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EUROOPAN INVESTOINTIPANKKI
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The EIB and trans-European networks

From the early days of the Community the creation of European transport, telecommunications and energy networks has been one of the priorities of the EIB, since its main tasks include supporting balanced regional development and European integration. These networks facilitate the free movement of persons, goods, services and information and make a decisive contribution to regional development and to consolidation of the Single Market. They ensure closer economic links between the different countries and therefore play an essential part in maintaining the competitiveness of European industry as well as in the balanced distribution of capital investment and employment.

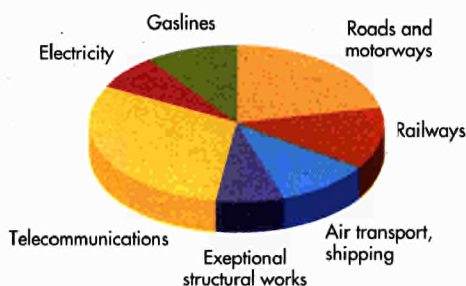
From the end of the 1970s the EIB has provided support for the development and progressive integration of the different national networks as part of a comprehensive Community framework. To this end the EIB is at present financing a range of infrastructure schemes vital for taking Europe into the next millennium. Particular importance is attached to TENs, the trans-European networks, defined at

the end of 1994 by the European Council meeting in Essen. These networks, some of them accorded priority status, are part of a wider perspective which includes the establishment of efficient links with neighbouring countries, mainly in Central and Eastern Europe, with a view to preparing for and facilitating the phased rapprochement of the economies of those countries with the Union.

As the leading source of bank finance for major projects in most of the countries in the European Union, the EIB helps to back a broad spectrum of

transport infrastructure of benefit to the Community and also providing links with partner countries. From 1990 to mid-November 1995 these projects received aggregate financing of ECU 33 billion (see pie chart above and maps on pages 3 and 4), equivalent to 38% of EIB operations inside the Union. They concern transport - land, sea and air links, air traffic control and intermodal freight terminals (ECU 17.2 billion), telecommunications - conventional, fibre-optic or satellite links (ECU 10 billion) plus transport networks and natural gas and high-voltage electricity transmission and distribution grids (ECU 5.8 billion).

Transport infrastructure of Community interest 1990-1995 (15.11): ECU 33 billion



Contents

- The EIB and trans-European networks 1
- EIB financing for telecommunications 5

Efficient trans-European networks (TENs) in the fields of transport, telecommunications and energy are vital for European integration. Identified as a priority EU policy objective by the European Council bringing together Heads of State or Government, TENs are a major focus of EIB lending activity, in particular the priority schemes approved by the Essen European Council in December 1994 for which the Bank has committed close on ECU 6 billion over the past two years. Drawing on its long experience of infrastructure financing, the EIB is playing a major role in establishing European-wide networks.

- Global loans 7

The EIB finances major projects through individual loans and more modest ventures, largely those promoted by small and medium-sized enterprises (SMEs), via global loans. EIB global loans foster employment, growth and regional development throughout the European Union.

GROWTH INITIATIVE LEADS TO DEFINITION OF PRIORITY PROJECTS

The twin goals of revitalising European economies and promoting the integration of the Union prompted the Member States, as from 1992, to adopt a series of measures in which the EIB has been given an active part to play. After the European Councils in Edinburgh (December 1992) and Copenhagen (June 1993) the Bank activated a lending facility with funds of ECU 7 billion, which made it possible to accelerate the financing of some 150 infrastructure projects. Then in Brussels (December 1993), approving the European Commission's

EIF OPERATIONS: AN INITIAL SURVEY

The European Investment Fund (EIF) also has an important part to play in mobilising private-sector finance. Established in June 1994 as part of the European growth initiative, the EIF has a capital of ECU 2 billion, subscribed by the EIB (40%), the European Community (30%) and 76 financial institutions in the 15 member countries of the European Union. Its activity, complementing that of the commercial banks and public-sector financing, helps to pave the way for priority or large-scale projects, by helping to fill the need for long-term guarantees.

Guarantees have already been signed by the EIF for three projects part-financed by the EIB for a total of 230 million (Malpensa airport, a natural gas pipeline in Portugal and sections of motorway in Catalonia).

