



THE EUROPEAN INVESTMENT BANK  
IN 1989

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## THE EUROPEAN INVESTMENT BANK IN 1989

### FINANCIAL HIGHLIGHTS (million ecus)

	1989	1988
Total lending during the year	12 246.1	10 175.0
Loans within the Community	11 634.2	9 474.8
Loans outside the Community	611.9	700.2
Amount outstanding on loans from own resources and guarantees	53 630.3	47 627.0
Subscribed capital <i>of which paid in and to be paid in</i>	28 800.0 2 595.9	28 800.0 2 595.9
Reserves, provisions and operating income	5 966.3	5 158.3
Funds raised during the year	9 034.5	7 666.1
Medium and long-term borrowings outstanding	41 332.3	36 927.5
Balance sheet total	55 010.0	49 120.3

### OPERATING HIGHLIGHTS

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Un arbre vaut mieux qu'un marbre, car on y voit les noms grandir. (Cocteau)  
(Value trees more than marble. They show you names growing.)

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## FOREWORD

The volume of lending by the European Investment Bank recorded a further substantial increase in 1989, topping the 12 billion ecu mark. This upturn reflects the growth in investment in industry and infrastructure made possible by the improved macroeconomic environment and answering fresh needs posed by building Europe's future. The EIB has, as always, exercised a selective approach to its choice of projects with the aim of ensuring that these help to lay the foundations of viable and lasting development.

For Europe, and the Community in particular, the 1990s will be an era fraught with uncertainties but also inspiring great hope. The coming decade will see completion of the single market, gradual progress towards economic and monetary union, growing interest on the part of many countries in strengthening their ties with the Community and the chal-

lenging consequences of the political and economic upheavals taking place in Eastern Europe.

In its dual capacity as a Community institution and a bank, the EIB is directly affected by the above developments of worldwide importance. Its role under the new Lomé Convention concluded with the ACP States, its co-operation with the World Bank in promoting environmental protection in the Mediterranean and the mandate entrusted to it of helping to fund investment in Poland and Hungary, as well as its participation in the establishment of the European Bank for Reconstruction and Development (EBRD), all serve to underscore the variety of additional international commitments taken on by the Bank as well as the new challenges in prospect.

The EIB's prime mission is to promote the balanced development of the Community. Consequently, the Bank intends to pursue and extend its efforts in support of the Community's priority objectives, namely: advancement of the less favoured regions; creation of key infrastructure underpinning trade flows; enhancement of the international competitiveness of Community industry and its integration

on a European scale; promotion of small and medium-sized enterprises; and, last but not least, safeguarding the environment and improving the quality of life for the people of Europe. These endeavours will be extended to regions of the German Democratic Republic in line with progress on unification.

Assured of the renewed support of the Member States, its shareholders, maintaining the professional standards incumbent upon it and co-operating fully with the various partners involved, both old and new, the EIB will turn the experience of the past three decades, its track record, sound financial base and wide-ranging know-how to good account in acquitting itself of the new tasks involved in achieving rapid progress towards European integration.

Ernst-Günther BRÖDER  
President

## NINETEEN EIGHTY-NINE

Bank lending in 1989 totalled 12.25 billion ecus <sup>(1)</sup>. The bulk of credit was made available from the EIB's own resources, raised on the capital markets. The balance corresponded to operations mounted under mandate from the Community, drawing on other resources: New Community Instrument—NCI—borrowings (78 million) or budgetary resources (126 million).

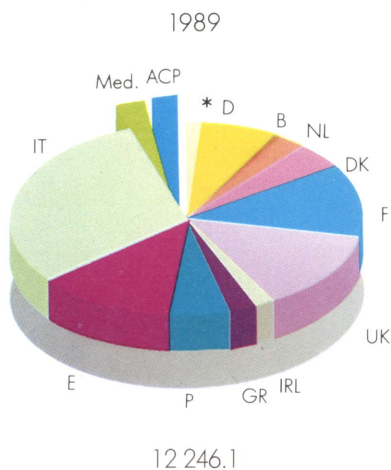
EIB loans *within the Community* came to 11 634 million demonstrating an upturn of almost 23% compared with 1988. Lending for projects in the Community's less privileged regions, up by more than 40%, or two billion, within the space of twelve months, again accounted for a major share of

activity, while support for environmental protection and improvement schemes, as well as loans facilitating communications between Member Countries grew apace. Another feature of the past financial year was the substantial increase in lending designed to strengthen the competitiveness of undertakings, particularly SMEs.

*Outside the Community*, implementation of the financial protocols with the twelve Mediterranean countries gave rise to financing totalling 343 million. Financing in the African, Caribbean and Pacific States (under the Lomé Convention) and in the Overseas Countries and Territories (under the corresponding Council Decision) amounted to 269 million.

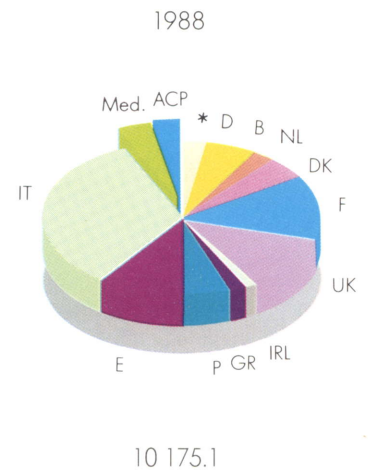
The EIB acquired *the resources* needed to finance its lending activity by raising over 9 billion ecus on the capital markets, chiefly in the form of fixed-rate public loan issues and private placings. Almost 90% of these borrowings were raised in Community currencies, led by the ecu.

<sup>(1)</sup> All amounts in this brochure are expressed in ecus, the unit of account used by the EIB.



Amounts lent (million ecus)		
1989		1988
91.1	Belgium	11.6
545.8	Denmark	494.1
856.5	Germany	603.0
271.4	Greece	186.5
1 541.7	Spain	1 018.5
1 512.8	France	1 350.5
186.8	Ireland	154.8
3 734.4	Italy	3 371.9
320.3	Netherlands	259.7
755.7	Portugal	560.4
1 652.2	United Kingdom	1 178.8
165.5	Other (*)	285.0
11 634.2	Community	9 474.8
342.8	Mediterranean	398.0
269.1	ACP-OCT	302.2
12 246.1	<b>Total</b>	<b>10 175.0</b>

(\*) Projects located outside, but of direct interest to, the Community, e.g. telecommunications satellites.



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## NINETEEN NINETY

### DOUBLING OF THE EIB'S CAPITAL

With a view to enabling the Bank to continue to develop its activity, while maintaining a first-class credit rating, the Board of Governors has, over the years, authorised a number of capital increases. The Bank's Statute stipulates, in effect, that the aggregate amount outstanding at any time of loans and guarantees granted by the Bank shall not exceed 250% of its subscribed capital.

In the light of both recent and prospective growth in Bank activity, the EIB's Board of Directors has recommended that the Governors increase the subscribed capital from 28.8 billion ecus to 57.6 billion ecus as from 1 January 1991, of which 4.3 billion paid in or to be paid in. This increase will be achieved by capitalising part of the Bank's reserves and by raising new subscriptions from the shareholders, the Member States.

