



European Investment Bank Group • European Investment Bank Group • European Investment Bank Group • European Investment Bank Group



Volume I

Activity and Corporate Responsibility Report





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Volume I

Activity and Corporate Responsibility Report

The **EIB Group's 2009 Annual Report** consists of three separate volumes:

- the Activity and Corporate Responsibility Report, presenting the EIB Group's activity over the past year and future prospects;
- the Financial Report, presenting the financial statements of the EIB Group (under IFRS and EU GAAP), the EIB, the Cotonou Investment Facility, the FEMIP Trust Fund, the EU-Africa Infrastructure Trust Fund, the Neighbourhood Investment Facility Trust Fund and the EIF, along with the related explanatory annexes;
- the Statistical Report, presenting in list form the projects financed and borrowings undertaken by the EIB in 2009, together with a list of the EIF's projects. It also includes summary tables for the year and over the last five years.

The Annual Report is also available on the Bank's website www.eib.org/report.





In response to the crisis, loan signatures and disbursements increased sharply in 2009 with the Bank supporting over 500 new large-scale projects and 50 000 small and medium-sized enterprises

Activity in 2009

(EUR million)

Projects approved	103 898
European Union	93 615
Partner countries	10 283
Signatures	79 102
European Union	70 505
Partner countries	8 597
Disbursements	54 022
European Union	48 898
Partner countries	5 123
Resources raised (before swaps)	79 386
Core currencies (EUR, GBP, USD)	70 205
Other currencies	9 182

Situation as at 31.12.2009

Outstandings	
Loans disbursed	324 150
Loans to be disbursed	81 843
Financing from budgetary resources	1 416
Borrowings	305 758
Own funds	37 954
Balance sheet total	361 871
Net profit for year	1 877
Subscribed capital	232 393
of which called up	11 620

EIB Group: key statutory figures



Over EUR 730m invested in 39 new venture capital funds in 2009 and current commitments of EUR 4.1bn in more than 300 funds, stimulating employment and investment in small firms

Activity in 2009

Signatures	3 031
Venture capital (39 funds)	733
Guarantees (22 operations)	2 298

Situation as at 31.12.2009

Portfolio	17 697
Venture capital - assets under management (307 funds)	4 103
Guarantees - positions (168 operations)	13 594
Accumulated signatures	
Venture capital (307 funds)	5 136
Guarantees (168 operations)	13 987
Own funds	1 015
Balance sheet total	1 157
Net profit for year	-7
Subscribed capital	2 940
of which called up	588



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“We more than delivered on the objectives given to the Bank by its shareholders, the EU Member States”.

Message from the President

Delivering record lending in a tough period

2009 was a turbulent year and I am proud that our staff lived up to the challenge of doing more, better and faster. Over the last year, the EIB supported the European economy with unprecedented lending of EUR 79bn. In short, we more than delivered on the objectives given to the Bank by its shareholders, the EU Member States.

How we delivered

Recognising the severe impact of the crisis early and responding quickly was critical for the European Union, and the Bank played a significant role in addressing the credit shortage in the market. That said, it is clear that the Bank has always financed and will continue to finance only economically viable projects or programmes. The projects have to contribute to the objectives of the European Union and meet our technical and economic as well as our social and environmental standards. Therefore, a tremendous effort was made to speed up the preparation, review and, where necessary, modification of project proposals in order to secure the approval of the Bank's management and Board for an increased number of projects. In 2009, the Bank not only signed projects worth EUR 79bn but also

disbursed EUR 54bn into the real economy – money made available to public authorities, industry and ultimately citizens to help them meet the challenges posed by the financial and economic crisis.

The Bank was also instrumental in safeguarding important projects that would otherwise not have been carried out owing to the difficult economic circumstances in areas such as infrastructure or innovation.

Three priorities were set

The European Council mandated the EIB to undertake additional activities in three specific areas: small and medium-sized enterprises (SMEs), convergence regions and the fight against climate change.

SMEs

SMEs, the sector considered to be the backbone of the economy and an important provider of jobs, benefited in 2009 from the availability of EUR 12.7bn in new credit lines that local intermediary banks manage for onward lending to small businesses. We combined this with an effort to make more than 75% of the total of EUR 21bn



worth of financial support that we signed in both 2008 and 2009 fully available to banks by the end of 2009. In turn, this enabled more than 50 000 SMEs to draw on almost EUR 15bn worth of EIB finance in 2009. During a severe credit crunch, this provided much-needed financial support that was not available on the market.

Convergence

Lending to the economically weaker regions in Europe (convergence regions) amounted to EUR 29bn, representing 41% of total EIB lending in the EU, and was evenly distributed between the EU-15 and EU-12 new Member States, with the latter receiving an aggregate amount of EUR 12.8bn. The EIB also provided important technical assistance to convergence regions to prepare projects for financing in areas such as infrastructure and energy or for environmental improvements.

Climate change

The fight against climate change resulted in almost EUR 17bn in loans for projects contributing to a reduction in greenhouse gas emissions, including renewable energy (EUR 4.2bn), energy efficiency (EUR 1.5bn), R&D for cleaner transport (EUR 4.7bn), and investment in urban transport (EUR 5.5bn) and projects outside the EU addressing climate change issues.

Playing our role in the world

With almost EUR 9bn in lending outside the EU, the EIB provides significant financial support to the EU partner countries under the “external mandates” decided by the Council and the European Parliament. We actively pursued opportunities for joint action plans with other multilateral development banks, creating synergies not only in our financing activities in certain parts of the world but also in meeting important global challenges such as climate change.

Looking ahead

The new initiative “EU-2020” outlines a framework for the European Union and Member States for

making a full recovery from the crisis while accelerating the move towards a more competitive economy. We must address the structural weaknesses of the European economy and the macroeconomic challenges that have increased with the crisis.

In this context, the EIB will develop its activities in line with the three proposed priorities of the EU-2020 strategy: smart growth; sustainable growth; and inclusive growth. We will offer innovative financing solutions. In particular we will work in cooperation with the Commission on proposals to improve the leverage of EU budget resources and EIB Group finance.

Apart from its financial expertise, the EIB also draws on the knowledge of business analysts and sector economists, engineers, environmental and social experts, urban planners, and climate change specialists. These experts account for a significant part of the staff recruited in the last five years; they help develop new lending policies, provide technical assistance to promoters and monitor the implementation of complex projects.

The year ahead will not be any easier, but I am confident that our organisation and our staff will rise to the challenges. The EIB has always dedicated its efforts to supporting the EU policy objectives – inside as well as outside Europe’s borders. We shall continue to do so by deploying our lending and technical assistance capacity to the benefit of EU citizens.

Philippe Maystadt

Operational strategy



The Board of Directors
at its meeting
on 2 February 2010



The EIB's business plan, the Corporate Operational Plan, is a three-year rolling plan (2010-2012) setting out the priorities for the Bank's lending activities. What is the focus of the business plan for 2010?

Despite signs that the sharp economic downturn is bottoming out, the outlook remains highly uncertain and fragile, and economic recovery is likely to take time. In the current economic climate the Bank therefore continues to concentrate on helping Europe to emerge from the crisis by doing more, better and faster: the aim for 2010 is to maintain the high levels of lending activity achieved in 2009, when signatures amounted to EUR 79bn.

The focus of the Bank's lending in the years to come will continue to be on areas where the crisis has hit Europe most: small and medium-sized enterprises, climate change, and convergence regions. Accordingly, the lion's share of the **additional lending** from the European Economic Recovery Plan also goes to these three priority areas.

The focus of the Bank's lending will continue to be on areas where the crisis has hit Europe most

In 2009, the EIB's **support for SMEs** even surpassed the target set by the EU recovery plan, which required the Bank to depart from its traditional EUR 5bn annual support to attain an annual average of EUR 7.5bn between 2008 and 2011. Lending volumes rose to over EUR 8bn in 2008, and in 2009 the EIB even reached EUR 12.7bn in loan signatures. With EUR 20.8bn of signatures in 2008 and 2009, the Bank is well on track to meet the target



The EIB's response to the financial and economic crisis

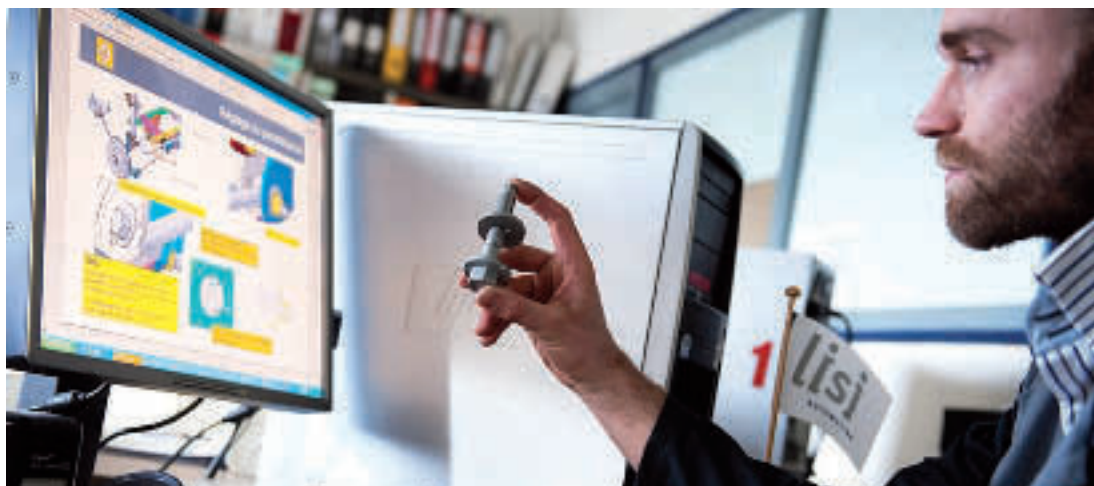
The EIB's crisis response package comprises an additional EUR 50bn in loan signatures inside the EU between 2008 and 2010. The extra lending comes on top of the around EUR 45-50bn lent annually pre-crisis. The EIB's response to the economic crisis does not imply a change in policy objectives but brings a new intensity to the Bank's activities.

of lending EUR 30bn to SMEs between 2008 and 2011, decided at the 2008 Nice ECOFIN meeting. The EIB had already made its "Loans for SMEs" product simpler and more transparent in order to facilitate lending through its partner banks. In 2009 the new SME strategy was implemented on a large scale and the EIB continued the rapid growth in lending. The Bank, together with its intermediaries, increased coverage from signatures in 16 of the 27 Member States in 2008 to 24 in 2009, bringing in many new counterparties to ensure widespread support for SMEs. In 2010, the increased volume in SME support will be complemented by new products, developed by the EIB itself or its subsidiary the European Investment Fund (EIF), to cater for the special needs of SMEs.

Stepping up **convergence lending** to stimulate Europe's recovery is a logical step since it is the poorer parts of Europe that have been most affected by the crisis. The EIB therefore increased its lending to convergence areas to a total of EUR 29bn in 2009, representing 41% of aggregate lending inside the EU. The countries of Central and Eastern Europe were hit particularly hard. Recognising the urgency of the situation, the EIB, in close cooperation with the International Finance Corporation (part of the World Bank Group) and the European Bank for Reconstruc-

tion and Development, signed up to an initiative to make more than EUR 24bn available for banks in Central and Eastern Europe in 2009 and 2010. SMEs are reached through intermediary local banks, and by the end of 2009 the EIB alone had provided more than EUR 10bn in new loans for SMEs and municipal projects in the region. This means that the EIB almost fulfilled in one year the commitment of EUR 11bn that it had made for both years together.

The implementation of the EIB's European recovery programme also targets the area of **climate change**. The EIB is fully committed to supporting the EU's leading role in the global fight against climate change. In 2009, the Bank lent EUR 17bn for projects contributing to a reduction in the volume of CO₂ emissions, including investment in renewable energy, energy efficiency, R&D for cleaner transport and investment in urban transport. The objective for 2010 is to lend at least as much again. It is essential that measures in the EU to combat climate change are combined with initiatives to promote low-carbon growth in the developing world. Therefore, the Bank's Facility for Energy Sustainability and Security of Supply (ESF) will use EUR 3bn to finance projects in the developing world. The EIB also continues to expand its support for the global carbon markets.





In 2009, the Bank lent EUR 17bn for projects contributing to a reduction in the volume of CO₂ emissions

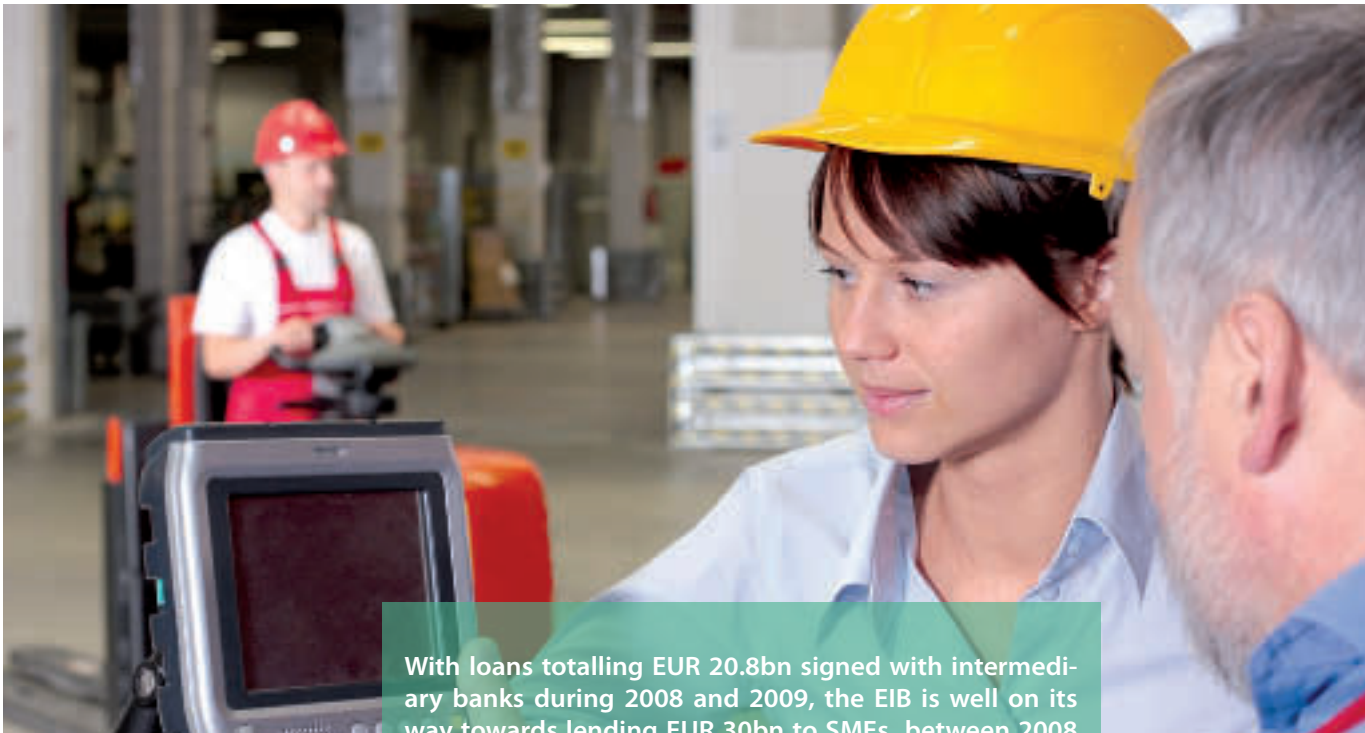


EIB Group Activity in 2009





Affordable lending to SMEs for jobs



With loans totalling EUR 20.8bn signed with intermediary banks during 2008 and 2009, the EIB is well on its way towards lending EUR 30bn to SMEs between 2008 and 2011, a target set in the European Economic Recovery Plan that was adopted by the Heads of State or Government in December 2008.

