



EIB-Information

7.8 billion ECUs lent in 1987

Lending by the European Investment Bank in 1987 totalled 7.84bn ECUs, an increase of some 4% (2.6% in real terms) compared with 1986. Within the EEC, the EIB advanced 7bn in loans from its own resources and almost 450m in loans from New Community Instrument (NCI) resources. Outside the Community, a total of 392.1m was made available, comprising 189m from own resources and 203m from budgetary resources. Salient features of the 1987 financial year were:

○ signature of the £1bn/Ffrs 10bn co-financing agreement (1.4bn in ECU terms) for the Eurotunnel Project: the first series of loans should be disbursed during 1988; of exceptional importance to the Community's transport network, the Channel Tunnel is seen as a project which will provide a significant stimulus to Europe's economy;

○ at 1.6bn, the volume of loans centred on projects designed to protect the environment in 1987, the European Year of the Environment, amounted to more than twice as much as the previous year (702m);

○ a surge in financing for capital investment fostering regional development which attracted 4.35bn;

○ appreciable growth in credit for productive-sector investment, chiefly in industry (2.6bn, compared with 1.9bn in 1986);

○ an upswing in global loans for small and medium-scale projects (more than 2bn made available in all, of which 408m furnished from NCI resources). The number of smaller capital projects in receipt of global loan allocations during the year ran to over 3000, the vast majority mounted by SMEs;

○ a virtual doubling of financing operations in Spain (707m) and Portugal (390m);

○ outside the EEC, a boost for lending in the ACP States under the Third Lomé

Convention (349m, in contrast to 210m in 1986), while further progress was made towards renewing the Financial Protocols with the Mediterranean Countries;

○ in terms of the Bank's borrowing operations, the continued ground gained by Community currencies, including the ECU (5.6bn raised in 1987), as opposed to the slippage of other currencies, particularly the US dollar.

Within the Community: the EIB mounted operations in all of the twelve Member Countries in 1987⁽¹⁾, particularly vigorous growth being recorded in lending from own resources (+ 325m). Apart from the high level of lending in Spain and Portugal, there was a substantial upturn in financing operations in France and, although not to the same extent, in Denmark. Italy remained the leading recipient of Bank credit. Lending dipped however in Germany, the United Kingdom, Greece, Ireland and in the Benelux countries.

Loans granted by the Bank in 1987 from its own and NCI resources accounted for some 51% of Community structural financing⁽²⁾ and more than 80% of financial support funded from borrowings. Accounting for about 1% of gross fixed capital formation within the Community in 1987, their relative importance was most pronounced in: Portugal (5.1%); Italy (2.4% - 4% however in the case of the Mezzogiorno); Ireland (4.2%); Greece (2.1%); and Spain (1.3%). On the basis of data available at the time of project appraisal, the EIB puts at some 19.4bn the total fixed asset cost of projects financed in 1987. In terms of employment, these projects are

In brief . . .

The 7.84bn ECUs lent by the EIB in 1987 were financed as to 7.19bn from own resources (mainly the proceeds of the Bank's borrowings on the capital markets) comprising 7bn provided within and 190m outside the Community together with 650m from resources deployed by the Bank acting under mandate (447m made available in the EEC from the resources of the New Community Instrument (NCI) and 203m outside the Community funded from budgetary resources). Loans provided under mandate are, for the most part, granted on behalf, and for the account, of the European Economic Community and are accounted for off balance sheet in the Bank's Special Section; responsibility for these operations is limited to proper performance of the mandate entrusted to the EIB.

The Bank does not tie its lending within the Community to any predetermined geographical or sectoral quota. The spread of loans depends as much upon demand as upon the viability of the projects put forward and their compliance with the economic policy objectives pursued by the EIB. Outside the Community, the Bank conducts its lending operations within the limits of amounts laid down in agreements, conventions or protocols concluded between the EEC and the country in question. Individual projects financed must comply with the guidelines set out in these texts.

There are no formalities involved in making an initial approach to the Bank which may be contacted directly about its financing facilities. In the case, however, of enquiries concerning small and medium-scale ventures eligible for global loan credit, promoters are recommended to get straight in touch with the relevant intermediary institution.

⁽¹⁾ No set country or sector quota is applied to the provision of Bank financing; the breakdown of EIB lending depends as much upon demand as upon the viability of the projects put forward and their conformity with the Bank's economic policy objectives.

⁽²⁾ ECSC, EIB, NCI and Euratom loans, ERDF and EAGGF (Guidance Section) grants.

expected to have much the same beneficial impact as in previous years.

Outside the Community: the EIB continued and substantially stepped up (349m) its lending operations in the African, Caribbean and Pacific States under the Third Lomé Convention which entered into force on 1 May 1986 (and in the Overseas Countries and Territories under the parallel Decision concerning the OCT). In the Mediterranean region, where the Bank lent 43m, activity was given over to tapping residual funds available for deployment under EEC Financial Protocols and to paving the way for activation in 1988 of the new generation of Financial Protocols, due to give fresh impetus to EIB operations in these countries.

A recapitulation of activity in 1987 would not be complete without restressing the

landmark signature of the credit agreement providing for £1bn/Ffrs 10bn (approx. 1.4bn ECUs) towards constructing the Channel Tunnel. The agreement was concluded in September 1987, with disbursements scheduled throughout the construction period (1988-1993). It follows that the loan amounts in question are not incorporated in the statistics for Bank activity in 1987.

Marking a key stage along the road to greater economic and social cohesion within the Community, entry into force on 1 July 1987 of the Single Act gave added prominence to the part played by the Bank in building a Europe founded on reduction of regional disparities, establishment of the internal market, development of industry through the promotion of advanced technology, enhancement and expansion of Commu-

nity infrastructure, and dedicated protection of the environment. These various priorities highlighted by the Single Act enshrine the very principles which guide and inform EIB activity.

Breakdown of Bank lending within the EEC by economic policy objective

In line with the EIB's principal task, projects fostering **regional development** represented the focal point of Bank activity in 1987: a total of 4.35bn was made available for this purpose, representing a notable upturn compared with the 3.7bn provided the previous year. 70% of lending in this category was brought to bear on countries or regions with the severest structural problems (Portugal, Greece, Ireland, Northern Ireland, parts of Italy and Spain) and was steered heavily towards regions contending with unemployment rates above, and average income below, the Community average.

In the course of what from the spring onwards had been declared the European Year of the Environment, the Bank made a significant contribution to the financing of **environmental protection** projects, doubling the volume of its lending in this area for the second year in a row: 1 579m, as against 702m in 1986 and 360m in 1985. Capital investment financed embraced sewerage and sewage disposal schemes, water treatment and purification plants in Italy, the United Kingdom, Portugal, France and Germany, as well as equipment and processes helping to clean up the air we breathe by reducing gaseous emissions from thermal power stations, heating plants and refineries in Greece, Germany, Italy and Denmark. The EIB also contributed towards construction of household waste incineration plants in Italy, the United Kingdom and France, the rehabilitation of derelict sites and the fight against soil erosion (Italy). Smaller-scale items of infrastructure and industrial investment offering environmental benefits likewise attracted sub-loans from multi-purpose global loan financing, although sometimes entire global loans were devoted specifically to this end.