### EIB LENDING IN THE EASTERN EUROPEAN COUNTRIES

The EIB has been keeping a close watch on recent developments in the Eastern European countries and has taken steps to respond to requests by the Community authorities aimed at supporting investment in these countries.

- In Poland and Hungary, the Bank has been authorised by its Board of Governors to lend up to one billion ecus for projects in priority sectors, namely transport, energy, telecommu-

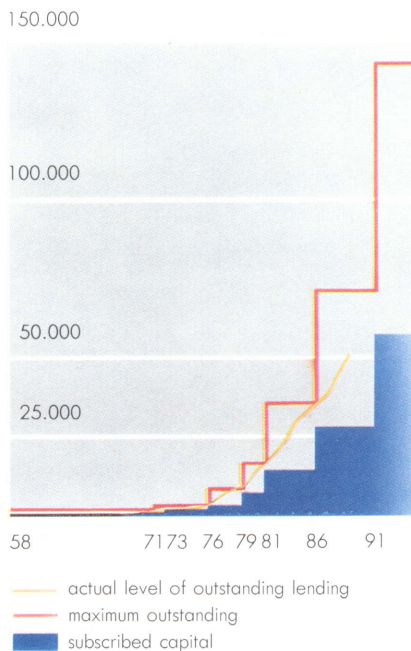
nications and the environment, as well as for joint-venture projects in industry mounted in conjunction with Community enterprises.

- In the German Democratic Republic, the EIB will be making loans available in accordance with its usual criteria once economic and monetary union has been established with the Federal Republic of Germany.

- Finally, the Agreement setting up the European Bank for Reconstruction and Development (EBRD) provides that the EIB as well as the European Economic Community are to be founder members of this institution, such that the EIB will subscribe 3% of the EBRD's capital and will appoint one Director and one Alternate.

The Agreement founding the new bank will have to be ratified by the Member States, while the EIB's participation will be covered by a decision of its Board of Governors.

Growth in the Bank's  
capital base  
(million ecus)



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## REGIONAL DEVELOPMENT

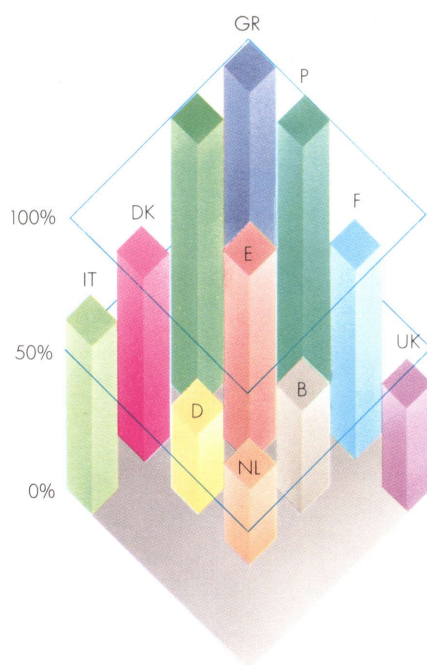
Fostering balanced regional development represents the EIB's priority objective. In the past two years in particular, the Bank has considerably stepped up its lending in the less privileged areas of the Community, thereby contributing to the objective of economic and social cohesion advocated under the Single Act. Over the last five years, the Bank has lent more than 22.5 billion ecus in support of the regions.

In 1989, financing for capital projects in areas whose development is lagging behind or in those grappling with declining industrial activity came to 7 billion, up by 43% over 1988 (4.9 billion) and approaching twice the level achieved in 1987 (3.8 billion). Such credit, provided in the form of both individual loans and allocations from global loans concluded with national and regional intermediary institutions accounted for around 64% of aggregate EIB financing in Member Countries.

More than half of these operations centred on projects in Objective 1 regions targeted for concentrated action through the Community's structural funds: Portugal, Greece, Ireland, certain regions of Spain and Italy as well as Northern Ireland. Some 35% either related to projects in areas, particularly in the United Kingdom, France and the Netherlands, with declining traditional industries (Objective 2) or contributed to promoting the development of rural areas (Objective 5b).

The sectoral breakdown of financing attests to the scale of funding for basic infrastructure underpinning the development of the above regions (3.4 billion). The emphasis tended to be on constructing or developing road, motorway and rail networks as well as on expanding telecommunications systems. A total of over one billion went in loans for improved energy supplies, especially in a number of the Community's southern regions and in Ireland. Finally, investment in industry and the service sector attracted both individual loans (1.2 billion) and global loans (1.3 billion), the latter serving to fund close on 4 800 SMEs.

Lending for regional development as a proportion of lending by country in 1989



## PROTECTION OF THE ENVIRONMENT

Financing for investment schemes aimed specifically at protecting or improving the environment and the quality of life totalled 1.7 billion in 1989, accounting for approximately 15% of Bank lending. Investment financed under other categories also benefited the environment. As a general rule, when appraising projects submitted to it, the EIB systematically scrutinises the repercussions for the environment and ensures compliance with national legislation and Community directives on the environment.

Projects under this heading attracted finance in eleven countries, with loans focussed chiefly on water schemes (both waste and drinking water) in Italy, the United Kingdom, Spain and Greece. In Germany, Bank lending was targeted at investment schemes designed to reduce atmospheric pollution. The rapidly growing number of urban and industrial waste-processing plants also attracted Bank funding, as did land conservation works.

With a view to enhancing the quality of urban life, the EIB financed various public transport and renovation schemes. As well as making a significant impact on the environment, these foster the growth and competitive profile of the areas in question.

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## PROTECTION OF THE MEDITERRANEAN ENVIRONMENT

The Mediterranean region possesses an exceptional natural and cultural heritage. Its environment is exposed to a great many pressures linked to human activity, the damaging effects of which are plain to see and are jeopardising development prospects for certain parts of this area.

Principally in the Member States but also in a number of associated coun-

tries, the Bank has supported environmental protection with loans totalling three billion over the past ten years (see map below).

