

# EIB INFORMATION

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## The EIB as part of the Community Family

Established in Luxembourg along with a number of other Community institutions, the European Investment Bank (EIB) works towards attaining the Community's priority economic objectives and helps in implementing the EC's policy of active assistance for third countries with links to it. In accordance with the Treaty of Rome, under which it was set up, the EIB goes about these, its exclusive tasks, working within the banking system, an arrangement requiring both strict control of its operations and flexibility in its activities.

The EIB is therefore steered by two parameters which set it apart as a specific institution: as a Community institution it has a public service to perform; as a bank, it is linked directly with the market. The degree of independence which it enjoys under its Statute<sup>(1)</sup> is an acknowledgement of the EIB's unique situation amongst the Community institutions.

### An independent institution

Financially independent, the EIB enjoys a sound financial structure, with its capital subscribed by the 12 Community Member States<sup>(2)</sup> plus reserves (statutory reserve fixed at 10% of subscribed capital and additional reserves), enabling it to borrow on the keenest conditions on offer on the markets where it raises the vast majority of its resources.

The EIB has its own decision-making and administrative structures. The Board of Governors, composed of a minister from each Member State, generally the Finance

<sup>(1)</sup> The EIB's Statute is laid down in a protocol forming an integral part of the Treaty of Rome (1958).

<sup>(2)</sup> With effect from 1 January 1991, the Bank's Board of Governors has decided to double the EIB's subscribed capital to 57.6 billion ecus (see EIB-Information N° 65, July 1990).

DEN EUROPÆISKE INVESTERINGSBANK

EUROPÄISCHE INVESTITIONSBANK

ΕΥΡΩΠΑΪΚΗ ΤΡΑΠΕΖΑ ΕΠΕΝΔΥΣΕΩΝ

EUROPEAN INVESTMENT BANK

BANCO EUROPEO DE INVERSIONES

BANQUE EUROPEENNE D'INVESTISSEMENT

BANCA EUROPEA PER GLI INVESTIMENTI

EUROPESE INVESTERINGSBANK

BANCO EUROPEU DE INVESTIMENTO



Minister, sets out the broad lines of the Bank's credit policy, authorises loans outside Community territory, decides on capital increases and approves the Bank's Annual Report and balance sheet. The Board of Governors also appoints the members of the Bank's other decision-making bodies, including the Board of Directors which comprises 22 Directors and 12 Alternate Directors. Answerable to the Governors with respect to compliance of the Bank's operations with the objectives assigned to it under the Treaty, the Board of Directors decides, inter alia, on the granting of loans and guarantees, the conclusion of borrowing operations and the level of the Bank's interest rates.

Day-to-day running of the Bank is in the hands of the Management Committee which is made up of the President of the Bank and six Vice-Presidents, each appointed for 6-year renewable terms of office by the Board of Governors acting on proposals

## In brief ...

This is the first information bulletin to carry the EIB's updated logo, reworked to take in the extension of the European Community to include the former German Democratic Republic (page 3).

One of the EIB's functions is to work, together with the other European institutions, towards an essentially political objective: European integration. In doing so, however, it bases its financing decisions on purely professional considerations, undertaking a rigorous appraisal of projects to assess their economic, technical and financial viability as well as their contribution to European integration (page 1).

Under the heading of regional development, the EIB's primary although not its sole objective, the siting of a project in a less prosperous region is the crucial criteria deciding eligibility for a loan. The EIB does, however, finance investment qualifying under other objectives anywhere in the Community (page 4).

An efficient communications network is a prerequisite for achieving the single market; the EIB is supplying an increasing volume of finance for investment in transport and telecommunications (page 6).

EIB financing outside the Community requires the prior approval of its Board of Governors, given either on a case-by-case basis for investment offering particular benefits for the Community or under general authorisations up to a total lending figure established in the agreements, conventions or decisions determining the Community's financial co-operation (page 7).

The fourth EIB Prize will be awarded in 1991 for a doctoral dissertation on a topic related to investment and financing (information sheet inserted). In memory of Mr Erling Jørgensen, the Bank's Vice-President who died suddenly in February this year, a special scholarship has been set up to be awarded annually for a post-graduate thesis at the University of Copenhagen where he lectured (page 8).

from the Board of Directors. It prepares and implements Board of Directors' decisions, particularly those concerning borrowing operations, loans and guarantees. Lending proposals are drafted on the basis of project appraisals conducted by a team of Bank staff representing a wide range of expertise. The Bank employs some 720 staff drawn from the twelve Community Member States, divided into seven directorates and a technical advisory service.

This independence in its operating facilities and structure, combined with a very precisely defined role as to its objectives but flexible in terms of the means and instruments it employs, enables the EIB to tune its activities constantly in the light of the direction in which the Community's objectives are developing and the realities of the economic situation within Europe.