EIB activity in this field extends however far beyond merely advancing credit for projects directly geared to improving the environment: indeed, when apprais-

Table 1: Geographical breakdown of financing provided

	1987		1986		(m ECUs)	
	NCI component	%	NCI component	%		
Within the Community	7 450.4	100	7 071.1	100		
of which: from EIB own resources	7 003.4		6 678.1			
from NCI resources	446.9		393.0			
Italy	3 112.2	196.2	41.8	3 024.0	111.1	42.8
United Kingdom	1 133.7	14.0	15.3	1 371.5	16.3	19.4
France	1 006.5	76.8	13.5	623.4	58.4	8.8
Spain	707.4	113.7	9.5	409.3	69.0	5.8
Portugal	389.9	9.9	5.2	190.3	29.9	2.7
Denmark	315.3	31.8	4.2	258.2	59.9	3.7
Germany	276.5	—	3.7	441.8	—	6.2
Ireland	178.6	—	2.4	262.1	47.8	3.7
Greece	164.8	4.6	2.2	253.0	—	3.6
Belgium	37.1	—	0.5	46.1	—	0.7
Netherlands	18.0	—	0.2	98.2	—	1.4
Luxembourg	1.6	—	0.1	18.2	—	0.3
Other (1)	108.7	—	1.5	75.0	—	1.1
Outside the Community	392.1		473.7			
of which: from EIB own resources	188.9		381.8			
from budgetary resources	203.2		91.9			
ACP States	349.3		209.7			
Mediterranean region	42.8		264.0			
Grand total	7 842.5		7 544.8			

(1) Project of direct benefit to the EEC but located outside Member States' European territories.

ing all loan applications, the Bank systematically examines the environmental impact of schemes and their compliance with existing legislation. It also makes a point of encouraging promoters to instal equipment limiting the direct and indirect environmental effects of each project to levels even below those called for by law.

Lending to industry registered substantial growth (2.6bn): over 470m of the total made available went in support of capital investment building on or ushering in **advanced technology**. The main thrust of the projects financed was on honing the competitive edge of European industry over a broad spectrum of activities.

Again in the productive sector, the EIB continued to channel credit to **small and medium-sized enterprises (SMEs)** through its global loan facility: aggregate global loan credit to smaller businesses in 1987 comprised 1.4bn⁽¹⁾ from EIB own resources and 408m from NCI resources⁽²⁾. A large number of sub-loans are now in the pipeline for allocation under these global loans in coming months. In 1987, 2 800 small and medium-scale industrial ventures attracted sub-loans worth in excess of 900m in all: some 1 800 of these ventures were financed as to more than 610m from the Bank's own resources, and 980 as to 295m from NCI resources.

In addition, 90 allocations (126m) were channelled to ventures making more efficient use of energy, 44 (74m) to environmental protection projects, 9 (25m) to ventures deploying advanced technology and 98 (78m) to investment in small and medium-scale infrastructure.

Nearly 80% of productive investment by SMEs financed under global loans in 1987 was undertaken by firms with less than 50 employees.

Taking all global loan allocations between 1983, the European Year of the Small and Medium-Scale Enterprises, and the end of 1987, the EIB has helped,

in five years, to finance approximately 20 000 smaller-scale productive ventures with credit amounting to some 6.2bn⁽³⁾.

Also in the manufacturing sector, in 1987 278m was lent in support of projects involving **industrial cooperation between enterprises in different Mem-**

ber Countries and schemes centred on **modernisation and conversion of undertakings**. Examples of the Bank's presence in these spheres are provided by loans for projects financed in the United Kingdom and Italy for modernising factories processing alumina and

Table 2: Breakdown by economic policy objective⁽¹⁾ of financing provided within the Community in 1987

	Total		Own resources	NCI resources
	million ECU's	%	million ECU's	million ECU's
Aggregate financing	7 450.4		7 003.4	447.0
Regional development	4 347.2	100.0	4 311.8	35.4
Belgium	37.1	0.9	37.1	
Denmark	29.5	0.7	29.5	
Germany	56.4	1.3	56.4	
Greece	160.2	3.7	160.2	
Spain	459.5	10.6	459.5	
France	655.1	15.1	655.1	
Ireland	148.6	3.4	148.6	
Italy	1 868.2	43.0	1 846.8	21.4
Netherlands	18.0	0.4	18.0	
Portugal	380.0	8.7	380.0	
United Kingdom	534.6	12.3	520.6	14.0
Energy policy objectives	2 226.8	100.0	2 205.0	21.8
Development of indigenous resources	667.6	30.0	667.6	
<i>Hydroelectric — geothermal</i>	<i>108.8</i>	<i>4.9</i>	<i>108.8</i>	
<i>Nuclear</i>	<i>214.4</i>	<i>9.6</i>	<i>214.4</i>	
<i>Oil and natural gas</i>	<i>325.4</i>	<i>14.6</i>	<i>325.4</i>	
<i>Coal, lignite, peat</i>	<i>19.0</i>	<i>0.9</i>	<i>19.0</i>	
Import diversification	695.7	31.2	695.7	
<i>Natural gas</i>	<i>255.8</i>	<i>11.5</i>	<i>255.8</i>	
<i>Coal</i>	<i>439.9</i>	<i>19.7</i>	<i>439.9</i>	
Rational use of energy	863.5	38.8	841.7	21.8
Modernisation of undertakings	1 287.2	100.0	900.1	387.1
Advanced technology	474.1	36.8	474.1	
Modernisation — conversion	57.6	4.5	57.6	
Industrial cooperation	219.9	17.1	219.9	
Investment by SMEs	535.6	41.6	148.5	387.1
Environment — cultural heritage	1 579.2	100.0	1 579.2	
Air pollution	470.6	29.8	470.6	
Water and soil pollution	730.9	46.3	730.9	
Other operations	368.0	23.3	368.0	
Safeguarding cultural heritage	9.7	0.6	9.7	
Community infrastructure	680.8	100.0	678.1	2.7
Transport	655.0	96.2	652.3	2.7
<i>Railways</i>	<i>85.0</i>	<i>12.5</i>	<i>85.0</i>	
<i>Roads</i>	<i>194.5</i>	<i>28.6</i>	<i>194.5</i>	
<i>Shipping</i>	<i>20.4</i>	<i>3.0</i>	<i>20.4</i>	
<i>Airlines</i>	<i>307.8</i>	<i>45.2</i>	<i>307.8</i>	
<i>Intermodal freight terminals</i>	<i>47.3</i>	<i>6.9</i>	<i>44.6</i>	2.7
Telecommunications	25.8	3.8	25.8	

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

⁽¹⁾ To which should be added 213m for infrastructure of fairly modest dimensions.

⁽²⁾ NCI IV provides for 750m from Commission NCI borrowings, in tandem with which the Bank is supplying a further 750m from its own resources. The combined 1.5bn will be used for financing productive investment by SMEs, mainly outside the assisted areas.

⁽³⁾ Beneficiaries of credit from EIB own resources: over 10 000 SMEs (3bn); beneficiaries of NCI credit: 9 200 SMEs (2.4bn). Key data: rational use of energy — 584 projects (530m); advanced technology — 35 projects (114m); protection of the environment — 50 projects (87m).

aluminium, support for development of an important copper-mining project in Portugal and finance for Spain's corporate sector aimed at adapting Spanish firms to the new market conditions brought about by entry into the EEC. Projects contributing to Community energy policy objectives attracted 2.2bn in 1987. Loans promoting efficient use of energy accounted for 863m of this (393m for smaller-scale investment and 470m for district heating or for electricity grid interconnections). Import diversification projects and those furthering the use of natural gas (Italy, Denmark, a gasline in Austria benefiting the Community), coal to fuel power stations at Brindisi in Italy and Kilroot in Northern Ireland, or lignite in Greece were funded with loans totalling 696m. A further 668m helped Member Countries to harness indigenous resources, namely crude oil, natural gas and hydroelectric energy in the United Kingdom, Italy, Spain and France, and to develop nuclear power.

When operational, projects financed in 1987 should reduce the Community's dependence on oil imports by some 13.5m tonnes of oil equivalent (t.o.e.) per annum. The cut-back in oil imports achieved by virtue of projects funded by the EIB since 1983 amounts to some 55m t.o.e., 12m t.o.e. of this realised by dint of more rational use of energy; the overall saving corresponds to some 14% of projected Community oil imports in 1995.