In 2009, the EIB made EUR 12.7bn available in **credit lines to intermediary banks** for on-lending to small businesses, an increase of 55% compared with the year before. The Bank reached more than 50 000 SMEs across the EU. Intermediaries in 24 Member States were involved. The EIB's drive to reach small business also has a multiplier effect as it commits all financial intermediaries to match each euro of EIB lending with at least another euro from their own resources.

The increase in SME support was even more marked in the **new Member States**, where small businesses were especially hard hit. With EUR 2.1bn in loan signatures, credit lines nearly doubled compared with

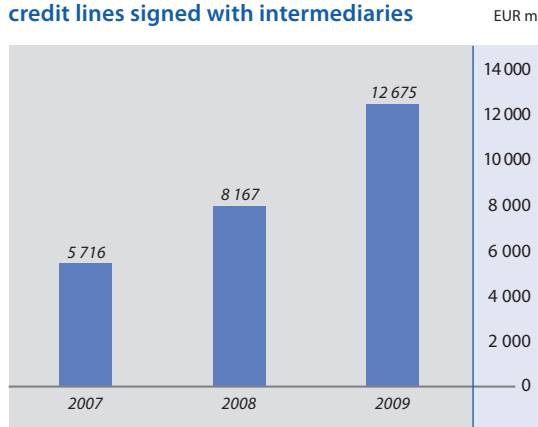
2008. Under a joint action plan, the EIB has been working closely with the EBRD and World Bank Group to increase the support from international financial institutions for SMEs in Central, Eastern and South-Eastern Europe. The initiative required close cooperation with local partner banks and was launched in February 2009. By the end of 2009 the

Enhancements to the products offered to SMEs were implemented in response to the lack of liquidity that they were experiencing

EIB had already committed EUR 10.5bn to intermediaries in the region.

A number of enhancements to the financial products offered to SMEs were implemented in 2009

**EIB lending for SMEs 2007-2009:
credit lines signed with intermediaries**



in response to the lack of liquidity that they were experiencing. For example, the Bank noted an increased need for working capital and quickly reacted to meet the demand. The geographical coverage of the “Loans for SMEs” product was also extended to the Candidate and Potential Candidate Countries and to the Eastern Partnership countries in 2009.

The **European Investment Fund**, which together with the EIB forms the EIB Group, is the specialist arm for SME risk financing operations. It is majority-owned by the EIB, the other shareholders being the European Commission and a group of public and private financial institutions. Its areas of expertise are support for venture and growth capital funds investing in SMEs and SME loan portfolio guarantees. Like the EIB, the EIF channels its support for small businesses via financial intermediaries, counterparties which include venture capital growth and mezzanine funds, banks, guarantee institutions and mutual guarantee funds.



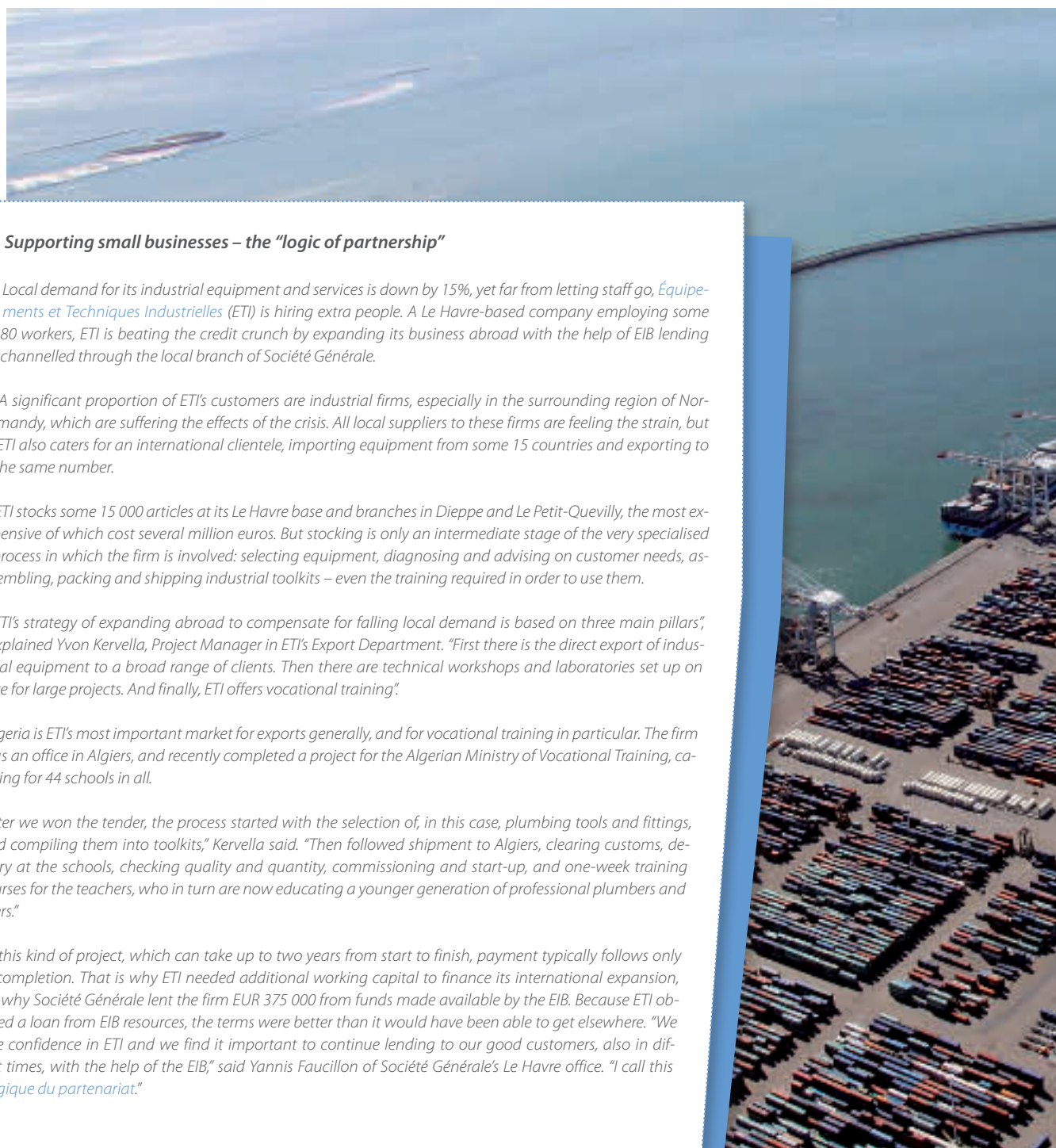


In 2009 the EIF invested over EUR 730m in 39 venture capital growth funds in Europe. In total it currently has commitments of EUR 4.1bn in over 300 funds, which makes it one of the major players in the private equity industry in Europe. In 2009, the EIB entrusted EUR 1bn to be invested on its behalf by the EIF as the Mezzanine Facility for Growth. Mezzanine finance is a mix of debt and equity, often in the form of loans with a lower seniority or for transformation into equity, which is particularly suitable for developing and high-growth small businesses. The Mezzanine Facility for Growth will be invested over the next three years in investment funds targeting growing and innovative companies across Europe to cover funding gaps.

Various microfinance initiatives were developed in 2009. A new EUR 20m risk capital facility, managed by the EIF on behalf of the Bank, caters for microfinance institutions outside the conventional banking sector. In addition, the PROGRESS Microfinance Initiative, funded by the Bank and the Commission, focuses on the social economy. Increased availability of microfinance is expected to have a significant impact on the creation of new micro enterprises and self-employment, and also to actively promote equal opportunities.

While the EIF equity instruments aim to improve the availability of capital for SMEs for a broad range of small businesses, it is equally important to target the debt requirements of SMEs by providing guarantees and securitisation. In 2009, the EIF granted guarantees for EUR 2.3bn. It had a total outstanding guarantee portfolio of EUR 13.6bn at the end of 2009.





Supporting small businesses – the “logic of partnership”

Local demand for its industrial equipment and services is down by 15%, yet far from letting staff go, *Équipements et Techniques Industrielles (ETI)* is hiring extra people. A Le Havre-based company employing some 80 workers, ETI is beating the credit crunch by expanding its business abroad with the help of EIB lending channelled through the local branch of *Société Générale*.

A significant proportion of ETI's customers are industrial firms, especially in the surrounding region of Normandy, which are suffering the effects of the crisis. All local suppliers to these firms are feeling the strain, but ETI also caters for an international clientele, importing equipment from some 15 countries and exporting to the same number.

ETI stocks some 15 000 articles at its Le Havre base and branches in Dieppe and Le Petit-Quevilly, the most expensive of which cost several million euros. But stocking is only an intermediate stage of the very specialised process in which the firm is involved: selecting equipment, diagnosing and advising on customer needs, assembling, packing and shipping industrial toolkits – even the training required in order to use them.

“ETI's strategy of expanding abroad to compensate for falling local demand is based on three main pillars”, explained Yvon Kervella, Project Manager in ETI's Export Department. “First there is the direct export of industrial equipment to a broad range of clients. Then there are technical workshops and laboratories set up on site for large projects. And finally, ETI offers vocational training”.

Algeria is ETI's most important market for exports generally, and for vocational training in particular. The firm has an office in Algiers, and recently completed a project for the Algerian Ministry of Vocational Training, catering for 44 schools in all.

“After we won the tender, the process started with the selection of, in this case, plumbing tools and fittings, and compiling them into toolkits,” Kervella said. “Then followed shipment to Algiers, clearing customs, delivery at the schools, checking quality and quantity, commissioning and start-up, and one-week training courses for the teachers, who in turn are now educating a younger generation of professional plumbers and fitters.”

For this kind of project, which can take up to two years from start to finish, payment typically follows only on completion. That is why ETI needed additional working capital to finance its international expansion, and why *Société Générale* lent the firm EUR 375 000 from funds made available by the EIB. Because ETI obtained a loan from EIB resources, the terms were better than it would have been able to get elsewhere. “We have confidence in ETI and we find it important to continue lending to our good customers, also in difficult times, with the help of the EIB,” said Yannis Faucillon of *Société Générale's* Le Havre office. “I call this *la logique du partenariat*.”



ETI is beating the credit crunch by expanding its business abroad with the help of EIB lending



Convergence lending supports Europe's rebound



Investment in the convergence regions of the EU was one of the key areas prioritised by the ECOFIN Council as part of the EIB's response to the economic crisis. Lending activities in the convergence areas amounted to EUR 29bn in 2009 (up from EUR 21bn in 2008, an increase of 36%).

The EIB dedicated 41% of its lending inside the EU to convergence regions. Within the Union, the lending was well balanced between the EU-15 and EU-12 new Member States, with the latter receiving EUR 12.8bn and the former EUR 16.2bn. In terms of the amounts received on a per capita basis, however, the new Member States were in the lead. Moreover, total lending in the countries concerned, which for the most part are considered

convergence regions, has seen a marked 60% year-on-year increase.

The EIB has been more closely involved in co-financing with the Structural Funds, supporting Member States in their obligation to complement EU grants with their own budgetary resources. These **Structural Programme Loans** provide a flexible framework approach promoting absorption



- **JASPERS – Joint Assistance to Support Projects in European Regions**
(EIB, European Commission, European Bank for Reconstruction and Development and KfW Bankengruppe);
- **JESSICA – Joint European Support for Sustainable Investment in City Areas**
(EIB, European Commission and Council of Europe Development Bank);
- **JEREMIE – Joint European Resources for Micro-to-Medium Enterprises initiative**
(EIF, European Commission);
- **JASMINE – Joint Action to Support Micro-Finance Institutions in Europe**
(EIF and European Commission).

as well as better use and leverage of EU Structural Fund resources. Structural Programme lending in convergence regions amounted to more than EUR 3.1bn in 2009.

The EIB has also been a key partner in the design, launch and implementation of the EU Baltic Sea Strategy (BSS) and acted as a pathfinder for the new macro-regional strategy developed by the Commission at the request of the European Council. The EIB contributes to this Strategy via its lending activity, the provision of technical assistance, reinforced cooperation with the Nordic Investment Bank (NIB) and participation in relevant Northern Dimension fora. A similar territorial strategy may be launched by the Commission for the Danube region – an initiative that will be followed closely by the EIB.

