	9.6	●	
Lit 14.8 billion	9.9	●	

Community infrastructure
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million ECUs

Global loans to finance small and medium-scale items of capital investment in Central and Northern Italy according with the Community's energy policy objectives:

BNL

Lit 10.5 billion 7.3 ●

Lit 4.5 billion 3.1 ●

Mediocredito Centrale for the Regional Mediocrediti:

Lit 2.1 billion 1.4 ● ●

Global loans to finance small and medium-scale schemes according with the Community's energy policy and environmental protection objectives:
 — in Central and Northern Italy

BNL

Lit 28 billion 19.0 ● ●

Lit 12 billion 8.1 ● ●

Lit 24.5 billion 16.3 ● ●

Lit 10.5 billion 7.0 ● ●

Mediocredito Lombardo

Lit 10.5 billion 7.0 ● ●

Lit 4.5 billion 3.0 ● ●

IMI

Lit 7 billion 4.7 ● ● ●

Lit 3 billion 2.0 ● ● ●

Istituto Bancario San Paolo di Torino

Lit 10.5 billion 7.1 ● ●

Lit 4.5 billion 3.0 ● ●

VENEFONDIARIO

Lit 10.5 billion 7.0 ● ●

Lit 4.5 billion 3.0 ● ●

Cassa di Risparmio delle Provincie Lombarde

Lit 7 billion 4.7 ● ●

Lit 3 billion 2.0 ● ●

— in the Mezzogiorno

BNL

Lit 14 billion 9.5 ● ● ●

Lit 6 billion 4.1 ● ● ●

Lit 7 billion 4.7 ● ● ●

Lit 3 billion 2.0 ● ● ●

LUXEMBOURG (68 million Luxembourg francs) 1.6

Acquisition of a tanker for conveyance of chemicals and petrochemicals — **Eurolease Factor S.A.** through **Banque Générale du Luxembourg S.A.**

Lfrs 68.0 million 1.6 ●

NETHERLANDS (42.3 million Dutch guilders) 18.0

Purchase and installation of flight simulator for training on Fokker F-50 aircraft at Maastricht airport (Limburg) — **Friendship Simulation Company v.o.f.**

Fl 7.3 million 3.1 ●

Construction of plant producing aspartame (artificial sweetener) at Geleen (Limburg) — **Holland Sweetener Company v.o.f.**

Fl 35.0 million 14.9 ● ●

PORTUGAL (61 897.4 million Escudos) 380.0

Extension and improvement of two electricity transmission and supply systems on São Miguel and Terceira (Azores) — **Empresa de Electricidade dos Açores, E.P.**

Esc. 1 037 million 6.3 ● ●

Motorway sections around Oporto: Oporto-Maia (8.5km) and Maia-Famalicão-Cruz (27km) on the A3, and Águas Santas-Campo (12km) on the A4 — **BRISA - Auto-Estradas de Portugal, Sarl** through **Portuguese Republic**

Esc. 1 640 million 10.0 ●

	million ECUs	Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
Improvements to main road linking Madeira airport with the island's capital, Funchal, and development of access roads to tourist areas — Madeira Autonomous Regional Authority Esc. 1 916 million	11.8	•				
Improvements to national road network — Portuguese Republic (Junta Autónoma de Estradas) — throughout Portugal Esc. 6.5 billion	40.0	•				
— on five sections in northern and eastern Portugal: stretch of carriageway between Campo and Paredes and bypasses around Oliveira de Azemeis (Aveiro), Vila do Conde/Povoa de Varzim (Oporto), Fail (Viseu) and Castelo Branco (East) Esc. 1 640 million	10.0	•				
— on two highways in the north and west of the country: Asseiceira-Rio Maior - Alto da Serra (13km) section (Lisbon-Coimbra) and Valença-Monção (19.1km) section (North) Esc. 1 950 million	11.9	•				•
Construction of road bridge between Portugal and Spain over Guadiana River to replace ferry service; access and secondary roads, customs clearance facilities; improvements to international trunk road between Faro (Algarve) and Seville — Portuguese Republic (Junta Autónoma de Estradas) Esc. 500 million	3.1	•				•
Improvements to drinking water supplies in Oporto and four adjoining municipalities (North) — Serviços Municipalizados d'Água e Saneamento through Portuguese Republic (Ministry of Finance) Esc. 1 080 million	6.6	•				
Construction of sewerage and sewage treatment facilities; solid waste processing and composting plant in Funchal (Madeira) — Secretaria Regional do Equipamento Social through Madeira Autonomous Regional Authority Esc. 1 450 million	8.9	•				•
Mining of Corvo and Graça underground copper deposits and construction of ore treatment plant for production of copper concentrates — Sociedade Mineira de Neves Corvo, Sarl (SOMINCOR) Esc. 29 249.5 million	180.0	•		•		
Construction of medium-density wood-fibre panel factory in Nelas (Centre) — Madiberia Lda Esc. 1 billion	6.1	•				
Construction of hotel complex (215 rooms) together with leisure facilities for tourists at Pinhal do Concelho (Algarve) — United Investments - Empreendimentos Turísticos, Lda Esc. 2 500 million	15.3	•				
Global loans to finance small and medium-scale ventures in industrial, tourism and service sectors and energy-saving and environmental improvement schemes: — Banco Português de Investimento Esc. 2 415 million	14.9	•				
— Portuguese Republic Esc. 6.5 billion	39.7	•	•			•
Esc. 1.7 billion	10.4	•	•			•
Global loan to finance small and medium-scale agricultural, agricultural-processing and fisheries ventures — Banco Pinto & Sotto Mayor Esc. 820 million	5.0	•				
UNITED KINGDOM (791.3 million pounds sterling)	1 119.8					
Construction of first and second units (611 MW each) of Torness Point nuclear power station (Scotland) — South of Scotland Electricity Board £19 million	26.5					•
Construction of vitrification and storage facilities for radioactive waste at Sellafield (North-West England) — British Nuclear Fuels plc £16 million	22.3					•
£34 million	43.6					•
Construction of nuclear fuel reprocessing facilities at Sellafield (North-West England) — British Nuclear Fuels plc £60 million	88.5					•

Community infrastructure

Environment-Cultural heritage

Modernisation of undertakings

Energy

Regional development

million ECUs

Conversion of Kilroot power station (600 MW) to dual coal/oil firing system; modernisation and extension of electricity transmission and distribution grid — Northern Ireland Electricity Service	43.2	•	•
£30 million	47.6	•	•
£33 million			
Development of Arbroath oil field in British sector of North Sea — Enterprise Petroleum Ltd	72.1		•
£50 million			
Construction of municipal waste recycling plant in Hastings (South-East England) yielding waste-derived fuel — East Sussex Enterprises Ltd	1.0		•
£700 000			•
Reduction of traffic congestion in Plymouth; construction of bypass, intersection enlargement, dualling of access road to main suburb and creation of pedestrian precinct in city centre — Devon County Council and City of Plymouth District Council	11.0	•	
£8 million			
Construction of approach road to Ramsgate harbour and inner Chatham ringroad linking docks to A2 trunk road (South-East England) — Kent County Council	4.2		•
£3 million			
Construction of new section of A120 bypassing Braintree and Rayne (South-East England) — Essex County Council	5.6		•
£4 million			
Upgrading of five roads in Powys (Wales) — Powys County Council	1.7	•	
£1.2 million			
Improvement of traffic conditions on three of the main approach roads to Swansea (Wales) — West Glamorgan County Council	3.6	•	
£2.5 million			
Improvements to approach and landing systems at several airports and installations and equipment designed to increase safety and efficiency of air navigation — Civil Aviation Authority	6.9		•
£5 million			
Construction of second passenger terminal at Gatwick Airport — Gatwick Airport Ltd	209.5		•
£150 million			
Construction of airport in old Royal Docks area of London for short take-off and landing (STOL) aircraft (South-East England) — London City Airport Ltd	5.6		•
£4 million			
Construction of new passenger terminal at Norwich Airport (East Anglia) — Norwich City Council	3.6		•
£2.6 million			
Improvements to runway turning circle and taxiway systems and extension of passenger terminal and cargo area at Manchester International Airport (North-West England) — Manchester Airport plc through City of Manchester Metropolitan District Council	7.2	•	•
£5 million			
Improvements to water supply and sewerage schemes in Edinburgh area and reduction of pollution in Firth of Forth (Scotland) — Lothian Regional Council	11.5	•	•
£8 million			
Sewerage and sewage treatment schemes in Mersey estuary area — North West Water Authority	27.6	•	•
£20 million	25.9	•	•
£18 million			
Improvements to drinking water supply network and works to reduce river and coastal pollution in Wales — Welsh Water Authority	11.5	•	•
£8 million			
Construction of Roadford storage reservoir and associated works for the provision of additional water resources in Devon (South-West England) — South West Water Authority	14.4	•	•
£10 million			
Land drainage and sewerage system in Greater Birmingham area; River Tame flood protection works — Severn Trent Water Authority	28.0	•	•
£20 million			
Water supply, sewerage and sewage treatment schemes on Humberside, in East Anglia, the East Midlands and South-East England — Anglian Water Authority	62.1		•
£45 million	31.9		•
£20 million			

Community infrastructure
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million ECUs

Water supply and sewerage schemes in York, Bradford and Sheffield areas — Yorkshire Water Authority			
£10 million	13.9	●	●
£20 million	27.9	●	●
£20 million	28.8	●	●
Improvements to sewerage and sewage treatment works in East Lothian — Lothian Regional Council			
£5 million	7.0		●
Sewerage and sewage treatment/disposal works in coastal areas (North-East England) — Northumbrian Water Authority			
£10.5 million	15.1	●	●
Sewerage and sewage treatment works and construction of sea outfalls improving the environment in Avon, Somerset and Dorset (South-West England) — Wessex Water Authority			
£11 million	15.9		●
Infrastructural works in South Cardiff: construction of strategic access road to city centre (1.5km), development of industrial estate and construction of factories and workshop units on technology campus — South Glamorgan County Council			
£6 million	8.3	●	
£5 million	7.0	●	
£6.5 million	9.4	●	
Road schemes, conversion of quarry into waste disposal site and construction of science park and workshops as part of industrial development schemes in Lancashire (North-West England) — Lancashire County Council			
£1 million	1.4	●	
Road schemes, water supply networks and sewerage facilities in Tayside region (Scotland) — Tayside Regional Council			
£5 million	6.9	●	
Development of three industrial areas, construction of tourism and exhibition centre, development of marina and lengthening of runway at Roborough airport near Plymouth (South-West England) — City of Plymouth District Council			
£6.3 million	8.8	●	
Road, water supply, sewerage and drainage schemes and enlargement of Barony Agricultural College in Dumfries and Galloway (Scotland) — Dumfries and Galloway Regional Council			
£4 million	5.6	●	●
Development of six industrial estates, construction of two small factory buildings and two others for Coventry Technical College; improvements to Museum of British Road Transport and road schemes to reduce traffic congestion in Coventry (West Midlands) — City of Coventry Metropolitan District Council			
£5 million	7.0	●	
Road, water supply and sewerage schemes in Dunfermline and Kirkcaldy districts (Scotland) — Fife Regional Council			
£5 million	7.0	●	
Road, water supply and sewerage schemes in Strathclyde region (Scotland) — Strathclyde Regional Council			
£13 million	18.2	●	
Improvements to road network and construction of sewage treatment plant in County Durham (Northern England) — Durham County Council			
£3.3 million	4.6	●	
Expansion of Rossendale Road industrial estate (North-West England) — Burnley Borough Council			
£100 000	0.1	●	
Road schemes (25km), introduction of six new ferries and improvement/extension of piers/breakwaters at six locations served by these ferries; additional infrastructural works on 14 industrial sites, treated drinking water supply systems and sewerage works in the Shetlands — Shetland Islands Council			
£10 million	14.0	●	
Infrastructural works in Newcastle-upon-Tyne: bypasses, industrial regeneration and construction of college building at Newcastle Polytechnic — City of Newcastle-upon-Tyne Metropolitan District Council , partly for Tyne and Wear Passenger Transport Authority			
£11.5 million	16.1	●	
Construction of bridge over the Loughor River and of western approach road; new buildings for Haverfordwest College of Further Education (Wales) — Dyfed County Council			
£2.5 million	3.5	●	
Development of road network, industrial and business infrastructure/buildings and waste disposal sites in North Cheshire (North-West England) — Cheshire County Council			
£10 million	14.0	●	●

Community infrastructure
 Environment-Cultural heritage
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 Regional development

million ECUs

Expansion of Stella Gill industrial estate in County Durham (Northern England) — Chester Street District Council £200 000	0.3	●	
Road schemes, enlargement of Cannock Chase Technical College and energy conservation in public buildings in Staffordshire — Staffordshire County Council £2 million	2.9	●	●
Construction of section of inner relief road and advance factory buildings, enlargement of Manchester Polytechnic and reduction of health hazards through removal of asbestos from 150 to 200 public administration and educational premises in Manchester (North-West England) — City of Manchester Metropolitan District Council £5 million	7.2	●	●
Road schemes, industrial estates and coastal protection works in Lancashire (North-West England) — Lancashire County Council, Blackpool and Blackburn Borough Councils through Lancashire County Council £2 million	2.9	●	
Construction of new Nelson-Colne section (2.6km) of M65 Calder Valley motorway and access roads; science park, two college buildings for vocational training and conversion of quarry into waste disposal site in Lancashire (North-West England) — Lancashire County Council and Blackburn Borough Council £3 million	4.3	●	
Creation or improvement of eleven industrial sites, construction of factory units and refurbishment of old factory buildings at Oldham, Greater Manchester — Oldham Metropolitan Borough Council £4 million	5.8	●	
Motorway widening, road development, pedestrianisation schemes and improvements to amenities at water park in Greater Manchester area — Trafford Metropolitan Borough Council £5 million	7.2	●	
Modernisation of aluminium extrusion and rolling plants in North-West England, the Midlands and Wales — British Alcan Aluminium plc through British Alcan Finance Ltd £20 million	28.8	●	
Development and installation of new computerised management system in co-operative retail chain — Co-operative Wholesale Society Ltd £1.4 million	2.0	●	
Preparation and restoration of landfill sites, improvements to incinerators and paper pulp recycling plant and construction of clinical waste incinerator in Greater Manchester area — Greater Manchester Waste Disposal Authority £1 million	1.4	●	●
OTHER (1)	108.7		
Construction of 378km complete loop line to Trans-Austria Gasline (Austria) from Baumgarten on Austrian/Czechoslovakian border to Tarvisio on Italian/Austrian border to supply Community with natural gas from Soviet Union: extensions and improvements to Baumgarten compressor station — Trans-Austria Gasline Finance Company Ltd through ENI	52.0 56.7	●	●

(1) Akin to lending for projects within the Community (see pages 8 and 96).

B. Loans provided from the resources of the New Community Instrument for borrowing and lending (NCI)

Contracts signed in 1987

Loans granted from NCI resources for projects within the Community are signed jointly by the Commission of the European Communities and the Bank. In 1987, they totalled 447 million.

These operations are carried out by the Bank under mandate from, on behalf, for the account and at the risk of the European Economic Community and are accounted for off balance sheet in the Bank's Special Section; the Bank's responsibility for these loans is limited to proper performance, in conformity with normal banking practice, of the mandate entrusted to it.

With the exception of five operations, the loans in this list are designed to finance productive investment by SMEs. The asterisks to the right of the amounts in ECUs for the five exceptions refer to the following Community policy objectives pursued by these operations:

- * energy
- ** regional development
- *** infrastructure.

	million ECUs
DENMARK (250 million Danish kroner)	31.8
Global loan to Finansieringsinstituttet for Industri og Håndværk A/S to finance productive investment by industrial and service-sector SMEs Dkr 250 million	31.8
GREECE (700 million Drachmas)	4.6
Global loan to Hellenic Organisation of Small and Medium-sized Industries and Handicrafts (EOMMEX) to finance productive investment by SMEs Dr 700 million	4.6
SPAIN (16 billion Pesetas)	113.7
Global loan to Banco Atlántico S.A. to finance small and medium-scale energy-saving schemes Ptas 3 billion	21.8*
Global loans to finance productive investment by SMEs outside less-developed areas:	
Banco de Bilbao S.A. Ptas 5 billion	34.8
Banco de Santander S.A. Ptas 3 billion	20.9
Banco de Vizcaya S.A. and Banco Financiación Industrial S.A. Ptas 2.5 billion	18.1
Banco Español de Crédito S.A. and Banco de Desarrollo Económico Español S.A. Ptas 2.5 billion	18.1
FRANCE (530 million French francs)	76.8
Global loan to CEPME to finance productive investment by SMEs Ffrs 530 million	76.8
ITALY (293.1 billion Lire)	196.2
Reinstatement of railway network damaged in November 1980 earthquake — Azienda Autonoma delle Ferrovie dello Stato Lit 31 billion	21.4**
Intermodal rail/road freight terminal in Verona (Veneto) — Consorzio Zona Agricola-Industriale di Verona through VENEFONDIARIO Lit 2.8 billion	1.9***
Lit 1.2 billion	0.8***

Global loans to finance productive investment by SMEs in Central and Northern Italy outside less-developed areas:

EFIBANCA	
Lit 10.5 billion	7.0
Lit 4.5 billion	3.0
Lit 7 billion	4.7
Lit 3 billion	2.0
IMI	
Lit 56 billion	37.3
Lit 24 billion	16.0
Mediocredito Centrale for the Regional Mediocrediti	
Lit 9.3 billion	6.2
Lit 8.8 billion	5.9
Istituto Regionale di Credito Agrario	
Lit 3.5 billion	2.3
Lit 1.5 billion	1.0
Lit 7 billion	4.7
Lit 3 billion	2.0
INTERBANCA	
Lit 14 billion	9.3
Lit 6 billion	4.0
BNL	
Lit 28 billion	16.7
Lit 12 billion	8.0
Istituto Bancario San Paolo di Torino - Sezione di Credito Agrario	
Lit 20 billion	13.3
CENTROBANCA	
Lit 14 billion	9.3
Lit 6 billion	4.0
Banco di Napoli	
Lit 7 billion	4.7
Lit 3 billion	2.0
CREDIOP	
Lit 7 billion	4.7
Lit 3 billion	2.0

PORTUGAL (1 610 million Escudos) **9.9**

Global loan to Banco Português de Investimento to finance productive investment by SMEs in industrial and service sectors as well as investment designed to save energy and protect the environment
Esc. 1 610 million **9.9**

UNITED KINGDOM (10 million pounds sterling) **14.0**

Electrification of Glasgow-Ayr rail line serving area south-west of Glasgow and acquisition of rolling stock (Scotland) — **Strathclyde Regional Council**
£10 million **14.0****

Abbreviations used in the above lists

Spain RENFE: Red Nacional de los Ferrocarriles Españoles

France CAECL: Caisse d'Aide à l'Équipement des Collectivités Locales
CEPME: Crédit d'Équipement des Petites et Moyennes Entreprises
CNA: Caisse Nationale des Autoroutes
EdF: Electricité de France
SNCF: Société Nationale des Chemins de Fer français

Italy AGIP: Azienda Generale Industria Petroli
AUTOSTRADE: Autostrade-Concessioni e Costruzioni Autostrade S.p.A.
BNL: Banca Nazionale del Lavoro
BNL/SACAT: Sezione Autonoma per l'Esercizio del Credito Alberghiero e Turistico della Banca Nazionale del Lavoro
BNL/SAFOP: Sezione Autonoma per il Finanziamento di Opere Pubbliche e di Impianti di Pubblica Utilità della Banca Nazionale del Lavoro
CENTROBANCA: Banca Centrale di Credito Popolare
CIS: Credito Industriale Sardo

CREDIOP: Consorzio di Credito per le Opere Pubbliche
EFIBANCA: Ente Finanziario Interbancario
EFIM: Ente Partecipazione e Finanziamento Industria Manifatturiera
ENEL: Ente Nazionale per l'Energia elettrica S.p.A.
IMI: Istituto Mobiliare Italiano
INTERBANCA: Banca per Finanziamenti a Medio e Lungo Termine
IRFIS: Istituto Regionale per il Finanziamento alle Industrie in Sicilia
IRI: Istituto per la Ricostruzione Industriale
ISVEIMER: Istituto per lo Sviluppo Economico dell'Italia Meridionale
ITALGAS: Società Italiana per il Gas p.A.
MEDIIOBANCA: Banca di Credito Finanziario S.p.A.
MEDIOCREDITO CENTRALE: Istituto Centrale per il Credito a Medio Termine
SIP: Società Italiana per l'Esercizio delle Telecomunicazioni p.A.
SNAM: Società Nazionale Metanodotti p.A.
VENEFONDIARIO: Istituto di Credito Fondiario delle Venezie

Operations outside the Community

Financing outside the Community amounted to 188.8 million from EIB own resources and 203.3 million from Community and Member States' budgetary resources, giving a total of 392.1 million.

Virtually all the loans in the African, Caribbean and Pacific States were provided under the Third Lomé Convention and in the Overseas Countries and Territories under the relevant Decision of the Council of the European Communities. These loans added up to 349.4 million (compared with 209.7 million in 1986), of which 161.2 million was advanced in the form of loans from EIB own resources with interest subsidy and 188.2 million in the form of risk capital assistance drawn from budgetary resources.

The Bank mounted operations in six Mediterranean countries drawing on the balance left available under financial protocols in force between these countries and the Community: 27.7 million from EIB own resources and 15.1 million from budgetary resources, adding up to 42.8 million, compared with 264 million in 1986.

Financing in the ACP States and the OCT

Despite persistent difficulties, the Bank managed to pinpoint schemes boosting economic growth and to back a greater number of projects in 1987, attracting funding some 66% higher than in 1986.

During the year, financing was provided in 33 African, Caribbean and Pacific States and in two OCTs, French Polynesia and the British Virgin Islands. In Africa, 1987 saw the first operations mounted by the Bank in Angola and Mozambique.

In six countries and territories all the financing came from own resources, amounting to 97.7 million and 28% of the total. In 29 other countries, funds were advanced either exclusively from risk capital resources (147.2 million in 23 countries, 42% of total financing) or in a mix of both types of resource (77.5 million, 22% of the total). A further 27 million went in support of two regional projects of interest to several countries.

More than half of all the risk capital assistance was channelled to the least developed ACP States (designated in Article 257 of the Third Lomé Convention), whilst 85% of loans from the Bank's own resources went to projects located in the other ACP States.

