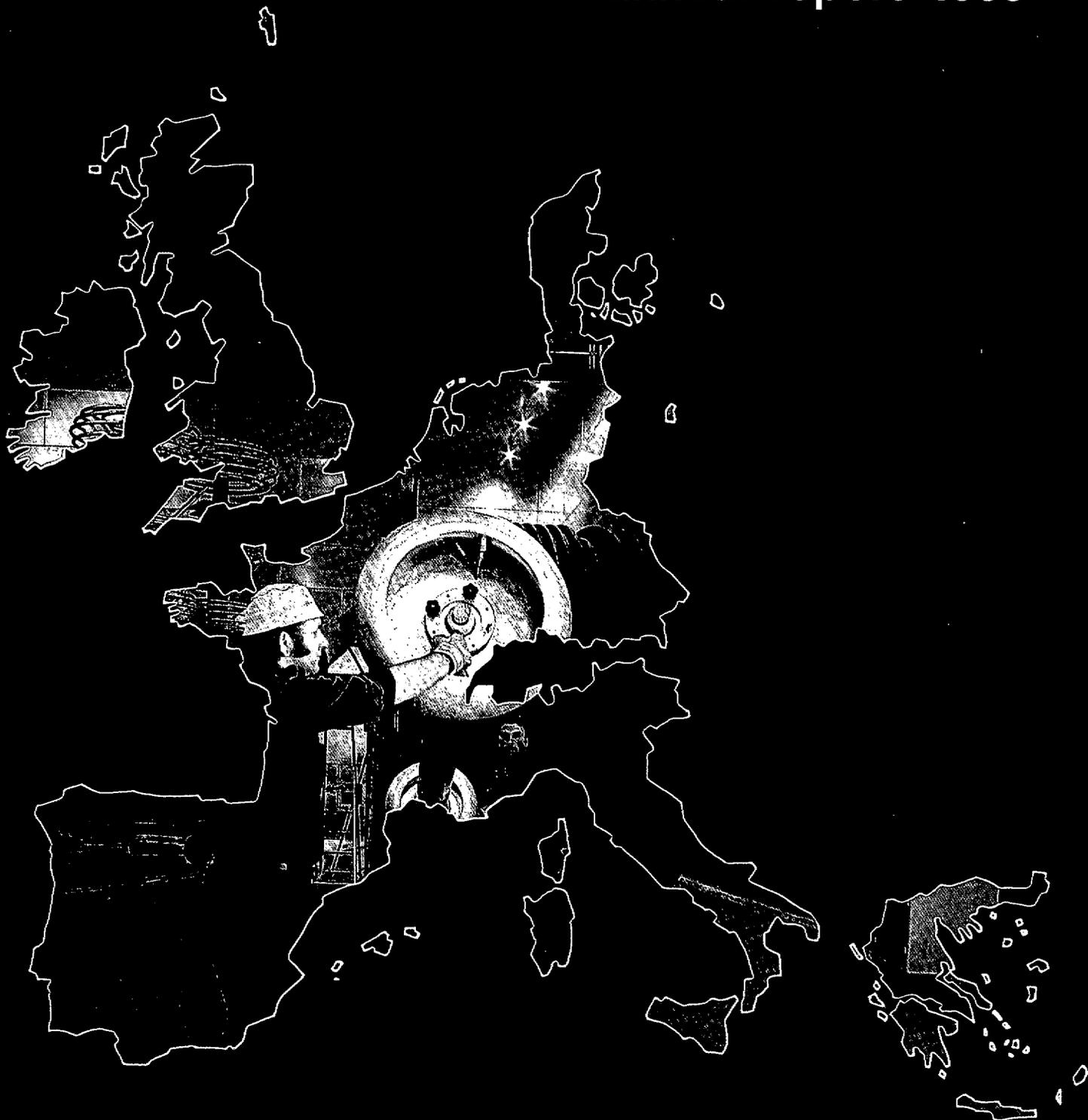


European
Investment
Bank



annual report 1988



The European Investment Bank in 1988 and 1987

Key data

	1988	1987
	(million ecus)	
Total financing provided	10 175.0	7 842.5
Within the Community	9 474.8	7 450.4
— from own resources	9 118.3	7 003.4
— from NCI resources	356.5	447.0
Outside the Community	700.2	392.1
— from own resources	520.1	188.8
— from budgetary resources	180.1	203.3
<i>Breakdown:</i>		
— Mediterranean countries	398.0	42.7
— ACP States and OCT	302.2	349.4
Funds raised	7 666.1 ⁽¹⁾	5 592.7
Outstanding		
Loans from own resources and guarantees	47 627.0	40 506.2
Special Section	8 764.6	8 880.6
Medium and long-term borrowings	36 927.5	31 956.7
Subscribed capital	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	5 158.3	4 453.5
Balance sheet total	49 120.3	42 875.3

(1) after swaps.

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Contents

Board of Governors — Audit Committee	4
Board of Directors	5
Management Committee — Organisation Structure of the Bank	6
Guide to readers	8
The economic context of EIB activity in 1988	10
The EIB in the Community context	13
EIB activity in 1988	19
Financing provided within the Community	21
Sectoral analysis	21
Breakdown by objective	24
Financing operations by country	30
List of financing operations	40
Operations outside the Community	59
Financing in the Mediterranean countries	59
Financing in the ACP States and the OCT	61
List of financing operations	65
Resources	71
Evolution of capital markets	71
Bank activity on the capital markets	73
Results for the year	80
Administration	81
Financial statements	84
Balance sheet	84
Profit and loss account	86
Special Section	88
Explanatory notes	89
Statement by the Audit Committee	97
Statistical annex	98

Board of Governors

(Situation at 1 June 1989)

Chairman	Gerhard STOLTENBERG (Germany) <i>until June 1988</i>
	Panayotis ROUMELIOTIS (Greece)
BELGIUM	Philippe MAYSTADT, Minister for Finance
DENMARK	Palle SIMONSEN, Minister for Finance
GERMANY	Gerhard STOLTENBERG, Federal Minister for Finance, <i>until April 1989</i> Theo WAIGEL, Federal Minister for Finance
GREECE	Panayotis ROUMELIOTIS, Minister for National Economy
SPAIN	Carlos SOLCHAGA CATALÁN, Minister for Economic and Financial Affairs
FRANCE	Pierre BÉRÉGOVOY, Minister of State, Minister for Economic and Financial Affairs and the Budget
IRELAND	Ray MacSHARRY, Minister for Finance, <i>until November 1988</i> Albert REYNOLDS, Minister for Finance
ITALY	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 1989)

Chairman

Jørgen BREDSORFF, fhv. rigsrevisor, Audit Department, Copenhagen, *until June 1988*
Albert HANSEN, Secrétaire Général du Conseil du Gouvernement, Luxembourg

Members

Jørgen BREDSORFF, *until June 1988*

Albert HANSEN

João PINTO RIBEIRO, Juiz Conselheiro, Tribunal de Contas, Lisbon

Constantin THANOPOULOS, Manager, Bank of Greece, Athens, *from June 1988*

Board of Directors

(Situation at 1 June 1989)

Chairman: Ernst-Günther BRÖDER

Vice-Chairmen:

C. Richard ROSS

Lucio IZZO

Alain PRATE

Miguel Angel ARNEDO ORBAÑANOS

Erling JØRGENSEN, *from June 1988*

Ludovicus MEULEMANS, *from June 1988*

Messrs Arie PAIS and Noel WHELAN served as Vice-Chairmen until June 1988, when they were appointed Honorary Vice-Chairmen.

Directors

Luigi ARCUTI	Presidente dell'Istituto Mobiliare Italiano, Rome
Bruno BIANCHI	Condirettore Centrale, Banca d'Italia, Rome
Richard BRANTNER	Sprecher des Vorstands der Kreditanstalt für Wiederaufbau, Frankfurt
Corneille BRÜCK	Président-Directeur de la Caisse d'Épargne de l'État, Luxembourg
Manuel CONTHE GUTIÉRREZ	Director General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid, <i>from October 1988</i>
Antonio Maria COSTA	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels
Jos de VRIES	Plaatsvervangend Directeur, Directie Buitenlandse Financiële Betrekkingen, Ministry of Finance, The Hague
Erling JØRGENSEN	Departementschef, Ministry of Finance, Copenhagen, <i>until June 1988</i>
Philippe JURGENSEN	Directeur Général de la Caisse Centrale de Coopération Économique, Paris, <i>from June 1989</i>
Timothy Patrick LANKESTER	Deputy Secretary (Overseas Finance) H. M. Treasury, London
Elizabeth LLEWELLYN-SMITH	Deputy Secretary, Department of Trade and Industry, London
Pedro MARTÍNEZ MÉNDEZ	Director General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid, <i>until October 1988</i>
David McCUTCHEON	Former Second Secretary, Department of Finance, Dublin, <i>until June 1988</i>
Paul MENTRÉ	Président-Directeur Général du Crédit National, Paris
Ludovicus MEULEMANS	Directeur-generaal van de Administratie der Thesaurie, Ministry of Finance, Brussels, <i>until June 1988</i>
Rudolf MORAWITZ	Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn
Luis António GOMES MORENO	Director-Geral do Tesouro, Ministry of Finance, Lisbon
Waldemar MÜLLER-ENDERS	Ministerialdirektor, Federal Ministry of Finance, Bonn
Miguel MUÑOZ DE LAS CUEVAS	Presidente del Instituto de Crédito Oficial, Madrid
Alexander J. O. RITCHIE	Chairman, The Union Discount Company of London, plc, London
Yves ROLAND-BILLECART	Directeur Général de la Caisse Centrale de Coopération Économique, Paris, <i>until April 1989</i>
Denis SAMUEL-LAJEUNESSE	Chef du Service des Affaires Internationales, Direction du Trésor, Ministry for Economic and Financial Affairs and the Budget, Paris
Mario SARCINELLI	Direttore Generale del Tesoro, Ministry of the Treasury, Rome
Michael J. SOMERS	Secretary, National Debt Management, Department of Finance, Dublin, <i>from June 1988</i>
Lars TYBJERG	Afdelingschef, Ministry of Finance, Copenhagen, <i>from June 1988</i>
Jan H. G. VANORMELINGEN	Inspecteur-Generaal van de Administratie der Thesaurie, Ministry of Finance, Brussels, <i>from March 1989</i>
Dimitrios ZACHARIADIS-SOURAS	Adviser to the Minister for National Economy, Ministry for National Economy, Athens
Alternates	
R.I.G. ALLEN	Under Secretary, Head of EC Group (Overseas Finance), H. M. Treasury, London, <i>from June 1988</i>
Kaj BARLEBO-LARSEN	Director-General for Coordination of Structural Instruments, Commission of the European Communities, Brussels, <i>until February 1989</i>
T. Alastair CLARK	Head of Financial Markets and Institutions Division, Bank of England, London, <i>until February 1989</i>
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, <i>until June 1988</i>
Flemming FARUP-MADSEN	Kontorchef, National Bank of Denmark, Copenhagen, <i>until June 1988</i>
L. Fernanda FORCIGNANÒ	Direttore Generale dei Servizi Speciali e del Contenzioso del Tesoro, Ministry of the Treasury, Rome, <i>from June 1988</i>
Winfried HECK	Ministerialdirigent, Federal Ministry of Finance, Bonn
M.J.L. JONKHART	Président-Directeur, De Nationale Investeringsbank N.V., The Hague, <i>from June 1988</i>
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
Christian NOYER	Sous-Directeur des Affaires Multilatérales, Direction du Trésor, Ministry for Economic and Financial Affairs and the Budget, Paris, <i>from June 1988</i>
Ariane OBOLENSKY	Sous-Directeur des Affaires Multilatérales, Direction du Trésor, Ministry for Economic and Financial Affairs and the Budget, Paris, <i>until June 1988</i>
Maurice O'CONNELL	Assistant Secretary, Department of Finance, Dublin, <i>from June 1988</i>
Oliver PAGE	Chief Manager, Reserves Management of the Bank of England, London, <i>from March 1989</i>
Paolo RANUZZI DE BIANCHI	Direttore Generale della Fondigest, S.p.A., Milan
Giovanni RAVASIO	Director-General for the Coordination of Structural Policies, Commission of the European Communities, Brussels, <i>from March 1989</i>
Savino SPINOSI	Direttore Generale a. r., Ministry of the Treasury, Rome, <i>until June 1988</i>
Jan H. G. VANORMELINGEN	Eerste Adviseur bij de Administratie der Thesaurie, Ministry of Finance, Brussels, <i>until June 1988</i>

Management Committee

(Situation at 1 June 1989)

President: Ernst-Günther BRÖDER

Vice-Presidents: C. Richard ROSS

Lucio IZZO

Alain PRATE

Miguel Angel ARNEDE ORBAÑANOS

Erling JØRGENSEN, from June 1988

Ludovicus MEULEMANS, from June 1988

Messrs Arie PAIS and Noel WHELAN served as Vice-Presidents until June 1988, when they were appointed Honorary Vice-Presidents.

Organisation Structure of the Bank

(Situation at 1 June 1989⁽¹⁾)

Heads of Departments

Secretary-General
Dieter HARTWICH, Manager
General Administration
Directorate

Personnel
Ronald STURGES

Secretariat and General Affairs
Bruno EYNARD

Management Services
Roger ADAMS

Internal Audit
Information-Public Relations
Coordination

Recruitment, Training
Personnel Administration
Personnel Policy

Secretariat
Translation
Internal Services
Representative Office in Brussels

Organisation and Methods
Data Processing
Budget

Heads of Divisions

Jean-Claude CARREAU
Karl Georg SCHMIDT
Andrew ALLEN

Thomas CRANFIELD
Rémy JACOB
Gerlando GENUARDI

Peter HELGER
Klaus WOSZCZYNA
Adriaan ZILVOLD
Joachim MÜLLER-BORLE

.....
Ernest ERPELDING
Hugo WOESTMANN

Operations in the Community Directorate 1

Eugenio GREPPI, Manager⁽²⁾

Operations in Italy, Rome
Giorgio RATTI, Central Manager
Ernest LAMERS

Operations in Denmark, Germany and Spain
José OLIVA MARÍN

**Operations in France, Greece, Belgium,
Luxembourg and the Netherlands**
Gérard d'ERM

**Operations in the United Kingdom and the North
Sea, Ireland and Portugal**
Francis CARPENTER

Alessandro MORBILLI
Filippo MANZI
Alain BELLAVOINE
Caroline REID

Fridolin WEBER-KREBS
Walter CERNOIA
Fernando DE LA FUENTE
(Head of Office)

Jean-Louis BIANCARELLI
Konstantin ANDREOPOULOS
Andreas VERYKIOS
Arghyro YARMENITOU
(Head of Office)

Jos VAN KAAM
Richard POWER
Maria Antónia BRAGA SIMÃO
Dominique de CRAYENCOUR
(Head of Office)
Guy BAIRD
(Head of Office)

Organisational units serving Directorates 1 and 2

Monitoring
Thomas HALBE

Coordination

André DUNAND

Agostino FONTANA
José Manuel MORI
Manfred KNETSCH
Brian FEWKES

(1) See page 81, "Administration", for changes since previous annual report.

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

Organisation Structure of the Bank *(cont'd)*

Heads of Departments

Heads of Divisions

Directorate for Operations outside the Community

Jacques SILVAIN, Manager

	Coordination Monitoring Support Division	Martin CURWEN Alfred KAWAN
ACP 1 Thomas OURSIN		John AINSWORTH Jacqueline NOËL Guy BERMAN
ACP 2 Rex SPELLER		Justin LOASBY Nicolas URMES Patrick THOMAS
Mediterranean Countries Pietro PETTOVICH		Terence BROWN Jean-Paul SEILLER

Finance and Treasury Directorate

Philippe MARCHAT, Manager

	Coordination	Henri-Pierre SAUNIER
Issues Ulrich DAMM		Jean-Claude BRESSON Ulrich MEIER Thomas HACKETT Joseph VOGTEN
Treasury John VAN SCHIL		Lucio RAGUSIN Eberhard UHLMANN Ralph BAST
General Accountancy François ROUSSEL		Charles ANIZET

Research Directorate

Herbert CHRISTIE, Manager

	Methodology and Coordination	Jacques GIRARD
Economic Research within the Community Michel DELEAU		Patrice GERAUD Carlo BOLATTI Horst FEUERSTEIN Mateu TURRÓ
Economic Research outside the Community Luigi GENAZZINI		Stephen McCARTHY Daniel OTTOLENGHI
Financial Research Alfred STEINHERR		Pier Luigi GILIBERT
	Documentation and Library	Marie-Odile KLEIBER

Legal Directorate

Jörg KÄSER, Manager

Xavier HERLIN	Giannangelo MARCHEGIANI Roderick DUNNETT Marc DUFRESNE
---------------	--

Technical Advisory Service

Hellmuth BERGMANN, Chief Technical Adviser

Environnement, Agriculture, Agro-industry	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

Guide to readers

1. **ECU** — Except where otherwise indicated, all amounts quoted are expressed in ecus.

2. Unit of account

In accordance with Article 4 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 93.

3. Statistical conversion rates

The conversion rates used by the Bank during each quarter for recording statistics of its financing operations — contract signatures and disbursements — as well as of its borrowings are those obtaining on the last working day of the previous quarter; in 1988, these were as follows:

	ISO standards (1)	during the 1st quarter	during the 2nd quarter	during the 3rd quarter	during the 4th quarter
1 ecu =	ECU				
Belgian franc	BEF	43.1539	43.4195	43.4741	43.4897
Danish krone	DKK	7.94457	7.95477	7.88073	7.96198
Deutsche Mark	DEM	2.06034	2.07475	2.07521	2.07549
Drachma	GRD	164.483	166.193	166.434	168.239
Peseta	ESP	140.566	138.442	138.686	137.089
French franc	FRF	6.98335	7.03537	6.99875	7.06480
Irish pound	IEP	0.777888	0.775692	0.772392	0.774456
Italian lira	ITL	1 521.66	1 539.01	1 539.75	1 545.91
Luxembourg franc	LUF	43.1539	43.4195	43.4741	43.4897
Dutch guilder	NLG	2.31762	2.32885	2.34037	2.33973
Escudo	PTE	169.467	169.986	169.319	170.553
Pound sterling	GBP	0.696793	0.665109	0.667628	0.654935
United States dollar	USD	1.30335	1.25173	1.14098	1.10422
Swiss franc	CHF	1.66503	1.70924	1.72116	1.75626
Japanese yen	JPY	158.292	155.215	152.206	148.595

(1) The Bank now uses the currency abbreviations adopted by the International Organization for Standardization.

4. 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.

5. Statistics for activity within the Community

The Bank provides individual loans, guarantees and global loans. The latter are concluded with financial institutions which deploy the proceeds in support of small and medium-scale ventures.

With a view to offering a fuller picture of Bank activity in the Community, as well as continuing to furnish statistics of new operations signed under the heading of individual loans, guarantees and global loans, from now on the Annual Report will include operational statistics for individual loans, guarantees and ongoing global loan allocations.

The same criteria have been applied in drawing comparisons with previous periods, which explains why certain data in the 1988 Annual Report differ from those featuring in earlier reports.

6. Tables

As a general rule, tables detailing activity within the Community list the countries by alphabetical order of the name of each country in its own language.

7. Economic policy objectives

Certain loans within the Community simultaneously meet more than one objective (see page 24 and list of financing operations); the totals of tables corresponding to different objectives cannot be added together meaningfully.

8. Totals and adjustments

Because of statistical adjustments, amounts quoted for previous financial years may differ slightly from those published in recent Annual Reports.

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

9. Rounding

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

10. Deflator

The deflator applied to Bank activity is estimated at 3.2% for 1988.

11. Article 18

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

12. Abbreviations and acronyms:

ACP = African, Caribbean and Pacific
EAGGF = European Agricultural Guidance and Guarantee Fund
ECSC = European Coal and Steel Community
ERDF = European Regional Development Fund
ESF = European Social Fund
Euratom = European Atomic Energy Community
FRN = Floating rate notes
GDP = Gross domestic product
GFCF = Gross fixed capital formation
GNP = Gross national product

IMP = Integrated Mediterranean Programme
NCI = New Community Instrument for borrowing and lending
OCT = Overseas Countries and Territories
OD = Overseas Departments
OECD = Organisation for Economic Cooperation and Development
OJ = Official Journal of the European Communities
PEDIP = Specific programme for the development of Portuguese industry
RUE = Rational use of energy
SMEs = Small and medium-sized enterprises
SOEC = Statistical Office of the European Communities (EUROSTAT)

. = data not meaningful

.. = data not available

— = inapplicable

p.m. = token entry

Commission = Commission of the European Communities

Council = Council of the European Communities

Parliament = European Parliament

Community = European Economic Community

Economic context

1988 was distinguished by the generally favourable international economic climate, with greater dynamism in productive activity and trade and limited inflation.

In the OECD countries as a whole, the rate of growth in production accelerated, to around 4% as compared with 3.3% in 1987 ⁽¹⁾.

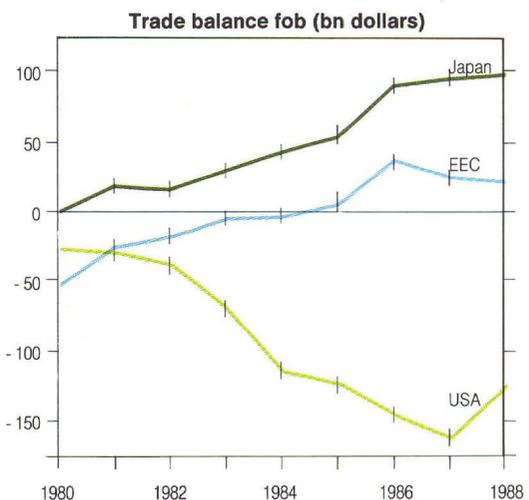
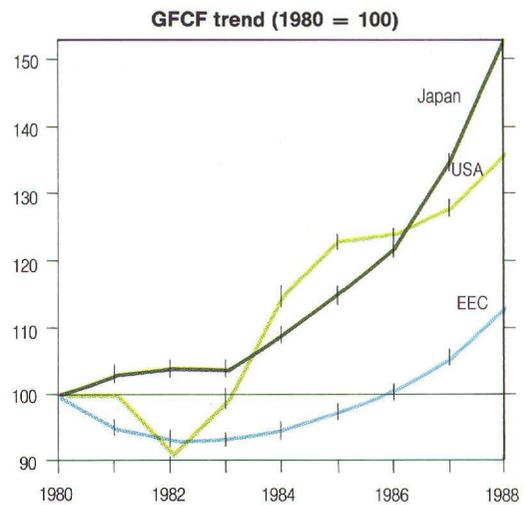
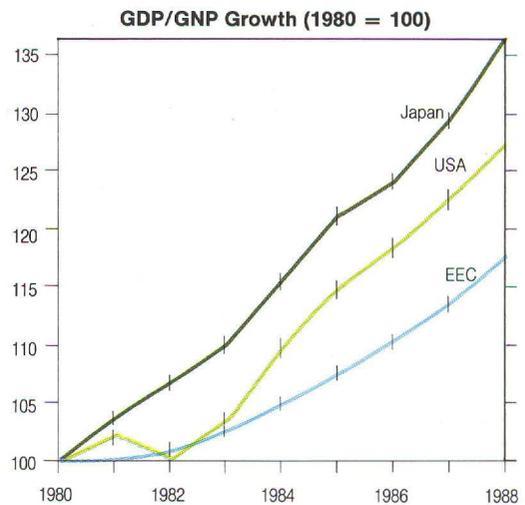
In the **United States**, GNP increased by almost 3.8% compared with 3.4% in 1987. This was underpinned by strong domestic demand from private consumers but more especially the business sector, with the greatest boost provided by a rise in exports of around 18%. The latter helped to reduce both the trade deficit, from 3.5% of GNP in 1987 to 2.8%, and the deficit in the balance of payments on current account, from 3.4% of GNP to 2.7%.

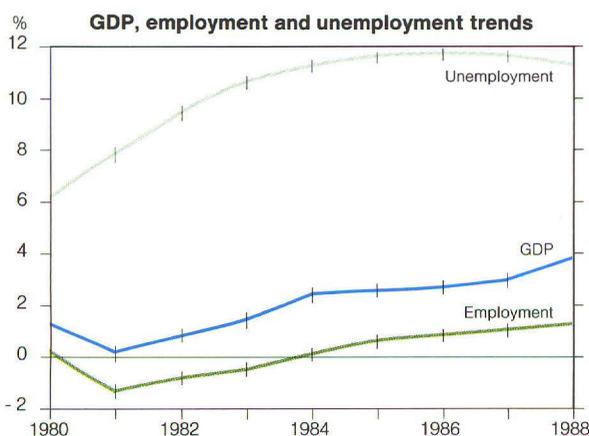
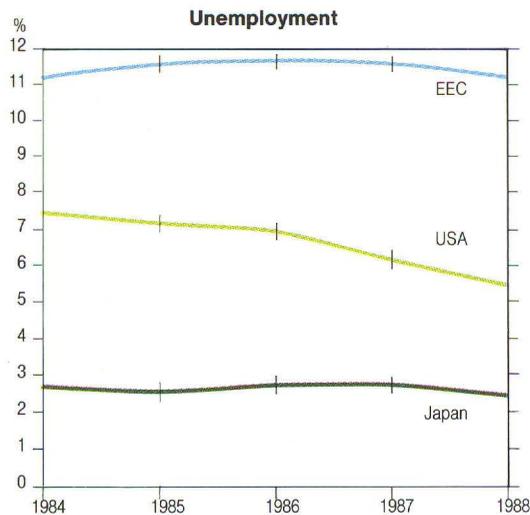
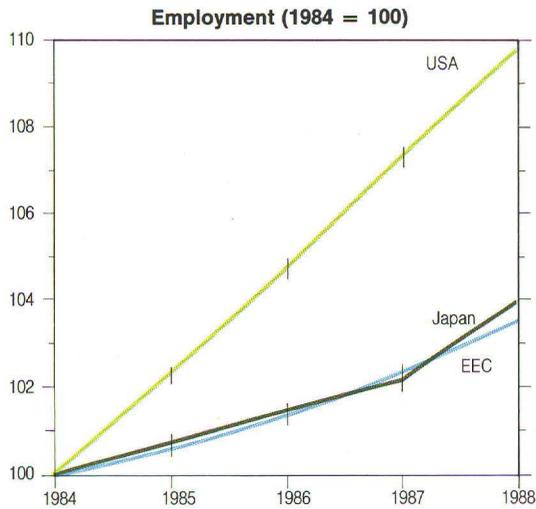
In **Japan**, the economy adapted to the marked appreciation in the Yen over the last three years. Growth in GNP, at 5.6%, reflected especially the expansion in domestic demand (+7.9%) which manifested itself in a sharp rise in investment (+13.6%). Imports climbed (+22%) more swiftly than exports (+7%), resulting in the erosion of the current payments surplus (3% of GNP, as against 3.6% in 1987).

In the **European Economic Community**, the GDP growth rate came to 3.7% compared with 2.9% in 1987, reflecting accelerating investment, inasmuch as the level of consumption was sustained. There was a moderate increase in exports to the rest of the world, smaller than the rise in imports, resulting in a reduced surplus on the trade and current balances.

The general dynamism of production had more marked effects on employment in the United States (+2.3%) than in Japan (+1.7%) and the Community (+1.2%), where unemployment remains much higher than in those two countries.

⁽¹⁾ Macro-economic statistics in this chapter are drawn from the 1988-89 economic budgets published by the Commission : the figures for 1988 are still at the present stage provisional.





Inflation remained moderate in the Community (3.7%), the United States (4.2%) and Japan (0.5%)

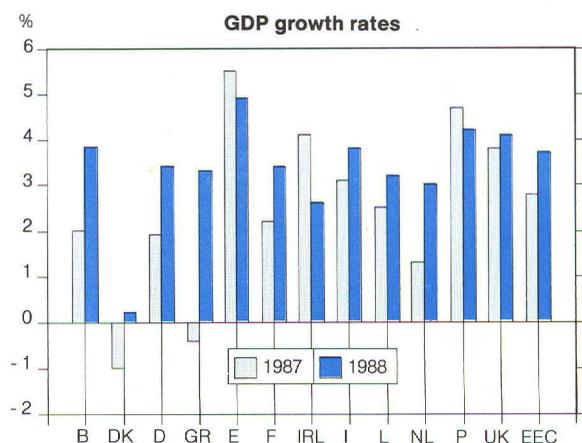
* * *

The fact that the world economy performed well overall in 1988 would seem for the time being to allay certain fears expressed in the wake of the stock market crisis late in 1987, although it should not obscure the fact that imbalances persist.

Indebtedness on the part of the developing countries thus remains extremely disquieting, especially where the most heavily-indebted Latin American countries and the poorest countries in Africa are concerned. Decisions taken at the Toronto Summit and during the IMF Annual Meeting in Berlin should help to stave off any further deterioration in a situation for which solutions can only emerge in the medium term. Furthermore, with the exception of the newly-industrialised countries of Asia, the structural situation of many developing countries remains precarious.

Among the advanced countries, certain trade imbalances between major blocs are levelling out only gradually. In the United States, the absence of forthright measures to reduce the budget deficit and the lingering external deficit are both elements of risk overshadowing the stability of the international financial markets.

* * *



Within the Community, economic activity overall proved satisfactory, with the growth rate at its highest for ten years. Disparities in GDP growth rates between EEC countries narrowed and there were signs of convergence around the higher rates.

Domestic demand held up well (+4.7%), while growth in investment was appreciable, at 7.3% compared with 4.6% in 1987. This surge in investment was a symptom not only of the favorable international climate but also of improved corporate finances following structural adjustments and the moderation of inflation. Falling energy prices since 1986 and the favorable turn in interest rates early in 1988 furthered this trend. Moreover, expectations stemming from the development of the single market also made for more dynamic investment aimed especially at boosting the competitive capacity of companies and equipping them to contend in a wider arena. Investment in capital goods rose by an average of 8.3%, the rise being strongest in Spain and Portugal (+15%) and Belgium (+14%).

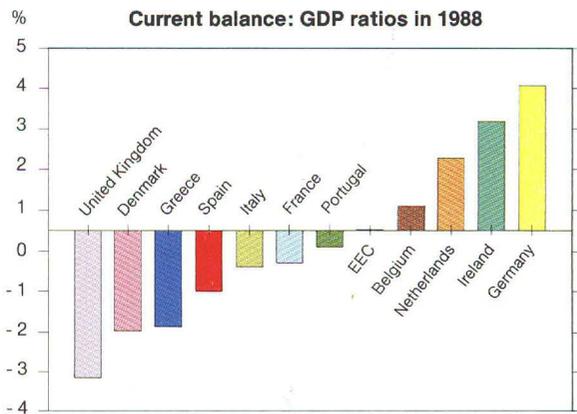
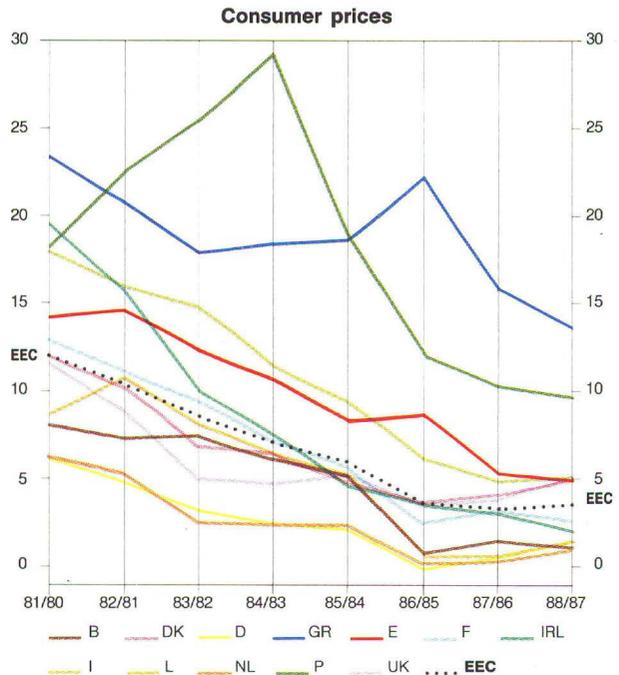
The rise in jobs, dating from 1985, continued (+1.2%). In 1987, 1.1 million jobs were created, followed by 1.5 million in 1988, but this was not sufficient to make any significant impact on unemployment, which slipped only slightly from 11.6% in 1987 to 11.2%.

Within the Community, the rate of inflation increased slightly (3.7% in 1988, as compared with 3.3% in 1987).

The acceleration in economic activity resulted in a sharp rise in trade within the Community as well as in imports from the rest of the world, markedly steeper than the climb in exports. The Community's trade surplus fell again, from 0.8% of GDP in 1987 to 0.5%, as did the surplus on the balance of payments on current account (down from 0.9% in 1987 to 0.5%).

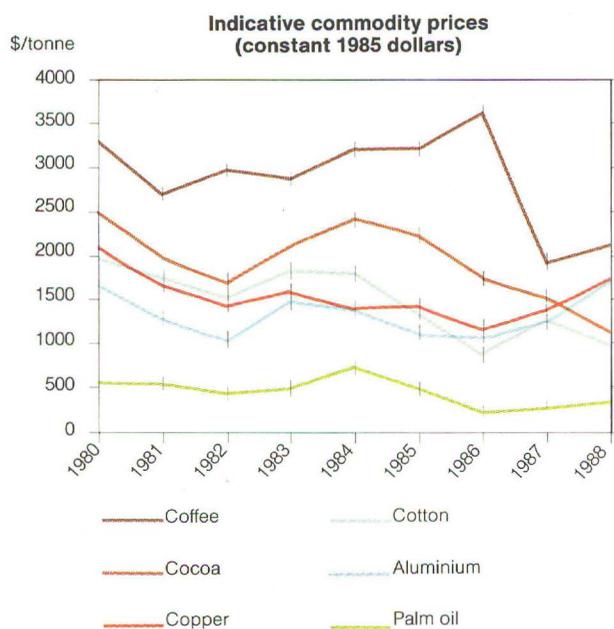
* * *

In several ACP countries, thanks to reasonable harvests after a number of poor ones, the rate of growth in GDP was brought close to that of population increase, but the economic situation remains precarious. Perseverance with adjustment programmes designed to restore the major macro-economic balances and sharpen the ability to



compete does not alter the fact that inadequate foreign currency resources remain a major impediment, exacerbated by dwindling foreign exchange receipts. These earnings depend crucially on commodity prices which, with few exceptions, have been depressed in recent years. Thus debt service continues to make massive inroads into the scope for investment in the countries concerned.

* * *



In the **Mediterranean countries**, where the pursuit of structural adjustment varied in intensity, economic growth in general eased back from the rate recorded in 1987. Economic reforms were taken further in Morocco and Tunisia and, in less conducive conditions, in Algeria, while in Egypt there was a standstill. In Yugoslavia, inflation soared and political and social constraints stood in the way of the adjustments required. In Turkey, the rate of growth was maintained, against a background of fast-rising prices.

Debt management was problematic in several countries, with 25 to 60% of export earnings taken up in service payments. The continuing decline in hydrocarbon prices had adverse effects on producer countries like Egypt and Algeria. At the same time, favourable trends in tourism and, to a lesser extent, in repatriated earnings, helped other countries to contain the deficit in their balance of payments on current account.

The EIB and the Community context

After the Single Act came into force on 1 July 1987, a number of major decisions were taken during 1988 concerning both the strengthening of economic and social cohesion in the Community and the completion of the internal market.

For its part, the EIB in 1988 increased its activity in the Member Countries considerably (9 474.8 million compared with 7 450.4 million in 1987). Both quantitatively and qualitatively this bore witness to the Bank's policy of pragmatic adaptation for the better pursuit of Community development. This was its response to the wishes expressed by the Board of Governors at its meeting on 13 June 1988.

A decision was taken at the meeting in Brussels of the European Council (11-13 February 1988) to double the credit to be committed in real terms by the **Structural Funds** up to 1993 and to step up Community support measures in the least favoured regions.

The Council ⁽²⁾, on 24 June, adopted the Framework Regulation for the reform of those funds, followed on 19 December by four implementing regulations (a Coordinating Regulation and a specific regulation for each of the three funds). The Framework and Coordinating Regulations each contain a number of provisions touching upon the coordination of operations between the Funds and the EIB (see box article, page 14).

* * *

⁽²⁾ See note 12, p. 9.

The Bank's decision-making bodies had already expressed their readiness fully to participate in the achievement of the objectives targeted in the reform. This added a further dimension to the Bank's unceasing efforts in support of regional development, as shown again in 1988 by the increase of close on 30% in its financing in less-favoured regions, which accounted for almost 60% of all its activity within the Community (see page 24).

The following table shows the scale of Bank lending in relation to Community funding overall, in particular for regional support.

Community financing for structural purposes in 1988

(million ecus)

Loan contracts signed		Grants appropriated (1)	
EIB	9 118	ERDF	3 684
NCI	357	ESF	2 866
Euratom	p.m.	EAGGF (Guidance Section)	1 130
ECSC	908	IMPs	134
		PEDIP	100
Total	10 383		7 914

(1) General Budget of the European Communities, OJ L 226 of 16 August 1988.

The EIB and reform of the Community Structural Funds

1. Objectives and regulations

The Single Act, notably in Articles 130 A to D, alludes to the Bank's rôle in connection with the Structural Funds (European Regional Development Fund, European Social Fund and the Guidance Section of the EAGGF), in terms especially of promoting the overall harmonious development of the Community and reducing disparities between the various regions and the backwardness of the least-favoured ones (Art. 130 A)

In the light of these guidelines various texts were approved between June and December 1988 detailing the arrangements for the reform of the Structural Funds and the general terms and conditions for Bank participation in the Community's pursuit of economic and social cohesion:

- **the Framework Regulation** (3) covers the objectives of the Structural Funds and their effective and coordinated use, defining in particular certain general arrangements for Bank participation. It addresses the activity of the Funds to five objectives:

- **Objective 1:** promoting the development and structural adjustment of the regions whose development is lagging behind: Portugal, Greece, Ireland, some regions of Spain and Italy, Northern Ireland, Corsica and the French Overseas Departments.
- **Objective 2:** converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline.
- **Objective 3:** combatting long-term unemployment.

- **Objective 4:** facilitating the occupational integration of young people.

- **Objective 5:** with a view to the reform of the Common Agricultural Policy:

- (a) speeding up the adjustment of agricultural structures, and
- (b) promoting the development of rural areas.

Operations in pursuit of Objectives 1, 2 and 5 (b) are mounted on a precise geographical basis, while those serving Objectives 3, 4 and 5 (a) may, a priori, be implemented throughout the Community.

This regulation (Art. 2.2) also invites the Bank, while performing the tasks assigned to it by Articles 129 and 130 of the Treaty, to cooperate in achieving the above objectives in accordance with the procedures laid down in its Statute.

The implementing regulations (4) include a regulation for the coordination, on the one hand, of operations as between the various Funds, and on the other, between the latter and EIB operations and those of the other existing financing instruments, plus a specific regulation for each Fund. The Coordinating Regulation spells out various of the provisions concerning the EIB mentioned in the Framework Regulation.

(3) Regulation (EEC) No 2052/88, OJ L-185 of 15 July 1988.

(4) Regulation (EEC) No 4253-4-5-6/88, OJ L-374 of 31 December 1988.

There are three prerequisites for ensuring wholly effective Bank activity within the new framework created by the reform of the Structural Funds.

Close and early Bank **involvement** in Community procedures is essential for optimising the joint impact of loans and grants as intended.

Community intervention must be perceived as the appropriate **combination** of loans and grants in order to gain the maximum effect at a given budgetary cost.

Also needed is marked **differentiation** between levels of budgetary aid as per major category of

investment, in relation especially to revenue-generating potential, if the sum total of Community resources is to be effectively deployed.

* * *

In the course of the year, in the context of Community **regional policy**, there was progress with various programming procedures. As well as mounting further operations within the ambit of Integrated Mediterranean Programmes (IMPs), the Bank gave its support to the specific programme for the development of Portuguese industry (PEDIP) and to reconstruction work in Greece resulting from the earthquakes at Kalamata in 1986. This was in

(Continued from opposite page)

Lastly, a **communication from the Commission to the Council and the Parliament** on "the EIB, the other financial instruments and strengthening economic and social cohesion", approved by the Commission on 21 December 1988, offers comments on the ways in which the EIB and the other financial instruments can contribute to the new approach.