Whilst the EIB enjoys the independence in its decision making and in financial aspects essential in view of the nature of its activities, its role as an institution serving the interests of the Community requires close co-ordination of its activities with the Community's economic policy and, by extension, maintenance of close links with the other institutions. This co-operation does, nonetheless, allow the EIB the independence sought by the Treaties: no decision by a Community institution can exercise authority over the Bank, which can be committed solely by its governing bodies.

### The Commission

The Commission is the EIB's chief partner within the Community system. This situation reflects the complementary nature of the two institutions in implementing the economic aspects of building the Community and is founded both on the provisions governing the two institutions and the day-to-day co-operation between them.

Under Article 11 of the Bank's Statute, the Commission nominates one Director and one Alternate Director amongst those to be appointed by the Board of Governors as members of the Bank's Board of Directors. The Commission nominates the Director-General for Economic and Financial Affairs (DG II) for the post of Director and the Director-General in DG XXII (Co-ordination of Structural Policies) as Alternate Director.

Furthermore, under Article 21 of the Bank's Statute, the Commission delivers its opinion on each financing proposal before the Bank grants a loan. This opinion considers the compliance of the investment project in question with the Community's economic objectives.

It should however be stressed that co-operation between the Bank and the Commission goes well beyond the strict minimum required by the Statute.

In practice, Bank and Commission staff have forged close links, co-operating at operational level within their various spheres of activity and the Commission has designated DG II as the main vehicle of liaison with the EIB at inter-divisional level. There is, for example, concertation with DG XVIII (Credit and Investments) on the pace of the two institutions' respective borrowing programmes on the capital markets. Similarly, the Bank collaborates with DG I (External Relations), II and VIII (Development) on implementation of operations managed by the Bank under mandate from the Community, not to mention maintaining contacts again with DG I on Community policy towards a number of third countries where the Bank finances projects (Mediterranean countries, Eastern Europe). Furthermore, frequent contacts arise with DG XI (Environment) through fulfilment of the Bank's responsibilities under the Community's policy on protecting the environment and improving the quality of life, particularly as regards co-ordination of operations to help in protecting the Mediterranean. A similar co-operation arrangement is currently being worked out for the Baltic Sea.

Also worth underlining is the active co-operation with DG XVI (Regional Policy) and DG XXII to ensure that Community action in support of the EC's less-favoured regions is well co-ordinated. Under the reformed legislative structure for the Structural Funds earmarked for this purpose<sup>(3)</sup>, the EIB is participating in implementing the various different forms of Community intervention (EIB loans and grants from the structural funds administered by the Commission). The EIB is also taking part, together with the Commission, in defining the priorities for deploying funds (so-called Community support frameworks) and the terms and conditions for their implementation ("operational programmes") and is

involved in monitoring and assessing the results. For this purpose, the EIB is represented on the three monitoring committees set up for each of the structural funds in which the Bank is involved.

To provide the back-up for these co-operative links, the EIB set up, on transferring from Brussels to Luxembourg in 1968, a representative office in Brussels to take care of liaison with the Community institutions established in the Belgian capital, including the Commission.

The calibre of the links forged in this way and the sense of working, although through different means, towards complementary economic objectives, enable the two institutions to achieve a productive interaction in managing their respective financial instruments. Indeed, conflicting views between the two institutions are rare and although, as provided for in the Bank's Statute, the Commission could deliver a negative opinion on a loan proposal, this situation never in fact arises.

This co-operation is, moreover, underpinned by contacts at the highest levels. In addition to the discussions between the Presidents of the two institutions, the members of the Management Committee meet with the Commissioners in charge of portfolios of joint interest to the two institutions, particularly those concerning economic and financial affairs, structural policy and operations conducted outside the Community.

In the same spirit, Commission representatives are present at the Annual Meeting of the Board of Governors, at the Governors' invitation, when the Bank's lending policy is examined and, if deemed necessary, adjusted to take account of economic trends in the Community.

### The Council

In contrast to the position between the Commission and the Bank, relations between the Council of the European Communities and the EIB are not governed by any institutional provisions. Nonetheless, since the Council is the institution which enacts Community legislation and which, under Article 145 of the Treaty of Rome, "ensures coordination of

<sup>(3)</sup> see "EIB-Information" N° 64 (May 1990).

the general economic policies of the Member States", the EIB follows very attentively the deliberations of the European Council and the Council of Ministers in its various configurations.

To this end, the Bank maintains, with the assistance of its representative office in Brussels, contacts with those in touch with the Council's thinking on the prospective direction to be taken on Community policies. The Bank is also in a position to contribute its hands-on expertise of economic mechanisms and can make its point of view known. It is invited to participate in Council of Ministers' meetings whenever their agenda contains items of relevance to the EIB's activities.

The decisions to grant loans from the EIB in non-member countries, such as Poland and Hungary, provide a good illustration of this decision-making mechanism in practice, accommodating the Bank's independence. Proposed by the Commission and on the wishes of the Council of Ministers within the context of its decision on the various forms of Community aid to be advanced to these countries to facilitate their transition to a market economy, the Bank's action could only be authorised by its Governors. Thus, the Council invites the Bank to consider opportune extension of its operations but it is for the Bank's Governors to decide, pursuant to Article 18 of the Statute, on the amount and conditions of such EIB financing (4).