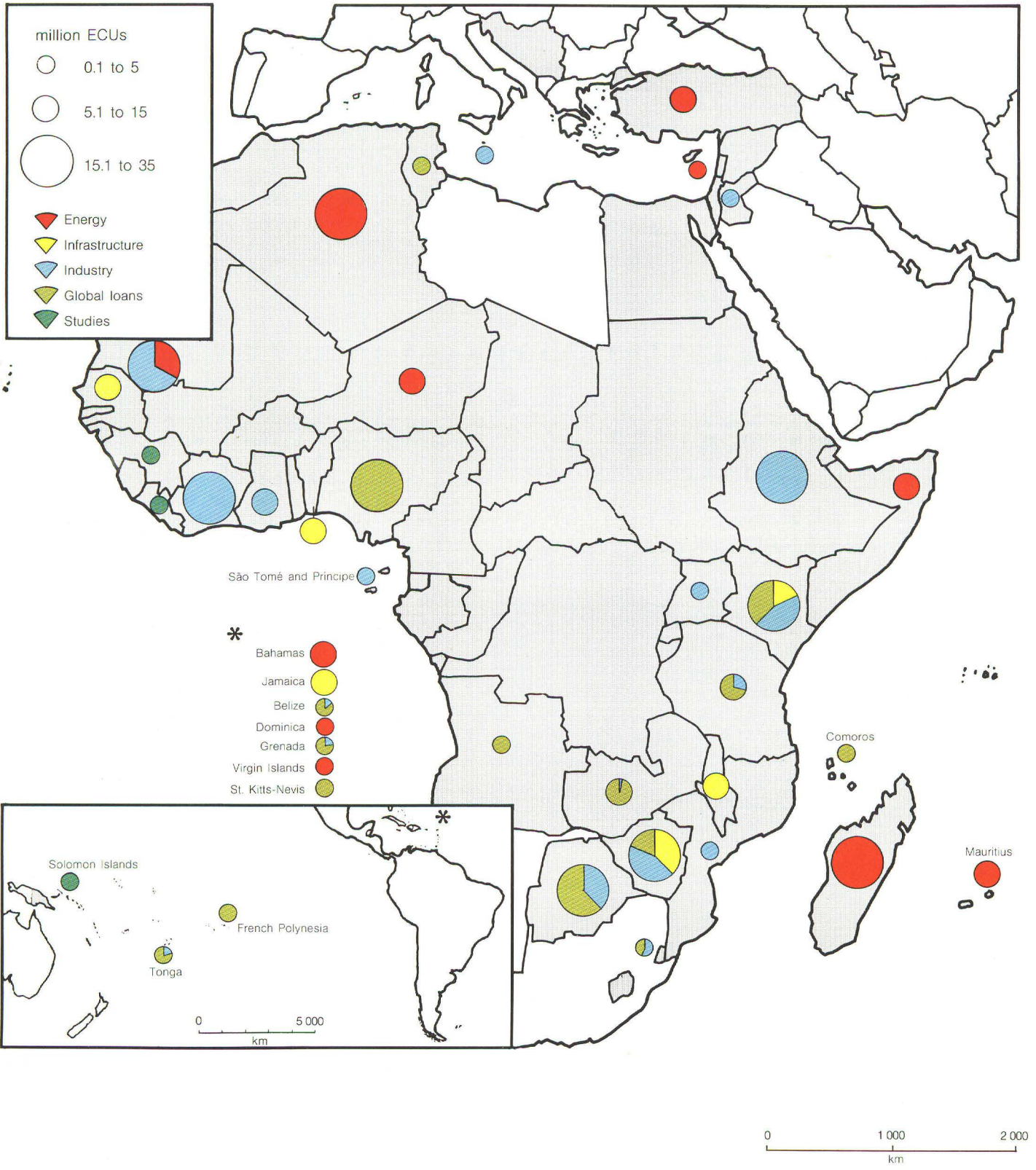
In keeping with the guidelines set out under the Third Lomé Convention, priority was accorded to projects in industry and agricultural processing and indeed these two sectors absorbed nearly 60% of total financing, accounting for 201 million of which 31 million went to mining and quarrying projects, 60 million to manufacturing industry and 110 million to smaller enterprises, these latter funds being

deployed via development banks. Allocations made in 1987 from ongoing global loans added up to 31.9 million, providing support for 115 SMEs, largely in the chemicals and plastics sectors (36%), food-stuffs (20.5%) and tourism (16%). The other loans concerned improvements to communications (44.3 million), energy installations (78.1 million) and protection of the environment by upgrading and expanding water supply and sewage disposal facilities (25 million in all — see box, page 67). Operations involving assistance for rehabilitation of enterprises or restoration of infrastructure and certain studies constituted 25% of total funding.

In 1987, the Bank provided a total of 314.3 million in 25 countries in **Africa** (13 in 1986), of which 177.5 million was drawn from risk capital resources.

Financing in **west Africa** reached 123.6 million. In **Nigeria**, a global loan for 30 million was concluded to assist small and medium-sized enterprises, chiefly in the north of the country. Lending in the **Ivory Coast** was concentrated in the textiles sector, with 16.9 million for cotton ginning plants and modernisation of an integrated textile complex. The 15 million advanced in **Mauritania** was split between a project to uprate iron-ore processing and transport facilities at Guelb el Rhein mine in the Zouerate region and improvements to power generation and distribution at Nouadhibou. In **Niger**, a loan for 14.3 million was provided for power lines to bring in supplies from Nigeria. Two loans for telecommunications concerned the national network in **Senegal** (12 million) and regional and trunk connections in Guinea, **Guinea-Bissau**, Mauritania and Mali which attracted a loan of 21 million advanced

Projects financed in the Mediterranean Countries, the ACP States and the OCT in 1987



to the Economic Community of West African States (ECOWAS). Support was also forthcoming for rehabilitation of the Tema oil refinery in **Ghana** (7 million) and the water supply networks at Cotonou and Porto Novo in **Benin** (6.5 million). Finally, two feasibility studies to look into the prospects for iron-ore mining at the deposits in the Nimba Mountains in

Guinea and Liberia together attracted 1 million, in this case under the Second Lomé Convention.

In **southern Africa**, the Bank granted a total of 105.2 million, with 32 million going to **Zimbabwe** for a water supply scheme in Harare, construction of abattoirs and a meat-processing centre to help

Drinking water for Africa's urban population

The flood of people migrating to the towns is one of the most disturbing problems currently facing the authorities in many African countries. The population in Lagos, for example, has risen tenfold since 1963 from 675 000 to today's figure of 6.5 to 7 million and looks likely to pass the 12 million mark by the year 2000. This is by no means an exception; take Lilongwe, the new Malawi capital, where the 1986 population numbered 170 000 from 20 000 in 1960, with the forecast that it will reach 500 000 by 2000. Cities forced to cope with a 20 or 25-fold increase in population within a span of 40 years clearly have to build up their infrastructure, but this is frequently a very costly process for countries which often rank amongst the least privileged.

With this perspective in mind, the Bank, generally in conjunction with other sources of bilateral or multilateral financing, has on many occasions mounted operations in these countries to expand basic urban infrastructure, especially power distribution, telecommunications and, more recently, water supplies. This approach is further underlined by the Third Lomé Convention, Article 190 of which lays particular stress on projects designed to foster protection of the environment and improve water supplies. Within this context, in 1986 and particularly 1987, the EIB has given its backing to several projects upgrading drinking water supplies, the corresponding financing coming both from own resources (16 million) and from risk capital resources under the European Development Fund (19 million). The projects in question were located in Brazzaville and Pointe Noire in the Congo, Lilongwe in Malawi, Harare in Zimbabwe and Cotonou and Porto Novo in Benin, towns which together contain a population of 3.5 million.

Generally speaking, although these towns do have sufficient water resources near at hand, only a part of the population has adequate access to drinking water. This is the result of a number of factors. Firstly, it has not been possible to build up water catchment and distribution equipment (tapping rivers and aquifers) fast enough to keep abreast of the explosion in the urban population and obsolescence in the networks results in losses of 20% to 30%. The same is true of water treatment plant.

Drinking water supplies are therefore supplemented by untreated water gathered from rivers, backwaters, marshlands and groundwater sources, with obvious repercussions for standards of health.

Water supplies can be distributed in various ways: direct connections, generally fitted with meters for billing purposes, public hydrants for those not connected to the network and, in some towns, water sellers who provide a door-to-door delivery service although this is frequently expensive. Supplies for industry and the services, connected to the network, may be dependent on overall availability, particularly at certain times of the year. Under these conditions, it is clear that the consumption of households with access to drinking water supplies masks substantial disparities from one district to another in the same town: nonetheless, the daily per capita consumption figures of 25 litres in Cotonou, 50 litres in Lagos and 90 litres in Yaoundé are well below those for Lilongwe (140 litres) and Abidjan (190 litres), which themselves fall far short of consumption in towns in southern Europe (250 to 400 litres). Even in a town like Harare where the quantity and quality of supplies are adequate (250 litres), major investment is still required if the situation is not to go downhill rapidly.

Improvements to water supplies give rise to problems on the waste water treatment and disposal side, given that sewerage facilities, on either a collective or individual basis, are woefully inadequate or non-existent. For this reason, the Bank also offers financing for sewerage and waste water treatment installations with the goal of reducing the pollution risk and the deleterious consequences for the health of the population.

The financial assistance provided by the Bank on concessionary terms, in the form of loans with interest subsidy from EIB own resources and risk capital financing, generally goes hand-in-hand with other sources of funds. This is all the more important for installation of such basic infrastructure since the companies responsible for water catchment, treatment and supply do not as a rule command the requisite financial resources as a result of average tariffs often set so low that they do not even suffice to cover operating costs.

develop livestock farming and associated production and a global loan. **Madagascar** attracted 15.5 million for rehabilitation of power plants and the electricity transmission network, whilst in **Malawi** 6.5 million was provided in support of a water supply project in Lilongwe. Financing in **Mozambique** was channelled to rehabilitation of a cotton ginnery at Chokwe and a vegetable-processing plant at Chilembene (3 million) and in **Botswana**, where four fifths of the population depend on stock farming for a livelihood, 16 million was advanced for construction of an abattoir at Francistown and for financing smaller enterprises. Investment to upgrade power generation and transmission facilities in **Mauritius** received financing worth 13 million. In addition, a number of global loans were concluded with development banks in **Zambia** (10.2 million), **Angola** (4 million), **Swaziland** (3 million) and **Comoros** (2 million).

Financing in east and central Africa amounted to 85.6 million. In **Ethiopia**, 21 million was provided for

development of an open-cast gold mine in the south of the country and in **Kenya** projects to improve and modernise the port of Mombasa and to uprate tea-processing capacity attracted 19.5 million. In **Somalia**, funding went to rehabilitation and expansion of power generating, transmission and distribution equipment in Mogadishu (13 million) and in **São Tomé and Príncipe** to construction of a palm oil mill (2.1 million). Loans totalling 30 million were arranged with regional (EADB) and national development banks for investment schemes in **Tanzania**, **Kenya** and **Uganda**.

Operations mounted in the **Caribbean** totalled 25 million, with funding given over to uprating electricity generating capacity on ten islands in the **Bahamas** (9.1 million) and in **Dominica** (3.8 million) and a scheme to extend the port of Montego Bay in **Jamaica** (5.3 million). Support was also provided for development banks in **Belize** (3.5 million), **Grenada** (1.8 million) and **St Christopher and Nevis** (1.5 million).

Table 5: Amounts of Community financial aid provided for in conventions, financial protocols and decisions in force or under negotiation at 30 April 1988

(million ECUs)

Agreement	Duration	Loans from EIB own resources (1)	Operations mounted from budgetary resources			Total
			Risk capital operations (2)	Grant aid (3)	Loans on special conditions	
Mediterranean Countries						
Yugoslavia	Second Financial Protocol	1988—1991	550			550
Turkey	Fourth Financial Protocol	awaiting signature	225		50	325 (2)
Maghreb			465	21	301	787
Mashreq	Third Financial Protocols	1988—1991	475	16	277	768
Israel			63			63
Malta	Second Financial Protocol	1. 10. 1986— 31. 10. 1988	16		10.5	3 (2)
Cyprus	Second Financial Protocol	1. 5. 1984— 31. 12. 1988	28		10	6 (2)
Lebanon	Exceptional aid		50			
ACP States-OCT						
ACP	Third Lomé Convention	1986—1990	1 100	600	4 860	600
OCT	Council Decision	1986—1990	20	15	55	25
Total ACP—OCT (5)			1 120	615	4 915	625 (4)

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

(2) Financing provided and managed by the Bank.

(3) Aid granted and managed by the Commission of the European Communities.

(4) Loans granted and managed by the Commission of the European Communities.

(5) Excluding transfers from STABEX, the Fund for the stabilisation of export earnings (925 million for the ACP States and 5 million for the OCT) and from SYSMIN, the special financing facility for mining products in the ACP States (415 million); financing provided by the Commission.

In the **Pacific**, funding was made available for smaller businesses in **Tonga** (1.5 million) and for a feasibility study prior to upgrading oil-storage capacity at Honiara in the **Solomon Islands** (100 000 under the Second Lomé Convention). In the **OCT**, a project centring on construction of a diesel-fired power plant and power transmission lines in the British **Virgin Islands** attracted 4.4 million and

4 million was given over to financing SMEs in French **Polynesia**.

Virtually all the projects in the ACP States benefited from co-financing arrangements, chiefly with bilateral financing institutions of Member States, the Commission of the European Communities, the World Bank and other development aid agencies.

Financing in the Mediterranean Countries

As the third generation of financial protocols with the Mediterranean countries was concluded only in mid-1987, deployment could not be started before 1988 (see box, page 70). Bank activity in these countries was therefore limited to using up any balance still available under the second protocols with the Maghreb and Mashreq countries which expired at the end of October 1986, the protocols with Malta and Cyprus which continue until 1988 and one operation under the 1973 Supplementary Protocol with Turkey.

Maghreb Countries

In **Algeria**, the Bank advanced a loan for 22 million to finance expansion of the diesel-fired power station at Béchar in the south-west of the country. In **Tunisia**, two global loans totalling 1.5 million were arranged with the Banque nationale de développement agricole to support smaller-scale agricultural and agricultural-processing ventures; ongoing global loans were drawn on to the tune of 5.2 million in 1987, these funds going to 270 ventures.

Table 6: Financing provided in the Mediterranean Countries, the ACP States and the OCT in 1987

	(million ECUs)						
	Total	EIB own resources	Budgetary resources	Sector			
				Energy	Infra-structure	Individual loans	Global loans
				Industry, agriculture, services			
Algeria	22.0	22.0	—	22.0	—	—	—
Tunisia	1.5	1.1	0.4	—	—	—	1.5
Jordan	3.1	3.1	—	—	—	3.1	—
Malta	3.0	—	3.0	—	—	3.0	—
Cyprus	2.6	1.5	1.1	2.6	—	—	—
Turkey	10.6	—	10.6	10.6	—	—	—
Total Mediterranean	42.8	27.7	15.1	35.2	—	6.1	1.5
Africa	314.4	136.9	177.5	60.8	64.0	102.3	87.3
Caribbean	25.0	16.9	8.1	12.9	5.3	0.9	5.9
Pacific	1.6	—	1.6	—	—	0.4	1.2
OCT	8.4	7.4	1.0	4.4	—	—	4.0
Total ACP—OCT	349.4	161.1	188.2	78.1	69.3	103.6	98.4
Grand Total	392.1	188.8	203.3	113.3	69.3	109.7	99.9

Mashreq Countries

A loan for 3.1 million was accorded to an agricultural co-operative organisation in **Jordan** for construction of five sheep-fattening units.

Other countries

In **Turkey**, 10.6 million was advanced from budgetary resources for erection of a transmission line between a new power station in the south-west

of the country and the main urban centres in the north; this loan accounted for the last of the funds available under the Supplementary Protocol concluded in 1973, after the first enlargement of the Community gave rise to additional contributions from the three new Member States. In **Malta**, budgetary funds were also drawn on to provide 3 million for a waste treatment and recycling plant at Sant'Antonin; lastly, on **Cyprus**, loans worth 2.6 million will help towards upgrading the power transmission and distribution grid throughout the island.

The third generation of Financial Protocols with the Mediterranean countries

1987 was the year of negotiation of the transition from the second to the third generation of financial protocols with the Maghreb and Mashreq countries and Israel. The Community decided on a much larger package of loans from the Bank and budgetary aid than under previous protocols, comprising 1 003 million ECUs in loans from EIB own resources and 615 million from Community budgetary resources advanced in the form of outright grants (578 million) or risk capital granted and managed by the Bank (37 million), for deployment in the five years up to the end of 1991. Compared with the preceding generation, this is tantamount to a 67% rise in lending from the Bank and 48% more from Community funds. A slightly larger proportion than before has been set aside under these new protocols for countries, such as Egypt, Morocco and Tunisia, which are grappling with particularly severe economic difficulties. The Community has also decided in favour of a substantial rise in the ceiling on Bank loans in Yugoslavia, which will receive 550 million ECUs up until 1991 under an agreement designated, for historical reasons, the second Financial Protocol.

An innovatory feature of the protocols with the Maghreb and Mashreq countries is the 37 million ECUs provided for in operations from risk capital resources. In view of the positive experience gained with risk capital operations in the ACP States, it has been decided to try out this instrument in the Mediterranean countries where it will be targeted, in particular, at promoting the implementation of investment schemes undertaken jointly by national enterprises working with companies from the Community, in the industrial and service sectors. Risk

capital financing constitutes a particularly versatile means of providing assistance which can be channelled into equity participations and quasi-capital in the form of conditional or subordinated loans. The loans on special conditions from the Commission of the European Communities included under earlier protocols have however been dropped under this new generation.

The experience gained from a long-standing record of collaboration between the Community and the Mediterranean countries has been drawn on to pinpoint new priority sectors to benefit under financial co-operation. Given that numerous countries are seeing their deficit in foodstuffs widening, with the attendant repercussions for their balance of payments, Community support should be directed largely to encouraging development of local agriculture, provided of course that an operation has a sound economic footing. In this respect, it will be essential to ensure that projects selected for financing tally with the objectives of economic recovery programmes being pursued in many countries. In certain cases, there will be scope for furnishing direct aid, for example through agricultural loans, whilst in other instances indirect aid will be more suitable in the form of financing for installation or rehabilitation of appropriate infrastructure, such as dams, irrigation networks or storage and transport facilities. It is vital that the Bank, the Commission, the other lenders and the countries in question work closely together in determining the most auspicious projects, if the various aid programmes are to mesh effectively with each other.

List of financing operations outside the Community ⁽¹⁾

A. Loans from the Bank's own resources

Contracts signed in 1987

Loans provided from the Bank's own resources in 1987 in respect of projects outside the Community totalled 188.8 million, of which 27.7 million went to countries in the Mediterranean region and 161.1 million to the African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT). These operations are included in the Bank's balance sheet.

Every loan carried an interest subsidy financed from Community budgetary resources.

		million ECUs	
ALGERIA			
Expansion of thermal power station at Bechar by installation of five new diesel generating sets of 8 MW each			
Société Nationale de l'Electricité et du Gaz through Democratic and Popular Republic of Algeria			
126.1 million Algerian Dinars	22.0		
JORDAN			
Establishment of five sheep-fattening units			
Jordan Co-operative Organisation through Government of the Hashemite Kingdom of Jordan			
1.1 million Jordanian Dinars	3.1		
CYPRUS			
Improvement of public power transmission and distribution system throughout island by installation of telecontrol/telemetering facilities linked to new electricity control centre			
Electricity Authority of Cyprus			
800 000 Cyprus pounds	1.5		
TUNISIA			
Global loan to Banque Nationale de Développement Agricole to finance small and medium-scale agricultural and agricultural-processing ventures			
1 million Tunisian Dinars	1.1		
ACP States and OCT - Africa			
		million ECUs	
ZIMBABWE		32.0	
61.2 million Zimbabwe dollars			
Extension of installations for treating, pumping and distributing drinking water in city of Harare			
Harare City Council through Republic of Zimbabwe			
Z\$22.8 million	12.0		
Construction of two abattoirs at Bulawayo and Masvingo (South) and a processing/distribution complex in Harare (North-East)			
Government of Zimbabwe for Cold Storage Commission			
Z\$27.0 million			14.0
Global loan to Zimbabwe Development Bank to finance SMEs in industrial, agricultural-processing, mining and tourism sectors			
Z\$11.4 million			6.0
NIGERIA			
Global loan to New Nigeria Development Company Ltd to finance SMEs in industrial, agricultural-processing, mining and tourism sectors			
127.0 million Nairas			30.0
KENYA			
		27.0	
465.2 million Kenya Shillings			
Selective rehabilitation and modernisation of terminals for bulk liquids and four general cargo berths at the port of Mombasa			
Kenya Ports Authority			
K.Sh. 100.4 million			6.0
Expansion and upgrading of thirty-nine tea factories and construction of fifteen new factories			
Kenya Tea Development Authority			
K.Sh. 191.1 million			11.0
Global loan to Development Finance Company of Kenya to finance SMEs in industrial, agricultural-processing, agricultural, tourism and mining sectors			
K.Sh. 173.7 million			10.0
IVORY COAST			
		16.9	
5 844.3 million CFA francs			
Reconstruction of cotton ginning plant in Korhogo and modernisation of two ginneries at Boundiali and Mankono			
Republic of the Ivory Coast for Compagnie Ivoirienne pour le Développement des Textiles			
CFAF 3 285.5 million			9.5

(1) Finance contracts for operations mounted under the heading of financial co-operation with countries outside the Community are denominated in ECUs. Amounts shown in national currencies are given solely as a guide and are based on the equivalents in ECUs used by the Bank at the dates of contract signature (see page 8).

Restructuring and modernisation of spinning-weaving mill at Dimbokro and dyeing-printing works at Abidjan

Union Industrielle et Textile de Côte d'Ivoire
CFAF 2 558.8 million 7.4

BOTSWANA 11.0

21.2 million Pulas

Construction of new industrial slaughterhouse and deboning facility in Francistown (North-East)

Botswana Meat Commission
P 7.7 million 4.0

Global loan to **Botswana Development Corporation Ltd** to finance SMEs in industrial, agricultural-processing, mining and tourism sectors
P 13.5 million 7.0

MAURITIUS

Rehabilitation of Fort Victoria diesel power station (62.4 MW), small hydroelectric generating plants (3.4 MW in all) and improvements to distribution network

Central Electricity Board
152.0 million Mauritian rupees 10.0

**REGIONAL - EAST AFRICA
(Kenya - Tanzania - Uganda)**

Global loan to **East African Development Bank** to finance SMEs in industrial, agricultural-processing, agricultural, tourism, transport, telecommunications and mining sectors 6.0

MALAWI

Expansion of drinking water treatment and supply system in Lilongwe

Lilongwe Water Board through **Government of Malawi**
8.4 million Malawi kwachas 4.0

ACP States and OCT - Caribbean

million ECUs

BAHAMAS

Construction of new diesel power plant, expansion of existing generating capacity and improvements to electricity distribution network on ten of the Family Islands

Bahamas Electricity Corporation
10.3 million Bahamian dollars 9.1

JAMAICA

Expansion of facilities at port of Montego Bay to accommodate cruise ships

Port Authority of Jamaica
33.0 million Jamaican dollars 5.3

BELIZE

Global loan to **Development Finance Corporation of Belize** towards financing small and medium-scale ventures in industrial, agricultural-processing, tourism, fisheries and forestry sectors

5.4 million Belize dollars 2.5

ACP States and OCT - Pacific

million ECUs

BRITISH VIRGIN ISLANDS

Construction of thermal power station at Pockwood Pond (5 MW) with provision for later installation of sea water desalination plant to produce drinking water using waste heat from power station

British Virgin Islands Electricity Corporation
5.0 million US dollars 4.4

FRENCH POLYNESIA

Global loan to finance small and medium-scale ventures in industrial, agricultural-processing, fisheries, tourism and transport sectors

Société de Crédit et de Développement de l'Océanie
377.3 million CFP francs 3.0

B. Financing operations from budgetary resources

Contracts signed in 1987

Operations concluded in 1987 from Community or Member States' budgetary resources totalled 203.3 million, of which 15.1 million took the form of loans on special conditions in the Mediterranean region, while 188.2 million was advanced as risk capital in the ACP States and the OCT. Financing is provided by the Bank under mandate from, on behalf, for the account and at the risk of the European Economic Community and is accounted for off balance sheet in the Special Section (see page 92); the Bank's responsibility for these operations is limited to proper performance of the mandate entrusted to it.

		million ECUs	
TURKEY			
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Erection of 380 kV transmission line from Yeniköy to Aliaga, north of Izmir (South-West)			21.0
Türkiye Elektrik Kurumu through Republic of Turkey			
9.4 billion Turkish liras	10.6		
<hr/>			
MADAGASCAR			
<hr/>			
14 059.9 million Malagasy francs			
Rehabilitation of power generation and transmission facilities at Mahajunga and Nosy-Bé			
Conditional loans to Government of Madagascar for JIRAMA (national electricity and water supply company)			
FMG 1 814.2 million		2.0	
FMG 12 245.7 million		13.5	
<hr/>			
MAURITANIA			
<hr/>			
1 277 million Ouguiyas			
Rehabilitation of electricity generation and supply facilities at Nouadhibou Conditional loan to Islamic Republic of Mauritania for Société Nationale d'Eau et d'Electricité			
UM 426.3 million			5.0
New equipment uprating productivity of iron-ore enrichment plant at Guelb El Rhein, near Zouerate, improvements to operation of rail line to port at Nouadhibou and establishment of microwave link between Zouerate and port			
Conditional and subordinated loan to Islamic Republic of Mauritania for Société Nationale Industrielle et Minière			
UM 850.7 million			10.0
<hr/>			
ACP States and OCT - Africa			
<hr/>			
		million ECUs	
ETHIOPIA			
<hr/>			
49.1 million Ethiopian birr			21.0
Development of open-cast gold mine and construction of ore-treatment plant Conditional loans to Government of Ethiopia for:			
— Lega Dembi Gold Enterprise			
— Ethiopian Mineral Resources Development Corporation			
Br 18.7 million		8.0	
Br 30.4 million	13.0		
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REGIONAL — WEST AFRICA			
<hr/>			
Establishment of microwave radio links between Member States of Economic Community of West African States (ECOWAS) and construction of new international satellite earth station at Bamako (Mali)			
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SOMALIA			
<hr/>			
1 468.6 million Somali shillings			
Rehabilitation and expansion of electricity generating plant (diesel power stations with combined capacity of 58 MW), transmission and distribution facilities in Mogadishu			