2. Implications for the Bank

Bank-Commission coordination

The intention is for the Bank to be involved in the process of programming which should be a key form of Community action. That involvement is to apply to both the preparation and formulation of Community Support Frameworks and to the appraisal and monitoring of the ensuing programmes.

The Commission is responsible for coordination and consistency between operations based on the Funds and financing by other instruments, in particular the EIB, while ensuring that the latter's prerogatives are respected. It associates the EIB in the use of the Funds or the other existing financial instruments with a view to the part-financing of investments that are eligible for financing by the EIB in accordance with its Statute (Article 3.2 of the Coordinating Regulation). Provision is made in the Framework Regulation for the Commission and the Bank to establish by common accord the practical arrangements for coordinating their operations.

Combination of loans and grants

Community assistance must combine in an appropriate way assistance in the form of grants and loans in order to maximise the stimulus provided by the budgetary resources deployed. That combination is to be determined in consultation with the EIB. It is stipulated that account must be taken of the balance of the proposed financing plan, the proportion of the contribution from the Funds and of the development objectives pursued.

Differentiation

Article 13.1 of the Framework Regulation defines the general principles of differentiation for rates of intervention. The arrangements for intervention are set out in the Coordinating Regulation. The level of financing by the Funds is expressed as a percentage and calculated as a factor of the total costs eligible for financing or of the aggregate public or quasi-public expenditure eligible.

Among the items to be taken into account for the differentiation of financing as between loans and grants, explicit reference is made to the cashflow expected to be generated by the investment in question.

* * *

As the President of the Bank pointed out in his statement to the Council of 21 November 1988, the texts adopted constituted an appropriate framework for the active participation of the Bank in strengthening the economic and social cohesion of the Community.

response to a request from the Council to the Bank to grant loans from its own resources with interest subsidy financed from the general budget of the European Communities (5).

* * *

The sharp increase in corporate investment in 1988 and the incidence of company regroupings were a measure of the industrial dynamism that stemmed in particular from the prospect of the **single market**. The key objectives are strengthening the capacity of Community industry to compete internationally and pursuing its integration at European level, especially through the deployment of advanced technology, and the maintenance of a vigorous community of small and medium-sized enterprises. In 1988, the Bank played its part through increased financing for industry. It will have to adapt its operations pragmatically to changing conditions while maintaining the imperative of quality and working in partnership with other financing agencies.

(5) OJ No L-309 of 15 November 1988

In particular, the Bank maintained its active support for **investment by SMEs** both within and outside assisted areas (see page 28). These operations were mounted using NCI IV resources and the Bank's own resources in accordance with the Decision of the Board of Governors dated 25 February 1987. So as to ensure continuity of Community action in support of SMEs and without prejudice to further activation of the NCI, the Bank was authorised by its Board of Directors on 14 December 1988, under the terms of the above decision, to continue its financing from own resources in support of SMEs outside assisted areas.

* * *

Achievement of the internal market presupposes the existence of appropriate transport and communications systems, which in turn play a vital part in industrial competitiveness and regional development.

The Bank increased considerably its financing for **European transport infrastructure**, the classic case in point being the Channel Tunnel. Operations in this

Cities in the economic life of the Community

At the present time, 240 conurbations with over 300 000 inhabitants account for three quarters of the population of the Community. Half of these urban regions are organised around population centres of over 200 000 in which already almost one in every two European citizens is housed.

The development of these structures, which have often evolved around ancient axes, poses particular problems when it comes to investment and administration. Old-established city centres may have fallen into a state that does not allow of the efficient functioning proper to their rôle. Many urban areas with a glorious industrial past are now having to come to terms with the legacy of the economic decline of their particular sectors. The most obvious symptom of this phenomenon is the proliferation of derelict industrial sites. The unsuitability of some city centres for modern living, e.g. for the development of transport systems, has, in the first instance, led to the emergence of peripheral living areas. In many cases, this spread has led in turn to increased demand for communications infrastructure, as to both quantity

and quality, which has not always been adequately met. In many instances, what results is urban decay, increases in social costs and a loss of efficiency.

These difficulties are not new, but they have tended to become more acute with flagging economic activity, such that of late several Member States have been impelled to embark on specific action programmes. The same difficulties are also matters of concern at Community level in terms of EEC regional policy.

In the past, the Bank has on several occasions provided financing for urban projects, chiefly in the interests of regional development (backward areas or pockets of industrial decline). On the wider front, it stands ready to give its support, throughout the Community, to investment in urban transport and urban renewal projects having a favourable impact on the environment and resource management. Such projects have to be appraised in terms of what they offer in the broader context, given the interweaving that is characteristic of urban structures.

area, involving collaboration with other financing institutions, demonstrate the Bank's capacity for contributing to the funding of complex projects, given the amounts involved, the term over which credit is advanced and the guarantees required. The Bank also contributed significantly to the ongoing and expected development of **air transport**, by financing the improvement of airport infrastructure and the Community's airline fleets. At the same time, loans were granted towards the construction of A320, A330 and A340 Airbuses and the ATR42. In the field of **telecommunications**, the Bank stepped up its financing for basic networks.

*
* *

The high level of Bank loans for **environmental protection** represents a response to the objectives of the Single Act (Art. 130R) and those of the Community's fourth action programme in that area. In recent years the Bank has been increasing its operations to combat air and water pollution. At the same time, it has been scaling up its financing for urban development (transport and renewal) (see box article, page 16).

Pollution problems often call for close and detailed scrutiny at local level, but it is equally important to explore broader approaches, the better to trace certain nuisances and to identify similarities between local situations in order to arrive at more consistent and effective lines of action. It was with such ends in view that the Bank linked up with the World Bank to establish an environmental programme for the Mediterranean. The first phase of this programme, which covers the various countries concerned, both within and outside the Community, is a composite study, the findings of which could if necessary be applied operationally. This initiative, which is going ahead in liaison with the countries concerned and the Commission, is in keeping with objectives formulated at Community level and a number of programmes in prospect.

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A directive was issued by the Commission ⁽⁶⁾ on free competition in the Community market for telecommunications terminals. This market, which pre-

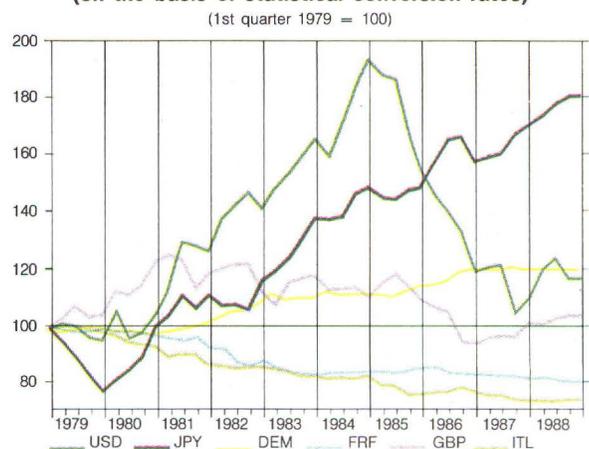
viously was compartmentalised, is enjoying rapid growth and showing major technological progress. Furthermore, the Commission has submitted to the Council proposals for directives aimed at widening the field of application of Community legislation on **public works and supply contracts** to sectors as yet not covered (telecommunications, transport, energy and water) and to bodies governed by public law. The Commission has also introduced a system, operational as from 1 January 1989, to monitor compliance with Community rules during the implementation of projects or programmes financed by the structural funds and the Bank. These measures reinforce the moral suasion the Bank has for years been exerting upon promoters to improve their tendering procedures in those sectors. Furthermore, in accordance with the recommendations of the Board of Directors endorsed by the Governors on 4 June 1984, one of the Bank's tasks is to promote the opening up of the markets independently of developments in legal provisions and policies at European level.

*
* *

A number of decisions were taken in 1988 to foster the creation of a **European financial area**. In particular, the Council adopted a Directive ⁽⁷⁾ on the complete and progressive liberalisation of capital movements. The last restrictions in this sphere are to be abolished in eight Member States by mid-1990 at the latest. As regards Spain, Portugal, Greece

⁽⁶⁾ Directive 88/301/EEC of 16 May 1988, OJ No. C 131 of 27 May 1988.

Currency variations in relation to the ecu from 1979 to 1988
(on the basis of statistical conversion rates)



⁽⁶⁾ Directive 88/301/EEC of 16 May 1988, OJ No. C 131 of 27 May 1988.

and Ireland, provision is made for a transitional arrangement up to 1992 which in the case of Greece and Ireland could be extended by three years.

During the past year, the Bank has kept close watch on trends in the financial markets and their increasing integration, looking ahead to the strengthening of the machinery of competition. It has played its part in the development of the European markets by opening up the Portuguese market in Escudo-denominated foreign bond issues and by mounting operations in the non-resident issuers' Peseta market. It was also active on most of the other Member States' capital markets (see page 73), borrowing the bulk of its resources in Community currencies, including the ecu, the better to cater for its borrowers' requirements. The Bank is in fact one of the institutions most actively promoting the use of the ecu in its efforts to embrace more markets and investors; in 1988, the EIB continued to lead the field in ecu-denominated loan issues on the international markets as well as in ecu-denominated lending acti-

vity. At the end of 1988, the total outstanding on its medium and long-term, fixed-rate ecu borrowings was 3 950 million.

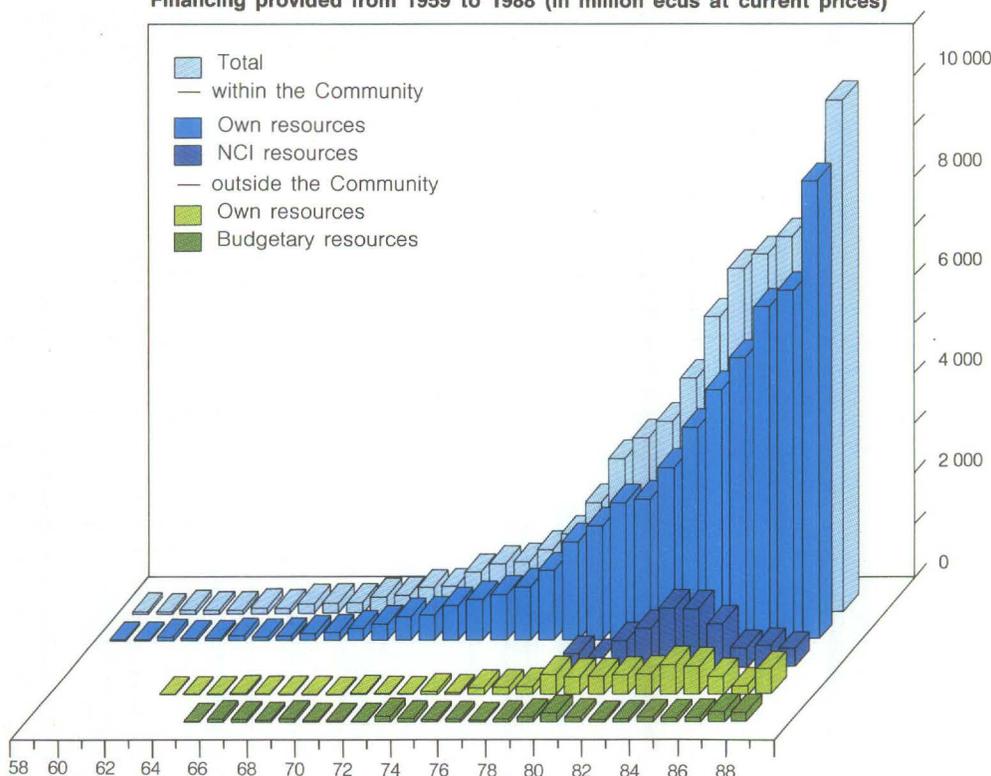
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EIB activity **outside the Community** is pursued under the terms of cooperation agreements concluded between the Community and the States concerned.

As far as the African, Caribbean and Pacific countries and the OCT are concerned, the process of renewing the Third Lomé Convention, which will expire at the end of February 1990, commenced officially on 12 and 13 October at a ministerial conference.

In the Mediterranean countries, new financial protocols with the Maghreb and Mashreq countries, Israel and Yugoslavia came into effect. The Third Financial Protocol with Malta was signed on 20 March 1989, while the new EEC - Cyprus Financial Protocol, also third generation, is expected to be concluded in 1989, enabling continued financing to take place in these two countries.

Financing provided from 1959 to 1988 (in million ecus at current prices)



Activity in 1988

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 for projects within the Community. In addition, since 1979 the Bank has been providing financing in Member Countries from the resources of the NCI (New Community Instrument) and in non-member countries both from its own resources and, under mandate, from Community or Member States' resources in furtherance of the Community's policy of economic and financial co-operation.

Finance contracts signed by the Bank in 1988 totalled 10 175 million, as against 7 842.5 million in 1987, an increase of 30% at current prices and 27% in real terms (see note 10, page 9).

Total financing from own resources came to 9 638.4 million (7 192.2 million in 1987), of which 9 453.4 million took the form of loans and 185 million of guarantees ; operations using other resources, accounted for in the Special Section, came to 536.6 million (650.3 million in 1987)

Loans and guarantees **within the Community** totalled 9 118.3 million from own resources and 356.5 million from NCI resources, or 9 474.8 million in all (see list, page 40). This represented a rise at current prices of 27.4% in one year, giving an average annual increase of 13.2% since the accession of Spain and Portugal on 1 January 1986 (23.5% and 11.7% respectively in real terms).

This heavy financing activity, sustained by the general trend of economic activity (see "Economic context", page 10) was especially apparent in the brisk growth in financing for industry, especially for SMEs, and for transport and telecommunications infrastructure.

Financing in the less-developed regions rose by almost 30% and continues to account for a major share of activity overall. Loans for environmental protection or improvement continued at a substantial volume, as did financing in pursuit of the Community's energy objectives.

Lending activity increased appreciably in Spain and Portugal and in Denmark and France. There was also marked growth in the Netherlands and Germany, while in Italy the volume of financing showed a more moderate rise. In the other Member Countries, previous levels were maintained.

Table 1: **Financing provided (contracts signed) in 1988 and between 1984 and 1988** ⁽¹⁾

Breakdown by origin of resources and location

	1988		1984—1988	
	million ecus	%	million ecus	%
Loans from own resources and guarantees	9 638.4	94.7	35 694.4	90.2
within the Community	9 118.3	89.6	33 433.1	84.4
outside the Community	520.1	5.1	2 261.3	5.7
Financing from other resources	536.6	5.3	3 899.5	9.8
within the Community (NCI)	356.5	3.5	3 261.9	8.2
outside the Community	180.1	1.8	637.6	1.6
Grand Total	10 175.0	100.0	39 593.9	100.0
within the Community	9 474.8	93.1	36 695.0	92.7
outside the Community	700.2	6.9	2 898.9	7.3

⁽¹⁾ Lending in Spain and Portugal up to the end of 1985 is recorded under operations outside the Community (see 1987 Annual Report, p. 109).

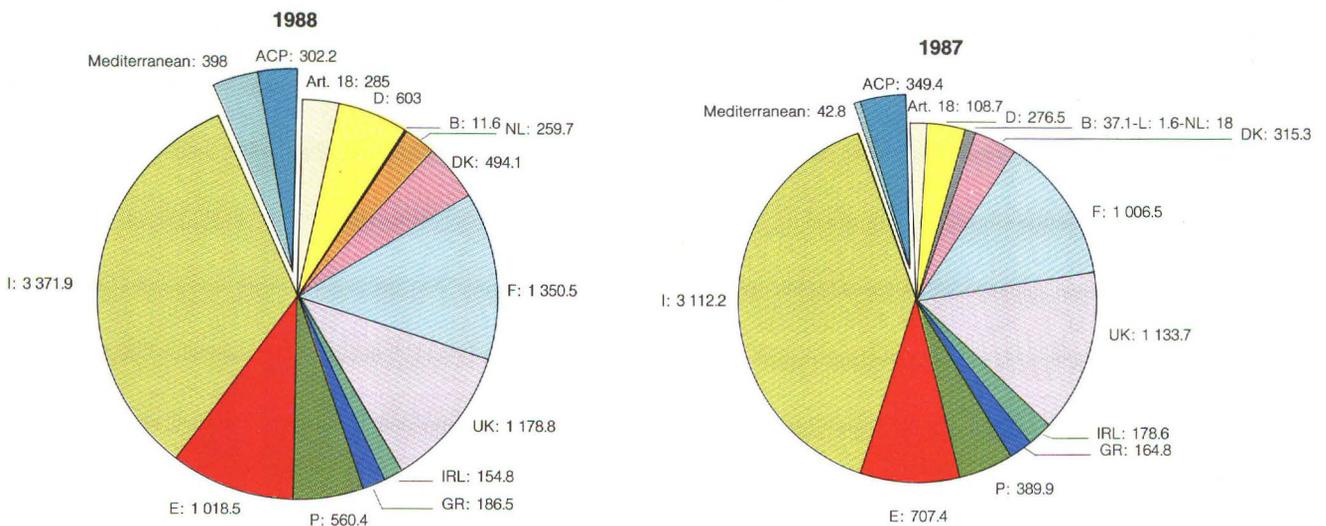
Outside the Community, financing amounted to 520.1 million from own resources and 180.1 million from budgetary resources, giving 700.2 million in all (see list, page 65), an increase of 80% over the 1987 figure (392.1 million).

The entry into force of the new financial protocols with the Mediterranean countries paved the way for a brisk recovery in operations in several of them. In the ACP countries, economic difficulties continued

to limit the scope for operations, in particular lending from the Bank's own resources.

To command the **resources** needed to sustain its financing activity, the Bank raised a total of 7 666.1 million, including 7 413.6 million in the capital markets (5 592.7 million in 1987). This 37% rise tied in with a marked surge in demand for disbursements. The bulk of the funds raised consisted of Community currencies, including the ecu, borrowed at fixed rates of interest (see page 73).

EIB financing (contracts signed) in 1988 and 1987
(million ecus)



Financing provided within the Community

In 1988, the Bank signed finance contracts for a total of 8 933.3 million in loans from its own resources and one guarantee contract for 185 million. It also provided 356.5 million in loans from NCI resources.

Hence, aggregate financing within the Community climbed from 7 450.4 million in 1987 to 9 474.8 million in 1988.

This financing comprises, on the one hand, 6 538.8 million in loans (and one guarantee operation) for individual projects and, on the other, 2 936 million in global loans concluded with intermediary institutions for funding small and medium-scale ventures, mainly in industry (see box article, page 23). In 1988, 5 406 allocations (2 062 million) were made from ongoing global loans in support of investment of this kind (1).

With a view to providing a more operational overview of Bank activity during the financial year, the analysis of EIB activity by sector and economic policy objective covers investment financed through both individual loans and ongoing global loan allocations to the extent of 8 600.8 million in all as against 6 615.7 million in 1987.

That credit helped to support aggregate capital investment of some 25 billion and covered on

average a third of total costs. The figures to hand suggest that this investment could lead to the direct creation of more than 40 000 permanent jobs, two thirds in the less favoured regions; 28 000 of these jobs should be generated by smaller businesses.

Sectoral analysis

Viewed in terms of their sectoral breakdown, individual loans and global loan allocations furnished during the financial year (8 600.8 million) demonstrated renewed growth in the financing of industrial and service-sector investment together with a sharp

(1) As the period during which global loan proceeds are committed can extend over several financial years, the amount of global loan contracts signed in 1988 differs from the sum of allocations approved during the year.

Table 2: Financing provided within the Community in 1988 (individual loans and global loan allocations)

Breakdown by country and sector

(million ecus)

	Total	Individual loans	Ongoing global loan allocations	Sector		
				Industry, services, agriculture	Energy	Infrastructure
Belgium	4.7	—	4.7	4.7	—	—
Denmark	493.2	433.2	59.9	34.3	247.5	211.3
Germany	518.8	346.9	171.9	187.7	148.0	183.2
Greece	213.8	150.5	63.4	71.7	10.4	131.7
Spain	1 003.1	695.5	307.6	368.8	1.7	632.6
France	756.2	519.7	236.4	391.1	8.1	357.0
Ireland	157.1	154.8	2.3	5.7	58.6	92.8
Italy	3 396.7	2 283.7	1 113.1	1 385.6	793.6	1 217.5
Netherlands	233.2	216.7	16.5	211.8	—	21.4
Portugal	488.2	403.8	84.4	97.5	220.5	170.2
United Kingdom	1 051.0	1 049.0	2.0	152.8	289.7	608.5
Other (Art. 18) (1)	285.0	285.0	—	—	—	285.0
Total	8 600.8	6 538.8	2 062.0	2 912.7	1 777.1	3 911.0

(1) Including 185 million in the form of a guarantee.

Forms of EIB financing

The EIB offers its borrowers a range of financing options carrying various loan and interest rate formulas.

The terms and conditions of its loans are tailored flexibly and practically to borrowers' requirements and closely reflect conditions obtaining on the capital markets in which the EIB raises the bulk of its resources.

Loans are disbursed at par in line with the borrower's preferences and the Bank's holdings:

- in a single currency, in particular that of a Member State or the ecu;
- in several currencies, either in standard cocktails, the term, composition and rate of which are predetermined, or in cocktails tailored to the availability of currencies at the EIB and borrowers' preferences.

A specific rate of interest is established for each currency and each loan term. Where a loan is disbursed in several currencies, the rate obtaining for each is applied.

Loans

EIB financing can, inter alia, take one or other of the following forms:

- individual loans for financing one or more items of investment by one promoter. These may be granted direct to the promoter or via an intermediary (another company or a financing agency),
- global loans granted to regional or national financial institutions which use the proceeds to finance

investment by small and medium-sized enterprises with the agreement of the EIB and in line with its criteria ;

- guarantee operations designed to facilitate investment.

Interest rates

The rate of interest on loans may be fixed either when the contract is signed, or at the time of each disbursement (open-rate contract).

Loans are for the most part granted at a fixed rate of interest. Within certain limits, they may be granted at a variable rate or, since 1988, at a revisable rate.

— Fixed-rate loans

The rates applicable are those obtaining at the date of signature of the contract or the dates of disbursement ; they are not open to revision during the term of the loan.

— Revisable fixed-rate loans

The rates applicable are those for fixed-rate loans, established for a given period (generally 4 to 10 years), after which they are revised on the basis of the rates then obtaining and the extent to which the EIB is able to arrange refinancing in the currency desired out of those selected at the time of contract signature and for the remaining term of the loan.

— Variable-rate loans

The rates applicable are determined quarterly on the basis of the effective average cost of all variable-rate resources raised by the EIB.

Breakdown of financing by country and sector in 1988 (million ecus)



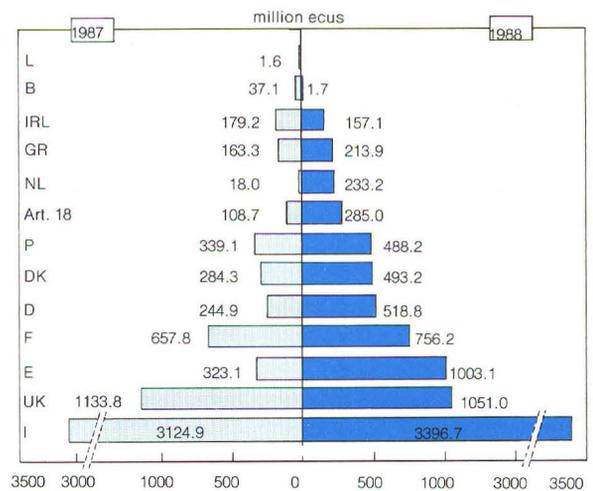
* incl. 285 million for satellites

rise in credit for transport and telecommunications infrastructure. There was a further slackening in operations in the energy sector.

Financing for **industry, services and agriculture** totalled 2 912.7 million (34% of activity) compared with 1 922.3 million (29%) in 1987. **Individual loans** (1 094.5 million) spanned a wide range of capital investment, in many cases deploying high technology. In addition, 5 235 **allocations** (totalling 1 818.2 million) were drawn down from **global loans** already on tap in support of small and medium-scale ventures, mainly in industry (1 411.1 million); in the tertiary sector, the ventures financed (to the extent of 345 million) encompassed tourism and leisure, computerised management systems, private-sector services and waste recovery and recycling. A further 62.1 million was advanced for small projects relating to agriculture, fisheries and aquaculture.

Infrastructural schemes attracted 3 911.2 million or 45% of total activity as against 2 729.3 million or 41% in 1987. The amount lent in support of the telecommunications sector registered a substantial increase (1 288.3 million in contrast to 368.9 million in 1987) towards funding strengthening of networks

Individual loans and ongoing global loan allocations



and satellites. There was also growth in lending for the transport sector (1 621.1 million) principally for road links, airports and aircraft purchases. On the other hand, there was a slight downturn in financing

Global loan financing within the Community

In operation since 1968, the global loan facility enables the Bank to channel credit to eligible small and medium-scale ventures which, for material reasons, it is not in a position to finance through individual loans.

In 1988, the Bank made a total of 2 936 million available under new global loan contracts signed with some sixty financial institutions or commercial banks in ten Member Countries.

Aggregate global loans made available from **own resources** amounted to 2 585 million (1 601.5 million in 1987). The proceeds were earmarked for financing:

- in the less favoured areas: small and medium-scale industrial, service and tourism ventures, agriculture and smaller infrastructural schemes;

- outside these areas: investment by industrial SMEs, in keeping with the Decision of the Bank's **Board of Governors** with respect to own-resource lending for SMEs (SMEs-EIB) further to the introduction of the

NCI IV facility, and also in Spain for the purpose of aiding structural adaptations in industry following accession;

- irrespective of location: small and medium-scale industrial ventures helping to introduce or to develop advanced technology, as well as investment according with Community energy-policy and environmental-protection objectives.

Aggregate global loans made available from **NCI resources** amounted to 351 million, of which 324.8 million was provided under NCI IV, and were directed towards financing productive investment by SMEs outside the assisted areas (SMEs-NCI).

The marked recovery in global loan financing in 1987 continued apace in 1988, as is borne out by the large number of allocations approved during the year (5 406 totalling 2 062 million in contrast to 3 035 totalling 1 175.7 million in 1987). For further details, see Tables 20 to 23.

for water schemes and for smaller-scale composite infrastructural works implemented by local authorities.

In the **energy** sector, for the second year in a row lending fell back (1 777.1 million or 21% of activity compared with 1 964.1 million or 29.7% in 1987). Whereas support for investment in the production of non-nuclear energy tended to remain on a par with the previous year or even to record an upturn (hydroelectric and geothermal power stations), there was a decline in lending for gas, electricity and heat transmission schemes and particularly for the corresponding distribution systems.

Breakdown by objective ⁽²⁾

Individual loans and global loan allocations for capital projects in **areas whose development is lagging behind or in those characterised by industrial de-**

cline came to a total of 4 912.8 million (3 767.2 million in 1987).

As in the previous year, lending under the above two headings accounted for approximately 60% of financing made available from the Bank's own resources.

Almost two thirds of these operations were centred on projects in those regions targeted for increased Community action under Objective 1 (see box article, page 14) with the concentrated support of the corresponding Structural Funds.

Financing provided in the less favoured regions contributed towards investment in industry, services, agriculture and fisheries — between them attracting more than a third of the total (1 750.5 million, of which 1 004.9 million for SMEs) — as well as towards implementing basic infrastructure (2 432 mill-

(2) As certain financing operations meet two or more objectives, the different sections of this chapter should be seen as a series of snapshots of Bank activity; no meaningful totals can be had by adding together the tables.

Table 3: **Regional development**

	Total		Individual loans	Global loan allocations
	million ecus	%		
Aggregate amount	4 912.8	100.0	3 831.0	1 081.8
Breakdown by country				
Belgium	1.2	—	—	1.2
Denmark	134.4	2.7	125.4	9.0
Germany	154.4	3.1	146.4	8.0
Greece	211.9	4.3	150.4	61.5
Spain	724.5	14.7	528.3	196.2
France	488.4	9.9	339.0	149.4
Ireland	157.1	3.2	154.8	2.3
Italy	1 970.1	40.1	1 375.8	594.3
Netherlands	203.3	4.1	195.3	8.0
Portugal	453.8	9.2	403.8	50.0
United Kingdom	413.8	8.4	411.8	2.0
Breakdown by major sector				
Energy	730.5	14.9	718.0	12.4
Transport	854.2	17.4	840.2	14.0
Telecommunications	1 003.4	20.4	1 003.4	—
Water, sewage	299.7	6.1	286.5	13.2
Other infrastructure	274.7	5.6	237.4	37.3
Industry, Services, Agriculture	1 750.5	35.6	745.5	1 004.9

ion, of which 1 857.6 million for transport and telecommunications) and equipping the energy sector (730.5 million).

Investment which the Bank helped to finance — covering between 20% and 50% of costs, depending upon 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, this proportion was distinctly higher: 6.5% in Italy (11.3% in the Mezzogiorno), 7.2% in Greece and Ireland, 10% in Spain and 13% in Portugal.

* * *

Bank loans for projects furthering **Community energy policy objectives** totalled 1 840.9 million (1 981.8 million in 1987).

More than half of this (925.4 million) was focussed on exploiting the EEC's **indigenous resources**: development of oil and natural gas deposits, construction of hydroelectric power stations and nuclear fuel reprocessing facilities. As a result of the completion or slowdown of programmes under way for a number of years, the Bank signed no new finance con-

tracts in 1988 for loans either from its own resources or, in its capacity as agent, from Euratom resources towards the construction of nuclear power stations.

Financing targeting **import diversification** (535.7 million) centred on thermal power stations equipped for firing with imported coal and on strengthening links with the Community's gasline grid.

Loans designed to foster **rational use of energy** (379.8 million) covered a broad range of projects of varying dimensions, the main emphasis being on more efficient consumption of power in industry.

One of the salient features of Bank activity in this sector was the scale of financing (in excess of 600 million) for projects harnessing renewable energy (such as hydroelectric and geothermal power stations) and for investment comprising a high proportion of equipment designed to protect the environment (particularly in coal-fired power stations).

* * *

Table 4: **Energy policy objectives**

	Total		Individual loans	Global loan allocations
	million ecus	%	million ecus	million ecus
Aggregate amount	1 840.9	100.0	1 713.5	127.4
Indigenous resources	925.4	50.3	925.4	—
Hydroelectricity	214.5	11.7	214.5	—
Nuclear	288.2	15.7	288.2	—
Oil and natural gas deposits	421.2	22.9	421.2	—
Solid fuel extraction	1.4	0.1	1.4	—
Import diversification	535.7	29.1	535.7	—
Natural gas	194.8	10.6	194.8	—
Coal	341.0	18.5	341.0	—
Rational use of energy	379.8	20.6	252.5	127.4
Geothermal and alternative sources	98.5	5.4	83.6	14.9
Heat production and distribution	66.7	3.6	66.7	—
Grid interconnections, power supply	1.0	0.1	—	1.0
Natural gas transmission and distribution	50.1	2.7	—	50.1
Rationalisation of consumption	132.3	7.2	77.2	55.1
Waste recycling, other	31.3	1.7	25.0	6.3

A Community-wide communications infrastructure

Over the past five years, EIB financing in support of European communications infrastructure has totalled almost 4 billion ⁽³⁾ contributing towards the implementation of a series of capital investment schemes costed in the region of 15 billion ⁽⁴⁾. The sharp upturn in lending in this area during 1988 reflects the importance attached at Community level to the establishment of a multi-modal network for the free flow of goods and services, vital to the growth of Europe.

Faced with the rapid increase in **air traffic** in recent years many airlines have found it necessary to modernise and expand their fleets. Several, such as Alitalia, KLM, Aer Lingus and Martinair have received loans towards the purchase of Airbuses, ATRs and Fokkers as well as Boeings and McDonnell Douglas airliners. Airport capacity has also had to be uprated. Consequently, the Bank has financed development works at a large number of airports, notably in the United Kingdom (Gatwick, Stansted, London City Airport, Norwich, Southend, Manchester, Leeds and Bradford), Italy (Turin and Pisa), Greece (Athens), Ireland (Dublin), Denmark (Copenhagen) and France (Nice). Loans have also been

advanced for air traffic control and air safety (approach and landing) systems.

The growing development of international telephone links including the beaming of communications by satellite has led to an appreciable increase in Bank activity in the **telecommunications** sector.

Close on 50% of all financing for European infrastructure has centred on the construction of major **trunk roads** and motorways, chiefly in Italy's northern and France's eastern regions, as well as in Denmark, the United Kingdom, Luxembourg and, increasingly, in Spain and Portugal. The Bank has also contributed towards modernisation of the **railways** (in Spain, Greece and the United Kingdom) and towards construction of the Channel Tunnel.

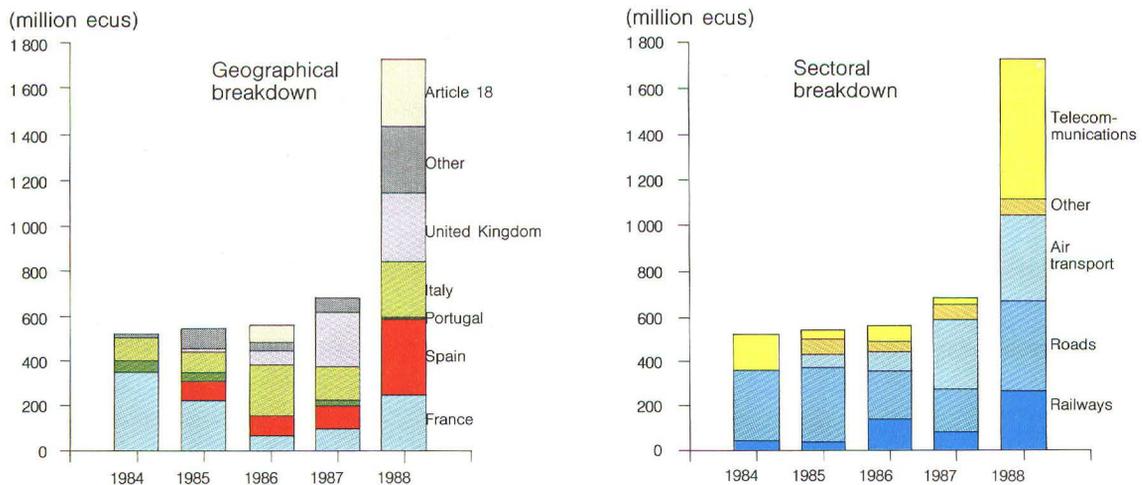
Land transport is set to gain fresh impetus in coming years with the implementation of various large-scale projects already in hand or on the drawing-board. These range from motorways spanning mountain chains and stretches of sea to railway schemes such as the Channel Tunnel and the High-Speed Train (TGV) network.

The experience amassed by the EIB in these areas with many different aspects to them and calling for the organisation of financing packages with numerous public and private partners will continue to be put to good effect towards the construction of an efficient infrastructure network.

⁽³⁾ Including loans provided in Spain and Portugal prior to accession.

⁽⁴⁾ Corresponding to those sections of infrastructural works already financed by the Bank. In the case of the Channel Tunnel, those sections already financed by the EIB represent, for example, 15% of project cost.

Financing provided for European infrastructure



There was a marked increase in financing for **Community infrastructural schemes** which amounted to 1 727.6 million (680.8 million in 1987), the transport sector alone claiming 1 095 million.

The 1988 financial year saw the first disbursements for the Channel Tunnel project making 213 million available under the cofinancing agreement for around 1.4bn signed in 1987.

Loans totalling 404.5 million were advanced for numerous sections of roads and motorways in Italy, France, Spain, Portugal and Denmark. Growth in the air transport sector led to sustained demand for financing, as in 1987: 383.6 million went for airport infrastructure and aircraft purchases in Italy, the United Kingdom, Denmark, the Netherlands, the

Table 5: **Community infrastructure**

	Total	
	million ecus	%
Aggregate amount	1 727.6	100.0
Transport	1 095.0	63.4
railways	264.1	15.3
roads and motorways	404.5	23.4
shipping	32.1	1.9
airlines	383.6	22.2
airport infrastructure	91.0	5.3
aircraft purchases	292.6	16.9
intermodal freight terminals (1)	10.7	0.6
Telecommunications	603.8	34.9
standard networks	318.8	18.5
satellites	285.0	16.5
Other	28.9	1.7

(1) Of which NCI funding: 5.5 million.

Environment: urban waste

Each year the Community produces a mountain of urban waste, mostly domestic refuse, comprising 100 million tonnes of all manner of items. But this tells only a fraction of the story: the overall volume of EEC waste amounts to more like 800 million tonnes, a third attributable to industry.

Although it is clearly difficult to establish precise statistical comparisons, in 1980 it was estimated that the annual amount of refuse discarded by town-dwellers in the United States, Japan and Europe averaged 703 kg, 344 kg and 280 kg a head respectively. Much the same extremes occur within Europe itself, a reflection of differing life styles and income levels in the Member Countries, i.e. 150 kg in Portugal and 400 kg in Denmark. The quantity of refuse tends to be in direct relation to its content, with more rubbish meaning greater amounts of paper and plastic and relatively less biodegradable matter.

At present, two thirds of this refuse is emptied onto tips; the more primitive and uncontrolled of these are tending to be phased out because of the hazards to the environment, while those specially developed and supervised call for sites, increasingly difficult to find, where there is no risk of pollution or unwanted side-effects. Some 20% of refuse is incinerated and the remaining 15% is either composted, recycled or used to produce waste-derived fuel.

Both national and Community authorities have taken steps to manage this growing mass of urban waste. Community guidelines stress the need for a variety of approaches: waste reduction or prevention, recycling,

reutilisation, non-pollutant incineration and, in the case of irreclaimable waste, risk-free destruction.

There are a number of ways of exploiting waste: it can be sifted for recycling purposes, used to make compost, tapped for the methane produced by the tips and drawn on, mainly by large incineration plants, to generate electricity and/or steam for district heating.

For a number of years the EIB has provided financing for urban waste collection and disposal projects, either directly or through the vehicle of global loans, notably: for materials sorting and reclaiming installations in Aachen, Düsseldorf, Cologne and Velbert (Germany); for household waste incineration plants in Brest and Limoges (France) and also near Manchester (United Kingdom), and; for developing tips and composting facilities in Plymouth (United Kingdom), as well as in Calabria (Italy) and Madeira (Portugal).

The EIB has financed various projects forming part of local sewerage and sewage disposal or urban development schemes (particularly in the United Kingdom in the North West and in Italy — Bergamo, as well as the Potenza area and The Marches) and also projects linked to the construction of district-heating grids in Denmark (Nykøbing), France (Lyons), the United Kingdom (Hastings) and Italy (Reggio Emilia). A longstanding supporter of projects designed to protect or enhance the environment, the Bank generally makes a point of systematically checking adherence to environmental directives and regulations in force at both Community and national level.

Support for smaller businesses

The EIB has been lending from its own resources for close on the past twenty years and from NCI resources for the past seven years as an active participant in the financing of capital projects mounted by SMEs in industry, the service sector (tourism, in particular), agriculture and fisheries. This support has been provided on a decentralised basis through global loans furnished to financial institutions and commercial banks operating at national or regional level. These intermediaries draw on the credit lines opened with them to advance global loan allocations for ventures approved by the Bank in line with its economic, financial and technical eligibility criteria.

The recovery in global loan financing observed in 1987 hardened in 1988 making it possible to increase the tempo of allocations to SMEs. Out of a total of 1 818.2 million provided through credit lines for 5 235 productive-sector ventures, 5 113 allocations amounting to 1 611.4 million were approved in support of SMEs. Industrial SMEs attracted 3 984 credits (1 231.9 million), those in the service sector 970 (317.3 million) and the remainder in agriculture and fisheries, 159 (62.1 million). A total of 249.1 million has been made available for 2 152 generally very small-scale leasing operations. In terms of

the number of employees on their books, SMEs outside this sector exhibit a predominance of firms with less than 50 wage-earners. They account for more than half of the amount and over three quarters of the number of allocations.

The SMEs financed under global loan credit span eleven Member Countries and are located chiefly in less developed regions (3 153 allocations totalling 1 004.9 million). Outside such areas, the Bank's operations have been conducted either from its own resources, i.e. under the **Governors' Decision** following establishment of the NCI IV facility (1 180 allocations totalling 317 million) as well as with a view to aiding Spanish SMEs to adapt to the Community market (93 allocations totalling 19.8 million), or from NCI resources (687 allocations totalling 269.5 million).