The Bank also participates in meetings of the Cooperation and Association Councils held between the Community and the third countries with which financial protocols have been arranged (Mediterranean Countries) or which are signatories to the Lomé Conventions (ACP States). These meetings provide a forum for assessing concrete achievements and defining the future direction of the Community's development aid policy in which the Bank is a major player, deploying funds from both its own resources and those administered under mandate.

### The European Parliament

Whilst remaining independent within the circle of Community institutions, the EIB's function is to promote attainment of the Commu-

nity's priority economic objectives. The Bank therefore considers it important that the Members of the Parliament are sufficiently well briefed to be able to review and evaluate its activities in support of building Europe. The Bank in turn keeps itself thoroughly primed on the Parliament's deliberations and opinions.

The Bank and the Parliament maintain contacts at the very highest levels, in addition to which the Parliament invites members of the Management Committee or Bank staff to attend meetings of certain Parliamentary committees so as to fill them in on subjects directly related to the Bank's operating objectives. Within this context, the EIB's representative office in Brussels also performs a liaison role, particularly with the secretariats of the committees concerned.

The EIB makes a point of keeping the Economic and Social Committee briefed on the results of its activities and follows the work of this consultative body.

### The Court of Justice

Custodian of Community legislation, the Court of Justice of the European Communities is specifically referred to in various insti-

(4) see "EIB-Information" N° 62 (December 1989); for an example of how this decision-making mechanism works, see also "EIB Information" N° 65 (July 1990) on EIB financing in eastern Germany and the EIB's part in setting up the European Bank for Reconstruction and Development.

(5) Subject to the above areas of jurisdiction of the Court of Justice and with the exception of finance contracts for operations from funds administered by the Bank under mandate from the Community, for which jurisdiction automatically falls to the Court.

## The EIB refurbishes its logo

The logo appearing on the front page of this bulletin differs from its predecessor to take account of the new geographical configuration of the European Community which now embraces the former German Democratic Republic. As the map of the EC has always formed the centrepiece of the Bank's logo, each time that the Community is enlarged, as in the present case, the map has to be brought up to date. At the same time, the opportunity has been taken to introduce a number of other refinements.

The two laurel branches have been redesigned, the spacing between the letters forming the acronyms BEI and EIB has been widened and the line that used to separate the two has been replaced by a diamond to make the lettering clearer. The map itself has been slightly retouched to make it more accurate and its north-south axis realigned so as to run from the tip of the diamond, top centre, to the meeting point between the two laurel branches, bottom centre. Finally, the outermost circle has been removed.



Former logo



New logo

The new-look logo provides the outside world, and observers on the capital markets in particular, with a recognisable image of the European Investment Bank. This explains the deliberate policy to retain key components: the map of the Community, the laurel leaves and the dual acronyms BEI and EIB. The changes are intended to leave the familiar image remembered at first sight intact.

Appreciating the use made of its logo by the media, the EIB welcomes enquiries about obtaining samples of the new version. Copies of the logo, printed on plastic film, are available from the European Investment Bank, Information - Public Relations Division, 100, bd Konrad Adenauer, L-2950 Luxembourg (Tel.: 4379-3215 - Mr Alain Javeau).

tutional provisions in the text of the Treaties relating to the Bank and in the EIB's Statute.

The Court of Justice has jurisdiction in cases concerning fulfilment by Member States of their obligations towards the Bank and the legality of measures adopted by the Board of Governors and the Board of Directors (Article 180 of the EEC Treaty). The Court also hears disputes between the Bank and its staff. Fortunately, in practice very few such cases are brought before the Court.

Under Article 29 of the Bank's Statute, any disputes which might arise between the EIB and its debtors or creditors are decided by the competent national courts of the Member States where the Bank has elected domicile. Whilst this provision applies to contracts between the Bank and third parties established on Community territory <sup>(5)</sup>, the EIB does in contrast submit its contractual relations with third parties established outside the Member States to the jurisdiction of the Court of Justice: pursuant to Article 181 EEC, the EIB can in effect agree an arbitration clause in a contract or one attributing jurisdiction to the Court. Such clauses are the rule in finance contracts relating to projects located outside the Community, such as those mounted in third countries linked to the

## Regional development, the EIB's primary objective

The European Investment Bank is well known for its activities in support of regional development. Since its creation, working towards attainment of this objective has constituted its priority function and one which has been restated on a number of occasions by its decision-making bodies.

Under the heading of regional development, the EIB can finance projects in all sectors of production, in infrastructure and in the energy sector. To qualify for a loan from the Bank, such projects must be located in an assisted area.

### But not the only objective

However, regional development is not the only sphere in which the European Investment Bank operates. The Treaty of Rome has entrusted it with a more extensive remit:

Community under association agreements or financial protocols.