Conditional loans to Government of Democratic Republic of Somalia for Ente Nazionale Energia Elettrica			
So. Sh. 1 129.7 million		10.0	
So. Sh. 338.9 million		3.0	
SENEGAL			
Expansion and modernisation of national telecommunications network			
Conditional loan to Republic of Senegal for Société Nationale des Télécommunications du Sénégal			
4 150.2 million CFA francs		12.0	
ZAMBIA			
140 million Kwachas			
Global loan to finance ventures mounted by SMEs in industrial, agricultural-processing, mining and tourism sectors and equity participations in SMEs			
Conditional loan to Development Bank of Zambia			
K 136.7 million		10.0	
Equity participation on behalf of European Economic Community in share capital of Development Bank of Zambia			
K 3.3 million		0.2	
KENYA			
130.2 million Kenya shillings			
Global loan for rehabilitation of SMEs in industrial, agricultural-processing, agricultural, tourism and mining sectors			
Conditional loan to Development Finance Company of Kenya			
K Sh 52.2 million		3.0	
Participation in capital increase of East African Development Bank			
Conditional loan to Government of Kenya			
K Sh 34.7 million		2.0	
Equity participations or quasi-equity investment in tea-processing companies			
Conditional loan to Kenya Tea Development Authority			
K Sh 43.4 million		2.5	
GHANA			
Second phase of rehabilitation of Tema refinery, east of Accra			
Conditional loan to Republic of Ghana for Ghanaian Italian Petroleum Company Limited			
713.7 million Ghanaian cedis		7.0	
TANZANIA			
483.3 million Tanzania shillings			
Global loan to finance SMEs in industrial, agricultural-processing and tourism sectors			
Conditional loan to Tanganyika Development Finance Company Ltd			
T Sh 324.6 million		5.0	
Participation in capital increase of East African Development Bank			
Conditional loan to Government of Tanzania			
T Sh 158.7 million			2.0
BENIN			
Expansion of and improvements to drinking water supply facilities in Cotonou and Porto Novo			
Conditional loan to People's Republic of Benin for Société Béninoise d'Electricité et d'Eau			
2 247.6 million CFA francs			6.5
BOTSWANA			
9.6 million Pulas			
Construction of new industrial slaughterhouse and deboning facility in Francistown (North-East)			
Conditional loan to Government of Botswana for Botswana Meat Commission			
P 3.8 million			2.0
Global loan to finance equity participations or quasi-equity investment in SMEs			
Conditional loan to Botswana Development Corporation Ltd			
P 5.8 million			3.0
ANGOLA			
Global loan to finance feasibility studies for projects in industrial, agricultural-processing, mining and tourism sectors and to rehabilitate projects in these sectors			
Conditional loan to Banco Nacional de Angola			
135.2 million Angolan kwanzas			4.0
MAURITIUS			
Rehabilitation of Fort Victoria thermal power station (62.4 MW), small hydroelectric generating plants (3.4 MW in all) and improvements to distribution network			
Conditional loan to Government of Mauritius for Central Electricity Board			
45.6 million Mauritian rupees			3.0
MOZAMBIQUE			
Rehabilitation projects in south of country: cotton ginnery in Chokwe and production line of vegetable cannery in Chilimbene largely given over to processing tomato purée			
Conditional loan to Banco Nacional de Moçambique for Companhia Agro Industrial Lonrho-Moçambique			
695.7 million meticaís			3.0
SWAZILAND			
6.9 million emalangeni			
Loans in support of operations to be mounted by new Swaziland Investment and Development Company (SIDC) Ltd			
Global loan to SIDC towards financing SMEs in industrial, agricultural-processing, mining and tourism sectors			
E 3.1 million			1.4

Conditional loan to **Government of Swaziland** to finance part of its subscription to SIDC's share capital
E 3.8 million 1.7

MALAWI

Expansion of drinking water treatment and supply system in Lilongwe
Subordinated loan to **Lilongwe Water Board**
5.2 million Malawi kwachas 2.5

SAO TOME AND PRINCIPE

Installation of palm oil mill on plantation to be extended and developed at Ribeira Peixe in south-east of island of São Tomé
Conditional loan to **Banco Nacional de São Tomé e Príncipe**
83.1 million Dobras 2.1

COMOROS

Global loan to finance SMEs in industrial, agricultural-processing, tourism and transport sectors
Conditional loan to **Comoros Development Bank**
690.3 million CFA francs 2.0

UGANDA

Participation in capital increase of **East African Development Bank**
Conditional loan to **Government of Uganda**
135.6 million Uganda shillings 2.0

LIBERIA

Technical and financial feasibility study on regional project to exploit iron-ore deposits in Nimba mountains
Conditional loan to **Republic of Liberia**
600 000 Liberian dollars 0.6

GUINEA

Technical and financial feasibility study on regional project to exploit iron-ore deposits in Nimba mountains
Conditional loan to **Republic of Guinea**
115.6 million Guinea francs 0.3

ACP States and OCT - Caribbean

million ECUs

DOMINICA

Hydroelectric scheme comprising installation of new 1.3 MW generating unit at Laudat power station and additional generating units (2 x 1.5 MW) at Trafalgar power station

Conditional loan to **Commonwealth of Dominica for Dominica Electricity Services Limited (DOMLEC)**
11.6 million East Caribbean dollars 3.8

GRENADA 1.8

5.5 million East Caribbean dollars
Global loan to finance SMEs in industrial, agricultural-processing and tourism sectors and equity participations in SMEs
Conditional loan to **Grenada Development Bank**
EC\$4.3 million 1.4
Conditional loan to **Government of Grenada** to enable it to bolster share capital of **Grenada Development Bank**
EC\$1.2 million 0.4

SAINT CHRISTOPHER AND NEVIS

Global loan to finance ventures mounted by SMEs in industrial, agricultural-processing and tourism sectors and equity participations in SMEs
Conditional loan to **Development Bank of St Kitts-Nevis**
4.3 million East Caribbean dollars 1.5

BELIZE 1.0

2.2 million Belize dollars
Loans to increase scope of operations mounted by **Development Finance Corporation of Belize (DFCB)**
Global loan to **DFCB** towards financing studies and equity participations
BZ\$1.1 million 0.5
Conditional loan to **Government of Belize** towards financing an increase in DFCB's share capital
BZ\$1.1 million 0.5

ACP States and OCT - Pacific

million ECUs

TONGA 1.5

2.4 million Pa'anga
Global loan to finance SMEs in industrial, agricultural-processing, transport and tourism sectors
Conditional loan to **Tonga Development Bank**
PT 1.9 million 1.2
Conditional loan to **Kingdom of Tonga** to increase its share in capital of **Tonga Development Bank**
PT 500 000 0.3

FRENCH POLYNESIA

Global loan to finance small and medium-scale ventures in industrial, agricultural-processing, fisheries, tourism and transport sectors by means of equity and/or quasi-equity capital contributions

Conditional loan to **Société de Crédit et de Développement de l'Océanie**
125.8 million CFP francs

1.0

SOLOMON ISLANDS

Feasibility study into prospective storage capacity for crude oil

Conditional loan to **Government of Solomon Islands**
200 000 Solomon Islands dollars

0.1

Nearly 60% of aggregate lending advanced by the Bank under the Third Lomé Convention up to the end of 1987 has been directed towards investment in the industrial and agricultural-processing sectors. The thrust of the projects financed, exemplified by the textile sector, has generally been towards processing local raw materials, making for savings in terms of imports.



Resources

This section deals with the evolution of capital markets and funds raised by the Bank for lending operations mounted from its own resources and accounted for in its balance sheet and for which it assumes financial responsibility. The 'Resources' section, however, does not cover resources administered by the Bank under mandate from and on behalf of third parties, which are accounted for off balance sheet in the Special Section (see page 92), in particular loans from NCI resources and financing provided in the ACP States and the Mediterranean countries from Community or Member States' budgetary funds.

Evolution of capital markets

After several years of uninterrupted growth, issuing activity on the international market and the foreign bond sector of national markets contracted in 1987. Activity was sharply reduced in the market for floating rate notes (FRNs) — thus providing the main element for the contraction — as investors continued to shy away from these securities because of their limited tradeability while issuers often preferred to raise funds through other instruments, such as medium-term notes, which are fixed-rate instruments with final maturities ranging from one to ten years issued on a tap basis tailored to the specific needs of borrowers and investors. The arrangement of new note issuance facilities (NIF) and of Eurocommercial paper programmes experienced a moderate decline, in part attributable to the come-back of syndicated bank loans, especially in the form of multi-option facilities.

Increased uncertainty deriving from foreign exchange movements also diminished market activity, in particular in dollar bonds, while investors' preference for shares and equity-linked securities — until the Wall Street crash in October — also impinged on the possibilities of issuing straight debt. The refinancing of previously contracted more expensive debt continued, although perhaps to a lesser extent, to support market activity while a large number of new issues were a part of currency and/or interest-rate swaps. Certain sectors such as those of Australian and New Zealand dollars owed most of their activity to swap deals. The reorientation of investors away from bonds also placed severe strains on the market-making capacity of the major eurobond houses. Already suffering from a reduction in profitability, a number of them tended to withdraw from market-making, a fact which

reduced market liquidity and further discouraged activity on international securities markets.

The year, however, started on a positive note for the bond markets. The downward trend in long-term rates that had developed in the closing months of 1986 continued, while currency movements became less volatile following the January rearrangement of EMS currencies and the Louvre agreement on stabilising exchange rates reached by the Group of Seven in February. Several countries lowered their administrative rates in a bid to boost domestic economic growth as well as to contain the downward pressure on the dollar. However, considerable intervention by central banks on foreign exchange markets also proved necessary.

Towards the end of spring the brisk pace of the US economy and rising commodity prices reawakened inflationary fears and exerted upward pressure on interest rates. At the same time monetary authorities in certain other countries began to show concern about the inflationary implications of currency interventions and consequently tightened somewhat the stance of their monetary policies. The dollar's decline was, however, further fuelled by the persistence in the United States of substantial budgetary and trade deficits and the apparent lack of agreement between European and US policy makers on the most suitable economic measures to be adopted. In consequence, interest rates rose considerably on most markets in the period from early May to mid-October and primary market activity in straight bond issues dropped sharply as investors showed an increasing preference for equities or equity-linked paper and at the same time a reluctance to commit themselves to purchases of long-term fixed-rate securities.

fears of inflation to the threat of a recession accompanied by financial instability. The subsequent gradual relaxation of monetary policies in combination with a shift of funds away from equities markets and on to the bond markets — in particular into fixed-rate securities issued by prime borrowers — resulted in a rapid decline in interest rates. The dollar was traded at steadily lower levels and remained under pressure after the modest December package of reductions in the US budget. Consequently issuing activity in this period was following the crash on 19 October in stock prices, the preoccupation of the authorities switched from

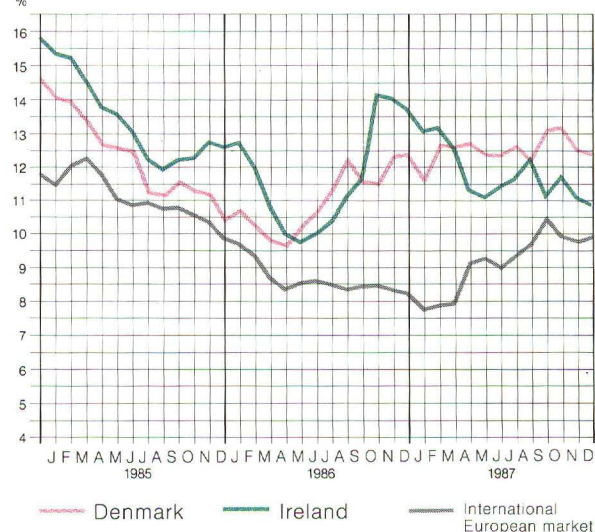
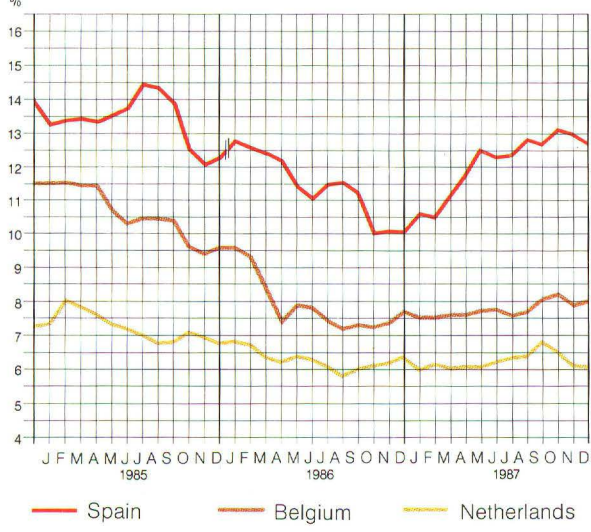
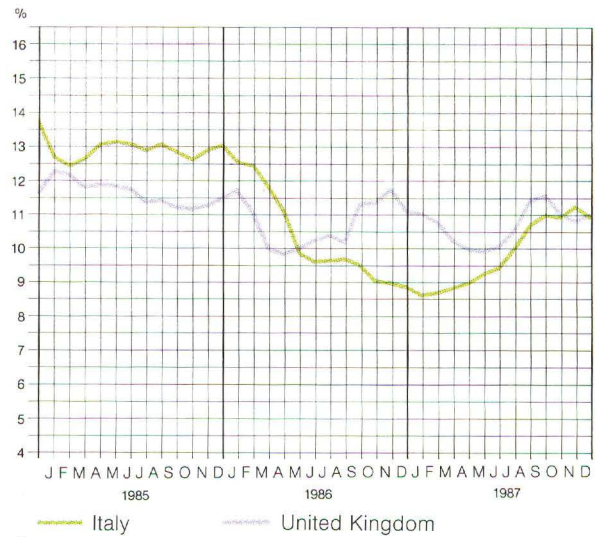
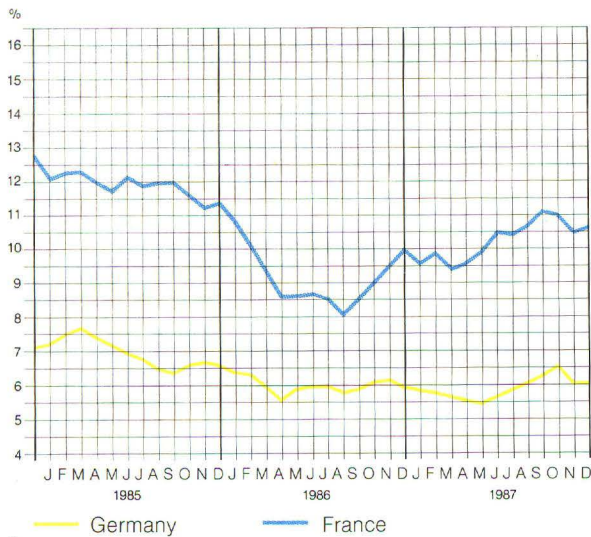
concentrated on the traditionally stronger currencies.

With, among other factors, pressure on the value of the dollar, the Community's Member States adopted changes to certain rules applicable to the EMS. In mid-September the authorities approved the financing of non-mandatory intra-marginal interventions in the EMS through the 'very short-term financing facility' of the European Monetary Cooperation Fund.

*
* *

Gross yields on bonds

quoted on the various financial markets in the Community that offer the closest comparison with those issued by the European Investment Bank. For the United Kingdom and Ireland, yields have been calculated, for purposes of comparability, on the basis of an annual rather than a semi-annual compounding of interest.



In **Germany**, developments on foreign exchange markets initially paved the way for a further decline in interest rates and foreign demand helped a heavy flow of new bond issues to be placed. Subsequently, interest rates recovered as a result, inter alia, of the rise in US interest rates and an upturn in rates on the money market. The market was temporarily unsettled by the announcement in October of intentions to introduce in 1989 a 10% withholding tax on interest income from a number of financial assets. Following the stock market crash later in the same month, the Bundesbank gradually reduced its money market rates and, in December, its discount rate — not only in view of the slower economic growth expected but also with the aim of stabilising exchange rates and new issuing activity, which had been reduced during the second and third quarters, picked up again.

In **France**, bond market conditions improved, although only slightly, in the spring when foreign exchange markets showed some stability and interest rates abroad were generally easing. In spite of contained issuing activity on the bond market, due in part to the movement towards privatisation, bond yields started to rise subsequently against a background of considerable trade deficits as well as adverse foreign exchange and interest rate movements abroad. The easing of borrowing conditions subsequent to the October stock market crash was also dampened by foreign exchange developments. Under these uncertain conditions issuing activity in the eurofranc sector remained low.

The relative firmness of the **pound sterling** as the year progressed, high nominal bond yields and the prospect of a reducing supply of government bonds in view of a falling public sector borrowing requirement attracted investors to this currency sector of the eurobond market. Interest rates fell gradually up to the end of May by well over a percentage point, following successive cuts in the banks' base lending rates. After the June general elections, however, bond yields resumed an upward trend which reflected fears of a tightening of monetary policy generated by a high level of economic activity, widening trade deficits and rapid credit expansion. Towards the end of the year, the worries created by a falling stock market induced the authorities to inject liquidity into the market and lower interest rates. In line with these developments, bond issuing activity was particularly strong in the first and second quarters of the year, when expect-

tations of lower rates and a soaring stock exchange made investors receptive both to straight and equity-linked issues. In the second half of 1987, issuing activity was lower but still substantial compared with past standards, with FRNs providing a somewhat larger share of primary market activity.

The **Italian** bond market suffered from a protracted weakness, especially in the second half of 1987, which brought to the fore several structural shortcomings, the lack of committed market makers being one of them. As the inflation rate stopped declining and the trade and budget deficits continued to widen, the authorities were compelled to introduce several measures to contain credit expansion and reduce the loss of international reserves. Interest rates were pushed higher and buyers, especially institutional investors, withdrew from the domestic bond market. The eurolira bond market, however, showed more vitality, with the appearance in July of the first equity-linked bond and the opening by the EIB of the eurolira FRN sector in late November.

In **Spain**, the authorities forced up short term interest rates in the beginning of the year in response to above target growth in the monetary aggregates thereby provoking a sharply inverse yield curve. While short-term rates have declined since then longer-term rates were slower to come down and bond issuing activity has been mainly concentrated in the shorter end of the market. A change in regulations permitting supnationals to launch peseta issues in Spain was used by Eurofima, the World Bank, the EEC and the International Finance Corporation.

Short and long-term interest rate developments in the **Netherlands** to a large extent reflected those of Germany although the strength of the guilder permitted policy to be eased ahead of similar moves in Germany. As there has been no indication so far that tax is to be levied at source on interest payments, the customary differential of long-term rates in the Netherlands over those of Germany has diminished. Issuing activity on the bond market was somewhat lower than in the previous year.

Nor were capital markets in **Belgium** able to escape the influence of developments abroad. In spite of improved budgetary control and a surplus on the

balance of payments, long-term interest rates which had started with an initial decline rose until mid-October before falling back again. In **Luxembourg**, interest rates were stable, turning downwards in the closing months of the year.

In **Denmark**, domestic developments made for wider fluctuations in interest rate movements. The uncertainty about the result of wage negotiations and the outcome of the general elections resulted in sharp increases in rates in early spring and late summer. The decline in yields in the intervening period as well as towards the end of the year left rates not far from the level at which they had started.

In **Ireland**, a sharp decline in long-term interest rates in the opening months of the year mainly as a result of favourable external developments, particularly in the UK, and expectations about a reduced public sector borrowing requirement was subsequently checked when prospects abroad became more uncertain. Later, however, a fall in short-term rates, largely reflecting positive domestic factors, paved the way for a renewed decline in yields which was further helped by an easing in foreign financial markets.

In **Greece**, credit conditions remained tight while in **Portugal** the fall in inflation permitted a considerable reduction in interest rates.

* * *

Issuing activity in the **ECU** sector increased in 1987 to 7.2 billion ECUs as against 6.7bn ECUs in the previous year: almost half of the issues were launched in the first quarter when foreign exchange markets appeared to have settled down following the January realignment of EMS currencies. However, expecting that renewed dollar weakness could lead to tensions within the EMS, European investors who form the backbone of the market showed some hesitancy over buying ECU-denominated securities and appear to have preferred traditionally more stable although lower yielding currencies. Japanese investors, who are also active participants in this market, showed increasing interest in ECU securities apparently in an attempt to diversify out of dollar-denominated issues.

The erosion of the **US dollar** share in total international and foreign bond issues accelerated sharply during 1987. Investors held reservations about the stability of this currency and the sharp upward trend in long and medium-term US interest rates from August to mid-October added a fear of sizeable capital losses. They confined themselves therefore to buying very short-term paper or retreated from the eurodollar bond market altogether. The unilateral decision of the US Government to cancel the tax treaty with the Netherlands Antilles in early June added to investors' disenchantment with this market. Though the domestic dollar market revived somewhat after the stock market crash on 19 October, this was not by and large the case for the eurodollar market. There, yields were slow to respond to investors' flight to fixed-income securities in view of the qualms they had about the far lower liquidity of this offshore market. Eurodollar interest rates stood at relatively high premiums with respect to US domestic market rates; swap opportunities were thus very rare and this dampened issuing activity of fixed-rate issues even more. The US dollar sector of the international bond market was nonetheless sheltered from an even sharper contraction by the high volume of equity-linked bond issues, at least in the first three quarters of the year.

The **Japanese yen** was the major beneficiary of the reduced importance of the US currency. It was, however, the euroyen market which showed by far the most lively performance, though quite unevenly spread throughout the year. Expectations of lower interest rates, which were partially met by a discount rate cut in late February, provided a bullish undertone for a very high level of primary market activity up to about mid-year. Since then, the prospects of lower interest rates began to peter out and finally were replaced by a more pessimistic outlook for interest rates. Market sentiment turned sour and domestic and offshore markets were hit by waves of selling which left the market nearly paralysed for several months. Only in the last quarter did activity pick up again, not only in the fixed-rate sector but, consistent with investors' uncertainties as to the future course of interest rates, also in the variable-rate sector where a substantial amount of floating-rate notes linked to the long-term prime rate emerged.

Helped by reduced issuing activity, in particular that of US corporations, yields on foreign securities in **Switzerland** remained remarkably stable until late

summer. Then, however, a heavy flow of new offerings provoked an upward shift in borrowing costs which was only partly reversed in the closing months of the year. The amount of equity-linked issues rose during the first three quarters of the

year spurred on by the rise in stock market prices as well as a favourable interest-rate differential over opportunities in other markets. Reflecting foreign exchange uncertainties, the market saw a number of issues with warrants exercisable into gold.

Bank activity on the capital markets in 1987

Despite a rising trend in the aggregate volume of loans advanced from EIB own resources, which reached 7 192.2 million ECUs, the Bank's calls on the various market segments totalled only 5 592.7 million, a drop of more than 17% on the previous year (6 785.5 million), although only about 2% down on 1985's figure of 5 709.2 million. This downturn can be traced to the signature of a substantial volume of loans only towards the end of the year and to the increasing amount of global and open-rate loans which have a lengthier disbursement period. In contrast, resources raised specifically for early redemption of borrowings recorded a marked upturn on the previous year, from 758.2 million in 1986 to 1 272.5 million.

New borrowings, repayments on loans, exchange adjustments, the operating surplus and Member States' contributions to the Bank's capital all combined to lift the EIB's total resources to 38 427.8 million at 31 December 1987, compared with 35 876.2 million twelve months previously.

Despite the turbulent climate on the capital markets, particularly in the latter half of 1987 — a time when the Bank needed to step up its presence on the markets — no particular problems were encountered in raising resources. As in the previous year, the Bank was especially active on Member States' capital markets in keeping with the preference shown by borrowers for Community currencies, in particular Deutsche Mark, Italian Lire and ECUs.

Resources raised through fixed-rate public issues and private placings amounted to 4 564.5 million, against 6 153.1 million in 1986, of which 325.6 million was swapped to acquire other currencies at both fixed (132.4 million) and variable rates (193.2 million). Floating-rate issues brought in a total of 200 million, compared with 291.4 million the year before.

Interbank operations to secure financing for early redemptions swelled to 455.9 million, from 321 million in 1986. Also for the purpose of securing

Table 7: Funds raised from 1983 to 1987 ⁽¹⁾

	Funds raised	Number	Long and medium-term borrowings				Short-term operations		Third party participations in loans	
			Public issues	Private borrowings	Interbank operations	Medium-term notes	Total	Commercial paper		ECU-denominated certificates of deposit
1983	3 619.4	81	2 315.4	1 130.9	62.1	—	3 508.4	—	—	111.0
1984	4 360.9	104	3 227.5	822.2	—	—	4 049.7	189.1	100.0	22.1
1985	5 709.1	75	4 229.0	1 095.5	—	—	5 324.5	374.0	—	10.6
1986	6 785.5	72	5 434.8	1 009.7	321.0	—	6 765.5	—	—	20.0
1987	5 592.7	116	3 768.4	996.1	455.9	352.1	5 572.5	—	—	20.2

⁽¹⁾ In 1987, the Commission of the European Communities concluded borrowings of 611 million under the NCI, 853.4 million for Euratom and 1 487 million for the ECSC.