Over the past five years, some 20 000 SMEs have benefited from financing in most of the Community's regions for a total of 3 822 million from own resources and 2 913.2 million from NCI resources. The Bank will continue to lend to SMEs from its own resources in both the assisted and **non-assisted areas** in keeping with the Decision of its Board of Directors (see page 16).

Table 6: **Small and medium-sized enterprises**

	(million ecus)					
	Total	Total	Regional development	Own resources SMEs	Adaptation to accession	NCI SMEs
Aggregate amount	1 611.4	1 341.8	1 004.9	317.0	19.8	269.5
Belgium	4.7	4.7	1.2	3.5	—	—
Denmark	35.0	3.5	3.5	—	—	31.5
Germany	75.3	75.3	8.1	67.2	—	—
Greece	37.0	35.0	35.0	—	—	1.9
Spain	270.2	217.2	158.8	38.6	19.8	53.0
France	226.0	216.6	144.5	72.1	—	9.5
Ireland	2.3	2.3	2.3	—	—	—
Italy	860.9	718.8	591.6	127.2	—	142.1
Netherlands	16.5	16.5	8.0	8.5	—	—
Portugal	81.6	50.0	50.0	—	—	31.6
United Kingdom	2.0	2.0	2.0	—	—	—

Azores and Greece. Other lending was given over to harbour development schemes in the United Kingdom and Italy as well as to intermodal freight terminals, again in Italy.

A total of 603.8 million was advanced for telecommunications schemes, notably for strengthening the networks in Italy, Spain and Ireland as well as for the acquisition and launching of satellites by Inmarsat and Eutelsat.

* * *

Lending for projects helping to **improve or protect the environment** amounted to 1 231.1 million, i.e. 14.3% of total financing, compared with 1 315.3 million in 1987 and 9.3% on average for activity as a whole over the period 1984-1987. The projects were located in ten Member Countries (eight in 1987 and six in 1986), the leading beneficiaries being Italy, Germany and Spain.

Table 7: **Protection and improvement of the environment**

	(million ecus)		
	Total	Individual loans	Global loan allocations
Aggregate amount	1 231.1	1 087.3	143.8
Water purification	755.1	653.3	101.8
Clean air	362.3	352.4	10.0
Solid-waste processing	25.3	8.5	16.7
Urban environment	45.2	42.3	2.9
Biosphere, sundry	43.2	30.8	12.4

More than 60% of total lending in pursuit of this objective related to wastewater treatment projects or to investment aimed at improving the quality of drinking water (755.1 million) in: Italy (mainly for large-scale multiregional projects), Spain, Portugal, the United Kingdom, Ireland, France and Denmark,

as well as in Germany where the Bank also financed numerous smaller-scale developments.

Almost one third of lending centred on equipment designed to reduce atmospheric pollution from industrial plants in Italy, Greece, the Netherlands and from power stations or boilers in Italy, Germany and France.

The Bank has also advanced credit for a growing number of different projects having as their purpose erosion and flood control, reforestation, urban and industrial waste processing or enhancement of the urban environment (113.7 million).

* * *

The EIB lent 842.3 million for projects helping to strengthen the **international competitiveness of Community industry** through the introduction of custom-made technology, as well as for investment increasing **European industrial integration** (776.7 million in 1987). Bank credit for **SMEs in the non-assisted areas** amounted to 586.5 million. Financing totalling 304.6 million was provided for telecommunications satellites and related earth stations.

Table 8: **Industrial competitiveness and European integration**

	(million ecus)		
	Total	Individual loans	Global loan allocations
International competitiveness and European integration	756.0	643.4	112.6
Adaptation to accession	86.3	66.5	19.8
EIB-SMEs	317.0	—	317.0
NCI-SMEs	269.5	—	269.5
Telecommunications satellites and earth stations	304.6	304.6	—

Financing operations by country (1)

In **Belgium**, a global loan for 11.6 million was concluded with an intermediary institution; 4.7 million were drawn down from this line of credit in favour of eleven SMEs in various provinces.

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Lending in **Denmark** amounted to 494.1 million, including 31.4 million from NCI resources, compared with 315.3 million in 1987. This upturn was achieved both by diversifying Bank operations in support of infrastructural works serving to improve communications with other EEC countries and by providing global loan financing for SMEs (35.9 million).

In the **transport** sector, 178.8 million were devoted to extending terminal facilities at Copenhagen international airport and constructing various sections between the Danish capital and Rødbyhavn, in the south of Lolland Island, of the E4 motorway connecting up Scandinavia and Germany; a further 5.5 million were made available via a specialist institution for building a regional railway station in Frederikssund and expanding port installations in Odense.

Two loans (27 million) helped to fund **sewerage and sewage disposal schemes** in Esbjerg on the west coast of Denmark and in Aalborg, the main town in North Jutland.

A substantial proportion of financing (247 million) centred on projects in the **energy** sector with funds earmarked particularly, as in 1987, for extending storage capacity and transmission and supply grids in various parts of the country for natural gas from the Danish sector of the North Sea.

The EIB also supported investment by 94 **SMEs** (34.9 million) in several regions of Denmark, drawing on own resources (3.5 million) and on those of the NCI (31.4 million).

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Financing in **Germany** totalled 603 million as against 276.5 million in 1987. The brisk growth in operations reflected both vigorous, sustained demand for funds

for environmental protection schemes and diversification of Bank lending for infrastructural and industrial projects. The EIB continued to develop its ties with the banking system, concluding inter alia global loans worth 256.1 million either for investment geared to safeguarding the environment and/or promoting energy savings or for ventures mounted by SMEs.

Individual loans and global loan allocations came to 518.8 million compared with 244.9 million in 1987. Almost two thirds of this amount focused on a range of schemes helping to improve or protect the **environment**.

Under this heading, 119.7 million were given over to bringing coal-fired power plants into line with current regulations by equipping them with flue gas treatment facilities (Duisburg, Weiher, Lausward and Flingern power stations) or installing new more energy-efficient and less polluting generating units (Stöcken), while financing was similarly provided for constructing a plant in Berlin to produce town gas from natural gas.

Funds were also made available for a variety of **infrastructural works** such as building a dam on the Wupper, extending Cologne sewage treatment plant, constructing numerous small sewerage systems by drawing on the proceeds of global loans and commissioning electric train sets for a new urban transport system located on its own site in Stuttgart.

Financing for **industry** totalled 187.7 million, of which 72.3 million went towards constructing a motor vehicle research and engineering centre near Munich. The balance was subdivided between a loan for building a plant to produce technical gases near Bremen and 93 allocations (98.5 million) for ventures mounted by SMEs involving both productive investment and, in some cases, measures to safeguard the environment.

The EIB also helped to modernise and extend the Cologne trade fair complex, upgrade various sections of road in North Rhine-Westphalia and expand the district heating grid in the Saar; global loans already activated contributed towards funding energy-saving installations.

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(1) See list of financing operations, page 40

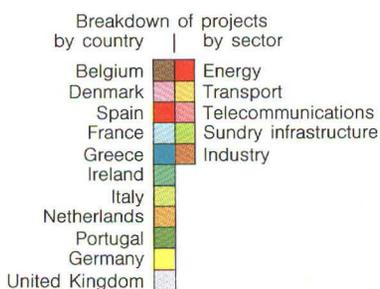
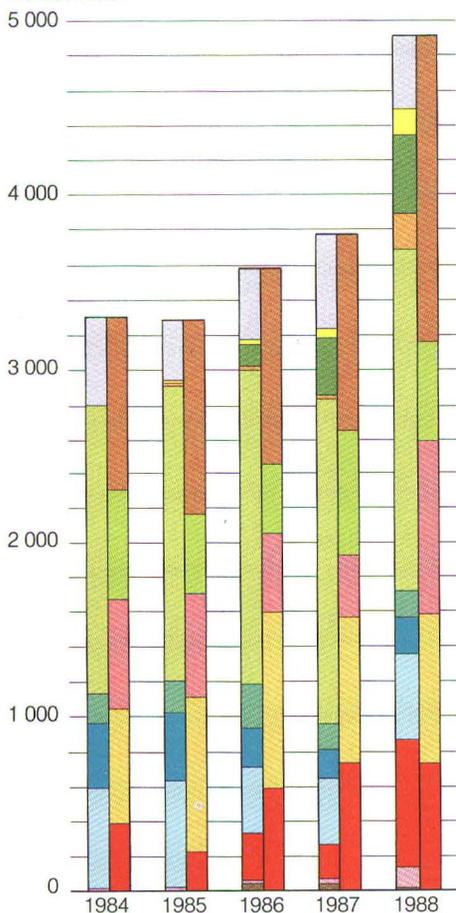
Lending in **Greece** amounted to 186.5 million, as against 164.8 million in 1987, and centred largely on **infrastructural schemes**.

The EIB advanced 71.1 million for enhancing transport links with Macedonia (upgrading the rail line towards Athens and the road network serving Thessaloniki), improving driving conditions in the

Peloponnese on the Corinth-Tripoli road, in Crete, Euboea and Rhodes as well as in the Athens conurbation, and modernising air traffic control facilities. Loans worth 15 million in all were earmarked for improving water supplies in Thessaloniki and irrigating agricultural land in Crete and Macedonia, while a multiplicity of small infrastructural schemes attracted allocations from ongoing global loans (14.4 million).

Financing provided for regional development from 1984 to 1988

million ecus



With a view to contributing towards **reconstruction** of the earthquake-stricken Kalamata area (see page 15), the EIB furnished an initial subsidised loan of 29.7 million for rebuilding roads, sewerage systems, public buildings and dwellings.

As part of ongoing support for reducing atmospheric pollution, a further 12.2 million were provided for modernising and equipping a major oil refinery to the west of Athens.

Funds were also given over to constructing twenty-six technical schools and technological institutes (22.5 million). Some 93 global loan allocations (36.9 million) were approved mainly in favour of industrial SMEs but also for tourism and agricultural ventures.

Under the Integrated Mediterranean Programmes, a global loan for 12 million gave rise to 24 allocations for improving, extending and computerising the power grid in various parts of the country.

* * *

Vigorous growth was recorded in EIB activity in **Spain** where the volume of loans concluded climbed to 1 018.5 million, including 21.9 million from NCI resources, in contrast to 707.4 million in 1987. Individual loans and allocations from global loans already under drawdown came to 1 003.1 million. This uptrend could be traced both to demand for funds for infrastructural works embraced by programmes already under way and geared to improving transport facilities, telecommunications and the environment and to the high level of corporate investment.

In the **productive sector**, financing was provided for modernising light commercial vehicle factories in Vitoria and Barcelona, extending a car window manufacturing plant near Valencia and expanding telecommunications equipment factories plus R&D facilities on the outskirts of Madrid and in La Coruña and Algeciras (99 million in individual loans).

The EIB stepped up appreciably its assistance for SMEs in industry, agricultural processing and tourism by deploying the proceeds of numerous global loans concluded both in 1987 and 1988. In all, 742 such enterprises attracted allocations totalling 270.3 million, chiefly in the foodstuffs (70.1 million), tourism (48.8 million), chemicals, printing, sundry service and agricultural sectors.

Loans for **infrastructural works** (596.5 million) focused mainly on modernisation and extension of telecommunications systems (300 million), implementation of road schemes in Aragon and motorway projects in the Basque country and improvements to urban transport facilities in Valencia (suburban rail lines and road schemes). In the Canary Islands, the EIB financed various sections of the road network as well as extension of the sewerage system serving Las Palmas. It also contributed towards funding a host of sewage collection and treatment schemes in Cordoba, Tarragona, the Olympic village in Barcelona and the basins of the Rio Segura and the Nervion (173.5 million). In addition, some twenty sundry infrastructural ventures mounted by local authorities claimed 37.3 million under global loan operations.

* * *

Lending in **France** came to 1 350.5 million, including 106.6 million from NCI resources, compared with 1 006.5 million in 1987.

Global loans concluded for a total of 830.8 million represented a sizeable proportion of activity and were earmarked both for ventures mounted by SMEs (610 million) and for infrastructural schemes implemented by local authorities (220.8 million).

Individual loans and allocations from ongoing global loans ran to 756.2 million as against 653.7 million during the previous year. The funds were given over largely to road and rail infrastructure (354 million) and industrial projects (391.1 million). Some 75% of aggregate financing was steered towards schemes furthering regional development.

The Bank advanced 242.6 million for building numerous sections of **motorway**: the A43 serving Savoie, the A40 towards the Mont Blanc Tunnel, the A51 in Haute-Provence, the A55 to Nîmes, the A11 between Le Mans and Angers and the A71 helping to open up the Massif Central. It also financed

stretches of the A26 motorway between Calais and Rheims which is destined to form one of the major access routes to the Channel Tunnel whose promoters last year received an initial series of loan instalments amounting to 106.5 million.

Lending to the **productive sector** covered a very broad spectrum of projects from craft ventures to construction of an aeronautical engineering plant. The latter, located near Toulouse-Blagnac airport, will assemble Airbus A-330/A-340 long and medium-haul large-capacity jetliners rounding off the range offered by the world's second largest civil aircraft manufacturer.

Other loans benefited medium-scale projects in areas beset with economic and unemployment problems, notably four electrical equipment factories in Alès, Châlon-sur-Saône, Montmélian and Sarre-Union, a paper pulp mill in Saint-Gaudens, a plant in Cestas manufacturing CAD/CAM systems and a variety of industrial and agricultural processing enterprises in Brittany. In addition, allocations totalling 227.5 million from global loans already operative were channelled to 1 637 SMEs of whom 1 186 benefited from leasing facilities (139 million).

A further 8.1 million helped to produce **heat and power** from steam generated by a household waste incineration plant in Lyons and to install a power line in Dordogne.

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Financing in **Ireland** (154.8 million compared with 178.6 million in 1987) was given over largely to transport, environmental and energy infrastructure.

Under this heading, the EIB helped to fund expansion of the network for conveying and distributing natural gas from a field off Cork and extension of high-voltage power lines serving mainly Dublin (58.6 million).

Further loans for **infrastructural schemes** (92.8 million) were directed towards improving air links (extending and modernising Dublin airport, expanding Aer Lingus' fleet), upgrading the road system, particularly around the capital, and

developing telecommunications throughout Ireland and with Great Britain in tandem with the introduction of digital technology and optical fibre cables. Two other loans will support ongoing water supply, sewerage and sewage disposal and reforestation programmes.

In addition to funding 32 SMEs (2.3 million) from global loans already under drawdown, the EIB contributed towards financing a private long-wave radio transmitter covering the whole of Ireland and parts of England (3.4 million).

* * *

Loans concluded in **Italy** totalled 3 371.9 million, including 97.3 million from NCI resources, as against 3 112.2 million in 1987. Global loans worth 1 088.2 million in all were arranged with a wide variety of intermediary institutions serving mainly to foster investment by SMEs. Individual loans plus allocations from global loans already operative came to 3 396.7 million compared to 3 124.6 million during the previous year.

This high level of activity was a reflection both of renewed support for industrial investment, often furnished in close collaboration with the national banking system, and of ongoing implementation of infrastructural schemes embarked upon by major investors and regional authorities, particularly in conjunction with the Investment and Job-creation Fund (FIO).

In terms of **objectives** pursued, some 58% of lending served to further **regional development** (1 970.1 million), with funds given over mainly to industrial projects (788 million, including 591.6 million for SMEs), transport and telecommunications infrastructure (611.1 million) and energy installations (339.2 million).

Over 80% of **regional development** financing focused on projects in the mainland **Mezzogiorno** and the islands (1 182.7 million) where the breakdown was as follows: 259.9 million in Apulia, 246.9 million in Sardinia, 165.1 million in Campania, 146.8 million in Latium, 110.3 million in Calabria, 87.7 million in Sicily, 82.5 million in Abruzzi, 30.8 million in The Marches, 27.2 million in Basilicata and 25.5 million in Molise. The figure for Campania includes a loan of 10.5 million - attracting a 3% per annum interest subsidy financed from the

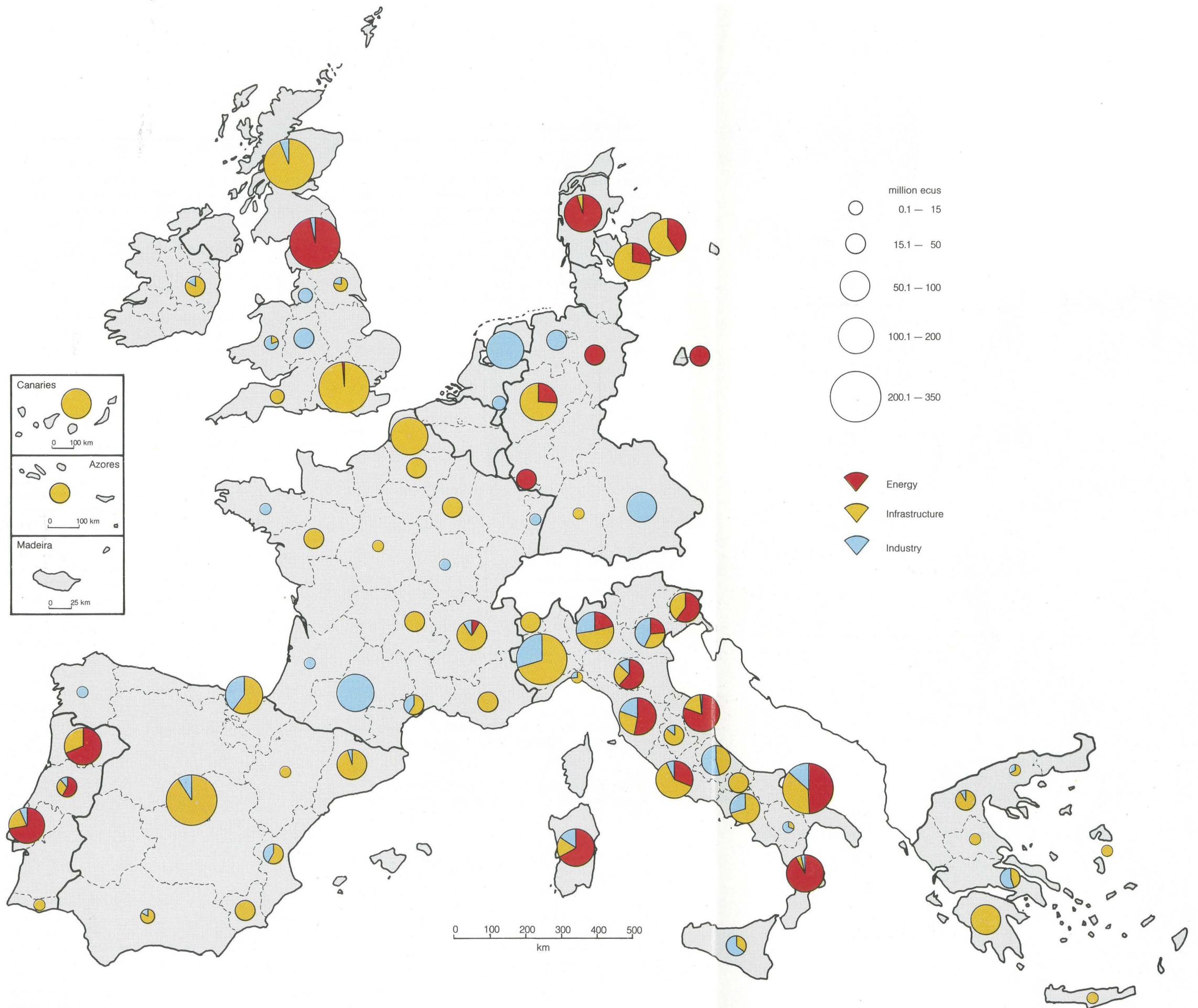
General Budget of the European Communities - mounted as part of the aid package for reconstruction in areas damaged by the earthquake at the end of 1980. The EIB also advanced 398.6 million for telecommunications and aircraft acquisition projects of benefit to the Mezzogiorno as a whole. In less privileged areas of **Central and Northern Italy**, regional development financing amounted to 389 million and mainly involved projects in Trentino-Alto Adige, Umbria, Tuscany and Friuli-Venezia Giulia.

Lending for projects espousing Community **energy policy objectives** (912.8 million) centred on harnessing hydroelectric and geothermal resources, developing natural gas deposits, diversifying supplies and installing equipment, chiefly in industry, designed to achieve energy savings. Financing for schemes geared to **protecting the environment** (575.3 million) was earmarked largely for waste water collection and treatment works, although funds were also provided for facilities intended to reduce polluting emissions from power stations and industrial plant. In Central and Northern Italy, the EIB again furnished support for road, air and maritime **transport** infrastructure offering Communitywide benefits (253.8 million). Similarly, 267.6 million were made available for industrial projects incorporating advanced technology or implemented in cooperation with firms from other Community countries (including 111.1 million in the form of global loan allocations).

Viewed in **sectoral** terms, funding for **industrial and service projects** totalled 1 385.6 million, including 345.4 million in the form of individual loans. Many of the latter (128 million) were devoted to chemicals and petrochemicals schemes, namely restructuring and upgrading of synthetic fibre plants in Ottana and Porto Torres, manufacture of polymers in Pisticci, modernisation of detergents and chemical adhesives factories in Ferentino, Lomazzo and Casarile, updating of a chemicals complex in Rosignano with concomitant installation of equipment to safeguard the environment and establishment of a centre for research into anti-viral substances in Pomezia. Financing was also made available for installations to produce lead-free petrol and reduce pollution at a number of refineries (Sannazzaro de' Burgondi, Porto Marghera, Livorno and Augusta).

Several loans were designed to modernise agri-foodstuffs industries and encompassed sugar

Projects financed by individual loans in 1988



refineries, breweries, a delicatessen factory and a pasta production facility. In the office systems, electronics and data processing sectors, the EIB funded computer development and production units in Caluso, a compact disc plant in L'Aquila, automation of three electric heating resistance factories plus construction of a research centre for developing flexible manufacturing systems near Treviso and, lastly, an R&D centre for telecommunications and electronics in Turin.

Other projects financed by the Bank spanned a broad range of sectors: aeronautical engineering in Pomigliano d'Arco and Capodichino, production of automobile brake components in Modugno and car windows in San Salvo, a glass bottle manufacturing plant near Asti, a cement works in Vibo Valentia and an applied research laboratory in Catania. A further two loans went towards restoring the Ducal Palace in Genoa for use as a conference and cultural centre and establishing a forest park in Nardó.

The bulk of funding for industry, however, was channelled to 2 152 SMEs attracting global loan allocations for a total of 860.9 million. The enterprises involved were engaged in a multiplicity of sectors, particularly metalworking and mechanical engineering (243 allocations worth 144.2 million), agri-foodstuffs (175; 113.3 million), construction materials and building (175; 51.1 million), tourism (208; 93.5 million), and private and public-sector services (184; 48 million).

Almost two thirds of SMEs and virtually all such enterprises in the building, tourism and service sectors were located in the Mezzogiorno.

Loans for **infrastructure** (1 217.5 million) embraced mainly transport (437.2 million), telecommunications (397.6 million) and water (329.4 million) schemes.

In the **transport** sector, the EIB funded the final sections of the Tunnels Motorway towards Switzerland, widening of the A2 Rome - Naples motorway and the link on the outskirts of Rome between the A2 and the A1 motorway to Milan as well as extension of an interchange on the Naples urban motorway. Further loans were provided for extending suburban rail lines to connect up with Rome and Milan airports, upgrading the Naples local rail network and expanding an intermodal rail/road freight terminal in Verona. Financing was also

earmarked for a road tunnel in Caserta, a funicular railway in Orvieto and road schemes in Catanzaro intended to enhance urban infrastructure.

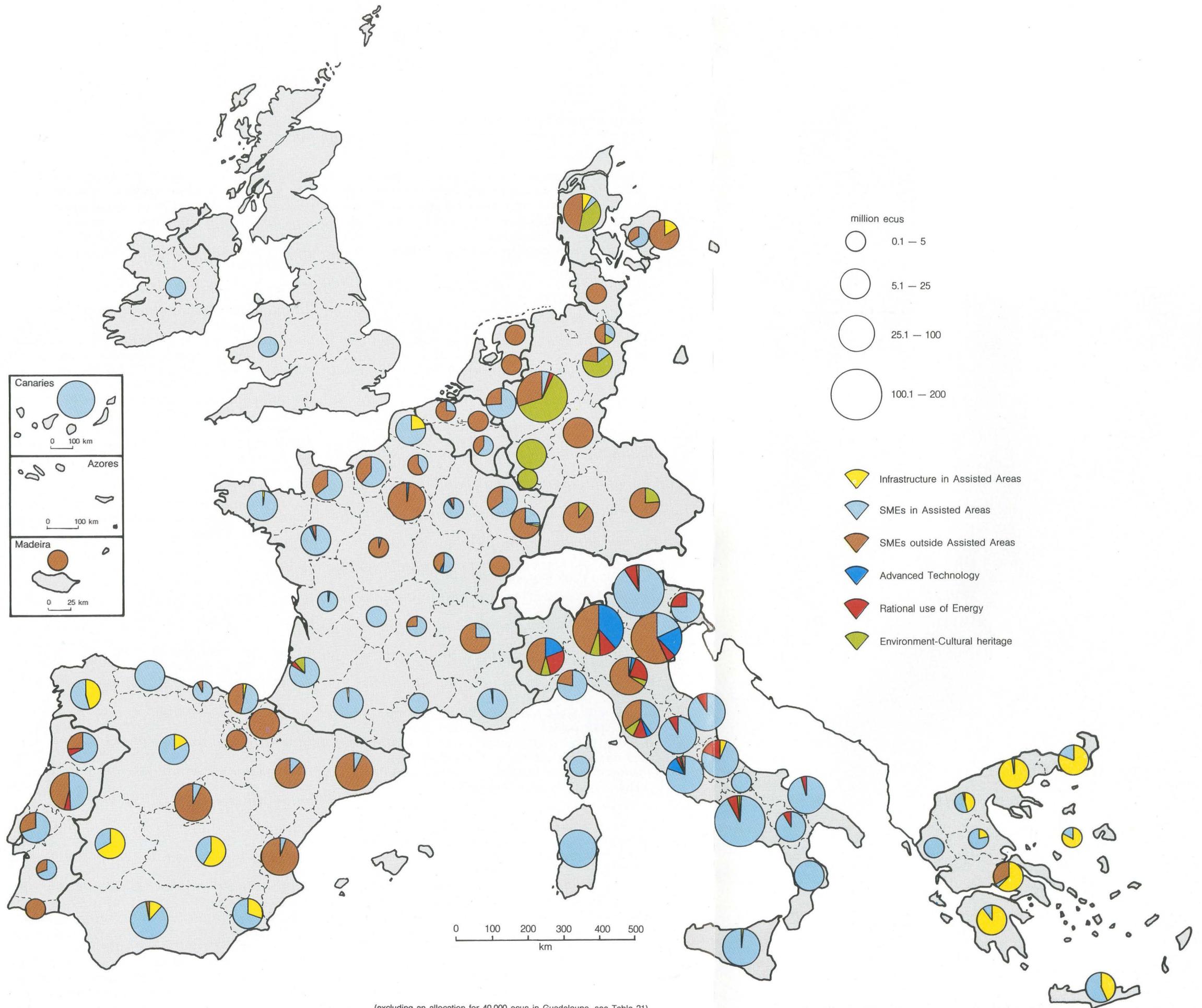
Several loans contributed towards modernisation of Turin-Caselle airport, acquisition of aircraft for bolstering links both within Italy and with other Community countries and implementation of a number of harbour schemes: strengthening of coal jetties in Brindisi, expansion of the commercial ports of Trieste and Ortona and construction of fishing ports or marinas in Pescara, Giulianova, Bagnara and Cariati.

In the **telecommunications** sector, the EIB again helped to finance work on extending the telephone network covering the Mezzogiorno as well as construction of a telecommunications satellite earth station in Sicily.

Turning to **water schemes**, in addition to various items of supply infrastructure the bulk of lending centred on waste water collection and treatment projects. Financing was directed towards major programmes under way for a number of years now and geared to treating waste water in the Po basin, controlling the flow of the Arno, reducing pollution in various basins in Veneto and improving water supplies and waste water treatment facilities in a number of localities in the Gulf of Manfredonia as well as in several areas of Sardinia and Molise. Credit was also provided for a wide range of sewerage and sewage disposal schemes along the coast in The Marches, near Savona, to the south of Rome, in Sicily and in the Gulf of Trieste together with works designed to combat erosion, prevent landslides and promote reafforestation, mainly in various areas of The Marches, Veneto, Molise, Val d'Aosta and Friuli.

In addition, the EIB continued to advance funds for reinstating infrastructure in areas of Campania, Abruzzi, Molise and Umbria stricken by earthquakes in 1980 and 1984.

Loans in the **energy** sector (793.6 million) tended to focus largely on harnessing the country's indigenous resources by building hydroelectric power stations in Calabria, constructing geothermal plants in Tuscany and developing natural gas fields off The Marches and Emilia-Romagna. Other credit was aimed at reducing dependence on oil by upgrading power stations in Sardinia, Brescia and Brindisi which can be fired using coal, constructing



million ecus

- 0.1 — 5
- 5.1 — 25
- 25.1 — 100
- 100.1 — 200

- ▽ Infrastructure in Assisted Areas
- ▽ SMEs in Assisted Areas
- ▽ SMEs outside Assisted Areas
- ▽ Advanced Technology
- ▽ Rational use of Energy
- ▽ Environment-Cultural heritage

(excluding an allocation for 40 000 ecus in Guadeloupe, see Table 21)

a gasline for conveying natural gas from the Soviet Union, creating storage reservoirs in Northern Italy and extending the natural gas supply grids serving Rome and several areas of Lombardy, Veneto and Piedmont. The Bank also contributed towards expanding the district heating grid in Reggio Emilia.

* * *

Lending in the **Netherlands** amounted to 259.7 million in contrast to 18 million in 1987 and served mainly to support industrial projects located largely in regions where economic development is lagging behind.

The high level of financing reflected both a major loan (192.3 million) for constructing a semiconductor integrated circuit plant in Nijmegen deploying innovative process technology and conclusion of a first-ever series of global loans for funding SMEs (43 million), twelve of which claimed allocations totalling 16.5 million.

The EIB also financed a limestone calcination plant in Limburg and acquisition by a charter company of aircraft for plying intra-Community and international routes.

* * *

Activity in **Portugal** continued to grow at a brisk pace, with 560.4 million made available compared with 389.9 million in 1987. Loans were directed entirely towards promoting regional development and centred in the main on electricity generation, transport infrastructure improvements and bolstering corporate investment.

Ongoing ties with banks and financial institutions allowed conclusion of global loans amounting to 156.6 million which will be drawn on to finance an increasing number of SMEs and to expand the capacity of the country's **productive sector**. A total of 282 SMEs, chiefly in the agricultural processing, textiles and leather, paper, and glass and ceramics sectors, attracted credit worth 84.4 million in conjunction with global loan operations. Individual loans for 13.1 million in all were also channelled to smaller enterprises for building an electronic components factory in Setúbal, a wood-fibre panel plant in Nelas and a hotel in Lisbon.

In the **energy** sector (220.5 million), construction of two hydroelectric power stations, one in the North (Alto Lindoso) and the other in the centre of the country (Caldeirão), coupled with uprating of Sines coal-fired power plant will help to boost Portugal's electricity supplies while cutting back its dependence on imported oil.

Infrastructural works supported by the EIB mainly involved upgrading the road network (87.3 million) around Lisbon and Oporto as well as in the Algarve, the centre of the country - towards Spain, via Vilar Formoso - and Southern Portugal by means of a new bridge over the Guadiana. Other loans will contribute towards improving the rail network around Oporto and facilitating links with the Azores by extending the international airport on São Miguel Island and building a harbour on Terceira Island (64.8 million).

Lastly, a loan of 18.1 million given over to improving waste water collection and treatment systems will help to reduce coastal pollution between Lisbon and Cascais.

* * *

Loans in the **United Kingdom** came to 1 178.8 million, including 99.2 million from NCI resources, as against 1 133.7 million during the previous year. Salient features of EIB activity were the relative importance of lending for transport and telecommunications infrastructure (594.1 million) and the sharp recovery in financing for industry (280.6 million). The latter figure includes 129.8 million in global loans concluded at the end of the year which did not therefore give rise to any allocations in 1988.

A loan of 287 million was made available for upgrading **telecommunications** in Scotland, while 307.1 million were advanced for **transport** infrastructure designed largely to facilitate links with other Community countries. This objective was epitomised by the Channel Tunnel (initial tranches of credit totalling 106.5 million), development of port installations in seven towns including Plymouth and Southampton and, more especially, construction of a new terminal at Stansted international airport plus improvements to air traffic control facilities at a range of airports.

In **industry**, three loans worth 104 million in all helped to fund construction of the wings of the Airbus A-320 jetliner at a number of different plants along with extension of facilities in Prestwick and Cardiff for overhauling aircraft engines and components.

Again in the industrial sector, support was provided for modernising a cast roll factory in Gateshead, textile mills in Yorkshire and a polystyrene production unit in Manchester. The EIB also cofinanced construction of a hotel in Birmingham, a chain of small motels and a new computer centre in Manchester.

In the **energy** sector, 288.2 million were devoted to nuclear fuel reprocessing facilities in Sellafield.

Rounding off the list were two loans (15.8 million) for protecting the **environment** by constructing a municipal waste recycling plant in Hastings and

implementing water supply and sewerage and sewage disposal schemes in the Grampian region.

*
*
*

Outside the territory of Member States, the EIB participated in financing the development of satellite telecommunications under Article 18 of its Statute (285 million). A loan of 100 million was concluded with Eutelsat - embracing, in addition to EEC Member States, 14 other European countries - for operating a new generation of telecommunications satellites.

In addition, a guarantee contract involving 185 million was signed with Inmarsat which encompasses 51 countries and operates a worldwide telecommunications network for shipping, aircraft and road transport. The operation was mounted in collaboration with other banks and members of the Club of institutions specialising in long-term credit for which the EIB serves as secretariat.

Table 9: **Financing provided (contracts signed) in 1988 from own and NCI resources**
(General summary)

	Total		Individual loans	Global loans
	million ecus	%	million ecus	million ecus
Belgium	11.6	0.1	—	11.6
Denmark	494.1	5.2	433.2	60.9
Germany	603.0	6.4	346.9	256.1
Greece	186.5	2.0	150.5	36.0
Spain	1 018.5	10.7	695.5	323.0
France	1 350.5	14.3	519.7	830.8
Ireland	154.8	1.6	154.8	—
Italy	3 371.9	35.6	2 283.7	1 088.2
Netherlands	259.7	2.7	216.7	43.0
Portugal	560.4	5.9	403.8	156.6
United Kingdom	1 178.8	12.4	1 049.0	129.8
Other (Art. 18)	285.0	3.0	285.0	—
Grand Total	9 474.8	100.0	6 538.8	2 936.0

List of financing operations in the Community (1)

A. Loans from the Bank's own resources and guarantee operations concluded in 1988

Loans granted from the Bank's own resources in 1988 in respect of projects within the Community totalled 9 118.3 million. All these operations give rise to financial commitments for the Bank and are included on its balance sheet. The economic policy objectives with which individual loans comply are highlighted by symbols in the righthand columns:

	million ecus	Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
BELGIUM (500 million Belgian francs-BEF)	11.6					
Global loan for financing investment by industrial and service-sector SMEs — Banque Paribas Belgique SA , BEF 500.0 million	11.6					
DENMARK (3.664.9 million Danish kroner-DKK)	462.7					
<i>Individual loans:</i>	<i>(433.3)</i>					
Construction of underground natural gas storage facility in Lille Torup and extension of gasline system to Ålborg (North Jutland) — Dansk Naturgas A/S , DKK 300.0 million	37.9	•	•			
Extension of natural gas transmission and distribution systems in: — Counties of Vejle, Ribe and Sønderjylland (South Jutland); Naturgas Syd I/S through Kongeriget Danmarks Hypotekbank og Finansforvaltning , DKK 288.0 million	36.3		•			
Naturgas Syd I/S , DKK 350.0 million	44.0		•			
— municipalities of Vestsjælland and Storstrøm (Sjælland) — Naturgas Sjælland I/S , DKK 265.0 million	33.3		•			
— Greater Copenhagen area — Hovedstadsregionens Naturgas I/S , DKK 497.1 million	62.7		•			
— Counties of Ringkøbing, Viborg, Århus and Nordjylland — Naturgas Midt/Nord I/S , DKK 255.9 million	32.1		•			
Connection of Hornslet local district heating grid to Århus regional heat transmission system — Hornslet Fjernvarmeselskab a.m.b.a. , DKK 5.0 million	0.6		•			
Construction of Southern Copenhagen (10.9 km), Rønnede - Udby (20.4 km) and Øhslev (Falster Island) - Sakskøbing (Lolland Island) (12 km) sections of E4 motorway linking Scandinavia with European Continent — Kingdom of Denmark - Ministry of Finance , DKK 690.0 million	87.4	•				•
Modernisation and extension of Copenhagen international airport — Kingdom of Denmark - Ministry of Finance , DKK 720.0 million	91.4					•
Upgrading and extension of sewage collection and treatment installations in Esbjerg (County of Ribe) — Municipality of Esbjerg , DKK 60.0 million	7.5					•

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

A list of abbreviations is given on page 58.