The EIB and the Commission support convergence through specially conceived Cohesion Policy Joint Initiatives - the so-called 4 Js

In addition, the EIB and the Commission support convergence through **advisory services, financial engineering and customised financial products**, especially in the new Member States. There are four specially conceived Cohesion Policy Joint Initiatives, the so-called “**4 Js**”, originating from partnerships established between the European Commission, the EIB/EIF and other international financial institutions. They are:

JASPERS is focused on helping the beneficiary countries to prepare sound infrastructure project proposals for grant financing under the Structural Funds. The emphasis is on upgrading transport networks, environmental improvement, and the enhancement of energy efficiency and use of renewable energy. JASPERS also covers improvement of urban transport networks as well as certain projects in other sectors eligible for EU assistance, such as health, R&D and urban redevelopment. Project preparation accelerated substantially in 2009. Some 130 assignments were completed, most of them in Poland, the Czech Republic and Romania. All in all, JASPERS has completed 240 assignments since it started operations in late 2006. At the end of 2009, the joint initiative was provid-

ing assistance for 430 active assignments. The principal sectors in its portfolio are water and wastewater (23%); ports, airports and rail (20%); solid waste and energy (19%); roads (17%); and urban development (10%).

JESSICA is designed to help the authorities in regions of the EU covered by the 2007-2013 Structural Funds to exploit financial engineering mechanisms to support more effectively investment in sustainable urban development. The JESSICA mechanism allows the use of resources from the

Structural Funds for repayable (and therefore recyclable) financing for revenue-generating urban projects through Urban Development Funds. Such investments, which may take the form of equity, loans and/or guarantees, are delivered to projects included in integrated urban plans, where municipalities, banks and private investors are encouraged to develop partnerships. By the end of 2009, the EIB had carried out close to 50 country or region-specific JESSICA evaluation studies assessing the market for financial engineering instruments in support of sustainable urban development,



EIB lends wings to Berlin-Brandenburg Airport expansion

EIB loans are helping to expand Brandenburg Airport, Berlin's international transport hub. This "German unity project" is particularly important for its contribution to economic development in eastern Germany.

In 2009 the EIB approved a EUR 1bn loan, with a further EUR 1.4bn being provided by a number of local banks, making this one of the biggest infrastructure financing operations in Europe. The loan will make it possible to expand and upgrade the existing Brandenburg Airport into a major transport hub. The EIB's financing will provide the airport with the necessary capacity to meet the growth in air traffic that will be expected as a result of the closure of two inner-city airports, Tegel and Tempelhof. As a consequence of its history and the fact that it was divided during the Cold War, Berlin developed an airport system consisting of two airports within the city (Tegel and Tempelhof) and one outside the city (Brandenburg).

Concentrating air traffic in a single location outside the city will deliver significant environmental benefits as well as improve safety for the people living in the Berlin and Brandenburg areas. The Bank anticipates a positive impact on the economic development of other parts of eastern Germany as well. As EU convergence regions they receive particular attention from the EIB. Improved accessibility by air and direct as well as indirect job creation are among the immediate benefits for these regions that will be created by the project.



Convergence in the EU

Breakdown of individual loans signed in 2009 by sector

	Amount (EUR m)	Total %
Communications infrastructure	8 840	37
Energy	4 365	18
Urban development	1 682	7
Water, sanitation, waste	2 128	9
Health, education	1 007	4
Industry	3 836	16
Other services	1 771	7
Total individual loans	23 630	100
Credit lines in convergence regions	5 320	

while more are planned. In addition, 15 Memoranda of Understanding to implement JESSICA structures in cooperation with the EIB have been signed with Bulgaria, Cyprus, Greece and Portugal and a number of regions. Eight Holding Fund agreements for an overall amount in excess of EUR 900m were also concluded between the EIB and the Managing Authorities. To facilitate further action in this area a JESSICA Networking Platform was launched by the Commission in 2009, in cooperation with the EIB and the Council of Europe Development Bank, to exchange know-how and good practices relating to JESSICA and financial engineering instruments in the field of urban development.


The EIB is directly involved in JASPERS and JESSICA. The other two Js, JEREMIE and JASMINE, fall under the remit of the EIB's subsidiary, the European Investment Fund, as they concern venture capital

funds/guarantees for SMEs and microfinance respectively.

JEREMIE seeks to promote SME access to finance and financial engineering products in the regions. Under the JEREMIE initiative, national and regional authorities can opt to deploy money made available by the European Regional Development Fund in the form of market-driven financial instruments, instead of offering grants.

JASMINE especially targets the development of microcredit in support of growth and employment. The EIF has been mandated to manage part of the initiative to provide financial support in the form of funding to non-bank microfinance institutions and microcredit providers from EIB resources, as well as technical assistance from European Commission resources.

Fighting climate change



The third priority for the EIB's response to the economic crisis has been to rapidly step up support for investment that helps fight climate change. Compared to the EUR 9.8bn in climate change loans in 2008, the Bank lent almost EUR 17bn in 2009 for projects contributing to a reduction in CO₂ emissions, including renewable energy, energy efficiency, R&D for cleaner transport and investments in sustainable transport.

On top of supporting investments that mitigate climate change, adaptation to the effects of global warming also plays an important role. The EIB is currently scaling up lending and technical assistance in water and other vulnerable sectors where adaptation is urgently needed. In 2007, the Bank decided that climate change mitigation and adaptation projects could benefit from financing of up to 75% of project costs, rather than the usual 50% cap, and from longer loan maturities. The EIB has already acquired significant experience with adaptation projects, particularly in the water and infrastructure sectors, and is systematically and consistently screening its projects for climate risks.

The Bank's expertise is especially important in developing countries, particularly the poorest among them, which are vulnerable to the effects of climate change because of their geographical exposure, low incomes, and greater reliance on climate sensitive sectors such as agriculture, forest and fisheries.

The EIB's **sector lending policies** place an emphasis on reducing greenhouse gas emissions, in particular as far as energy, water, transport, waste, research, development and innovation, and forestry are concerned. Through the requirements and conditions it imposes on project promoters, the Bank is fostering the development of renewable energy sources, and the achievement of efficiency gains in energy and water use. It also supports the diffusion



of cleaner modes of transport, the use of waste as a renewable fuel source, the development and commercialisation of climate-friendly technological innovations and biological carbon sequestration through afforestation and reforestation.

The EIB supports a wide variety of investments in **renewables**. It has accumulated experience and expertise in innovative technologies and manufacturing processes, notably photovoltaics, offshore wind, concentrated solar power and second-generation biofuels. To increase its impact, the Bank is currently developing a sector lending policy in support of renewable technologies. In 2009, EUR 4.2bn went to renewable energy projects, up from EUR 2.2bn the year before.

In **energy efficiency** the focus of the Bank's lending is on energy savings in buildings, urban transport, manufacturing industry and energy generation. The Bank is particularly active in supporting investment by municipalities in energy efficiency and renewable energy projects. More generally, the EIB systematically screens all projects to identify energy efficiency opportunities and requires the use of the best available technologies. Loans for energy efficiency amounted to EUR 1.5bn, double the EUR 730m in 2008.

RDI activities involving engine and fuel technologies, for instance, that improve energy efficiency and reduce emissions as well as energy-efficient cars have also made an important contribution. A special European Clean Transport Facility has been set up in the context of the EIB's response to the economic crisis to support such investment. All in all, RDI in clean technologies absorbed EUR 4.7bn in loans, compared to EUR 1.3bn the year before.

The EIB's transport lending policy furthers climate change-friendly modes of transport such as railways and urban public transport, inland modal shift and waterways, as well as maritime projects. Investment in **sustainable transport** in 2009 accounted for EUR 5.5bn, compared to EUR 5.1bn in 2008. Assorted other investment contributing to the fight

against climate change came to EUR 0.5bn, the same amount that the Bank lent for climate change projects outside Europe.

Finally, the EIB is also active in managing carbon funds. In 2009 the EIB-KfW Carbon Programme II





was launched. This is the second phase of a programme established by the European Investment Bank and KfW for the purchase of carbon emission credits. The focus of this new programme is on projects located in the least developed countries. The Programme covers both pre-2012 and post-2012 carbon credits.

Climate change considerations are increasingly being mainstreamed into the EIB's operations. In this way, the quality of projects financed by the Bank is assured in terms of their climate change credentials. A number of practices are already well established: these include accounting for the costs of carbon emissions from thermal power generation projects in the calculation of their economic rate of return, assessing the carbon impact of road projects by measuring the carbon emissions of the vehicles that will use them, screening projects to identify energy efficiency opportunities and components, and screening early-stage projects to identify opportunities to generate carbon credits under the Kyoto mechanisms. Technical assistance is provided to promoters to prepare and take these opportunities to market. The Bank is putting in place best practices and is gradually building up management structure, staff capacity and awareness. A pioneering initiative in this context is its assessment of the greenhouse gas emissions produced by the projects financed by the Bank, with a view to measuring the EIB's carbon footprint.

Since climate change is a global issue requiring collective action if it is to be addressed effectively, the EIB is putting great emphasis on cooperation with other multilateral and bilateral financing institutions. As far as adaptation is concerned, at the meeting of the United Nations Framework Convention on Climate Change (UNFCCC) held in Copenhagen in December 2009, a side event was organised, in collaboration with the European Commission, AFD, EBRD and KfW, on the financial requirements for adaptation and the role of European funding institutions. As a follow-up to this event a working group was set up to share knowl-



edge on good practice in adaptation projects and internal policies in order to explore the potential for harmonising the approaches adopted.

Before the opening of the UNFCCC meeting in Copenhagen, the Heads of Multilateral Development Banks (MDBs) and the IMF appealed to the parties to the Convention to lay the foundations of an ambitious, comprehensive and equitable global climate change regime. The MDBs pledged to

improve the coordination of financing and climate change activities in order to enable clients and partners to maximise the effective use of resources. The Copenhagen conference did not result in a legally binding agreement. It led instead to the “Copenhagen Accord”, which calls for the mobilisation of extra funding resources for mitigation and adaptation, especially in developing countries. The MDBs, including the EIB, are at present discussing how to help implement these commitments.

The quality of projects financed by the Bank is assured in terms of their climate change credentials



Promoting environmental sustainability



Underlining the crucial importance of environmental sustainability for our future, the EIB increased its lending in this area by 41% in 2009, making a total of EUR 25.3bn available worldwide, compared to EUR 18bn the year before. Loans to promote environmental sustainability accounted for 32% of the Bank's overall lending.

The European Investment Bank promotes environmental sustainability in support of the [EU policy on sustainable development](#). The general approach of the Bank is described in the Corporate Operation-

The Bank pays particular attention to two of the greatest environmental challenges of the 21st century: the need to mitigate and adapt to climate change and to tackle the unsustainable use of ecosystems.

al Plan, various documents on corporate responsibility and in its revised Environmental and Social Statement. The new Statement contains the environmental and social requirements that the Bank applies to the projects it finances. It also pays particular attention to two of the greatest environmental challenges of the 21st century: the need to mitigate and adapt to [climate change](#) and to tackle the degradation and unsustainable use of ecosystems and their associated biodiversity.

The EIB has three main objectives when it comes to defining its environmental and social responsibility: the first is to ensure that all the projects that



it finances are compliant with EU environmental and social principles and standards. The second main objective for the Bank is to promote specific projects that protect and improve the natural and built environments and foster social well-being, in support of EU policy, as elaborated in the Sixth Environmental Action Programme (EAP), "Environment 2010: our future, our choice". Thirdly, the Bank seeks to manage its environmental footprint, not just in terms of its own imprint but also with regard to the projects that it finances.

With loans worth EUR 23.6bn out of the total EUR 25.3bn, the bulk of environmental lending went to **projects in the EU Member States**. This figure does not include the environmental components of

projects where the overall objective is not directly related to the environment, but which nevertheless do have a positive environmental impact. Loans for environmental protection projects in the Enlargement Countries totalled EUR 695m. In the Mediterranean partner countries EUR 446m was advanced for environmental schemes. A further EUR 89m went to environmental projects in the ACP countries, EUR 410m to projects in Asia and Latin America, and EUR 18m to the Eastern Neighbours.

Environmental sustainability covers many sectors and some of the progress was made while pursuing other EIB policy objectives, for example by investing in sustainable energy and energy efficiency, and by financing R&D in cleaner transport.



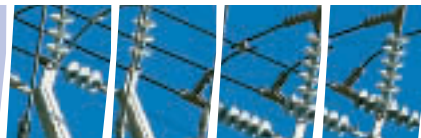


GEMASOLAR – innovating solar power

During the last five years renewable energy in Spain has experienced spectacular growth rates of more than 200%. The Gemasolar project is the latest highly innovative project in a series of seven solar power plants financed by the Bank since 2005. This state-of-the-art project is paving the way for a new solar thermal electricity generation technology, a more efficient alternative to parabolic-type commercial solar thermal power plants.

The project is part of a strategy developed by the Bank that combines support for the deployment of innovative commercial plants with research, development and innovation loans to corporates that have demonstrated an ability to move the technologies forward. Gemasolar is located in Seville and will have a capacity of 17 megawatts. It will be the world's first commercial-scale application of a concentrating solar power plant based on a central tower technology with molten salt as the heat transfer and storage fluid.

The development of concentrating solar power technologies is one of the priorities of the European Strategic Energy Technology Plan. The project supports a potentially important renewable energy technology. The development and improvement of this technology, the scaling up of individual plant MW capacity, competitive pressures, thermal storage, new heat transfer fluids and improved operation and maintenance are expected to reduce the future cost of concentrating solar power-generated electricity so that it soon becomes competitive with thermal generation from mid-sized gas plants.