### The Court of Auditors

Founded under the Treaty of Brussels in 1975, the Court of Auditors' jurisdiction extends to external audit of Community public finance: budget revenue and expenditure and borrowings-loans contracted by one of the Communities, represented by the Commission. The Court of Auditors therefore is not entitled to audit the administration of operations financed from the Bank's own resources <sup>(6)</sup>, which are covered by control procedures specifically laid down in Article 14 of the Bank's Statute: assisted by the Bank's own internal audit division and an international firm of accountants for the external audit, the Bank's Audit Committee <sup>(7)</sup> verifies that the operations of the EIB are conducted and its books kept in a proper manner, after examining documentation and conducting on-site visits.

The Bank does, however, also administer under mandate from the Community certain Community resources <sup>(6)</sup> for which the Commission assumes responsibility. These operations are audited through pragmatic co-operation between the three institutions

to contribute towards the balanced development of the Community. This is couched in sufficiently general terms to enable the Bank to fine-tune its operations constantly to the Community's priorities and worldwide economic trends.

The Bank works thereby towards economic and social integration within the Community, financing in particular projects providing communications infrastructure, conserving the environment and improving the quality of life, boosting the competitive standing of Community industry at international level and its integration on a European scale, helping to fulfil Community energy policy objectives and supporting small and medium-sized enterprises. In these cases, a project's eligibility for an EIB loan is contingent not upon location but rather on its contribution, either direct or indirect, to one or more of these objectives.

The EIB's role therefore has been defined not in sectoral terms but in line with priority

concerned which has developed over a number of years and has now been formally sealed with the signature, in June 1989, of an agreement between the EIB, the Commission and the Court of Auditors.

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\* \* \*

A fully-fledged member of the family of Community institutions, the EIB maintains a network of close links with all its fellow institutions, designed to assist it in fulfilling its function and tailored to the Community objectives pursued. These co-operative links at both institutional and operational level enable the Bank to co-ordinate its actions with the other institutions whilst conserving the independence accorded to it under the Treaties. This approach serves to enhance the efficiency of the various Community instruments, managed so as to create an effective interplay in channelling a high volume of investment serving European interests.

<sup>(6)</sup> Of a total of 12.25 billion ecus in 1989, EIB financing from its own resources amounted to 12.04 billion, i.e. 98.4%; financing from other resources (loans under mandate) accounted for 204.3 million or 1.6%.

<sup>(7)</sup> Composed of three members, appointed by the Board of Governors for their expertise in public auditing and accounts.

objectives for European integration. The EIB may not finance a project, however sound, if it does not comply with one of these objectives pursued by the Bank but, on the other

FINANCING PROVIDED UNDER THE HEADING OF REGIONAL DEVELOPMENT (individual loans and allocations from global loans)

Breakdown by major economic sector

	1988	1989
Energy	730.51	1 102.6
Transport	854.2	1 438.4
Telecommunications	1 003.3	1 086.2
Water schemes, sewerage	299.7	507.4
Other infrastructure	274.6	322.2
Industry, agriculture, services	1 750.5	2 561.0
<b>Total</b>	<b>4 912.8</b>	<b>7 017.8</b>

hand, a project meeting these requirements as to objectives could not be funded if it were not a sufficiently viable economic proposition.

### Three stages

The EIB was the sole Community source of general financing for regional development projects until 1975, when the Community developed its regional policy and established a new instrument for putting this policy into practice, the European Regional Development Fund (ERDF). The introduction of the ERDF meant that, on top of the resources raised by the EIB on the capital markets, grants were now available from the Community budget, providing a way of stepping up Community action in support of regional development by channelling aid to worthwhile projects which although a positive force for regional development were not altogether suitable for funding from resources raised on the markets.

With the entry into effect of the Single Act in July 1987 designed to bolster economic and social cohesion within the Community, the objective of mitigating regional disparities took on even greater significance. As a result, it was decided that the volume of funds earmarked for structural purposes would be doubled by 1993, the partnership between Community and national action strengthened and co-operation between the various Community financial instruments stepped up. The aim is to make the very most of the resources available by using grants not as a substitute for loans but to encourage additional investment<sup>(1)</sup>. The EIB has been involved from the start in putting this reform into practice which falls completely into line with the Bank's past actions and prospective future direction.

### Regions benefiting

Within the ambit of the Community's regional policy, a list of areas enjoying priority for regional aid has been drawn up with the assistance of the national authorities. The goals of the regional policy are development and structural adjustment in regions lagging behind (Objective n° 1 in Community terminology), conversion of areas seriously affected by industrial decline (Objective n° 2) and promotion of development in rural areas (Objective n° 5b). Other

regions have been added on a temporary basis within the context of Community regional programmes (areas eligible under the Integrated Mediterranean Programmes or specific action programmes).

All these regions are automatically eligible for European Investment Bank financing and account for about 90% of the areas in which the EIB can grant loans under the regional development heading. It can also, in fact, mount operations under this objective in areas eligible simply under national regional aid schemes approved by the Commission of the European Communities.