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

million ecus

Global loans

(29.4)

● for financing small and medium-scale infrastructural schemes implemented by local authorities — **Kreditforeningen af Kommuner i Danmark**
 DKK 199.0 million

25.0

● for financing investment by industrial and service- sector SMEs — **Kingdom of Denmark - Ministry of Finance**
 DKK 35.0 million

4.4

GERMANY (1 249.1 million Deutsche Mark-DEM)

603.0

Individual loans

(346.9)

Installation of desulphurisation equipment at coal-fired power stations:

— Weiher (Saar) — **Saarländische Kraftwerksgesellschaft mbH**

DEM 50.0 million

24.1

— Duisburg (North Rhine-Westphalia) — **Stadtwerke Duisburg** through **Westdeutsche Landesbank Girozentrale**

DEM 58.0 million

28.1

Retrofitting of denitrification equipment at Lausward and Flingern power stations (North Rhine-Westphalia) — **Stadtwerke Düsseldorf AG** through **Westdeutsche Landesbank Girozentrale**

DEM 26.0 million

12.5

Construction of coal-fired combined heat and power plant in Stöcken on outskirts of Hanover (Lower Saxony) — **Gemeinschaftskraftwerk Hannover GmbH**

DEM 75.0 million

36.2

Construction of natural gas cracking plant for town gas production in Berlin-Mariendorf plus retrofitting of flue gas treatment facilities to sludge incinerators at Berlin-Ruhleben sewage treatment plant — **Land Berlin**

DEM 65.0 million

31.3

Construction of Dillingen and Saarlouis district heating system drawing on heat recycled from industrial plant (Saar) — **Fernwärme-Verbund Saar GmbH** through **Beleggingsmaatschappij C. Floris-Corsten**

DEM 13.0 million

6.3

Upgrading of road network in North Rhine-Westphalia — **Land Nordrhein-Westfalen** through **Westdeutsche Landesbank Girozentrale**

DEM 80.7 million

38.9

Construction of dam to control flow of Wupper river in Lower Wupper Valley plus small power plant (North Rhine - Westphalia) — **Wuppverband** through **Westdeutsche Landesbank Girozentrale**

DEM 56.5 million

27.2

Extension and modernisation of Cologne-Stammheim sewage treatment plant (North Rhine-Westphalia) — **Stadt Köln** through **Westdeutsche Landesbank Girozentrale**

DEM 40.0 million

19.4

Commissioning of 41 light urban electric train sets in Stuttgart — **Stuttgarter Strassenbahnen AG** through **Landesbank Stuttgart Girozentrale**

DEM 10.0 million

4.8

Modernisation and extension of Cologne trade fair buildings — **Messe- und Ausstellungs-Gesellschaft mbH** through **Westdeutsche Landesbank Girozentrale**

DEM 59.9 million

28.9

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

million ecus

Construction of plant to produce technical gases — Bremer Industriegas GmbH through — Westdeutsche Landesbank Girozentrale DEM 17.5 million	8.4	●		
— Bremer Landesbank Kreditanstalt Oldenburg Girozentrale DEM 17.5 million	8.4	●		
Construction of motor vehicle research and engineering centre in Munich (Bavaria) — Bayerische Motorenwerke AG through BMW Finance N.V. DEM 150 million	72.3		●	
<i>Global loans</i>	(256.1)			
● for financing small and medium-scale infrastructural schemes serving to protect environment — Deutsche Ausgleichsbank DEM 80.0 million	38.6			
● for financing small and medium-scale ventures serving to promote energy savings and to protect environment — Bank für Gemeinwirtschaft AG DEM 50.0 million	24.1			
— Westdeutsche Landesbank Girozentrale DEM 200.0 million	96.4			
● for financing investment by industrial and service-sector SMEs — Industriekreditbank AG DEM 200.0 million	97.1			
GREECE (31 168.9 million Drachmas-GRD)	186.5			
<i>Individual loans</i>	(150.5)			
Upgrading to double track plus improvements to existing track on Athens-Thessaloniki-Idomeni rail line — Hellenic Railways Organisation S.A. GRD 1.8 billion	10.8	●		●
Upgrading of road network in Thessaloniki (Macedonia) — Hellenic Republic - Ministry for Environment, Town Planning and Public Works GRD 2.6 billion	15.6	●		●
Implementation of road schemes in Greater Athens area (11km of urban roads) (Attica) — Hellenic Republic — Ministry for Environment, Town Planning and Public Works GRD 500.0 million	3.0	●		
Improvements to 290km of national and regional road networks in Crete, Euboea and Rhodes — Hellenic Republic — Ministry for Environment, Town Planning and Public Works GRD 2.0 billion	11.9	●		
Construction of Corinth-Tripoli motorway (70km) and Megalopoli by-pass on Corinth-Tripoli- Kalamata road (Peloponnese) — Hellenic Republic — Ministry for Environment, Town Planning and Public Works GRD 4.5 billion	26.7	●		
Improvements to air traffic control and approach facilities at Athens, Thessaloniki, Corfu, Rhodes and Herakleion international airports — Hellenic Republic - Ministry for Environment, Town Planning and Public Works GRD 500.0 million	3.0	●		●
Improvements to water supply system serving Thessaloniki (Macedonia) — Thessaloniki Water Supply Authority through Hellenic Republic - Ministry for Environment, Town Planning and Public Works GRD 700.0 million	4.2	●		●

		Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
	million ecus					
Reconstruction of public and industrial buildings and road and sewerage networks damaged by September 1986 earthquake in Kalamata area — Hellenic Republic — Ministry for National Economy GRD 5.0 billion	29.7	●				
Irrigation of 1 560 hectares in North-West Crete — Hellenic Republic - Western Crete Development Agency GRD 500.0 million	3.0	●				
Irrigation of 1 100 hectares in Drama Plain (Eastern Macedonia) — Hellenic Republic - Ministry of Agriculture GRD 1.3 billion	7.7	●				
Modernisation of oil refinery at Aspropyrgos, North-West Athens (Attica) — Hellenic Aspropyrgos Refineries SA GRD 2.0 billion	12.2	●	●	●		
Construction and/or equipping of eighteen secondary level technical schools and five technological institutes — Hellenic Republic - Ministry for National Economy GRD 2.5 billion	15.0	●				
Construction and equipping of technological institutes in Kavala (Macedonia) and Piraeus (Central Greece) and technical college in Thessaloniki (Macedonia) — Hellenic Republic - Ministry for National Economy GRD 1 250.0 million	7.5	●				
<i>Global loans</i>	(36.0)					
● for financing small energy-sector projects — Public Power Corporation GRD 2 018.9 million	12.0					
● for financing investment by industrial and service-sector SMEs — Citibank N.A. GRD 4.0 billion	24.0					
SPAIN (137 327.0 million Pesetas-ESP)	996.6					
<i>Individual loans</i>	(695.5)					
Construction of four sections of Ugaldebieta motorway (15.5 km) in Bilbao conurbation (Basque country) — Diputación Foral de Vizcaya ESP 3.0 billion	21.6	●				●
Widening and upgrading of five sections (54.1km) of Puente Las Pilas-Salinas road — Comunidad Autónoma de Aragón ESP 2.0 billion	14.6	●				●
Improvements to urban transport systems in Valencia conurbation; construction of section of Liria motorway plus interchanges; upgrading of Valencia-Alboraia, Empalme-Seminario and Empalme-Paterna rail lines and acquisition of rolling stock — Comunidad Autónoma de Valencia - Ferrocarriles de la Generalitat Valenciana ESP 3.0 billion	21.9					●
Modernisation and extension of telephone network — Telefónica de España SA through Instituto de Crédito Oficial ESP 41 127.0 million	300.0	●				●
Improvements to drinking water supplies to 21 municipalities along the coast in Tarragona province (Catalonia) — Consortio Concesionario de Aguas para los Ayuntamientos e Industria de Tarragona ESP 3.0 billion	21.9					●

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

million ecus

Sewage collection and treatment schemes in:

— Barcelona (Catalonia), including coastal protection works — **Villa Olímpica SA**
 ESP 10.0 billion

— Córdoba (Andalusia) with a view to reducing pollution of Guadalquivir — **Empresa Municipal de Aguas de Córdoba**
 ESP 1.5 billion

— Segura basin (Murcia) — **Comunidad Autónoma de Murcia**
 ESP 2.9 billion

— several municipalities in Bilbao conurbation (Basque country) — **Consortio de Abastecimiento de Agua y Saneamiento de la Comarca del Gran Bilbao**
 ESP 6.5 billion

ESP 72.2

Implementation of road and motorway schemes in Canary Islands plus extension of sewage treatment plant serving Las Palmas — **Comunidad Autónoma de Canarias**
 ESP 9.0 billion

ESP 10.8

Expansion of car window manufacturing plant in Sagunto (Valencia) — **SIV ESPAÑOLA S.A.**
 ESP 2.1 billion

ESP 21.2

Modernisation of light commercial vehicle production facilities in Basque Country and Catalonia — **Mercedes Benz España S.A.**
 ESP 7.2 billion

ESP 47.4

Extension of telecommunications equipment factories and R&D facilities in Algeciras (Andalusia) and La Coruña (Galicia) and on outskirts of Madrid — **Telettra Española S.A.**
 ESP 4.5 billion

ESP 64.9

Global loans

(301.1)

For financing small and medium-scale public-sector ventures — **Banco de Crédito Local**
 ESP 5.0 billion

ESP 15.3

For financing investment by SMEs:

● in industrial and service sectors (particularly through leasing facilities)
 — **Banco Central S.A. and Banco de Fomento S.A.**
 ESP 8.0 billion

ESP 57.8

— **Banco Español de Crédito S.A. and Banco de Desarrollo Económico Español S.A.**
 ESP 7.5 billion

ESP 54.7

— **Banco de Crédito Industrial**
 ESP 5.0 billion

ESP 36.5

— **Banco de Vizcaya S.A. and Banco de Financiación Industrial S.A.**
 ESP 1.5 billion

ESP 10.9

● in agricultural and agricultural-processing sectors
 — **Banco de Crédito Agrícola S.A.**
 ESP 9.5 billion

ESP 68.7

● in tourism sector

— **Banco Hipotecario de España S.A.**
 ESP 5.0 billion

ESP 36.1

FRANCE (8 754.0 million French francs-FRF)

1 243.9

Individual loans

(519.8)

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 Lyon**
 FRF 50.0 million

FRF 7.1

Construction of Channel Tunnel — **Eurotunnel Finance S.A.**
 FRF 750.0 million

FRF 106.5

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

million ecus

Construction of various sections of motorway through CNA:

Manosque-Sisteron (52.4km) section of A51 Marseilles-Grenoble motorway (Provence-Côte-d'Azur) — **Société de l'Autoroute de l'Estérel-Côte d'Azur**
 FRF 300.0 million

42.6

Arles-Nîmes (24.6 km) section of A55 Nîmes-Marseilles motorway (Languedoc-Roussillon) — **Société des Autoroutes du Sud de la France**
 FRF 100.0 million

14.2

Le Mans-Angers (81.5km) section of A11 Paris-Nantes motorway (Pays de la Loire) — **Société des Autoroutes du Sud de la France**
 FRF 200.0 million

28.6

Montmélian-Albertville (33.5km) section of A43 motorway (Savoie) — **Société des Autoroutes Rhône-Alpes**
 FRF 50.0 million

7.1

Calais-Nordausques (18km) and Laon-Rheims (52km) sections of A26 motorway linking Channel Tunnel and Southern France — **Société des Autoroutes du Nord et de l'Est de la France**
 FRF 380.0 million

54.3

Mâcon-Châtillon (96km) section of A40 motorway linking up with Mont Blanc tunnel (Rhône-Alpes) — **Société des Autoroutes Paris-Rhin-Rhône**
 FRF 470.0 million

67.2

Bourges-Clermont-Ferrand (182km) section of A71 Orléans-Clermont-Ferrand motorway (Auvergne) — **Société des Autoroutes Paris-Rhin-Rhône**
 FRF 200.0 million

28.6

Construction of plant for assembling Airbus A330/340 jetliners plus administrative buildings and design office near Toulouse-Blagnac airport (Midi-Pyrénées) — **S.N.I. Aérospatiale S.A.**
 FRF 800.0 million

113.2

Modernisation of four electrical equipment factories in:

Alès (Languedoc-Roussillon) — **Merlin Gérin Alès S.A.**
 FRF 70.0 million

9.9

— Châlon-sur-Saône (Burgundy) — **Société Française Gardin S.A.**
 FRF 40.0 million

5.7

— Montmélian (Rhône-Alpes) — **Prodipact S.A.**
 FRF 55.0 million

7.8

— Sarre-Union (Alsace) — **Sarel S.A.**
 FRF 35.0 million

5.0

Increase in production and R & D capacity of company turning out computer-aided design and manufacturing systems in Cestas (Aquitaine) — **Lectra-Systèmes S.A.**
 FRF 12.0 million

1.7

Modernisation and rationalisation of paper pulp mill in Saint-Gaudens (Midi-Pyrénées) — **La Cellulose du Rhône et d'Aquitaine S.A.**
 FRF 100.0 million

14.3

Loans to Société de Développement Régional (SDR) de Bretagne for:

— **COOPAGRI and GELAGRI** (vegetable processing and packaging facilities)
 25.0 million

3.6

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

million ecus

— Ets Guyomar'ch (automation of poultry slaughterhouse in Vannes) FRF 7.0 million	1.0	●
— Matra Communications (modernisation of three plants manufacturing telecommunications equipment) FRF 10.0 million	1.4	●
<i>Global Loans</i>	(724.1)	
For financing small and medium-scale public-sector ventures in areas covered by CLF - CAECL S.A.		
— Rhône-Alpes FRF 400.0 million	57.2	
— Nord — Pas-de-Calais FRF 400.0 million	57.2	
— Pays de la Loire FRF 250.0 million	35.7	
— Brittany FRF 250.0 million	35.4	
— Auvergne, Limousin, Poitou-Charentes FRF 250.0 million	35.4	
For financing, particularly through leasing facilities, investment by industrial and service-sector SMEs:		
— Société Lyonnaise de Banque S.A. FRF 50.0 million	7.1	
— IMMOFFICE S.A. FRF 200.0 million	28.4	
— LOCAFRANCE S.A. FRF 840.0 million	119.1	
— SODERO through BATIROC FRF 150.0 million	21.4	
— SDR Bretagne through BATIROC FRF 150.0 million	21.4	
— AXAMUR S.A. FRF 100.0 million	14.2	
— Crédit Lyonnais FRF 500.0 million	70.8	
For financing, through leasing facilities, smaller-scale ventures serving to promote:		
● energy savings — LOCAFRANCE S.A. FRF 50.0 million	7.1	
● development of advanced technology — LOCAFRANCE S.A. FRF 60.0 million	8.5	
For financing small and medium-scale public-sector tourism and environmental protection ventures		
— Société Lyonnaise de Banque S.A. FRF 150.0 million	21.3	
For financing small and medium-scale public-sector ventures plus investment by industrial and service-sector SMEs		
— Crédit Mutuel de Bretagne FRF 300.0 million	42.5	
— Banque Fédérative du Crédit Mutuel FRF 400.0 million	56.6	
— Crédit Industriel et Commercial FRF 600.0 million	84.9	
IRELAND (119.9 million Irish pounds-IEP)	154.8	
Extension of power transmission and distribution network — Electricity Supply Board IEP 20.0 million	25.7	●

	million ecus			
Community infrastructure				
Environment-Cultural heritage				
Modernisation of undertakings				
Energy				
Regional development				
Extension (214 km) of Cork-Dublin gasline conveying natural gas from Kinsale Head offshore field; construction of distribution network and compressor station — Bord Gais Eireann IEP 25.5 million	32.9	•	•	
Construction of new ring road around western perimeter of Dublin — West Link Toll Bridge Ltd, National Toll Roads Ltd and East-Link Ltd for Conor Holdings Group IEP 13.0 million	16.8	•		
Construction of new runway, taxi-ways and control tower at Dublin airport — Aer Rianta cpt IEP 12.0 million	15.5	•		•
Acquisition of two Fokker 50 aircraft for plying regional routes between Ireland and United Kingdom — Aer Lingus plc through Allied Irish Finance Company Ltd IEP 9.6 million	12.5	•		•
Extension and modernisation of urban and trunk telephone exchanges; expansion of data transmission networks; laying of cable connecting Ireland and Great Britain and system linking Dublin and Galway — Bord Telecom Eireann through Irish Telecommunications Investments plc IEP 14.5 million	18.8	•		•
Water supply and sewage treatment facilities in Dublin area — Dublin County Council and Dublin City Corporation through Irish Government (Minister for Finance) IEP 1.5 million	1.9	•		•
Forestry development and reforestation schemes covering 18 000 hectares — Irish Government (Minister for Finance) IEP 13.7 million	17.7	•		
Improvements to various sections of national road network, water supply and sewage treatment works plus upgrading of communications and tourism infrastructure — Irish Government IEP 7.5 million	9.7	•		•
Construction of long-wave radio transmitter near Moynalvy (North-West of Dublin) serving whole of Ireland and West/Central England — Radio Tara Ltd IEP 2.6 million	3.4	•	•	
ITALY (5 026.7 billion Lire-ITL)	3 274.6			
<i>Individual loans</i>	<i>(2 278.2)</i>			
Upgrading of Fiume Santo power station (Sardinia) through addition of two coal/oil-fired generating sets — ENEL ITL 200.0 billion	131.0	•	•	
Construction of Brindisi coal-fired power station, also equipped to operate on fuel oil or natural gas, and installation of desulphurisation equipment (Apulia) — ENEL ITL 170.0 billion	110.0	•	•	•
Construction of hydroelectric power stations in Calabria — ENEL ITL 145.0 billion	94.0	•	•	
Construction of three geothermal power stations in Tuscany replacing nine obsolete units — ENEL ITL 130.0 billion	83.6		•	
Equipping of Brescia (Lombardy) combined heat and power plant with coal-fired steam generator and installation of flue-gas desulphurisation equipment — Azienda Servizi Municipalizzati through BNL-SAFOP ITL 20.0 billion	13.1		•	•

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

million ecus

Development of natural gas fields — Barbara, Clara Ovest and Brenda, off Ancona, and Fano, off The Marches, plus Dosso degli Angeli onshore field, Northern Emilia-Romagna — AGIP S.p.A. ITL 120.0 billion	78.9	•	
— Pennina, off The Marches — Società Energia Montedison S.p.A. through Istituto Bancario San Paolo di Torino ITL 13.0 billion	8.5	•	
— Azalea, off Emilia-Romagna — AGIP S.p.A. ITL 32.0 billion	20.8	•	
— Porto Corsini Mare, off Emilia-Romagna — AGIP S.p.A. ITL 30.0 billion	19.5	•	
Construction of 185 km of gasline between Tarvisio (Friuli) on Austrian border and Camisano Vicentino (Veneto) for conveying natural gas from Soviet Union — SNAM S.p.A. ITL 110.0 billion	72.3	•	
Conversion of depleted gas deposits in Sabbioncello (Emilia-Romagna), Corte and Ripalta (Lombardy) into gas storage reservoirs — AGIP S.p.A. ITL 25.0 billion	16.2	•	
Ongoing conversion to natural gas of grid serving Rome; extension of distribution system to embrace neighbouring municipalities (Latium) — ITALGAS through IMI ITL 80.0 billion	52.2	•	
Natural gas distribution system serving 101 municipalities in Lombardy, Veneto and Piedmont — ITALGAS ITL 35.0 billion	22.7	•	
Construction of Reggio Emilia district heating system and combined heat and power plant fired with coal, wood and natural gas (Emilia-Romagna) — Azienda Gas Acqua Consorziale through BNL-SAFOP ITL 5.0 billion	3.2	•	
Upgrading to twin track of 21 km of rail line between Maccarese and Rome (Latium) — Ente Ferrovie dello Stato through Ministry of Transport ITL 30.0 billion	19.5	•	•
Upgrading of Cumana suburban rail line in Naples and construction of maintenance/repair yards (Campania) — Italian Republic (Ministry of Transport) ITL 4.0 billion	2.6	•	
Upgrading to twin track of Milan-Bovisa-Saronno rail line ultimately providing regular rail service to Malpensa International Airport (Lombardy) — Ferrovie Nord Milano Esercizio SpA through Ministry of Transport ITL 32.0 billion	20.8		•
Completion of Rome by-pass (46.9 km) linking A1 Rome-Milan and A2 Rome-Naples motorways — AUTOSTRADE through IRI ITL 75.0 billion	49.3	•	
Construction of final sections (57 km) towards Domodossola (Piedmont) of Tunnels Motorway — AUTOSTRADE through IRI ITL 200.0 billion	131.4		•
Widening to three lanes of San Cesareo-Naples section (176 km) of A2 Rome-Naples motorway (Latium-Campania) — AUTOSTRADE through IRI ITL 100.0 billion	65.1	•	

	million ecus	Community infrastructure	Environment-Cultural heritage	Modernisation of undertakings	Energy	Regional development
Extension of Vomero interchange on Naples urban motorway — Campania Regional Authority ITL 7.4 billion	4.8	•				
Strengthening of breakwater in outer harbour and coal jetties in Brindisi (Apulia) — Italian Republic (Ministry of Public Works) ITL 38.0 billion	25.0	•	•			
Construction of marina in Pescara — Abruzzi Regional Authority ITL 10.0 billion	6.5	•				
Extension of Mole VII in Trieste harbour to accommodate container and roll-on/roll-off vessels (Friuli-Venezia Giulia) — Italian Republic (Ministry of Public Works) ITL 11.9 billion	7.7	•				•
Construction of two small harbours for fishing boats and yachts in Bagnara and Cariati — Calabria Regional Authority ITL 2.5 billion	1.6	•				
Modernisation and expansion of fishing port in Giulianova and commercial port in Ortona — Abruzzi Regional Authority ITL 12.0 billion	7.8	•				
Acquisition of fourteen MD82 and four ATR42 aircraft for improving regional links — AERO TRASPORTI ITALIANI through IRI ITL 31.5 billion	20.7	•				
Acquisition of ten MD82 aircraft for enhancing links within the Community — ALITALIA S.p.A. through MEDIOBANCA ITL 50 billion	32.5					•
Acquisition of two Airbus A300-B2-203 aircraft for extending and improving links within Italy and with other EEC Member States — ALITALIA S.p.A. through CREDIOP ITL 33.5 billion	21.6					•
Acquisition of three ATR42-300 aircraft for strengthening links within Italy and the Community — AVIANOVA S.p.A. through BNL 4.7 billion	3.1	•				•
Modernisation and expansion of Turin-Caselle airport (Piedmont) — Società Azionaria Gestione Aeroporto "Città di Torino" p.a. through Istituto Bancario San Paolo di Torino ITL 10.0 billion	6.6					•
Infrastructural works and equipment upgrading intermodal freight terminal in Verona (Veneto) — Ente Autonomo Magazzini Generali di Verona through Venefondlario ITL 8.0 billion	5.2					•
Construction of funicular railway serving historical centre of Orvieto plus provision of associated car park — Consorzio Trasporti Terni through Umbria Regional Authority ITL 5.5 billion	3.6	•				
Construction of road tunnel in historical centre of Caserta — Campania Regional Authority 4.3 billion	2.8	•				
Works to prevent landslides threatening urban infrastructure in Catanzaro — Calabria Regional Authority ITL 5.5 billion	3.6	•				•
Extensions to telephone networks in Abruzzi, Molise, Latium, Campania, Basilicata, Apulia, Calabria, Sicily and Sardinia — SIP through IRI ITL 580.0 billion	377.8	•				

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

million ecus

Construction of new telecommunications satellite earth station in Scanzano (Sicily) — TELESPAZIO through IRFIS ITL 30.0 billion	19.7	●	●
Schemes to improve and rationalise water supplies in: — Cagliari — Municipality of Cagliari through Sardinia Regional Authority ITL 20.0 billion	13.1	●	
— North-Eastern Sardinia — Ente Sardo Acquedotti e Fognature through Sardinia Regional Authority ITL 3.5 billion	2.3	●	●
— tourist area to East of Cagliari — Ente Autonoma del Flumendosa through Sardinia Regional Authority ITL 15.0 billion	9.7	●	
— L'Aquila and Teramo — Abruzzi Regional Authority ITL 3.0 billion	1.9	●	
— Isernia and Campobasso — Molise Regional Authority ITL 4.9 billion	3.2	●	
— Novara and Alessandria — Piedmont Regional Authority ITL 8.4 billion	5.4		●
Improvements to drinking water supplies and sewerage and sewage disposal schemes in: — Marsala — Sicily Regional Authority ITL 5.0 billion	3.3	●	●
— Grado — Friuli-Venezia Giulia Regional Authority ITL 2.0 billion	1.3	●	●
— Foggia and Gulf of Manfredonia — Apulia Regional Authority ITL 87.2 billion	56.7	●	●
— Lake Omodeo and Porto Torres — Sardinia Regional Authority ITL 7.0 billion	4.5	●	●
Waste water collection schemes and equipment designed to: — reduce pollution in River Po and its tributaries and eutrophication in Adriatic — Lombardy Regional Authority ITL 70.0 billion	45.6		●
— Piedmont Regional Authority ITL 15.0 billion	9.7		●
— Emilia Romagna Regional Authority ITL 30.0 billion	19.4		●
— reduce coastal pollution — The Marches Regional Authority ITL 20.0 billion	13.1	●	●
— handle domestic and industrial effluent from extensive area of Savona Province — Liguria Regional Authority ITL 14.0 billion	9.1		●
— handle domestic and industrial effluent discharged into Gorzone basin — Veneto Regional Authority ITL 10.0 billion	6.5		●
— reduce pollution in River Arno — Tuscany Regional Authority ITL 30 billion	19.4		●
— improve quality of water in Valli di Camacchio lagoon (Ferrara Province) — Emilia-Romagna Regional Authority ITL 2.5 billion	1.6		●
Improvements to water supply system, sewage treatment and solid waste disposal plants in Metauro river basin in Pesaro and Urbino provinces — The Marches Regional Authority ITL 5.0 billion	3.2	●	●
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 ITL 15.0 billion	9.7	●	●
Provision of sewage collection and treatment facilities to reduce pollution in Bay of Muggia and Marano lagoon (Lignano) in Gulf of Trieste; forest rehabilitation and protection works in Udine Province — Friuli-Venezia Giulia Regional Authority ITL 38.0 billion	24.8	●	●
Flow control works on Dora Baltea and its tributaries plus schemes to prevent landslides and avalanches — Val d'Aosta Regional Authority ITL 23.0 billion	15.1	●	●

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

million ecus

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 municipalities with combined population of 32 000 (Potenza Province) — Basilicata Regional Authority ITL 6.0 billion	3.9	•	•
Works to control erosion and prevent landslides in mountainous areas of Isernia Province — Italian Republic (Ministry of Public Works) and Molise Regional Authority ITL 8.0 billion	5.2	•	
Improvements to water supply system in Campobasso; works to prevent landslides and consolidate viaduct in Ripalimosani — Molise Regional Authority ITL 11.0 billion	7.1	•	•
Works to control erosion and regulate flow of Cordevole, main tributary of Piave — Veneto Regional Authority ITL 3.0 billion	1.9	•	•
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 ITL 36.0 billion	23.3		•
Works to control erosion and regulate flow of three water courses in Dese and Sile basins (North of Venice); sewerage and sewage treatment works in Brenta and Bacchiglione basins — Veneto Regional Authority ITL 10.0 billion	6.5		•
Flood protection, stormwater drainage and landslide prevention works in Ancona Province — The Marches Regional Authority ITL 4.0 billion	2.6	•	•
Irrigation of 6 800 hectares in Tarquinia coastal plain — Consorzio di Bonifica della Maremma Etrusca through Latium Regional Authority ITL 7.5 billion	4.9	•	
Reafforestation works and construction of forest access roads — Val d'Aosta Regional Authority ITL 6.0 billion	3.9	•	
Construction of forest access roads in foothills of Julian Alps and in Natisone Valley — Friuli-Venezia Giulia Regional Authority ITL 4.0 billion	2.6	•	•
Reafforestation and sundry development works plus construction of forest access roads in Cuneo Province — Piedmont Regional Authority ITL 3.0 billion	1.9		•
Reafforestation and sundry development works plus construction of forest access roads in Cagliari Province — Sardinia Regional Authority ITL 2.0 billion	1.3	•	•
Redevelopment and fitting out of industrial estates in San Mango, Calabritto, Buccino and Calaggio (Campania), municipalities damaged by November 1980 earthquake — Italian Republic ITL 16.0 billion	10.5	•	
Reinstatement of infrastructure in Abruzzi, Molise and Umbria damaged by earthquakes in April/May 1984: water supply and sewerage systems, roads, public buildings and landslip consolidation — Italian Republic (Ministry of Civil Defence) ITL 20.0 billion	13.0	•	
Modernisation of cementworks in Vibo Valentia (Calabria) and reduction of dust emissions — Cementerie Italiane del Sud S.p.A through IMI ITL 5.2 billion	3.4	•	•
Relocation of glass bottle manufacturing plant on outskirts of Asti plus modernisation of installations to reduce energy consumption and polluting emissions (Piedmont) — Aziende Vetrarie Italiane Ricciardi through IMI ITL 15.0 billion	9.7	•	•

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

million ecus

Modernisation of production facilities at float glass factory in San Salvo (Abruzzi) — Flovetto S.p.A. through IMI ITL 8.0 billion	5.2	•	•	•
Introduction of advanced process technology at three factories producing detergents and chemical adhesives in Ferentino (Latium), Lomazzo and Casarile (Lombardy) — Henkel S.p.A. ITL 10.0 billion	6.5	•		•
Works to modernise chemicals complex in Rosignano, foster energy savings and improve environmental protection (Tuscany) — SOLVAY et Cie S.A. through INTERBANCA ITL 10.0 billion	6.5	•	•	•
Establishment of centre in Pomezia (Latium) for research into anti-viral substances — Istituto Ricerche di Biologia Molecolare S.p.A. through IMI ITL 6.0 billion	3.9	•		•
Restructuring and modernisation of synthetic fibre plants in Ottana and Porto Torres (Sardinia) and conversion of plant in Pisticci (Basilicata) to produce technical polymers — ENICHEM FIBRE — through CIS ITL 30.0 billion — through ENI ITL 30.0 billion	19.7	•		
	19.5	•		
Conversion of three refineries to produce lead-free petrol together with environmental protection improvements (Sannazzaro de' Burgondi-Lombardy; Porto Marghera-Veneto; Livorno-Tuscany) — AGIP Petroli through IMI ITL 75.0 billion	48.7			•
Production of low-lead and lead-free petrol at refinery in Augusta (Sicily) — Esso Italiana S.p.A. through IRFIS ITL 36.0 billion	23.3	•		•
Development and production of small and medium-sized computer systems and printing peripherals in Caluso (Piedmont) — Honeywell Bull Italia through IMI ITL 70.0 billion	46.0			•
Establishment of factory for producing automobile brake components in Modugno (Apulia) — Bendix Altecna SpA through MEDIOBANCA ITL 30.0 billion	19.4	•		
Development and production of ATR-72 Franco-Italian short-haul aircraft at factories in Pomigliano d'Arco and Capodichino (Campania) — AERITALIA S.p.A. through IRI ITL 30.0 billion	19.4	•		•
Construction of plant for producing audio and ROM compact discs in L'Aquila (Abruzzi) — Optical Media Storage S.p.A. through ISVEIMER ITL 35.0 billion	22.7	•		•
Introduction of advanced manufacturing systems at three factories producing electric heating resistances and construction of new research centre for development of flexible manufacturing systems in Treviso Province (Veneto) — UNIFIN — Unione Finanziaria S.p.A. and its subsidiaries IRCA, SIPA and RICA S.p.A. through IMI ITL 8.0 billion	5.2			•
Expansion of production facilities at delicatessen factory in Pomezia (Latium) — Salumificio Cesare Florucci S.p.A. through ISVEIMER ITL 7.5 billion	4.9	•		

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

million ecus

Modernisation of production processes and anti-pollution measures at six sugar refineries in Emilia-Romagna, Veneto and The Marches — Industria Saccarifera Italiana Agroindustriale through Istituto Bancario San Paolo di Torino ITL 40.0 billion	26.0	•	•
Construction of pasta factory in Sansepolcro (Tuscany) and computerised management of central services in Perugia (Umbria) — Buitoni S.p.A. through BNL ITL 25 billion	16.2	•	•
Modernisation and expansion of three breweries in: — Pedavena (Veneto) — Birra Dreher S.p.A. — through ISVEIMER ITL 6.5 billion	4.2	•	
— through Banco di Napoli ITL 6.5 billion	4.2	•	
— Popoli (Abruzzi) and Massafra (Apulia) — Birra Dreher S.p.A. through ISVEIMER ITL 17.0 billion	11.0	•	
Establishment of nature park in coastal forest area near Nardó — Apulia Regional Authority ITL 3.0 billion	1.9	•	•
Restoration of Ducal Palace in Genoa — Municipality of Genoa through Liguria Regional Authority ITL 5.0 billion	3.2	•	
Expansion of R & D centre for telecommunications and electronics in Turin (Piedmont) — Centro Studi e Laboratori Telecomunicazioni S.p.A. through IRI ITL 15.0 billion	9.9		•
Construction and fitting out of laboratories in Catania (Sicily) for research into nuclear physics, super-conductivity and cryogenics — Istituto Nazionale di Fisica Nucleare through Italian Republic ITL 7.4 billion	4.8	•	•
<i>Global loans</i>	(996.4)		
For financing, particularly through leasing facilities, investment by industrial and service-sector SMEs			
● Central and Northern Italy			
— BNL ITL 75.0 billion	48.9		
— CENTROBANCA ITL 7.5 billion	4.9		
— IMI ITL 130.0 billion	84.8		
— INTERBANCA ITL 45.0 billion	29.2		
— Istituto Bancario San Paolo di Torino (agricultural — processing enterprises) ITL 15.0 billion	9.7		
— Istituto Federale di Credito Agrario per il Piemonte, la Liguria e la Valle d'Aosta ITL 15.0 billion	9.7		
— Mediocredito Centrale for Regional Mediocrediti ITL 123.5 billion	80.3		
— VENEFONDIARIO ITL 10.0 billion	6.5		
● Mezzogiorno			
— Banco di Napoli ITL 40.0 billion	26.3		
— Banco di Sicilia ITL 20.0 billion	12.9		
— BNL ITL 35.0 billion	22.8		
— BNL SACAT (hotel and tourism enterprises) ITL 15.0 billion	9.9		
— CIS (solely Sardinia) ITL 60.0 billion	39.2		

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

million ecus

— Consorzio Nazionale per il Credito Agrario di Miglioramento (agricultural-processing enterprises, on-farm investment, small infrastructural schemes, particularly irrigation, and re-forestation)	ITL 17.5 billion	11.5
— CREDIOP	ITL 10.0 billion	6.5
— EFIBANCA	ITL 10.0 billion	6.5
— IMI	ITL 100.0 billion	65.2
— IRFIS (solely Sicily)	ITL 30.0 billion	19.6
— ISVEIMER	ITL 131.0 billion	85.1
— Mediocredito Centrale for Regional Mediocrediti	ITL 60.3 billion	39.2

For financing small and medium-scale ventures serving to promote energy savings and/or to protect environment and/or to foster development of industrial SMEs

● Central and Northern Italy

— BNL	ITL 45.0 billion	29.4
— Cassa di Risparmio delle Provincie Lombarde	ITL 3.2 billion	2.0
— EFIBANCA (including advanced technology)	ITL 10.0 billion	6.5
— IMI	ITL 90.0 billion	59.1
— INTERBANCA	ITL 15.0 billion	9.7
— Istituto Bancario San Paolo di Torino	ITL 40.0 billion	26.1
— Mediocredito Centrale for Regional Mediocrediti	ITL 140.4 billion	91.2
— Mediocredito Lombardo	ITL 15.0 billion	9.7

● Mezzogiorno

— BNL	ITL 30.7 billion	20.1
— INTERBANCA	ITL 10.0 billion	6.5
— Istituto Bancario San Paolo di Torino	ITL 10.0 billion	6.5

For financing small and medium-scale industrial ventures incorporating advanced technology

— BNL	ITL 78.5 billion	51.3
— IMI	ITL 92.4 billion	59.9

NETHERLANDS (607.0 million Dutch guilders-NLG) **259.7**

Individual loans (216.7)

Acquisition of one Boeing 747-200 and two Boeing 767-300 aircraft for plying intra-Community and international routes — Martinair Holland N.V.	NLG 50.0 million	21.4
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Construction of fluidised bed calcination plant for producing charred lime in Echt (Limburg) — Kaldin v.o.f.	NLG 7.0 million	3.0
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Construction of facilities for manufacturing integrated circuits using submicron technology in Nijmegen (Gelderland) — N.V. Philips Gloeilampenfabrieken through Electris Finance N.V.	NLG 450.0 million	192.3
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Community infrastructure
 Environment-Cultural heritage
 Modernisation of undertakings
 Energy
 Regional development

	million ecus			
<i>Global loans</i>	(43.0)			
For financing investment by industrial and service-sector SMEs				
— Amro Bank N.V. NLG 50.0 million	21.5			
— Nederlandsche Middenstands bank N.V. NLG 50.0 million	21.5			
PORTUGAL (95 219.5 million Escudos-PTE)	560.4			
<i>Individual loans</i>	(403.8)			
Construction of Sines coal-fired power station — Electricidade de Portugal, EP PTE 16 999.0 million	100.0	•	•	
Construction of Alto Lindoso hydroelectric power station (North) — Electricidade de Portugal, EP PTE 16 999.0 million	100.0	•	•	
Construction of Caldeirão hydroelectric power station near Guarda (Centre) — Electricidade de Portugal, EP PTE 3.5 billion	20.5	•	•	
Improvements to Oporto railway junction (North) to enhance performance and improve quality of service for passenger and goods traffic — Portuguese Republic (Gabinete do Nó Ferroviário do Porto) PTE 5 993.0 million	35.3	•		
Construction of new sections of highway (99km) on priority routes linking port of Aveiro and Coimbra (Centre) with Vilar Formoso (Spanish border) — Portuguese Republic (Junta Autónoma de Estradas) PTE 1 870.0 million	11.0	•		
Improvements to national road network — Portuguese Republic (Junta Autónoma de Estradas) PTE 11.8 billion	69.7	•		
Construction of road bridge between Portugal and Spain over Guadiana river plus upgrading of international trunk road between Faro (Algarve) and Seville — Portuguese Republic (Junta Autónoma de Estradas) PTE 1 120 million	6.6	•		•
Road improvements, runway extension at São Miguel international airport plus construction of harbour on Terceira Island — Azores Autonomous Regional Authority PTE 5.0 billion	29.5	•		
Construction of waste water collection and treatment facilities plus sea outfall to reduce coastal pollution between Lisbon and Estoril (Lisbon) — Portuguese Republic (Gabinete do Saneamento Básico da Costa do Estoril) PTE 3 060.0 million	18.1	•		•
Construction of wood-fibre panel factory in Nelas (Centre) — Madiberia, Lda PTE 650.0 million	3.8	•		
Construction of electronic components factory in Setúbal — Tronitech-Componentes Electrónicos, S.A. PTE 900.0 million	5.3	•		
Construction of hotel in centre of Lisbon — Sociedade Portuguesa de Hotéis, S.A. PTE 680.0 million	4.0	•		

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

million ecus

Global loans

(156.6)

For financing investment by SMEs

● in industrial and service sectors (particularly through leasing facilities)

— **Caixa Geral de Depósitos**

PTE 2 550.0 million 15.0

— **Banco Pinto & Sotto Mayor**

PTE 2 550.0 million 15.1

— **Banco Português de Investimento**

PTE 4 250.0 million 25.1

— **Euroleasing-Sociedade Portuguesa de Locação Financeira, S.A.**

PTE 1.0 billion 5.9

— **Sociedade Financeira de Locação, S.A.**

PTE 1.0 billion 5.9

— **Banco de Fomento Nacional**

PTE 5 116.5 million 30.0

— **Portuguese Republic**

PTE 6 772.0 million 39.7

● in agricultural, agricultural-processing and fisheries sectors

— **Caixa Geral de Depósitos**

PTE 1 705.0 million 10.0

— **Banco Pinto & Sotto Mayor**

PTE 1 705.0 million 10.0

UNITED KINGDOM (725.1 million pounds sterling-GBP)

1 079.5

Individual loans

(1 049.0)

Construction of nuclear fuel reprocessing facilities in Sellafield (North-West England) — **British Nuclear Fuels plc**

GBP 190.0 million 288.3 ●

Construction of municipal waste recycling plant in Hastings (South-East England) yielding waste-derived fuel — **East Sussex Enterprises Ltd**

GBP 1.0 million 1.4 ● ●

Construction of Channel Tunnel — **Eurotunnel Finance Ltd**

GBP 70.0 million 106.5 ● ●

Improvements to port installations in Plymouth, Southampton, Hull, Immingham, Grimsby, Barry and Ayr — **Associated British Ports**

GBP 16.0 million 24.4 ● ●

Improvements to approach and landing systems at several airports plus installations and equipment designed to increase safety and efficiency of air navigation — **Civil Aviation Authority**

GBP 18.0 million 25.8 ● ●

Construction of second passenger terminal at Stansted international airport (South-East England) — **Stansted Airport Ltd**

GBP 100.0 million 150.4 ●

Development of telecommunications in Scotland — **British Telecom Finance B.V.** for **British Telecommunications plc**

GBP 200.0 million 287.0 ● ●

Water supply, sewerage, sewage disposal and road schemes in the Grampians (Scotland) — **Grampian Regional Council**

GBP 10.0 million 14.4 ● ●

Modernisation of production facilities at cast roll factory in Gateshead (North-East England) — **Davy Roll Company Ltd**

GBP 3.3 million 4.9 ●

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

million ecus

Modernisation and extension of aircraft engine overhaul facilities in Nantgarw, near Cardiff (Wales) — British Airways Engine Overhaul Ltd GBP 7.3 million	10.9	•		
Design and construction of wings for Airbus A-320 jetliner at various plants in England — British Aerospace plc through Cadavon Ltd GBP 50.0 million	76.3		•	
Extension of facilities for overhaul of jet aircraft engines and components in Prestwick (Scotland) — Caledonian Airmotive Ltd GBP 11.0 million	16.8	•		
Construction of new textile weaving mill in Bradford and modernisation of dyeing and finishing plant in Huddersfield (Yorkshire) — Parkland Textile plc GBP 2.0 million	3.0	•		
Installation of polymerisation line at polystyrene production plant in Carrington, Greater Manchester (North-West England) — Huntsman Chemical Company Ltd GBP 3.0 million	4.6	•		
Construction of hotel in Birmingham (West Midlands) — National Exhibition Centre Ltd GBP 17.0 million	24.4	•		
Construction of about 100 small roadside motels ("lodges") plus parking and restaurant facilities throughout main road and motorway network in United Kingdom — Trusthouse Forte plc GBP 5.0 million	7.6	•		
Construction of new computer centre providing information technology services in Manchester (North-West England) — National Computing Centre Ltd GBP 1.5 million	2.3	•	•	
<u>Global loans</u>	(30.5)			
• for financing investment by industrial and service-sector SMEs — Barclays Bank plc GBP 10.0 million	15.3	x		
— Investors in Industry Group plc GBP 10.0 million	15.3			
OTHER (1)	285.0			
<u>Individual loan</u>				
Acquisition, launching and operation of new generation of telecommunications satellites providing for high capacity digital transmissions between European countries — EUTELSAT — European Telecommunications Satellite Organisation	100.0		•	•
<u>Guarantee operation</u>				
Acquisition, launching and operation of four telecommunications satellites serving maritime and other mobile sectors and providing almost total global coverage — INMARSAT — International Maritime Satellite Organisation	185.0		•	•

(1) Akin to financing for projects within the Community (see Note 11, page 9).