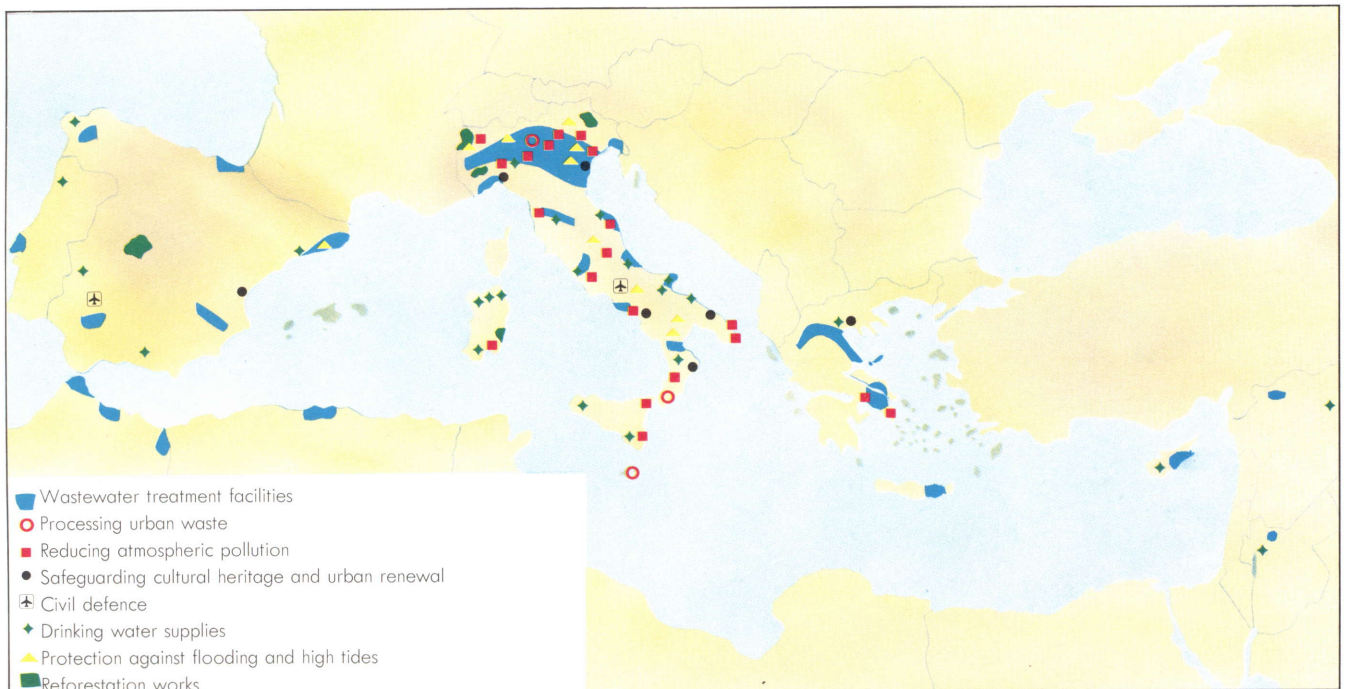
In order to extend their action in this area and to increase its effectiveness, the European Investment Bank and the World Bank jointly drew up in 1988 an Environmental Programme for the Mediterranean.

This programme gave rise to a regional study of the environment <sup>(1)</sup> which helped to highlight key problems and to identify priority areas for action.

Then, in early 1990 the operational stage of the joint programme was initiated with the creation of the Mediterranean Environmental Technical Assistance Programme (METAP) bringing together the EIB, the World Bank, the Commission of the European Communities and the United Nations Development Programme.

<sup>(1)</sup> Environmental Programme for the Mediterranean - Preserving a Shared Heritage and Managing a Common Resource - available on request.

EIB lending for protecting the environment in the Mediterranean basin over the past ten years





## INFRASTRUCTURE

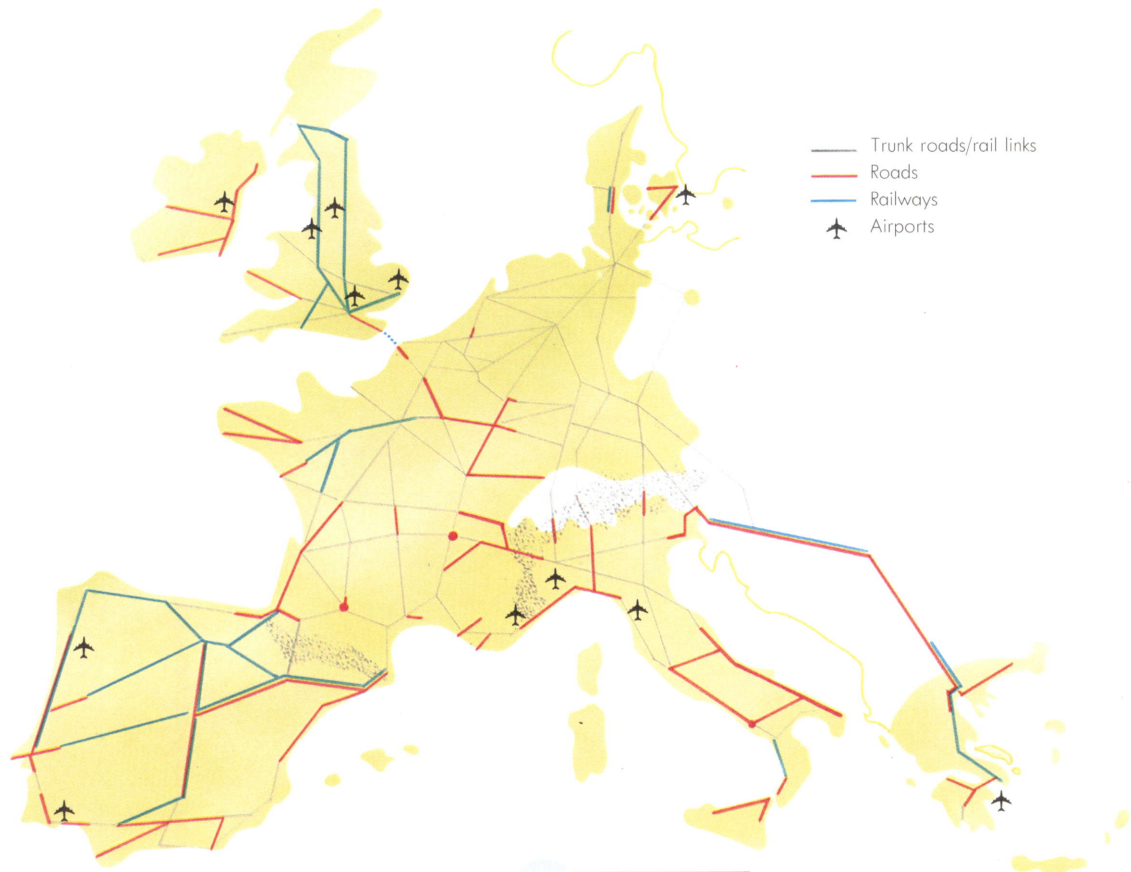
EIB financing for infrastructural schemes between 1985 and 1989 has run to approximately 17 billion, the equivalent of some 45% of Bank activity in Member Countries. Support has ranged from loans for basic amenities promoting the development of the Community's less favoured regions, to major transport and telecommunications systems facilitating trade within the EEC. It has also embraced projects to protect or improve the environment.

Infrastructural projects absorbed in excess of five billion in 1989, half of which was devoted to the road, motorway, rail and air transport sectors; telecommunications schemes, including satellite systems, attracted over 1.2 billion. Lending for water catchment, treatment and supply works amounted to about one billion. The balance was given over to urban, agricultural and forestry development schemes as well as to other infrastructural works, often on a small scale.

### MAJOR COMMUNITY INFRASTRUCTURE

Recent years have witnessed brisk growth in loans for key Community transport and telecommunications infrastructure (4.5 billion in 1988 and 1989). This high level of support reflects the upturn in investment in communications linked to completion of the Single European Market. It also answers the obvious need for networks guaranteeing the smooth and efficient flow of goods, services and information.