Resources

funds for early redemptions, the Bank floated a series of medium-term notes on the United States market, for a total of 435.5 million of which

352.1 million had been raised by 31 December 1987. Allocation of participation certificates brought in 20.2 million.

Table 8: **Breakdown by currency of funds raised in 1987**

	Before swaps		Swaps million ECUs	After swaps	
	million ECUs	%		million ECUs	%
MEDIUM AND LONG-TERM FIXED-RATE BORROWINGS					
Community					
DM	723.1	12.9		723.1	12.9
ECUs	675.0	12.1	132.4	807.4	14.4
Lit	439.2	7.9		439.2	7.9
Fl	337.9	6.0		337.9	6.0
Ffrs	464.0	8.3		464.0	8.3
£	142.0	2.5		142.0	2.5
Bfrs	302.2	5.4		302.2	5.4
Lfrs	78.9	1.4		78.9	1.4
Dkr	38.3	0.7		38.3	0.7
	<u>3 200.6</u>	<u>57.2</u>	<u>132.4</u>	<u>3 333.0</u>	<u>59.5</u>
Non-Community					
US\$	309.0	5.5	- 132.4	176.6	3.2
Yen	617.0	11.0	- 99.8	517.2	9.2
Sfrs	323.9	5.8		323.9	5.8
Can\$	93.4	1.7	- 93.4		
Austr. Sch	20.6	0.4		20.6	0.4
	<u>1 363.9</u>	<u>24.4</u>	<u>- 325.6</u>	<u>1 038.3</u>	<u>18.6</u>
Total	4 564.5	81.6	- 193.2	4 371.3	78.1
SHORT, MEDIUM AND LONG-TERM FLOATING-RATE BORROWINGS					
Community					
Lit	200.0	3.6		200.0	3.6
Non-Community					
US\$			193.2	193.2	3.5
Total	200.0	3.6	193.2	393.2	7.0
INTERBANK OPERATIONS					
DM	409.4	7.3		409.4	7.3
Sfrs	46.5	0.8		46.5	0.8
Total	455.9	8.1		455.9	8.1
MEDIUM-TERM NOTES					
US\$	352.1	6.3		352.1	6.3
	<u>352.1</u>	<u>6.3</u>		<u>352.1</u>	<u>6.3</u>
PARTICIPATION CERTIFICATES					
DM	20.2	0.4		20.2	0.4
Grand Total	5 592.7	100.0		5 592.7	100.0

The Bank's resource-raising activities saw confirmation of the predominance of **Community currencies** with a relatively diverse spread of markets and instruments, encompassing public issues and private placings at either fixed or variable rates, on the national or international markets, interbank operations, medium-term note issues, interest-rate and currency swaps.

In all, 3 962.6 million ECUs was raised in Community currencies, accounting for more than 70% of the total compared with slightly more than 58% the previous year.

With borrowings equivalent to 1 152.7 million ECUs, more than 20% of total resources raised and nearly a third of those in Community currencies, the **Deutsche Mark** headed the table. True to the previous year's practice, funds earmarked for covering loan disbursements were garnered through fixed-rate public issues, with the exception of a placing in the form of a 'Schuldscheindarlehen' concluded on conditions particularly favourable for the Bank. The EIB featured on the market throughout the year, although the larger share of operations fell during the second half to cater for substantial disbursements. Interbank operations yielded 409.4 million ECUs.

In **ECUs** the Bank collected a total of 807.4 million, including 132.4 million obtained through a swap operation with a US dollar-denominated public issue on the international market. The ECU did not escape the repercussions on the international market of exchange rate volatility and the crisis on financial markets, which hampered the raising of this currency particularly during the second half of the year. Although it launched fewer issues than the year before, the EIB conserved its share of the market by seeking to diversify the investors and markets targeted. It went chiefly to the European markets, such as Switzerland, France and Luxembourg, but also turned its attention to Asian markets, drawing funds from Japan and Singapore. At the start of the year, the EIB launched an international issue on the Swiss market which proved receptive, such that the amount of the issue was increased from 150 to 200 million. Private investors, particularly in France, took up the bulk of a 75 million borrowing aimed specifically at a number of savings banks in five Member States. On the Luxembourg market the Bank launched a 50 million issue, which was placed in full with customers of

Luxembourg banks. A 150 million issue in Japan attracted funds from investors always interested in the ECU as a means of diversifying their portfolios. In addition, after a break of more than 20 years, the EIB returned to the Singapore market with a public issue for 50 million. A further 100 million was raised through a public issue on the international market and 50 million via a private placing.

The **lira** remains the third Community currency borrowed by the Bank, up from 594.1 million ECUs in 1986 to 639.2 million. Approaches were made both to the domestic and to the international markets, for fixed-rate and variable-rate funds. The EIB took in 339.2 million from the domestic market, through three fixed-rate public issues, a first floating-rate issue on this market and a private placing. The Bank returned to the eurolira market for 300 million raised through two fixed-rate issues and opened up the new floating-rate market with a borrowing offering a procedure for setting rates which will enable it to guard against the excessive degree of volatility displayed by short-term eurolira rates.

Although in **France** approaches to the market were limited to two public issues and a bank loan, the amount of funds raised was significantly larger than the previous year: 464 million ECUs, up from 412.8 million in 1986. The relative infrequency of its sorties onto the market induced the Bank to enter into delayed interest rate setting arrangements for each of its two public issues. This enabled the Bank to protect itself against interest-rate risks stemming from the frequent revision of its own lending rates to follow the evolution of market conditions.

The fixed-rate **Guilder** market produced 337.9 million ECUs (615 million in 1986) through both public issues and private placings.

A public issue and private placings in **Belgian francs** provided the Bank with 302.2 million ECUs, compared with 262.6 million the year before.

Borrowing in **pounds sterling** slipped as a result of relatively light demand from the Bank's borrowers and the favourable cash flow the Bank had available during the year. The amount fell from 304.1 million ECUs in 1986 to 142 million in 1987, raised through a single issue on the eurosterling market and covered, as in the previous year, with delayed rate-

Table 9: **Details of funds raised**

I. Medium and long-term fixed and floating-rate operations

PUBLIC BORROWING OPERATIONS

Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in ECUs (million)	Life (years)	Coupon (%)
January	Luxembourg	Lfrs	1 000.0	23.1	8	7.000
January	Luxembourg	ECUs	200.0	200.0	7	7.625
January	Germany	DM	300.0	144.5	10	6.000
January	Luxembourg	Can\$	138.0	93.4	10	9.000
February	France	Ffrs	1 500.0	218.2	12	8.500
February	Switzerland	Sfrs	200.0	115.2	10	4.625
February	Italy	Lit	150 000.0	103.7	7	9.000
April	Germany	DM	400.0	193.0	10	6.125
April	Netherlands	Fl	300.0	128.2	8	6.250
April	Luxembourg	Yen	40 000.0	238.5	7	4.625
April	Denmark	Dkr	300.0	38.3	7	11.000
May	Luxembourg	ECUs	50.0	50.0	5	7.250
June	Italy	Lit	100 000.0	67.7	6	9.000
June	Belgium	Bfrs	6 000.0	139.8	6	7.750
June	Switzerland	Sfrs	200.0	115.7	10	4.750
July	Luxembourg	Lit	150 000.0	99.9	7	10.000
July	Germany	DM	200.0	96.5	8	6.125
July	Luxembourg	ECUs	150.0	150.0	10	7.750
July	United Kingdom	£	100.0	142.0	7	9.500
July	Germany	DM	200.0	96.5	8	6.250
August	Italy	Lit	100 000.0	66.6	8	variable
August	Italy	Lit	100 000.0	66.6	5	10.500
August	Luxembourg	US\$	150.0	132.4	10	9.375
August	Luxembourg	ECUs	50.0	50.0	7	7.500
September	France	Ffrs	1 500.0	216.9	12	9.900
September	USA	US\$	200.0	176.6	13	10.125
October	France	ECUs	75.0	75.0	7	8.125
November	Germany	DM	300.0	144.4	8	6.250
November	Luxembourg	Lit	100 000.0	66.7	6	12.000
November	Luxembourg	ECUs	100.0	100.0	10	8.375
November	Netherlands	Fl	200.0	85.6	15	6.500
December	Luxembourg	Lit	200.0	133.4	8	variable
(32)				3 768.4		

PRIVATE BORROWING OPERATIONS

Number	Subscription currency	Amount in national currency (million)	Amount in ECUs (million)	Life (years)	Rate of interest (%)
7	Yen	62 950.0	378.5	5—15	4.9—5.9
4	Bfrs	7 000.0	162.4	7—10	7.75—8.625
4	Fl	290.0	124.1	10—15	6.7—7.3
1	Sfrs	160.0	93.0	4	4.0
8	Lfrs	2 400.0	55.8	5—7	7.25—7.6
1	ECUs	50.0	50.0	10	7.875
1	DM	100.0	48.2	8	6.625
1	Lit	50 000.0	34.6	7	9.75
1	Ffrs	200.0	28.9	5	10.15
1	Sch	300.0	20.6	8	6.5
29			996.1		

II. Interbank operations

7	DM	850.0	409.4		
1	Sfrs	80.0	46.5		
8			455.9		

III. Medium-term notes

47	US\$	398.8	352.1		
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IV. Third party participations in loans

	DM	42.0	20.2		
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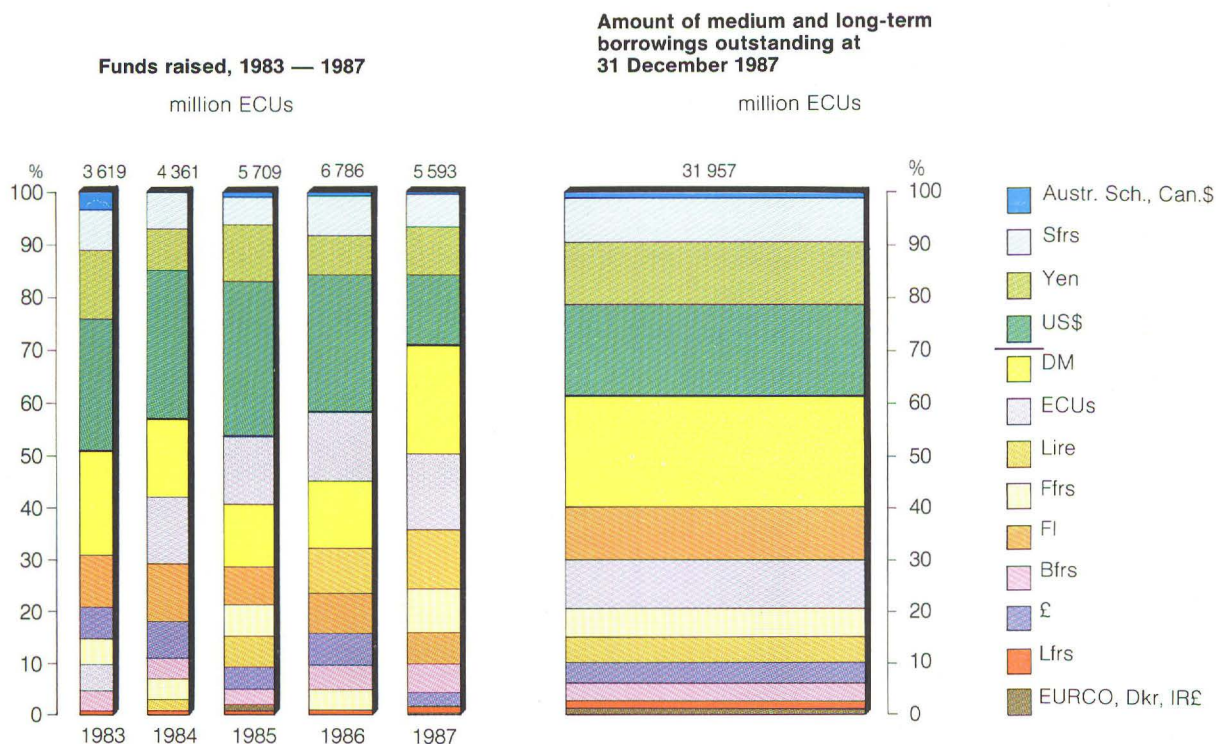
Total**5 592.7**

setting arrangements. The deregulation of the financial markets enabled the EIB to commission a non-British bank as lead manager.

There was relatively little change in the amount of resources raised in **Luxembourg francs**, with 78.9 million ECUs (compared with 83 million in 1986) obtained through a public issue and several private placings. In addition, an issue in **euro-Danish krone** brought in 38.3 million ECUs.

The relative share of **non-Community currencies** borrowed by the Bank declined once again in 1987, accounting for 29.2% of the total. Moreover, a substantial portion of these resources was intended for financing borrowings redeemed early and, to a lesser extent, swap operations providing funds at fixed and variable rates.

Resources raised in **US dollars** in 1987 ran to only 721.9 million ECUs, a sharp drop of 59% on the 1 760.2 million obtained in 1986. More than half the funds came from a programme of medium-term notes, launched on the American capital market. The Bank also floated a fixed-rate international issue, which, as mentioned earlier, was swapped into ECUs, and a 176.6 million issue on the Yankee bond market (the American domestic market in foreign securities) with a term matching the Bank's lending. In view of the relatively slow tempo of disbursements on fixed-rate dollar-denominated loans, delayed rate setting was arranged for this latter issue. Dollar resources at floating rates, 193.2 million ECUs in all, were acquired via swaps from a **Canadian dollar** public issue for 93.4 million ECUs and Yen-denominated bank loans.



Resources

Resources raised in **Yen** in 1987 totalled 517.2 million ECUs, excluding the 99.8 million swapped for variable-rate dollars. Aside from one **euroyen** issue for 238.5 million ECUs, floated during the first quarter, at a point when conditions on the euro-market were particularly attractive and the amounts tapped substantial, the bulk of resources were gathered through bank loans (278.7 million). Throughout the year these offered better conditions

on longer-term funds than issues on the Japanese domestic market in foreign securities.

The Bank drew in only 370.4 million ECUs from the **Swiss** market, compared with 510 million the year before, largely by means of private placings. Lastly, the EIB arranged a private placing in **Schillings** on the Austrian market for 20.6 million ECUs.

The EIB ranks as one of the leading borrowers on the world capital markets. Out of a total equivalent of 5.6 billion ECUs raised by the Bank in 1987, the Deutsche Mark and the ECU headed the list of currencies borrowed — 20.2% and 14.4% respectively. The ECU continued to increase its headway compared with the other currencies (13.2% in 1986 and 12.6% in 1985).



Results for the year

In 1987, the Bank's operating results again reflected the favourable influence of the use of own funds. Indeed, the broadening of the margin between interest on loans and the cost of borrowings was ascribable essentially to the rise in revenue accruing from the utilisation of own funds.

Receipts of interest and commission on loans ran to 3 374.5 million compared with 3 197 million in 1986, whilst interest and charges on borrowings totalled 2 826.8 million as against 2 713.6 million in 1986. In addition, management commission amounted to 18.2 million in 1987, up from 15 million in 1986.

Investment income (interest and commission) climbed from 196.4 million in 1986 to 201 million in 1987, the result of an increase in funds employed which counterbalanced the easing of interest rates on the short-term markets.

The margin between financial income and financial charges widened to 25.3 million from the 1986 figure of 22.1 million, by virtue largely of the improvement on the financial markets towards the end of the year which helped to limit the write-down

in the book value of the Bank's investment portfolio in 1987.

Taking into account exchange differences and after allowing for amortisation of issuing charges and redemption premiums totalling 87.2 million, depreciation of property, fixtures and fittings amounting to 4.5 million and the net increase of 16.4 million arising from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, the balance of the profit and loss account amounted to 649.1 million as against 576.5 million in 1986.

The Board of Directors has recommended that the Governors increase the provision for ECU conversion rate adjustments by an amount of 16.4 million representing the net increase arising at 31 December 1987 from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and appropriate the 1987 operating surplus of 632.7 million to the Additional Reserves.

At 31 December 1987, the balance sheet total stood at 42 875.3 million compared with 40 720.9 million at 31 December 1986, a rise of slightly more than 5%.

Administration

Board of Directors

Messrs Paolo GNES, Roger G. LAVELLE and Massimo RUSSO have tendered their resignations from the Board since publication of the last Annual Report. To fill the vacancies so occurring, the Board of Governors appointed Messrs Bruno BIANCHI, Antonio Maria COSTA and Timothy LANKESTER, each to complete his predecessor's term of office.

The Board of Directors wishes to thank Messrs GNES, LAVELLE and RUSSO for their valued contributions to Bank activity.

Audit Committee

On 28 September 1987, the Board of Governors appointed Mr João PINTO RIBEIRO, member of the Portuguese Court of Auditors, as a member of the Audit Committee for the 1987, 1988 and 1989 financial years. He replaced Mr Constantinos THANOPOULOS, whose term of office expired on 15 June 1987.

The Board thanks Mr Thanopoulos for his valuable service on the Audit Committee. Mr Jørgen BREDSORFF has taken over the chairmanship of the Committee until the Bank's balance sheet and profit and loss account for the 1987 financial year are approved at the 1988 Annual Meeting.

The Audit Committee has paid particular attention to various aspects of the Bank's activities and, during the year, conducted on-the-spot visits to a number of projects. The Committee continued to benefit from the valuable assistance of the Internal Audit Division, which has been expanded to meet the need for internal control (1).

Personnel Policy

A far-reaching development in the last year has been the introduction of a pay structure more related to merit. With increasing pressure on the Bank to improve efficiency and productivity, while maintaining the highest possible standards, the Board of Directors agreed on the modification of the salary policy. Whereas the previous system was largely based on increments by seniority, the new approach is principally oriented towards annual salary increases as a function of merit and performance.

The Staff Representatives played a substantial role in the development and introduction of the new system; they were involved in consultation on all matters of interest to the Bank's staff.

Training, which absorbed 4 305 days in 1987, is being focused on improving staff performance and efficiency, to prepare the ground for an increasingly complex and demanding environment.

To respond to these new measures, and provide maximum encouragement for staff development, the Personnel Department has been regrouped into three divisions: Recruitment, Training, General Career Planning; Personnel Administration; Personnel Policy.

Staff

Since the publication of the last Annual Report there has been one staff change at Manager or Head of Department level: Mr Christopher LETHBRIDGE has retired as Head of the Department for Operations in Ireland, Portugal, the United Kingdom and the North Sea and has been replaced by Mr Francis CARPENTER.

On 31 December 1987 the total number of staff at the Bank was 699, comprising 320 female and 379 male employees. During the period under review, 44 new staff members were recruited and 23 left the Bank. Approximately 60% of the new staff were from Spain and Portugal, reflecting the part played by the new Member Countries of the Community.

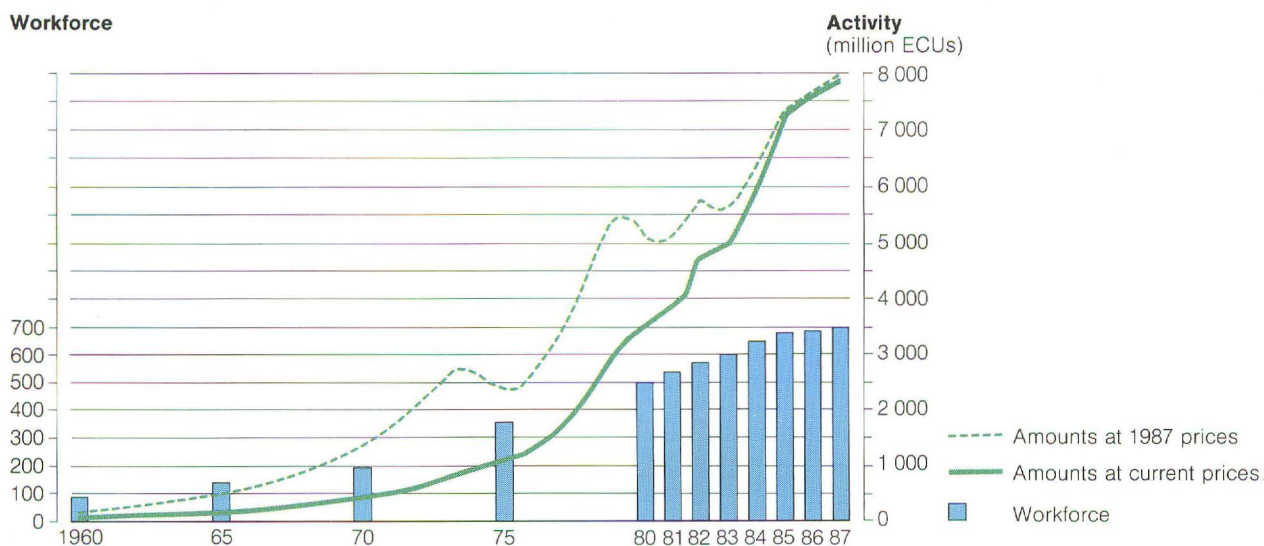
The breakdown between executive and other staff over the past five years is as follows:

Year	Total staff	Executive staff		Secretarial, Clerical and Support staff	
		Female	Male	Female	Male
1983	596	22	223	243	108
1984	638	26	240	261	111
1985	673	34	259	274	106
1986	678	38	259	275	106
1987	699	53	291	267	88

In 1984, a consultative committee promoting equal opportunities for women was created at the Bank with the remit of heightening awareness of this

(1) see Annual Report 1986, page 89: Project appraisal and monitoring

Staff complement related to total Bank activity (1960—1987)



issue, correcting any element of discrimination in the Bank's staff rules and scrutinising recruitment procedures and training programmes.

Personnel policy measures together with the opinions and efforts of the committee have led to an increase in the numbers of women in executive posts in the Bank, from 22 out of 245 in 1983 to 53 out of 344 at the end of 1987.

The Board of Directors thanks the Bank's staff and expresses its entire satisfaction with the continuing high quality of their work, the dedication they have shown and their ability to adapt to a rapidly changing environment.