B. Loans from the resources of the New Community Instrument (NCI) concluded in 1988

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 356.5 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 loans in this list are designed to finance investment by SMEs apart from one operation which qualified for support under the heading of Community infrastructure.

million ecus			
<u>Global loans</u>		UNITED KINGDOM	
		(65.0 million pounds sterling-GBP)	99.3
DENMARK (250.0 million Danish kroner-DKK)	31.4	— Barclays Bank plc	
		GBP 30.0 million	45.8
— Finansieringsinstituttet for Industri og Håndværk A/S		— Investors in Industry Group plc	
DKK 250.0 million	31.4	GBP 35.0 million	53.5
		ITALY (150.0 billion Lire-ITL)	97.3
SPAIN (3.0 billion Pesetas-ESP)	21.9	— CENTROBANCA	
		ITL 30.0 billion	19.4
— Banco Español de Crédito S.A. and Banco de Desarrollo Económico Español S.A.		— CREDIOP	
ESP 1.5 billion	10.9	ITL 10.0 billion	6.5
— Banco de Vizcaya S.A.		— EFIBANCA	
ESP 1.5 billion	10.9	ITL 20.0 billion	13.0
		— IMI	
		ITL 20.0 billion	12.9
		— Istituto Regionale di Credito Agrario	
		(agricultural processing)	
		ITL 5.0 billion	3.3
		— Mediocredito Centrale for Regional	
		Mediocrediti	
		ITL 41.5 billion	27.1
		— Mediocredito Lombardo	
FRANCE (750.0 million French francs-FRF)	106.6	ITL 15.0 billion	9.7
		<u>Individual loan</u>	
— Crédit Industriel et Commercial		Intermodal rail/road freight terminal in Verona	
FRF 400.0 million	56.6	(Veneto) — Corsorzio Zona Agricolo-Industriale	
— Crédit National		di Verona through VENEFONDIARIO	
FRF 350.0 million	50.0	ITL 8.5 billion	5.5

Abbreviations used in the above lists

France CLF-CAECL: Crédit Local de France - Caisse d'Aide à l'Équipement des Collectivités Locales

Italy: AGIP: Azienda Generale Industria Petroli

AUTOSTRAD: 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 BNL

BNL/SAFOP: Sezione Autonoma per il Finanziamento di Opere Pubbliche e di Impianti di Pubblica Utilità della BNL

CENTROBANCA: Banca Centrale di Credito Popolare

CIS: Credito Industriale Sardo

CREDIOP: Consorzio di Credito per le Opere Pubbliche

EFIBANCA: Ente Finanziario Interbancario

ENEL: Ente Nazionale per l'Energia elettrica

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.

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 520.1 million in loans from EIB own resources and 180.1 million in operations from risk capital resources drawn from Community and Member States' budgetary funds, giving a total of 700.2 million, a substantial rise on 1987's figure of 392.1 million.

The increase stems from the entry into force of new financial protocols between the Community and the Mediterranean countries, under which financing worth 398 million was concluded, including 7 million from budgetary resources, compared with 42.8 million in 1987.

Financing in the African, Caribbean and Pacific States was advanced under the terms of the Third Lomé Convention and in the Overseas Countries and Territories under the relevant Council Decision. Funding in these countries added up to 129.1 million in loans from own resources, carrying an interest subsidy, and 173.1 million in risk capital assistance financed from budgetary resources, giving a total of 302.2 million in all (compared with 349.4 million in 1987).

The Mediterranean Countries

The financial protocols concluded in 1987 with the various countries in the Mediterranean came into force throughout 1988. The Bank was able to resume its operations very rapidly in several countries following the contraction in 1987 when the amounts provided for under the previous protocols had been virtually fully drawn down.

Yugoslavia

Under the Second Financial Protocol concluded with Yugoslavia particular stress was laid on financing

transport infrastructure of importance for both this country and the Community, a case in point being the Trans-Yugoslav highway and its various access roads. The country's geographical location makes it particularly important within the European transport network. Indeed, nearly four fifths of traffic between Greece and the rest of the Community makes use of Yugoslavia's rail and, above all, road network.

Under this protocol, the Bank has lent 210 million to fund construction of various sections of the Trans-Yugoslav motorway and the road tunnel under the Karawanken mountains linking up with Austria's

Table 10: Financing provided outside the Community in 1988

	(million ecus)						
	Total	EIB own resources	Budgetary resources	Energy	Infra-structure	Industry, Agriculture, Services	
						Individual loans	Global loans
Morocco	50.0	50.0	—	—	—	—	50.0
Tunisia	60.0	57.0	3.0	—	17.0	—	43.0
Egypt	28.0	25.0	3.0	—	—	—	28.0
Jordan	34.0	33.0	1.0	15.0	—	—	19.0
Malta	16.0	16.0	—	—	16.0	—	—
Yugoslavia	210.0	210.0	—	—	210.0	—	—
Mediterranean	398.0	391.0	7.0	15.0	243.0	—	140.0
Africa	260.1	104.0	156.1	53.5	87.9	101.0	17.7
Caribbean	10.9	6.0	4.9	7.0	—	0.5	3.4
Pacific	19.7	12.0	7.7	2.6	—	16.3	0.8
OCT	11.6	7.1	4.5	6.0	3.1	1.5	1.0
ACP—OCT	302.2	129.1	173.1	69.1	91.0	119.3	22.9
Total	700.2	520.1	180.1	84.1	334.0	119.3	162.9

Risk Capital and the Mediterranean Protocols

Risk capital was introduced over 15 years ago by the Bank as part of financial cooperation with countries outside the Community. Operations of this sort have been widely employed in the ACP States but opportunities for using risk capital under the first two generations of financial protocols with the Mediterranean countries have been few and far between, with only two operations mounted, one for 5 million in Morocco and the other for 3 million in Egypt.

This form of financing has gained fresh impetus, however, within the framework of the Third Financial Protocols with the Maghreb and Mashreq countries (see Table 11). The Community expressly decided to include risk capital funding in these agreements, earmarked principally for the industrial sector, drawn from the Community budget and managed by the Bank. Admittedly, the amount envisaged is relatively modest but the importance of this initiative has certainly not gone unnoticed by the countries concerned, which are always seeking to bolster their industrial cooperation with the Community. Moreover, the timing of this new development is not without significance. In the past few years, particular attention has been paid to the private sector with a view to tackling the problem of insufficient equity and all concerned are agreed on the need for increased cooperation between promoters from within the Community and their partners in the southern Mediterranean countries.

From the word go, it was clear that whilst past experience was very valuable, a substantial reworking of the system would nonetheless be essential for this type of operation to suit the needs of the Mediterranean

region. These countries, which generally have relatively developed economies, frequently already have outlets in the Community and enjoy firmly established commercial links with Member States. It can therefore be reasonably assumed that they provide fertile ground for mounting joint operations. Consequently, the emphasis has been placed on assisting local businesses in joint ventures undertaken with Community enterprises, although this does not exclude other types of investment scheme. Moreover, an in-depth analysis of aid for SMEs in the developing countries has brought to light certain specific problems connected with financing equity, in particular, questions of exchange risk and the EIB has introduced various measures to address this problem.

The Financial Protocols with Tunisia, Egypt and Jordan all entered into effect between 1 February and 1 August 1988. Loans accounting for more than 50% of the risk capital funds provided for under these protocols have since been signed or are being arranged. Other operations under appraisal in Algeria and Morocco should be concluded in 1989.

The provision of risk capital financing is a clear indication of the Community's intention of exploring and developing further industrial cooperation with the Mediterranean countries in a flexible and risk-sharing manner. The beneficiary countries have already made clear their willingness to exploit fully the possibilities offered. The EIB's aim in its management of these funds is efficiency both in terms of economic objectives and banking practice, in keeping with the mandate entrusted to it by the Community.

motorway network. These loans follow on from a series of operations already mounted to finance this vital road link (151.6 million in loans between 1978 and 1984).

Maghreb Countries

A total of 110 million has been made available for projects in Tunisia and Morocco under the Second and Third Protocols.

In **Tunisia**, where 60 million was advanced, including 3 million in risk capital, the funds went into upgrading part of the rail network and into support,

via global loans, for small and medium-scale investment schemes in industry, agriculture, agricultural processing and tourism. In the course of 1988, some 300 ventures attracted a total of 22 million from ongoing global loans.

In **Morocco**, a global loan for 50 million, arranged towards the end of the year, will be channelled into financing investment in agriculture and agricultural processing, including very small-scale on-farm schemes.

Mashreq Countries

Financing in this region ran to a total of 62 million.

In **Jordan** (34 million, of which 1 million from risk capital), the Bank provided funding for improvements to the power distribution network supplying Amman and arranged global loans to promote investment in industry and agriculture.

In **Egypt**, support for small and medium-scale ventures in industry and tourism was made available through two global loans totalling 28 million, including 3 million from risk capital.

Malta

In **Malta**, a 16 million loan for a new terminal will help to improve and expand passenger handling facilities at the airport. This loan drew down the last of the funds remaining under the Second Financial Protocol.

The ACP States and OCT

Persistent severe economic problems and the deterioration in the borrowing capacity of the majority of ACP States has depressed the volume of the Bank's activities in these countries.

The EIB, nonetheless, succeeded in mounting operations in support of investment projects in 30 African, Caribbean and Pacific States and four Overseas Countries and Territories

In six of these, loans were granted from the EIB's own resources (92.1 million, a third of total activity), in 24 others financing was drawn from risk capital resources (137.2 million, 48% of the total) and in four countries a combination of these two sources of funds was used (38.2 million). In addition, the Bank provided financing for a number of projects involving cooperation between several countries: 15 million to ASECNA, the Agency for Air Traffic Control in Africa and Madagascar, to improve air traffic safety in eleven African countries, and 19.7 million in support of investment undertaken through the intermediary of regional development banks in Africa and the Caribbean.

More than 60% of the total risk capital assistance deployed benefited the least developed ACP States (designated in Article 257 of the Third Lomé

Convention), whilst two thirds of the loans from EIB own resources went to projects in the other countries.

In keeping with the guidelines contained in the Third Lomé Convention, priority was accorded to supporting projects in industry and agricultural processing. Despite the repercussions of the economic troubles, felt particularly keenly in these sectors, financing for such projects reached 142 million, nearly 50% of total assistance provided, of which 118 million went to manufacturing industry and 24 million to small and medium-sized enterprises channelled through development banks. The amount of funding authorised from global loans in 1988 ran to 25.3 million advanced to 98 small and medium-sized enterprises, the credit going to investment schemes predominantly in the food-stuffs, textiles and leather, metal semi-processing, construction materials and tourism sectors.

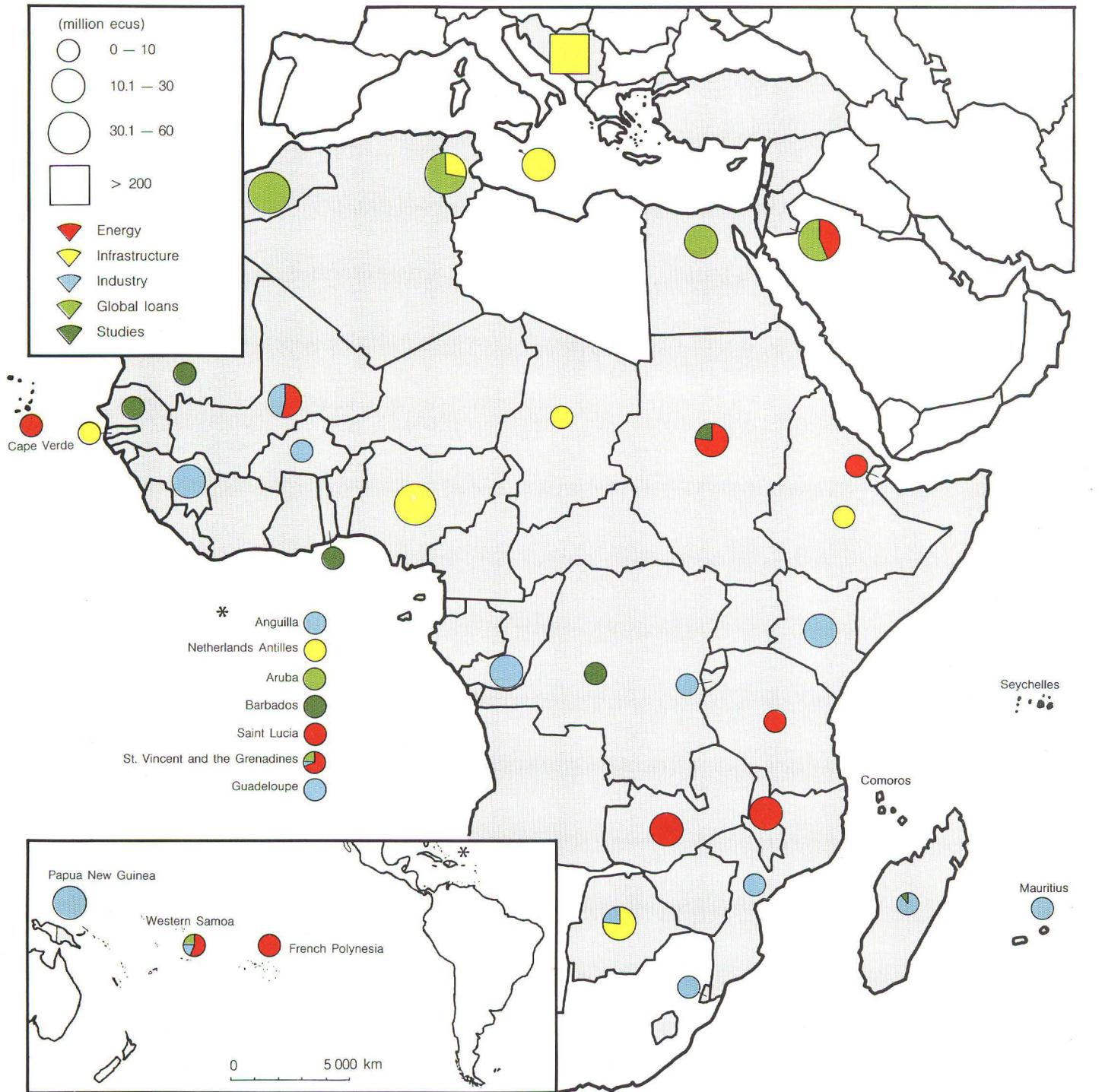
The other loans went into energy-sector equipment (69.1 million), improving and expanding drinking water and sewerage installations (63 million) and upgrading communications infrastructure (28 million). Operations centred on rehabilitation of enterprises and restoration of infrastructure accounted for almost half of the total.

In 1988, the EIB advanced financing in 25 African countries totalling 260.1 million (104 million from the Bank's own resources and 156.1 million from risk capital), including 32.7 million for projects concerning several countries (ASECNA and development banks).

Lending in **West Africa** ran to 109.5 million, of which 12 million went to the West African Development Bank. A loan of 45 million in **Nigeria** will help to finance rehabilitation and expansion of the water treatment and distribution facilities in the capital, Lagos. The funds advanced in **Mali** went into a project for a high-voltage power line between Bamako and Segou and to construction and modernisation of cotton-ginning plants (20.5 million). Loans made in **Guinea** concerned modernisation of an alumina plant and working of a granite quarry near Conakry (16.6 million), whilst in the **Gambia** a project to expand drinking water supplies for Banjul attracted a loan of 5.7 million.

The Bank helped to finance two factories in **Burkina Faso**, one at Bobo Dioulasso producing cardboard boxes and the other at Ouagadougou manufacturing plastic sheeting and sacks (4.5 million). Funds were also advanced for a project to uprate the power plant at Praia, in **Cape Verde** (3 million) and for feasibility studies on working iron ore deposits in

Projects financed in the Mediterranean countries, the ACP States and the OCT-OD in 1988



* including an allocation of 40 000 ecus in Guadeloupe, see Table 21

Mauritania (1.5 million) and a gas field in **Senegal** (600 000) and on installation of a radio link in **Togo** (100 000).

Countries in **southern Africa** received 55.3 million from the Bank: in **Botswana**, for improving water supplies and for construction of a hotel in Gaborone and, in **Zambia**, for rehabilitation of the oil pipeline to Tanzania (13 million in each of these two countries); in **Malawi**, for power lines transmitting supplies from hydroelectric plants in the south to the capital and northern part of the country (11 million); in **Madagascar**, for construction of an integrated tuna-processing complex in Antsiranana and for a feasibility study on development of a graphite mine (6.3 million); in **Mozambique**, for rehabilitation of a cementworks near Maputo (6 million); for a flour mill in **Mauritius** and a textiles plant at Manzini in **Swaziland** (3 million each).

EIB financing in **East Africa** totalled 53.5 million. A loan of 25 million in **Kenya** will be devoted to maintaining production capacity in industrial enterprises already financed by the Bank. In **The Sudan**, the funds were given over to overhauling Roseires power station and to survey work with a view to prospective mining of gold deposits in the Ariab region (13 million).

In **Ethiopia**, 10 million was made available to enlarge the port at Assab, whilst in **Tanzania** funds were provided for extending the power transmission network to the Tukuyu region (3.5 million) and in **Djibouti** for expanding Tadjourah power station and the power transmission network as far as Obock (2 million).

In **central and equatorial Africa**, financing amounted to 26.8 million, of which 5.7 million went to the Central African States Development Bank.

Table 11: **Amounts of Community financial aid provided for in conventions, financial protocols and decisions in force or under negotiation at 1 May 1989**

		(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 (1)							
Yugoslavia	Second Financial Protocol	1988—1991	550			550	
Turkey	Fourth Financial Protocol	awaiting signature	225		50	325 (2)	
Algeria	Third Financial Protocols	1988—1991	183	4	52	239	
Morocco			151	11	162	324	
Tunisia			131	6	87	224	
Egypt	Third Financial Protocols	1988—1991	249	11	189	449	
Jordan			63	2	35	100	
Lebanon			53	1	19	73	
Israel	Third Financial Protocol	1988—1991	63			63	
Malta	Third Financial Protocol	1988—1993	44	5	13	62	
Cyprus	Third Financial Protocol	awaiting signature	23	2.5	12.5	38	
Lebanon	Exceptional Aid		50			50	
ACP States—OCT							
ACP	Third Lomé Convention	1986—1990	1 100	600	4 860	600	7 160
OCT	Council Decision	1986—1990	20 (1)	15	55	25	115
Total ACP—OCT (5)			1 120	615	4 915	625 (4)	7 275

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

(2) Financing granted and managed by the Bank.

(3) Aid granted and managed by the Commission.

(4) Loans granted and managed by the Commission.

(5) Excluding transfers from STABEX, the Fund for the stabilisation of export earnings (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 granted by the Commission.

The funds were used for rehabilitation of an agro-industrial project in **The Congo** entailing restoration and construction of palm oil mills, a refinery and plantations (16 million), improvements to coffee sorting and storage facilities in a coffee curing plant at Gitega in central **Burundi** (2.5 million), rehabilitation of water supply installations serving N'Djamena in **Chad** (2.2 million) and a feasibility study for a new power line in the Kivu region of **Zaire** (400 000).

In the **Pacific**, 19.7 million was advanced for plantations and palm oil and cocoa storage and processing facilities on New Ireland, one of the islands in **Papua New Guinea** (15.5 million) and, in **Western Samoa**, for a dam and hydroelectric plant on the island of Upolu as well as for a development bank (4.2 million).

Financing in the **Caribbean** reached 10.9 million, from which a global loan of 2 million was advanced

to a regional bank, the Caribbean Financial Services Corporation. Other operations mounted concerned power generation and transmission equipment on the islands of **St Lucia** (3 million) and **St Vincent** (5.8 million, including a global loan) and a feasibility study on construction of a new abattoir on **Barbados** (100 000).

Lastly, four OCT attracted financing: **French Polynesia** for expansion of the power network on Tahiti (6 million), the **Netherlands Antilles** for improvements to telecommunications facilities (3.1 million), the island of **Anguilla** for a hotel (1.5 million) and the island of **Aruba** for a global loan advanced to a development bank (1 million).

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

EIB support for the private sector in the ACP States

It now seems clear that building up the role, both quantitative and qualitative, played by the private sector can be one of the most effective ways of helping Africa to address its economic difficulties. The EIB can draw on many years of experience in financing this sector in the ACP countries; its operations have, for the most part, taken the form of global loans - lines of credit advanced to intermediary institutions, largely development finance companies or development banks established to provide long-term funding in support of small and medium-sized local enterprises. In many countries such institutions are the sole source of long-term financing for the private sector. In using them as a channel for the funds, the Bank is capitalising on their knowledge of local markets, enterprises and projects.

From the time of the First Lomé Convention to the end of 1988, the EIB concluded 123 of these lines of credit in 42 ACP countries, for a total amount of 439 million ecus, accounting for 20% of all operations in the ACP States over this timespan. The lines of credit in question were drawn on to finance some 660 operations in support of small and medium-sized enterprises, almost 90% of

which were in the private sector. Virtually all the enterprises benefiting were small industrial firms.

In 1987 and 1988, the Bank reassessed its activities in this sphere. The development banks and finance companies have not escaped the economic difficulties troubling Africa in general. Local markets for industrial products have not grown as rapidly as predicted and enterprises which have contracted borrowings in foreign currency have often been caught out by substantial devaluations in their own currency. There is also the problem of a dearth of equity or quasi-equity for small companies which the risk capital resources managed by the Bank can help to offset. This notwithstanding and despite the economic difficulties, about half the enterprises financed in this way have proved to be profitable and only one in six has ended up bankrupt or going into liquidation.

In this field, decisions must be taken on the basis of an accurate assessment of the level of risk involved so as to avoid backing investment schemes holding out no hope of success. In the coming years, the EIB, making use of the risk capital from budgetary resources, hopes to build on and consolidate its experience still further.

List of financing operations outside the Community

A. Loans from the Bank's own resources

Contracts signed in 1988

Loans provided from the Bank's own resources in 1988 in respect of projects outside the Community totalled 520.1 million, of which 391.0 million went to countries in the Mediterranean region and 129.1 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.

All the loans, apart from those in Yugoslavia, Malta and Morocco, carried an interest subsidy financed from Community budgetary resources.

		million ecus		
YUGOSLAVIA				
<hr/>				
Three sections (83 km) of the Trans-Yugoslav highway			Global loan to Banque Nationale de Développement Agricole to finance small and medium-scale agricultural and agricultural-processing ventures	
			18.1 million Tunisian dinars	18.0
Highway authorities in the Socialist Republics of				
— Croatia				
164.3 million Yugoslav dinars	60.0		EGYPT	
— Macedonia			<hr/>	
41.1 million Yugoslav dinars	15.0		Global loan to Export Development Bank of Egypt to finance small and medium-scale industrial and tourism ventures	
— Serbia			63.3 million Egyptian pounds	25.0
68.4 million Yugoslav dinars	25.0		JORDAN	
<hr/>			<hr/>	
Two sections (42 km) of the Trans-Yugoslav highway			Upgrading and extension of the power distribution network in Amman	
Highway authorities in the Socialist Republic of Slovenia and the Autonomous Province of Vojvodina			Jordanian Electric Power Company Ltd through the Hashemite Kingdom of Jordan	
241.9 million Yugoslav dinars	65.0		6.2 million Jordanian dinars	15.0
Karawanken road tunnel crossing Austro-Yugoslav border				
Highway authorities in the Socialist Republic of Slovenia			Global loan to Agricultural Credit Corporation through the Hashemite Kingdom of Jordan to finance small and medium-scale agricultural investment schemes	
123.2 million Yugoslav dinars	45.0		3.4 million Jordanian dinars	8.0
<hr/>			<hr/>	
MOROCCO			Global loan to Industrial Development Bank to finance small and medium-scale industrial and tourism ventures	
<hr/>			4.2 million Jordanian dinars	10.0
Global loan to Caisse Nationale de Crédit Agricole to finance small and medium-scale ventures in agriculture and agricultural processing		50.0	MALTA	
<hr/>			<hr/>	
TUNISIA				
<hr/>				
Laying of new track (178 km), realignment (45 km) and repairs throughout the railway network			Construction of new terminal at Luqa airport to cope with increase in tourist traffic	
Republic of Tunisia			Republic of Malta	
17.1 million Tunisian dinars	17.0		6.4 million Maltese pounds	16.0
Global loan to Banque de Développement Economique de Tunisie to finance small and medium-scale industrial and tourism ventures				
12.1 million Tunisian dinars	12.0		ACP States — Africa	
<hr/>			million ecus	
Global loan to Banque Nationale de Développement Touristique to finance projects associated with the hotel sector			REGIONAL — WEST AFRICA	
10.1 million Tunisian dinars	10.0		<hr/>	
<hr/>			Global loan to West African Development Bank to finance small and medium-sized enterprises in industry, agricultural processing, agriculture, tourism, mining and telecommunications	
<hr/>			10.0	

REGIONAL — CENTRAL AFRICA

Global loan to **Central African States Development Bank** to finance small and medium-sized enterprises in industry, agricultural processing, mining and tourism and small-scale infrastructure 5.0

NIGERIA

Improvement and rehabilitation of water catchment, treatment and rehabilitation and supply installations in Lagos
Federal Republic of Nigeria
267.0 million nairas 45.0

KENYA

Rehabilitation, modernisation and expansion of industrial enterprises previously financed by the Bank
Republic of Kenya
502.0 million Kenya shillings 25.0

BOTSWANA

Improvements to water supplies in Gaborone by construction of a dam on the Metsemothlaba, pumping station and 34km pipeline
Water Utilities Corporation
22.0 million pulas 10.0
Construction of 200-room hotel in Gaborone, with sports facilities and conference rooms
Gaborone International Hotel Company through Botswana Development Corporation
6.6 million pulas 3.0

MALAWI

Extension of power transmission and distribution network
Electricity Supply Commission of Malawi
8.8 million Malawi kwachas 3.0

MAURITIUS

Construction of flour mill at Port-Louis
Les Moulins de la Concorde
through **Development Bank of Mauritius**
47.4 million Mauritian rupees 3.0

ACP States — Caribbean

million ecus

SAINT VINCENT AND THE GRENADINES

Expansion of power production by replacing three obsolete diesel generating sets on Saint-Vincent and Bequia islands
Government of Saint Vincent and the Grenadines for VINLEC
8.9 million East Caribbean dollars 3.0

SAINT LUCIA

Installation of two 6.3 MW diesel generators and erection of overhead power lines
Saint Lucia Electricity Services Ltd
8.9 million East Caribbean dollars 3.0

ACP States — Pacific

million ecus

PAPUA NEW GUINEA

Extension of oil palm and cocoa plantations on east coast of New Ireland: oil production line, improvements to storage and handling facilities; rehabilitation of cocoa-processing equipment
Poliamba Pty Ltd
9.8 million kina 12.0

OCT

million ecus

FRENCH POLYNESIA

Expansion of high and medium-voltage power transmission network on Tahiti
Société de transport d'énergie électrique en Polynésie through **Caisse Centrale de Coopération Economique**
509.0 million CFP francs 4.0

NETHERLANDS ANTILLES

Improvements to international and inter-island telecommunications facilities
Central Government of the Netherlands Antilles — Ministry of Transport and Communications
6.1 million Antilles guilders 3.1

B. Financing operations from budgetary resources

Contracts signed in 1988

Operations concluded in 1988 totalled 180.1 million drawn from Community or Member States' budgetary resources, of which 7 million took the form of loans in Mediterranean countries and 173.1 million was advanced for operations in the ACP States and 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.

million ecus				
TUNISIA			MALI	
Global loan to finance direct or indirect acquisition of equity participations in enterprises in industry and tourism			Erection of high-voltage power line between Bamako and Ségou (220 km)	
Conditional loan to Banque de Développement Economique de Tunisie			Conditional loan to Republic of Mali for Energie du Mali	
3.0 million Tunisian dinars	3.0		3 869.5 million CFA francs	11.0
EGYPT			Construction of cotton ginning plant at Koumantou and modernisation of nine existing plants	
Global loan to finance small and medium-sized enterprises in industry and tourism, studies and equity participations			Conditional loan to Compagnie Malienne de Développement du Textile through Republic of Mali	
Conditional loan to Export Development Bank of Egypt			3 355.8 million CFA francs	9.5
7.6 million Egyptian pounds	3.0		GUINEA	
JORDAN			Uprating production capacity and productivity at Fria alumina plant	
Global loan to finance small and medium-sized enterprises in industry and tourism, studies and equity participations			Conditional loan to Republic of Guinea for FRIGUIA	
Conditional loan to Industrial Development Bank			4 234.7 million Guinea francs	13.0
0.4 million Jordanian dinars	1.0		Working of quarry to extract ornamental granite in the Maferingah range in Conakry region	
ACP States — Africa			Conditional loans:	
		million ecus	— to Republic of Guinea for participation in the capital of Société des Granits de Guinée	
AFRICA			205.3 million Guinea francs	0.6
Renewal and modernisation in eleven countries of radiotelecommunications, meteorological and navigation equipment to maintain and improve air traffic safety in the area covered by ASECNA			— to Société des Granits de Guinée through Republic of Guinea	
Conditional loan to Agency for Air Traffic Control in Africa and Madagascar (ASECNA)			1 119.7 million Guinea francs	3.0
15.0 million ecus	15.0		CONGO	
REGIONAL — WEST AFRICA			Rehabilitation of Sanghapalm agro-industrial project and establishment of national vegetable oil production system with completion of oil palm plantations at Kandeko and Mokeko, construction of palm oil mill at Kandeko and vegetable oil refinery at Brazzaville	
Global loan to finance studies and equity participations			Conditional loan to Sanghapalm and Société des Huiles du Congo through People's Republic of the Congo	
Conditional loan to West African Development Bank			5 651.8 million CFA francs	16.0
2.0 million ecus	2.0		SUDAN	
REGIONAL — CENTRAL AFRICA			Rehabilitation and modernisation of three of the six generators at Roseires hydroelectric power station on the Blue Nile	
Global loan to finance feasibility studies on industrial, agricultural-processing, mining and tourism projects, and equity participations			Conditional loan to National Electricity Corporation through Republic of Sudan	
Conditional loan to Central African States Development Bank			51.3 million Sudanese pounds	10.0
0.7 million ecus	0.7			

Survey and study of gold deposits in Ariab region
 Conditional loan to **Sudanese Mining Corporation**
 through **Republic of Sudan**
 15.4 million Sudanese pounds 3.0

ZAMBIA

Rehabilitation of sections of Tazama oil pipeline
 (1 700 km), connecting the port at Dar-es-Salaam
 (Tanzania) with Ndola oil refinery (Zambia), and of
 oil storage installations at Dar-es-Salaam
 Conditional loan to **Tazama Pipelines Ltd**
 114.8 million Zambian kwachas 13.0

ETHIOPIA

Extension of commercial port at Assab with
 construction of multi-purpose terminal
 Conditional loan to **Port of Assab (Marine
 Transport Authority)** through **Government of
 Ethiopia**
 22.9 million Ethiopian birr 10.0

MALAWI

Extension of power transmission and distribution
 network
 Conditional loan to **Republic of Malawi** for
Compagnie Nationale d'Electricité
 23.5 million Malawi kwachas 8.0

MADAGASCAR

Construction of integrated tuna-processing
 complex at Antsiranana
 Conditional loans to **Pêche et Froid Océan Indien**
 and **Bankin' ny Tantsaha Mпамokatra**
 9 035.9 million Malagasy francs 5.7
 Technical and financial feasibility study on
 projected working of graphite mine south of
 Tamatave
 Conditional loan to **Democratic Republic of
 Madagascar**
 1 040.0 million Malagasy francs 0.6

MOZAMBIQUE

Rehabilitation of production equipment at Matola
 cementworks, near Maputo
 Conditional loan to **People's Republic of
 Mozambique**
 3 881.1 million meticals 6.0

THE GAMBIA

Rehabilitation and extension of drinking water
 supply installations in Banjul
 Conditional loan to **Republic of The Gambia** for
Gambia Utilities Corporation
 45.7 million Gambian dalasi 5.7

BURKINA FASO

Construction of cardboard box factory at Bobo
 Dioulasso
 Conditional loan to **Société Nationale de Cartons
 et d'Emballages** through **State of Burkina Faso**
 879.4 million CFA francs 2.5
 Modernisation and extension of plant producing
 plastic sacks and packaging at Ouagadougou
 Conditional loan to **Société des Plastiques**
 through **State of Burkina Faso**
 706.5 million CFA francs 2.0

TANZANIA

Extension of medium-voltage power transmission
 network to region of Tukuyu, an agro-industrial
 area in the south-west
 Conditional loan to **United Republic of Tanzania**
 for **Tanzania Electric Supply Company**
 401.9 million Tanzania shillings 3.5

CAPE VERDE

Expansion of power generation and distribution
 facilities at Praia
 Conditional loan to **Republic of Cape Verde** for
Empresa Publica de Electricidade e Agua
 256.2 million Cape Verde escudos 3.0

SWAZILAND

Establishment of integrated cotton weaving-
 finishing plant near Manzini in central Swaziland
 Conditional loan to **NATEX Ltd** through **Swaziland
 International Development Company Ltd**
 8.0 million emalangeni 3.0

BURUNDI

Improvements to coffee sorting and storage
 equipment at Gitega curing plant (central Burundi)
 Conditional loan to **Government of Burundi** for
Offices des Cafés du Burundi
 408.7 million Burundi francs 2.5

CHAD

Rehabilitation of water supply installations for
 N'Djamena
 Conditional loan to **Société Tchadienne d'Eau et
 d'Electricité** through **Republic of Chad**
 773.9 million CFA francs 2.2

DJIBOUTI

Extension of Tadjourah power station with
 additional 1 MW diesel generating set and
 erection of power line to Obock
 Conditional loan to **Electricité de Djibouti**
 392.5 million Djibouti francs 2.0

MAURITANIA

Technical and financial feasibility study on mining of M'Haoudat iron ore deposits

Conditional loan to **Société Nationale Industrielle et Minière**
130.7 million ouguiyas 1.5

SENEGAL

Technical feasibility study on exploration and resumed working of Diam Niadio-Kabor gas field

Conditional loan to **PETROSEN** through **Republic of Senegal**
210.0 million CFA francs 0.6

ZAIRE

Feasibility study on construction of new power line to serve northern Kivu

Conditional loan to **Société Nationale d'Electricité du Zaïre**
72.3 million zaires 0.4

TOGO

Preparatory study on implementation of projected digital radio link between the south (Lomé) and north (Kara)

Conditional loan to **Office des Postes et Télécommunications**
35.3 million CFA francs 0.1

ACP States — Caribbean

million ecus

REGIONAL — CARIBBEAN

Global loan to finance equity participations in small and medium-sized enterprises in industry and tourism

Conditional loan to **Caribbean Financial Services Corporation Ltd**
6.0 million East Caribbean dollars 2.0

SAINT VINCENT AND THE GRENADINES

Increase in capital of **Development Corporation**

Conditional loan to **Government of Saint Vincent and the Grenadines**
1.2 million East Caribbean dollars 0.4

Global loan to finance small and medium-sized enterprises in industry, agricultural processing and tourism, and equity participations

Conditional loan to **Development Corporation**
4.3 million East Caribbean dollars 1.4

Increase in power generating capacity by replacing three obsolete diesel generating sets on Saint Vincent and Bequia islands

Conditional loan to **Government of Saint Vincent and the Grenadines**
3.0 million East Caribbean dollars 1.0

BARBADOS

Preparatory study on construction of new abattoir

Conditional loan to **Government of Barbados**
0.2 million Barbados dollars 0.1

ACP States — Pacific

million ecus

WESTERN SAMOA

Reservoir and hydroelectric plant; power transmission and distribution installations on Upolu island

Conditional loan to **Government of Western Samoa** for **Société de Production d'Electricité**
6.8 million talas 2.6

Global loan to finance small and medium-sized enterprises in agricultural processing, industry, tourism and transport

Conditional loan to **Development Bank of Western Samoa**
1.9 million talas 0.8

Conditional loan to **State of Western Samoa** to finance an increase in its equity participation in **Development Bank of Western Samoa**
1.9 million talas 0.8

PAPUA NEW GUINEA

Extension, on eastern coast of New Ireland, of oil palm and cocoa plantations; construction of palm oil mill and improvements to storage and handling facilities; rehabilitation of cocoa-processing installations

Conditional loan to **New Ireland Development Corporation** through **State of Papua New Guinea**
3.6 million kina 3.5

Construction of bungalow-style hotel on south-western coast

million ecus

Conditional loan to **Anguilla Tourism Development Company** through **Anguilla Development Board**
4.5 million East Caribbean dollars 1.5

FRENCH POLYNESIA

Extension of high and medium-voltage power distribution network on Tahiti

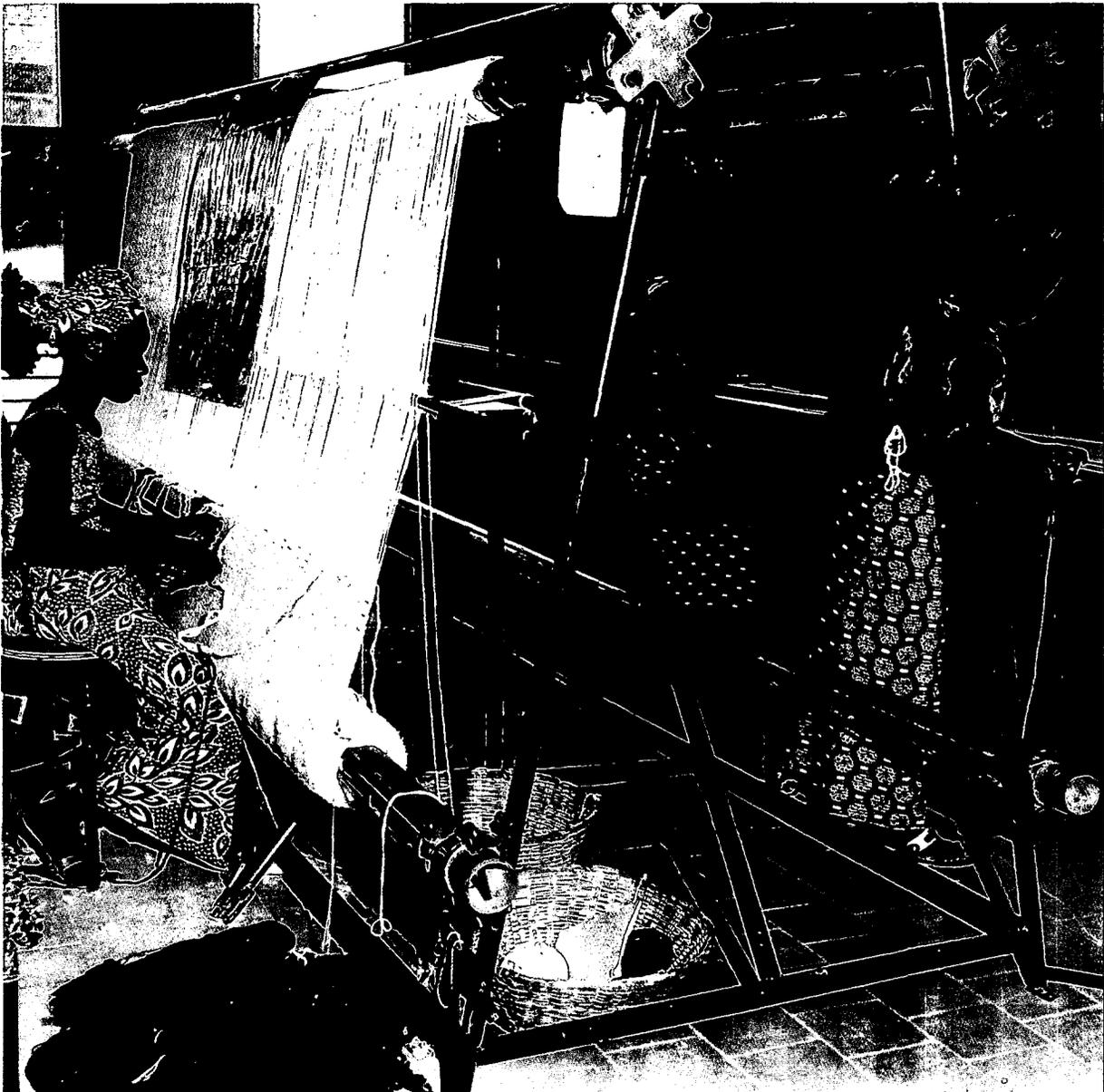
Conditional loan to **Gouvernement du Territoire de la Polynésie française** for **Société de transport d'énergie électrique en Polynésie**
254.5 million CFP francs 2.0

ARUBA

Global loan to finance small and medium-sized enterprises in industry, agricultural processing and tourism, acquisition of equity participations and pre-investment studies

Conditional loan to **Aruban Investment Bank**
2.0 million Antilles guilders 1.0

In the ACP States, priority has been accorded to financing industry and agricultural processing in accordance with the guidelines set out in the third Lomé Convention; in 1988, funding for these sectors totalled 142 million ecus, equivalent to almost 50 % of the aggregate amount lent, and benefited mainly numerous small enterprises.