### Constant growth in financing

Since the European Investment Bank first started up, financing in support of regional development has risen consistently. From 1975 to 1989, total such funding for projects located in less-developed regions has expanded virtually ten-fold, climbing from

723 million ecus to 7 018 million. Furthermore, projects attracting support under other eligibility criteria and sited outside less-favoured areas can also have a positive spin-off effect for these areas, as in the case of communications infrastructure helping to make them more accessible.

The regional diversity of the Community, both geographically and economically, has been accentuated by its successive enlargements. Since 1986, the year of accession for Spain and Portugal, of a total of 32 151 million ecus advanced by the Bank within the Community from EIB own resources, 19 530 million, or 60.7%, has gone towards regional development. Analysing these figures on the basis of lending in regions covered by the structural funds, 89% of funding was advanced in such regions, of which 54% went to

<sup>(1)</sup> see EIB-Information N° 64 (May 1990) "Loans and grants for regional development".

FINANCING PROVIDED WITHIN THE COMMUNITY (individual loans and allocations from global loans)  
Breakdown by objective<sup>(1)</sup>

	1985-89	1988	1989
<b>Regional development</b>	<b>22 560.2</b>	<b>4 912.8</b>	<b>7 017.8</b>
Belgium	97.3	1.2	12.9
Denmark	545.4	134.4	363.9
Germany	436.6	154.4	185.9
Greece	1 243.4	211.9	261.6
Spain	2 349.4	724.5	1 153.5
France	2 891.7	488.4	1 017.8
Ireland	930.2	157.1	191.8
Italy	9 747.5	1 970.1	2 381.5
Netherlands	325.6	203.3	82.1
Portugal	1 663.2	453.8	751.5
United Kingdom	2 329.4	413.8	615.3
<b>Other objectives</b>			
Infrastructure of Community interest	6 060.4	1 727.6	2 676.9
Environment and quality of life	5 241.6	1 231.1	1 728.0
Energy policy objectives	10 388.9	1 840.9	1 719.0
Industrial competitiveness and European integration	3 417.1	842.3	1 014.4
SMEs	6 716.9	1 611.4	2 013.8
<i>of which regional development</i>	<i>4 143.9</i>	<i>1 004.9</i>	<i>1 317.1</i>

<sup>(1)</sup> As certain loans comply with two or more objectives, the totals for the different headings cannot meaningfully be added together.

projects in regions where development is lagging behind and 35% in those suffering from industrial decline and in rural areas.

The EIB provides backing for large-scale projects through individual loans and for

## Framework for the EIB's activities outside the European Community

Article 18 of the Statute specifies that the European Investment Bank's task is to finance investment projects carried out in the European Community Member States. But, by way of derogation authorised by the Board of Governors, acting unanimously on a proposal from the Board of Directors, the Bank may grant loans for investment projects to be carried out, in whole or in part, outside the Community. Such authorisation has been given either for individual projects which are of direct benefit to the Community, or on a global basis to allow the Bank to participate in the Community's cooperation policy towards

smaller-scale schemes, both in industry and infrastructure, by means of global loans <sup>(2)</sup>. During the past five years, 20 500 allocations totalling 7 261 million ecus have been made from global loans drawn from the EIB's own resources, close on three quarters

third countries. As for all EIB loans, the actual financing decisions remain the competence of the Board of Directors.

### Individual authorisations

The Governors' authorisations for projects on a case-by-case basis have been to support investment in energy and communications <sup>(1)</sup>. Energy projects were financed on the grounds of improving supplies to the European Community and include: the development of the Frigg and Ekofisk gas fields and the Veslefrikk oil field in the Norwegian sector of the North Sea; a hydro-electric power station in Austria; and construction of pipelines in Austria and Tunisia bringing natural gas supplies from the Soviet Union and Algeria into the European Community gas grid.

Communications projects included: the purchase, launching and operation of new generation satellites by EUTELSAT

of which (15 700 allocations amounting to 4 789 million) have been in regions attracting EIB support for regional development.

<sup>(2)</sup> see EIB-Information N° 62 (December 1989) "EIB financing through global loans".

and INMARSAT <sup>(2)</sup>; and a Trans-Atlantic optical fibre cable link between the Community and the United States and the Caribbean.

### Global authorisations

The bulk of the EIB's activities outside the Community is on the basis of global authorisations made in response to invitations from the Council of the European Communities for the Bank to provide loans as part of Community cooperation with third countries.

Such authorisations are for set periods and amounts, which are generally laid down in agreements negotiated between the EC and individual countries or groups of countries. The EIB's loans are part of packages which may also include concessionary funds drawn from the budgetary resources of the Community and the Member States in the form of risk capital finance which is managed under mandate by the Bank, and grants administered by the Commission of the European Communities. As far as the EIB's own resources are concerned, the amounts foreseen are ceilings for projects to be financed according to the EIB's normal lending criteria as defined in its Statute.