Schemes aimed at developing Community transport infrastructure claimed 655m in 1987, notably for air transport via loans for airports in the United Kingdom, Italy and France and acquisition of aircraft, notably in Italy, to bolster existing fleets, especially those operating between Member States. The Bank also financed numerous road and motorway sections in Italy, France, Ireland, Spain, Portugal and the United Kingdom, harbours in Italy and the United Kingdom, a tanker in Luxembourg for the conveyance of petrochemical products and improvements to rail links in Spain and Greece.

Borrowings

The EIB raised borrowings in 1987 for a total of 5 593 million ECUs, compared with 6 786 million during the previous year. Of this, 3 769 million were tapped

by means of public loan issues, 996 million through private placings, 456 million via interbank operations, 352 million under a US\$ medium-term notes programme and 20 million by allocating to third parties participations in loans, guaranteed by the EIB.

A striking feature of the financial year was that borrowings were raised mainly in DM, whereas the US\$ had traditionally headed the list of currencies tapped in the past. As in previous years, the ECU occupied second place, followed by the US\$, the Italian lira and the yen. Again reflecting the trend of recent years, the EIB also raised appreciable amounts in French, Swiss and Belgian francs, Guilders and pounds sterling (see Table). Swap operations totalled 326 million ECUs, bringing in the equivalent of 193 million ECUs in floating rate US\$ plus 133 million in fixed rate ECUs.

A relative fall in demand from its borrowers for floating rate funds prompted the EIB to slacken the pace of its calls on this market where it raised 393 million ECUs as against 541 million in 1986. The Bank concluded two issues (together worth 200 million ECUs) in floating rate lire, one being the first of its kind on the Eurolira market. The balance of 193 million ECUs, raised in floating rate US\$, has already been mentioned under the heading of swap operations.

Principal currencies raised (in million ECUs) - after swap operations

	1987	1986
1. DM	1 153 (20.6%)	879 (13.0%)
2. ECUs	807 (14.4%)	897 (13.2%)
3. US\$	722 (12.9%)	1 760 (25.9%)
4. Lit	639 (11.4%)	594 (8.7%)
5. Yen	517 (9.2%)	514 (7.6%)
6. Ffrs	464 (8.3%)	413 (6.1%)
7. Sfrs	370 (6.6%)	510 (7.5%)
8. Fl	338 (6.0%)	515 (7.6%)
9. Bfrs	302 (5.4%)	263 (3.9%)
10. £	142 (2.5%)	304 (4.5%)

In 1987, the EIB also raised the equivalent of 79 million ECUs in Luxembourg francs, 38 million in Danish kroner and 21 million in Austrian Schillings.

The trend towards a fall in the relative importance of the US\$ in relation to aggregate borrowings gained considerable momentum in 1987, while calls on the DM market showed a steep upturn. Similarly, again in response to demand from borrowers, the ECU continued to occupy second place among currencies

tapped. Hence, the EIB confirmed its prime role on the market for the Community currency where it is the leading operator on both the borrowing and lending fronts. The main countries in which loans were wholly or partly disbursed in ECUs in 1987 were Italy (360 million), Denmark (261 million), Spain (107 million), France (83 million), Ireland (79 million), Portugal (68 million), Greece (16 million) and Belgium (14 million).

A general facet of the 1987 financial year was the marked rise in issues on national markets and the sharp dip in operations in non-Community currencies which slipped back from 41.8% of the total in 1986 to 31.5% last year.

Lending in the Member Countries

In Italy, traditionally the largest beneficiary of EIB loans, Bank lending reached a new high of 3 112m (Lit 4 618bn), of which 196m (Lit 293bn) was provided from NCI resources. The loans break down as to 1 209m (Lit 1 793bn) for industry, 1 081m (Lit 1 609bn) for infrastructure, and 822m (Lit 1 212bn) for energy schemes. Once again, the Bank stepped up its support appreciably for the high-technology sector (363m/Lit 536bn) and for protection of the environment (692m/Lit 1 033bn).

More than 60% of the loans granted were for projects contributing to regional development, 87% of them located in the Mezzogiorno, chiefly in Campania - 191m (Lit 282bn), Sicily - 116m (Lit 170bn), Latium - 123m (Lit 182bn), Abruzzi - 57m (Lit 85bn) and Sardinia - 130m (Lit 192bn).

These projects, many accorded priority under the Investment and Job-creation Fund (FIO) consisted, in the main, of a variety of communications infrastructure (588m/Lit 874bn), industrial investment, typically by SMEs (628m/Lit 935bn) and energy schemes (519m/Lit 767bn). The earthquake-stricken regions of Campania and Basilicata also received further reconstruction support virtually exhausting the balance of Community aid left uncommitted.

Lending in Italy on three major fronts:

Industry: a multiplicity of small and medium-scale industrial ventures

throughout the country accounted for two thirds of Bank lending in Italy channelled via the instrument specifically tailored to their needs, the global loan facility. The proceeds of new global loans concluded in 1987 and of those already on tap from previous years were drawn on to fund 1 518 ventures to the extent of 697m (Lit 985bn), of which 141m (Lit 209bn) from NCI resources was directed towards capital investment in the more developed areas.

The larger-scale projects attracting finance during the year were in the electronics and electrical-engineering sectors (components, printers, magnetic memories, automated production and computerised programming processes); substantial credit was also provided for the chemicals industry, more often than not for projects incorporating high technology, e.g. new methods developed for the manufacture of fluorochemicals, detergents, adhesives and medical products and in modernising an oil refinery. Cast wide, the net of Bank lending to industry also encompassed backing for: construction of the ATR 42 aircraft, a joint franco-italian venture; railway rollingstock; motor vehicle tyre and window manufacturing; production of paper and foodstuffs; rationalisation of an alumina plant and a cementworks; and the fitting out of an industrial and medical research centre.

With a view to promoting tourism by safeguarding the Community's cultural heritage, finance was also advanced for restoration of the Doges' Palace in Venice and for protection of the archaeological sites at Pompeii, Herculaneum and Stabiae.

The list is rounded off with mention of Bank funding for: the establishment of an interregional veterinary analysis and research centre; development of refuse disposal sites; construction of waste incineration plant; and, through global loans, tourism infrastructure in Calabria and fish-farming and agriculture in Sardinia.

Infrastructure: in this second key sector, the EIB furnished loans contributing to: railway reinstatement and twin-track construction schemes; the first underground railway system in Naples; the final sections of the Tunnels Motorway ("Autostrada dei Trafori") linking Italy (Piedmont) with Switzerland; the new A1 Milan-Rome and A2 Rome-Naples

motorway link by-passing the Rome ring road; widening of the Rome-Naples motorway; reconstruction of viaducts between Naples and Bari; development of three intermodal, rail/road freight centres in Turin, Verona and Parma; container-handling and ro/ro facilities at the ports of Trieste and La Spezia, Brindisi coal harbour, marinas, commercial and fishing harbours at Ortona, Bagnari, Cariati and Pescara, and upgrading of ferries operating between Sicily and Sardinia (offering increased capacity and comfort); modernisation of Turin-Caselle airport and acquisition of MD 82 and ATR 42 aircraft for domestic and intraCommunity routes; telecommunications in the Mezzogiorno and an emergency satellite system to facilitate preventive action in the event of natural disasters.

Many water supply, sewerage and sewage disposal schemes received Bank funding, particularly in the Po basin, the Rome region and Venezia, together with watershed management and flow control works on the Arno plus investment designed to combat soil erosion, landslides and flood risks in The Marches, Molise, Valle d'Aosta, as well as near Perugia (Umbria) and in Oltrepo Pavese (Lombardy). Credit was similarly advanced for reafforestation schemes, urban redevelopment, industrial estates and irrigation.