Luxembourg, 26 April 1988

The Chairman of the Board of Directors
Ernst-Günther BRÖDER

Balance Sheet at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

Assets	31. 12. 1987	31. 12. 1986
Receivable from Member States on account of called capital (Annex A)	1 007 300 905	1 203 762 091
Receivable on account of reserves and provisions	51 374 547	154 123 642
Cash and bank deposits		
At sight and up to one year's notice	1 928 852 426	1 599 240 761
At more than one year's notice	<u> </u>	973 284
	1 928 852 426	1 600 214 045
Investments (Note B)		
For not more than one year	166 533 468	251 800 316
For more than one year	<u>717 762 530</u>	<u>599 546 399</u>
	884 295 998	851 346 715
Borrowing proceeds to be received	22 883 216	458 899 455
Receivable from Member States for adjustment of capital contributions (Annex D)	10 500 964	12 903 290
Loans (Annex B)		
Total outstanding	39 922 369 796	36 344 373 008
less: undisbursed balance	<u>3 466 707 777</u>	<u>2 240 235 350</u>
	36 455 662 019	34 104 137 658
Contra accounts to guarantees		
In respect of loans under mandate	2 436 491	14 780 117
excluding those in respect of loans granted by third parties: 1987: 413 091 029; 1986: 410 478 536		
In respect of participations by third parties in Bank loans: 1987: 168 334 687; 1986: 190 196 341		
Land and buildings (Note C)	39 425 263	41 106 263
Accrued interest and commission	1 023 138 821	917 155 716
Receivable in respect of EMS interest subsidies paid in advance (Note H)	239 199 199	256 010 991
Unamortised issuing charges	357 552 017	371 290 530
Unamortised redemption premiums	<u>5 225 356</u>	<u>6 991 517</u>
	362 777 373	378 282 047
Special deposits for service of borrowings (Note D)	732 705 594	648 366 877
Miscellaneous (Note G)	<u>114 793 778</u>	<u>79 846 691</u>
	<u>42 875 346 594</u>	<u>40 720 935 598</u>

Liabilities	31. 12. 1987	31. 12. 1986
Capital (Annex A)		
Subscribed	28 800 000 000	28 800 000 000
Uncalled	<u>26 204 061 724</u>	<u>26 204 061 724</u>
	2 595 938 276	2 595 938 276
Reserve fund (Note L)	2 880 000 000	2 880 000 000
Additional reserves (Note L)	910 971 935	332 206 336
Provision for ECU conversion rate adjustments (Note L)	13 411 039	15 725 159
Staff pension fund (Note E)	89 484 538	77 823 730
Payable to Member States for adjustment of capital contributions (Annex D)	5 965 839	2 780 888
Short-term notes (Annex C)	480 344 136	562 688 033
Medium and long-term borrowings (Annex C)		
Bonds and notes	25 546 010 638	24 476 585 704
Other	<u>6 403 336 860</u>	<u>5 785 441 716</u>
	31 949 347 498	30 262 027 420
Redemption premiums	<u>7 310 661</u>	<u>9 074 707</u>
	31 956 658 159	30 271 102 127
Sundry creditors (Note F)	487 669 831	625 476 893
Guarantees		
on loans under mandate	2 436 491	14 780 117
on loans granted by third parties: 1987: 413 091 029; 1986: 410 478 536		
on participations by third parties in Bank loans: 1987: 168 334 687; 1986: 190 196 341		
Interest subsidies received in advance (Note H)	719 006 392	820 331 636
Interest subsidies received in advance for the account of third parties (Note H)	<u>89 746 886</u>	<u>108 290 204</u>
	808 753 278	928 621 840
Accrued interest and commission and interest received in advance	1 234 185 511	1 163 071 796
Coupons and bonds due and not yet paid (Note D)	732 705 594	648 366 877
Miscellaneous (Note G)	27 689 345	25 902 047
Balance of profit and loss account (Note L)	<u>649 132 622</u>	<u>576 451 479</u>
	<u>42 875 346 594</u>	<u>40 720 935 598</u>
Memorandum accounts		
Special Section		
Trust management fund		
— for the account of Member States	264 645 726	284 311 245
— for the account of the European Communities	7 913 066 388	8 002 808 640
Securities received as guarantee for loans under mandate	2 436 491	14 780 117
Securities received on deposit	38 362 681	56 054 859

Statement of Special Section (1) at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

Assets	31. 12. 1987	31. 12. 1986
Member States		
<i>From resources of the European Atomic Energy Community</i>		
Loans		
— undisbursed	—	132 663 166
— disbursed	<u>2 372 993 713</u>	<u>2 398 218 069</u>
Total (2)	2 372 993 713	2 530 881 235
<i>From resources of the European Economic Community (New Community Instrument for borrowing and lending)</i>		
Loans		
— undisbursed	<u>338 407 063</u>	206 855 052
— disbursed	<u>4 869 885 520</u>	<u>4 993 510 883</u>
Total (3)	5 208 292 583	5 200 365 935
Turkey		
<i>From resources of Member States</i>		
Loans		
— undisbursed	<u>29 772 949</u>	18 433 873
— disbursed	<u>264 645 726</u>	<u>284 311 245</u>
Total (4)	294 418 675	302 745 118
Mediterranean Countries		
<i>From resources of the European Economic Community</i>		
Loans		
— undisbursed	<u>30 786 757</u>	41 078 663
— disbursed	<u>276 513 243</u>	<u>262 121 337</u>
	<u>307 300 000</u>	<u>303 200 000</u>
Risk capital operations		
— Amounts to be paid up	<u>3 000 000</u>	3 000 000
— Amounts disbursed	<u>5 000 000</u>	<u>5 000 000</u>
	<u>8 000 000</u>	<u>8 000 000</u>
Total (5)	315 300 000	311 200 000
African, Caribbean and Pacific States and Overseas Countries and Territories		
<i>From resources of the European Economic Community</i>		
First and Second Yaoundé Conventions		
Loans disbursed	<u>94 333 879</u>	100 751 997
Contributions to the formation of risk capital		
— Amounts disbursed	<u>1 217 179</u>	<u>1 236 357</u>
Total (6)	95 551 058	101 988 354
First, Second and Third Lomé Conventions		
Risk capital operations		
— Amounts to be paid up	<u>300 898 580</u>	177 277 519
— Amounts disbursed	<u>293 122 854</u>	<u>241 969 997</u>
Total (7)	594 021 434	419 247 516
Grand Total	<u>8 880 577 463</u>	<u>8 866 428 158</u>

N.B.

Total amounts outstanding on loans on special conditions made available by the Commission in respect of which the Bank has accepted an EEC mandate for recovering principal and interest:

* Under the First and Second Lomé Conventions: at 31 December 1987: 752 334 647; at 31 December 1986: 701 323 070.

* Under Financial Protocols signed with the Mediterranean Countries: at 31 December 1987: 99 568 768; at 31 December 1986: 93 939 289.

(1) The Special Section was set up by the Board of Governors on 27 May 1963; under a decision taken on 4 August 1977 its purpose was redefined as being that of recording operations carried out by the European Investment Bank for the account of and under mandate from third parties.

(2) Initial amount of contracts signed under the Decisions of the Council of the European Communities of 29 March 1977 (77/271/Euratom), 15 March 1982 (82/170/Euratom) and 5 December

1985 (85/537/Euratom) providing for an amount of three billion for financing commercially-rated nuclear power stations within the Community under mandate, for the account and at the risk of the European Atomic Energy Community:

	2 773 167 139
Add: exchange adjustments	+ 107 934 994
Less: repayments	— 508 108 420
	<u>2 372 993 713</u>

Liabilities

	31. 12. 1987	31. 12. 1986
Trust management funds		
<i>Under mandate from the European Communities</i>		
European Atomic Energy Community	2 372 993 713	2 398 218 069
European Economic Community		
— New Community Instrument	4 869 885 520	4 993 510 883
— Financial Protocols with the Mediterranean Countries	281 513 243	267 121 337
— First and Second Yaoundé Conventions	95 551 058	101 988 354
— First, Second and Third Lomé Conventions	293 122 854	241 969 997
	7 913 066 388	8 002 808 640
<i>Under mandate from Member States</i>	264 645 726	284 311 245
Total	8 177 712 114	8 287 119 885
Funds to be paid up		
On European Atomic Energy Community loans	—	132 663 166
On New Community Instrument loans	338 407 063	206 855 052
On loans to Turkey under the Second Supplementary Protocol	29 772 949	18 433 873
On loans and risk capital operations in the Mediterranean Countries	33 786 757	44 078 663
On risk capital operations under the First, Second and Third Lomé Conventions	300 898 580	177 277 519
Total	702 865 349	579 308 273
Grand Total	8 880 577 463	8 866 428 158

(3) Initial amount of contracts signed under Council Decisions 78/870/EEC of 16 October 1978 (New Community Instrument), 82/169/EEC of 15 March 1982, 83/200/EEC of 19 April 1983 and 87/182/EEC of 9 March 1987 for promoting investment within the Community, as well as 81/19/EEC of 20 January 1981 for reconstructing areas of Campania and Basilicata (Italy) stricken by an earthquake on 23 November 1980, and 81/1013/EEC of 14 December 1981 for reconstructing areas stricken by earthquakes in Greece in February and March 1981, under mandate, for the account and at the risk of the European Economic Community:

	5 906 514 074	
Add: exchange adjustments		+ 14 201 556
Less: cancellations	84 165 030	
repayments	<u>628 258 017</u>	
	5 208 292 583	

(4) Initial amount of contracts signed for financing projects in Turkey under mandate, for the account and at the risk of Member States:

	417 215 000	
Add: exchange adjustments		+ 1 133 580
Less: cancellations	215 000	
repayments	<u>123 714 905</u>	
	294 418 675	

(5) Initial amount of contracts signed for financing projects in the Maghreb and Mashreq countries, Malta, Cyprus, Turkey and Greece (10 million lent prior to accession to EEC on 1 January 1981) under mandate, for the account and at the risk of the European Economic Community:

	315 709 000	
Less: cancellations	— 409 000	
	<u>315 300 000</u>	

(6) Initial amount of contracts signed for financing projects in the Associated African States, Madagascar and Mauritius, and the Overseas Countries, Territories and Departments (AASMM—OCTD) under mandate, for the account and at the risk of the European Economic Community:

— loans on special conditions	139 483 056	
— contributions to the formation of risk capital	<u>2 502 615</u>	141 985 671
Add:		
— capitalised interest	1 178 272	
— exchange adjustments	<u>7 321 526</u>	+ 8 499 798
Less:		
— cancellations	1 573 609	
— repayments	<u>53 360 802</u>	— 54 934 411
		<u>95 551 058</u>

(7) Initial amount of contracts signed for financing projects in the African, Caribbean and Pacific States and the Overseas Countries and Territories (ACP—OCT) under mandate, for the account and at the risk of the European Economic Community:

— conditional and subordinated loans	616 225 000	
— equity participations	<u>13 174 452</u>	629 399 452
Add:		
— capitalised interest		+ 60 371
Less:		
— cancellations	13 810 578	
— repayments	15 985 426	
— exchange adjustments	<u>5 642 385</u>	— 35 438 389
		<u>594 021 434</u>

Profit and Loss Account for the year ended 31 December 1987

in ECUs — see notes to the financial statements, Annex E

Income	1987	1986
Interest and commission on loans	3 374 543 192	3 196 964 589
Interest and commission on investments	201 054 486	196 412 611
Management commission (Note I)	18 173 992	15 033 435
Financial and other income (Note K)	28 562 592	38 920 996
Exchange differences	—	760 591
	3 622 334 262	3 448 092 222
Expenditure		
Administrative expenses and charges (Note J)	67 505 164	65 021 642
Interest and charges on borrowings	2 826 757 441	2 713 603 269
Amortisation of issuing charges and redemption premiums	87 236 380	69 062 946
Financial charges (Note K)	3 254 507	16 772 462
Depreciation		
— of net purchases of furniture and equipment	2 784 706	3 185 304
— of buildings	1 681 000	1 681 000
Exchange differences	385 507	—
	2 989 604 705	2 869 326 623
Operating surplus	632 729 557	578 765 599
Net increase/decrease arising from the re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute (Note A § 1)	+ 16 403 065	— 2 314 120
Balance (Note L)	649 132 622	576 451 479

Statement of changes in financial position as at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

	1987	1986
Source of funds		
Balance of profit and loss account	649 132 622	576 451 479
Items not involving movement of funds:		
Depreciation of buildings, net purchases of furniture and equipment	4 465 706	4 866 304
Amortisation of issuing charges and redemption premiums	87 236 380	69 062 946
Increase in accrued interest and commission payable and interest received in advance	71 113 715	44 706 316
Increase in accrued interest and commission receivable	- 105 983 105	- 66 700 574
	705 965 318	628 386 471
Other sources:		
Borrowing proceeds	5 926 081 116	6 301 189 196
Loan repayments to the Bank	2 698 069 388	2 269 880 430
Capital, reserves and provisions paid in by Member States	299 210 281	299 210 272
Exchange adjustments in respect of loans	896 879 268	944 269 262
Net decrease/increase in capital adjustment accounts of Member States	5 587 277	- 6 048 563
Total	10 531 792 648	10 436 887 075
Use of funds		
Cash was used for:		
Net loan disbursements	5 946 473 017	7 091 822 385
Redemption of borrowings	3 087 745 544	2 397 449 493
Issuing costs and redemption premiums in respect of borrowings	71 731 706	113 817 180
Additions to land, buildings and furniture	2 784 706	3 737 110
Exchange adjustments in respect of borrowings	799 107 198	832 718 651
Decrease/increase in sundry creditors, miscellaneous liabilities, staff pension fund and net interest subsidies	227 415 726	- 258 645 347
Increase in sundry debtors	34 947 087	33 032 080
Increase in cash, bank balances and investments	361 587 664	222 955 523
Total	10 531 792 648	10 436 887 075

Annex A — Statement of subscriptions to the capital of the Bank

at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

Member States	Subscribed capital (1)	Available for call (2)	Paid in at 31 December 1987	To be paid in (1)	Total paid in and to be paid in
Germany	5 508 725 000	5 011 195 625	320 625 000	176 904 375	497 529 375
France	5 508 725 000	5 011 195 625	320 625 000	176 904 375	497 529 375
Italy	5 508 725 000	5 011 195 625	273 375 000	224 154 375	497 529 375
United Kingdom	5 508 725 000	5 011 195 625	320 625 000	176 904 375	497 529 375
Spain	2 024 928 000	1 843 594 060	93 696 472	87 637 468	181 333 940
Belgium	1 526 980 000	1 390 237 750	84 431 250	52 311 000	136 742 250
Netherlands	1 526 980 000	1 390 237 750	84 431 250	52 311 000	136 742 250
Denmark	773 154 000	703 917 450	42 750 000	26 486 550	69 236 550
Greece	414 190 000	377 098 250	22 902 500	14 189 250	37 091 750
Portugal	266 922 000	243 018 914	12 350 899	11 552 187	23 903 086
Ireland	193 288 000	175 978 900	10 687 500	6 621 600	17 309 100
Luxembourg	38 658 000	35 196 150	2 137 500	1 324 350	3 461 850
Total	28 800 000 000	26 204 061 724	1 588 637 371	1 007 300 905	2 595 938 276

(1) As from 1 January 1986, the subscribed capital was increased from 14 400 000 000 ECUs to 28 800 000 000 ECUs. This doubling of the capital incorporates the increased contributions of The Ten, the alignment of Italy's share of the subscribed capital with the shares of Germany, France and the United Kingdom (decision of the Board of Governors of 11 June 1985) and the contributions of the two new Member States, Spain and Portugal (Article 2 of Protocol No 1 to the Act of Accession signed on 12 June 1985).

Hence, the amount still to be paid in of 1 007 300 905 ECUs comprises:

- the twelve equal instalments of 75 675 937.50 ECUs, to be paid in on 30 April and 31 October from 1988 to 1993 by The Ten in respect of their share in the capital increase decided on 11 June 1985;
- the instalments to be paid in by the Kingdom of Spain and the Portuguese Republic as follows:
 - the instalment of 20 675 905 ECUs to be paid in on 30 April 1988 corresponding to their share in the capital paid in by the Member States at 1 January 1986;
 - the twelve equal instalments of 6 542 812.50 ECUs to be paid in on 30 April and 31 October from 1988 to 1993 corresponding to their share in the payments in respect of the capital increase decided on 11 June 1985.

(2) Could be called by decision of the Board of Directors to such extent as may be required to meet the Bank's obligations towards lenders in respect of borrowings.

Annex B — Analysis of loans outstanding

at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

Countries and Territories in which projects are located	Number of loans	Total outstanding (1) (2) (3)	Amount undisbursed	Amount disbursed	% of total outstanding
1. Loans for projects within the Community and related loans:					
Germany	55	1 188 724 875	113 427 881	1 075 296 994	2.98
France	257	5 143 216 429	517 757 953	4 625 458 476	12.88
Italy	1 088	16 519 864 914	676 686 645	15 843 178 269	41.38
United Kingdom	367	5 544 947 851	344 435 148	5 200 512 703	13.89
Spain	68	1 397 966 465	475 162 557	922 803 908	3.50
Belgium	22	576 905 709	—	576 905 709	1.45
Netherlands	10	188 661 480	—	188 661 480	0.47
Denmark	109	1 568 276 706	—	1 568 276 706	3.93
Greece	136	1 918 514 199	45 565 986	1 872 948 213	4.81
Portugal	58	1 034 897 150	414 633 593	620 263 557	2.59
Ireland	164	2 208 665 534	38 565 963	2 170 099 571	5.53
Luxembourg	4	35 849 532	—	35 849 532	0.09
Related loans (*)	9	321 098 417	—	321 098 417	0.80
Sub-total	2 347	37 647 589 261	2 626 235 726	35 021 353 535	94.30
2. Loans for projects outside the Community:					
<i>Mediterranean Countries</i>					
Yugoslavia	6	267 489 404	72 512 496	194 976 908	0.66
Egypt	10	205 584 763	48 715 896	156 868 867	0.50
Algeria	5	171 667 661	109 395 392	62 272 269	0.42
Morocco	8	138 950 012	12 400 000	126 550 012	0.34
Tunisia	15	110 687 471	45 012 740	65 674 731	0.27
Syria	5	95 534 658	51 565 000	43 969 658	0.23
Turkey	7	75 330 507	—	75 330 507	0.19
Jordan	13	49 653 428	15 310 000	34 343 428	0.12
Cyprus	4	44 764 180	12 319 743	32 444 437	0.11
Lebanon	7	22 831 300	—	22 831 300	0.06
Malta	2	14 058 428	8 415 000	5 643 428	0.04
<i>ACP Countries/OCT</i>					
Ivory Coast	22	118 530 006	44 463 765	74 066 241	0.30
Cameroon	11	101 164 287	26 148 377	75 015 910	0.25
Kenya	13	93 850 580	48 470 328	45 380 252	0.24
Nigeria	4	89 867 549	31 878 000	57 989 549	0.23
Papua-New Guinea	4	59 040 006	34 091 484	24 948 522	0.15
Zimbabwe	5	58 598 943	38 649 183	19 949 760	0.15
Zaire	2	53 855 433	50 000 000	3 855 433	0.13
Fiji	6	47 884 108	4 309 000	43 575 108	0.12
Botswana	7	41 834 753	21 000 000	20 834 753	0.10
Mauritius	8	35 984 315	23 353 000	12 631 315	0.09
Trinidad and Tobago	5	35 640 154	12 528 203	23 111 951	0.09
Congo	3	28 035 266	19 662 159	8 373 107	0.07
Zambia	4	28 006 196	—	28 006 196	0.07
Senegal	4	27 246 266	—	27 246 266	0.07
Gabon	4	26 974 987	—	26 974 987	0.07
Ghana	3	25 948 773	17 000 000	8 948 773	0.06
Mauritania	1	19 833 385	—	19 833 385	0.05
Jamaica	3	19 178 226	16 768 228	2 409 998	0.05
Malawi	7	18 279 198	10 250 471	8 028 727	0.05
Bahamas	2	17 600 000	17 600 000	—	0.04
Togo	4	15 114 728	—	15 114 728	0.04
Benin	1	13 500 000	13 500 000	—	0.03
Barbados	4	11 665 141	3 237 916	8 427 225	0.03
Swaziland	3	10 602 603	—	10 602 603	0.03
Niger	3	10 344 376	—	10 344 376	0.03
Guinea	2	9 304 354	—	9 304 354	0.02
Netherlands Antilles	1	7 099 208	6 888 045	211 163	0.02
New Caledonia	2	7 060 714	—	7 060 714	0.02
French Polynesia	2	6 999 124	5 097 447	1 901 677	0.02
Liberia	3	6 644 917	1 201 000	5 443 917	0.02
East Africa	1	6 000 000	6 000 000	—	0.02
Burkina Faso	1	5 707 808	—	5 707 808	0.01
Virgin Islands	1	4 400 000	4 400 000	—	0.01
Belize	2	4 008 050	2 500 000	1 508 050	0.01
Saint Lucia	1	3 000 000	3 000 000	—	0.01
West Africa	1	2 915 475	—	2 915 475	0.01
Central Africa	1	2 600 000	2 600 000	—	0.01
Cayman Islands	1	2 062 736	—	2 062 736	0.01
Montserrat	1	797 602	229 178	568 424	0.01
Caribbean	1	672 694	—	672 694	0.01
Tanzania	1	376 762	—	376 762	0.01
Sub-total	237	2 274 780 535	840 472 051	1 434 308 484	5.70
Grand Total	2 584	39 922 369 796	3 466 707 777	36 455 662 019	100.00

(*) Loans authorised under the second paragraph of Article 18 (1) of the Statute and relating to projects in Austria and Tunisia as well as the acquisition and operation of satellites in geostationary orbit.

(1) Currencies in which loans are repayable:

Currency	Amount
Currencies of Member States	23 981 797 432
Other currencies	<u>12 473 864 587</u>
Disbursed portion of loans	36 455 662 019
Add: undisbursed portion of loans:	
fixed-rate of interest and standard currency mix, as specified in finance contract	491 158 195
fixed-rate of interest, as specified in finance contract, with the Bank selecting the currency mix	898 523 513
open rate, with the Bank selecting the rate of interest and currency mix	2 051 396 165
Variable rate	<u>25 629 904</u>
	<u>3 466 707 777</u>
	<u>39 922 369 796</u>

Scheduled repayments on loans outstanding ('000 ECUs)

Repayable	Out-standing at 31.12.1987	Repayable	Out-standing at 31.12.1986
Year 1988	2 504 219	Year 1987	2 319 383
Year 1989	3 054 326	Year 1988	2 634 024
Year 1990	3 631 615	Year 1989	3 115 378
Year 1991	3 853 332	Year 1990	3 446 759
Year 1992	4 028 676	Year 1991	3 516 182
Years 1993 to 1997	16 129 852	Years 1992 to 1996	15 031 900
Years 1998 to 2002	5 837 969	Years 1997 to 2001	5 474 675
Years 2003 to 2007	777 187	Years 2002 to 2006	713 438
Years 2008 to 2013	105 194	Years 2007 to 2013	92 634
Total	<u>39 922 370</u>	Total	<u>36 344 373</u>

(2) Breakdown of loans outstanding at 31 December 1987 by principal form of guarantee (a)

A. Loans for projects within the Community and related loans (b)

Loans granted to, or guaranteed by, Member States	26 607 822 354 (c-d)
Loans granted to, or guaranteed by, public institutions in the Community	6 756 831 158 (c)
Loans granted to, or guaranteed by, financial institutions (banks, long-term credit institutions, insurance companies)	1 770 923 318 (c)
Loans guaranteed by companies outside the financial sector under majority control of Member States or public institutions in the Community	211 042 727 (c)
Loans secured by fixed charge on real estate	239 721 409
Loans guaranteed by non-bank companies in the private sector	1 221 988 935
Loans secured by fixed charge on assets other than real estate, or other security	<u>839 259 360</u>
Sub-total	<u>37 647 589 261</u>

B. Loans for projects outside the Community

1. Loans granted under the Second Yaoundé Convention

Loans granted to, or guaranteed by, AASMM States which were signatories to the Convention	11 969 362
Loans secured by other guarantees	<u>299 427</u>
	12 268 789 (e)

2. Loans granted under the First Lomé Convention

Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	216 060 477
Loans secured by other guarantees	<u>7 433 981</u>
	223 494 458 (f)

3. Loans granted under the Second Lomé Convention

Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	479 260 525
Loans secured by other guarantees	16 558 671
Loans granted for mining and energy development projects (Article 59)	<u>34 707 622</u>
	530 526 818 (f)

4. Loans granted under the Third Lomé Convention

Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	286 155 069
Loans secured by other guarantees	<u>25 783 587</u>
	311 938 656 (f)

5. Loans granted under EEC financial agreements with Mediterranean countries

Loans granted to, or guaranteed or counter-guaranteed by, Mediterranean countries which were signatories to these agreements	<u>1 196 551 814 (c)</u>
Sub-total	<u>2 274 780 535</u>
Aggregate lending outstanding	<u>39 922 369 796</u>

(a) Certain loans are covered by several types of guarantee or security.

(b) Operations authorised under the second paragraph of Article 18(1) of the Statute and relating to projects in Austria and Tunisia as well as the acquisition and operation of satellites in geostationary orbit.

(c) The blanket guarantee provided by the EEC amounted to 2 047 770 500 ECUs at 31 December 1987 compared to 2 034 585 700 ECUs at 31 December 1986. This guarantee is provided to cover any risk attaching to financial commitments in the Mediterranean countries as well as in Greece, Spain and Portugal arising from loans granted prior to these countries' accession to the EEC, totalling 1 134 104 563 ECUs at 31 December 1987.

(d) Loans guaranteed by the EEC amounted to 41 473 037 ECUs at 31 December 1987.

(e) Loans granted under the Second Yaoundé Convention are covered by the guarantee of the six founder Member States of the EIB.