Resources

The total amount of resources raised by the Bank in 1988 ran to 7 659.5 million, compared with 5 592.7 million in 1987. Virtually all of these funds, 7 406.9 million, were drawn from the capital markets. Calls were also made on the money market, raising 252.5 million through ECU-denominated notes to be used as liquid funds.

Evolution of capital markets

At the start of the year investors, concerned about the possible repercussions of the equity market crash of October 1987, remained hesitant about committing significant resources to the securities markets, despite substantial injections of funds by the monetary authorities of the industrialised countries.

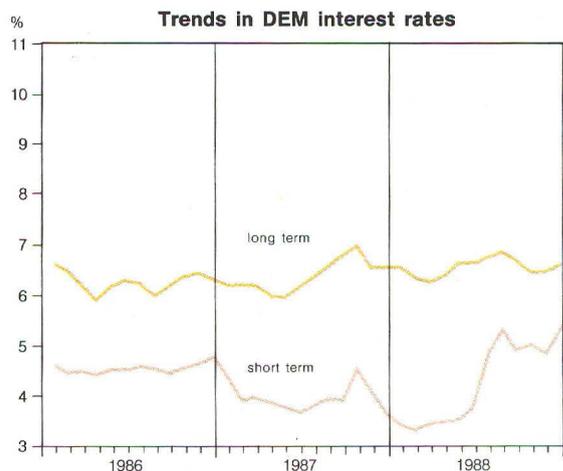
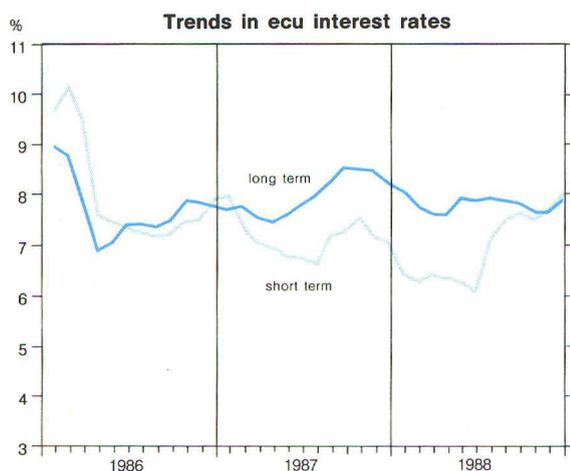
During the first quarter, the fall in long-term interest rates which these measures allowed became even more marked and certain countries like France, Belgium and the Netherlands were able to cut their short-term administrative rates. Investors were then attracted to the bond market by the prospect of falling interest rates and, above all, by disenchantment with equity investments. Bond-issuing activity developed strongly, therefore, in virtually all currency sectors except the US dollar and ecu.

During the second quarter, as it became clear that a pattern of strong economic growth was developing,

a gradual upward push in long-term interest rates emerged on most markets.

In mid-August the Federal Reserve, preoccupied by developing inflationary pressures, increased its discount rate. This move accelerated the dollar's rise, despite intervention by the monetary authorities in the United States and subsequently in Europe. These measures succeeded in slowing and then reversing the dollar's rise by the end of August. This triggered off a particularly lively period of issuing activity on most bond markets. Eurodollar bond issuing activity was especially buoyant during the third quarter, a factor ascribable to a narrowing of the spread between New York and Eurodollar bond yields.

In November, after the American Presidential elections, interest rates started to move upwards. The attractions for investors of high-yielding currencies resulted in a substantial volume of bond



issues during the final quarter. Strong demand for Deutsche Mark and yen bonds was particularly apparent. Total international bond issues, therefore, amounted to 163 billion ecus in 1988, around 16% up on the previous year.

* * *

In contrast to previous years, 1988 was not distinguished by major innovations in financing techniques. It was rather more a period of consolidation and further expansion in the use of recently-introduced instruments, above all swap transactions.

Amongst the newly-offered securities, one worth particular mention is the variable-rate note (VRN). In this variation on the floating-rate note (FRN), on each yield refixing date, the margin over the benchmark rate can also be altered, within pre-arranged bounds, should the market perception as to the credit standing of the issuer have changed. The floating-rate note market itself remained very quiet, although there was a recovery in secondary market prices for dated FRNs.

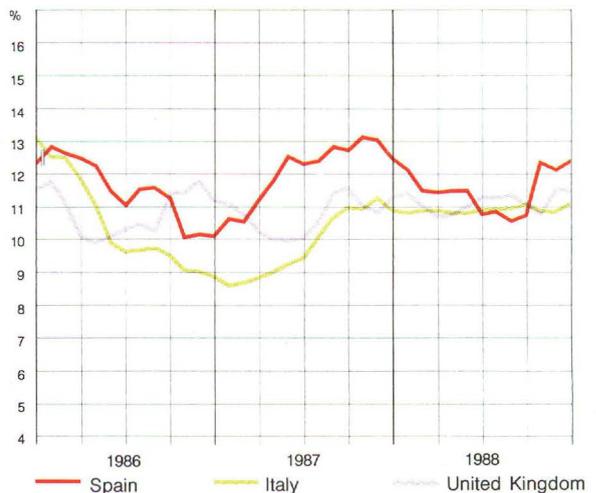
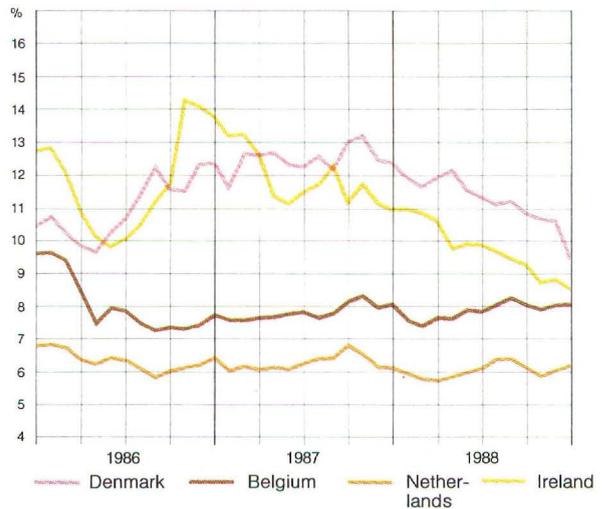
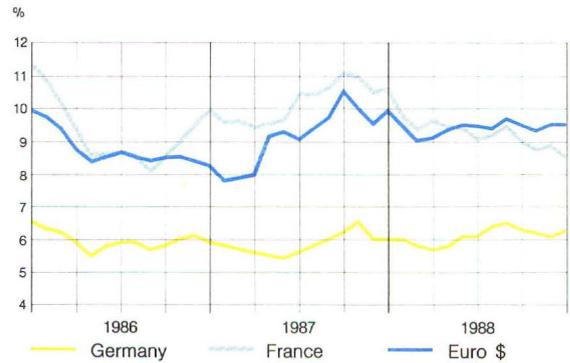
Of the deregulatory measures introduced in European capital markets in 1988, those worth noting include the approval in the Netherlands of zero-coupon and deep-discount bonds and liberalisation of exchange control systems in Italy, Denmark and Ireland.

In Germany, as from October, non-residents were allowed to purchase, upon issue, medium-term bonds offered by the Federal Government (Bundesobligationen). In addition, all non-residents were authorised to purchase these bonds on the secondary market. Thus, the depth of the market for Government debt was increased.

A 10% withholding tax on interest income has been introduced as from 1989. It applies inter alia to bonds issued by residents on the domestic market. Furthermore, the Bundesbank broadened its range of techniques in repurchase agreement operations. Finally, the London futures market, LIFFE, launched a futures contract on 10-year German Government bonds.

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.



Bank activity on the capital markets in 1988

With requests for loan disbursements running at higher levels than the previous year, especially during the last quarter, the total amount tapped by the EIB in the various capital market segments reached 7 406.9 million ecus, representing a rise of more than 34.8% over 1987. Of this sum, 6 095.9 million ecus was intended to cover resource requirements for funding loans and 1 311.5 million ecus for early redemption of borrowings. With its treasury operations in mind, the EIB also issued short-term notes denominated in ecus amounting to 252.5 million, which brings the total outstanding on these operations to 352.5 million.

In response to the preferences of its borrowers, the Bank's resource-raising activities veered, even more than in previous years, towards Community currencies. In all, 84% of funds mobilised were in Member States' currencies, headed by the Deutsche Mark, then the ecu, French franc and pound sterling.

Fixed-rate public issues and private placings brought in 6 889.2 million ecus (up from 1987's figure of 4 564.5 million), of which 497.8 million were swapped for variable rate funds. Operations

mounted directly at variable rate raised 151.2 million compared with 200 million in 1987.

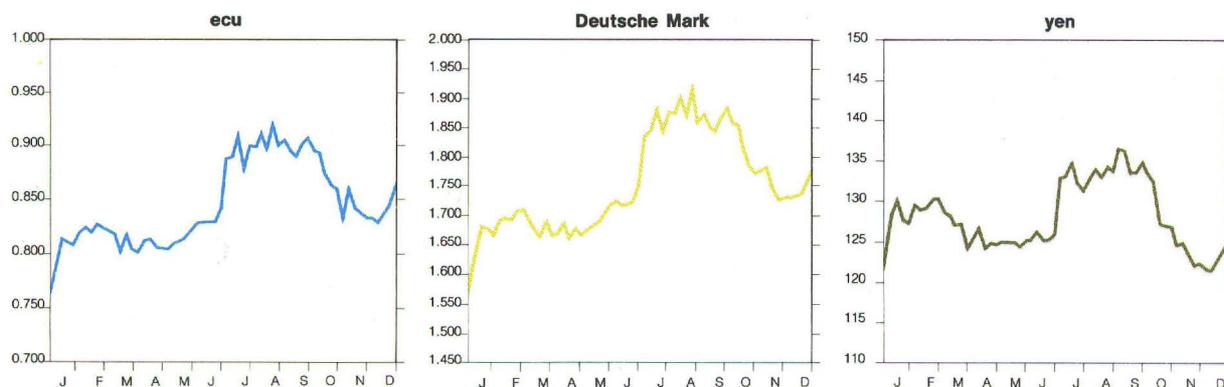
Earmarked for refinancing borrowings redeemed early, interbank operations amounted to 311.2 million, a drop on the previous year. Note issues on the American market collected 55.5 million, compared with 352.1 million in 1987, as the Bank was able to make use of a cheaper form of financing through public issues on the international market.

In overall terms therefore, taking account of adjustments for swap operations (6.7 million, see Table 12), resources available ran to 7 666.1 million.

*
* *

As already mentioned, 1988 witnessed substantial recourse to borrowings in **Community currencies**, with the Bank's maiden issues in pesetas and escudos, meaning that calls were made on virtually all of the Member States' capital markets, the exceptions being Greece and Denmark. The operations covered a relatively diverse range of instruments: public issues, private borrowings, fixed

Trends in 1988 in exchange rates for the ecu, Deutsche Mark and yen against the United States dollar



Resources

and variable-rate bank loans, interest-rate and currency swaps and interbank operations on both the domestic and international markets.

The **Deutsche Mark** occupied top place in the list of borrowings with 1 545.1 million ecus raised, equi-

valent to more than 20% of the total (1 153 million in 1987). Early in the year, the fluctuations in the US dollar exchange rate had no adverse effect on the Deutsche Mark-denominated capital markets. Pressures did emerge during the summer, linked to the substantial increase in the volume of issues and

Table 12: **Breakdown by currency of funds raised in 1988**

	Before Swaps		Swaps	After Swaps		Total
	million ecus	%	million ecus	million ecus	%	%
1. MEDIUM AND LONG-TERM OPERATIONS						
Fixed-rate borrowings	6 889.14	89.94	- 497.79	6 391.35	86.21	83.37
Community	5 656.70	73.85	- 310.80	5 345.90	72.11	69.73
DEM	1 303.47	17.02	—	1 303.47	17.58	17.00
ECU	959.00	12.52	34.00	993.00	13.39	12.95
FRF	853.76	11.15	—	853.76	11.52	11.14
GBP	751.93	9.82	- 247.77	504.16	6.80	6.58
ITL	500.60	6.54	- 97.03	403.57	5.44	5.26
NLG	500.07	6.53	—	500.07	6.75	6.52
BEF	403.77	5.27	—	403.77	5.45	5.27
ESP	237.07	3.10	—	237.07	3.20	3.09
LUF	85.43	1.12	—	85.43	1.15	1.11
IEP	32.28	0.42	—	32.28	0.44	0.42
PTE	29.32	0.38	—	29.32	0.40	0.38
Non-Community	1 232.44	16.09	- 186.99	1 045.45	14.10	13.64
CHF	555.93	7.26	—	555.93	7.50	7.25
JPY	347.88	4.54	- 33.65	314.23	4.24	4.10
USD	252.02	3.29	- 76.73	175.29	2.36	2.29
CAD	76.61	1.00	- 76.61	—	—	—
Floating-rate borrowings	151.15	1.97	504.47 (1)	655.62 (1)	8.84	8.55
ECU	—	—	82.94	82.94	1.12	1.08
GBP	—	—	247.77	247.77	3.34	3.23
ITL	151.15	1.97	97.03	248.18	3.35	3.24
USD	—	—	76.73	76.73	1.03	1.00
Interbank operations	311.15	4.06	—	311.15	4.20	4.06
DEM	241.63	3.15	—	241.63	3.26	3.15
BEF	69.52	0.91	—	69.52	0.94	0.91
Medium-term USD notes	55.48	0.72	—	55.48	0.75	0.72
Total	7 406.92	96.70	—	7 413.60 (1)	100.0	96.71
2. SHORT-TERM OPERATIONS						
ECU-denominated notes	252.50	3.30	—	252.50	—	3.29
Total (1 + 2)	7 659.42	100.00	—	7 666.10 (1)	—	100.00

(1) Including 6.68 million in swap adjustments.

the contraction in the interest-rate gap between the Deutsche Mark and the dollar. The subsequent weakening of the American currency allowed room for an upturn in yields on Deutsche Mark issues. Given the robust health of the economy, the Federal Government's borrowing requirement was limited. Against this backdrop, the EIB was able to enter the market as often as it needed and arrange larger issues. This was particularly true in the third quarter, with an issue for 800 million Deutsche Mark split into two tranches, one with a life of 5 years, the other for 8 years, followed a few months afterwards by a 700 million Deutsche Mark 10-year operation; these issues, which were well received on the market, served to enhance the liquidity of the market in EIB paper. During the course of the year, the Bank also floated public issues for smaller amounts. Interbank operations added up to 241.6 million, as against 409.4 million in 1987, as a large part of the early redemptions were financed through new public issues.

Medium and long-term resources raised in **ecus** totalled 1 075.9 million, compared with 807.4 million in 1987, including 82.9 million at variable rate acquired through a swap against a US dollar-denominated public issue on the international market. Activity on the ecu market was concentrated in the early part of the year and the final quarter. Overall, the Bank enlarged its share of the international market where it remains the leading issuer.

Most of the Bank's ecu-raising activities in 1988 were directed at the European markets, but it was also present on the Japanese market. Issues on the Swiss market accounted for the bulk of operations in Europe with three issues totalling 400 million lead-managed by Swiss banks. In Japan, the Bank targeted Japanese subscribers directly and was thereby able to collect funds for a longer term than that available on the European markets. It also proved possible to raise ecus at fixed rate in Japan, a total of 118 million acquired either through private placings in this currency or in yen swapped for ecus. In France, an issue for 50 million was placed chiefly with private investors through agricultural credit institutions associated with some of their equivalent organisations in Europe and co-operative banks. Lastly, an international issue for 100 million at the end of the year, fungible with an EIB borrowing

launched earlier, rounded off the programme of borrowings in ecus.

The **French franc** was third in the table of currencies borrowed, a total of 853.8 million being raised, compared with 464.0 million in 1987. Market conditions started off the year relatively favourably but later showed some deterioration. Nonetheless, with abundant liquidity and relatively high interest rates awakening the interest of investors, the Bank was able to launch some sizeable issues: two on the international market which were to serve as a benchmark and two on the domestic market. On a very volatile market swayed by events on the external markets, in particular that for the US dollar, the Bank generally continued to apply its policy of arranging delayed-rate setting on its issues, protecting it against the risks stemming from interest-rate fluctuations.

Resources in **pounds sterling** grew strongly, bringing the currency up into fourth place in the list of borrowings, with 751.9 million in 1988, far ahead of the 142 million raised in 1987. Taking advantage of relatively lively market conditions during the first

Disbursements and loans outstanding

The total amount disbursed in 1988 on loans from the EIB's own resources came to 7 843.7 million, of which 7 660.7 million within the Member States and 183 million outside the Community. The amount outstanding in respect of lending from own resources and guarantees climbed from 40 506.2 million at 31 December 1987 to 47 627 million at 31 December 1988, a rise of 17.6%. Details of the principal forms of guarantee covering these loans are provided in Annex B (Note 2) to the Financial Statements.

The balance sheet total at 31 December 1988 amounted to 49 120 million, as against 42 875 million at the end of 1987.

Disbursements made in 1988 on financing operations from Community or Member States' resources amounted to 382 million, of which 283.9 million was for loans under the NCI facility and 98.1 million for operations in the African, Caribbean and Pacific States and certain countries in the Mediterranean. The amount outstanding on operations accounted for in the Special Section dipped very slightly from 8 880.6 million to 8 764.6 million at the end of 1988.

Table 13: Details of funds raised

I. Medium and long-term fixed and floating-rate operations (before swaps)

PUBLIC BORROWING OPERATIONS

Month of issue	Place of Issue	Subscription currency	Amount in national currency (million)	Amount in ecus (million)	Life (years and months)	Coupon (%)
January	Luxembourg	LUF	1 000.0	23.2	8	7.00
	Luxembourg	ECU	150.0	150.0	8	8.00
February	Germany	DEM	300.0	145.6	10	6.125
	Switzerland	CHF	150.0	90.1	10	4.50
	United Kingdom	GBP	100.0	143.5	6.9	9.50
	Luxembourg	ECU	50.0	50.0	9.9	8.375
March	Luxembourg	CAD	130.0	76.6	10	10.125
	France	FRF	1 500.0	214.8	15	9.00
	Luxembourg	USD	100.0	76.7	10	9.00
April	Italy	ITL	150 000.0	98.6	5	11.50
	Luxembourg	ECU	150.0	150.0	8	7.50
	Germany	DEM	400.0	194.1	10	5.75
	Luxembourg	ITL	150 000.0	98.6	8	variable
	Luxembourg	JPY	30 000.0	189.5	4	4.75
May	United Kingdom	GBP	30.0	45.1	6.9	9.50
	Netherlands	NLG	200.0	85.9	6	5.75
June	France	ECU	75.0	75.0	7	7.375
	Netherlands	NLG	300.0	128.8	5	5.50
July	Switzerland	CHF	150.0	87.8	10	4.625
	Germany	DEM	200.0	96.4	10	5.875
	Italy	ITL	200 000.0	130.0	5	11.50
September	United Kingdom	GBP	70.0	105.2	6.9	9.50
	Belgium	BEF	6 000.0	138.0	8	7.75
	Luxembourg	FRF	1 500.0	214.3	7	8.75
	Luxembourg	USD	200.0	175.3	4	8.75
	Luxembourg	ITL	150 000.0	97.4	8	10.75
	Germany	DEM	500.0	241.0	5	5.50
	Germany	DEM	300.0	144.6	8	6.25
October	Netherlands	NLG	150.0	64.1	10	6.50
November	Luxembourg	ECU	100.0	100.0	10	8.00
	Spain	ESP	2 000.0	145.9	10	10.35
December	Germany	DEM	300.0	144.5	10	6.00
	Luxembourg	ITL	150 000.0	97.0	7	11.25
	Switzerland	CHF	200.0	113.9	10	4.75
	France	FRF	2 000.0	283.1	10	8.70
	Luxembourg	ECU	250.0	250.0	7	7.75
	United Kingdom	GBP	100.0	152.7	8.3	10.00
	Germany	DEM	700.0	337.3	10	5.875
	Netherlands	NLG	150.0	64.1	10	6.25
	Ireland	IEP	25.0	32.3	8	8.75
	Luxembourg	FRF	1 000.0	141.5	4	8.625
December	Portugal	PTE	5 000.0	29.3	9	13.50
	United Kingdom	GBP	100.0	152.7	21	9.50
	Luxembourg	ECU	100.0	100.0	6.1	7.75
	Spain	ESP	12 500.0	91.2	7	11.40
(45)				5 765.7		

PRIVATE BORROWING OPERATIONS

Number	Subscription currency	Amount in national currency (million)	Amount in ecus (million)	Life (years)	Rate of interest (%)
4	NLG	364.7	157.2	4-15	5.40-6.85
7	BEF	11 500.0	265.8	3-8	7.70-8.22
9	LUF	2 700.0	62.3	3-7	7.00-7.625
4	CHF	450.0	264.2	4-6	4.00-4.375
2	JPY	2 365.0	158.4	5-10	5.10-5.70
2	ECU	84.0	84.0	10	6.875-8.00
2	ITL	200 000.0	130.2	8	12.50-variable
1	GBP	100.0	152.7	20	8.99
31			1 274.6		

MEDIUM-TERM NOTES

4	USD	69.5	55.5	1-3	7.75-8.70
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INTERBANK OPERATIONS

	DEM		241.6		
	BEF		69.5		
			311.2		

II. ECU-denominated notes

			252.5		
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Total			7 659.5		
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two quarters and the last months of the year, the Bank managed both to increase its calls on the market and broaden the range of instruments employed: international Eurosterling issue, bank loan, issue on the bulldog market. A good number of these issues were arranged with delayed-rate setting and interest-rate swap contracts to obtain variable-rate resources amounting to 247.8 million. The Bank floated an international issue on the Eurosterling market, which was increased in stages from 100 to 300 million. The reopening of the bulldog market, ascribable to the dearth of long-term securities as a result of the Bank of England's policy of buying back substantial quantities of gilts, enabled the EIB to reenter this market with a new competitive tendering system to raise 100 million pounds sterling. A bank loan for a further 100 million pounds was also arranged.

Borrowings in **Italian lire** remained stable (651.8 million compared with 639.2 million in 1987) on a market where, apart from in the last quarter, investors showed little inclination to commit themselves in the long term given the policy of increasing rates. The Bank adapted its issuing strategy by making use, where conditions allowed, of the different market segments and offering a choice of fixed or floating rate. As regards public issues, the EIB divided its borrowing activities between the Euromarket, with three issues for a total of 450 billion lire, and the domestic market, where it raised 350 billion lire through two operations. Greater use was made than in previous years of private placings, which brought in 200 billion lire. With the aim of acquiring variable-rate resources, the Bank

launched, for the first time, a fixed-rate issue on the Eurolira market swapped for variable rate.

The market in the **Netherlands** was influenced by trends on the German market and for a while therefore guilder rates were lower than those on the domestic market for Deutsche Mark following announcement of the proposal to introduce a withholding tax in Germany. On the domestic front, the telling factors were the relative drop in inflation and in the budget deficit. In this context, the Bank was able to push up the total amount mobilised through borrowings and private placings from 337.9 million in 1987 to 500.1 million in 1988. It entered the domestic market with three public issues and four private borrowings. On the international market, the EIB undertook for the first time a guilder-denominated issue aimed principally at Swiss investors and lead-managed by a Swiss bank, which helped to prune the cost considerably.

In **Belgium**, fluctuations in the foreign exchange markets and events on the external financial markets had a determining influence on interest rate movements. A public issue, private borrowings and an interbank operation drew in 473.3 million ecus, compared with 302.2 million the previous year, an amount equivalent to disbursements on loans and early redemptions.

In **Luxembourg**, the Bank collected a total of 85.4 million ecus through a public issue and private borrowings, as against 78.9 million in 1987.

Table 14: **Pattern of funds raised**

	Funds raised	Number	Medium and long-term operations (1)					Short-term operations		Third party participations in loans
			Public issues	Private borrowings	Interbank operations	Medium-term notes	Total	Commercial paper	ECU denominated notes	
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
1988	7 666.1	85	5 772.3	1 274.6	311.2	55.5	7 413.6	—	252.5	—
1961/1988	52 298.7	1 067	35 672.4	13 440.0	1 150.2	407.6	50 670.2	563.1	352.5	712.9

(1) After swaps.

The 1988 financial year saw the EIB present on the Spanish and Portuguese markets for the first time. In **Spain**, the capital markets were influenced chiefly by inflationary pressures in the last quarter and the strong surge in money supply, which induced the authorities to tighten up their monetary policy. In October, the Bank went onto the peseta market for non-residents (the matador market) with the largest issue (20 billion pesetas) and carrying the lowest rate yet seen on this market. The lead manager was selected through a competitive tendering system, a practice followed by the Bank on the other markets. To keep pace with its substantial disbursements in pesetas, the EIB tapped this market once again at the end of the year and in view of demand for this currency, the size of the issue was increased from 10 to 12.5 billion. On the **Portuguese** market, where moves towards modernisation and liberalisation continued, interest rates followed a downward trend during the first half of the year before the effects of inflationary pressures and the deterioration in the balance of payments made themselves felt. The Bank inaugurated the market for escudo-denominated foreign bonds by launching an issue for 5 billion escudos.

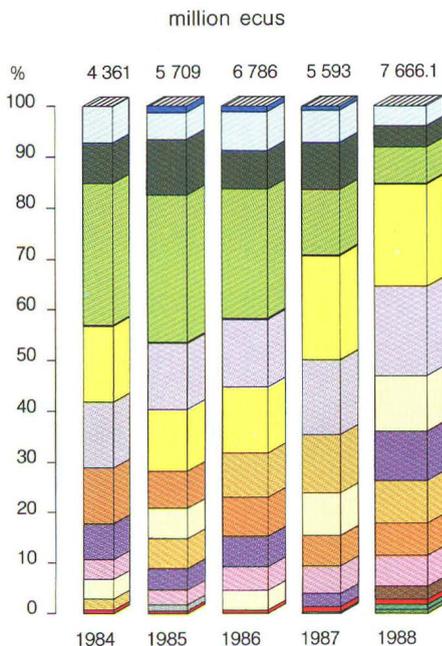
Lastly, in **Ireland** the fall in interest rates due to an easing of inflationary pressures, the further improvement in the balance of payments deficit and the reduction in public-sector borrowing enabled the Bank to float an issue for 25 million Irish pounds using competitive tendering to select the lead manager.

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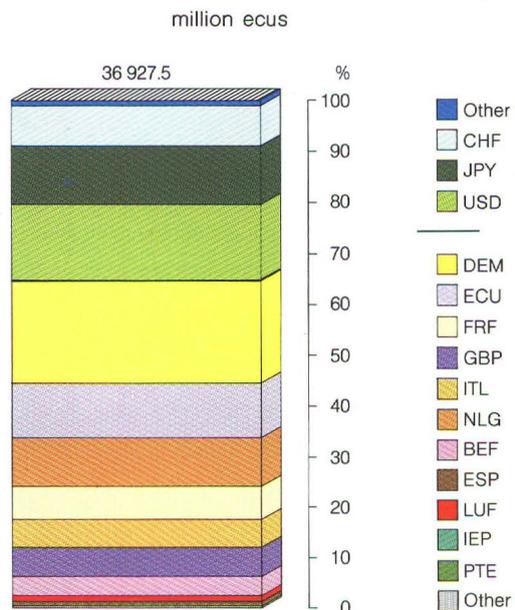
The decline in the share of resources raised taken by **non-Community currencies**, already showing through in 1987, became even more apparent in 1988. The bulk of the funds mobilised were earmarked for early redemption of public issues and private placings.

The **Swiss franc** headed the table, with 555.9 million ecus raised compared with 370.4 million the year before. Although issuing activity on the Swiss market fell back gradually following the rise in

Funds raised, 1984—1988



Amount of medium and long-term borrowings outstanding at 31 December 1988



interest rates, the Bank kept up its activities throughout the year, tapping both the public (291.7 million) and private (264.2 million) markets.

Borrowings in **yen** amounted to 314.2 million ecus, compared with 517.2 million the year before. Issuing activity on the yen-denominated bond markets remained slack given the uncertainty about trends in rates and the weak performance of the yen against the dollar. During the first quarter the Bank went onto the Euroyen market with a borrowing operation for 30 billion yen and subsequently arranged private placings and bank loans (158.4 million ecus) enabling it to obtain ecus through swap operations. Following the new procedure introduced on the Japanese market, equivalent to the shelf registration

system used on the American market, the Bank became the first international institution and only the second borrower to apply for permanent registration. It will thus now be in a position to step into this market more rapidly than before with issues denominated in yen or other currencies.

The share of the **United States dollar** in the Bank's borrowings shrank yet again in 1988 (307.5 million ecus compared with 721.9 million in 1987). The Bank floated two issues on the international market totalling 300 million dollars, the first during the opening quarter and the other early in the third quarter. In addition, it acquired variable-rate United States dollars through a swapped Canadian dollar issue and continued with 1987's note-issuing programme (55.5 million dollars).

Results for the year

The Bank's operating results for 1988 once again reflected the influence of the use of own funds. The margin between interest on loans and the cost of borrowings, which accounts for a large proportion of the operating surplus, was, as in previous years, ascribable essentially to the rise in revenue accruing from own funds.

Receipts of interest and commission on loans ran to 3 712 million compared with 3 374.5 million in 1987, whilst interest and charges on borrowings totalled 3 087.9 million as against 2 826.8 million the previous year. Management commission remained virtually stable at 18.4 million in 1988 compared with 18.2 million in 1987.

Investment income (interest and commission) climbed from 201 million in 1987 to 240.0 million in 1988, the result of an increase in funds employed and the rise in interest rates, which occurred principally during the final quarter.

The margin between financial income and financial charges came to 12.5 million compared with 25.3 million the year before.

Taking into account exchange differences and after allowing for amortisation of issuing charges and redemption premiums totalling 92.8 million, adminis-

trative costs and charges together with depreciation of property, fixtures and fittings, the Bank's operating surplus amounted to 727.5 million. After taking account of a net increase of 27 million, arising from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and an exceptional charge of 49.8 million paid to the Commission of the European Communities in respect of tax withheld by the Bank on salaries and pensions paid to its staff up to 31 December 1987 inclusive, the balance of the profit and loss account amounted to 704.7 million as against 649.1 million in 1987.

The Board of Directors has decided to recommend that the Governors increase the provision for ecu conversion rate adjustments by an amount of 27 million representing the net increase arising at 31 December 1988 from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and appropriate the 1988 operating surplus of 727.5 million, less the amount corresponding to the exceptional charge of 49.8 million, i.e. a total of 677.7 million, to the Additional Reserves.

At 31 December 1988, the balance sheet total stood at 49 120.3 million compared with 42 875.3 million at 31 December 1987, a rise of slightly more than 14%.

Administration

Management Committee

At its Annual Meeting on 13 June 1988, the Board of Governors appointed six of the seven members of the Bank's Management Committee for a statutory period of six years. The appointments of Mr Ernst-Günther BRÖDER, President, and of Messrs C. Richard ROSS, Lucio IZZO, Alain PRATE and Miguel Angel ARNEDO ORBAÑANOS, Vice-Presidents, were renewed. Mr Erling JØRGENSEN, former Permanent Secretary, Danish Ministry of Finance, and member of the EIB's Board of Directors, was appointed as a new Vice-President. On 29 June 1988, Mr Ludovicus MEULEMANS, former Director-General of the Belgian Treasury and member of the EIB's Board of Directors, was also appointed Vice-President. In recognition of their valued service, the Board of Governors has conferred the title of Honorary Vice-President on Messrs Arie PAIS and Noel WHELAN, the two outgoing Vice-Presidents whose terms of office expired on 13 June 1988.

Board of Directors

At its Annual Meeting on 13 June 1988, the Board of Governors appointed the Board of Directors, composed of 22 Directors (21 nominated by the Member States and one nominated by the Commission of the European Communities) and 12 Alternate Directors (11 nominated by the Member States and one by the Commission of the European Communities), for a statutory period of five years.

Messrs Lars TYBJERG and Michael J. SOMERS were appointed Directors to replace Messrs Erling JØRGENSEN and David McCUTCHEON. Alternate Directors Messrs Andrew J.C. EDWARDS, Flemming FARUP-MADSEN, Ms Ariane BOLENSKY and Messrs Savino SPINOSI and Jan H.G. VANORMELINGEN were replaced by Messrs R.I.G. ALLEN, Maurice O'CONNELL, Christian NOYER, Ms L. Fernanda FORCIGNANÒ and Mr J.L. JONKHART. The terms of office of the other Directors and Alternate Directors were all renewed.

Subsequently, Mr Pedro MARTÍNEZ MÉNDEZ was replaced as Director by Mr Manuel CONTHE GUTIÉRREZ, Mr Jan H.G. VANORMELINGEN moved from his position as Alternate Director to take over as Director from Mr Ludovicus MEULEMANS and Messrs Kaj BARLEBO-LARSEN and T. Alastair CLARK, Alternates, were replaced by Messrs Giovanni RAVASIO and Oliver PAGE.

The Board of Directors wishes to thank all its outgoing members for their sterling services to the Bank during their time on the Board.

Audit Committee

At its Annual Meeting on 13 June 1988, the Board of Governors appointed one member of the Audit Committee, as is its customary practice. To replace Mr Jørgen BREDSORFF, the outgoing Chairman, the Board of Governors appointed Mr Constantin THANOPOULOS, Director, Bank of Greece, as a member of the Committee for the 1988, 1989 and 1990 financial years. Mr Albert HANSEN has taken over the chairmanship of the Committee until the Bank's balance sheet and profit and loss account for the 1988 financial year are approved at the 1989 Annual Meeting.

The Board extends its thanks to Mr Jørgen BREDSORFF for his long and invaluable service on the Audit Committee.

* * *

Control and monitoring of Bank operations

With the increasing complexity of its operations in mind, the Bank has been continuously developing its control procedures and has established a multi-tiered system. Besides the Board of Governors, Board of Directors and Management Committee who have overall control, this system includes two independent bodies, the Audit Committee and the External Auditors, as well as the Internal Audit Division and the project monitoring departments (1).

The Audit Committee continued to verify the Bank's annual accounts and its procedures and conducted on-the-spot visits to a number of projects.

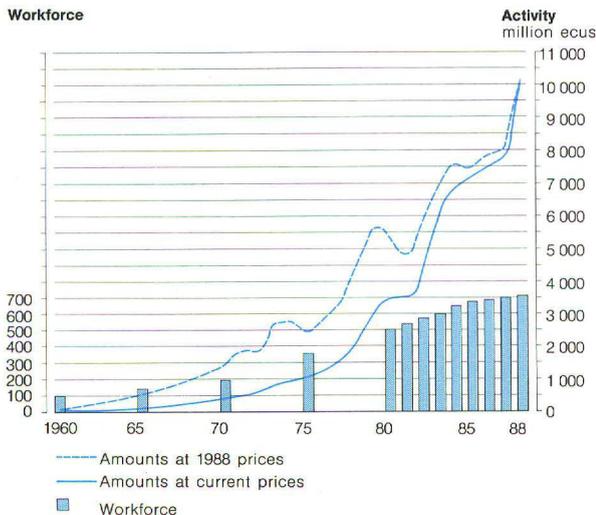
On the basis of annual programmes drawn up jointly with the External Auditors and the Audit Committee, the Internal Audit Division has stepped up its systematic controls on the implementation and effectiveness of procedures with respect to administrative expenses, financial and treasury operations and computer security.

To verify the efficacy of its lending activities and procedures in the context of operations outside the Community, the Bank conducts ex-post appraisals, drawing on reports prepared both in-house and by consultants.

* * *

(1) see also Annual Report 1986, page 89.

Staff complement related to total Bank activity (1960–1988)



Personnel policy

The new merit-related pay system came into operation in 1988. This was developed in close cooperation with the staff representatives, who are consulted on all matters of interest to EIB personnel. The entire staff opted for this system.

The new system places particular stress on the annual performance appraisal as a tool for personnel management. Greater emphasis is to be accorded to career development and job enrichment through training and internal mobility.

One of the chief goals of this new system is to enable the Bank to respond to the increased pressures and new developments with which it has to cope. Indeed, it must display flexibility and maintain a high degree of productivity to pursue its objectives and deal with rapid growth in activity with only modest staff increases.

To this end, the Bank has also continued to press ahead with development of its computer facilities, based on multiannual programmes. Virtually all the staff now have ready access to data-processing equipment.

The Bank has focussed its training programme on equipping its staff with the skills required to undertake the ever more technically demanding tasks of today. This programme included language, management and technical training. A total of 4 055 days was given over to training purposes in 1988.

Staff

Since the publication of the last Annual Report, Mr Desmond McCLELAND has retired as Head of the Department for Financial Research in the Research Directorate and has been replaced by Mr Alfred STEINHERR.

On 31 December 1988, the total number of staff at the Bank was 710, of whom 357 were in executive positions. During the year under review, 31 new staff members were recruited and 20 left the Bank's service.

Whilst during the past five years the Bank's total staff complement has increased only marginally (11% in all), the number in executive posts has risen by 34% and now represents more than half the total.

The Board of Directors thanks the Bank's staff and expresses its entire satisfaction with the high quality of their work and their willingness to adapt to a rapidly changing environment.