Energy: the main projects supported in this third priority area included development of: hydroelectric resources in northern Italy and Calabria and geothermal resources in Tuscany; a combined district heating and power plant in Brescia; and Brindisi coal-fired power station also equipped with desulphurisation installations in order to reduce environmental pollution. The Bank continued to contribute towards: exploitation of oil and natural gas deposits in the Adriatic, the Strait of Sicily and Emilia-Romagna; the natural gas transmission and distribution grid and back-up storage reservoirs, notably in the Turin and Milan areas; the electricity grid in the Mezzogiorno, district heating systems in Calabria and smaller items of capital investment centred on more efficient use of energy.

In the United Kingdom, the EIB lent more than 1.1bn (£801m), of which 14m (£10m) from NCI resources. The bulk of financing was given over to infrastruc-

ture (757m ECUs/£536m) and, to a lesser extent, energy (345m ECUs/£243m) schemes. A further 32.3m (£22.4m) was directed towards projects in industry and the service sector.

Most of the infrastructure financed was located in the Assisted Areas. The EIB nevertheless provided 320m (£234m) for a range of projects throughout the country contributing towards protection of the environment, chiefly in the form of sewerage and sewage disposal schemes and investment designed to improve the quality of drinking water, notably in Trent, Anglia, Yorkshire, Northumbria, Humberside, the Midlands, Scotland, North-West and South-West England.

Further loans served to improve communications between the UK and other Member Countries, principally in terms of the air traffic sector where the Bank supported: construction of a new London City airport in the docklands area of the capital, air safety equipment at London Heathrow, a second passenger terminal at Gatwick, extension to the runway at Roborough airport (Plymouth) and additions to and refurbishment of facilities at Manchester. Road schemes in Kent and Essex also attracted credit.

Other infrastructure financed included: the rail network in the Glasgow area, roads in Devon and numerous composite schemes bringing together finance for roadworks, mains connections and access roads for industrial estates, rehabilitation of disused docks or shipyards, sewerage and sewage disposal schemes together with a variety of public infrastructure, for the most part in Scotland, Wales, North-West and North-East England.

In some of the above cases, provision for environmental protection played a significant part in project design, especially for household waste disposal facilities in Manchester, Cheshire and Lancashire. In others, the infrastructure served the needs of higher educational institutes including technical and vocational training colleges in Dyfed, Manchester, Stafford and Lancashire, involved transforming a shipyard into an offshore technology park (Newcastle-upon-Tyne) or underpinned urban renewal schemes in Cardiff and Plymouth.

In the energy sector, the EIB helped to fund development of the Arbroath field, 200km to the east of Aberdeen, in the British sector of the North Sea, offering

proven reserves of some 100m barrels of crude. Production from this field as from 1990 is expected to run to 35 000 barrels a day. Conversion of Northern Ireland's 600 MW Kilroot thermal power station from oil- to dual-firing (coal/oil) and transmission equipment designed to upgrade the reliability of the electricity distribution system in Northern Ireland also constituted projects supported by the Bank in the energy sector.

Bank lending in the industrial sector included finance for modernisation of aluminium production, casting and rolling facilities where sophisticated technology will sharpen competitiveness as a result of greater versatility, higher-quality end products, cost-trimming and energy-saving. Other loans funded development of new data-processing systems and establishment of a new computer centre for the Co-operative Wholesale Society Ltd near Manchester (streamlining order processing, stock management, production planning etc.) as well as facilities for household and industrial waste disposal.

Operations in **France** in 1987 recorded a distinct upturn with more than 1bn (Ffrs 7bn) lent, of which 76m (Ffrs 530m) from NCI resources. The productive sector absorbed more than two fifths of the total with loans going to both larger-scale projects, notably those deploying advanced technology, and to capital investment by SMEs in the assisted areas in the main.

Under the heading of advanced or high technology, the EIB helped to finance a new lay-out for a motor vehicle paint shop at Sochaux designed to exploit the most modern technological advances in this area to an extent without precedent in the European motor industry. As well as enabling top-of-the-range models assembled at Sochaux to be given a higher-quality and more durable finish, the project will make working conditions in the paint shop far less onerous and will upgrade skill levels among the workforce as well as reducing energy consumption. The Bank also lent its support to expansion of manufacturing and R&D facilities in a factory in the suburbs of Bordeaux specialising in computer-aided design and manufacturing systems (CAD/CAM), principally serving the clothing sector. Finally, still in the high-tech area, the EIB financed modernisation of plant at Firminy (Loire) producing extruders and pumps and furnishing

back-up for a major research and development programme.

In conjunction with the SDR de la Bretagne, the EIB put up a grouped loan, the proceeds of which were earmarked for two medium-sized agricultural-processing firms, for the production of fertilisers and also for telecommunications equipment manufacturing in Brittany.

New global loans concluded in 1987 amounted to 382m (Ffrs 2.6bn) in all, of which 77m (Ffrs 530m) was drawn from NCI resources. Deployment of the sub-loans available under these credit lines was achieved in continued cooperation with *Crédit d'Équipement des PME*, *Caisse Centrale de Crédit Coopératif* and the *Sociétés de Développement Régional*. But links were also forged for the first time with four *Banques Populaires* active in northern and eastern France, with *Fructicomi* and *Fructibail*, property-leasing subsidiaries of the *Caisse Centrale des Banques Populaires*, with *Murabail* and *Bail-Energie*, two holding companies of the *BTP-Finances Group*, specialising in property leasing, and with the associated *Banque de Financement des Equipements*. Ventures mounted by local authorities and public bodies will qualify for credit, chiefly for infrastructure for energy-saving and environmental protection, channelled via these new intermediaries.

The proceeds of the above and ongoing global loans served to fund 767 small and medium-scale ventures with credit totalling 162m (Ffrs 1.1bn), the NCI component accounting for 498 of these ventures with finance to the tune of 77m (Ffrs 530m).

Capital investment in infrastructure absorbed 284m ECUs (Ffrs 2bn) in finance for: continued work on the *TGV Atlantique* (High-Speed Train) line to *Le Mans* and *Angers*; construction of the *Le Mans-Anger* section of the *A11 Paris-Nantes* motorway, the *Toulouse and Lyons* by-passes, improvements to the road networks in *Brittany* and *Lorraine* (serving textile-mill country in the *Vosges* and the *Lorraine* iron and steel industry), the *Mâcon-Châtillon* section of the *A40* motorway leading to the *Mont Blanc* tunnel, *Switzerland* and *Italy*; a second passenger terminal at *Nice's* international airport, and; a variety of works in and around *Nancy* ranging from flood protection and the completion of a by-pass to rehabilitation of industrial

wasteland. The Bank also advanced a further loan for the waste water treatment plant serving the *Marseilles* conurbation where a new physiochemical installation will be constructed underground for processing foul water, while plant for treating sludge produced by this installation is to be located inconspicuously in an old quarry. The project includes a 6km marine outfall pipe for disposing of pre-treated effluent.

Four global loans totalling 167m (Ffrs 1.2bn) stepped up the Bank's co-operation with *Crédit Local de France* (formerly "CAECL") with a view to funding small and medium-scale items of public infrastructure, principally the departmental road and water-supply networks in assisted areas. The proceeds of these credit lines and of others concluded the previous year were drawn on during 1987 to support 80 smaller infrastructural schemes with funds amounting in toto to 58.5m (Ffrs 404.5m).