The EIB is financing investment from its own resources under a third generation of financial protocols in the Maghreb and Mashreq countries and Israel (1988-1991) within a global authorisation totalling 1003 million ecus. The Bank is also currently managing 35 million ecus in risk

## EIB FINANCING PROVIDED IN 1989 AND BETWEEN 1985 AND 1989

Breakdown by origin of resources and location

	1989		1985-1989	
	million ecus	%	million ecus	%
<b>Loans from own resources</b>	<b>12 041.8</b>	<b>98.4</b>	<b>41 996.2</b>	<b>93.7</b>
within the Community	11 555.9	94.4	39 868.0	89.0
outside the Community	485.9	4.0	2 128.2	4.7
<b>Financing from other resources</b>	<b>204.3</b>	<b>1.6</b>	<b>2 812.1</b>	<b>6.3</b>
within the Community *	78.3	0.6	2 136.7	4.8
outside the Community	126.0	1.0	675.4	1.5
<b>Grand Total</b>	<b>12 246.1</b>	<b>100.0</b>	<b>44 808.3</b>	<b>100.0</b>
within the Community	11 634.2	95.0	42 004.7	93.8
outside the Community	611.9	5.0	2 803.6	6.2

\* From New Community Instrument resources

<sup>(1)</sup> Projects financed under a case-by-case authorisation are treated administratively and statistically as being part of the Bank's operations within the Community.

<sup>(2)</sup> INMARSAT - International Maritime Satellite Organisation, London; EUTELSAT - European Telecommunications Satellite Organisation, Paris.

# **THE 1991 EIB PRIZE**

## **"Investment and Financing"**

The European Investment Bank invites entries for its 1991 EIB Prize which will be awarded next June.

Established in 1983, on the occasion of the 25th anniversary of the Bank, the EIB Prize is awarded every two years for a doctoral dissertation on a topic related to investment and financing. It consists of 1 2000 ecus and a diploma signed by the Chairman of the Prize Jury and the President of the Bank. The international jury of experts consists of:

Beniamino Andreatta,  
Professor of Economics,  
University of Bologna;

Wilhelm Hankel,  
Bundesbankprofessor at the Freie Universität Berlin;  
Honorary Professor for Development and Monetary Policy,  
Johann Wolfgang Goethe University, Frankfurt;

Arnold Heertje,  
Professor of Economics,  
University of Amsterdam;

Jacques Lesourne,  
Professor of Economics,  
Conservatoire National des Arts et Métiers, Paris;

Michael MacCormac,  
Professor emeritus of Business Administration,  
University College, Dublin;

Lord Roll of Ipsden,  
Chairman,  
S.G. Warburg & Co. Ltd., London.

Lord Roll has been elected Chairman of the Jury.

To qualify, theses must have been accepted as doctoral dissertations by a university or equivalent institution in a Member Country of the European Community between January 1987 and 1 February 1991. Candidates must have the nationality of one of the Member Countries and be under 40 years of age on the date the thesis is sent to the EIB as an entry for the Prize. The closing date for submission of theses is 1 February 1991.

The first EIB Prize was granted in 1985 to Giovanna Nicodano for her thesis "Struttura finanziaria, costo del capitale e decisioni d'investimento", with which she obtained her doctorate at the Università Commerciale Luigi Bocconi in Milan in 1983. The second EIB Prize was awarded in 1987 to Janette Rutterford for her thesis "An empirical investigation into the effects of corporate taxation on company capital structure". Ms Rutterford obtained her doctorate at the London School of Economics in 1986. Angeliem Kemna was the winner of the 1989 EIB Prize. Her thesis "Options in real and financial markets" gained her a doctorate at Erasmus University, Rotterdam, in 1988.

## **RULES FOR THE EIB PRIZE**

- Article 1. The EIB Prize was instituted by the European Investment Bank on the occasion of its 25th anniversary in 1983.
- Article 2. The EIB Prize was instituted to promote in the academic institutions of the European Community Member States the study of investment and financing in all its various aspects.
- Article 3. The EIB Prize shall be awarded for a thesis on the topic of investment and financing in their broadest sense.
- Article 4. To qualify as an entry for the EIB Prize, each thesis will have to have been successfully presented as a doctorate dissertation to a university or equivalent academic institution in a Member State of the European Community.
- Article 5. The EIB Prize may be awarded to any person having the nationality of one of the Member States of the European Community, who is under 40 years of age on the date the thesis is sent to the EIB.
- Article 6. The jury will accept as entries for the Prize theses by which doctorates have been obtained during the four calendar years prior to the year in which the Prize is to be awarded and up to the final date of submission in the year of award.
- Article 7. The Prize shall consist of:  
(a) the sum of 12000 ecus;  
b) a diploma signed by the Chairman of the Prize jury and the President of the European Investment Bank.
- Article 8. The Prize was awarded in 1985, 1987 and 1989 and will be again in 1991. The terms for its award may be reviewed following the conferral of the Prize.
- Article 9. The Prize shall be announced in the Official Journal of the European Communities and in relevant economic and financial publications published in the Member States at least three months prior to the closing date for the submission of entries.
- Article 10. The Prize jury shall consist of six independent learned experts of high repute, to be appointed by the Management Committee of the European Investment Bank.
- Article 11. The Prize jury shall make known its decision to the President of the European Investment Bank, no later than 1 June of the year of the award, in the form of a summary report, stating its grounds. The Management Committee shall award the Prize on the basis of that report.
- The Prize jury shall have the option of not recommending a candidate for the award.
- The Prize jury's findings shall be final, and not open to appeal.
- Article 12. The name of the prizewinner will be announced and the Prize will be awarded on the day of the Annual Meeting of the EIB Board of Governors of the year in question.
- Article 13. The costs of adjudication and award shall be borne by the European Investment Bank.
- Article 14. EIB staff members shall not be eligible to enter for the Prize.
- Article 15. Theses can be submitted in any of the official languages of the European Community. An elaborate summary in any of the official languages of the European Community has to be annexed.
- Article 16. Candidates for the 1991 Prize should send two copies of their entries by registered mail to the European Investment Bank, 100, Boulevard Konrad Adenauer, L-2950 Luxembourg, by 1 February 1991.