EIB loans for major transport infrastructure





## ENERGY RESOURCES

As can be seen from the map below, the road, motorway and railway projects funded by the EIB constitute important components of the Community's land-based transport networks. As for loans for air transport, these have contributed to an increase in airport capacity and to the renewal and expansion of airline fleets. The Bank has also provided backing for the Community's aeronautical engineering industry (Airbus and ATR aircraft). Lastly, in the telecommunications sector it has advanced credit for the improvement of international links based on conventional networks, satellites and transcontinental cables.

The scale and specific nature of certain investment schemes have led the Bank to evolve innovative financing techniques in association with its partners. The funding of key Community infrastructure thus represents and will continue to represent one of the Bank's principal areas of activity.

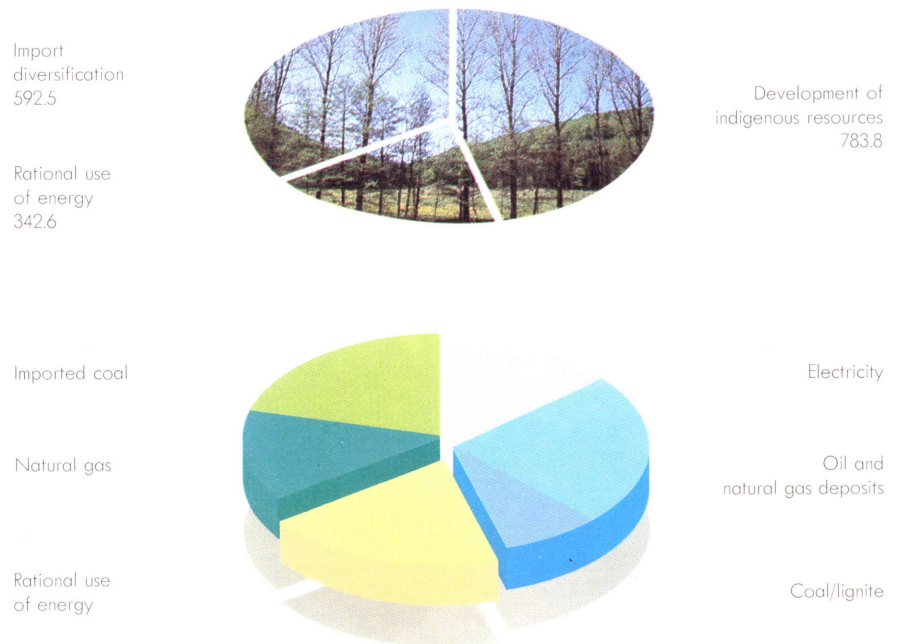
EIB lending for energy projects has tended to level off over the past few years after the surge recorded in the wake of the two oil shocks.

Financing has nevertheless continued at a high level (some 1.7 billion in 1989) with a view to supporting ongoing development of the Community's indigenous oil and natural gas resources and its hydroelectric potential. Bank lending has also promoted diversification of coal and natural gas imports as well as efficient

use of energy, notably by virtue of trimming consumption by manufacturing industry.

Almost one third of EIB credit has been devoted to projects, such as hydroelectric schemes, geothermal power stations and wind farms, making use of renewable energy resources, and also to schemes incorporating a substantial volume of environmental protection equipment designed principally to reduce atmospheric emissions.

Lending for energy policy objectives in 1989  
(million ecus)



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## INDUSTRIAL COMPETITIVENESS

Enhancing the competitive capacity of the Community's industrial sector in the international marketplace and encouraging its integration at European level are vital objectives for the future of the Community. Continued strong investment and the large num-

ber of mergers and partnerships formed in recent years attest to the sustained vigour of industry and its firm intent to be ready for the Single Market.

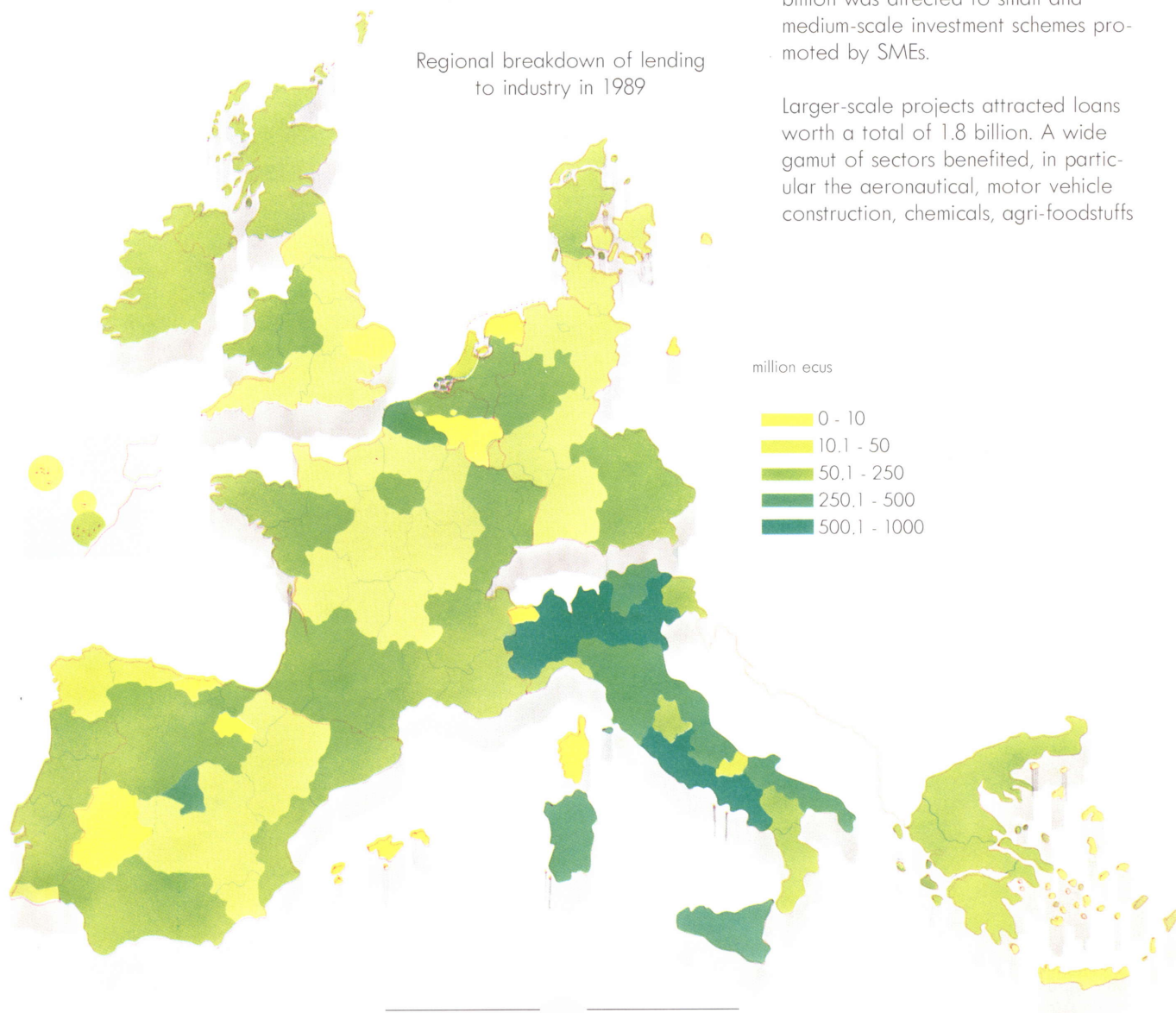
The Bank has contributed to these developments by appreciably broad-

ening the range and volume of its financing facilities for both industry and the service sector at regional level throughout the Community.