Lending in the energy sector amounted to 123m (Ffrs 846m) and was directed towards further backing for construction of the first two units (1 280 MW each) of *Flamanville* nuclear power station in *Manche*, interconnection of the French and British electricity grids via eight subsea cables (with a combined capacity of 2 000 MW) laid under the *Channel* between *Calais* and *Dover*. This project is designed to provide a reliable and efficient link between the two grids allowing for pooling of energy resources. The twin promoters, *Electricité de France* and the *Central Electricity Generating Board*, have received a total of some Ffrs 1.1bn and £120m respectively for this reciprocal supply scheme. Another loan in France's energy sector supported construction of a new household waste incineration plant at *Lyon-Gerland* which, as well as significantly reducing atmospheric pollution in the *Lyons* area, will be equipped with heat recovery facilities to supply power to the grid and to feed the existing district heating system with hot water from steam generated at the plant.

The list of Bank lending operations in France in 1987 is completed with mention of a global loan for 22m (Ffrs 150m) to *Crédit Local de France* for smaller schemes meeting the Community's energy objectives. The finance will be parcelled out to local and regional authorities for capital investment in

renewable sources of energy, change-over from oil to coal and other appropriate fuels, electricity distribution, heat recovery and the construction of mini hydroelectric plants.

With the productive sector and communications infrastructure making a particularly strong showing, lending in **Spain** in 1988 soared to 707m (Ptas 99bn), of which 114m (Ptas 16bn) was provided from NCI resources.

Productive investment by small and medium-sized firms in industry attracted 417m (Ptas 58bn), with an NCI component of 92m (Ptas 13bn). The funds were advanced in the form of global loan credit to:

- Banco de Crédito Agrícola for onlending to agricultural-processing ventures;
- Banco de Crédito Industrial, Banco de Bilbao, Banco de Santander, Banco Comercial Español, Banco Hispano Industrial, Banco Hispano Americano, Banco Vizcaya and Banco Popular Español: for small and medium-scale ventures and allied service-sector activities (from EIB own and NCI resources) and for tourism (EIB own resources);

- Liscaya (Leasing Bancaya SA), Uninter Leasing SA (member of the Banco Hispano Americano Group) and Lisban (a Banco de Bilbao subsidiary). These establishments will pass sub-loans on to smaller businesses or public bodies as straight investment credit or as finance for leasing plant and equipment, particularly for projects with a high-tech or innovative slant;

- Caja General de Ahorros de Canarias: for capital projects in the Canary Islands.

Actual credit allocations during the year from these and previous global loans benefited 300 smaller ventures with finance totalling 90m (Ptas 13bn), sub-loans from NCI resources accounting for 63m (Ptas 9bn) of this amount and funding 175 of the said ventures.

Finance for infrastructural schemes ran to 218m (Ptas 30bn) the bulk of which was directed towards improving road and rail links. Noteworthy here are: the project designed to remove bottlenecks and to upgrade safety conditions on the La Coruña-Port Bou section of the railway line between Galicia and Cataluña; the building of a road bridge on the Guadiana between Ayamonte and Portugal; works on the N4 linking Madrid to Seville, Cordoba and Cadiz; and sec-

tions of the N1, N2 and N620 between Madrid and Portugal and between the Spanish capital and the South of France. Other loans were focused on improvements to main roads in Andalucía, notably the Seville-Grenada-Baza and Jerez-Antequera motorways and the expressway between Guadix and Almería. Funds were also advanced for sections of the Ugaldebieta motorway designed to connect Bilbao with the Nervion valley and with the motorways to Burgos, Barcelona, San Sebastian and France.

Still in the transport sector, the Bank granted a loan towards construction of a road haulage centre near Bilbao facilitating EEC goods traffic. This project will centralise customs clearance, loading/unloading, freight storage, parking and safeguarding of heavy goods vehicles conducting cross-frontier trade. More modest infrastructural schemes embracing road, water supply, sewerage and sewage disposal, electrification and urban development works undertaken by local authorities in the less-developed regions are being financed through a global loan furnished to Banco de Crédito Local. Finally, the EIB supported construction of five dams on tributaries of the Guadiana under a project designed to put more, better-quality water on tap to household and industrial consumers, to create scope for irrigation and to offer protection against flooding in western Extremadura.

The energy sector took up 73m (Ptas 10bn), the best part of this in the form of a loan for 51m (Ptas 7bn) for an ambitious hydroelectric scheme comprising dams and two power stations on the Jucar, 50km south-west of Valencia, with a combined installed capacity of 870 MW. The balance of financing in this sector was accounted for by a global loan for 22m (Ptas 3bn) to Banco Atlántico for renovating and modernising boilers in small and medium-sized undertakings with a view to energy-saving and to converting units from oil to natural gas.

Bank lending in **Portugal** amounted to 390m (Esc. 63.5bn), comprising 10m (Esc. 1.6bn) from NCI resources. The principal recipients were private-sector concerns, both smaller industrial firms and promoters mounting larger-scale manufacturing projects.

Development of the Neves Corvo copper mine in Alentejo and construction of a 1.3m t.p.a. ore-processing plant

attracted 180m (Esc. 29bn). Forecast production is put at between 250 000 and 470 000 t.p.a. of concentrates. Reserves are estimated to total 25m tonnes of ore with an average copper content of 8%, making this deposit one of the largest in the world with such a rich copper content.

The EIB provided 21m (Esc. 3.5bn) in all in loans towards construction of a hotel complex in the Algarve and for a factory producing medium-density wood-fibre panels in the Viseu district.

A total of 80m (Esc. 13bn) was made available to SMEs via:

- blanket global loans to the State from which every commercial bank and financial institution throughout the length and breadth of the country is authorised to seek credit for projects selected in agreement with IAPMEI (Instituto de Apoio às Pequenas e Médias Empresas Industriais);

- a custom-made global loan to Banco Pinto e Sotto Mayor for small and medium-scale ventures in the agricultural, fisheries and agricultural-processing sectors intended to facilitate the structural adjustment of Portugal's farming sector;

- global loans, drawing on both EIB own and NCI resources, to Banco Português de Investimento for capital investment in industry and allied services, energy-saving schemes and tourism ventures.

In all, 121 SMEs in Portugal received credit under global loan facilities accorded during the year or still open from the previous year. These SMEs absorbed a total of 44m (Esc. 7bn), of which 3.5m (Esc. 580m) from NCI resources went to six of the enterprises concerned.

In line with the recommendations of the 1985 National Roads Programme governing investment in priority trunk roads, EIB support for transport infrastructure (87m ECUs/Esc. 14bn) continued to be directed towards upgrading various segments of the national road network by financing carriageway renovation works or the construction of completely new sections. The Bank also helped to improve the road between Madeira airport and the island's capital, Funchal, as well as contributing towards opening up access to tourist areas west of Funchal. Further road schemes attracting EIB backing centred on construction of: two sections of road, one north of Lisbon, the other in the north of the country

designed, in both cases, to smooth connections with a new bridge into Spain; sections of motorway serving Porto, the Ave and Sousa valleys, key focal points for industry in the north of the country, and a road bridge across the Guadiana linking the Algarve with Andalusia.

A scheme to supply the town of Porto with, at the outset, an additional 11m cu.m of water per annum claimed a loan of 6.6m from the Bank (Esc. 1.1bn) for offtake, treatment and distribution works. A further two projects on Madeira attracted credit totalling 9m (Esc. 1.5bn) for sewage treatment and disposal facilities in the Funchal area and for a solid waste composting plant serving some 80% of the island's population and incorporating equipment for the recovery of ferrous material, both projects of clear benefit to the environment.