Year	Total staff	Executive staff	Secretarial, Clerical and Support staff
1984	638	266	372
1985	673	293	380
1986	678	297	381
1987	699	344	355
1988	710	357	353

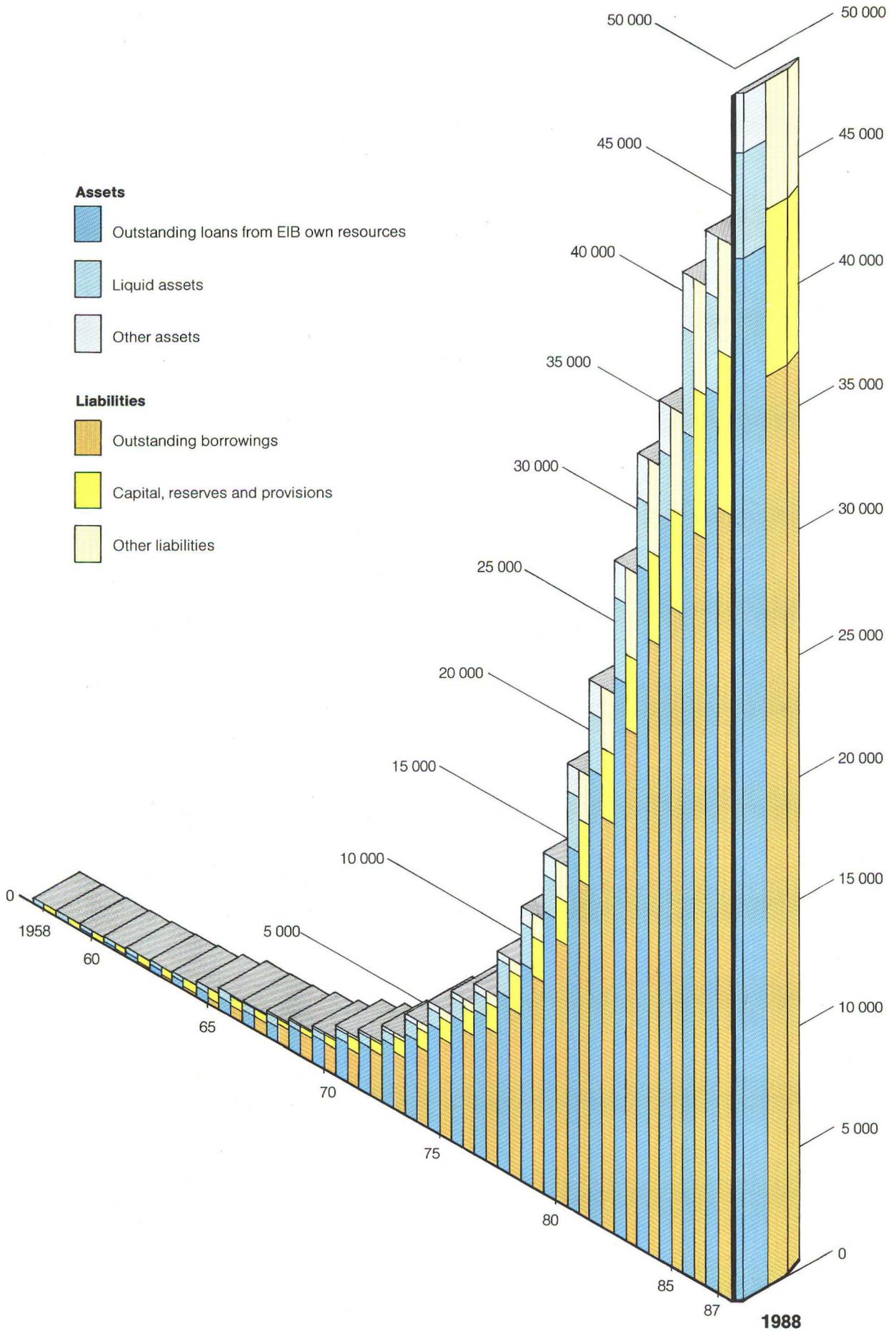
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Luxembourg, 26 April 1989

The Chairman of the Board of Directors
Ernst-Günther BRÖDER

Balance sheet of the Bank at 31 December of each year

million ecus



Balance Sheet at 31 December 1988

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

Assets	31. 12. 1988	31. 12. 1987
Receivable from Member States on account of called capital (Annex A)	822 187 500	1 007 300 905
Receivable on account of reserves and provisions	—	51 374 547
Cash and bank deposits At sight and up to one year's notice	2 150 858 339	1 928 852 426
Investments (Note B)		
For not more than one year	184 055 479	166 533 468
For more than one year	793 080 691	717 762 530
Borrowing proceeds to be received	977 136 170 228 788 578	884 295 998 22 883 216
Receivable from Member States for adjustment of capital contributions (Annex D)	3 709 671	10 500 964
Loans (Annex B)		
Total outstanding	47 245 604 575	39 922 369 796
less: undisbursed balance	4 965 761 812	3 466 707 777
	42 279 842 763	36 455 662 019
Contra accounts to guarantees		
In respect of loans under mandate	1 614 681	2 436 491
excluding those in respect of loans granted by third parties: 1988: 239 116 372; 1987: 413 091 029		
In respect of participations by third parties in Bank loans: 1988: 140 631 740; 1987: 168 334 687		
Land and buildings (Note C)	37 734 339	39 425 263
Accrued interest and commission	1 151 897 584	1 023 138 821
Receivable in respect of EMS interest subsidies paid in advance (Note H)	196 031 477	239 199 199
Unamortised issuing charges	371 308 724	357 552 017
Unamortised redemption premiums	5 248 112	5 225 356
	376 556 836	362 777 373
Special deposits for service of borrowings (Note D)	681 264 179	732 705 594
Miscellaneous (Note G)	212 649 268	114 793 778
	49 120 271 385	42 875 346 594

Liabilities	31. 12. 1988	31. 12. 1987
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)	1 543 701 492	910 971 935
Provision for ecu conversion rate adjustments (Note L)	29 814 104	13 411 039
Staff pension fund (Note E)	101 225 882	89 484 538
Payable to Member States for adjustment of capital contributions (Annex D)	11 738 998	5 965 839
Short-term notes (Annex C)	773 554 040	480 344 136
Medium and long-term borrowings (Annex C)		
Bonds and notes	30 143 678 990	25 546 010 638
Other	<u>6 775 656 929</u>	<u>6 403 336 860</u>
Redemption premiums	36 919 335 919	31 949 347 498
	<u>8 125 970</u>	<u>7 310 661</u>
	36 927 461 889	31 956 658 159
Sundry creditors (Note F)	779 492 370	487 669 831
Guarantees		
on loans under mandate	1 614 681	2 436 491
on loans granted by third parties: 1988: 239 116 372; 1987: 413 091 029		
on participations by third parties in Bank loans: 1988: 140 631 740; 1987: 168 334 687		
Interest subsidies received in advance (Note H)	626 641 398	719 006 392
Interest subsidies received in advance for the account of third parties (Note H)	<u>71 263 184</u>	<u>89 746 886</u>
	697 904 582	808 753 278
Accrued interest and commission and interest received in advance	1 299 873 442	1 234 185 511
Coupons and bonds due and not yet paid (Note D)	681 264 179	732 705 594
Miscellaneous (Note G)	91 943 789	27 689 345
Balance of profit and loss account (Note L)	704 743 661	649 132 622
	<u>49 120 271 385</u>	<u>42 875 346 594</u>

Memorandum accounts

Special Section

Trust management funds		
— for the account of Member States	247 252 319	264 645 726
— for the account of the European Communities	7 664 607 966	7 913 066 388
Securities received as guarantee for loans under mandate	1 614 681	2 436 491
Securities received on deposit	42 641 014	38 362 681

Statement of Special Section ⁽¹⁾ at 31 December 1988

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

Assets	31. 12. 1988	31. 12. 1987
Member States		
<i>From resources of the European Atomic Energy Community</i>		
Loans		
— disbursed ⁽²⁾	2 145 319 115	2 372 993 713
<i>From resources of the European Economic Community (New Community Instrument for borrowing and lending)</i>		
Loans		
— undisbursed	411 850 131	338 407 063
— disbursed	4 775 607 700	<u>4 869 885 520</u>
Total ⁽³⁾	5 187 457 831	5 208 292 583
Turkey		
<i>From resources of Member States</i>		
Loans		
— undisbursed	31 546 131	29 772 949
— disbursed	247 252 319	<u>264 645 726</u>
Total ⁽⁴⁾	278 798 450	294 418 675
Mediterranean Countries		
<i>From resources of the European Economic Community</i>		
Loans		
— undisbursed	16 415 204	30 786 757
— disbursed	290 538 796	<u>276 513 243</u>
	306 954 000	<u>307 300 000</u>
Risk capital operations		
— Amounts to be paid up	9 188 783	3 000 000
— Amounts disbursed	5 811 217	<u>5 000 000</u>
	15 000 000	<u>8 000 000</u>
Total ⁽⁵⁾	321 954 000	315 300 000
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	87 855 627	94 333 879
Contributions to the formation of risk capital		
— Amounts disbursed	1 197 483	<u>1 217 179</u>
Total ⁽⁶⁾	89 053 110	95 551 058
First, Second and Third Lomé Conventions		
Risk capital operations		
— Amounts to be paid up	383 764 214	300 898 580
— Amounts disbursed	358 278 028	<u>293 122 854</u>
Total ⁽⁷⁾	742 042 242	594 021 434
Grand Total	8 764 624 748	<u>8 880 577 463</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, Second and Third Lomé Conventions: at 31 December 1988: 843 500 481; at 31 December 1987: 752 334 647.

* Under Financial Protocols signed with the Mediterranean Countries: at 31 December 1988: 102 473 948; at 31 December 1987: 99 568 768.

(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	+ 134 139 776
Less: repayments	— 761 987 800
	<u>2 145 319 115</u>

Liabilities

	31. 12. 1988	31. 12. 1987
Trust management funds		
<i>Under mandate from the European Communities</i>		
European Atomic Energy Community	2 145 319 115	2 372 993 713
European Economic Community:		
— New Community Instrument	4 775 607 700	4 869 885 520
— Financial Protocols with the Mediterranean Countries	296 350 013	281 513 243
— First and Second Yaoundé Conventions	89 053 110	95 551 058
— First, Second and Third Lomé Conventions	<u>358 278 028</u>	<u>293 122 854</u>
	7 664 607 966	7 913 066 388
<i>Under mandate from Member States</i>	<u>247 252 319</u>	<u>264 645 726</u>
Total	7 911 860 285	8 177 712 114
Funds to be paid up		
On New Community Instrument loans	411 850 131	338 407 063
On loans to Turkey under the Second Supplementary Protocol	31 546 131	29 772 949
On loans and risk capital operations in the Mediterranean Countries	<u>25 603 987</u>	<u>33 786 757</u>
On risk capital operations under the First, Second and Third Lomé Conventions	<u>383 764 214</u>	<u>300 898 580</u>
Total	852 764 463	702 865 349
Grand Total	8 764 624 748	8 880 577 463

(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:

	6 260 912 307	
Add: exchange adjustments		+ 101 450 167
Less: cancellations	88 569 620	
repayments	<u>1 086 335 023</u>	-1 174 904 643
		<u>5 187 457 831</u>

(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		+ 1 859 635
Less: cancellations	215 000	
repayments	<u>140 061 185</u>	- 140 276 185
		<u>278 798 450</u>

(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:

	322 709 000	
Less: cancellations	409 000	
repayments	<u>346 000</u>	- 755 000
		<u>321 954 000</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>6 315 244</u>	+ 7 493 516
Less:		
— cancellations	1 573 609	
— repayments	<u>58 852 468</u>	- 60 426 077
		<u>89 053 110</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	789 365 000	
— equity participations	<u>13 174 452</u>	802 539 452
Add:		
— capitalised interest		+ 785 237
Less:		
— cancellations	31 328 672	
— repayments	24 238 665	
— exchange adjustments	<u>5 715 110</u>	- 61 282 447
		<u>742 042 242</u>

Profit and Loss Account for the year ended 31 December 1988

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

Income	1988	1987
Interest and commission on loans	3 711 968 471	3 374 543 192
Interest and commission on investments	240 398 162	201 054 486
Management commission (Note I)	18 375 728	18 173 992
Financial and other income (Note K)	<u>26 578 830</u>	<u>28 562 592</u>
	3 997 321 191	3 622 334 262
Expenditure		
Administrative expenses and charges (Note J)	71 338 790	67 505 164
Interest and charges on borrowings	3 087 856 329	2 826 757 441
Amortisation of issuing charges and redemption premiums	92 757 832	87 236 380
Financial charges (Note K)	14 077 480	3 254 507
Depreciation — of net purchases of furniture and equipment	1 894 803	2 784 706
— of buildings	1 681 000	1 681 000
Exchange differences	<u>219 122</u>	<u>385 507</u>
	3 269 825 356	2 989 604 705
Operating surplus	727 495 835	632 729 557
Net increase arising from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute (Note A § 1)	+ 27 047 826	+ 16 403 065
Exceptional charge (Note M)	— 49 800 000	—
Balance (Note L)	<u>704 743 661</u>	<u>649 132 622</u>

Statement of changes in financial position as at 31 December 1988

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

	1988	1987
Source of funds		
Balance of profit and loss account	704 743 661	649 132 622
Items not involving movement of funds:		
Depreciation of buildings, net purchases of furniture and equipment	3 575 803	4 465 706
Amortisation of issuing charges and redemption premiums	92 757 832	87 236 380
Increase in accrued interest and commission payable and interest received in advance	65 687 931	71 113 715
Increase in accrued interest and commission receivable	— 128 758 763	— 105 983 105
	738 006 464	705 965 318
Other sources:		
Borrowing proceeds	7 494 226 063	5 926 081 116
Loan repayments to the Bank	2 789 837 860	2 698 069 388
Capital, reserves and provisions paid in by Member States	236 487 952	299 210 281
Exchange adjustments in respect of borrowings	790 448 346	— 799 107 198
Net decrease in capital adjustment accounts of Member States	12 564 452	5 587 277
Increase (decrease) in sundry creditors, miscellaneous liabilities, staff pension fund and net interest subsidies	300 137 353	— 227 415 726
Total	12 361 708 490	8 608 390 456

Use of funds

Cash was used for:		
Net loan disbursements	7 813 248 837	5 946 473 017
Redemption of borrowings	3 226 566 137	3 087 745 544
Issuing costs and redemption premiums in respect of borrowings	106 537 295	71 731 706
Additions to land, buildings and furniture	1 884 879	2 784 706
Exchange adjustments in respect of loans	800 769 767	— 896 879 268
Increase in sundry debtors	97 855 490	34 947 087
Increase in cash, bank balances and investments	314 846 085	361 587 664
Total	12 361 708 490	8 608 390 456

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

at 31 December 1988

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

Member States	Subscribed capital (1)	Available for call (2)	Paid in at 31 December 1988	To be paid in (1)	Total paid in and to be paid in
Germany	5 508 725 000	5 011 195 625	350 109 062	147 420 313	497 529 375
France	5 508 725 000	5 011 195 625	350 109 062	147 420 313	497 529 375
Italy	5 508 725 000	5 011 195 625	310 734 062	186 795 313	497 529 375
United Kingdom	5 508 725 000	5 011 195 625	350 109 062	147 420 313	497 529 375
Spain	2 024 928 000	1 843 594 060	123 525 940	57 808 000	181 333 940
Belgium	1 526 980 000	1 390 237 750	93 149 750	43 592 500	136 742 250
Netherlands	1 526 980 000	1 390 237 750	93 149 750	43 592 500	136 742 250
Denmark	773 154 000	703 917 450	47 164 425	22 072 125	69 236 550
Greece	414 190 000	377 098 250	25 267 375	11 824 375	37 091 750
Portugal	266 922 000	243 018 914	16 282 963	7 620 123	23 903 086
Ireland	193 288 000	175 978 900	11 791 100	5 518 000	17 309 100
Luxembourg	38 658 000	35 196 150	2 358 225	1 103 625	3 461 850
Total	28 800 000 000	26 204 061 724	1 773 750 776	822 187 500	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).

The amount still to be paid in of 822 187 500 ecus represents the ten equal instalments of 82 218 750 ecus to be paid in by the Member States on 30 April and 31 October from 1989 to 1993.

(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 1988

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	81	1 743 849 840	143 328 793	1 600 521 047	3.69
France	293	5 995 195 959	834 553 923	5 160 642 036	12.69
Italy	1 343	18 873 639 988	847 644 830	18 025 995 158	39.95
United Kingdom	374	6 419 196 740	571 313 875	5 847 882 865	13.59
Spain	92	2 415 143 983	808 710 740	1 606 433 243	5.11
Belgium	21	505 934 463	—	505 934 463	1.07
Netherlands	13	441 486 680	26 216 398	415 270 282	0.93
Denmark	122	1 917 111 174	—	1 917 111 174	4.06
Greece	151	2 046 871 135	89 730 428	1 957 140 707	4.33
Portugal	83	1 570 136 574	491 079 999	1 079 056 575	3.32
Ireland	173	2 263 464 181	66 900 022	2 196 564 159	4.79
Luxembourg	3	33 436 347	—	33 436 347	0.07
Related loans (*)	10	406 899 894	—	406 899 894	0.86
Total	2 759	44 632 366 958	3 879 479 008	40 752 887 950	94.46
2. Loans for projects outside the Community:					
<i>Mediterranean Countries</i>					
Yugoslavia	12	478 346 789	271 197 496	207 149 293	
Egypt	11	210 938 948	41 325 000	169 613 948	
Morocco	9	186 701 295	53 783 000	132 918 295	
Algeria	5	171 146 386	102 148 192	68 998 194	
Tunisia	19	146 532 401	66 383 993	80 148 408	
Syria	5	95 433 818	26 942 000	68 491 818	
Jordan	16	80 037 940	41 970 000	38 067 940	
Turkey	7	68 022 200	—	68 022 200	
Cyprus	4	44 786 571	5 312 971	39 473 600	
Malta	3	29 363 048	23 895 000	5 468 048	
Lebanon	6	17 513 974	—	17 513 974	
Sub-total	97	1 528 823 370	632 957 652	895 865 718	3.24
<i>ACP Countries/OCT</i>					
Nigeria	5	128 818 263	75 000 000	53 818 263	
Kenya	12	112 434 138	68 899 272	43 534 866	
Ivory Coast	21	108 227 501	31 697 963	76 529 538	
Cameroon	11	94 230 395	12 404 414	81 825 981	
Zimbabwe	5	55 186 324	25 293 951	29 892 373	
Botswana	9	53 144 130	32 272 000	20 872 130	
Papua New Guinea	5	52 725 523	24 453 500	28 272 023	
Zaire	2	52 053 374	49 025 906	3 027 468	
Fiji	6	45 844 677	3 500 000	42 344 677	
Mauritius	9	37 738 489	18 443 123	19 295 366	
Trinidad and Tobago	5	33 800 287	10 906 000	22 894 287	
Gabon	3	25 943 536	—	25 943 536	
Senegal	4	25 035 539	—	25 035 539	
Ghana	3	24 770 098	15 479 786	9 290 312	
Zambia	4	23 880 795	—	23 880 795	
Jamaica	3	18 204 464	10 054 373	8 150 091	
Malawi	8	17 969 370	11 029 778	6 939 592	
Mauritania	1	17 705 039	—	17 705 039	
Bahamas	2	17 592 471	16 433 288	1 159 183	
West Africa	2	12 468 278	10 000 000	2 468 278	
Togo	4	12 319 826	—	12 319 826	
Congo	3	11 546 718	516 603	11 030 115	
French Polynesia	3	10 948 181	7 000 000	3 948 181	
Netherlands Antilles	2	10 307 396	4 287 195	6 020 201	
Niger	2	9 070 178	—	9 070 178	
Barbados	4	8 308 731	—	8 308 731	
Swaziland	3	8 073 094	—	8 073 094	
Guinea	2	8 048 459	—	8 048 459	
New Caledonia	1	6 230 397	—	6 230 397	
East Africa	1	6 000 000	6 000 000	—	
Saint Lucia	2	6 000 000	6 000 000	—	
Burkina Faso	1	5 267 976	—	5 267 976	
Central Africa	1	5 000 000	5 000 000	—	
Liberia	2	4 670 619	—	4 670 619	
Virgin Islands	1	4 400 000	4 400 000	—	
Belize	2	3 975 321	2 228 000	1 747 321	
Saint Vincent	1	3 000 000	3 000 000	—	
Cayman Islands	1	2 050 116	—	2 050 116	
Montserrat	1	736 766	—	736 766	
Caribbean	1	498 692	—	498 692	
Tanzania	1	189 086	—	189 086	
Sub-total	159	1 084 414 247	453 325 152	631 089 095	2.30
Total	256	2 613 237 617	1 086 282 804	1 526 954 813	5.54
Grand Total	3 015	47 245 604 575	4 965 761 812	42 279 842 763	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	29 169 439 354
Other currencies	<u>13 110 403 409</u>
Disbursed portion of loans	42 279 842 763
Add: undisbursed portion of loans:	
Fixed rate of interest and standard currency mix, as specified in finance contract	702 936 608
Fixed rate of interest, as specified in finance contract, with the Bank selecting the currency mix	1 111 312 179
Open rate, with the Bank selecting the rate of interest and currency mix	<u>3 151 513 025</u>
	<u>4 965 761 812</u>
	<u><u>47 245 604 575</u></u>

Scheduled repayments on loans outstanding ('000 ecus)

Repayable	Out-standing at 31. 12. 1988	Repayable	Out-standing at 31. 12. 1987
1989	3 117 116	1988	2 504 219
1990	3 757 268	1989	3 054 326
1991	4 323 971	1990	3 631 615
1992	4 840 699	1991	3 853 332
1993	5 506 790	1992	4 028 676
1994-1998	18 527 448	1993-1997	16 129 852
1999-2003	6 062 826	1998-2002	5 837 969
2004-2008	1 016 670	2003-2007	777 187
2009-2013	92 817	2008-2013	105 194
Total	<u>47 245 605</u>	Total	<u>39 922 370</u>

(2) Breakdown of loans outstanding at 31 December 1988 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	29 731 951 290 (c-d)
Loans granted to, or guaranteed by, public institutions in the Community	8 113 907 650 (c)
Loans granted to, or guaranteed by, financial institutions (banks, long-term credit institutions, insurance companies)	3 225 378 396 (c)
Loans guaranteed by companies outside the financial sector under majority control of Member States or public institutions in the Community	691 822 645 (c)
Loans secured by fixed charge on real estate	235 466 220
Loans guaranteed by non-bank companies in the private sector	1 632 390 557
Loans secured by fixed charge on assets other than real estate, or other security	<u>1 001 450 200</u>
Sub-total	<u>44 632 366 958</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	5 943 088 (e)
2. Loans granted under the First Lomé Convention	
Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	174 999 685
Loans secured by other guarantees	<u>6 729 090</u>
	<u>181 728 775 (f)</u>

3. Loans granted under the Second Lomé Convention	
Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	425 044 818
Loans secured by other guarantees	13 942 459
Loans granted for mining and energy development projects (Article 59)	<u>17 056 406</u>
	<u>456 043 683 (f)</u>
4. Loans granted under the Third Lomé Convention	
Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	406 303 051
Loans secured by other guarantees	<u>34 395 650</u>
	<u>440 698 701 (f)</u>

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	1 528 823 370 (c)
Sub-total	<u>2 613 237 617</u>
Aggregate lending outstanding	<u><u>47 245 604 575</u></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 2 315 667 510 ecus at 31 December 1988 compared to 2 047 770 500 ecus at 31 December 1987. 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 1 054 213 481 ecus at 31 December 1988.
- (d) Loans guaranteed by the EEC amounted to 35 027 314 ecus at 31 December 1988.
- (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: 114 190 796 ecus
 - Second Convention: 394 218 426 ecus
 - Third Convention: 330 613 500 ecus.

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

	62 724 330 002
Add:	
exchange adjustments	<u>+ 1 994 514 030</u>
	64 718 844 032
Less:	
terminations and cancellations	647 165 803
principal repayments to the Bank	16 685 441 914
third party participations in Bank loans	<u>140 631 740</u>
Loans outstanding	<u><u>47 245 604 575</u></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 1988 to:

loans	47 245 604 575
guarantees:	
in respect of loans under mandate	1 614 681
in respect of loans granted by third parties	239 116 372
in respect of third party participations in Bank loans	<u>140 631 740</u>
	<u>381 362 793</u>
Total amount of loans and guarantees outstanding	<u><u>47 626 967 368</u></u>

Annex C — Summary statement of borrowings

at 31 December 1988

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. 1987	at 31. 12. 1988	
ECU	100 000 000	352 500 000	7.62
US\$: nominal value	383 623 739	426 371 761	8.51
less: net amount of unamortised discounts	— 3 279 603	— 5 317 721	
Total	480 344 136	773 554 040	

Medium and long-term borrowings

Payable in	Unamortised principal at 31. 12. 1987	Operations during the financial year			Unamortised principal at 31. 12. 1988		
		Borrowings	Redemptions	Exchange adjustments	Amount (1)	Rate of interest (weighted average)	Due dates
ECU	3 019 945 000	959 000 000	29 905 000	—	3 949 040 000	8.80	1989/2001
DEM	6 791 594 106	1 545 096 715	861 235 345	60 341 005 —	7 415 114 471	6.90	1989/2016
FRF	1 804 295 086	853 761 081	141 510 995	36 150 016 —	2 480 395 156	10.79	1989/2003
GBP	1 293 973 367	751 926 664 ⁽²⁾	58 123 117	112 947 239 +	2 100 724 153	10.59	1989/2009
ITL	1 580 481 894	651 753 766 ⁽²⁾	79 844 149	8 607 203 —	2 143 784 308	11.28	1989/1996
BEF	1 134 126 927	473 286 321	200 648 871	12 648 350 —	1 394 116 027	8.77	1989/2000
NLG	3 395 180 668	500 074 745	240 512 194	43 406 895 —	3 611 336 324	8.11	1989/2004
DKK	69 229 675	—	—	735 074 —	68 494 601	11.45	1989/1995
IEP	19 282 981	32 280 724	—	179 544 —	51 384 161	9.78	1989/1996
LUF	333 791 963	85 433 680	82 447 726	3 262 909 —	333 515 008	8.41	1989/1996
ESP	—	237 072 267	—	7 514 832 +	244 587 099	10.75	1989/1998
PTE	—	29 316 400	—	196 519 —	29 119 881	13.50	1991/1997
US\$	5 438 384 507	307 496 483 ⁽²⁾	789 959 802	600 733 663 +	5 556 654 851	10.37	1989/2000
CHF	2 770 820 945	555 932 784	376 311 088	158 260 297 —	2 792 182 344	5.15	1989/2001
JPY	3 863 745 484	347 882 310 ⁽²⁾	331 771 945	314 811 455 +	4 194 667 304	6.25	1989/2002
ATS	143 940 020	—	34 295 905	1 007 807 —	108 636 308	7.21	1989/1996
CAD	290 554 875	76 607 581 ⁽²⁾	—	78 421 467 +	445 583 923	10.08	1991/1998
Total	31 949 347 498	7 406 921 521	3 226 566 137	789 633 037 +	36 919 335 919		
Redemption premiums	7 310 661	—	—	815 309 +	8 125 970		
Grand Total	31 956 658 159	7 406 921 521	3 226 566 137	790 448 346 +	36 927 461 889		

(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:

Year	at 31. 12. 1988	Year	at 31. 12. 1987
1989	2 516 378	1988	2 122 742
1990	3 020 163	1989	2 200 641
1991	3 003 847	1990	2 974 327
1992	3 765 210	1991	3 017 199
1993	4 364 637	1992	3 336 627
1994—1998	17 902 767	1993—1997	15 667 494
1999—2003	1 751 116	1998—2002	2 330 647
2004—2008	303 836	2003—2007	137 106
2009 and subsequent years	299 508	2008 and subsequent years	169 875
Total	36 927 462	Total	31 956 658

(2) During 1988 certain fixed-rate USD, JPY and CAD borrowings were converted into floating-rate USD or fixed or floating-rate ECU borrowings; fixed-rate GBP and ITL borrowings were converted into floating-rate borrowings in the same currencies.

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

at 31 December 1988

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	1 490 260
	Belgium	486 128
	Denmark	735 002
	Greece	682 432
	Portugal	104 043
	Ireland	199 219
	Luxembourg	12 587
		3 709 671
Payable to:	Germany	1 598 490
	Italy	2 679 889
	United Kingdom	3 301 179
	Spain	3 732 343
	Netherlands	427 097
		11 738 998

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 1988 — 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 certain Member States' currencies:

DEM	0.719	BEF	3.71
GBP	0.0878	LUF	0.14
FRF	1.31	DKK	0.219
ITL	140.0	IEP	0.00871
NLG	0.256	GRD	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 1988 and 31 December 1987:

1 ecu =	1988	1987
Deutsche Mark	2.07781	2.06034
French francs	7.09821	6.98335
Pounds sterling	0.648551	0.696793
Italian lire	1 531.10	1 521.66
Spanish pesetas	132.877	140.566
Belgian francs	43.5760	43.1539
Dutch guilders	2.34586	2.31762
Danish kroner	8.02983	7.94457
Drachmas	172.909	164.483
Portuguese escudos	171.704	169.467
Irish pounds	0.778450	0.777888
Luxembourg francs	43.5760	43.1539
United States dollars	1.17258	1.30335
Swiss francs	1.76063	1.66503
Lebanese pounds	621.467	587.755
Japanese yen	146.455	158.292
Austrian Schilling	14.6162	14.505
Canadian dollars	1.39830	1.69696
CFA francs	354.911	349.168

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:	1988	1987
treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value):		
1988: 786 657 495		
1987: 766 721 910	783 940 790	762 549 491

the Bank's own bonds at their repurchase cost not yet liable for cancellation	13 218 856	15 728 395
bank bills at their nominal value	<u>179 976 524</u>	<u>106 018 112</u>
	<u>977 136 170</u>	<u>884 295 998</u>
The breakdown according to maturity is as follows:		
not exceeding 3 months	181 143 491	119 669 324
over 3 months but not exceeding 6 months	2 911 988	21 544 563
over 6 months but not exceeding 12 months	—	25 319 581
over 12 months	<u>793 080 691</u>	<u>717 762 530</u>
	<u>977 136 170</u>	<u>884 295 998</u>

Note C — Land and Buildings

The item 'Land and Buildings' on the balance sheet, i.e. 37 734 339, is broken down as follows:

Land	763 833
Net value of Luxembourg-Kirchberg headquarters	36 664 000
Net value of the office in Lisbon	306 506

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 101 225 882 at 31 December 1988 (89 484 538 at 31 December 1987) 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 1988 was 12 777 885 compared with 13 320 317 for the financial year 1987.

Note F — Sundry creditors

Sundry creditors comprise:	<u>1988</u>	<u>1987</u>
short-term deposits from other banks	91 668 485	37 329 374
European Economic Community accounts:		
for Special Section operations and related unsettled sundry amounts	614 414 890	425 790 174
deposit accounts	39 571 740	16 287 693
other creditors	<u>33 837 255</u>	<u>8 262 590</u>
	<u>779 492 370</u>	<u>487 669 831</u>

Note G — Miscellaneous balance sheet accounts

These accounts comprise:	<u>1988</u>	<u>1987</u>
on the assets side:		
staff housing loans and advances on salaries	34 075 797	30 712 419
net amounts of swap operations	131 395 906	48 833 689
sundry debtors	<u>47 177 565</u>	<u>35 247 670</u>
	<u>212 649 268</u>	<u>114 793 778</u>
on the liabilities side:		
outstanding charges, other future settlements and sundry expenses	<u>91 943 789</u>	<u>27 689 345</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>1988</u>	<u>1987</u>
Salaries and allowances	45 799 622	43 169 071
Social costs	9 865 905	10 433 129
Other costs	<u>4 459 203</u>	<u>4 369 243</u>
	60 124 730	57 971 443
General and administrative expenses	<u>11 214 060</u>	<u>9 533 721</u>
	<u>71 338 790</u>	<u>67 505 164</u>

The number of personnel employed by the Bank was 710 at 31 December 1988 (699 at 31 December 1987).

Note K — Financial and other income, financial charges

	1988	1987
Financial and other income comprises:		
realised gains on portfolio operations	25 020 685	22 838 100
other income and decrease in unrealised write-down of investments	<u>1 558 145</u>	<u>5 724 492</u>
	<u>26 578 830</u>	<u>28 562 592</u>
Financial charges comprise:		
other charges and increase in unrealised write-down of investments	<u>14 077 480</u>	<u>3 254 507</u>

Statement of movements in the reserves and provisions at 31 December 1988

	Situation at 31. 12. 1987	Appropriation of balance of profit and loss account for the year ended 31. 12. 1987	Situation at 31. 12. 1988
Reserve Fund	2 880 000 000		2 880 000 000
Additional Reserves	910 971 935	+ 632 729 557	1 543 701 492
Provision for ecu conversion rate adjustments	<u>13 411 039</u>	<u>+ 16 403 065</u>	<u>29 814 104</u>
	<u>3 804 382 974</u>	<u>+ 649 132 622</u>	<u>4 453 515 596</u>

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 27 047 826 representing the net increase arising at 31 December 1988 from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and (b) to appropriate the 1988 operating surplus of 727 495 835 less the amount of 49 800 000 corresponding to the exceptional charge, i.e. a total of 677 695 835, to the Additional Reserves.

Note L — Reserves and provisions and appropriation of operating surplus

On 13 June 1988, the Board of Governors decided 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;
- appropriate the 1987 operating surplus of 632 729 557 to the Additional Reserves.

Note M — Exceptional charge

In accordance with the judgment of the Court of Justice of the European Communities delivered on 3 March 1988, the European Investment Bank has paid the Commission of the European Communities an aggregate amount of 49.8 million ecus in respect of the tax withheld by the Bank from the salaries and pensions paid to its staff up to 31 December 1987 inclusive.

As from the 1988 financial year, payment of the tax withheld from salaries and pensions paid to the staff of the European Investment Bank is being settled by the Bank on a monthly basis.

Report by the External Auditors

The President
European Investment Bank
Luxembourg

We have audited the accompanying financial statements of the European Investment Bank at December 31, 1988 and 1987 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, 1988 and 1987, 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, 10 February 1989

PRICE WATERHOUSE

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 10 February 1989 drawn up by Price Waterhouse,

considering the 1988 Annual Report, the balance sheet of the Bank and the statement of Special Section as at 31 December 1988 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 1989,

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

hereby certifies:

that the Bank's operations during the 1988 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, 18 May 1989

The Audit Committee

A. HANSEN

J. PINTO RIBEIRO

C. THANOPOULOS

Statistical Annex

Table 15: **Financing provided (contracts signed) from 1959 to 1988**

(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—1983	31 313.8	24 194.9	340.0	3 005.1	2 746.3	1 027.5
<i>annual average</i>	<i>1 252.6</i>	<i>967.8</i>	<i>13.6</i>	<i>120.2</i>	<i>109.9</i>	<i>41.1</i>
1984	6 889.8	5 007.0	—	1 181.8	614.7	86.4
1985	7 181.5	5 640.7	—	883.7	581.3	75.9
1986	7 519.5	6 678.1	—	393.0	356.5	91.9
1987	7 828.0	6 989.0	—	446.9	188.9	203.3
1988	10 175.1	8 933.3	185.0	356.5	520.1	180.1
Total	70 907.7	57 443.0	525.0	6 267.1	5 007.7	1 665.1

Table 16: **Financing provided (contracts signed) from 1984 to 1988 and from 1959 to 1988**

Detailed breakdown by origin of resources and project location

(million ecus)

	1984—1988			1959—1988		
	Total	EIB own resources	Other resources	Total	EIB own resources	Other resources
Member Countries	36 695.0	33 433.1	3 261.9	64 235.0	57 967.9	6 267.1
Belgium	205.2	205.2	—	833.9	833.9	—
Denmark	1 718.7	1 392.4	326.3	2 806.6	2 273.1	533.5
Germany	1 547.0	1 547.0	—	2 621.0	2 621.0	—
Greece	1 372.8	1 276.9	95.9	2 424.6	2 118.4	306.1
Spain	2 135.2	1 930.3	204.8	2 135.2	1 930.3	204.8
France	5 413.6	4 427.7	985.9	9 334.3	8 084.3	1 250.0
Ireland	944.0	818.2	125.7	3 056.6	2 632.6	424.0
Italy	15 521.6	14 245.2	1 276.4	28 009.6	24 947.3	3 062.3
Luxembourg	36.2	36.2	—	45.2	45.2	—
Netherlands	445.1	445.1	—	550.2	550.2	—
Portugal	1 140.6	1 100.8	39.8	1 140.6	1 100.8	39.8
United Kingdom	5 746.6	5 539.5	207.1	10 584.9	10 138.5	446.4
Other (Art. 18)	468.7	468.7	—	692.2	692.2	—
Mediterranean Countries	1 642.7	1 573.5	69.2	4 132.6	3 411.1	721.5
ACP States and OCT	1 256.2	687.9	568.3	2 540.1	1 596.6	943.6
Total	39 593.9	35 694.4	3 899.5	70 907.7	62 975.6	7 932.2

Financing provided in Spain and Portugal up to the end of 1985 and in Greece up to the end of 1980 is recorded under operations outside the Community.