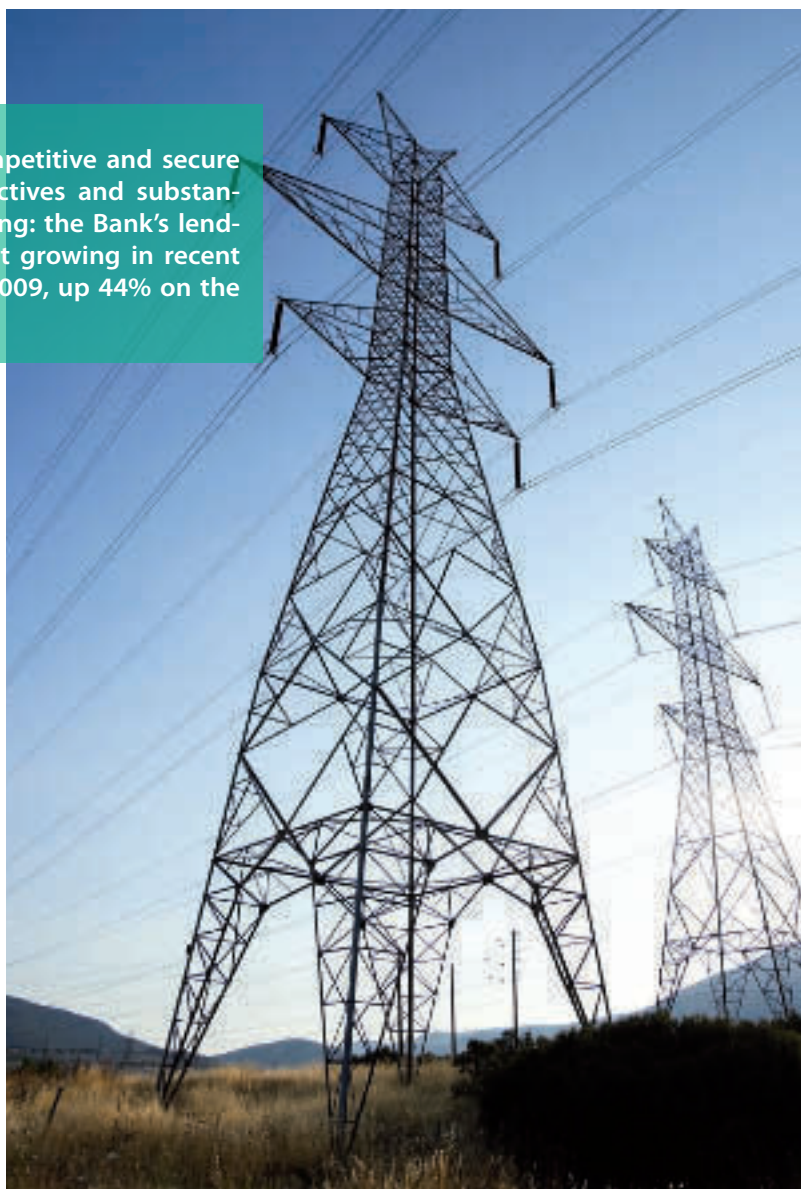


Investing in sustainable, competitive and secure energy

The EIB has made sustainable, competitive and secure energy one of its key policy objectives and substantially stepped up its energy financing: the Bank's lending activities in this area have kept growing in recent years and reached EUR 14.8bn in 2009, up 44% on the EUR 10.2bn lent in 2008.

The EU's 2009 "Action Plan for Energy and Climate Change" commits the EU to achieving a 20% reduction in greenhouse gas emissions by 2020 compared to 1990 levels, a 20% share of renewable energies in the overall EU energy mix, and a minimum 10% share of biofuels in petrol and diesel for transport. It also envisages a 20% reduction in energy consumption compared to baseline projections for 2020.

Meeting the climate challenge is also an opportunity, opening up prospects for new jobs, "green" enterprises and strengthened competitiveness. The Bank concentrates its energy lending on the priority areas of renewable energy (RE); energy efficiency (EE); research, development and innovation in energy; and security and diversification of supply (including trans-European energy networks). In 2009, the Bank lent EUR 4.2bn for **renewable energy** projects (EUR 2.2bn in 2008). Since 2005, EIB loans for renewable energy projects have increased from 43% to 70% of the Bank's total power generation lending. In addition, EIB lending for **energy efficiency** projects also nearly doubled from 2008 levels to reach EUR 1.5bn in 2009. The lending was complemented by a series of initiatives taken by the Bank in cooperation with other institutions, including the European Commission, to support energy efficiency through technical assistance for project preparation.



Meeting the climate challenge is also an opportunity, opening up prospects for new jobs, "green" enterprises and strengthened competitiveness

The “Covenant of Mayors” was launched in 2009 with the aim of developing energy efficiency and sustainable energy programmes in Europe’s cities and regions. The initiative targets public buildings, street lighting and clean public transport solutions. The EIB also manages the EUR 15m ELENA (European Local Energy Assistance) facility that helps prepare sustainable energy investment.

The EIB has been working closely with the European Commission to accelerate the EU’s move towards a low-carbon economy, in particular in the framework of the European Strategic Energy Technology Plan (SET Plan), which is designed to accelerate the deployment of cost-effective low-carbon technologies. In this context, the Bank is also increasingly focusing on new technologies such as carbon capture and storage. It is involved in early discussions to develop initiatives in a number of regional clusters, including in Humberside in the UK and Rotterdam in the Netherlands.

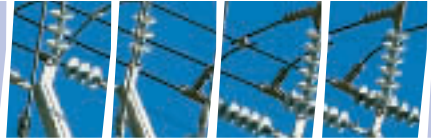
Electricity supply networks and natural gas transport and storage infrastructure continue to benefit from EIB lending, thus contributing to the **diversification and security** of the energy provisioning of the EU. In 2009, a large share of EIB lending in

Energy loans in the EU and Accession Countries

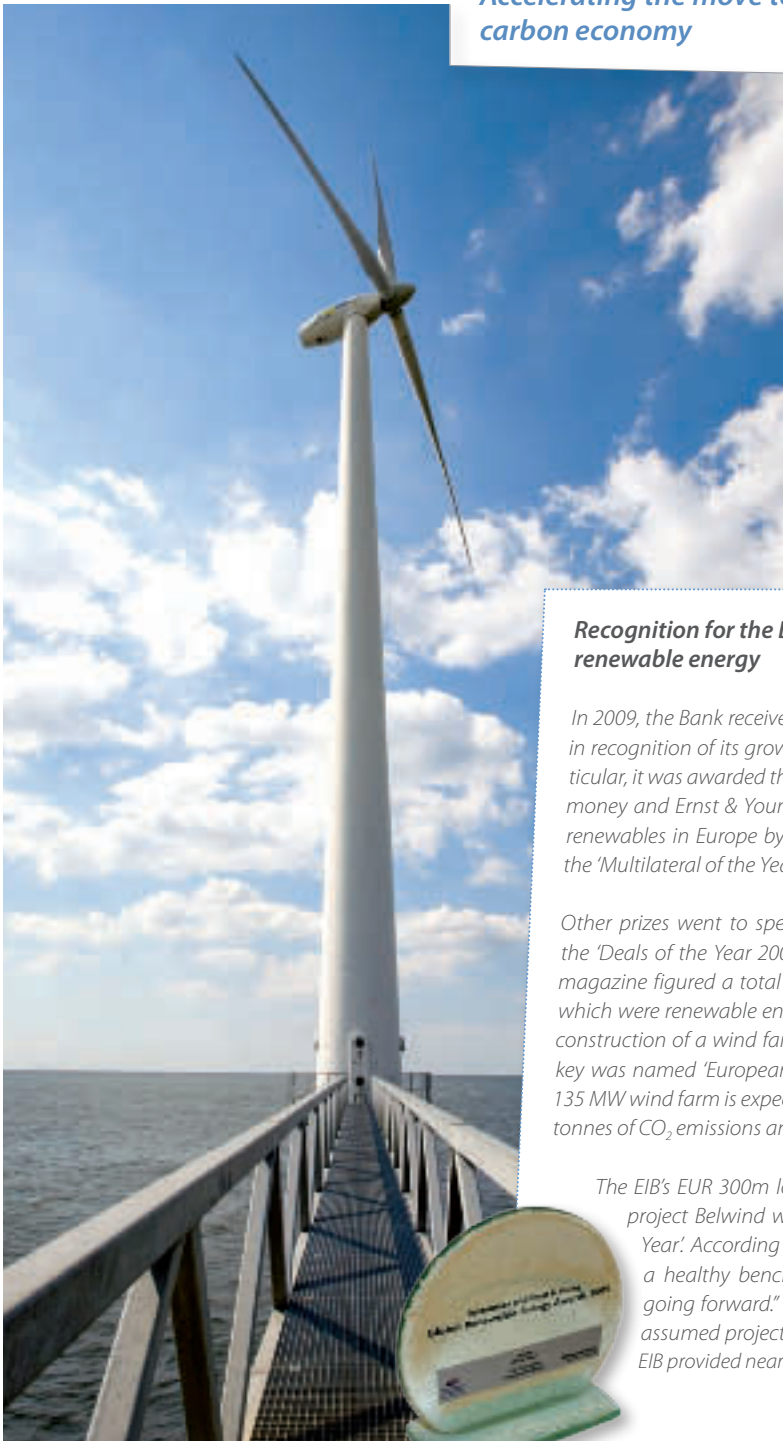
	Total (EUR bn)
Energy TENS	2.0
Renewable energy	4.2
Energy efficiency	1.5
Diversification and security of internal supply	5.9
Access to modern energy sources in Accession Countries	0.3
Credit lines	0.2
Total	14.2

the energy sector went to electricity grids (34%) and natural gas transport infrastructure (11%). The Bank has reduced its financing to the hydrocarbon production sector, which since 2005 has represented less than 1% of EIB loans in the field of energy. Moreover, in the refineries sector the Bank’s financing concentrates on energy efficiency and conversion projects, and excludes all capacity expansion. The EIB has adopted a more selective approach to financing carbon-intensive electricity generation. For example, only coal/lignite power stations that replace existing plants, use the best available technology, are carbon capture ready and result in a decrease of at least 20% in the carbon intensity of power generation may be financed by the Bank.





Accelerating the move towards a low carbon economy



Recognition for the Bank's role in renewable energy

In 2009, the Bank received prizes from several specialised publications in recognition of its growing role in renewable energy lending. In particular, it was awarded the title 'Renewable Lender of the Year' by Euromoney and Ernst & Young. It was also voted 'Best Finance House' for renewables in Europe by Environmental Finance Review and named the 'Multilateral of the Year' by Project Finance International.

Other prizes went to specific projects financed by the Bank. Among the 'Deals of the Year 2009', awarded by Euromoney's Project Finance magazine figured a total of five projects supported by the EIB, two of which were renewable energy projects. The EIB's EUR 30m loan for the construction of a wind farm in the Osmaniye province in eastern Turkey was named 'European Onshore Wind Deal of the Year 2009'. The 135 MW wind farm is expected to lead to savings of more than 300 000 tonnes of CO₂ emissions annually.

The EIB's EUR 300m loan to the 165 MW Belgian offshore wind project Belwind won the award for 'Best Power Deal of the Year'. According to Project Finance, "the financing has set a healthy benchmark for European offshore wind deals going forward." For the EIB it was the first time that it had assumed project finance risk on an offshore wind farm. The EIB provided nearly 50% of the funding.



Outside the EU, the EIB operates a multiannual EUR 3bn facility for energy sustainability and security of supply, to finance projects in Neighbourhood Countries, ACP countries, South Africa and ALA. With the aim of promoting renewable energy and energy efficiency investment by enterprises and households, the EIB has set up a South-East Europe Energy Efficiency Fund in cooperation with other financial institutions and the European Commission, to operate in Albania, Bosnia-Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Kosovo (under United Nations Security Council Resolution 1244), Montenegro, Serbia and Turkey. The Fund has an initial size of EUR 95m, which should increase to EUR 400m over the course of four to five years by attracting additional resources from public and private investors. The EIB further supports the Mediterranean Solar Plan through a wide range of instruments including loans, equity and quasi-equity, as well as providing technical assistance supporting project preparation in the Mediterranean region and the ACP countries. In addition, the Bank

has contributed to setting up the *Global Energy Efficiency and Renewable Energy Fund*, which is being managed by the EIB Group. This Fund invests globally through regional funds in developing countries and economies in transition to accelerate the transfer, development and use of environmentally sound technologies for the world's poorer regions. The Fund has so far invested in Southern African and Asian funds.





EIB boosts its support for innovation



In 2009 the EIB lent more than EUR 18.2bn for investment in the knowledge economy compared with EUR 12.5bn in 2008. This is a year-on-year increase in lending of almost 50% – the result of concerted efforts by the EIB to step up investment in research, development and innovation.

The focus is on the “knowledge triangle”, which links education, research and development and innovation

The EIB’s lending focus is on the “knowledge triangle”, which links education, research and development (R&D), and innovation, with education and R&D being prerequisites for innovation. Since the year 2000, the EIB has invested EUR 86.7bn in the knowledge economy, which is key to Europe’s competitiveness and long-term economic growth.

Investment in research, development and innovation is by nature a matter of trial and error and financing such investment therefore carries potentially higher risks and rewards. To be able to support this kind of investment, the EIB and the European Commission set up a **Risk Sharing Finance Facility** in 2007. With EUR 1bn from the Bank's funds and another EUR 1bn from the Commission's 7th Research Framework Programme, this facility has a EUR 2bn capital cushion that enables it to lend up to some EUR 10bn for research, development and innovation investment with a higher risk and reward profile for more value added over the period 2006-2013. The three years during which the Risk Sharing Finance Facility has been available as a financing instrument have seen a very rapid take-up: from loans worth EUR 0.5bn in 2007 to EUR 1bn in 2008 and almost EUR 3bn in 2009. Key sectors were engineering, life sciences and energy, as well as information and communications technology.

When at the end of 2008, the EIB was requested to increase annual lending by some EUR 15bn in 2009 and 2010 in response to the economic crisis, one of the sectors that benefited was the **automotive industry**. The "European Clean Transport Facility" was set up in the context of a more comprehensive energy and climate change package. It focuses on investment that significantly reduces CO₂ emissions through sector-wide research, development and innovation. Under this facility, the EIB lent EUR 3.4bn to the automotive industry in 2009.

Life sciences are a growing area for EIB-financed investment, with more than EUR 1.5bn in loans, notably in the field of cancer diagnosis, advanced pharmaceuticals and medical devices.