The Bank advanced 6m (Esc. 1bn) in the energy sector with the aim of expanding the local power grid on São Miguel and Terceira islands in the Azores by reinforcing two transmission and distribution networks and introducing a systems control component. This project will make for more reliable power on the two islands:

Aggregate Bank financing in **Denmark** in 1987 came to 315m (Dkr 2.5bn) comprising 32m (Dkr 250m) from NCI resources. Virtually all of this credit was taken up by the energy sector for schemes geared to harnessing indigenous natural gas resources and to encouraging more rational use of energy. The building of district heating grids, for example, will both lessen Denmark's dependence on outside sources of energy and substantially reduce atmospheric pollution. The EIB continued its support for the construction of a distribution system to pipe hot water from power stations and solid waste incineration plants in the Copenhagen conurbation to ten outlying municipalities. It also financed similar works in Århus and in numerous municipalities along the Lillebælt. In addition, loans were made available for the district heating grids in Gentofte, Hornslet and the western suburbs of Copenhagen.

It is significant that, since establishment of Denmark's Energy Plan in 1976, the EIB has provided 1700m (Dkr 14bn) for capital investment in this country's energy sector.

Outside the energy sector, the EIB concluded a global loan for 32m (Dkr 250m) with Finansieringsinstituttet for Industri og Håndværk. Drawn from NCI resources, the proceeds of this credit line will be passed on for productive investment by SMEs. The number of small and medium-scale ventures financed under the heading of this and previous lines of credit already on tap came to 46, accounting between them for 5m ECUs/Dkr 41m.

In **Germany**, the EIB lent 276.5m (DM 574m). The best part of this went towards schemes to protect the environment which in some cases contributed at the same time towards attainment of Community energy objectives. Hence, 148.5m (DM 308m) in all was directed towards bringing combined heat-and-power stations into line with national and Community legal standards. Located in Hanover (replacing units operated by Volkswagen, Continental Gummi and Stadtwerke Hannover), also north of Saarbrücken (Weiher III), as well as in Duisburg and in Saarbrücken itself, the power stations will either be fitted with flue gas treatment installations or equipped with more energy-efficient and less polluting coal-fired steam generators.

A loan for 18m (DM 37m) was provided for constructing a dam to control the flow of the Wupper in the Bergisches Land (North Rhine-Westphalia). The project will permit regulation of the yield of the Wupper, guarantee adequate water supplies to firms in the Lower Wupper Valley, improve water quality in the river and prevent flooding over wide areas in winter.

There was continued cooperation with Westdeutsche Landesbank Girozentrale through the medium of global loans totalling 96m (DM 200m) focused on small and medium-scale infrastructural projects intended to reduce pollution and to encourage energy saving. Priority will be accorded to investment centred on the collection, treatment, disposal or recycling of solid, gaseous and liquid waste, both industrial and domestic, and on the manufacture and installation of equipment, such as measuring and monitoring systems, to safeguard or enhance the environment.

Industry received a loan for 14m (DM 29m) for construction of an electronic components factory and installation

of a new micro-electronics production line in Schleswig-Holstein introducing sophisticated EDP infrastructure serving to increase the competitiveness of Europe's entrepreneurial sector.

In **Greece**, the EIB lent 165m (Dr 26bn), comprising 4.6m ECUs (Dr 700m) from NCI resources, for protection of the environment, electricity generation and distribution, and infrastructural schemes, notably in the transport sector. Small and medium-scale industrial ventures also attracted part of this credit.

In response to the need to safeguard the environment, the EIB helped to finance works to modernise and upgrade an oil refinery at Aspropyrgos near Eleusis to the north-west of Athens. These works include installations to reduce exhaust fumes and pollutant effluent. Finance towards construction of sewerage systems and wastewater treatment plant at Psyttalia to the south-west of Athens will also serve to clean up the Saronic Gulf as part of a wider scheme to reduce shoreline pollution.

With lending targeted towards strengthening the country's electricity supply system, the Bank aided: construction of a hydroelectric power station on the Acheloos near Stratos; working of an open-cast lignite mine at Amynteon in north-western Greece; erection of a new high-voltage transmission line linking two sub-stations, one at Kardia (Western Macedonia) and the other at Aghios Stephanos (Athens), and; establishment of two mini hydroelectric plants in Central Greece.

Infrastructural schemes supported by the EIB included railway rolling stock modernisation and renewal through the purchase of new high-speed passenger train sets, extensions to water supply works in the Thessaloniki conurbation, including investment in purification systems, and upgrading of different sections of the road network in Athens and Attica.

Under the Integrated Mediterranean Programme (IMP) for Crete, the Bank concluded a contract for financing smaller-scale infrastructural works on the island, notably irrigation schemes, forestry development, improvements to roads, harbour and airport installations, water supply, sewerage and sewage disposal, vocational training centres and environmental works to protect against

forest fires, set up observation posts and provide coastal defences.

New global loans were made available to: (a) the Agricultural Bank of Greece, the proceeds earmarked for onlending for small and medium-scale on-farm, industrial and agricultural-processing ventures, plus modest irrigation schemes; (b) the Hellenic Industrial Development Bank (ETBA), the credit designated for smaller-scale capital investment in industry, allied services and the tourism sector, and; (c) the Hellenic Organisation of Small and Medium-Sized Industries and Handicrafts (EOM-MEX), recipient, in this case, of a global loan from NCI resources for funding smaller items of capital investment in industry.

Ongoing allocations made during the year from earlier global loans totalled 37m (Dr 6bn) and contributed towards 91 small and medium-scale ventures. Nine ventures attracted 1m ECUs (Dr 150m) from the abovementioned NCI global loan provided in 1987.

Bank lending in Ireland in 1987 amounted to 177m (IR£149m). The funds helped to finance acquisition by Aer Lingus of two Boeing 737-300 aircraft as part of the company's fleet modernisation and renewal programme. Operating with reduced noise levels, better fuel efficiency and improved landing capability in bad weather, the new aircraft will be put onto the busy Dublin-London route and will also be used for charter flights to Greece, Italy, Spain and Portugal.

With a view to preserving an important part of Ireland's cultural heritage, finance was also directed towards restoration works at Dublin Castle and the construction of new conference facilities there. Other infrastructure supported included the first phase of a new ring road around the western perimeter of Dublin, various projects to improve and modernise the national primary road network, including construction and upgrading of roads near Dublin, in Waterford, County Wicklow and County Donegal, and the building of a bridge over the River Shannon at Limerick. Further loans were provided for a reservoir at Belgard to improve water supplies in the Tallaght area and for capital investment designed to increase the capacity of the main Dublin sewage treatment plant as well as for a series of smaller

matching water and sewerage works throughout the country.

The Bank assisted modernisation of Ireland's telecommunications systems with loans for installation and extension of telephone exchanges (many using digital technology), extension of urban, trunk, telex and data transmission networks, the laying of optical fibre links and improvements to radio transmission systems.

As part of a continuing programme to develop Irish forests, the EIB contributed towards investment in forestry and related activities at various locations throughout Ireland.

Finally, a global loan was made available to the Bank of Ireland for financing investment by small and medium-sized enterprises in industry and tourism.

Sixty-two smaller ventures attracted 7m (IR£5.5m) in all during the year from global loan credit already activated.

In **Belgium**, the Bank furnished 37m (Bfrs 1.6bn) in loans for capital investment in industry exploiting advanced technology and contributing to the conversion of areas hit by closures in the coalmining sector: at Hasselt in Limburg Province, the Bank financed extension and automation of a factory producing compact disc players, while at Mol in Antwerp Province, EIB funding aided the installation of new plant, the first of its kind in the Community, designed for the manufacture of thin and extra-thin glass used for applications in the electronics, medical equipment, optoelectronics and solar energy sectors.

In the **Netherlands** two loans totalling 18m (Fl 42m) will also serve to diversify economic activity in former coalmining areas of southern Limburg; the projects relate to: construction of a plant for the production at Geleen of aspartame, an artificial sweetener, using a high-tech enzymatic process representing innovative technology for the EEC, and; installation of a flight simulator at Maastricht airport close to KLM's training school for pilots flying Fokker F-50s over domestic and international routes. The simulator is unique in Europe inasmuch as there is, as yet, only one other of its kind in use in New Zealand.