EIB lending under this heading in 1989 amounted to 4.2 billion, of which 2.4 billion was directed to small and medium-scale investment schemes promoted by SMEs.

Larger-scale projects attracted loans worth a total of 1.8 billion. A wide gamut of sectors benefited, in particular the aeronautical, motor vehicle construction, chemicals, agri-foodstuffs

Regional breakdown of lending to industry in 1989



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and paper industries as well as private-sector services and tourism. Several of the projects financed involved the application of advanced technology or innovative processes. A num-

ber of projects were mounted in co-operation with firms from different Member Countries, sometimes in partnership with enterprises from outside the Community.

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### THE EIB AND TOURISM

1990 has been designated European Tourism Year. An important economic sector for the Community, tourism accounts for almost 5.5% of GDP (5.5 million permanent full-time jobs) and is crucial to the external accounts of countries such as Spain, Greece and Portugal. It is also one of the sectors in which Europe can lay claim to definite international advantages owing to the wealth and variety of its natural and cultural heritage.

Financing provided for the tourism sector between 1985 and the end of 1989 totalled 800 million, of which 640 million funded development schemes in respect of more than 1 200 hotels, including some large hotel projects in Italy, Portugal and the United Kingdom. Most projects, however, were on a smaller scale, with EIB support to a considerable extent playing dual tribute to both the tourism sector and the Community's objective of promoting SMEs.

In addition, the Bank funded a variety of installations (theme parks, camping sites, holiday centres) complementing the range of facilities available in many regions. Last but not least, mention should be made of the positive direct impact on tourism of numerous loans provided for improving transport systems, safeguarding the environment and preserving the Community's cultural heritage.



### SMALL AND MEDIUM-SIZED ENTERPRISES

For more than twenty years, the EIB has been backing investment by SMEs in industry and the service sector, particularly tourism. The channelling of this support has been decentralised through the medium of global loans concluded with intermediary institutions.

In 1989, some 7 600 SMEs in eleven countries received a total of around two billion through this financing instrument: 5 900 in industry and 1 500 in the service sector. Allocations were advanced to about 200 small enterprises in the agricultural and fisheries sectors to develop their businesses. About two thirds of the funds in question went to firms located in the Community's less developed regions and one third to firms outside these regions.

Over the past five years, nearly 24 500 SMEs—generally with less than fifty employees each—have benefited from global loan financing in most regions of the Community. A total of 4.1 billion has been put up for some 14 500 investment schemes in the less developed regions and 2.6 billion for 10 000 others outside these areas.

## DEVELOPMENT CO-OPERATION

Bank operations outside the Community are mounted under EEC co-operation agreements concluded with twelve Mediterranean countries, the African, Caribbean and Pacific States signatories to the Lomé Convention and the Overseas Countries and Territories.

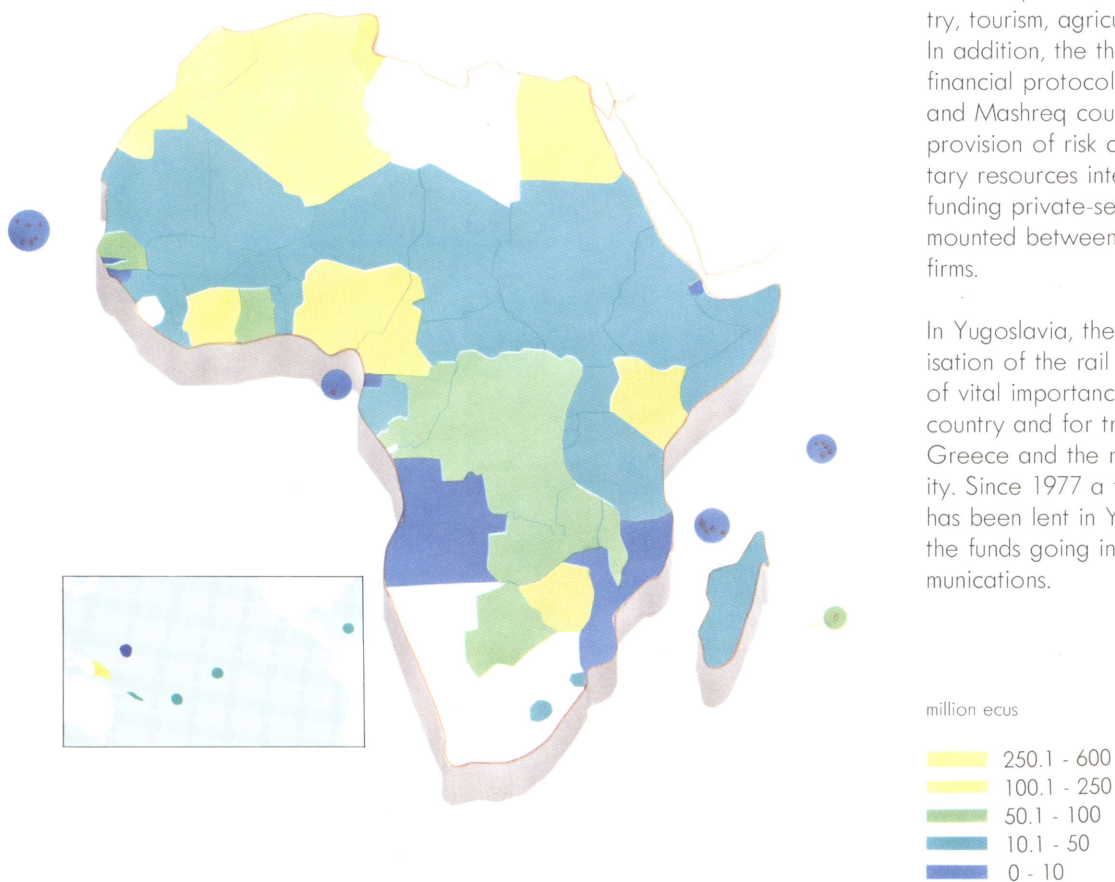
In 1989, EIB financing outside the Community amounted to 486 million in loans from its own resources carrying interest subsidies financed from budgetary resources in the ACP States and a number of Mediterranean countries and 126 million from budgetary resources, giving a total of 612 million.

*In the Mediterranean countries*, implementation of the financial protocols enabled the Bank to furnish assistance worth 343 million, drawn chiefly from EIB own resources.