For additional information please contact the Information Division of the European Investment Bank, L-2950 Luxembourg, tel.: 4379-3223 (Mr Cees Post).



capital finance in these countries. In Cyprus and Malta the Bank is authorised to lend up to 67 million ecus under third financial protocols (1988-1993) which also include 7.5 million ecus in risk capital. In Yugoslavia the EIB is lending up to 550 million ecus under a second financial protocol (1988-1991).

The Third Lomé Convention (1986-1990), covering 66 African, Caribbean and Paci-

## The Channel Tunnel Breakthrough

At the end of October, an exploratory probe between the British and French sections of the smallest of the Channel Tunnel's three bores broke through to establish the first land connection between Britain and France. The Channel Tunnel project consists of the smaller service tunnel, with an internal diameter of 4.6 meters, and twin rail tunnels, with internal diameters of 7.6 meters each. The length of each of the tunnels is some 50 km, of which 37 km is under the sea. At the time of the breakthrough, work on the tunnels was over 78% complete. The project promoter, Eurotunnel<sup>(1)</sup> expects to finish work on the service tunnel in January, and on the two other tunnels by September next year.

The tunnelling breakthrough occurred at about the same time as Eurotunnel completed financing arrangements for a further GBP 2.1 billion through a syndicate of international banks led by National Westminster plc, Crédit Lyonnais, Banque Nationale de Paris and Midland Bank, in association with the EIB. As part of the overall package, the EIB is providing GBP 300 million/FRF 3 billion. The way is now clear for Eurotunnel to raise a further GBP 530 million through an equity issue.

The new credit is in addition to the GBP 6 billion loan finance package arranged for Eurotunnel in 1987, of which GBP 5 billion was through an international banking syn-

<sup>(1)</sup> The Channel Tunnel Group Ltd, France Manche S.A.

dic states, includes 1 100 million ecus in EIB loans and 600 million in risk capital. Under a five year financial protocol attached to the fourth Lomé Convention, which will come into force in 1991, the Bank is to lend up to 1 200 million ecus from its own resources and manage 825 million ecus as risk capital in 69 ACP countries. The EIB's Governors' authorisations also cover the amounts foreseen under decisions taken by the Council parallel to the-

dicating and GBP 1 billion/FRF 10 billion from the EIB. By the end of October, Eurotunnel had drawn down GBP 195.6 million and FRF 2.1 billion from the EIB. The Bank's disbursements are available with maturities of up to 25 years at terms that reflect rates on the capital markets.

### Communications for the Single Market

Recent years have seen a marked increase in investment in European Community communications, much of it carried out with a view to the establishment of the Single European Market. In the 1990s investment in transport and telecommunications is destined to be one of the most important growth sectors in Europe. Efficient integrated modern communications systems to allow the most effective movement of goods, services and information are essential for the success of the Single Market.

The financing of communications to improve European Community cohesion represents one of the EIB's principal lending objectives. Over the five year period, 1985-1989, the Bank has advanced more than 6 billion ecus towards European transport and telecommunications projects, of which 4.5 billion ecus was in the last two years (1988 and 1989).

Such projects in 1989 included the construction of track and commissioning of train-sets for the TGV-Atlantique section of the French high-speed rail network, the acquisition, launching and operation of new generation telecommunications satellites for communications between European countries by EUTELSAT and the laying of a submarine optical-fibre tele-

communications link between the Community and the United States and the Caribbean.

Lomé Conventions in favour of the Overseas Countries and Territories. In November 1989, the Governors authorised the EIB to lend up to 1 000 million ecus from own resources for priority investment projects in Poland and Hungary as part of the Community's cooperation policy with countries of Central and Eastern Europe in the process of establishing market oriented economies.

So far in 1990 (end-October) the EIB has advanced 1 990 million ecus towards Community communications infrastructure.

Increasingly the EIB plays a significant role as a partner in the arrangement of the financing of major communications projects, having the capability and expertise to provide the funds appropriate for the scale and complex nature of such investment.