In the **Grand Duchy of Luxembourg**, a loan for 1.6m ECUs (Lfrs 68m) was made available for building a tanker to transport petroleum products and che-

micals along the Rhine and the Moselle between Rotterdam, Antwerp, London, Hamburg and Luxembourg.

Under a special authorisation by the EIB's Board of Governors in keeping with Article 18 of the Bank's Statute, a loan for 109m was provided for a project of direct interest to the EEC as a whole, although situated outside the Member States' European territories: a **gasline across Austria** conveying Soviet natural gas into the Community and reinforcing the integrated European gas grid. The 378km complete loop line will follow the course of the existing Trans-Austria-Gasline financed previously by the Bank and which runs from the Czechoslovakian/Austrian border near Baumgarten to the Austrian/Italian border near Tarvisio. The present project includes extensions and improvements to the Baumgarten compressor station. In addition to helping to diversify the EEC's energy supplies, the new line will bring benefits in terms of reduced Community oil imports.

Sharp increase in financing for the ACP States under the Third Lomé Convention and for the OCT

The financial year 1987 saw the EIB stepping up considerably its financing operations mounted under the Third Lomé Convention activated the previous year. Similar impetus was accorded to parallel aid specifically earmarked for the Overseas Countries and Territories. A total of 161.2m was made available from the Bank's own resources (1) and 188.2m from risk capital resources, making for 349.4m in all, in contrast to 209.7m in 1986. Loans were advanced in 33 separate ACP States and two OCTs, while 19 ACP States also benefited from finance for broad-based regional projects in West and East Africa. Angola and Mozambique became beneficiaries of Bank lending for the first time after joining the ranks of the ACP countries when the Third Lomé Convention came into force.

As in previous years, funding by the EIB in 1987 went mainly to industry and to

(1) These loans carried a maximum interest subsidy of 3%, drawn from the resources of the European Development Fund, such that the actual rate of interest borne by the borrower amounted to 5%.

the agricultural-processing sector (27% for fairly large projects and 31% for SMEs via national or regional dfcs). Next in line, with the emphasis on making the most of indigenous resources, came the energy sector (22%), followed by telecommunications (9%), water supply (7%) and port infrastructure (3%).

Some two thirds of industrial projects financed under individual loans or global loans (115 smaller ventures attracting 32m) were designed first and foremost to exploit domestic resources, to promote local import-substitution activities or to develop exports. The EIB continued its lending for the rehabilitation of industry and infrastructure either by assisting firms faced with economic difficulties to modernise or restructure, or by contributing to bolstering the finances of companies managing public utilities and to ensuring the smooth working of local water and electricity supplies. In addition, assistance was given to improving telecommunications, water supply, and electricity generation and distribution with a view to bettering living conditions, creating a more favourable economic climate for business and helping countries to redress their balance of payments, especially by reducing oil imports.

Aggregate capital investment co-financed totalled 1175m.

List of financing operations mounted in the ACP States and the OCT in 1987

As in previous years, there was a high incidence of co-financing operations in which EIB credit was made available in tandem with bilateral aid from the Member States, multilateral aid from international institutions and finance provided by the Commission of the European Communities (European Development Fund) and other banks.

Regional projects: - 21m* to the ECOWAS Co-operation, Compensation and Development Fund for the second phase of a programme to extend and interconnect the telecommunications networks of the members of the Econo-

mic Community of West African States (Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo) through the establishment of three microwave links for international and national communications in Guinea, Guinea-Bissau, Mali and Mauritania, and the installation of exchanges and related equipment.

- 6m to the East African Development Bank (EADB) and three loans of 2m ECUs* each to Tanzania, Uganda and Kenya for the purpose of funding these countries' increased shareholdings in EADB. The proceeds of the operations will help to finance small and medium-scale industrial, agricultural processing and tourism ventures in the three States concerned.

Kenya: 34.5m (including 7.5m from risk capital resources) for: (a) selective rehabilitation and modernisation of berths and oil terminals at Mombasa, the country's principal port which also serves parts of Uganda, Rwanda, Burundi, Zaire and The Sudan; (b) supporting small and medium-scale ventures under a global loan to the Development Finance Corporation of Kenya; (c) upgrading tea-processing capacity with a view to boosting small-holder tea production; (d) funding an increase in EADB's share capital (cf "regional projects" above).

Zimbabwe: 32m for: (a) extension of installations for the treatment, pumping and distribution of drinking water in Harare; (b) supporting small and medium-scale ventures through a global loan to the Zimbabwe Development Bank; (c) construction of two abattoirs in the south of the country (at Bulawayo and Masvingo) plus a new beef-processing centre at Harare, projects designed to develop and maximise stockfarming.

Nigeria: 30m to the New Nigerian Development Company for the promotion of small and medium-scale ventures in the industrial, agricultural-processing, mining and tourism sectors, mainly in the country's ten northern States.

Ethiopia: 21m* for development of an open-cast gold mine at Lega Dembi in the south of the country.

Ivory Coast: 16.9m for: (a) modernisation and replacement of installations at a textile mill in Abidjan (new spinning shop plus adaptation of a weaving shop where projectile looms will replace shuttle looms); (b) renewal and modernisation of three cotton ginning plants (reconstruction of a ginney at Korhogo and renovation of gineries at Boundiali and Mankono).

Botswana: 16m (including 5m from risk capital resources) for: (a) construction of an abattoir in Francistown (north-eastern Botswana) with a processing capacity of up to 500 head of cattle and 200 head of small ruminants a day and rationalisation of the general processing and marketing of beef, the main source of income and employment for 80% of the country's population; (b) support for small and medium-scale projects via a global loan to the Botswana Development Corporation Limited.

Madagascar: 15.5m,* for rehabilitation of power generation and transmission facilities and installation of additional distribution capacity with a view to upgrading reliability of power production and supply and to making more efficient use of generating capacity by virtue of an improved distribution network.

Mauritania: 15m* for: (a) improving and extending electricity generation and supply facilities at Nouadhibou, the country's main port and economic centre; (b) final adjustments to iron ore processing facilities at SNIM's Guelb el Rhein enrichment plant in the Zouerate region with a view to improved productivity of iron ore, the mainstay of Mauritania's economy.

Niger: 14.3m* for construction of a high-voltage transmission line over a distance of 298km between Maradi in Niger and Katsina in Nigeria to the south for the purpose of improving Niger's power supply drawn from hydro and gas-fired steam plants.

Mauritius: 13m (including 3m from risk capital resources) for rehabilitation of Fort Victoria thermal power station (62.4 MW), small hydroelectric generating plants (3.4 MW in all) and improvements to the distribution network.

* from risk capital resources

Somalia: 13m* for rehabilitation and expansion of electricity generating equipment, transmission and distribution facilities in Mogadishu.

Senegal: 12m* for upgrading and expanding the domestic telecommunications network, chiefly by recourse to digital technology, through installation of close on 40 000 telephone lines, provision of buildings, cables, transmission networks and microwave links and the creation of a national data transmission network.

Zambia: 10.2m* to the Development Bank of Zambia for financing small and medium-sized enterprises in industry, agricultural-processing, mining and tourism.

Bahamas: 9.1m towards financing the improvement and expansion of electricity supply services in the Family Islands by constructing a diesel power station (6 MW) on the island of Abaco, installing three generating units with a total capacity of 4.5 MW on the island of Bimini and four on Eleuthera Island (6 MW in all) together with increases in generating capacity (combined total of some 10 MW) on seven other islands.

Ghana: 7m* for the second phase of the programme to rehabilitate the Tema refinery, contributing towards improving environmental protection, making more rational use of energy and enhancing workers' safety.