In the southern Mediterranean countries, lending in 1989 ran to 285 million, bringing aggregate financing in this area since the first operations mounted here in 1979 to over 1.5 billion. A rising proportion of this aid is being targeted towards investment schemes promoted by SMEs in industry, tourism, agriculture and fisheries. In addition, the third generation of financial protocols with the Maghreb and Mashreq countries allows for the provision of risk capital from budgetary resources intended principally for funding private-sector joint ventures mounted between local and EEC firms.

In Yugoslavia, the EIB funded modernisation of the rail network (56 million) of vital importance both for that country and for traffic between Greece and the rest of the Community. Since 1977 a total of 578 million has been lent in Yugoslavia, most of the funds going into improved communications.

Financing provided in the ACP States and the OCT (1976-1989) and in the North African Mediterranean Countries (1977-1989)



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*In the African, Caribbean and Pacific countries*, the Bank currently operates under the provisions of the Third Lomé Convention and in the *Overseas Countries and Territories* under the relevant decision of the Council of the European Communities.

In 1989, funding in these areas came to 269 million, of which 155 million was in the form of loans from own resources and 114 million was drawn from risk capital financed from budgetary resources. Despite a persistently thorny economic situation, the EIB mounted operations in twenty-eight ACP countries and three OCT. More than half of the funds made available went to projects in industry or agricultural processing.

In all, around two thirds of the amounts provided for under the Third Lomé Convention, which came into force in May 1986, has already been deployed in support of projects in 63 ACP States and for investment schemes on a regional scale benefiting several countries.

#### THE FOURTH LOMÉ CONVENTION

The fourth Lomé Convention was signed on 15 December 1989 between the Community, the 66 ACP States signatories to the third Lomé Convention and two newcomers, Haiti and the Dominican Republic; provision is also made for Namibia to accede to the Convention at a later date. Likely to enter into force in early 1991, this Convention has been concluded for a period of ten years and is accompanied by a Financial Protocol spanning the first five years. The aggregate amount of financial aid provided for amounts to 12 billion (1), most of which is to be made available as grant aid administered by the Commission of the European Communities. Bank operations, mounted on concessionary terms and conditions, will consist of subsidised loans from own resources (1.2 billion) and risk capital assistance (825 mil-

lion) funded from budgetary resources. Productive projects and programmes in industry, agricultural processing, tourism, mining, energy, transport and telecommunications will be financed first and foremost by the EIB.

The new convention includes a structural adjustment support mechanism administered by the Commission and places even greater emphasis on the private sector and its role in promoting the growth and diversification of the ACP States' economies. The legacy of past conventions has been preserved and certain instruments of co-operation have been further improved. Trade arrangements already very favourable, are even more liberal than in the past. The arrangements for deploying risk capital have been broadened with a view to underpinning private-sector capital investment, notably at the level of SMEs.

(1) In addition, a specific decision comprising a package of 165 million will also make it possible to provide development aid for the OCT.



SUMMARISED BALANCE SHEETS AT END-1989 AND END-1988  
(million ecus)

<b>Assets</b>	<b>1989</b>	<b>1988</b>	<b>Liabilities</b>	<b>1989</b>	<b>1988</b>
Loans	47 672.5	42 289.8	Borrowings	42 329.8	37 701.0
<i>Total outstanding</i>	<i>53 288.4</i>	<i>47 245.6</i>	- <i>short-term</i>	<i>997.5</i>	<i>773.5</i>
<i>Less: undisbursed balance</i>	<i>- 5 615.9</i>	<i>- 4 965.8</i>	- <i>medium and long-term</i>	<i>41 332.3</i>	<i>36 927.5</i>
Cash and bank deposits	2 585.8	2 379.6			
Investments	1 206.2	977.1			
Accruals	1 319.4	1 151.9	Accruals	1 537.0	1 299.9
Other assets	2 226.1	2 294.2	Other liabilities	2 580.9	2 365.3
			Capital, reserves, provisions	7 754.2	7 049.4
			<i>(subscribed capital: 28 800)</i>		
			<i>(capital paid in and to be paid in: 2 595.9)</i>		
			Balance of operating account	808.1	704.7
<b>TOTAL</b>	<b>55 010.0</b>	<b>49 120.3</b>	<b>TOTAL</b>	<b>55 010.0</b>	<b>49 120.3</b>

OPERATING ACCOUNTS  
(million ecus)

<b>Expenditure</b>	<b>1989</b>	<b>1988</b>	<b>Income</b>	<b>1989</b>	<b>1988</b>
Interest and charges on borrowings and amortisation of issuing charges	3 589.5	3 180.6	Interest and commission on loans	4 207.8	3 712.0
General expenses and depreciation	81.4	74.9	Interest and commission on investments	319.6	240.0
Other	25.7	14.3	Other	- 40.5	- 44.9
Operating surplus	871.3	727.7			
Incr./decr. resulting from conversion of assets and liabil. into ecus	- 63.2	+ 27.0			
Exceptional charge	—	- 49.8			
Balance of operating account	808.1	704.7			

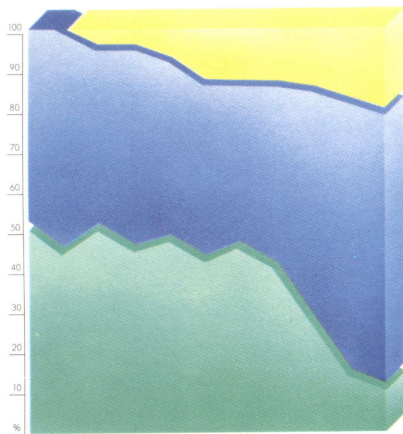
## RAISING RESOURCES

In 1989, the EIB raised the equivalent of 9 billion ecus (7.7 billion in 1988). With a view to catering for demand among investors, almost 88% of these resources were tapped in Community currencies, principally the ecu, pound sterling, French franc and Deutsche Mark.

By virtue of its endeavours to diversify markets and investments, the EIB features prominently among those institutions most actively engaged in promoting use of the ecu. It still heads the list of ecu issuers on the international markets and is the leading lender in this currency. At the end of 1989, its outstanding medium and long-term ecu-denominated borrowings totalled close on 5.7 billion.

As in previous years, the Bank raised the bulk of its resources by means of fixed or variable-rate public loan issues (7.8 billion) and private placings (1 billion) on the national and international markets. The balance was garnered principally in the form of commercial paper and ecu-denominated certificates of deposit.