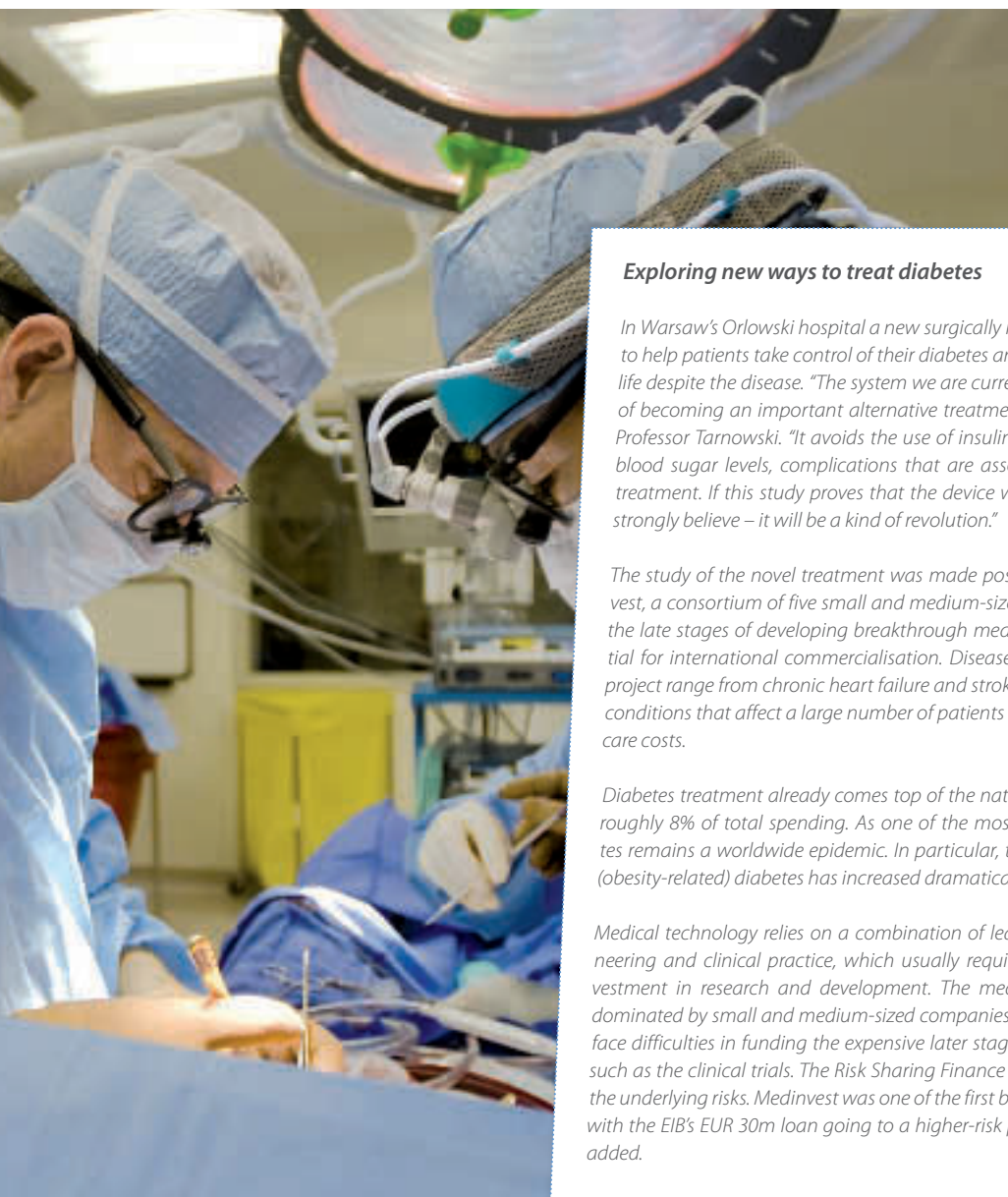


Knowledge economy

Loans signed

(EUR m)

	2009	2000-2009
Innovation and ICT infrastructure	6 419	20 447
Education and training	2 530	17 951
Research and development	8 605	45 906
Total	18 235	86 741



Exploring new ways to treat diabetes

In Warsaw's Orłowski hospital a new surgically implanted device is being tested to help patients take control of their diabetes and enable them to live a normal life despite the disease. "The system we are currently testing has a good chance of becoming an important alternative treatment for type 2 diabetes", explains Professor Tarnowski. "It avoids the use of insulin and sharp falls or increases in blood sugar levels, complications that are associated with ordinary diabetes treatment. If this study proves that the device works for our patients – which I strongly believe – it will be a kind of revolution."

The study of the novel treatment was made possible via an EIB loan to Medinvest, a consortium of five small and medium-sized enterprises, each engaged in the late stages of developing breakthrough medical devices with a high potential for international commercialisation. Diseases treated under the Medinvest project range from chronic heart failure and strokes to diabetes and obesity – all conditions that affect a large number of patients globally and entail high health care costs.

Diabetes treatment already comes top of the national healthcare budget, with roughly 8% of total spending. As one of the most widespread diseases, diabetes remains a worldwide epidemic. In particular, the number of cases of type 2 (obesity-related) diabetes has increased dramatically over the years.

Medical technology relies on a combination of leading-edge expertise in engineering and clinical practice, which usually requires a substantial upfront investment in research and development. The medical technology industry is dominated by small and medium-sized companies. These smaller players often face difficulties in funding the expensive later stages of product development, such as the clinical trials. The Risk Sharing Finance Facility can help by sharing the underlying risks. Medinvest was one of the first beneficiary research projects, with the EIB's EUR 30m loan going to a higher-risk project offering more value added.

Trans-European transport networks (TENs) for Europe



In 2009, the EIB lent EUR 11.9bn for trans-European transport networks and major transport corridors, a 20% increase in comparison to 2008. Over the years the EIB has been a leading source of finance for high-quality critical transport networks. Given the continuing need for investment in major infrastructure across the Union, the EIB is committed to provide at least EUR 75bn for trans-European transport projects in the decade 2004-2013. At the end of 2009 its contribution stood at EUR 52bn.

The trans-European networks policy aims to support the European Union's economic and social integration and development. Trans-European transport networks facilitate the free movement of goods and people, and help the development of less favoured areas. They also connect the EU to the wider European neighbour countries (the Accession Countries and the neighbours to the south and east).

Rail is becoming an increasingly important sector for the EIB and accounted for EUR 3.2bn. This trend is illustrated by the 32% increase it saw in 2009 compared to 2008 levels. Loans for road projects amounted to EUR 4.5bn of overall trans-European transport network financing in 2009. Lending in the aviation sector stood at EUR 1.7bn. Funding

for maritime projects, ports, container terminals and inland waterways, as part of the focus on the "motorways of the sea" concept, accounted for EUR 1bn. EUR 341m went to sundry investments, mostly through framework loans and fund investments. Outside the EU, the EIB lent EUR 1.2bn supporting rail and road projects in Montenegro, Morocco, Serbia, Tunisia and Turkey

Trans-European transport networks facilitate the free movement of goods and people, and help the development of less favoured areas



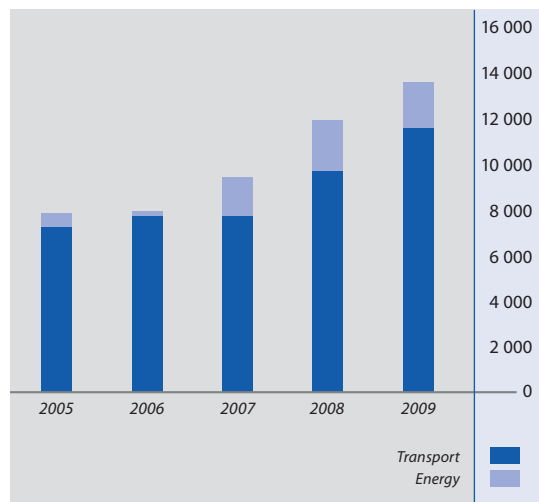
Public-private partnerships (PPPs) play an important role in investment in transport networks. In 2009, PPP projects accounted for 9% of EIB transport lending. The Bank has built up wide experience and expertise in the field of PPP financing and has therefore been entrusted by the European Commission and EU Member States with establishing the **European PPP Expertise Centre**. This centre aims to facilitate the effective sharing of experience and best practice in PPPs and to provide support for project preparation and advisory services to the public sector promoters of priority trans-European transport projects.

In addition to the establishment of the European PPP Expertise Centre, the EIB continues to work closely with the EU coordinators, European Commission, EU Member States, industry associations and the banking sector to accelerate, where possible, the actual launching and financing of TEN projects. EIB-Commission cooperation includes efforts to channel Structural and Cohesion Fund resources to trans-European network projects, specifically in the Member States of Central and Eastern

Trans-European networks

2005-2009: EUR 53bn

(EUR m)



Europe, and work on implementing European Rail Traffic Management Systems in designated freight corridors as well as on the Single European Sky ATM Research.





Supporting the development of Europe's southern gateway: the Port of Barcelona

The long-standing (20-year) relationship between the EIB and the Barcelona Port Authority (Autoridad Portuaria de Barcelona – APB) is a good example of how cooperation based on mutual trust and purposeful dialogue can underpin the successful development of a major port infrastructure. Benefiting from stable EIB financial support and thoughtful strategic planning, an impressive infrastructure has been built up over the years at Catalonia's largest port, helping to reinforce Barcelona's role as a major international logistics hub in the Mediterranean region.

As an international seaport within the trans-European transport network, specialised in general cargo and high added value goods, the port ranks among the largest in the Mediterranean, accounting for some 77% of Catalonia's and 23% of Spain's foreign maritime trade. The trans-European nature of the port is reinforced by its powerful intermodal connections to the main road and railway arteries and its vicinity to Barcelona airport.

In response to big increases in general cargo traffic over the past decade, major expansion projects have been carried out at the port to adjust its capacity and enhance its competitive position, notably in the Mediterranean shipping market. In this context, the EIB has provided APB over the years with long-term financing adapted to the port's infrastructure requirements, resulting in a stock of signed loans at the end of 2009 of some EUR 539m.

The latest financial package signed in 2009 will cover investments being implemented up until 2012, including the second phase of the Catalunya terminal, the expansion of several facilities (container, multipurpose and short-sea shipping) at the South Quay and Adosado Quay, and a general improvement of the intermodal (road/rail) connections needed to enable the port to accommodate projected traffic growth prospects in Barcelona's powerful hinterland. The relationship with APB sets a positive benchmark in the Bank's contribution to the strategic modernisation of Spanish ports.



The relationship with APB sets a positive benchmark in the Bank's contribution to the strategic modernisation of Spanish ports



The EIB has also contributed to the setting-up of the **Loan Guarantee Instrument for Trans-European Transport Network Projects**. This new financial instrument covers traffic volume-related revenue risks during the critical early phases of project operation. It is a tool specifically designed to allow greater private sector participation in TEN projects exposed to traffic risk. The 2009 transaction for the A5 Motorway between Baden-Baden and Offenburg in Germany, signed in the midst of the financial crisis, was a real breakthrough, drawing on the full array of EIB products (senior debt, a subordinated loan and equity through the Meridiam Fund, in which the EIB holds a stake).

In 2009 the EIB also set up the **Marguerite Infrastructure Fund**, together with five leading European financial institutions¹. With an initial capital of EUR 600m, the Fund's volume is set to reach EUR 1.5bn by the final closing in 2011. The Fund is specifically designed to act as a catalyst for infrastructure investments implementing key EU policies in the areas of climate change, energy security and trans-European networks. It should serve as a model for the establishment of other similar funds in the EU, combining the market-based principle of investor return with the pursuit of public policy objectives.

¹ Caisse des Dépôts et Consignations, Cassa Depositi e Prestiti, Kreditanstalt für Wiederaufbau, Instituto de Crédito Oficial and Powszechna Kasa Oszczędności

An important financial player beyond the EU's borders

With EUR 8.6bn of external investments, the EIB also provides significant financial support for projects outside the EU. Most of its financing operations outside the Union are carried out under an EU budget guarantee, the so-called "external mandate", which sets out the objectives for operations in the different regions of the world.

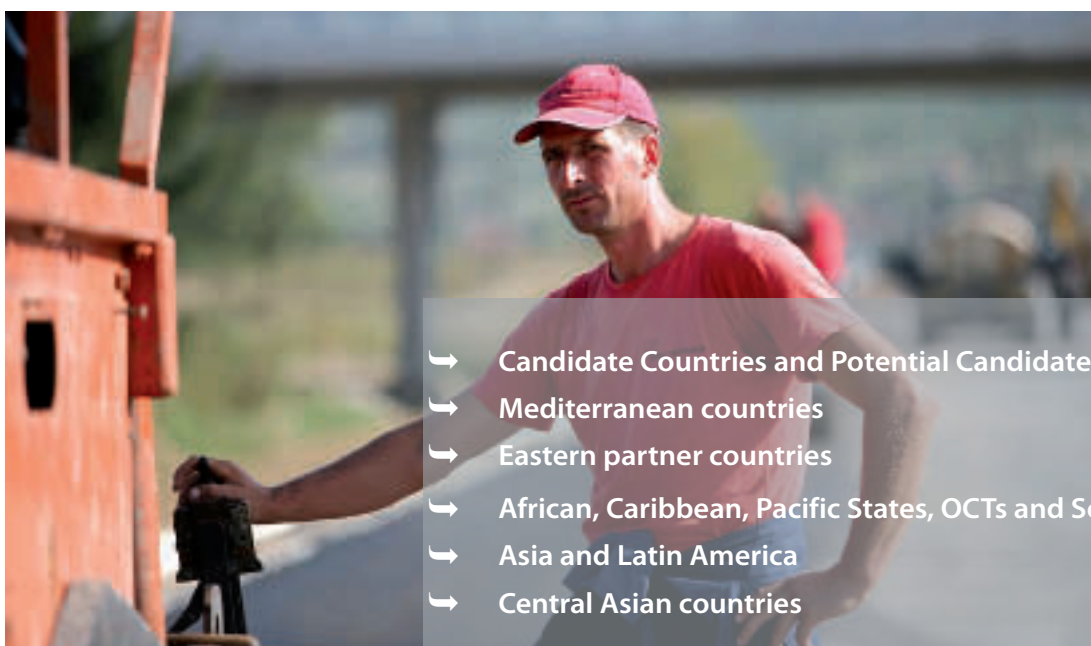
A scheduled mid-term review of the Bank's activities outside the EU was launched in 2009, with an independent evaluation conducted by a Committee of wise persons chaired by former IMF Managing Director Michel Camdessus. Its report, published in February 2010, will serve as a basis for a European Commission proposal and later a co-decision of the European Parliament and the Council.