(f) Guarantees provided by Member States to cover any risk attaching to financial commitments entered into under the Lomé Conventions amount to:
— First Convention: 114 699 689 ECUs
— Second Convention: 440 532 636 ECUs
— Third Convention: 233 793 000 ECUs

(3) Original amount of loans calculated on the basis of the parities applied on the date of signature

53 263 682 892

Add:

exchange adjustments	+ 1 193 744 263
	<u>54 457 427 155</u>

Less:

terminations and cancellations	471 118 618
principal repayments to the Bank	13 895 604 054
third party participations in Bank loans	<u>168 334 687</u>
	<u>-14 535 057 359</u>
Loans outstanding	<u>39 922 369 796</u>

The aggregate amount outstanding of loans and guarantees provided by the Bank, which under Article 18(5) of the Statute must not exceed 250 % (i.e. 72 billion at present) of its subscribed capital, came at 31 December 1987 to:

loans	39 922 369 796
guarantees:	
in respect of loans under mandate	2 436 491
in respect of loans granted by third parties	413 091 029
in respect of third party participations in Bank loans	<u>168 334 687</u>
	<u>583 862 207</u>
Total amount of loans and guarantees outstanding	<u>40 506 232 003</u>

Annex C — Summary statement of borrowings

at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

Short-term notes

Payable in	Unamortised principal		Average weighted rate of interest
	at 31. 12. 1986	at 31. 12. 1987	
ECU	100 000 000	100 000 000	7.19
US\$ nominal value	467 119 154	383 623 739	7.65
less:			
net amount of unamortised discounts	— 4 431 121	— 3 279 603	
Total	562 688 033	480 344 136	

Medium and long-term borrowings

Payable in	Unamortised principal at 31. 12. 1986	Operations during the financial year			Unamortised principal at 31. 12. 1987		
		Borrowings	Redemptions	Exchange adjustments	Amount (1)	Rate of interest (weighted average)	Due dates
EURCO	48 461 814	—	48 461 814	—	—	—	—
ECU	2 384 599 000	675 000 000	39 654 000	—	3 019 945 000	9.11	1988/2001
DM	6 147 910 987	1 132 472 348	539 697 341	50 908 112 +	6 791 594 106	7.36	1988/2016
Ffrs	1 445 576 293	463 962 272	77 918 929	27 324 550 —	1 804 295 086	11.75	1988/1999
£	1 151 669 840	142 039 805	46 581 052	46 844 774 +	1 293 973 367	11.11	1988/2004
Lit	1 084 481 929	639 198 127	75 919 746	67 278 416 —	1 580 481 894	11.09	1988/1996
Bfrs	958 020 008	302 208 995	126 965 546	863 470 +	1 134 126 927	9.87	1988/2000
Fl	3 257 524 044	337 876 506	239 519 558	39 299 676 +	3 395 180 668	8.52	1988/2004
Dkr	31 798 848	38 310 458	—	879 631 —	69 229 675	11.45	1988/1995
IR£	19 612 252	—	—	329 271 —	19 282 981	11.50	1988/1995
Lfrs	287 901 463	78 882 117	33 531 677	540 060 +	333 791 963	9.02	1988/1995
US\$	6 978 105 125	661 082 432 ⁽²⁾	1 003 270 928	1 197 532 122 —	5 438 384 507	10.47	1988/2000
Sfrs	2 631 163 503	370 381 302	343 779 415	113 055 555 +	2 770 820 945	5.51	1988/2001
Yen	3 472 568 783	617 014 528 ⁽²⁾	512 272 670	286 434 843 +	3 863 745 484	6.68	1988/2002
Sch.	122 348 215	20 588 982	—	1 002 823 +	143 940 020	7.46	1988/1996
Can\$	240 285 316	93 390 902 ⁽²⁾	—	43 121 343 —	290 554 875	10.07	1991/1996
Total	30 262 027 420	5 572 408 774	3 087 572 676	797 516 020 —	31 949 347 498		
Redemption premiums	9 074 707	—	172 868	1 591 178 —	7 310 661		
Grand Total	30 271 102 127	5 572 408 774	3 087 745 544	799 107 198 —	31 956 658 159		

(1) The following table shows in '000 ECUs the total capital sums required for redemption of medium and long-term borrowings over the following periods:

For redemptions during	Sums required at 31. 12. 1987	For redemptions during	Sums required at 31. 12. 1986
Year 1988	2 122 742	Year 1987	1 930 314
Year 1989	2 200 641	Year 1988	2 074 124
Year 1990	2 974 327	Year 1989	2 123 466
Year 1991	3 017 199	Year 1990	3 032 730
Year 1992	3 336 627	Year 1991	3 119 819
Years 1993 to 1997	15 667 494	Years 1992 to 1996	15 024 368
Years 1998 to 2002	2 330 647	Years 1997 to 2001	2 669 973
Years 2003 to 2007	137 106	Years 2002 to 2006	127 723
Year 2008 and subsequent years	169 875	Year 2016	168 585
Total	31 956 658	Total	30 271 102

(2) During 1987, certain fixed-rate borrowings denominated in Yen and Can\$ were converted into floating-rate US\$ borrowings and one fixed-rate borrowing denominated in US\$ was converted into a fixed-rate ECU borrowing.

Annex D — Amounts receivable from or payable to Member States for adjustment of capital contributions

at 31 December 1987

in ECUs — see notes to the financial statements, Annex E

In accordance with Article 7 of the Statute, application of the conversion rates given in Note A of Annex E entails adjusting the amounts paid by Member States in their national currency as contributions to the Bank's capital.

The corresponding amounts receivable from or payable to Member States are as follows:

Receivable from:	France	2 874 218
	Italy	3 839 135
	United Kingdom	1 335 798
	Spain	783 881
	Greece	788 791
	Portugal	426 207
	Ireland	189 685
	Denmark	263 249
		<u>10 500 964</u>
Payable to:	Germany	4 210 192
	Belgium	297 891
	Netherlands	1 450 161
	Luxembourg	7 595
		<u>5 965 839</u>

In accordance with the Decision of the Board of Governors of 30 December 1977, where the accounting conversion rate of a currency fluctuates upwards or downwards by more than 1.5 %, amounts receivable from or payable to Member States will be

settled on 31 October of each year. Where the conversion rate fluctuates within the above margin of 1.5 % in either direction, the resulting amounts will remain in non-interest-bearing adjustment accounts.

Annex E — Notes to the financial statements

at 31 December 1987 — in ECUs

Note A — Significant accounting policies

1. Conversion of currencies

In accordance with Article 4 (1) of its Statute, the EIB uses the ECU adopted by the European Communities as the unit of measure for the capital accounts of Member States and for presenting its financial statements.

The value of the ECU is equal to the sum of the following amounts of Member States' currencies:

DM	0.719	Bfrs	3.71
£	0.0878	Lfrs	0.14
Ffrs	1.31	Dkr	0.219
Lit	140.0	IR£	0.00871
FI	0.256	Dr	1.15

The conversion rates between Member States' currencies and the ECU, which are determined on the basis of market rates, are published daily in the Official Journal of the European Communities.

The Bank applies these rates in calculating the rates applicable to other currencies used for its operations.

The Bank conducts its operations in the currencies of its Member States, in ECUs and in non-Community currencies.

Its resources are derived from its capital, borrowings and accumulated earnings in various currencies and are held, invested or lent in the same currencies. Borrowed funds are sometimes converted into other currencies and at the same time forward exchange contracts are entered into in order to recover the amounts concerned in the original currency.

The following conversion rates were used for drawing up the balance sheet at 31 December 1987 and 31 December 1986:

1 ECU =	1987	1986
Deutsche Mark	2.06034	2.0761
French francs	6.98335	6.87503
Pounds sterling	0.696793	0.724942
Italian lire	1 521.66	1 446.19
Spanish pesetas	140.566	141.151
Belgian francs	43.1539	43.2325
Dutch guilders	2.31762	2.34488
Danish kroner	7.94457	7.86192
Drachmas	164.483	148.526
Portuguese escudos	169.467	156.382
Irish pounds	0.777888	0.764828
Luxembourg francs	43.1539	43.2325
United States dollars	1.30335	1.07038
Swiss francs	1.66503	1.73562
Lebanese pounds	587.755	98.475
Japanese yen	158.292	171.046
Austrian Schillinge	14.505	14.6128
Canadian dollars	1.69696	1.47766
CFA francs	349.168	343.752

The Bank's assets and liabilities are converted into ECUs. The gain or loss arising from such conversion is credited or charged to the profit and loss account.

Excluded from such calculations are the assets representing the portion of capital paid in by the Member States in their national currency which is adjusted periodically in accordance with Article 7 of the Bank's Statute (see Annex D).

2. Investments

Treasury bonds, notes and bonds are normally included at cost, or at the lower of nominal or market value where these are less than the original cost.

3. Loans

Loans are included in the assets of the Bank at their net disbursed amounts.

4. Land and buildings

Land and buildings are stated at cost less both initial write-down of the Kirchberg headquarters and accumulated depreciation. Depreciation is calculated to write off the value of the Bank's Luxembourg-Kirchberg headquarters and its office in Lisbon on the straight-line basis over 30 years and 25 years respectively. Office furniture and equipment are written off in the year of acquisition.

5. Issuing charges and redemption premiums

Issuing charges and redemption premiums are amortised over the lives of the borrowings based on the principal amounts outstanding.

6. Interest subsidies received in advance

Certain loans carry interest subsidies received in advance at their discounted value. These subsidies are credited to the profit and loss account as and when the interest for which they are granted becomes payable.

7. Staff pension scheme

The Bank has a contributory pension scheme for its staff. All contributions to the scheme by the Bank and its staff are invested in the assets of the Bank. The amounts set aside are based on actuarial valuations performed every three years.

8. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Bank are exempt from all direct taxes.

Note B — Investments

Investments comprise:	1987	1986
treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value):		
1987: 766 721 910		
1986: 603 208 225	762 549 491	590 257 476

the Bank's own bonds at their repurchase cost not yet liable for cancellation	15 728 395	12 679 401
bank bills at their nominal value	<u>106 018 112</u>	<u>248 409 838</u>
	<u>884 295 998</u>	<u>851 346 715</u>

The breakdown according to maturity is as follows:

not exceeding 3 months	119 669 324	235 174 667
over 3 months but not exceeding 6 months	21 544 563	13 269 867
over 6 months but not exceeding 12 months	25 319 581	3 355 782
over 12 months	<u>717 762 530</u>	<u>599 546 399</u>
	<u>884 295 998</u>	<u>851 346 715</u>

Note C — Land and Buildings

The item 'Land and Buildings' on the balance sheet, i.e. 39 425 263, is broken down as follows:

Land	773 757
Net value of Luxembourg-Kirchberg headquarters	38 331 000
Net value of the office in Lisbon	320 506

Note D — Special deposits for service of borrowings

These represent the amount of coupons and bonds due but not yet presented for payment. The contra item on the liabilities side appears under the heading 'Coupons and bonds due and not yet paid'.

Note E — Staff pension scheme

The pension fund balance of 89 484 538 at 31 December 1987 (77 823 730 at 31 December 1986) represents the actuarial valuation of the accumulated benefits under the scheme, in accordance with the Pension Scheme Regulations, increased by the contributions of the Bank and its employees plus the remuneration of the fund less withdrawals since the actuarial valuation.

The cost of the staff pension scheme, including interest credited by the Bank, for the financial year ended 31 December 1987 was 13 320 317 compared with 13 244 630 for the financial year 1986.

Note F — Sundry creditors

Sundry creditors comprise:	<u>1987</u>	<u>1986</u>
short-term deposits from other banks	37 329 374	361 992 044
European Economic Community accounts:		
for Special Section operations and related unsettled sundry amounts	425 790 174	230 380 045
deposit accounts	16 287 693	26 067 843
other creditors	<u>8 262 590</u>	<u>7 036 961</u>
	<u>487 669 831</u>	<u>625 476 893</u>

Note G — Miscellaneous balance sheet accounts

These accounts comprise:	<u>1987</u>	<u>1986</u>
on the assets side:		
staff housing loans and advances on salaries	30 712 419	29 733 746
net amounts of swap operations	48 833 689	26 536 645
sundry debtors	<u>35 247 670</u>	<u>23 576 300</u>
	<u>114 793 778</u>	<u>79 846 691</u>
on the liabilities side:		
outstanding charges, other future settlements and sundry expenses	<u>27 689 345</u>	<u>25 902 047</u>

Note H — Interest subsidies received in advance

(a) This item relates to amounts in respect of interest subsidies for loans granted for projects outside the Community, under Conventions signed with the ACP States and Protocols concluded with the Mediterranean Countries, as well as interest subsidies, concerning certain lending operations mounted within the Community from the Bank's own resources, made available in conjunction with the European Monetary System under Regulation (EEC) No 1736/79 of the Council of the European Communities of 3 August 1979.

(b) 'Interest subsidies received in advance for the account of third parties' relate to amounts received in respect of interest subsidies for loans granted from EEC resources under the Council of the European Communities' Decisions (78/870) of 16 October 1978 (New Community Instrument), (82/169) of 15 March 1982 and (83/200) of 19 April 1983 and Regulation (EEC) No 1736/79 of 3 August 1979 as amended by Regulation (EEC) No 2790/82 of 18 October 1982.

(c) Part of the amounts received through EMS arrangements has been made available as a long-term advance. The corresponding contra account is entered on the assets side as 'Receivable in respect of EMS interest subsidies paid in advance'.

Note I — Management commission

This represents the remuneration for the management of loans granted under mandate, for the account and at the risk of Member States or the European Communities and accounted for in the Special Section.

Note J — Administrative expenses and charges

Staff costs:	<u>1987</u>	<u>1986</u>
Salaries and allowances	43 169 071	40 405 832
Social costs	10 433 129	11 211 127
Other costs	<u>4 369 243</u>	<u>3 319 099</u>
	57 971 443	54 936 058
General and administrative expenses	<u>9 533 721</u>	<u>10 085 584</u>
	<u>67 505 164</u>	<u>65 021 642</u>

The number of personnel employed by the Bank was 699 at 31 December 1987 (678 at 31 December 1986).

Note K — Financial and other income, financial charges

	1987	1986
Financial and other income comprises:		
— realised gains on portfolio operations	22 838 100	33 689 402
— other income	5 724 492	5 231 594
	28 562 592	38 920 996
Financial charges comprise:		
— increase in unrealised write-down of investments	3 087 992	16 430 228
— other charges	166 515	342 234
	3 254 507	16 772 462

Note L — Reserves and provisions and appropriation of operating surplus

On 15 June 1987, the Board of Governors decided to:

- decrease the provision for ECU conversion rate adjustments by an amount of 2 314 120, representing the net decrease arising at 31 December 1986 from the re-evaluation of net

Bank assets not subject to adjustment under Article 7 of the Statute;
 — appropriate the 1986 operating surplus of 578 765 599 to the Additional Reserves.

Statement of movements in the reserves and provisions at 31 December 1987

	Situation at 31. 12. 1986	Appropriation of balance of profit and loss account for the year ended 31. 12. 1986	Situation at 31. 12. 1987
Reserve Fund	2 880 000 000		2 880 000 000
Additional Reserves	332 206 336	+ 578 765 599	910 971 935
Provision for ECU conversion rate adjustments	15 725 159	— 2 314 120	13 411 039
	3 227 931 495	+ 576 451 479	3 804 382 974

The Management Committee has decided to propose that the Board of Directors recommend the Governors: (a) to increase the provision for ECU conversion rate adjustments by an amount of 16 403 065 representing the net increase arising at 31 December 1987 from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and (b) to appropriate the 1987 operating surplus of 632 729 557 to the Additional Reserves.

Report by Price Waterhouse

The President
 European Investment Bank
 Luxembourg

We have audited the accompanying financial statements of the European Investment Bank at December 31, 1987 and 1986 in accordance with International Auditing Guidelines.

In our opinion these financial statements, which have been prepared in accordance with International Accounting Standards consistently applied, give a true and fair view of the financial position of the European Investment Bank at December 31, 1987 and 1986, the results of its operations and the changes in its financial position for the years then ended. Accounting principles which are of particular significance to the preparation of these financial statements are described in Annex E, note A.

The financial statements covered by our opinion are the following:

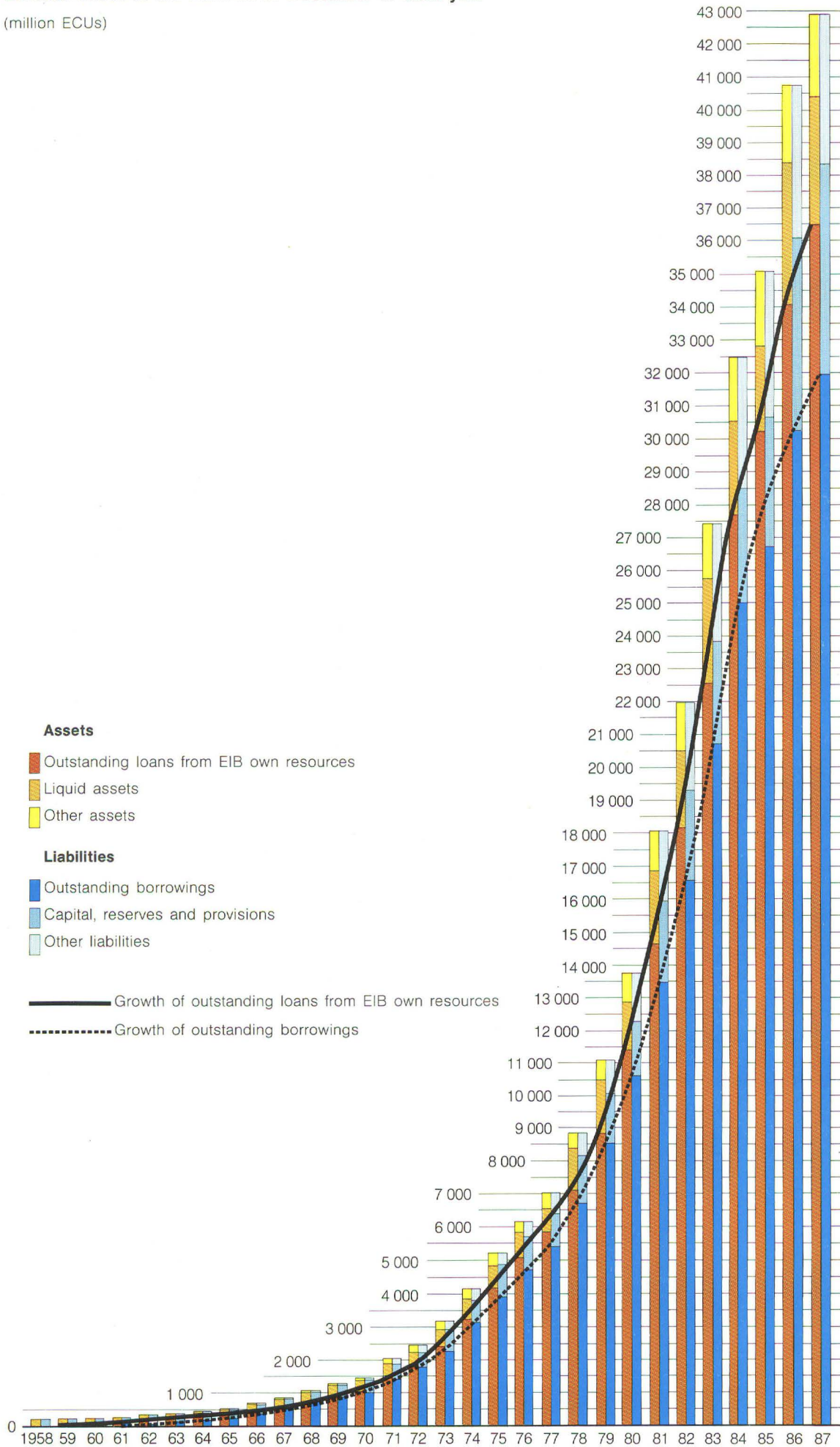
Balance sheet	
Special Section	
Profit and loss account	
Statement of changes in financial position	
Statement of subscriptions to the capital of the Bank	Annex A
Analysis of loans outstanding	Annex B
Summary statement of borrowings	Annex C
Amounts receivable from and payable to Member States for adjustment of capital contributions	Annex D
Notes to the financial statements	Annex E

Luxembourg, 12 February 1988

PRICE WATERHOUSE

Balance sheet of the Bank at 31 December of each year

(million ECUs)



Statement by the Audit Committee

The Committee instituted in pursuance of Article 14 of the Statute and Article 25 of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner,

- having studied the books, vouchers and documents which it deemed necessary to examine in the discharge of its duties,
- having examined the reports of 12 February 1988 drawn up by Price Waterhouse,

considering the 1987 Annual Report, the balance sheet of the Bank and the statement of Special Section as at 31 December 1987 as well as the profit and loss account for the financial year ending on that date as drawn up by the Board of Directors at its meeting on 26 April 1988,

considering Articles 22, 23 and 24 of the Rules of Procedure,

hereby certifies:

that the Bank's operations during the 1987 financial year have been carried out in compliance with the formalities and procedures laid down by the Statute and the Rules of Procedure,

that the balance sheet, the profit and loss account and the statement of Special Section correspond to the book entries and that they reflect exactly the situation of the Bank as regards both assets and liabilities.

Luxembourg, 16 May 1988

The Audit Committee

J. BREDSORFF A. HANSEN J. PINTO RIBEIRO

Table 10: **Financing provided within the Community in 1987 and from 1983 to 1987**
Breakdown by economic policy objective (1)

	1987				1983—1987			
	Total		Resources		Total		Resources	
	million ECUs	%	million ECUs	million ECUs	million ECUs	%	million ECUs	million ECUs
Aggregate financing	7 450.4		7 003.4	447.0	32 677.7		28 572.7	4 105.0
Regional development	4 347.2	100.0	4 311.8	35.4	18 131.2	100.0	17 170.2	961.0
Belgium	37.1	0.9	37.1	—	83.2	0.5	83.2	—
Denmark	29.5	0.7	29.5	—	71.5	0.4	71.5	—
Germany	56.4	1.3	56.4	—	106.8	0.6	106.8	—
Greece	160.2	3.7	160.2	—	1 610.7	8.9	1 454.7	156.0
Spain	459.5	10.6	459.5	—	754.1	4.2	754.1	—
France	655.1	15.1	655.1	—	2 713.7	15.0	2 625.6	88.1
Ireland	148.6	3.4	148.6	—	1 063.2	5.9	868.1	195.1
Italy	1 868.2	43.0	1 846.8	21.4	8 933.4	49.3	8 492.5	440.9
Netherlands	18.0	0.4	18.0	—	40.1	0.2	40.1	—
Portugal	380.0	8.7	380.0	—	540.4	3.0	540.4	—
United Kingdom	534.6	12.3	520.6	14.0	2 214.1	12.2	2 133.2	80.9
Energy policy objectives	2 226.8	100.0	2 205.0	21.8	11 159.3	100.0	10 410.7	748.6
Development of indigenous resources	667.6	30.0	667.6	—	5 788.2	51.9	5 507.5	280.7
<i>Hydroelectric & geothermal</i>	<i>108.8</i>	<i>4.9</i>	<i>108.8</i>	—	<i>574.5</i>	<i>5.1</i>	<i>574.5</i>	—
<i>Nuclear</i>	<i>214.4</i>	<i>9.6</i>	<i>214.4</i>	—	<i>3 128.1</i>	<i>28.0</i>	<i>3 128.1</i>	—
<i>Oil & natural gas deposits</i>	<i>325.4</i>	<i>14.6</i>	<i>325.4</i>	—	<i>1 895.2</i>	<i>17.0</i>	<i>1 714.2</i>	<i>181.0</i>
<i>Coal, lignite, peat</i>	<i>19.0</i>	<i>0.9</i>	<i>19.0</i>	—	<i>190.4</i>	<i>1.7</i>	<i>90.7</i>	<i>99.7</i>
Import diversification	695.7	31.2	695.7	—	1 787.2	16.0	1 593.6	193.6
<i>Natural gas</i>	<i>255.8</i>	<i>11.5</i>	<i>255.8</i>	—	<i>1 126.3</i>	<i>10.1</i>	<i>1 027.3</i>	<i>99.0</i>
<i>Coal</i>	<i>439.9</i>	<i>19.7</i>	<i>439.9</i>	—	<i>660.9</i>	<i>5.9</i>	<i>566.3</i>	<i>94.6</i>
Rational use of energy	863.5	38.8	841.7	21.8	3 583.9	32.1	3 309.6	274.3
Modernisation of undertakings	1 287.2	100.0	900.1	387.1	5 110.9	100.0	2 510.7	2 600.2
Advanced technology	474.1	36.8	474.1	—	1 796.5	35.2	1 738.1	58.4
Modernisation & conversion	57.6	4.5	57.6	—	242.7	4.7	223.3	19.4
Industrial cooperation	219.9	17.1	219.9	—	400.8	7.8	400.8	—
Investment by SMEs	535.6	41.6	148.5	387.1	2 670.9	52.3	148.5	2 522.4
Environment-cultural heritage	1 579.2	100.0	1 579.2	—	2 957.9	100.0	2 872.2	85.7
Atmospheric pollution	470.6	29.8	470.6	—	720.7	24.4	720.7	—
Water and soil pollution	730.9	46.3	730.9	—	1 674.7	56.6	1 589.0	85.7
Other operations	368.0	23.3	368.0	—	542.9	18.4	542.9	—
Safeguarding cultural heritage	9.7	0.6	9.7	—	19.6	0.7	19.6	—
Community infrastructure	680.8	100.0	678.1	2.7	2 245.2	100.0	2 063.1	182.1
Transport	655.0	96.2	652.3	2.7	1 899.7	84.6	1 793.6	106.1
<i>Railways</i>	<i>85.0</i>	<i>12.5</i>	<i>85.0</i>	—	<i>220.3</i>	<i>9.8</i>	<i>220.3</i>	—
<i>Roads</i>	<i>194.5</i>	<i>28.6</i>	<i>194.5</i>	—	<i>1 038.1</i>	<i>46.2</i>	<i>934.7</i>	<i>103.4</i>
<i>Shipping</i>	<i>20.4</i>	<i>3.0</i>	<i>20.4</i>	—	<i>75.9</i>	<i>3.4</i>	<i>75.9</i>	—
<i>Airlines</i>	<i>307.8</i>	<i>45.2</i>	<i>307.8</i>	—	<i>509.4</i>	<i>22.7</i>	<i>509.4</i>	—
<i>Intermodal freight terminals</i>	<i>47.3</i>	<i>6.9</i>	<i>44.6</i>	<i>2.7</i>	<i>56.0</i>	<i>2.5</i>	<i>53.3</i>	<i>2.7</i>
Telecommunications	25.8	3.8	25.8	—	308.1	13.7	232.1	76.0
Other	—	—	—	—	37.4	1.7	37.4	—

(1) The various totals do not make an aggregate as certain loans correspond simultaneously to more than one objective.