Breakdown of resources raised

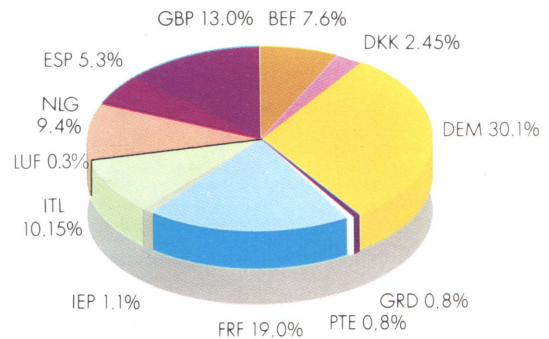


■ Ecus    ■ Community currencies  
■ non-Community currencies

1 ecu at 31 December 1989

Belgian franc	BEF	42.5920
Danish krone	DKK	7.88161
Deutsche Mark	DEM	2.02412
Drachma	GRD	188.287
Peseta	ESP	131.059
French franc	FRF	6.92042
Irish pound	IEP	0.769128
Italian lira	ITL	1 517.55
Luxembourg franc	LUF	42.5920
Dutch guilder	NLG	2.28602
Escudo	PTE	179.030
Pound sterling	GBP	0.742783
United States dollar	USD	1.19699

Composition of the ecu  
(September 1989)



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## THE EUROPEAN INVESTMENT BANK

## PROJECTS ELIGIBLE

### Objectives

The European Investment Bank was created by the Treaty of Rome establishing the European Economic Community.

Both a bank and a Community institution, the EIB grants loans, in keeping with the rules of strict banking management, for projects contributing towards the balanced development of the Community.

As a bank, the EIB works in close collaboration with numerous financial institutions both in raising its resources and in providing financing.

As a Community institution, the Bank continuously adapts its activity to developments in Community policies and objectives and the needs of Member States.

### Resources

The EIB's capital is subscribed by its shareholders, the twelve Member States of the Community. As the Bank functions on a non-profit-making basis, it appropriates its annual operating income to reserves. Most of the EIB's lending activity is funded from the proceeds of borrowings launched on the national and international capital markets.

### Theatre of operations

#### *- Within the Community*

In keeping with the guidelines set out in Article 130 of the Treaty of Rome and in the light of developments in Community policies, projects considered for EIB financing must contribute to one or more of the following objectives:

- economic development of the Community's less privileged regions;
- improved transport and telecommunications infrastructure serving the Community's interests;
- protecting the environment and improving the quality of life;
- urban development;
- attainment of the Community's energy policy objectives;
- strengthening the international competitive position of Community industry and furthering its integration on a European level;
- supporting the activities of SMEs.

#### *- Outside the Community*

Pursuant to specific agreements, conventions and financial protocols, the EIB supports Europe's policy of co-operation with numerous countries in the Mediterranean basin, Africa, the Caribbean and the Pacific and is also participating in the implementation of projects in Poland and Hungary. Special arrangements, tailored to the effective needs of the countries concerned, apply to financing made available outside the Community in accordance with the different financial co-operation agreements.

### Borrowers

EIB loans may be granted to public or private-sector borrowers throughout the productive sectors embracing infrastructure, energy, industry, services and agriculture.

### Projects

Large-scale projects are financed by means of *individual loans* concluded directly or through a financial intermediary. Ventures mounted by small and medium-sized enterprises as well as smaller-scale schemes involving infrastructural works, more efficient use of energy or environmental protection are also funded by the Bank, via *global loans*. These are, in practice, lines of credit opened with banks or financial institutions operating at national or regional level. The intermediaries draw on the proceeds to provide subloans, global loan allocations, for ventures promoted by small and medium-sized enterprises or local authorities, in agreement with the EIB and in accordance with its economic, financial and technical criteria.

In all cases, the EIB finances only part of the investment costs, supplementing the borrower's own funds and other sources of finance. Loans may not normally exceed 50% of investment costs.



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## THE LOAN

### Appraisal

Project appraisal, conducted by EIB staff, is designed to verify the viability and economic benefits of the scheme concerned. Appraisal also encompasses scrutiny of the project's consistency with the Bank's financing criteria and Community policy guidelines as well as its compliance with environmental protection and procurement regulations. The promoter's financial situation and cash flow projections along with security offered are also examined.

### Decision

Once the appraisal is completed, the EIB's Board of Directors, acting on a proposal from the Management Committee, decides on the granting of a loan, taking account of the opinions



of the Member State concerned and the Commission of the European Communities.

### Duration

The EIB grants medium and long-term loans, the duration of which depends on the type of project concerned and its anticipated life. The duration of loans generally varies between 7 and 12 years for industrial projects and may extend to 20 years or more for infrastructural schemes.

### Currencies

Loans are disbursed at par :

- in a single currency, particularly a Member State's currency or the ecu ;
- in several currencies, either in standard mixes, with duration, make-up and interest rate all fixed in advance, or in varying mixes tailored to borrowers' preferences and the EIB's holdings.

### Interest rates

The EIB's first-class credit rating enables the Bank to raise funds on the keenest terms available at the time.

By virtue of its non-profit-making status, the interest rates on the Bank's loans reflect the cost of its borrowings (plus a margin of 0.15%) ; they may be set either upon signature of the finance contract or on the occasion of each disbursement (open-rate contract). Loans are granted mostly at fixed rates, although they may also

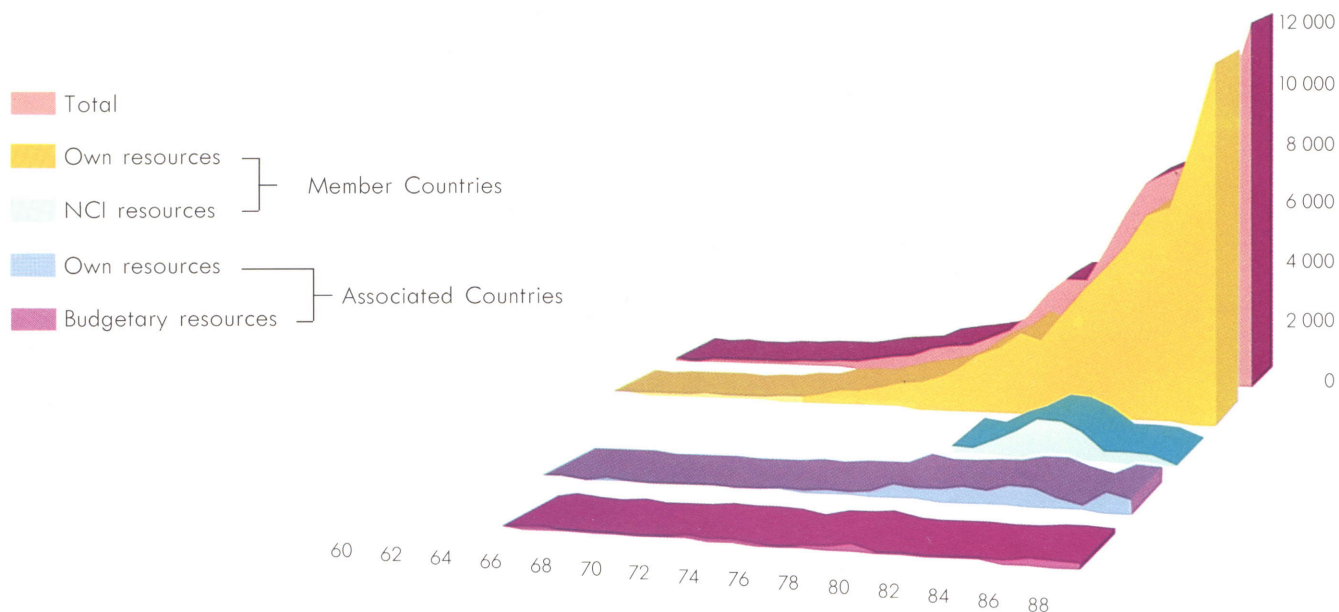
carry variable rates or fixed rates revisable after a specific period (generally 5 to 10 years). Rates are the same for all countries and sectors. The EIB does not accord interest subsidies, although these may be granted by third parties.