The Cotonou Agreement, which sets out the guidelines for the EIB's relations with the ACP countries, is also undergoing a review. Such reviews take place every five years. The conclusions will be presented before the end of 2010.

The EIB provides loans and guarantees in the **Candidate Countries** (Croatia, Turkey and the Former Yugoslav Republic of Macedonia – FYROM) and the **Potential Candidate Countries** (Albania, Bosnia-Herzegovina, Montenegro, Serbia and Kosovo – under United Nations Security Council Resolution 1244). The basis for the Bank's activities is the external lending mandate granted by the European Union and the Bank's own Pre-Accession Facility. The EIB is the leading international financing institution operating in South-East Europe.

In 2009, new EIB lending in Turkey totalled EUR 2.6bn, which was of the same order as the all-time high of 2008. The high level of activity was mainly driven by the need to counter the worldwide financial crisis and its impact. In the last two years, the EIB has reacted speedily to support the Turkish economy through increased lending – an additional volume





- ↳ Candidate Countries and Potential Candidate Countries
- ↳ Mediterranean countries
- ↳ Eastern partner countries
- ↳ African, Caribbean, Pacific States, OCTs and South Africa
- ↳ Asia and Latin America
- ↳ Central Asian countries

of EUR 500m/year beyond the “normal” level of some EUR 2bn – and in particular by strengthening the SME sector in the country, which in 2009 accounted for EUR 1.5bn in loans to intermediary banks.

Total EIB lending in the Western Balkans² reached an unprecedented level of nearly EUR 1.7bn in

2009, with total lending since 2005 amounting to EUR 4.3bn. Serbia has been the main beneficiary of EIB funding in the Western Balkans since the Bank became active in the area again in 2001. The EUR 897m in loans in 2009 set a new record for this country. A large proportion of the funds was for the completion of trans-European networks.

Candidate Countries and Potential Candidate Countries	
Loans provided in 2009	Total (EUR.m)
Turkey	2 648
Serbia	897
Croatia	415
Bosnia-Herzegovina	153
Montenegro	111
Former Yugoslav Republic of Macedonia	103
Albania	13
Total	4 340



² Albania, Bosnia-Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Kosovo (under United Nations Security Council Resolution 1244), Montenegro and Serbia.

Mediterranean countries

Loans provided in 2009	Total (EUR m)	of which risk capital
Morocco	540	
Tunisia	434	
Jordan	166	
Syria	155	
Egypt	122	2
Israel	82	
Lebanon	70	
Regional	25	25
Total	1 593	27



As the Union for the **Mediterranean** gradually becomes established, the EIB has vigorously stepped up its support for the partner countries in the region through FEMIP, the Facility for Euro-Mediterranean Investment and Partnership, its financial arm in the Mediterranean. By increasing its volume of business to an unprecedented level of EUR 1.6bn in 2009, FEMIP confirmed to its Mediterranean partners its ability to help them modernise their public policies in the face of the global economic crisis and consolidated its position as the leading development investor in the Mediterranean.

In 2009, FEMIP loans went to finance 19 large-scale projects and to support SMEs and microfinancing. Since its creation in October 2002, FEMIP has pro-

vided more than EUR 10bn to support the modernisation of the Mediterranean partner countries and contribute towards creating and safeguarding jobs in the region. Private enterprises received almost 60% of FEMIP's financing in terms of the number of loans signed and more than 40% of the amount granted. In addition to the growth in lending, FEMIP's activity generated significant value added, in particular by setting up complex financing arrangements (public-private partnerships, project finance, operations with a higher risk profile than that usually accepted by the Bank). Synergies with partner financial institutions were improved, as reflected by the scale of co-financing operations, which totalled more than EUR 1.1bn (almost 70% of the operations signed in 2009).





In close cooperation with the EBRD, the Bank also finances projects in the **Eastern Partner Countries** – Armenia, Azerbaijan, Belarus (subject to future Council and Parliament agreement), Georgia, Moldova, Russia and Ukraine – under a mandate for EUR 3.7bn in loans over the period 2007-2013. The emphasis is on projects of significant interest to the EU, in transport (trans-European network corridors), energy, telecommunications and the environment. In addition to the EU mandate, the EIB set up its own EUR 1.5bn Eastern Partner Facility for loans and guarantees for EU investment in the same countries at its own risk.



The EIB's involvement in the **African, Caribbean and Pacific States** and overseas dependencies concentrates on activity that fosters private sector initiatives and promotes economic growth, whilst benefiting the wider community and region. Public sector projects are supported where they are crucial for private sector development and for creating a competitive business environment. Projects are selected to deliver sustainable economic, social and environmental benefits.

Investment Facility increased from EUR 336m in 2008 to EUR 450m in 2009. A further EUR 413m was provided for ACP projects from the Bank's own resources in 2009, compared with EUR 225m in 2008. Under a separate mandate the Bank lent EUR 280m for projects in the Republic of South Africa, as against EUR 203m in 2008.

Financing for EIB operations is provided from EU Member States' budgets through the Investment Facility, alongside loans from the Bank's own resources at its own risk. Loan signatures under the

The global financial turmoil has interrupted economic growth in most of the ACP countries. For this reason support for the private sector remains paramount. Responding to the challenges of the economic crisis around the world, the EIB increased its lending to help restore confidence and provide the basis for future growth.

African, Caribbean, Pacific States, OCTs and South Africa

Loans provided in 2009	Total (EUR m)	of which risk capital
Africa	625	222
Southern and Indian Ocean	180	5
West	137	105
East	133	6
Central and Equatorial	99	30
Multiregional	76	76
Caribbean	64	43
Pacific	23	7
Regional ACP	178	178
OCTs	10	–
ACP-OCTs	863	450
SOUTH AFRICA	280	–



Asia and Latin America

Loans provided in 2009	Total (EUR m)
Latin America	823
Panama	538
Argentina	170
Colombia	100
Nicaragua	15
Asia	466
Vietnam	147
China	119
Pakistan	100
India	100
Total	1 288



Under the current mandate the EIB can lend up to EUR 3.8bn in **Asia and Latin America** over the period 2007-2013. The Bank's lending in ALA is part of the EU's strategy of economic cooperation with these regions. It focuses on supporting the EU's presence through foreign direct investment and the transfer of technology and know-how, but also covers environmental protection (including climate change) projects and projects that contribute to the energy security of the European Union. In 2009, the EIB lent EUR 1 288m in Asia and Latin America, almost three times the 2008 lending fig-

ure (EUR 469m). Investment in Asia accounted for approximately EUR 466m, while lending in Latin America amounted to some EUR 823m.

Among the **Central Asian countries** eligible for EIB financing (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), the Republic of Tajikistan was the first to sign a Framework Agreement in 2009. As the basis for the EIB's future lending in the country it emphasises major energy projects as well as investment in environmental protection.





The Moma Titanium minerals mine won two major corporate social responsibility and socioeconomic awards

EIB-financed mine project in Mozambique wins corporate social responsibility and socioeconomic awards in 2009

Extractive industry and mining projects are often complex and challenging. But they can also be ideal ways of adding value to indigenous natural resources, increasing export revenues and generating fiscal income for the countries where they are located through royalties and corporate taxes. In order to provide increased transparency about payments made and revenues received, the EIB actively supports the Extractive Industries Transparency Initiative (EITI). It promotes the EITI with its borrowers and encourages them to adopt the EITI principles for reporting and publishing extractive industry revenues.

In some countries, especially in the African, Caribbean and Pacific regions, mineral resources are the best means available for their economic development. Moreover, projects in this sector can create permanent direct and indirect jobs and provide training that contributes to local skills.

Within this context, the EIB welcomed the announcement that one of the mining projects financed by the Bank, the Moma Titanium minerals mine in northern Mozambique, had recently won two major corporate social responsibility (CSR) and socioeconomic awards. In September 2009, Kenmare Resources plc, owners and operators of the Moma Titanium mine, won the President's Award for the best International CSR Programme from the Chambers of Commerce of Ireland, in association with the Irish Government Department of Community Affairs, for the Kenmare Moma Development Association (KMDA). Then, in October 2009, KMDA also won another prestigious award for social and economic enhancement activities aimed at the communities surrounding the mine. The Nedbank Socio-Economic Award was made by a panel of independent and expert adjudicators following an interview and three-day site visit to examine the work of KMDA and meet with project beneficiaries. Nedbank particularly praised the fact that KMDA's development work had begun before mining commenced, and that the Association has an overall strategic vision and a 'bottom up' approach, as well as close partnerships with international and local non-governmental organisations and government bodies.

The goal of KMDA, which was founded by Kenmare in 2004, is to strengthen the socioeconomic development of the communities in the vicinity of the Moma mine, a population of some 10 000 people. With the support of local and international partner institutions, KMDA has established small businesses in egg, broiler and vegetable farming, generating revenue of USD 150 000 a year across six villages. In addition, KMDA also set up a mobile health clinic with a visiting general practitioner and dentist, introduced projects on food security and HIV/health, built four new schools, set up a savings and credit scheme, installed water pumps and initiated a soccer league. While there is still a great deal of work to do, there is not a family in the area whose lives have not benefited in some way from KMDA's programme. So far more than 200 people have benefited directly from the different social activities. People involved in KMDA's income-generating activities earn more than the minimum salary paid in Mozambique and employees at the mine are also paid well above the national average wage.

The EIB financed the Moma Titanium project in 2004 and 2005, with loans totalling nearly EUR 58m under the then recently created Investment Facility.

Highlights of EIB borrowing activities in 2009



The EIB borrows most of its lending resources on the international capital markets, where it raises long-term funds through bond issuance. The Bank is among the leading borrowers on the global bond markets and increased its funding volume by 33% to EUR 79.4bn in 2009 via more than 260 transactions. This enabled it to step up its lending in the context of the EU recovery programme.

The achievement of these results in a highly volatile market environment benefited from the Bank's flexible and balanced funding strategy. This strategy is characterised by constant attention to changing patterns of market demand, while maintaining a benchmark presence and diversification of funding sources.

At the start of 2009, markets were overshadowed by the state of near closure from mid-October to year-end 2008. Moreover, there was initially severe uncertainty about bond supply and demand in the EIB's market segment, with the sudden development of government rescue plans and the resulting borrowing needs. These market conditions resulted in a striking re-pricing of all assets. Over the course of the year market conditions improved significantly, but continued to display high levels of volatility and uncertainty.

The EIB is among the leading borrowers on the global bond market



In 2009 EUR 70.2bn was raised in the Bank's three **core currencies (EUR, GBP, USD)**.

EUR 43.2bn, or more than half was raised in the **euro** market, a substantial increase from 2008 (EUR 16.8bn, or 28.2% of the total). Euro Area Reference Note (EARN) benchmark issues accounted for the bulk of this figure (EUR 32.1bn). In the targeted and structured segment, there was a strong increase in volume to EUR 11bn. In a systematic effort to further diversify its funding sources and investor base, the EIB accessed for the first time the German market for EUR-denominated Promissory Notes (Schuldscheine) and Registered Bonds (Namensschuldverschreibungen), raising EUR 2.7bn. Also the Bank launched "Cooperative Floating Rate Notes", amounting to EUR 4.5bn, with syndicates for the first time entirely composed of European banks from the cooperative, popular and savings bank sectors.

GBP 5.8bn was raised in 2009 and, despite the reduced issuance volume, the EIB continued to be the largest non-government **sterling** issuer. The Bank was able to launch several unusually large benchmark transactions. The first was the new GBP 1bn bond, the Bank's largest-ever fixed-rate GBP issue launched in a single tranche, in February. It was followed by another exceptionally large fixed-rate GBP 600m issue in June, with a 20-year maturity.

In the **US dollar** market, USD 28bn was raised during the year. This included five fixed-rate global benchmarks and a floating-rate issue. As markets recovered from the second quarter onwards, funding spreads tightened with successive issues. The USD benchmark programme culminated in the Bank's largest-ever USD global bond issue – a USD 5bn 3-year issue in September 2009. Tailor-made transactions also attained a good volume at USD 5bn.

The Bank's borrowing in **other currencies** was conducted against a backdrop of severe risk aversion among investors, which largely closed emerg-

ing currency markets for much of the first half of the year. It was therefore significant that the EIB achieved an 11% increase in borrowings in other currencies, to EUR 9.2bn. The Bank borrowed in 16 non-core currencies in 2009 (plus the Brazilian real, Ghanaian cedi, and Zambian kwacha, issued in synthetic format) accounting for close to 12% of the total funding programme. Issuance in Australian dollars, Swiss francs and Japanese yen achieved the largest volumes.

The Bank extended its appeal among **socially responsible investors**, notably by issuing new Climate Awareness Bonds in the Swedish market. The main characteristic of these bonds is that the proceeds are dedicated to EIB-financed projects in the fields of renewable energy and energy efficiency. As of end-2009, a substantial portion of the proceeds of these new bonds had already been disbursed.

Corporate Governance



José Manuel Barroso,
President of the European
Commission, received
Philippe Maystadt,
President of the European
Investment Bank,
in Brussels in March 2009



Corporate responsibility at the EIB

The EIB considers corporate responsibility and sustainable development to be sound business practice, aimed at achieving a balance between economic growth, social well-being and the protection of the environment. In order to reach out to society at large, the EIB takes voluntary action, over and above the necessary compliance with legal requirements, and consistently adapts its policies, standards and procedures.

The EIB promotes corporate responsibility through the way in which it executes its mission and through internal management. It acknowledges its direct impact on customers, suppliers and employees as well as the environmental impact of its facilities. It is aware of the possible impact of its investment decisions and the way they may affect the global challenges facing our society. Therefore, environmental and social criteria are an important element in all EIB-financed projects.

A new climate change indicator will enable the Bank to report on projects supporting climate change mitigation and adaptation

With the fight against climate change becoming increasingly important for the Bank's operations, the EIB decided to develop a new climate change indicator, which was included in its corporate operational plan for 2010-2012. This will enable the Bank to report on projects supporting climate change mitigation and adaptation in an objective manner by measuring the volume of signatures for projects that help to fight climate change. The lending targets for climate change projects have been set at 20% of all EIB lending in 2010, rising to 22% in 2011 and 25% in 2012.