Table 12: Global loan allocations within the Community in 1987 and from 1983 to 1987

Table 12.1: General Summary

	1987						1983—1987					
	Total		EIB own		NCI		Total		EIB own		NCI	
	Number	million ECUs	Number	million ECUs	Number	million ECUs	Number	million ECUs	Number	million ECUs	Number	million ECUs
Regional development	1 911	656.0	1 911	656.0	—	—	11 659	3 517.4	11 656	3 488.9	3	28.5
Energy	90	125.7	90	125.7	—	—	1 183	1 072.9	956	993.9	227	79.0
Advanced technology	9	25.1	9	25.1	—	—	35	113.6	35	113.6	—	—
Investment by SMEs	981	294.9	57	10.0	924	284.9	9 232	2 421.7	90	22.6	9 142	2 399.1
Environment	44	74.0	44	74.0	—	—	59	110.7	59	110.7	—	—
Total	3 035	1 175.7	2 111	890.8	924	284.9	22 168	7 236.3	12 796	4 729.7	9 372	2 506.6
of which: industry	2 871	985.3	1 947	700.4	924	284.9	19 877	6 003.4	10 704	3 587.5	9 173	2 415.9
infrastructure	164	190.4	164	190.4	—	—	2 291	1 232.9	2 092	1 142.2	199	90.7

Table 12.2: Global loan allocations financing economic policy objectives with respect to energy, modernisation of undertakings and environmental protection

	1987				1983—1987			
	EIB own resources		NCI resources		EIB own resources		NCI resources	
	Number	million ECUs	Number	million ECUs	Number	million ECUs	Number	million ECUs
ENERGY								
Denmark	—	—	—	—	2	4.9	—	—
Germany	5	15.3	—	—	7	23.4	—	—
Greece	—	—	—	—	2	0.3	—	—
France	3	10.9	—	—	261	187.8	167	36.4
Italy	80	96.7	—	—	682	774.6	60	42.6
Portugal	2	2.9	—	—	2	2.9	—	—
Total Energy	90	125.7	—	—	956	993.9	227	79.0
of which: industry	40	63.9	—	—	504	473.1	34	17.7
infrastructure	50	61.8	—	—	452	520.8	193	61.3
MODERNISATION OF UNDERTAKINGS								
Advanced technology								
France	—	—	—	—	8	29.2	—	—
Italy	9	25.1	—	—	27	84.4	—	—
Investment by SMEs								
Denmark	—	—	—	—	—	—	381	111.0
Greece	—	—	9	1.0	—	—	55	20.0
Spain	50	7.0	175	62.7	50	7.0	185	66.6
France	7	3.0	498	76.8	40	15.6	5 564	884.3
Italy	—	—	236	140.9	—	—	2 712	1 273.6
Portugal	—	—	6	3.5	—	—	6	3.5
United Kingdom	—	—	—	—	—	—	239	40.1
Total Modernisation of undertakings	66	35.1	924	284.9	125	136.2	9 142	2 399.1
ENVIRONMENT								
Germany	15	49.4	—	—	24	72.8	—	—
Italy	28	22.6	—	—	34	36.0	—	—
Portugal	1	1.9	—	—	1	1.9	—	—
Total Environment	44	74.0	—	—	59	110.7	—	—
of which: industry	28	22.9	—	—	34	36.3	—	—
infrastructure	16	51.1	—	—	25	74.4	—	—

Table 12.4: Sectoral breakdown of total global loan allocations

	1987		1983—1987				
	Total		Total			Resources	
	Number	million ECUs	Number	million ECUs	%	EIB own million ECUs	-NCI million ECUs
Energy	60	76.4	470	537.1	7.4	529.2	7.9
Production	18	19.3	138	115.3	1.6	112.3	3.0
<i>Electricity generation</i>	11	5.2	103	53.2	0.7	50.2	3.0
<i>Heat generating plant</i>	1	0.1	13	24.2	0.3	24.2	—
<i>Oil and natural gas</i>	4	13.6	20	37.5	0.5	37.5	—
<i>Solid fuel extraction</i>	2	0.4	2	0.4		0.4	—
Transmission and supply	42	57.1	332	421.8	5.8	416.9	4.9
<i>Electricity</i>	3	4.2	33	25.5	0.4	25.5	—
<i>Oil and natural gas</i>	35	34.6	35	123.0	1.7	118.5	4.5
<i>Heat</i>	4	18.3	264	273.3	3.8	272.9	0.4
Infrastructure	104	114.0	1 821	695.8	9.6	613.0	82.8
Transport	77	45.7	1 501	425.0	5.9	420.8	4.2
<i>Railways</i>	1	0.7	8	8.9	0.1	8.9	—
<i>Roads</i>	61	30.3	1 447	383.9	5.3	379.7	4.2
<i>Shipping</i>	11	6.5	39	21.5	0.3	21.5	—
<i>Airlines</i>	1	1.7	4	4.2	0.1	4.2	—
<i>Urban transport</i>	3	6.5	3	6.5	0.1	6.5	—
Water (catchment, treatment and supply)	21	49.6	88	155.9	2.2	131.1	24.8
Other infrastructure	6	18.7	232	114.9	1.6	61.2	53.7
<i>Public buildings</i>	1	0.1	181	46.7	0.6	2.5	44.2
<i>Agricultural and forestry development</i>	1	0.6	27	53.6	0.7	53.6	—
<i>Composite infrastructure</i>	4	18.0	14	5.2	0.1	5.2	0.1
<i>Housing</i>	—	—	10	9.4	0.1	—	9.4
Industry, services & agriculture	2 871	985.3	19 877	6 003.4	83.0	3 587.5	2 415.9
Industry	2 294	757.7	16 820	5 034.6	69.6	2 814.3	2 220.3
<i>Mining and quarrying</i>	39	7.7	390	73.5	1.0	54.7	18.8
<i>Metal production & semi-processing</i>	20	13.9	155	99.9	1.4	68.3	31.5
<i>Construction materials</i>	133	43.8	996	342.1	4.7	259.1	83.0
<i>Woodworking</i>	147	29.2	1 395	298.3	4.1	151.0	147.3
<i>Glass and ceramics</i>	51	23.3	385	214.3	3.0	116.2	98.2
<i>Chemicals</i>	118	89.7	801	453.5	6.3	300.3	153.2
<i>Metalworking & mechanical engineering</i>	350	91.4	3 566	879.7	12.2	403.1	476.6
<i>Transport equipment</i>	93	28.4	615	219.4	3.0	138.9	80.5
<i>Electrical engineering, electronics</i>	94	30.7	770	268.8	3.7	157.6	111.2
<i>Foodstuffs</i>	354	163.4	2 219	850.6	11.8	520.2	330.4
<i>Textiles and leather</i>	192	57.4	1 188	378.0	5.2	155.6	222.3
<i>Paper, pulp and printing</i>	162	79.9	1 362	385.9	5.3	175.3	210.6
<i>Rubber and plastics processing</i>	108	37.6	944	291.7	4.0	164.1	127.5
<i>Other manufacturing industries</i>	48	16.2	463	104.6	1.4	54.0	50.6
<i>Civil engineering — building</i>	385	45.2	1 571	174.4	2.4	95.8	78.6
Services	513	208.3	2 735	820.4	11.3	630.9	189.5
<i>Tourism</i>	256	90.8	1 262	427.4	5.9	389.8	37.6
<i>Other services</i>	244	103.3	1 350	358.0	4.9	219.8	138.2
<i>Waste recycling</i>	13	14.2	123	35.0	0.5	21.4	13.7
Agriculture, forestry & fisheries	64	19.3	322	148.5	2.1	142.4	6.1
Total	3 035	1 175.7	22 168	7 236.3	100.0	4 729.7	2 506.6

Table 13: **Financing provided in the Mediterranean Countries from 1963 to 1987**Table 13.1: **Regional breakdown**

	Total		EIB own resources	Budgetary resources
	million ECUs	%	million ECUs	million ECUs
Countries now Member States ⁽¹⁾				
Spain	550.0	14.6	550.0	—
Greece	351.4	9.3	341.4	10.0
Portugal	725.0	19.3	725.0	—
Other Northern Mediterranean Countries				
Turkey	734.2	19.5	115.0	619.2
Yugoslavia	310.0	8.2	310.0	—
Maghreb				
Algeria	177.0	4.7	177.0	—
Morocco	165.0	4.4	146.0	19.0
Tunisia	153.5	4.1	119.0	34.5
Mashreq				
Egypt	241.0	6.4	238.0	3.0
Jordan	62.3	1.7	55.0	7.3
Lebanon	40.0	1.1	40.0	—
Syria	101.5	2.7	98.0	3.5
Other Southern Mediterranean Countries				
Cyprus	58.0	1.5	48.0	10.0
Israel	70.0	1.9	70.0	—
Malta	24.0	0.6	16.0	8.0
Total	3 762.9	100.0	3 048.4	714.5

(1) Financing provided prior to accession.

Table 13.2: Sectoral breakdown

	Financing operations		Allocations from ongoing global loans	
	million ECUs	%	Number	million ECUs
Energy	1 096.2	29.1	9	8.7
Production	858.0	22.8	8	8.5
Conventional thermal power stations	469.0	12.5	—	—
Hydroelectric power stations	341.0	9.1	3	2.3
Alternative sources	—	—	1	0.5
Oil and natural gas deposits	48.0	1.3	—	—
Solid fuel extraction	—	—	4	5.7
Transmission and supply	238.3	6.3	1	0.2
Electricity	223.3	5.9	1	0.2
Oil and natural gas	15.0	0.4	—	—
Infrastructure	1 450.8	38.6	81	76.9
Communications	1 034.5	27.5	29	14.8
Transport	1 021.5	27.1	29	14.8
<i>Railways</i>	<i>280.2</i>	<i>7.4</i>	—	—
<i>Roads</i>	<i>497.2</i>	<i>13.2</i>	<i>29</i>	<i>14.8</i>
<i>Shipping</i>	<i>189.5</i>	<i>5.0</i>	—	—
<i>Airlines</i>	<i>54.7</i>	<i>1.5</i>	—	—
Telecommunications	13.0	0.3	—	—
Water (catchment, treatment and supply)	94.5	2.5	16	19.4
Other infrastructure	238.8	6.3	36	42.7
Public buildings	—	—	11	2.1
Agricultural and forestry development	221.8	5.9	—	—
Composite infrastructure	17.0	0.5	25	40.7
Global loans	83.0	2.2	—	—
Industry, agriculture and services	1 215.9	32.3	2 074	755.9
Industry	316.3	8.4	1 255	642.6
Mining and quarrying	—	—	55	23.6
Metal production and semi-processing	34.4	0.9	23	14.1
Construction materials	93.4	2.5	117	73.8
Woodworking	1.8	—	113	47.4
Glass and ceramics	5.2	0.1	54	42.8
Chemicals	70.0	1.9	100	59.9
Metalworking and mechanical engineering	—	—	181	89.8
Transport equipment	—	—	52	18.5
Electrical engineering, electronics	5.2	0.1	53	26.8
Foodstuffs	2.5	0.1	230	110.4
Textiles and leather	5.1	0.1	100	48.6
Paper, pulp and printing	77.7	2.1	59	29.2
Rubber and plastics processing	0.5	—	79	34.2
Other industries	—	—	13	3.5
Civil engineering-building	20.5	0.5	26	19.8
Agriculture, forestry and fisheries	84.1	2.2	701	58.4
Services	3.0	0.1	118	54.9
Tourism	—	—	65	43.2
Other services	—	—	53	11.7
Waste recycling	3.0	0.1	—	—
Global loans	812.5	21.6	—	—
Total	3 762.9	100.0	2 164	841.5

Table 14.2: Sectoral breakdown

	Lomé III				Lomé I + II			
	Financing operations		Global loan allocations		Financing operations		Global loan allocations	
	million ECUs	%	Number	million ECUs	million ECUs	%	Number	million ECUs
Energy	130.1	23.5			378.5	27.1	6	2.8
Production	77.8	14.1			309.5	22.2	5	2.2
Conventional thermal power stations	44.0	8.0			98.1	7.0	3	1.8
Hydroelectric power stations	33.8	6.1			169.9	12.2	2	0.3
Geothermal power stations	—	—			9.0	0.6	—	—
Oil and natural gas deposits	—	—			32.5	2.3	—	—
Transmission and supply	52.3	9.5			69.0	4.9	1	0.6
Power transmission	34.3	6.2			69.0	4.9	—	—
Power supply	18.0	3.3			—	—	1	0.6
Infrastructure	97.8	17.7			121.9	8.7	2	1.6
Communications	54.3	9.8			90.3	6.5	2	1.6
Transport	11.3	2.0			27.2	1.9	1	0.6
<i>Railways</i>	—	—			10.0	0.7	—	—
<i>Shipping</i>	11.3	2.0			17.2	1.2	1	0.6
Telecommunications	43.0	7.8			63.1	4.5	1	1.0
Water (catchment, treatment & supply)	43.5	7.9			31.6	2.3	—	—
Industry, agriculture & services	325.5	58.8	61	13.3	896.1	64.2	527	217.0
Industry	187.0	33.8	32	6.2	564.7	40.4	429	192.8
Mining and quarrying	81.0	14.6	—	—	149.7	10.7	13	8.0
Metal production and semi-processing	—	—	—	—	31.5	2.3	9	4.0
Construction materials	4.0	0.7	1	0.8	59.3	4.2	15	6.3
Woodworking	4.5	0.8	1	0.1	25.2	1.8	34	12.4
Glass and ceramics	—	—	—	—	4.0	0.3	9	5.7
Chemicals	14.0	2.5	4	0.3	54.5	3.9	26	15.3
Metalworking & mechanical engineering	—	—	2	0.1	0.5	—	28	10.2
Transport equipment	—	—	3	0.2	7.3	0.5	13	4.7
Electrical engineering, electronics	—	—	—	—	—	—	10	4.5
Foodstuffs	35.6	6.4	10	1.8	165.3	11.8	110	52.4
Textiles and leather	43.4	7.8	3	0.5	42.9	3.1	57	19.8
Paper, pulp and printing	4.5	0.8	1	0.1	—	—	40	19.9
Rubber and plastics processing	—	—	2	0.7	24.6	1.8	43	22.5
Other manufacturing industries	—	—	—	—	—	—	8	1.9
Civil engineering — building	—	—	5	1.6	—	—	14	5.2
Agriculture, forestry & fisheries	—	—	—	—	—	—	7	3.8
Services	3.5	0.6	29	7.1	40.2	2.9	91	20.4
Tourism	—	—	25	6.4	19.3	1.4	61	17.5
Other services	3.5	0.6	4	0.7	20.9	1.5	30	3.0
Global loans	126.0	22.8	—	—	267.8	19.2	—	—
Development banks	9.1	1.6	—	—	23.3	1.7	—	—
Total	553.4	100.0	61	13.3	1 396.4	100.0	535	221.4

1958—1987

Thirty years of the European Investment Bank

In 1972, on the eve of the Community's first enlargement, EIB financing totalled approximately 500 million. In the past two years, it has topped the 7.5 billion mark. The increase has also been dramatic looked at in terms of constant prices, despite a slight easing off in recent years, as can be seen from the graph below.

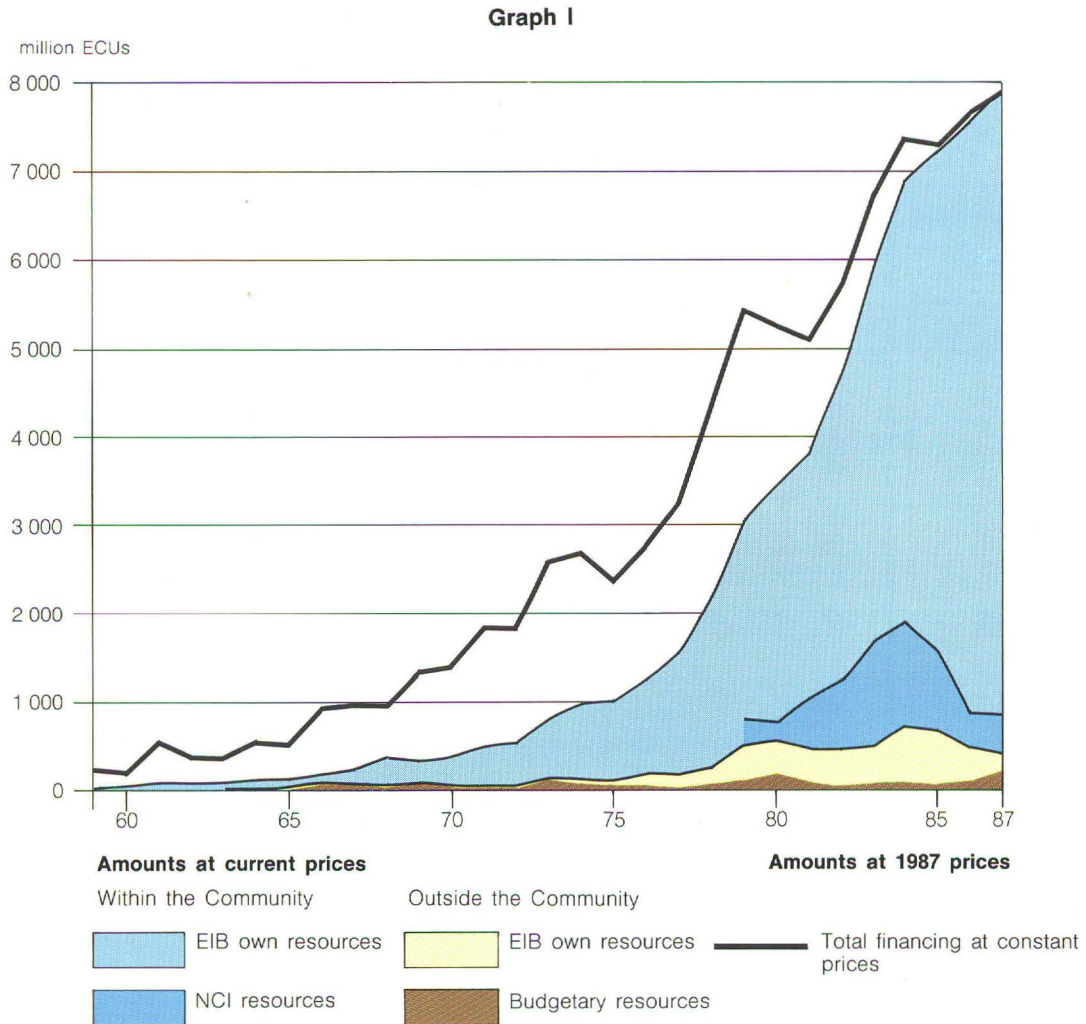


Table 15: **Financing provided from 1959 to 1987**

(million ECUs)

Years	Total financing	Within the Community			Outside the Community	
		Lending from EIB own resources	Loans under mandate and guarantees	Lending from NCI resources	Lending from EIB own resources	Operations mounted from budgetary resources
1959—1982	25 674.4	20 049.0	524.5	1 805.6	2 320.3	975.0
<i>annual average</i>	<i>1 069.8</i>	<i>835.4</i>	<i>21.9</i>	<i>75.2</i>	<i>96.7</i>	<i>40.6</i>
1983	5 921.7	4 145.9	97.6	1 199.6	426.0	52.7
1984	6 889.8	5 007.0	—	1 181.8	614.6	86.4
1985	7 184.6	5 640.7	—	883.7	584.3	75.9
1986	7 544.7	6 678.1	—	393.0	381.8	91.9
1987	7 842.5	7 003.4	—	447.0	188.8	203.3
Total	61 057.7	48 524.1	622.1	5 910.6	4 515.8	1 485.2

Operations within the Community

Financing provided for investment within the Community amounted to 55 billion, the bulk of this coming from EIB own resources (49 billion), although since 1979 NCI resources have also been drawn on (nearly 6 billion). Funds have been channelled to all Member States and across the full range of economic sectors in the Community (Graphs II and III).

Europe grows from The Six to The Twelve Financing provided by the Bank from own and NCI resources

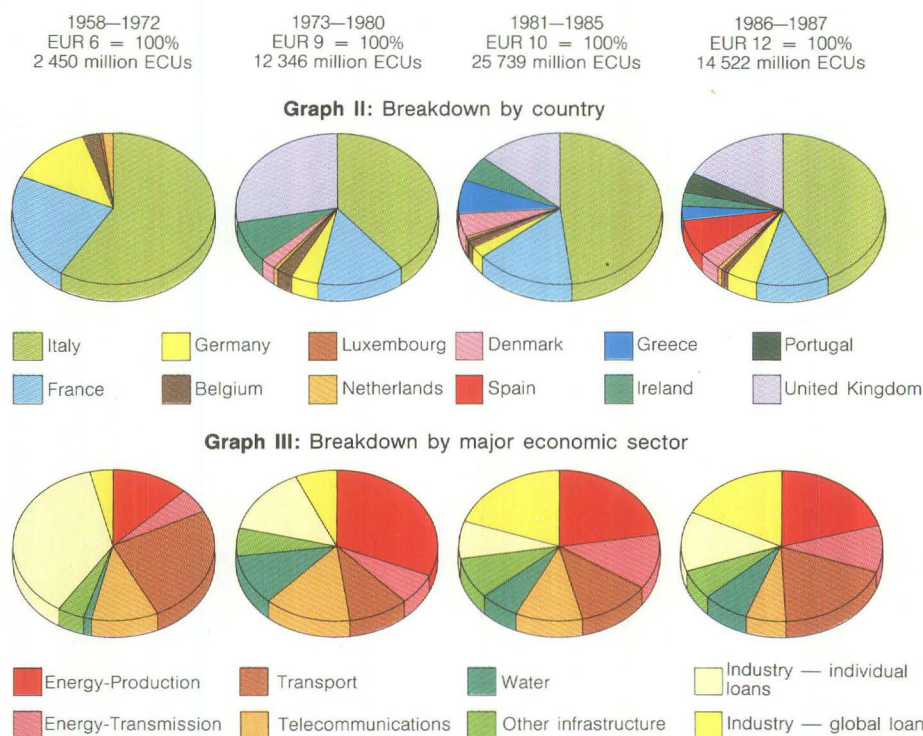


Table 16: **Financing provided within the Community from 1959 to 1987**

Breakdown by country, sector and economic policy objective

(million ECUs)

	Total	Sector			Economic policy objective (1)				
		Industry, services, agriculture	Energy	Infra-structure	Regional development	Energy	Advanced technology and modernisation of undertakings	Environment	Community infra-structure
Belgium	822.3	144.6	651.7	26.0	191.0	651.7	135.7	—	26.0
Denmark	2 312.5	270.0	1 709.7	332.8	403.3	1 795.0	145.1	7.2	167.7
Germany	2 270.4	302.0	1 638.9	329.5	469.5	1 661.1	115.7	546.9	75.8
Greece (2)	2 238.1	649.9	451.1	1 137.1	2 203.0	633.8	25.3	307.2	50.6
Spain (2)	1 116.1	577.7	99.8	439.2	754.1	99.8	365.0	24.3	197.9
France	8 073.3	2 291.8	2 198.1	3 583.4	4 440.4	2 318.9	1 621.7	124.9	1 128.5
Ireland	2 901.8	550.4	632.7	1 718.7	2 841.4	443.1	71.8	61.1	81.7
Italy	24 667.4	8 604.1	6 393.4	9 669.9	16 617.8	6 180.2	3 074.9	1 233.9	1 211.3
Luxembourg	45.2	—	4.0	41.2	4.0	4.0	—	—	37.2
Netherlands	290.5	130.7	76.1	83.7	110.6	45.7	140.3	—	80.1
Portugal (2)	580.2	346.1	35.4	198.7	540.4	150.3	219.8	93.8	15.0
United Kingdom	9 406.1	1 347.0	4 241.0	3 818.1	5 428.9	4 108.6	211.8	674.5	424.0
Other	332.3	—	332.3	—	—	332.3	43.3	—	—
Total	55 056.8	15 194.4	18 464.1	21 378.3	34 004.4	18 424.5	6 170.4	3 073.8	3 495.8

(1) The various totals cannot meaningfully be added together as certain loans correspond simultaneously to more than one objective.