Tanzania: 7m*: (a) part of this to Tanganyika Development Finance Company Limited for financing small and medium-sized enterprises in the industrial, agricultural-processing and tourism sectors; (b) part to the State for funding an increase in EADB's share capital (cf "regional projects" above).

Benin: 6.5m* for improving water supplies to Cotonou and Porto Novo, the two largest towns in Benin, by means of drilling new boreholes, constructing and extending water treatment plants and elevated storage reservoirs, rehabilitating existing reservoirs and laying distribution pipes enabling an additional

500 000 people to be served and appreciably improving health conditions in the two towns.

Malawi: 6.5m (including 2.5m from risk capital resources) for extending the water supply system in the capital, Lilongwe, by constructing a new 4.5m cu.m storage dam and the first phase of a new 32 000 cu.m per day treatment plant.

Jamaica: 5.25m for expanding facilities at the port of Montego Bay in order to cater for the increase in cruise ship traffic and to offer more space for cargo handling: construction of a quay, dredging of the entrance channel, widening of the inner basin and construction

Angola: 4m* to Banco Nacional de Angola for financing, under the National Investment Fund (FUNIN), feasibility studies or actual implementation of small and medium-scale ventures, especially those intended to help meet the staple needs of the population.

Dominica: 3.8m* for installation of three generating units with a combined capacity of 4.3 MW on the Clarke's River to enable the island to meet increasing electricity demand without recourse to oil imports.

Belize: 3.5m (including 1m from risk capital resources) for financing small and medium-scale ventures in the industrial, agricultural-processing and tourism sectors through the Development Finance Corporation of Belize.

Swaziland: 3m* to the Swaziland Industrial Development Company Limited for financing small and medium-sized enterprises in industry, agricultural-processing, mining and tourism.

Mozambique: 3m* for rehabilitating a cotton ginnery at Chokwe and a vegetable-processing plant at Chilembene to help to provide the capital with vegetables throughout the year.

São Tomé and Príncipe: 2.1m* for the installation of a palm oil mill at Ribeira Peixe in the south of the island as part of a plantation programme designed to enable the country to achieve self-sufficiency in edible oil.

Comoros: 2m* to the Comoros Development Bank for financing small and medium-sized enterprises in industry, agricultural-processing, tourism and transportation.

Uganda: 2m* to the State for funding an increase in EADB's share capital (cf "regional projects" above).

Grenada: 1.8m* to the Grenada Development Bank for financing small and medium-sized enterprises in the industrial, agricultural-processing and tourism sectors, including a nutmeg oil distillation plant (Grenada is the world's second largest producer of nutmegs) with a view to increasing exports.

St Kitts-Nevis: 1.5m* to the Development Bank of St Kitts-Nevis for financing small and medium-sized enterprises in industry, agricultural processing and tourism.

Tonga: 1.5m* to the Tonga Development Bank for financing small and medium-scale ventures in industry, agricultural processing and tourism.

Liberia: (600 000*) and the **Republic of Guinea** (300 000*): for a feasibility study on a regional project designed to tap iron ore deposits in the Nimba mountains close to the frontier between these two ACP States.

Solomon Islands: 90 000* for a feasibility study into prospective demand for crude oil and uprating of corresponding storage capacity at Honiara.

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Virgin Islands: 4.4m for construction of a diesel power station at Pockwood Pond with two 2.5 MW generating sets, connection to the network via underground cables and the laying of a submarine cable between Tortola, the main island, and Virgin Gorda.

French Polynesia: 4m (including 1m from risk capital resources) to Société de Crédit et de Développement de l'Océanie (SOCREDO) for financing small and medium-sized enterprises in the industrial, agricultural-processing, fisheries, tourism and transport sectors.

* from risk capital resources

Lending under the Mediterranean Financial Protocols

With activity tending to be focused on negotiating and concluding the new generation of financial protocols between the EEC and most of the Mediterranean countries (i.e. the Maghreb and Mashreq countries, Israel and Yugoslavia) and on putting the finishing touches to these new protocols, the Bank continued to deploy the balance of funds still available under earlier protocols, while programming and studying projects to be mounted under the new protocols. The latter are scheduled to enter into effect during 1988 (1). The breakdown of lending during the year is given below, encompassing the entire 42.8m ECUs of residual funds committed, 27.7m ECUs drawn from the EIB's own resources and 15.1m ECUs from Community budgetary resources:

In **Algeria**, 22m (the balance remaining under the Second EEC-Algeria Financial Protocol) went towards expansion of the thermal power station at Béchar in the south-west of the country through installation of five new diesel generating sets of 8 MW each, a workshop, storage tanks and associated equipment.

In **Turkey**, 10.6m from budgetary resources was given over to erection of a 380 kV transmission line connecting a new lignite-fired power station at Yeniköy in the south-west of the country to the national grid. This loan exhausted the last of the funds available under the Supplementary Protocol concluded for an amount of some 30m ECUs in 1973 after the first enlargement of the Community gave rise to additional contributions from the three new Member States.

In **Jordan**, 3.1m (the last of the funds remaining under the Second Financial

Protocol), was lent for construction of five sheep-fattening units intended to increase domestic sheepmeat production and to promote greater agricultural self-sufficiency. The units have an overall capacity of 36 000 lambs a year and are situated in the country's north-western and central-western regions.

In **Malta**, a loan for 3m from budgetary resources (the first loan provided under the Second EEC-Malta Financial Protocol in force until the end of 1988) was advanced for construction of a solid waste composting plant that will recycle the organic waste of Malta's entire domestic refuse, thus significantly reducing pollution on the island. The plant is expected to produce initially 50 000 tons of compost, rising to 75 000 tons by 1995, to be used by farmers for soil enrichment and by the government for land reclamation/improvement and forestry.

In **Cyprus**, a 2.6m credit (including 1.1m from budgetary resources) was directed towards developing the efficiency and reliability of the integrated electricity transmission system through installation of telecontrol/telemetry facilities in six sub-stations linked to interface equipment at the island's new electricity control centre under construction near Nicosia, an increase in transformer capacity at six other sub-stations and provision of an additional sub-station. This loan exhausts the balance of funds available under the Second EEC-Cyprus Financial Protocol.

In **Tunisia**, a loan for 1.5m (including 400 000 from budgetary resources) was granted for financing small and medium-scale agricultural and agricultural-processing ventures. The funds were advanced to the Banque Nationale de Développement Agricole (BNDA) in the form of a global loan, the proceeds of which were on-lent in support of ventures designed to boost agricultural production for local markets and to increase self-sufficiency. The credit used to fund this operation mounted in 1987 stems from the balance left over from another project financed via BNDA in 1984 which cost less than expected. More than 270 smaller ventures attracted sub-loans from both this latest credit and from a global loan for 20m granted the previous year.

Ecu

Below are the ECU's values in national currencies, as at 31 December 1987; these rates are applied to the first quarter in preparing financial statements and operational statistics of the Bank:

DM	2,06034	FB	43,1539
£	0,696793	Flux	43,1539
FF	6,98335	DKr	7,94457
Lit	1 521,66	Dr	164,483
Hfl	2,31762	Éirl.	0,777888
Ptas	140,566	Esc	169,467
		US\$	1,30335

N.B.: ECU/national currency conversions given in this issue for operations in 1987 are based on different exchange rates, applicable at the time of each contract signature.

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(1) Protocols are expected to be activated with the following countries in 1988, the amounts of projected EIB loan and risk capital aid for each of these being: Yugoslavia, 550m; Israel, 63m; Algeria, 183m (plus 4m in risk capital); Tunisia, 131m (plus 6m in risk capital); Morocco, 151m (plus 11m in risk capital); Jordan, 63m (plus 2m in risk capital); Lebanon, 53m (plus 1m in risk capital); Egypt, 249m (plus 11m in risk capital).
* from risk capital resources