The most recent initiative, where the EIB is leading the way, is the assessment of greenhouse gas emissions generated by the projects financed by the Bank, with a view to measuring the EIB's carbon footprint. The EIB is working closely with other International Financial Institutions (IFIs) to exchange best practices and information.

Just as environmental standards aim to protect and improve the natural and built environment, social standards aim to protect the rights and enhance the livelihoods of people affected by projects financed by the EIB and to promote individual well-being, social inclusion and sustainable communities.

The EIB restricts its financing to projects that respect human rights and comply with EIB social standards, based on the principles of the Charter of Fundamental Rights of the European Union and international good practices. Human rights is a wide-ranging subject and one that is receiving greater attention from the public, including those advocacy groups that focus on International Financial Institutions such as the European Investment Bank. Civil society, local communities, and indigenous people have repeatedly and rightly called on the EIB and other IFIs to take human rights and

The EIB wants to help shape best practice on human rights



environmental concerns into account. The EIB, has established an internal mechanism to handle complaints, and if the affected party is not satisfied with the way the complaint is dealt with internally, they may go on to lodge a complaint against the Bank with the European Ombudsman. In this regard, the EIB is unique among International Financial Institutions. It wants to help shape best practice on human rights. That is why it is organising a series of international seminars on the issue of Business and

Human Rights in 2010, exploring the views of major stakeholder groups, especially on the due diligence implications for large-scale investment activities and on grievance mechanisms and dispute resolution relating to human rights issues.

The EIB is very conscious of its own **environmental footprint**. New developments include incentives for staff to switch from private to public transport and an Environmental Management System (EMS) providing for constant improvement.

Supporting measures to protect the environment and reduce CO₂ emissions, the EIB signed a contract in 2009 with the Luxembourg municipality in order to provide staff members with free bus passes for Luxembourg City's transport network. It is estimated that an additional 10% of staff using public transport on a regular basis would cut CO₂ emissions by 170 tonnes annually.

In 2009, total CO₂ emissions resulting from the activities of the Bank amounted to an estimated 16 576 tonnes, of which 94% was from mobility and 6% from energy, waste and paper consumption. This was a reduction of 16% compared with the total recorded for 2008.

The EIB's new building was labelled "excellent" for its green credentials

The EIB's new building on the Luxembourg Kirchberg, inaugurated in 2008, is well known for its environmental sustainability and energy efficiency. It was certified in line with the Code for Sustainable Buildings by BREEAM. The BRE Environmental Assessment Method is the leading and most widely used environmental assessment method for buildings in the world. It sets the standard for best practice in sustainable design and has become the defacto measure for describing a building's envi-



ronmental performance, which in the case of the EIB's new building was labelled "excellent" for its green credentials.

The EIB acts as a **responsible employer** in order to develop its staff members' potential. The Bank's human resources policies and procedures reflect best practice and meet the requirements of evolving legislation.

In 2009 the Human Resources Department continued to work on the implementation of the Diversity Strategy, which was adopted in 2008 and is now fully integrated with the Bank's HR strategy. The Diversity Strategy is regarded as critical to the Bank's success.

In addition to promoting staff **diversity** in quantitative terms, the Bank wants to promote inclusion in the workplace for its entire staff. "Inclusion" means valuing the unique contribution each employee brings to the work community. People are at their best when they work in an atmosphere of respect and trust which provides for maximum flexibility and autonomy in their ways of working while ensuring that they are fully committed to the agreed objectives.

The EIB adopts a flexible approach to working time. In order to facilitate a better balance between professional and personal needs and to adapt to a changing working environment, additional flexibility was introduced in 2009 in order to support the EIB's Diversity Strategy and enable an inclusive work environment. In addition, flexible working arrangements can significantly contribute to the reduction of the carbon footprint of the Bank, by reducing the commuting done by staff members and reducing energy consumption.

In 2009 teleworking arrangements were made more flexible, notably by introducing the possibility of teleworking on both a regular and an occasional basis. Other improvements involve being able to spread working hours over the whole year,

A flexible approach to working time

more flexibility concerning the core times when staff members must be present (which can now be agreed on an individual basis between staff members and their direct management), and greater flexibility in the use of accumulated overtime.

2009 saw the culmination of negotiations with the Staff Representatives regarding reform of the Staff Pension Scheme. The agreement reached with the Staff Representatives marks a significant step as it not only covers the Pension Scheme itself but also provides additional measures aimed at maintaining a high level of welfare cover for staff.

Finally, a revision of the rules governing temporary and/or partial disability took place in 2009. This new approach provides for greater flexibility when dealing with a variety of medical situations. A review of how these rules have been applied will be carried out during 2013, in consultation with the Staff Representatives.

Joining forces with EU and international partner institutions



In order to achieve the Bank's objectives, a constant open dialogue and intensive cooperation with the European Institutions that prepare, propose and decide on the Union's policies are of paramount importance. The EIB has been working together with the European institutions as a strategic and active partner whilst also closely cooperating with other international and bilateral financial institutions.

During 2009, cooperation with the **Council of the European Union** was again very intensive. President Maystadt participated actively in discussions with the EU's Economy and Finance Ministers at their monthly Economic and Financial Affairs (ECOFIN) Council meeting and offered the EIB Group's perspective and contribution on important EU policy issues. The ECOFIN Council appreciated the EIB Group's investment financing expertise, especially in the context of the financial and economic downturn, and the fact that the Bank had joined the collective efforts of the Member States and the Commission to fight the crisis.

The EIB has been working together with the European institutions as a strategic and active partner

The seventh term (2009-2013) of the **European Parliament** also began amid concerns of an economic and social nature. President Maystadt was invited to public sessions of several parliamentary committees, notably the Committee on Budgets, the Development Committee, and the Economic and Monetary Affairs and Budgetary Control Committees. In 2009, the annual European Parliament report on the EIB was combined with the annual report on the EBRD and approved almost unanimously. The EIB has comprehensively followed up the EP's recommendations. Parliament and the Council will co-decide on the mid-term review of the Bank's external mandates.

The close partnership with the **European Commission** continued to lead to further common initiatives. One of these was the launch of the PROGRESS Micro-finance Initiative (PMF). Managed by the EIF, the PMF will bring together up to EUR 200m in funding from



the Commission and the EIB in a new facility dedicated to financing microfinance institutions focusing on smaller enterprises, the social economy, or people who lose their jobs and have difficulty in re-entering the labour market. Together with the Directorate-General for Regional Policy, the Bank ensured the efficient delivery of the J's (JESSICA, JEREMIE, JASMINE and JASPERS) and strengthened the implementation of these joint initiatives.

The EIB has also been working closely with the European Commission to accelerate the EU's move towards a low-carbon economy, in particular in the framework of the European Strategic Energy Technology Plan (SET Plan), which is designed to accelerate the deployment of cost-effective low-carbon technologies.

The EIB has also stepped up its activities in support of energy efficiency (EE) and renewable energy (RE) programmes developed by local and regional authorities, in particular in the framework of the Covenant of Mayors initiative launched in February 2009 to provide public buildings, street lighting and clean public transport solutions.

In terms of European territorial cooperation, the EIB has been a key partner in the design, launch and implementation of the EU's Baltic Sea Strategy (BSS). The Bank is also involved in the development of a similar macro-regional strategy for the Danube basin.

The Bank cooperated closely with the Commission and Member States within the Expert Working Group on blending of grants and loans outside the EU. The institutions also combined financial resources in the context of the EU-Africa Infrastructure Trust Fund, and the new Western Balkans Investment Framework, which was launched in 2009. The Bank cooperated with the Commission in response to the crisis in developing countries, as outlined in the Council conclusions of May 2009. The Commission has decided to contribute an additional EUR 200m from the European Develop-

ment Fund to the EU-Africa Infrastructure Trust Fund. With the Eastern Partnership, the EIB, Commission, NIB, the EBRD and the World Bank Group worked together with Eastern European Member States to set up the Energy Efficiency and Environmental Partnership, which was launched at the end of 2009 and blends loans and grants for projects in this area. The EIB and the Commission are also working together with the EBRD on the establishment of an SME Facility for Eastern Neighbourhood Countries, also combining loans and grants.

With the **European Economic and Social Committee** (EESC), as well as the **Committee of the Regions** (CoR), the Bank has an ongoing dialogue and a mutually beneficial relationship. As in previous years, the EIB participated in the annual 'Open Days', organised by the CoR in cooperation with the European Commission's Directorate-General for Regional Policy. It offered a workshop on "the EIB Group and EU Structural Funds in support of innovation in the regions" and participated in seminars on micro-credits as well as on JASMINE, JEREMIE, JESSICA, energy (on the sustainable energy action



Meeting between stakeholders and the Committee of "Wise Persons" chaired by Michel Camdessus, in Brussels in April 2010

plan in cooperation with the Covenant of Mayors), and cohesion (financial engineering instruments in the framework of cohesion policy).

The Bank strengthened its close cooperation with other **international financial institutions and European bilateral institutions** in 2009, in particular in the context of the EIB's activities outside the EU. Cooperative action in response to the crisis resulted in several initiatives that materialised throughout the year. They included the "Joint IFI Action Plan in support of the banking systems and lending to the real economy in Central and Eastern Europe", a joint initiative of the EIB, EBRD and World

Bank Group; the IFC Infrastructure Crisis Facility, in which the Bank participates with lending of up to EUR 1bn; the IFC Microfinance Initiative, to which the Bank is contributing USD 100m; and the IPA crisis response package, notably for Energy Efficiency in the Western Balkans and Turkey (via the South-East Europe Energy Efficiency Fund) and SMEs in Turkey.

In addition, the Bank cooperated with other IFIs via inter-institutional participation in horizontal initiatives such as the Joint Multilateral Development Banks' Statement on Climate Change issued in December 2009. In October, the Bank organised its first Heads of MDBs and Heads of MFIs meeting in Istanbul in conjunction with the WB/IMF annual meeting. In November, the Bank and the OECD signed a Joint Statement on cooperation. Cooperation with the EBRD and Council of Europe Development Bank has intensified, notably with the launch of the Western Balkans Investment Framework, as well as in the Neighbourhood Countries.

The EIB aims at closer cooperation between financial institutions



The EIB and OECD signed a Joint Statement of cooperation in November 2009



Meeting of the Heads of the Multilateral Development Banks at the EIB on 9 April 2010

The EIB aims for closer cooperation between financial institutions and has launched a Mutual Reliance Initiative with AFD and KfW, whereby the three institutions seek to enhance their collective effectiveness and efficiency by mutually recognising and relying on the procedures and standards applied by each institution on co-financed projects.

Experience will be gained during the ongoing pilot phase, with a view to implementing it with a wider range of institutions. The EIB also signed a co-financing agreement with the Asian Development Bank on the Pakistan Renewable Energy programme, involving the delegation of procurement, disbursement and other administrative tasks.

Transparency, public information and relations with civil society



The EIB considers that as a bank and a public institution, openness on how it makes decisions, works and implements EU policies strengthens its credibility and its accountability to citizens. Transparency also serves to increase the efficiency and sustainability of the Bank's operations, reduces the risks of corruption and enhances relations with external stakeholders.

Public disclosure of information is an important benchmark for implementing the EIB's commitment to transparency. That is why the EIB is continuously improving the quality of the information that it provides about its activities. It is the only international financial institution that publishes its annually-revised three-year rolling business plan – the Corporate Operational Plan (COP). The EIB website is the main platform for actively disseminating information to the public, with some 6.8 million visitors in 2009 (compared to 4 million in 2008). The EIB homepage www.eib.org was redesigned in 2009 to better meet the needs of external visitors and reflect today's best practices in terms of website design and functionality. In 2009, information on more than 500 projects under appraisal was published on the Bank's website, together with other important transparency-related documents such as the Bank's Statement of Environmental and Social Principles and Standards, its Whistleblowing Policy and its new interim revised policy towards offshore financial centres.

The EIB is strengthening its transparency and its accountability to citizens

A key element of the Bank's communication with the public is the EIB's public disclosure policy, which is based on a presumption of disclosure unless there is a compelling reason for non-disclosure. It was reviewed in 2009 under a broad public consultation process also covering the EIB's transparency policy (2004) and the complaints mechanism policy (2008). Approved by the Board of Directors early in 2010, the new policy is now in force. Every year the EIB publishes an evaluation of the implementation of its public disclosure policy on its website.

The Bank conducts **public consultations** on selected corporate and important multi-sector policies that are typically of interest to all EIB stakeholders. The main objectives of a consultation process are to generate stakeholder contributions and to reinforce transparency and accountability. Stakeholder contributions are examined and evaluated by an internal review panel. After approval by the Management Committee, the final draft policy is published for information purposes on the EIB web-



site 15 working days prior to consideration by the Board of Directors, together with a public consultation report. The report outlines how the consultation was conducted and brings together all stakeholder submissions and the Bank's reasoned positions on the extent to which these were taken into account. After Board approval, the policy is published on the EIB website and, if appropriate, in the Official Journal of the European Union. Following the public consultation on the disclosure policy in 2009, the Bank's transport lending policy is the subject of a public consultation in 2010. The EIB also uses simplified web-based consultations or informal stakeholder meetings on selected policy documents, depending on the type and content of the document or issue in question.

The Bank's relationship with **civil society**, including NGOs and other interest groups, is based on the acknowledgment that these organisations may have a valuable input to make with regard to EIB policy development. They can also contribute to the Bank's awareness of local issues and provide other useful information contributing to the quality of EIB-financed projects.

The Bank engages in dialogue and cooperative partnerships

Interaction with civil society organisations (CSOs) is coordinated by the Civil Society Unit. Acting as an interface, its task is to ensure the consistency and quality of communication and to engage with civil society in an active way. The Unit seeks contacts with organisations that can help the public and, more specifically, citizens affected by EIB operations, to find their way to information about the Bank. As part of its ongoing dialogue with civil society, the EIB organises regular workshops with CSOs. The Spring CSO Workshop focused on road transport and biodiversity issues. Another high-

light is the annual CSO briefing, which takes place in Brussels each year. In March 2009, the Bank presented its 2008 results as well as the launch of a civil society homepage on the EIB website. The most recent meeting was held on 25 February 2010 and discussed the Bank's 2009 results.