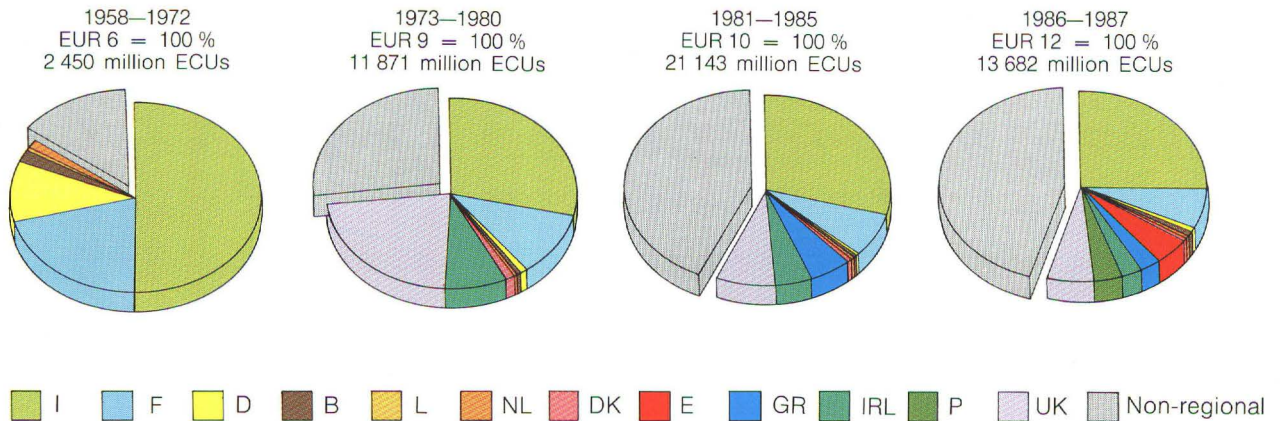
(2) Financing provided in Greece, Spain and Portugal prior to their accession; see Table 13.1.

(3) See "Guide to readers", page 8.

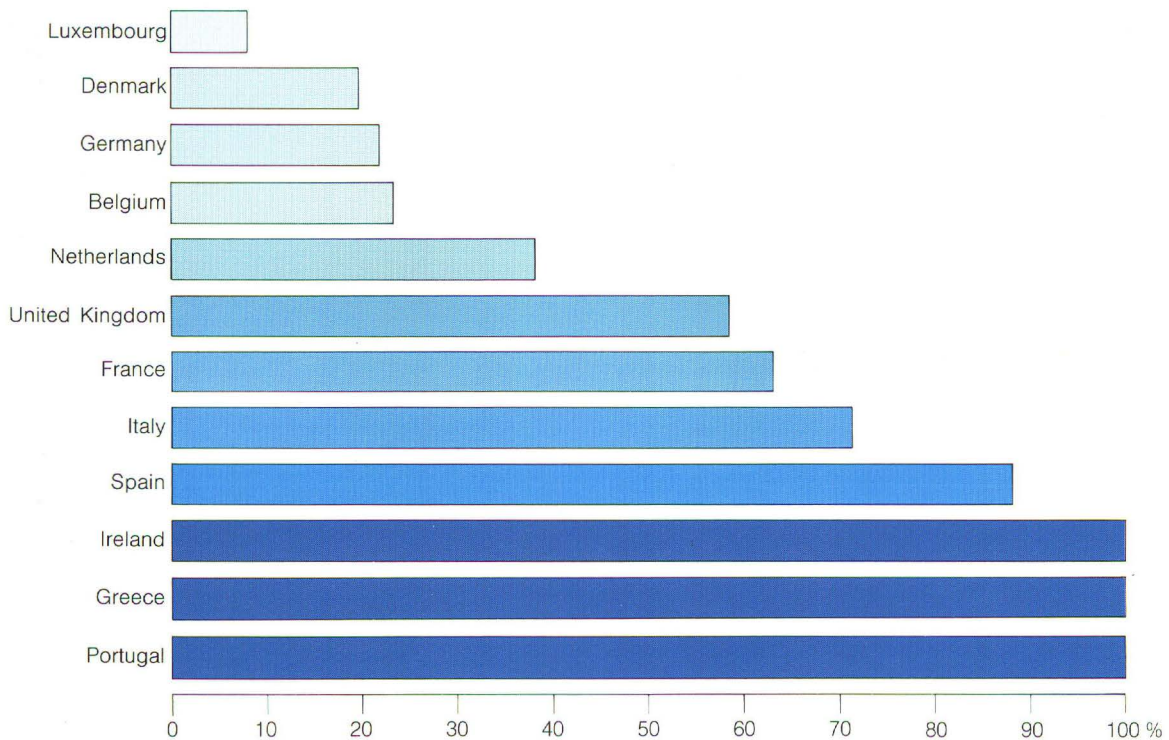
The Bank's priority objective of mitigating regional disparities has meant that activities have to some extent been concentrated in certain countries; in all, lending for regional development reached 34 billion, of which 31.8 billion came from own resources (Graphs IV and V).

Financing from EIB own resources in support of regional development

Graph IV: Breakdown by country

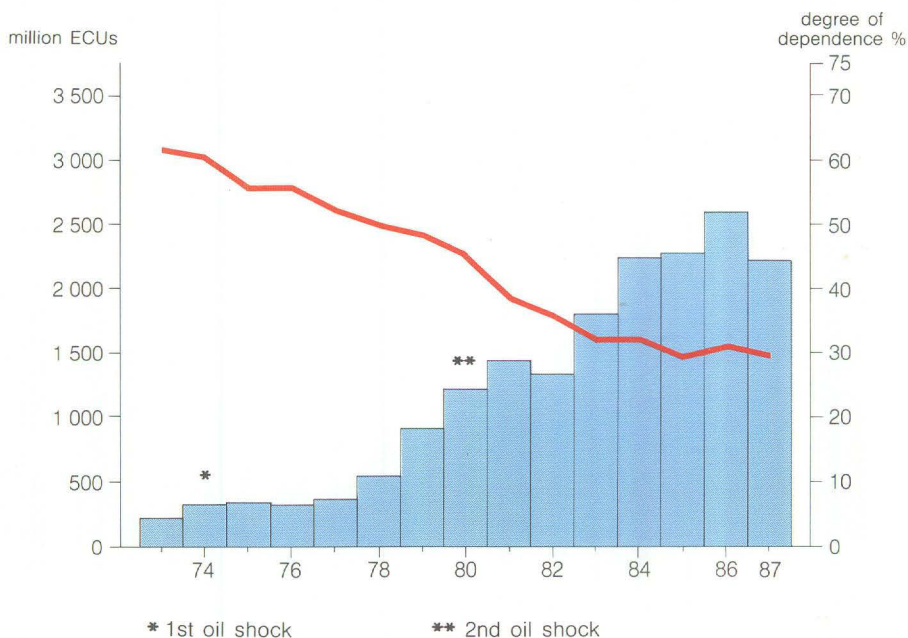


Graph V: Financing for regional development as a proportion of total operations per country



Graph VI highlights the growth since 1973 in financing for investment designed to build up the Community's level of self-sufficiency in energy supplies and to cut down its reliance on oil imports (18.4 billion).

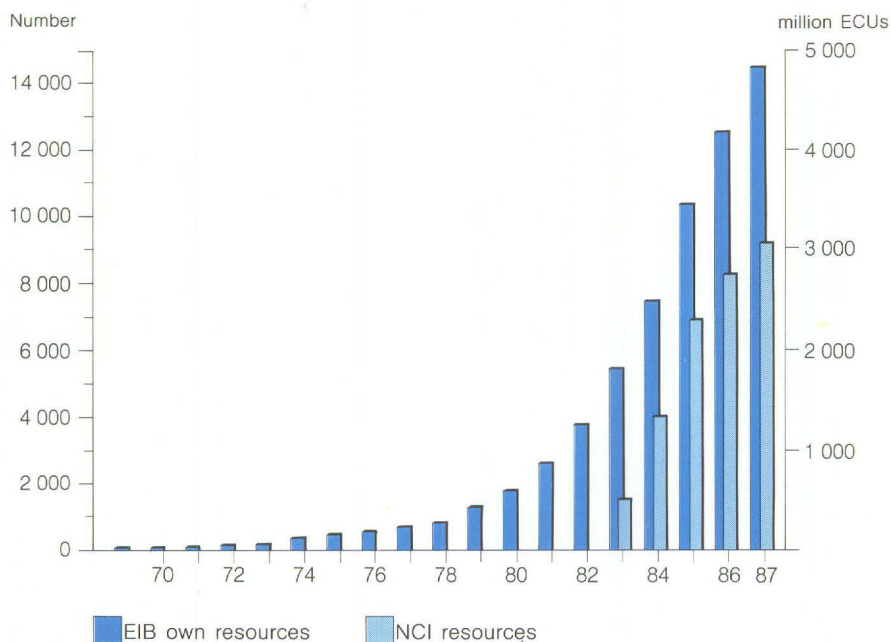
Graph VI: Financing to reduce Community reliance on external energy supplies and curve illustrating dependence on oil imports (1973—87)



Infrastructure attracted aggregate lending in excess of 21 billion, a substantial slice of which went to transport and telecommunications infrastructure (see graph, page 13) and, to an increasing degree, to equipment designed to foster protection of the environment (see graph, page 29).

Over the period in question, more than 15 billion was lent for industry, with a substantial proportion of this being deployed via global loan finance which provided support for nearly 25 000 small and medium-scale ventures (7.4 billion) (Graph VII). In the past few years, there has been a marked trend towards lending for advanced technology (see graph, page 26).

Graph VII: Aggregate global loan financing for small and medium-scale ventures from 1969 to 1987: breakdown by number and amount of allocations

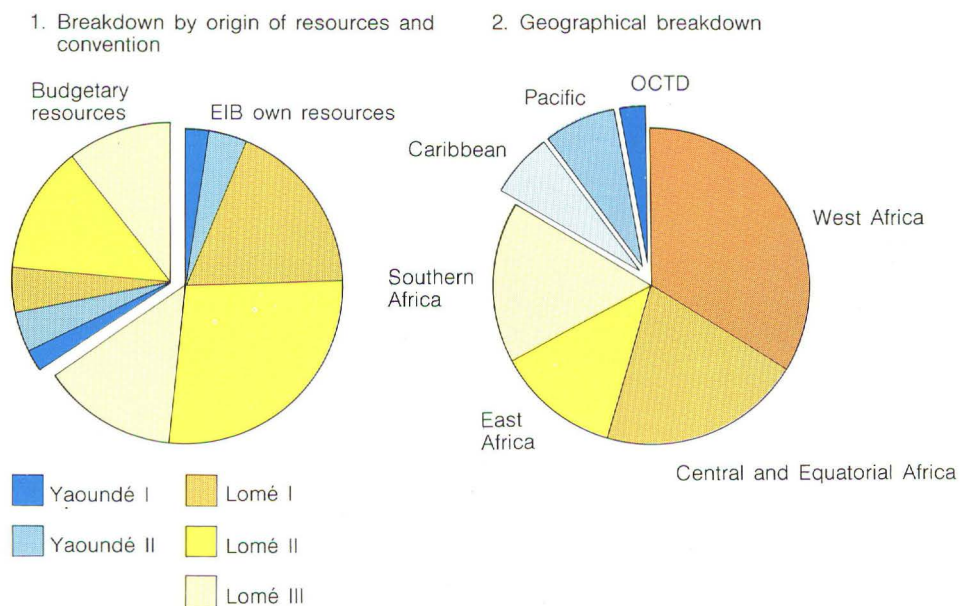


Operations outside the Community

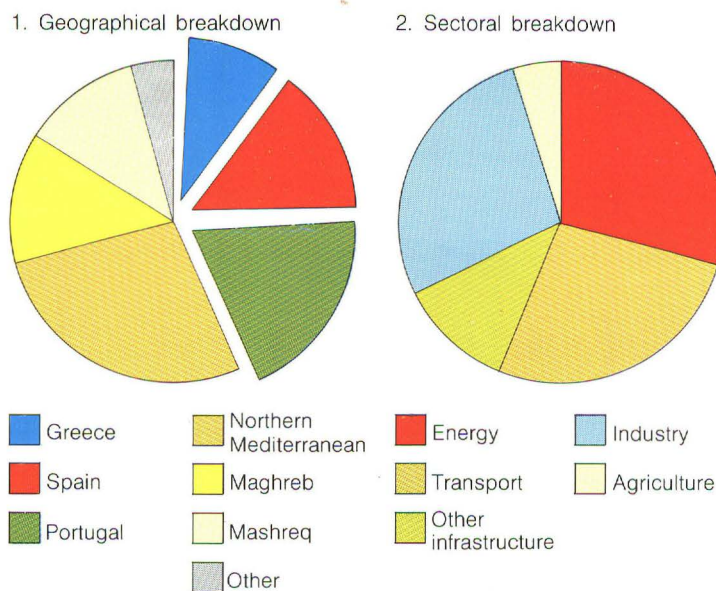
Since 1963, when the EIB first started to work outside the Community, aggregate financing has amounted to 6 billion, of which 1.5 billion came from Community or Member States' budgetary resources. A sizeable share of this was targeted towards assisting countries which would later join the Community (1.6 billion) but the bulk has gone into fostering economic development in the African, Caribbean and Pacific States (2.3 billion) (Graph VIII) and the Mediterranean countries (2.1 billion) (Graph IX).

Convention	Duration	Total	EIB own resources	Budgetary resources
Yaoundé I	(1964—1969)	99.9	51.1	48.8
Yaoundé II	(1970—1975)	188.2	95.0	93.2
Lomé I	(1976—1980)	498.5	397.0	101.5
Lomé II	(1981—1985)	897.9	612.5	285.4
Lomé III	(1986—1990)	553.3	311.9	241.5
		2 237.9	1 467.5	770.4

Graph VIII: Financing provided in the ACP States and OCTD from 1964 to 1987



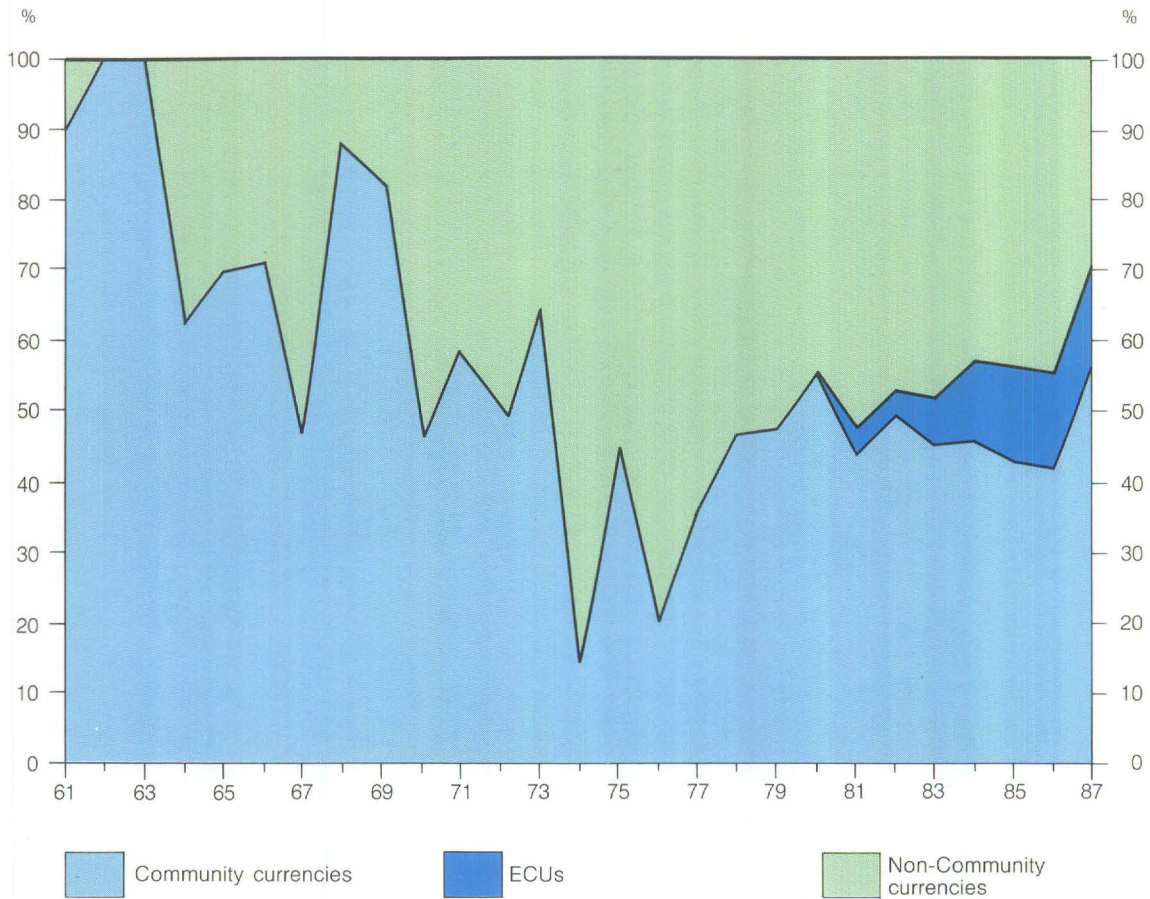
Graph IX: Financing provided in the Mediterranean countries from 1963 to 1987 (see Table 13)



The Bank's resource-raising activities

The Bank has financed its lending principally by tapping Community and international capital markets. At 31 December 1987, the amount outstanding on long and medium-term borrowings came to 32 billion (see graph, page 86), more than 60% of this being denominated in Member States' currencies or in ECUs. Graph X illustrates the overall trends in the raising of resources, bringing to light in particular the increasingly important role of the ECU. Indeed, the Bank has acted as one of the main driving forces behind this new currency (3.3 billion mobilised to date).

Graph X: Breakdown of resources raised



Further information may be obtained from the

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100 bd Konrad Adenauer — L-2950 Luxembourg
Tel.: 4379-1 — Telex: 3530 bnkeu lu
Telefax: 43 77 04

or from its other offices

Office for Operations in Italy
Via Sardegna 38 — I-00187 Rome
Tel.: 4719-1 — Telex: 611130 bankeu i
Telefax: 474 58 77

Liaison Office for the United Kingdom
68 Pall Mall — London SW1Y 5ES
Tel.: 839 3351 — Telex: 919159 bankeu g
Telefax: 930 9929

Liaison Office in Lisbon
Avenida da Liberdade 144-156, 8º, P-1200 Lisbon
Tel.: 32 89 89 or 32 88 48 — Telex: 15576 bnkeu p
Telefax: 37 04 87

Representative Office in Athens
Ypsilantou 13-15, GR-10675 Athens
Tel.: 7249 811 — Telex: 22 2126 bkeu gr
Telefax: 7249 814

Representative Office in Brussels
Rue de la Loi 227 — B-1040 Brussels
Tel.: 230 98 90 — Telex: 21721 bankeu b
Telefax: 230 58 27

which also have available the following publications:

Statute and other provisions governing the EIB
1986: 36 pp. (DA, DE, EN, FR, GR, IT, NL)

Annual Report

since 1958:
(DE, EN, FR, IT, NL, since 1972 in Danish, since 1980 in Greek and since 1985
in Spanish and Portuguese)

EIB-Information

Information bulletin (periodical)
(DA, DE, EN, ES, FR, GR, IT, NL, PT)

Financing facilities within the European Community

1986: 16 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

Financing facilities under the Third Lomé Convention

1986: 20 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

Financing facilities under the mediterranean agreements

1987: 16 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

One Hundred Questions & Answers

1986: 50 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

European Investment Bank: key facts (leaflet)

1987: (DA, DE, EN, ES, FR, GR, IT, NL, PT)

The European Investment Bank wishes to thank those project promoters who have kindly authorised the photographs used in this report.

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European Investment Bank

General information and statement of aims

The European Investment Bank (EIB) was created by the Treaty of Rome establishing the European Economic Community, which came into force on 1 January 1958. Its Statute is an integral part of the Treaty.

Its members are the twelve Member States of the EEC which have all subscribed to the Bank's capital. Since 1 January 1986, this has stood at 28 800 million ECUs, of which 2 595.9 million paid in or to be paid in.

The bulk of the funds required for financing EIB lending operations is raised on the capital markets of the Community and of non-member countries and on international markets.

An independent public institution within the Community, the EIB's task, under Article 130 of the Treaty of Rome, is to contribute - on a non-profit-making basis - to the balanced development of the Community.

*
* *

In the Community - The EIB uses its own resources to grant long-term loans and furnish guarantees to private and public enterprises and to local authorities, either directly or through financial institutions, for projects in the productive, infrastructure and energy sectors which:

- contribute towards the economic development of the Community's less privileged regions;
- are of common interest to several Member States or benefit the Community as a whole, or serve to modernise or convert undertakings or to create new activities called for by the progressive establishment of the common market.

These categories include:

- Community infrastructure projects promoting European economic integration (transport and telecommunications schemes improving links within the Community) or helping to attain Community objectives such as protection of the environment;
- projects in the energy sector which help to attain Community goals: development of indigenous resources, rational use of energy, import diversification;
- projects for the modernisation or conversion of undertakings, whether called for by the progressive establishment of the common market or necessitated by structural difficulties, specific projects improving the competitiveness of Community industry by developing or introducing advanced technology, and projects resulting from close technical and economic cooperation between undertakings in different Member Countries.

In accordance with Article 20 of its Statute, the Bank pays particular heed to ensuring that 'its funds are employed as rationally as possible in the interests of the Community' and provides financing only 'where the execution of the project contributes to an increase in economic productivity in general and promotes the attainment of the common market'.

Since 1979, the Bank has also granted loans from the resources of the New Community Instrument for borrowing and lending (NCI), principally for investment by small and medium-sized enterprises in industry and directly related services, designed in particular to promote innovation and new technologies and the implementation of which contributes directly or indirectly to the creation of jobs. The Bank has accepted a mandate to grant these loans on behalf, for the account and at the risk of the Community. The Bank finds suitable projects and, following the Commission's decision as to the eligibility of each project, appraises applications, decides on the granting of loans and administers them, all in accordance with the procedures laid down in its Statute and its usual criteria. The Commission raises the necessary funds by borrowing and transfers the proceeds to the Bank which accounts for them off balance sheet in its Special Section (see page 92).

The EIB also acts as agent in appraising and administering Euratom loans approved by the Commission.

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* *

Outside the Community - The second paragraph of Article 18(1) of the Statute provides for financing operations by the EIB outside the Community on special authorisation from the Bank's Board of Governors.

Authorisation is given:

- case by case, for loans for certain types of project of particular importance for the Community (communications by satellite or energy supplies, for example);
- as ceiling amounts when they concern loans in individual countries or groups of countries to be granted under Community agreements, conventions or decisions on financial cooperation with various non-member countries.

The EIB's theatre of operations now covers 66 countries in Africa, the Caribbean and the Pacific, signatories to the Lomé Convention (ACP States), and 12 Mediterranean countries (Turkey, Yugoslavia, Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, Syria, Israel, Cyprus and Malta). In addition to loans from its own resources, the EIB furnishes most of these countries with risk capital drawn from budgetary funds managed on behalf of the Community; the relevant operations are accounted for off balance sheet in the Bank's Special Section.

Den Europæiske Investeringsbank

Europäische Investitionsbank

Ευρωπαϊκή Τράπεζα Επενδύσεων

European Investment Bank

Banco Europeo de Inversiones

Banque européenne d'investissement

Banca europea per gli investimenti

Europese Investeringsbank

Banco Europeu de Investimento