Table 17: **Financing (individual loans and global loan allocations) provided within the Community in 1988 and from 1984 to 1988**

	1988			1984-1988		
	Total	Individual loans EIB + NCI	Allocations from ongoing global loans EIB + NCI	Total	Individual loans EIB + NCI	Allocations from ongoing global loans EIB + NCI
Belgium	4.7	—	4.7	198.3	193.6	4.7
Denmark	493.2	433.3	59.9	1 691.3	1 506.9	184.5
Germany	518.8	346.9	171.9	1 389.2	1 124.7	264.5
Greece	213.8	150.4	63.4	1 369.2	1 054.6	314.6
Spain	1 003.1	695.5	307.6	1 655.9	1 209.8	446.1
France	756.2	519.8	236.4	4 475.1	2 473.8	2 001.3
Ireland	157.1	154.8	2.3	940.6	914.3	26.4
Italy	3 396.7	2 283.7	1 113.1	15 646.1	11 063.6	4 582.5
Luxembourg	—	—	—	36.2	36.2	—
Netherlands	233.2	216.7	16.5	418.5	402.0	16.5
Portugal	488.2	403.8	84.4	954.4	839.3	115.1
United Kingdom	1 051.0	1 049.0	2.0	5 571.5	5 466.2	105.2
Other (Art. 18)	285.0	285.0	—	468.7	468.7	—
Total	8 600.9	6 538.8	2 062.0	34 814.9	26 753.7	8 061.3

Table 18: **Financing (individual loans and global loan allocations) provided within the Community from 1984 to 1988**

Sectoral breakdown

	(million ecus)				
	Total	Individual loans EIB + NCI	Allocations from ongoing global loans		
			Total	EIB	NCI
Energy and infrastructure	24 034.2	22 746.4	1 287.8	1 224.5	63.3
Energy	10 218.4	9 661.5	556.9	539.9	17.0
Production	5 478.3	5 346.3	132.0	122.2	9.8
Transmission, storage & reprocessing	2 442.9	2 395.2	47.7	47.7	—
Supply	2 297.1	1 920.0	377.2	370.0	7.1
Transport	6 253.8	5 900.4	353.4	349.2	4.2
Telecommunications	3 464.0	3 464.0	—	—	—
Water, sewage and solid waste	2 709.1	2 443.4	265.7	240.9	24.9
Urban infrastructure	216.8	187.9	29.0	11.8	17.2
Other infrastructure	1 172.1	1 089.3	82.8	82.7	0.2
Industry, services and agriculture	10 780.7	4 007.2	6 773.5	4 560.7	2 212.8
Industry	9 320.9	3 773.7	5 547.2	3 486.4	2 060.8
Services	1 264.4	225.5	1 038.9	897.5	141.4
Agriculture and fisheries	195.4	8.1	187.3	176.8	10.5
Total	34 814.9	26 753.6	8 061.3	5 785.2	2 276.1

Table 19: **Financing (individual loans and global loan allocations) provided within the Community from 1984 to 1988**

Breakdown by economic policy objective

	(million ecus)		
	Total	Individual loans EIB + NCI	Allocations from ongoing global loans
			EIB + NCI
Regional development	18 874.6	14 826.0	4 048.6
Energy policy objectives	10 808.9	9 832.7	976.2
Community infrastructure	3 849.3	3 849.3	—
Environmental protection and improvement	3 702.8	3 452.4	250.4
Industrial competitiveness and European integration	5 861.5	3 075.5	2 786.1

Table 20: **Allocations from ongoing global loans in 1988**

General summary

	Total		EIB own resources		NCI resources	
	Number	millions ecus	Number	millions ecus	Number	millions ecus
Regional development	3 220	1 081.8	3 220	1 081.8	—	—
Energy	94	117.4	85	110.2	9	7.3
Advanced technology	42	112.6	42	112.6	—	—
Investment by SMEs	1 960	606.4	1 273	336.9	687	269.5
Environment	90	143.8	90	143.8	—	—
Total	5 406	2 062.0	4 710	1 785.2	696	276.8
of which: industry	5 235	1 818.2	4 546	1 547.5	689	270.7
infrastructure	171	243.9	164	237.8	7	6.1

Table 21: **Allocations from ongoing global loans in 1988**

Breakdown by region and economic policy objective

(million ecus)

	Total		Regional development		SMEs EIB	SMEs NCI	Advanced technology	Energy	Environment (1)
	Number	Amount	Infra-structure	Industry					
Belgium	11	4.7	—	1.2	3.5	—	—	—	—
West Vlaanderen	1	1.7	—	—	1.7	—	—	—	—
Limburg	1	0.9	—	0.9	—	—	—	—	—
Brabant B.	2	0.7	—	—	0.7	—	—	—	—
Antwerpen	1	0.4	—	—	0.4	—	—	—	—
Oost Vlaanderen	3	0.3	—	—	0.3	—	—	—	—
Liège	1	0.3	—	0.3	—	—	—	—	—
Brabant W.	1	0.2	—	—	0.2	—	—	—	—
Brabant V.	1	0.1	—	—	0.1	—	—	—	—
Denmark	97	59.9	5.5	3.5	—	31.4	—	—	19.5
Vest for Storebælt	78	49.3	4.1	2.4	—	23.3	—	—	19.5
Hovedstadsregionen	14	9.1	1.5	—	—	7.7	—	—	—
Ost for Storebælt	5	1.5	—	1.0	—	0.5	—	—	—
Germany	137	171.9	—	8.0	67.3	—	2.5	—	94.2
Nordrhein-Westfalen	78	121.9	—	5.9	36.9	—	2.5	—	76.6
Baden-Württemberg	17	13.8	—	—	12.3	—	—	—	1.5
Niedersachsen	6	12.1	—	1.8	2.9	—	—	—	7.5
Bayern	14	8.4	—	—	6.4	—	—	—	2.0
Hessen	8	6.9	—	—	6.9	—	—	—	—
Rheinland-Pfalz	6	5.7	—	—	—	—	—	—	5.7
Hamburg	5	1.2	—	0.4	0.6	—	—	—	0.2
Schleswig-Holstein	2	1.2	—	—	1.2	—	—	—	—
Saarland	1	0.6	—	—	—	—	—	—	0.6
Greece	119	63.4	26.4	35.0	—	1.9	—	—	—
Multiregional	2	22.9	—	22.9	—	—	—	—	—
Kriti	34	11.5	5.0	6.5	—	—	—	—	—
Makedonia (East)	6	6.8	6.6	0.2	—	—	—	—	—
Peloponissos-Stereia (West)	11	5.8	5.2	0.5	—	0.04	—	—	—
Stereia (East)	34	5.3	3.3	0.2	—	1.7	—	—	—
Thraki	4	5.1	4.0	1.1	—	—	—	—	—
Makedonia (Central and West)	15	4.4	2.0	2.3	—	0.1	—	—	—
Thessalia	5	0.9	0.2	0.6	—	—	—	—	—
Nissoi Egeou (East)	3	0.5	—	0.4	—	0.1	—	—	—
Ipiros	5	0.4	—	0.4	—	—	—	—	—
Spain	767	307.6	37.3	158.8	58.4	53.0	—	—	—
Andalucia	169	65.6	7.7	57.6	—	0.3	—	—	—
Cataluña	100	39.2	—	2.9	18.4	17.9	—	—	—
Canarias	37	36.3	—	36.3	—	—	—	—	—
Madrid	76	33.3	—	2.5	12.4	18.4	—	—	—
Valencia	77	26.5	—	1.2	16.2	9.0	—	—	—
Galicia	31	21.1	9.7	11.4	—	—	—	—	—
Castilla León	63	16.8	2.7	14.1	—	—	—	—	—
Murcia	43	15.4	4.7	10.7	—	—	—	—	—
Castilla La Mancha	38	13.4	7.8	5.6	—	—	—	—	—
País Vasco	35	10.8	0.1	5.6	1.1	4.1	—	—	—
Aragón	31	7.7	—	0.9	4.5	2.4	—	—	—
Extremadura	20	6.9	4.6	2.3	—	—	—	—	—
Asturias	18	5.3	—	5.3	—	—	—	—	—
Navarra	12	5.3	—	—	4.6	0.7	—	—	—
Cantabria	8	2.7	—	2.5	0.1	0.1	—	—	—
La Rioja	9	1.4	—	—	1.2	0.2	—	—	—

Table 21: **Allocations from ongoing global loans in 1988**

Breakdown by region and economic policy objective (cont'd)

(million ecus)

	Total		Regional development		SMEs EIB	SMEs NCI	Advanced technology	Energy	Environ-ment (1)
	Number	Amount	Infra-structure	Industry					
France	1 644	236.4	4.9	144.5	72.1	9.5	1.5	1.0	3.0
Ile-de-France	316	34.3	—	—	33.1	0.8	0.4	—	—
Aquitaine	96	24.3	—	20.4	—	—	—	1.0	2.8
Provence-Côte d'Azur	88	23.8	—	23.2	—	—	0.6	—	—
Alsace	180	22.9	—	5.8	16.9	—	0.1	—	0.1
Bretagne	77	22.3	0.2	22.1	—	—	—	—	—
Nord	75	20.4	4.7	15.7	—	—	—	—	—
Rhône-Alpes	227	19.2	—	4.8	11.1	3.3	—	—	—
Midi-Pyrénées	61	11.0	—	11.0	0.02	—	—	—	—
Lorraine	90	9.9	—	8.6	—	1.3	—	—	—
Haute-Normandie	55	8.3	—	5.1	3.2	—	—	—	—
Pays de la Loire	66	7.4	—	6.9	0.4	—	0.2	—	—
Basse-Normandie	58	5.6	—	3.6	0.9	1.1	—	—	—
Picardie	45	4.5	—	1.9	2.3	0.2	—	—	—
Centre	47	4.1	—	0.1	2.2	1.8	—	—	—
Poitou-Charentes	21	3.8	—	3.8	—	—	0.1	—	—
Languedoc-Roussillon	23	3.3	—	3.3	—	—	—	—	—
Champagne-Ardenne	29	3.2	—	2.9	0.2	—	0.1	—	—
Auvergne	28	3.1	—	2.3	0.3	0.5	—	—	—
Bourgogne	29	2.1	—	1.1	0.9	—	0.1	—	—
Limousin	19	1.8	—	1.8	—	—	—	—	—
Franche-Comté	12	1.0	—	—	0.5	0.5	—	—	—
Corse	1	0.1	—	0.1	—	—	—	—	—
Guadeloupe	1	0.04	—	0.04	—	—	—	—	—
Ireland	32	2.3	—	2.3	—	—	—	—	—
Italy	2 304	1 113.1	2.7	591.6	127.2	142.1	111.1	111.2	27.1
Lombardia	192	161.2	—	—	26.1	45.4	62.0	18.4	9.4
Veneto	163	124.9	—	22.4	39.8	32.1	24.4	6.1	—
Trentino-Alto Adige	144	115.2	—	105.2	—	0.3	—	9.7	—
Campania	282	109.7	0.3	101.1	—	—	—	7.6	0.7
Emilia-Romagna	151	88.1	—	0.3	25.2	35.2	2.3	21.0	4.2
Toscana	197	78.6	—	31.8	16.1	11.5	3.2	9.4	6.5
Piemonte	89	64.4	—	—	16.7	12.9	12.4	17.4	5.0
Lazio	91	56.2	—	45.0	1.9	0.3	6.8	0.8	1.4
Sardegna	161	51.5	—	51.5	—	—	—	—	—
Marche	137	49.7	—	45.4	—	—	—	4.2	—
Sicilia	187	44.6	0.5	44.1	—	—	—	—	—
Puglia	193	37.2	—	35.7	—	—	—	1.5	—
Umbria	50	36.6	—	33.4	—	—	—	3.2	—
Abruzzi	82	31.1	2.0	23.3	—	—	—	5.9	—
Friuli-Venezia Giulia	41	19.0	—	14.3	—	—	—	4.6	—
Liguria	37	17.2	—	13.4	1.3	2.5	—	—	—
Basilicata	49	15.8	—	14.5	—	—	—	1.3	—
Calabria	44	7.7	—	7.7	—	—	—	—	—
Molise	13	2.5	—	2.5	—	—	—	—	—
Multiregional	1	1.9	—	—	—	1.9	—	—	—
Netherlands	12	16.5	—	8.0	8.5	—	—	—	—
Limburg	3	8.0	—	8.0	—	—	—	—	—
Noord-Brabant	2	2.8	—	—	2.8	—	—	—	—
Zuid-Holland	2	2.1	—	—	2.1	—	—	—	—
Gelderland	2	1.9	—	—	1.9	—	—	—	—
Noord-Holland	2	1.0	—	—	1.0	—	—	—	—
Overijssel	1	0.7	—	—	0.7	—	—	—	—
Portugal	282	84.4	—	50.0	—	31.5	—	2.8	—
Centro	135	36.5	—	18.0	—	16.9	—	1.6	—
Lisboa e Vale do Tejo	66	20.8	—	14.6	—	6.3	—	—	—
Norte	59	19.0	—	12.9	—	4.9	—	1.2	—
Multiregional	11	3.7	—	3.7	—	—	—	—	—
Algarve	1	2.4	—	—	—	2.4	—	—	—
Alentejo	9	1.3	—	0.9	—	0.4	—	—	—
Madeira	1	0.8	—	—	—	0.8	—	—	—
United Kingdom	1	1.9	—	1.9	—	—	—	—	—
Wales	1	1.9	—	1.9	—	—	—	—	—
Grand Total	5 406	2 062.0	76.9	1 004.9	336.9	269.5	112.6	117.4	143.8

(1) including 10 million ecus also featuring under Energy.

Table 22: Allocations from ongoing global loans between 1984 and 1988

General Summary

	Total		EIB own resources		NCI resources	
	Number	million ecus	Number	million ecus	Number	million ecus
Regional development	13 029	4 048.6	13 026	4 020.1	3	28.5
Energy	940	976.2	897	941.8	43	34.4
Advanced technology	77	226.2	77	226.2	—	—
Investment by SMEs	9 700	2 559.9	1 329	346.7	8 371	2 213.2
Environment	148	250.4	148	250.4	—	—
Total	23 894	8 061.3	15 477	5 785.2	8 417	2 276.1
of which: industry	21 918	6 773.5	13 542	4 560.7	8 376	2 212.8
infrastructure	1 976	1 287.8	1 935	1 224.5	41	63.3

Table 23: Allocations from ongoing global loans between 1984 and 1988

Breakdown by region and economic policy objective

	Total		Regional development		SMEs EIB	SMEs NCI	Advanced technology	Energy	Environment (1)
	Number	Amount	Infra-structure	Industry					
Belgium	11	4.7	—	1.2	3.5	—	—	—	—
West Vlaanderen	1	1.7	—	—	1.7	—	—	—	—
Limburg	1	0.9	—	0.9	—	—	—	—	—
Brabant B.	2	0.7	—	—	0.7	—	—	—	—
Antwerpen	1	0.4	—	—	0.4	—	—	—	—
Oost Vlaanderen	3	0.3	—	—	0.3	—	—	—	—
Liège	1	0.3	—	0.3	—	—	—	—	—
Brabant W.	1	0.2	—	—	0.2	—	—	—	—
Brabant V.	1	0.1	—	—	0.1	—	—	—	—
Denmark	538	184.5	5.5	25.0	—	134.5	—	—	19.5
Vest for Storebælt	431	149.8	4.1	23.4	—	102.9	—	—	19.5
Hovedstadsregionen	83	29.3	1.5	—	—	27.9	—	—	—
Ost for Storebælt	24	5.3	—	1.6	—	3.8	—	—	—
Germany	168	264.5	—	8.0	67.3	—	—	25.8	163.4
Nordrhein-Westfalen	109	214.5	—	5.9	36.9	—	—	25.8	145.8
Baden-Württemberg	17	13.8	—	—	12.3	—	—	—	1.5
Niedersachsen	6	12.1	—	1.8	2.9	—	—	—	7.5
Bayern	14	8.4	—	—	6.4	—	—	—	2.0
Hessen	8	6.9	—	—	6.9	—	—	—	—
Rheinland-Pfalz	6	5.7	—	—	—	—	—	—	5.7
Hamburg	5	1.2	—	0.4	0.6	—	—	—	0.2
Schleswig-Holstein	2	1.2	—	—	1.2	—	—	—	—
Saarland	1	0.6	—	—	—	—	—	—	0.6
Greece	503	314.6	93.8	198.8	—	21.9	—	—	—
Multiregional	12	85.5	11.9	73.6	—	—	—	—	—
Stereia (East)	121	84.0	54.8	20.4	—	8.8	—	—	—
Makedonia (Central and West)	83	35.7	2.0	31.4	—	2.4	—	—	—
Peloponissos-Stereia (West)	70	24.8	5.2	16.9	—	2.7	—	—	—
Kriti	39	21.1	5.0	14.8	—	1.2	—	—	—
Thessalia	66	21.0	4.3	13.1	—	3.6	—	—	—
Thraki	25	14.8	4.0	10.8	—	0.04	—	—	—
Makedonia (East)	28	13.9	6.6	6.7	—	0.6	—	—	—
Ipiros	37	9.8	—	7.4	—	2.4	—	—	—
Nissoi Egeou (East)	22	3.9	—	3.8	—	0.1	—	—	—
Spain	1 160	446.1	67.3	195.0	65.3	118.6	—	—	—
Andalucía	234	93.2	18.5	71.1	—	3.6	—	—	—
Cataluña	148	56.7	—	2.9	20.5	33.3	—	—	—
Madrid	104	43.1	—	2.5	14.1	26.5	—	—	—
Valencia	119	42.9	—	1.4	17.5	24.1	—	—	—
Canarias	51	38.3	—	38.1	—	0.1	—	—	—
Galicia	57	32.2	14.6	17.1	—	0.4	—	—	—
Castilla León	112	26.1	5.6	17.8	—	2.7	—	—	—
Castilla La Mancha	65	23.6	12.9	9.3	—	1.4	—	—	—
Murcia	59	21.2	6.5	12.6	—	2.1	—	—	—
País Vasco	51	15.8	0.1	6.4	1.1	8.1	—	—	—
Aragón	52	12.9	0.1	1.2	6.1	5.5	—	—	—
Extremadura	26	11.7	8.9	2.5	—	0.3	—	—	—
Navarra	24	10.8	—	—	4.6	6.2	—	—	—
Asturias	27	9.6	—	9.5	—	0.1	—	—	—
La Rioja	19	4.6	—	—	1.3	3.3	—	—	—
Cantabria	12	3.4	—	2.5	0.1	0.8	—	—	—

Table 23: Allocations from ongoing global loans between 1984 and 1988

Breakdown by region and economic policy objective (cont'd)

(million ecus)

	Total		Regional development		SMEs EIB	SMEs NCI	Advanced technology	Energy	Environment (1)
	Number	Amount	Infra-structure	Industry					
France	10 486	2 001.3	383.2	600.7	75.0	755.8	30.6	152.9	3.0
Île-de-France	1 188	242.5	—	—	35.1	123.8	16.4	67.1	—
Rhône-Alpes	1 378	192.7	19.3	15.0	11.1	136.3	—	11.0	—
Bretagne	727	191.2	43.7	112.2	0.1	15.4	—	19.8	—
Nord	589	171.5	62.5	61.2	—	41.3	—	6.5	—
Aquitaine	630	146.9	63.8	53.2	—	21.1	—	5.9	2.8
Pays de la Loire	610	114.9	27.5	55.4	0.9	24.0	0.2	7.0	—
Midi-Pyrénées	593	101.4	39.7	40.0	0.2	16.6	—	5.0	—
Languedoc-Roussillon	405	85.7	32.5	39.4	—	10.8	—	2.9	—
Provence-Côte d'Azur	497	81.5	1.0	30.1	—	47.9	0.6	1.9	—
Auvergne	414	73.3	34.8	27.4	0.3	10.4	—	0.3	—
Lorraine	369	68.3	10.9	29.0	—	28.1	—	0.3	—
Alsace	357	65.8	—	8.3	17.1	31.2	6.6	2.5	0.1
Haute-Normandie	290	62.9	9.9	13.4	3.2	31.2	—	5.1	—
Centre	428	60.6	1.3	3.8	2.2	50.4	—	2.9	—
Basse-Normandie	281	57.9	6.3	22.9	0.9	20.8	6.6	0.4	—
Picardie	304	53.7	3.8	10.5	2.3	30.8	—	6.3	—
Bourgogne	287	49.1	—	7.1	0.9	38.3	0.1	2.6	—
Franche-Comté	298	46.9	0.7	1.9	0.5	43.0	—	0.7	—
Poitou-Charentes	259	44.9	3.1	36.4	—	4.7	0.1	0.8	—
Champagne-Ardenne	230	37.3	3.1	7.7	0.2	23.6	0.1	2.6	—
Limousin	241	36.2	11.3	18.1	—	6.0	—	0.7	—
Corse	110	16.1	8.0	7.5	—	—	—	0.6	—
Guadeloupe	1	0.04	—	0.04	—	—	—	—	—
Ireland	243	26.4	0.7	25.7	—	—	—	—	—
Italy	10 112	4 582.5	22.7	2 265.0	127.2	1 117.6	195.5	791.7	62.7
Lombardia	871	552.8	—	—	26.1	262.9	92.5	154.6	16.6
Campania	1 149	489.2	0.3	456.7	—	—	—	24.5	7.6
Emilia-Romagna	772	449.7	—	0.3	25.2	301.8	17.8	95.0	9.7
Veneto	692	432.4	—	47.1	39.8	237.5	32.9	74.7	0.4
Toscana	1 049	375.8	4.0	125.2	16.1	159.2	9.1	54.1	8.1
Trentino-Alto Adige	513	345.5	0.1	307.5	—	2.4	—	35.4	—
Piemonte	382	290.3	—	—	16.7	113.0	29.4	122.5	8.8
Lazio	384	248.5	0.4	201.3	1.9	15.4	6.8	17.6	5.0
Puglia	769	216.8	0.02	173.7	—	—	—	43.1	—
Marche	637	210.7	—	177.5	—	—	—	33.1	0.1
Sicilia	740	196.7	4.5	166.0	—	—	—	25.6	0.5
Sardegna	659	182.8	0.6	175.6	—	—	—	6.1	0.6
Abruzzi	409	161.4	10.0	138.7	—	—	—	12.0	0.7
Umbria	248	108.8	—	90.5	—	—	4.4	13.2	0.7
Calabria	357	78.1	—	75.0	—	—	—	3.1	—
Friuli-Venezia Giulia	90	67.1	—	51.9	—	—	—	15.2	—
Liguria	105	58.7	—	18.5	1.3	18.1	2.7	18.1	—
Basilicata	206	58.2	2.7	36.3	—	—	—	18.5	0.7
Molise	62	27.4	—	23.1	—	—	—	4.2	—
Multiregional	12	25.6	—	—	—	3.8	—	18.6	3.2
Valle d'Aosta	6	6.1	—	—	—	3.5	—	2.5	—
Netherlands	12	16.5	—	8.0	8.5	—	—	—	—
Limburg	3	8.0	—	8.0	—	—	—	—	—
Noord-Brabant	2	2.8	—	—	2.8	—	—	—	—
Zuid-Holland	2	2.1	—	—	2.1	—	—	—	—
Gelderland	2	1.9	—	—	1.9	—	—	—	—
Noord-Holland	2	1.0	—	—	1.0	—	—	—	—
Overijssel	1	0.7	—	—	0.7	—	—	—	—
Portugal	343	115.1	—	72.4	—	35.1	—	5.7	1.9
Centro	162	46.9	—	25.2	—	18.3	—	3.5	—
Norte	86	36.7	—	25.7	—	6.9	—	2.2	1.9
Lisboa e Vale do Tejo	71	22.8	—	16.4	—	6.4	—	—	—
Multiregional	11	3.7	—	3.7	—	—	—	—	—
Algarve	1	2.4	—	—	—	2.4	—	—	—
Alentejo	10	1.5	—	1.1	—	0.4	—	—	—
Madeira	2	1.1	—	0.4	—	0.8	—	—	—
United Kingdom	318	105.2	—	75.6	—	29.6	—	—	—
Northern England	17	16.4	—	15.3	—	1.1	—	—	—
Northern Ireland	18	16.3	—	16.3	—	—	—	—	—
South-West England	40	12.8	—	8.7	—	4.1	—	—	—
South-East England	63	10.6	—	—	—	10.6	—	—	—
Yorkshire and Humberside	31	10.0	—	8.1	—	1.9	—	—	—
North-West England	46	9.9	—	7.1	—	2.8	—	—	—
Wales	13	7.7	—	7.2	—	0.5	—	—	—
East Midlands	26	7.1	—	4.3	—	2.7	—	—	—
Scotland	21	6.6	—	5.4	—	1.3	—	—	—
West Midlands	29	5.2	—	3.1	—	2.1	—	—	—
East Anglia	14	2.6	—	—	—	2.6	—	—	—
Grand Total	23 894	8 061.3	573.3	3 475.3	346.7	2 213.2	226.2	976.2	250.4

(1) Including 16.6 million ecus also featuring under Energy.

Table 24: **Financing provided within the Community in 1988**

Sectoral breakdown

	Total		Individual loans	Allocations from ongoing global loans		
	million ecus	%	EIB + NCI	Total	EIB	NCI
			million ecus	million ecus	million ecus	million ecus
Energy and infrastructure	5 688.3	66.1	5 444.4	243.9	237.8	6.1
Energy	1 777.1	20.7	1 687.4	89.7	83.6	6.1
Production	941.7	10.9	913.5	28.2	24.3	3.9
<i>Conventional thermal power stations</i>	377.6	4.4	377.6	—	—	—
<i>Hydroelectric power stations</i>	230.7	2.7	214.5	16.2	12.3	3.9
<i>Geothermal energy & alternative sources</i>	86.5	1.0	83.6	2.9	2.9	—
<i>Heat generating plant</i>	82.3	1.0	77.5	4.8	4.8	—
<i>Development of oil & natural gas deposits</i>	163.2	1.9	158.9	4.2	4.2	—
<i>Solid fuel extraction</i>	1.4	—	1.4	—	—	—
Transport, storage and reprocessing	487.0	5.7	473.3	13.7	13.7	—
<i>Electricity</i>	25.7	0.3	25.7	—	—	—
<i>Oil and natural gas</i>	173.0	2.0	159.4	13.7	13.7	—
<i>Nuclear fuel</i>	288.2	3.4	288.2	—	—	—
Distribution	348.5	4.1	300.6	47.9	45.7	2.2
<i>Electricity</i>	11.4	0.1	—	11.4	11.4	—
<i>Natural gas</i>	319.8	3.7	283.3	36.5	34.2	2.2
<i>Heat</i>	17.3	0.2	17.3	—	—	—
Transport	1 621.1	18.8	1 607.0	14.0	14.0	—
Railways	303.4	3.5	302.0	1.5	1.5	—
Roads and motorways	820.7	9.5	817.1	3.6	3.6	—
Shipping	81.9	1.0	73.0	8.9	8.9	—
Airlines	404.3	4.7	404.3	—	—	—
<i>(of which: aircraft acquisition)</i>	292.6	3.4	292.6	—	—	—
Intermodal freight terminals	10.7	0.1	10.7	—	—	—
Telecommunications	1 288.3	15.0	1 288.3	—	—	—
Networks	983.7	11.4	983.7	—	—	—
Satellites and earth stations	304.6	3.5	304.6	—	—	—
Water, sewage and solid waste	681.3	7.9	581.3	100.0	100.0	—
Supply	74.2	0.9	74.2	—	—	—
Sewage treatment	440.4	5.1	345.9	94.5	94.5	—
Solid waste processing	2.0	—	—	2.0	2.0	—
Multipurpose schemes	164.6	1.9	161.1	3.5	3.5	—
Urban infrastructure	68.4	0.8	65.6	2.9	2.9	—
Transport	39.6	0.5	36.7	2.9	2.9	—
Public and administrative buildings	28.9	0.3	28.9	—	—	—
Other infrastructure	252.1	2.9	214.8	37.3	37.3	—
Composite infrastructure	207.5	2.4	171.7	35.8	35.8	—
Agricultural and forestry development	44.6	0.5	43.1	1.5	1.5	—
Industry, services and agriculture	2 912.7	33.9	1 094.5	1 818.2	1 547.4	270.7
Industry	2 421.5	28.2	1 010.4	1 411.1	1 153.7	257.4
Mining and quarrying	14.8	0.2	—	14.8	10.7	4.1
Metal production and semi-processing	22.3	0.3	—	22.3	14.9	7.4
Metalworking & mechanical engineering	266.6	3.1	52.7	214.0	171.0	42.9
<i>(of which: office systems)</i>	47.5	0.6	46.0	1.5	1.4	0.1
Transport equipment	424.0	4.9	379.6	44.3	35.9	8.5
<i>(of which: aeronautical engineering)</i>	236.9	2.8	236.7	0.2	0.2	—
Electrical engineering	81.4	0.9	33.5	47.9	40.1	7.8
Electronics	281.4	3.3	254.2	27.2	25.2	2.0
Chemicals	295.7	3.4	157.1	138.6	115.8	22.8
<i>(of which: petrochemicals)</i>	96.1	1.1	84.2	11.9	11.9	—
<i>(of which: pharmaceuticals)</i>	34.1	0.4	3.9	30.2	22.8	7.4
Rubber and plastics	83.1	1.0	4.6	78.5	62.7	15.8
Glass and ceramics	101.6	1.2	30.2	71.3	58.1	13.2
Construction materials	82.4	1.0	6.4	76.0	71.2	4.9
Woodworking	75.8	0.9	3.8	71.9	56.0	16.0
Foodstuffs	324.6	3.8	71.0	253.6	211.6	42.0
Textiles and leather	144.7	1.7	3.0	141.7	100.7	41.0
Paper, pulp and printing	139.1	1.6	14.3	124.8	107.5	17.2
Other manufacturing industries	25.3	0.3	—	25.3	20.3	5.1
Civil engineering — building	58.9	0.7	—	58.9	52.1	6.8
Services	429.1	5.0	84.1	345.0	336.1	8.8
Tourism, leisure and health	244.0	2.8	44.6	199.4	196.2	3.1
Training and teaching centres	22.7	0.3	22.6	0.1	0.1	—
Research and development	31.3	0.4	14.7	16.6	16.6	—
Private and public-sector services	114.9	1.3	2.3	112.6	107.8	4.8
Waste recovery and recycling	14.7	0.2	—	14.7	13.8	0.9
Advanced information services	1.6	—	—	1.6	1.6	—
Agriculture and fisheries	62.1	0.7	—	62.1	57.6	4.5
Total	8 600.8	100.0	6 538.8	2 062.0	1 785.2	276.8

Table 25: **Financing provided in the Mediterranean Countries from 1963 to 1988**

Geographical breakdown

	Total		EIB own resources	Budgetary resources
	million ecus	%	million ecus	million ecus
Turkey	734.2	29.3	115.0	619.2
Yugoslavia	520.0	20.7	520.0	—
Algeria	177.0	7.1	177.0	—
Morocco	215.0	8.6	196.0	19.0
Tunisia	195.5	7.8	158.0	37.5
Egypt	258.7	10.3	252.7	6.0
Jordan	96.3	3.8	88.0	8.3
Lebanon	40.0	1.6	40.0	—
Syria	101.5	4.0	98.0	3.5
Cyprus	58.0	2.3	48.0	10.0
Israel	70.0	2.8	70.0	—
Malta	40.0	1.6	32.0	8.0
Total	2 506.2	100.0	1 794.7	711.5

Table 26: **Financing provided in the Mediterranean Countries from 1963 to 1988**

Sectoral breakdown

	Financing operations		Allocations from ongoing global loans	
	million ecus	%	Number	million ecus
Energy	774.9	30.9	—	—
Production	572.7	22.9	—	—
Conventional thermal power stations	318.7	12.7	—	—
Hydroelectric power stations	226.0	9.0	—	—
Oil and natural gas deposits	28.0	1.1	—	—
Electricity transmission and supply	202.3	8.1	—	—
Infrastructure	992.5	39.6	25	4.0
Transport	830.5	33.1	13	1.9
Railways	154.2	6.2	—	—
Roads	529.2	21.1	13	1.9
Shipping	122.5	4.9	—	—
Airlines	24.7	1.0	—	—
Telecommunications	13.0	0.5	—	—
Water (catchment, treatment and supply)	89.0	3.5	—	—
Other infrastructure	56.0	2.2	12	2.1
Agricultural and forestry development	56.0	2.2	—	—
Composite and urban infrastructure	—	—	12	2.1
Global loans	4.0	0.2	—	—
Industry, agriculture and services	738.9	29.5	1 792	332.2
Industry	201.4	8.0	422	256.3
Mining and quarrying	—	—	8	6.3
Metal production and semi-processing	2.9	0.1	15	8.7
Construction materials	57.5	2.3	23	20.3
Woodworking	1.2	—	22	7.0
Glass and ceramics	3.3	0.1	12	13.9
Chemicals	37.9	1.5	38	31.4
Metalworking and mechanical engineering	—	—	59	37.9
Transport equipment	—	—	11	5.3
Electrical engineering, electronics	0.8	—	27	19.4
Foodstuffs	1.5	0.1	91	32.5
Textiles and leather	3.7	0.1	63	29.6
Paper, pulp and printing	77.7	3.1	20	11.7
Rubber and plastics processing	0.5	—	19	15.6
Other manufacturing industries	—	—	5	1.5
Civil engineering-building	14.5	0.6	9	15.1
Agriculture, forestry and fisheries	52.1	2.1	1 303	64.6
Services	3.0	0.1	67	11.4
Tourism	—	—	12	6.3
Other services	—	—	55	5.1
Waste recovery	3.0	0.1	—	—
Global loans	482.3	19.2	—	—
Total	2 506.2	100.0	1 817	336.2

Table 27: **Financing provided from 1976 to 1988 in the ACP States under the Lomé Conventions and in the OCT**
Geographical breakdown

(million ecus)

	Total financing			From EIB own resources			From budgetary resources		
	Total	Lomé I + II	Lomé III	Total	Lomé I + II	Lomé III	Total	Lomé I + II	Lomé III
AFRICA	1 867.34	1 135.54	731.8	1 162.1	812.5	349.6	705.24	323.04	382.2
<i>West Africa</i>	<i>747.1</i>	<i>460.9</i>	<i>286.2</i>	<i>491.7</i>	<i>348.6</i>	<i>143.1</i>	<i>255.4</i>	<i>112.3</i>	<i>143.1</i>
Nigeria	165.0	90.0	75.0	165.0	90.0	75.0	—	—	—
Ivory Coast	145.1	104.0	41.1	139.7	98.6	41.1	5.4	5.4	—
Senegal	72.2	46.7	25.5	33.0	33.0	—	39.2	13.7	25.5
Ghana	58.3	34.3	24.0	33.0	16.0	17.0	25.3	18.3	7.0
Regional	49.8	16.8	33.0	15.0	5.0	10.0	34.8	11.8	23.0
Mauritania	48.5	32.0	16.5	25.0	25.0	—	23.5	7.0	16.5
Guinea	31.7	15.1	16.6	11.9	11.9	—	19.8	3.2	16.6
Niger	31.2	16.9	14.3	16.0	16.0	—	15.2	0.9	14.3
Mali	30.3	9.8	20.5	—	—	—	30.3	9.8	20.5
Togo	28.5	28.5	—	20.7	20.7	—	7.8	7.8	—
Burkina Faso	27.4	22.9	4.5	8.0	8.0	—	19.4	14.9	4.5
Benin	24.8	18.3	6.5	13.5	13.5	—	11.3	4.8	6.5
Liberia	14.0	14.0	—	10.9	10.9	—	3.1	3.1	—
Cape Verde	8.4	5.4	3.0	—	—	—	8.4	5.4	3.0
The Gambia	8.1	2.4	5.7	—	—	—	8.1	2.4	5.7
Guinea Bissau	3.8	3.8	—	—	—	—	3.8	3.8	—
<i>Central & Equatorial Africa</i>	<i>356.04</i>	<i>260.54</i>	<i>95.5</i>	<i>246.0</i>	<i>191.0</i>	<i>55.0</i>	<i>110.04</i>	<i>69.54</i>	<i>40.5</i>
Cameroon	133.3	133.3	—	128.3	128.3	—	5.0	5.0	—
Zaire	76.2	26.2	50.0	50.0	—	50.0	26.2	26.2	—
Congo	57.9	31.9	26.0	28.1	28.1	—	29.8	3.8	26.0
Gabon	34.5	34.5	—	32.0	32.0	—	2.5	2.5	—
Burundi	14.2	8.7	5.5	—	—	—	14.2	8.7	5.5
Chad	11.7	9.5	2.2	—	—	—	11.7	9.5	2.2
Regional	9.3	3.6	5.7	7.6	2.6	5.0	1.7	1.0	0.7
Equatorial Guinea	6.0	2.0	4.0	—	—	—	6.0	2.0	4.0
Rwanda	5.7	5.7	—	—	—	—	5.7	5.7	—
Central African Republic	5.1	5.1	—	—	—	—	5.1	5.1	—
São Tomé and Príncipe	2.14	0.04	2.1	—	—	—	2.14	0.04	2.1
<i>East Africa</i>	<i>328.3</i>	<i>182.3</i>	<i>146.0</i>	<i>160.9</i>	<i>102.9</i>	<i>58.0</i>	<i>167.4</i>	<i>79.4</i>	<i>88.0</i>
Kenya	160.2	100.7	59.5	149.9	97.9	52.0	10.3	2.8	7.5
Ethiopia	44.0	13.0	31.0	—	—	—	44.0	13.0	31.0
The Sudan	38.5	16.5	22.0	—	—	—	38.5	16.5	22.0
Tanzania	34.2	23.7	10.5	5.0	5.0	—	29.2	18.7	10.5
Somalia	22.8	9.8	13.0	—	—	—	22.8	9.8	13.0
Uganda	12.3	10.3	2.0	—	—	—	12.3	10.3	2.0
Regional	6.5	0.5	6.0	6.0	—	6.0	0.5	0.5	—
Djibouti	5.2	3.2	2.0	—	—	—	5.2	3.2	2.0
Seychelles	4.6	4.6	—	—	—	—	4.6	4.6	—
<i>Southern Africa</i>	<i>420.9</i>	<i>231.8</i>	<i>189.1</i>	<i>263.5</i>	<i>170.0</i>	<i>93.5</i>	<i>157.4</i>	<i>61.8</i>	<i>95.6</i>
Zimbabwe	72.4	40.4	32.0	67.0	35.0	32.0	5.4	5.4	—
Zambia	70.6	47.4	23.2	42.0	42.0	—	28.6	5.4	23.2
Botswana	66.3	37.3	29.0	59.5	35.5	24.0	6.8	1.8	5.0
Malawi	60.5	39.0	21.5	31.5	22.0	9.5	29.0	17.0	12.0
Mauritius	51.5	17.0	34.5	44.5	16.5	28.0	7.0	0.5	6.5
Madagascar	48.6	24.2	24.4	—	—	—	48.6	24.2	24.4
Swaziland	26.2	20.2	6.0	19.0	19.0	—	7.2	1.2	6.0
Lesotho	9.6	6.1	3.5	—	—	—	9.6	6.1	3.5
Mozambique	9.0	—	9.0	—	—	—	9.0	—	9.0
Angola	4.0	—	4.0	—	—	—	4.0	—	4.0
Comoros	2.2	0.2	2.0	—	—	—	2.2	0.2	2.0
<i>Multiregional Project</i>	<i>15.0</i>	—	<i>15.0</i>	—	—	—	<i>15.0</i>	—	<i>15.0</i>
CARIBBEAN	154.2	94.9	59.3	112.5	68.1	44.4	41.7	26.8	14.9
Trinidad & Tobago	42.0	42.0	—	42.0	42.0	—	—	—	—
Jamaica	24.3	9.0	15.3	19.3	4.0	15.3	5.0	5.0	—
Bahamas	17.7	0.1	17.6	17.6	—	17.6	0.1	0.1	—
Barbados	17.1	17.1	—	17.1	17.1	—	—	—	—
Saint Lucia	9.2	1.2	8.0	6.0	—	6.0	3.2	1.2	2.0
St Vincent & the Grenadines	8.8	3.0	5.8	3.0	—	3.0	5.8	3.0	2.8
Guyana	7.2	7.2	—	—	—	—	7.2	7.2	—
Belize	6.1	2.6	3.5	4.5	2.0	2.5	1.6	0.6	1.0
Regional	6.0	4.0	2.0	3.0	3.0	—	3.0	1.0	2.0
Dominica	4.8	1.0	3.8	—	—	—	4.8	1.0	3.8
Suriname	4.3	4.3	—	—	—	—	4.3	4.3	—
Grenada	4.2	2.4	1.8	—	—	—	4.2	2.4	1.8
St Christopher & Nevis	2.5	1.0	1.5	—	—	—	2.5	1.0	1.5
PACIFIC	182.4	139.7	42.7	139.4	106.9	32.5	43.0	32.8	10.2
Papua New Guinea	103.1	70.6	32.5	83.9	54.9	29.0	19.2	15.7	3.5
Fiji	64.5	60.0	4.5	55.5	52.0	3.5	9.0	8.0	1.0
Western Samoa	7.5	3.3	4.2	—	—	—	7.5	3.3	4.2
Tonga	3.8	2.3	1.5	—	—	—	3.8	2.3	1.5
Vanuatu	3.0	3.0	—	—	—	—	3.0	3.0	—
Kiribati	0.2	0.2	—	—	—	—	0.2	0.2	—
Solomon Islands	0.2	0.2	—	—	—	—	0.2	0.2	—
Tuvalu	0.1	0.1	—	—	—	—	0.1	0.1	—
Sub-total: ACP States	2 203.94	1 370.14	833.8	1 414.0	987.5	426.5	789.94	382.64	407.3
Sub-total: OCT	48.1	28.1	20.0	36.5	22.0	14.5	11.6	6.1	5.5
Grand Total	2 252.0	1 398.2	853.8	1 450.5	1 009.5	441.0	801.5	388.7	412.8

Table 28: **Financing provided from 1976 to 1988 in the ACP States under the Lomé Conventions and in the OCT**
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	199.2	23.3	1	0.3	378.5	27.1	6	2.8
Production	97.4	11.4	1	0.3	309.5	22.1	5	2.2
Conventional thermal power stations	51.0	6.0	—	—	98.1	7.0	3	1.8
Hydroelectric power stations	46.4	5.4	1	0.3	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	101.8	11.9	—	—	69.0	4.9	1	0.6
Electricity	88.8	10.4	—	—	69.0	4.9	—	—
Oil	13.0	1.5	—	—	—	—	1	0.6
Infrastructure	188.7	22.1	1	0.1	121.9	8.7	2	1.6
Transport	36.2	4.2	1	0.1	27.2	1.9	1	0.6
Railways	—	—	—	—	10.0	0.7	—	—
Shipping	21.2	2.5	1	0.1	17.2	1.2	1	0.6
Airlines	15.0	1.8	—	—	—	—	—	—
Telecommunications	46.1	5.4	—	—	63.1	4.5	1	1.0
Water (catchment, treatment & supply)	106.4	12.5	—	—	31.6	2.3	—	—
Industry, agriculture and services	465.8	54.6	122	26.8	897.8	64.2	557	226.9
Industry	294.2	34.5	76	15.4	564.7	40.4	455	198.9
Mining and quarrying	81.0	9.5	4	0.4	149.7	10.7	15	8.8
Metal production and semi-processing	13.0	1.5	—	—	31.5	2.3	9	4.0
Construction materials	13.6	1.6	7	1.4	59.3	4.2	15	6.3
Woodworking	4.5	0.5	3	0.6	25.2	1.8	36	12.9
Glass and ceramics	—	—	—	—	4.0	0.3	12	6.6
Chemicals	14.0	1.6	7	0.5	54.5	3.9	27	15.4
Metalworking & mechanical engineering	—	—	9	1.9	0.5	—	29	10.3
Transport equipment	—	—	8	1.7	7.3	0.5	14	5.7
Electrical engineering, electronics	—	—	3	0.5	—	—	11	5.2
Foodstuffs	78.3	9.2	15	3.0	165.3	11.8	119	54.0
Textiles and leather	55.8	6.5	8	2.4	42.9	3.1	62	20.8
Paper, pulp and printing	7.0	0.8	2	0.4	—	—	41	20.0
Rubber and plastics processing	2.0	0.2	3	0.8	24.6	1.8	43	22.4
Other manufacturing industries	—	—	1	0.1	—	—	8	1.9
Civil engineering — building	—	—	6	1.7	—	—	14	4.6
Support for industry	25.0	2.9	—	—	—	—	—	—
Agriculture, forestry and fisheries	—	—	2	0.3	—	—	7	3.8
Services	12.5	1.5	44	11.1	41.9	3.0	95	24.2
Tourism	4.5	0.5	40	10.5	19.3	1.4	66	21.2
Other services	8.0	0.9	4	0.6	22.6	1.6	29	3.0
Global loans	148.8	17.4	—	—	267.8	19.2	—	—
Development banks	10.3	1.2	—	—	23.3	1.7	—	—
Total	853.8	100.0	124	27.2	1 398.2	100.0	565	231.2

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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 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'.

*
* *

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 all sectors of the economy 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) or projects helping to attain Community objectives such as protection or improvement of the environment and in the energy sector: development of indigenous resources, rational use of energy, import diversification;
- projects for the modernisation or conversion of undertakings, necessitated by structural difficulties, specifically improving the competitiveness of Community industry by developing or introducing advanced technology, or furthering European integration and resulting, for example, from close technical and economic co-operation between undertakings in different Member Countries. Specific support for projects mounted by small and medium-sized enterprises (SMEs) in both assisted and non-assisted areas is provided through global loans concluded with intermediary institutions.

The Bank also grants loans from the resources of the New Community Instrument for borrowing and lending (NCI), principally for investment by SMEs in industry. The Bank has accepted a mandate to grant these loans on behalf and for the account of the Community. The EIB 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 86).

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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 financing for certain types of project of particular importance for the Community (satellite communications 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 co-operation 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