### Initial contacts

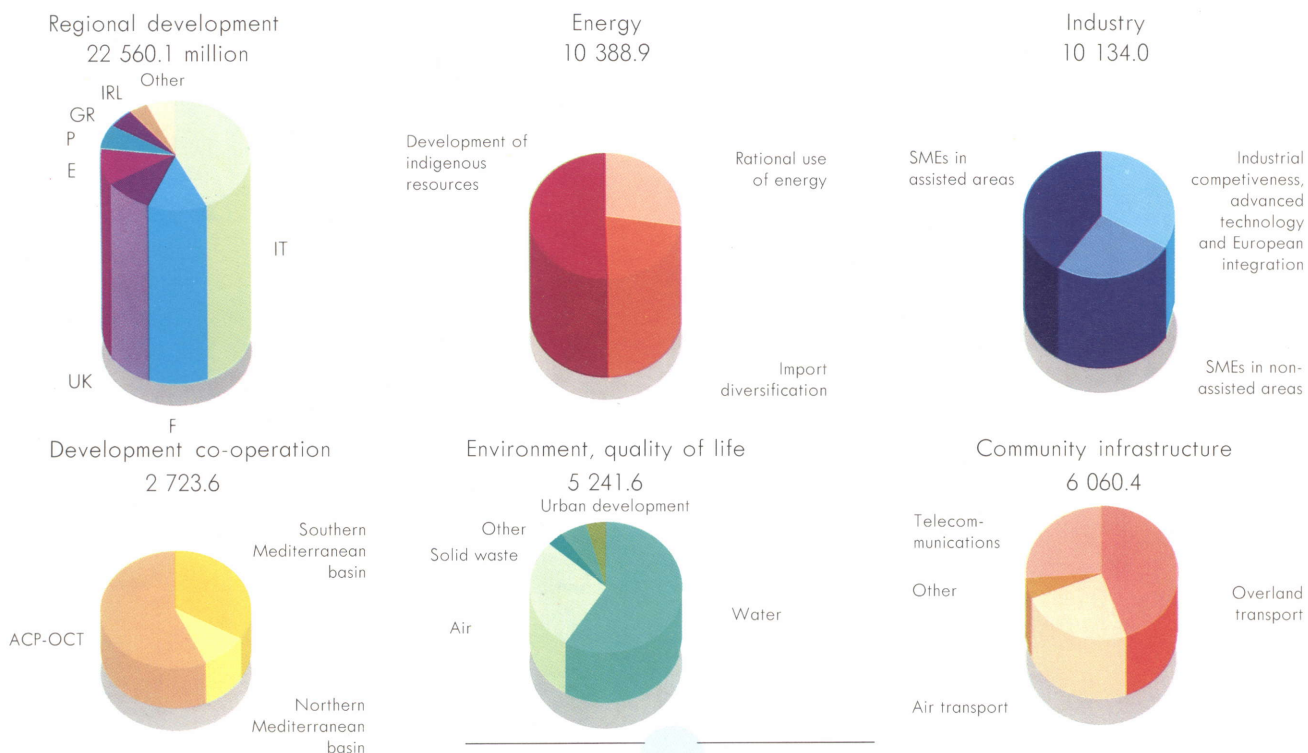
No particular formalities are required and initial contacts can be made by letter or telephone either directly to the head office in Luxembourg or to one of the EIB's other offices in Rome, Athens, Lisbon, London, Madrid and Brussels (for addresses see inside back cover).



## FINANCING PROVIDED FROM 1959 TO 1989 (million ecus)



## BREAKDOWN OF BANK ACTIVITY BY ECONOMIC POLICY OBJECTIVE FROM 1984 TO 1989 (million ecus)



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## THE EUROPEAN INVESTMENT BANK

### BOARD OF GOVERNORS

Chairman  
Panayotis Roumeliotis (Greece)  
until June 1989  
Carlos Solchaga Catalán (Spain)  
until June 1990  
Pierre Bérégovoy (France)  
from June 1990

### MANAGEMENT COMMITTEE (as at 31 May 1990)

President: Ernst-Günther Bröder  
Vice-Presidents:  
Lucio Izzo  
Alain Prate  
Miguel A. Arnedo Orbañanos  
Erling Jørgensen  
(deceased February 1990)  
Ludovicus Meulemans  
Roger Lavelle  
Hans Duborg

### DIRECTORATES - HEADS

General Administration  
Dieter Hartwich, Secretary-General  
Operations in the Community  
- I, DK, D, E - Eugenio Greppi  
- F, GR, B, I, NL, UK, IRL, P - Pit Treumann  
Operations outside the Community  
Jacques Silvain  
Finance and Treasury  
Philippe Marchat  
Research  
Herbert Christie  
Legal  
Jörg Käser  
Technical Advisers  
Hellmuth Bergmann

The EIB is a public financial institution enjoying its own legal personality and an administrative structure separate from that of the other Community institutions.

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

Its *Board of Directors*,<sup>21</sup> of whose members are nominated by the Member States and 1 by the Commission of the European Communities, has responsibility for deciding on loans and guarantees, raising funds and fixing lending rates.

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

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

100, bd Konrad Adenauer  
L-2950 Luxembourg  
Tel.: 4379-1, Fax: 43 77 04



### EXTERNAL OFFICES

Rome : Office for Operations in Italy,  
Via Sardegna 38 I-00187  
Tel.: 4719-1, Fax: 474 58 77  
Athens: 12, Amalias, GR-10557  
Tel.: 322 0773, Fax: 322 0776  
Lisbon: Avenida da Liberdade,  
144-156 - 8° P-1200  
Tel.: 32 89 89, Fax: 37 04 87  
London: 68, Pall Mall - SW1Y 5ES  
Tel.: 71 839 3351, Fax: 930 9929  
Madrid: Calle José Ortega y Gasset,  
29  
E-28006  
Tel.: 431 13 40, Fax: 431 13 83  
Representative Office in Brussels:  
Rue de la Loi, 227 B-1040  
Tel.: 230 98 90, Fax: 230 58 27

DEN EUROPÆISKE INVESTERINGSBANK  
EUROPÄISCHE INVESTITIONSBANK  
ΕΥΡΩΠΑΪΚΗ ΤΡΑΠΕΖΑ ΕΠΕΝΔΥΣΕΩΝ  
EUROPEAN INVESTMENT BANK  
BANCO EUROPEO DE INVERSIONES  
BANQUE EUROPEENNE D'INVESTISSEMENT  
BANCA EUROPEA PER GLI INVESTIMENTI  
EUROPESE INVESTERINGSBANK  
BANCO EUROPEU DE INVESTIMENTO