The Second Severn Bridge

### The Second Severn Bridge

A recent example of an European infrastructure project is the construction of second motorway bridge over the Severn

### COMMUNITY COMMUNICATIONS IN 1989

	million ecus	%
<b>Transport</b>	<b>1 847.9</b>	<b>69.0</b>
railways	641.4	24.0
roads and motorways	434.5	16.2
shipping	129.2	4.8
air transport	626.4	23.4
airport infrastructure	163.2	6.1
purchase of aircraft	463.2	17.3
intermodal freight terminals	16.4	0.6
<b>Telecommunications</b>	<b>817.0</b>	<b>30.5</b>
conventional networks	651.5	24.3
satellites and international cables	165.5	6.2
<b>Other infrastructure</b>	<b>12.0</b>	<b>0.5</b>
<b>Grand Total</b>	<b>2 676.9</b>	<b>100.0</b>

Estuary between South Wales and England. The bridge will enhance the European road network as a key link in the international E30 route used by vehicles travelling from other European Community Countries to Ireland through England and Wales.

The new cable-stayed bridge, due to be opened in 1996, is 5 km downstream from

the existing bridge. The overall length of the bridge and its approach viaducts will be 5.9 km in length. Capable of carrying 93 000 vehicles a day, it will relieve pressure on the existing bridge which is frequently congested during peak periods.

At the end of October, the EIB agreed a GBP 150 million loan facility for the new bridge. The credit agreement is with

Severn River Crossing plc, the concession company, a joint venture established by the major civil engineering companies, John Laing plc and GTM-Entrepose. The EIB's facility has a 19 year maturity. Financing for the project has been arranged by Bank of America and Barclays de Zoete Wedd, who are also shareholders in the company, and the EIB.

## A scholarship commemorates Erling Jørgensen

Mr Erling Jørgensen, Vice-President of the EIB until his untimely death on 15 February 1990, will be commemorated by a scholarship in his name: the Erling Jørgensen European Investment Bank Scholarship. The Institutes of Economics and Statistics at the University of Copenhagen are to administer the scholarship of DKK 75 000 (ECU 9 400), to be granted yearly to a promising graduate student embarking on a Masters dissertation in economics or statistics.

Before joining the EIB's Management Committee in June 1988, Mr Jørgensen had a distinguished career in public service in Denmark. He was, inter alia, Department Head in the Danish Central Statistics Office, a member of the OECD's Economic Policy Committee, teacher and later examiner in macroeconomics at the University of Copenhagen, and Director of the School of Public Administration Studies. He was Permanent Secretary of the Ministry of Finance from 1975 to 1988.

The scholarship should enable the recipient to concentrate for a period of no less than six months on the preparation of a dissertation, part of which period may be spent at another university in a Community Member State. The research topic should be related to the formulation of economic policy and/or the measurement of the effects of economic policy and have a clearly defined European dimension.

A five member selection committee has been appointed to award the scholarship on the basis of applications submitted by teaching staff at the two institutes. The committee consists of Professors Anders Ølgaard and Niels Thygesen of the Institute of Economics, Professor P.C. Matthiesen of the Institute of Statistics, Ambassador Eigil Jørgensen, brother of the late Erling Jørgensen, and Hans Duborg, EIB Vice-President. The first scholarship has been awarded for the 1990/1991 academic year. The recipient is Lene Louise Bang Jespersen who will be working on the implications of European economic and monetary union on public finance.

## EIB scholarships awarded at the European University Institute

The "Campilli and Formentini" scholarships for the 1990/1991 academic year have been awarded to Luigi Brighi, Daniel Guigou and Katharine Wakelin. These scholarships, named after the EIB's first presidents Pietro Campilli, (1958-1959) and Paride Formentini (1959-1970), have been granted annually, since 1978, to students writing their doctoral theses at the European University Institute in Florence on economic topics relevant to the EIB's areas of operation.

Mr Brighi's thesis examines uncertainty and multiplicity of equilibria in dynamic macroeconomic models; Mr Guigou's research concentrates on financial intermediation; and Ms Wakelin's thesis will investigate the effects on peripheral countries of their joi-

ning the EC, with special reference to Ireland and "1992".

The scholarships of BEF 512 000 each (ECU 12 000), are administered by the European University Institute and are intended to cover the students' study and living expenses for the year.

The selection Committee consists of Ulrich Meyer-Cording, former EIB Vice-President and professor emeritus of Cologne University, Professor Alan Kirman of the Department of Economics of the European University Institute and Herbert Christie, head of the EIB's Research Directorate.

## Ecu

Below are the ecu values in national currencies, as at 28 September 1990; these rates are applied to the fourth quarter in preparing financial statements and operational statistics of the Bank:

DEM	2.05921	BEF	42.4069
GBP	0.701761	LUF	42.4069
FRF	6.89296	DKK	7.86245
ITL	1540.92	GRD	203.369
NLG	2.32177	IEP	0.767206
ESP	128.914	PTE	183.137
		USD	1.31545

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