The Bank engages in dialogue and cooperative partnerships with specialist organisations that share particular objectives or interests with the EIB, such as the Lisbon Agenda, sustainable development, environmental protection, or poverty alleviation. In 2009, the Bank pursued its cooperative relationship with Transparency International, the International Union for Conservation of Nature (IUCN) and the Extractive Industries Transparency Initiative (EITI).

While the Bank will further pursue targeted working relations with expert CSOs, it is also keen to sustain and improve its contacts with policy advocacy NGOs campaigning on the Bank's activities. Contacts with these organisations have increased over the last few years and have increasingly developed a dialogue component. The importance attached to these contacts was underscored by the Bank's participation in events organised by these NGOs. The Bank itself organised several roundtable discussions on specific issues such as carbon capture and storage and the European Clean Transport Facility, climate change, clean energy, nuclear and carbon footprinting, offshore financial centres and the Bank's environmental and social procedures for investments in developing countries.

At the project level, the Bank continued to engage and work together with CSOs and citizens' groups, for instance on a number of energy and mining projects in ACP and Latin American countries, and it is also exploring the possibility of involving NGOs in projects where technical assistance funds are available.

The Lisbon Treaty grants greater flexibility to EIB operations



The policies that the EIB supports are now defined by the Lisbon Treaty, while the means that it has at its disposal to fulfil its objectives are laid down in a statute annexed thereto. The Treaty provides the Bank with greater flexibility in supporting the EU policy objectives, for instance by streamlining decision-making and day-to-day management, as well as by equipping the EIB with a broader range of financial instruments to fulfil its role.

On the **policy** side, the Treaty gives the EU a basis for a common energy policy, formalises a European space policy, and redefines the objectives of economic cooperation and development policy – areas where the Bank is already active when supporting other EU goals, such as the construction of trans-European networks, and research and development, or in its lending operations outside the EU.

The Treaty also gives the Bank greater flexibility in its financing activity, simplifies the way it takes decisions, strengthens oversight of its accounts and

opens the way for new types of financial and non-financial support and an expansion of technical assistance to countries and project promoters.

The Treaty makes important changes in the way the Bank's **Board of Governors**, composed of the EU's Economy and Finance Ministers, takes decisions. Normal decisions will continue to be taken by a majority of members representing at least 50% of the Bank's subscribed capital. However, a new qualified majority voting threshold (18 votes, representing 68% of the subscribed capital) has been introduced in place of the unanimity rule that used to apply to EIB lending operations outside the EU.

A new clause delegates power to the Bank's day-to-day management to take all necessary emergency measures when a financing operation needs to be restructured in order to safeguard the Bank's

The Treaty gives the Bank greater flexibility in its financing activity and simplifies the way it takes decisions



interests. The Board of Governors will now be able to establish subsidiaries or other entities provided with legal personality and financial autonomy, such as the European Investment Fund, by a unanimous vote, doing away with the need for a Treaty revision (as was the case when the EIF was set up in the mid-1990s).

The new Statute describes the role of the Bank more broadly as “granting finance”. As well as its customary loans and guarantees, the Bank will now be able to take equity participations more easily. However, limitations are placed on the use of equity, including the requirement that the terms and conditions of such operations be approved by a qualified majority of the members of the Bank’s Board of Directors. The Statute states that equity would normally be provided “as a complement to a loan or a guarantee, in so far as this is required to finance an investment or programme.” The new Statute also contains a special clause to cover higher-risk operations deemed to be a “special activity”, roughly corresponding to the Bank’s existing infrastructure fund, venture capital fund and structured finance operations. These will continue to be backed by specific reserves.

The formula for calculating the maximum amount of finance that can be granted by the Bank in relation to the subscribed capital (the gearing ratio) has been revised. Finally, the provision of technical assistance for upstream project preparation or downstream project implementation, for instance, is also now mentioned explicitly in the Statute.

EIB Statutory Bodies



The **Board of Governors** comprises ministers designated by each of the 27 Member States, usually Finance Ministers. It lays down credit policy guidelines, approves the annual accounts and balance sheet, and decides on the Bank's participation in financing operations outside the European Union as well as on capital increases. It also appoints the members of the Board of Directors, the Management Committee and the Audit Committee.

The **Board of Directors** has sole power to take decisions in respect of granting finance, particularly in the form of loans and guarantees, and of borrowings. As well as seeing that the Bank is properly run, it ensures that the Bank is managed in keeping with the provisions of the Treaties and its Statute and with the general directives laid down by the Governors. Its members are appointed by the Governors for a renewable period of five years following nomination by the Member States and are responsible solely to the Bank.



The Board of Directors consists of 28 Directors, with one Director nominated by each Member State and one by the European Commission. There are 18 Alternates, meaning that some of these positions are shared by groupings of states.

Furthermore, in order to broaden the Board of Directors' professional expertise in certain fields, the Board is able to co-opt six experts (three as Members and three as Alternates), who participate in the Board meetings in an advisory capacity, without voting rights.

Save as otherwise provided in the Statute, decisions are taken by a majority consisting of at least one third of members entitled to vote and representing at least 50% of the subscribed capital.

Capital: Each Member State's share in the Bank's capital is based on its economic weight within the European Union (expressed in GDP) at the time of its accession. Under its Statute, the Bank is authorised to have maximum loans and guarantees outstanding equivalent to two and a half times its subscribed capital, reserves, non-allocated provisions and profit and loss account surplus. The latter aggregate amount is to be reduced by an amount equal to the amount subscribed (whether or not paid in) for any equity participation of the Bank.

At 1 April 2009, the Bank's subscribed capital amounted to more than EUR 232bn.

The **Audit Committee** is an independent body answerable directly to the Board of Governors and responsible for the auditing of the Bank's accounts and verifying that its activities conform to best banking practice. The Audit Committee shall annually ascertain that the operations of the Bank have been conducted and its books kept in a proper manner. At the time of approval of the financial statements by the Board of Directors, the Audit Committee issues its statements thereon. The reports of the Audit Committee on the results of its work during the preceding year are sent to the Board of Governors together with the annual report of the Board of Directors.

The Audit Committee is composed of six members, appointed by the Governors for a term of office of three years.



The Audit Committee

The Management Committee of the EIB



1. Philippe MAYSTADT 2. Philippe de FONTAINEVIVE CURTAZ 3. Simon BROOKS 4. Carlos DA SILVA COSTA 5. Matthias KOLLATZ-AHNEN
6. Eva SREJBER 7. Marta GAJECKA 8. Dario SCANNAPIECO 9. Plutarchos SAKELLARIS

The **Management Committee** is the Bank's permanent collegiate executive body. It has nine members. Under the authority of the President and the supervision of the Board of Directors, it oversees the day-to-day running of the EIB, prepares decisions for Directors and ensures that these are implemented. The President chairs the meetings of the Management Committee. The members of the Management Committee are responsible solely to the Bank; they are appointed by the Board of Governors, on a proposal from the Board of Directors, for a renewable period of six years.

According to the Bank's Statute, the President is also Chairman of the Board of Directors.



The College of the Management Committee Members and their supervisory responsibilities

(Situation as at 01/05/2010)

1 Philippe MAYSTADT *President*

- ⇒ General strategy
- ⇒ Institutional matters, relations with other international financial institutions
- ⇒ Reporting from Inspector General, Financial Controller and Chief Compliance Officer
- ⇒ Human resources
- ⇒ Internal communication
- ⇒ Equal opportunities policy; Chairman of Joint Committee on Equal Opportunities
- ⇒ Chairman of EIF Board of Directors
- ⇒ Chairman of Budget Committee

2 Philippe de FONTAINE VIVE CURTAZ *Vice-President*

- ⇒ Financing operations in France and Mediterranean partner countries
- ⇒ External communication
- ⇒ Transparency and information policy
- ⇒ Relations with NGOs

3 Simon BROOKS *Vice-President*

- ⇒ Financing operations in United Kingdom and Netherlands
- ⇒ Environmental protection
- ⇒ Internal audit, external audit and relations with Audit Committee
- ⇒ Compliance
- ⇒ Relations with European Court of Auditors
- ⇒ Relations with European Anti-Fraud Office (OLAF) and European Ombudsman
- ⇒ Buildings, facilities and logistics

4 Carlos DA SILVA COSTA *Vice-President*

- ⇒ Financing operations in Spain, Portugal, Belgium, Luxembourg, Asia and Latin America
- ⇒ Legal aspects of operations and products
- ⇒ Funding
- ⇒ Chairman of Arts Committee

5 Matthias KOLLATZ-AHNEN *Vice-President*

- ⇒ Financing operations in Germany, Austria and Romania and in Croatia and Turkey
- ⇒ Financing of SMEs
- ⇒ Economic and social cohesion; convergence
- ⇒ JASPERS and JESSICA initiatives
- ⇒ Loan restructuring
- ⇒ Member of EIF Board of Directors
- ⇒ Member of Subsidies Committee
- ⇒ Member of Arts Committee

6 Eva SREJBER *Vice-President*

- ⇒ Financing operations in Finland, Sweden, Estonia, Latvia, Lithuania, Eastern Neighbours, EFTA countries and Central Asia
- ⇒ Knowledge economy
- ⇒ Ex post evaluation of operations
- ⇒ Information technologies
- ⇒ Chairman of Subsidies Committee

7 Marta GAJĘCKA *Vice-President*

- ⇒ Financing operations in Poland, Czech Republic, Hungary, Slovakia, Slovenia and Bulgaria
- ⇒ Trans-European transport and energy networks
- ⇒ Corporate social responsibility
- ⇒ Alternate Governor of EBRD

8 Dario SCANNAPIECO *Vice-President*

- ⇒ Financing operations in Italy, Malta and Western Balkans
- ⇒ Risk management
- ⇒ Planning and budget
- ⇒ Cost efficiency
- ⇒ Governor of EBRD

9 Plutarchos SAKELLARIS *Vice-President*

- ⇒ Financing operations in Greece, Cyprus, Denmark, Ireland, ACP States and South Africa
- ⇒ Energy
- ⇒ Economic, financial and sectoral studies
- ⇒ Implementation of Basel II
- ⇒ Accounting
- ⇒ Member of Arts Committee

(Situation as at 01/05/2010)

Organisation Chart

General Secretariat and Legal Affairs

Alfonso QUEREJETA
Secretary General and General Counsel of Legal Affairs

▶ Institutional Affairs

Dominique de CRAYENCOUR Director

▶ Legal Department, Corporate

Nicola BARR Director

▶ Legal Department, Operations

Gerhard HÜTZ Deputy General Counsel

Strategy and Corporate Centre

Rémy JACOB
Director General
Financial Controller and Chief Information Officer

▶ Strategy and Management Control

Jürgen MOEHRKE Director

▶ Communication

Constance KANN Spokesperson and Director

▶ Information Technology

Derek BARWISE Director

▶ Buildings, Logistics and Documentation

Patricia TIBBELS Director

Directorate for Operations in the European Union and Candidate Countries

Pierluigi GILBERT
Director General

▶ New Products and Special Transactions

Thomas BARRETT Director

▶ Western Europe

Laurent de MAUTORT Director

▶ Spain, Portugal

Carlos GUILLE Director

▶ Central Europe

Joachim LINK Director

▶ Adriatic Sea

Romualdo MASSA BERNUCCI Director

▶ South-East Europe

Jean-Christophe LALOUX Director

▶ Baltic Sea

Tilman SEIBERT Director

Directorate for Operations outside the European Union and Candidate Countries

Martin CURWEN
Director General

▶ Europe's Neighbour and Partner Countries

Claudio CORTESE Director

▶ Africa, Caribbean, Pacific – Investment Facility

Patrick WALSH Director

▶ Asia and Latin America

Francisco de PAULA COELHO Director

Transaction Management and Restructuring Directorate

Klaus TRÖMEL
Director

Finance Directorate

Bertrand de MAZIÈRES
Director General

▶ Capital Markets

Barbara BARGAGLI PETRUCCI Director

▶ Treasury

Anneli PESHKOFF Director

▶ Planning and Settlement of Operations

Heinz OLBERS Director

Projects Directorate

Grammatiki TSINGOU-PAPADOPETROU
Director General

▶ Innovation and Competitiveness

Constantin CHRISTOFIDIS Director

▶ Transport and Energy

Christopher HURST Director

▶ Convergence and Environment

Guy CLAUSSE Director

▶ JASPERS

Agustín AURÍA Director

Risk Management Directorate

Per JEDEFORS
Director General (*acting*)

▶ Credit RISK

Per JEDEFORS Director

▶ Financial and Operational Risks

Alain GODARD Director

Inspectorate General

Jan Willem van der KAAIJ
Inspector General

EIB Group Compliance Office

Matthias MAERTENS
Chief Compliance Officer

Human Resources Department

Michel GRILLI
Director

The organisation chart, curricula vitae of the Directors General and heads of control units and additional information on the remuneration arrangements for all EIB staff are regularly updated and posted on the Bank's website: www.eib.org.



EIF Statutory Bodies



EIF Management

situation at 12 April 2010

The EIF is managed and administered by the following three authorities:

- ⇒ the General Meeting of shareholders (EIB, European Union, 30 financial institutions), which meets at least once a year;
- ⇒ the Board of Directors, composed of seven members and seven alternates, which, inter alia, decides on the Fund's operations;
- ⇒ the Chief Executive, who is responsible for the management of the Fund in accordance with the provisions of its Statutes and the guidelines and directives adopted by the Board of Directors.

The EIF's accounts are audited by a three-person Audit Board appointed by the General Meeting and by independent external auditors.

Chief Executive

Richard PELLY

Deputy Chief Executive

Jean-Marie MAGNETTE

Secretary

Maria LEANDER

Director, Transaction and Relationship Management

John A. HOLLOWAY

Director, Mandate Management, Product Development and Incubation

Marc SCHUBLIN

EIB Group Addresses

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European Investment Fund

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Please consult the Bank's website for the list of external offices.
www.eib.org

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