White Paper on "Growth, Competitiveness and Employment", the European Union Member States committed themselves to taking specific and coordinated measures with a view to encouraging economic growth, promoting the competitiveness of European industry and boosting employment. One of the measures with the highest priority is increased support for trans-European transport, telecommunications and energy transfer networks.

Given the limited room for manoeuvre on the budgetary front in a number of European countries and in order to reduce the involvement of public-sector funds in the implementation of TENs of benefit to the Community, the European authorities stressed the need to call on other, additional sources of finance: long-term EIB loans and private financing, supplemented if necessary, in the disadvantaged areas of the European Union, by grant aid from the Structural Funds and the Cohesion Fund.

By virtue of its catalytic effect, its experience with this type of project and its ability to muster financing, involving other public and private financial institutions, specifically adapted to the needs of major networks, the EIB has, naturally, become a leading player in organising effective interaction between these various elements.

Throughout 1994 the EIB took an active part in the proceedings of the Group of Personal Representatives of Heads of State or Government, chaired by Commission Vice-President Henning Christophersen, and helped to identify the fourteen high-priority transport projects and the ten priority energy projects definitively adopted in December by the Essen European Council. In addition to these priority schemes there is a series of projects which are important for the Union and for its links with neighbouring countries.

TAILOR-MADE FINANCING

The Essen Council was an opportunity for the EIB to confirm its commitment to mobilising considerable resources by broadening its action in favour of infrastructure of benefit to the Community. EIB financing, involving the provision of considerable amounts of long-term loans, usually at fixed rates, is indeed particularly suited to the characteristics of infrastructure projects.

Furthermore, in order to take account of the exceptional scale of some network projects the EIB proposed a series of measures designed, where necessary, to adapt its financing arrangements to the special requirements of trans-European projects, on the grounds of their unusual size, especially long construction periods and, often, delayed returns.

These measures, referred to collectively as a "special window", may be applied to projects forming part of strategic networks within the Union or in neighbouring countries, in Central and Eastern Europe, the Mediterranean area and regions offering corridors across the Alps, and to the financing of environmental protection schemes with a pan-European dimension. The EIB is in particular prepared to:

- lengthen the traditional maturities of its loans and grace periods in respect of repayment of principal, and even payment of interest,
- offer financial engineering designed to reduce the risks incurred by banks and promoters, especially in the private sector, notably by according refinancing facilities, providing advance funding or signing, also in advance, framework financing agreements,
- become involved in projects at the outset so as to allow, in liaison with the activities of the European Investment Fund

(EIF) and in cooperation with the European banking community, early definition of the contractual and financial structuring best suited to the characteristics of each project.

The facilities offered by the "special window" have already been drawn on for a number of purposes, for example in order to finance high-speed rail links, airports or energy transfer networks.

PRIORITY TENS

Even before the Essen European Council the EIB had embarked on an appraisal of priority trans-European networks (TENs). As at end-1995, or one year later, the progress made on the different projects varies considerably, depending to a large extent on their specific features and the priorities established by the authorities responsible for planning or coordination, factors which have a considerable bearing on the raising of finance for implementing these projects. By mid-November 1995 the EIB had approved financing of ECU 5.8 billion for nine projects, or their constituent components, out of the 14 priority transport TENs; finance contracts for ECU 4.1 billion have been signed for projects covering all or part of the Italian section of the Brenner high-speed railway line, the TGV-PBKAL (Paris - Brussels - Cologne - Amsterdam - London), the principal rail link in Ireland between Cork, Dublin and Belfast, the link (road + ferry) between Ireland, the United Kingdom and

KEY DATA (as at 15.11.1995)

Priority trans-European Networks (TENs) - EIB financing:

- Transport: 14 projects, for which 9 loan approvals: ECU 5.8 billion
8 finance contracts signed: ECU 4.1 billion
- Energy: 10 projects, for which 4 loan approvals: ECU 1.8 billion
3 finance contracts signed: ECU 0.6 billion

Since 1993, with a view to fostering the development of transport and energy networks, the EIB has also approved various other projects for a total of ECU 6.1 billion:

- Transport: loan approvals: ECU 4.6 billion
finance contracts: ECU 1.9 billion
- Energy: loan approvals: ECU 1.5 billion
Finance contracts: ECU 0.8 billion

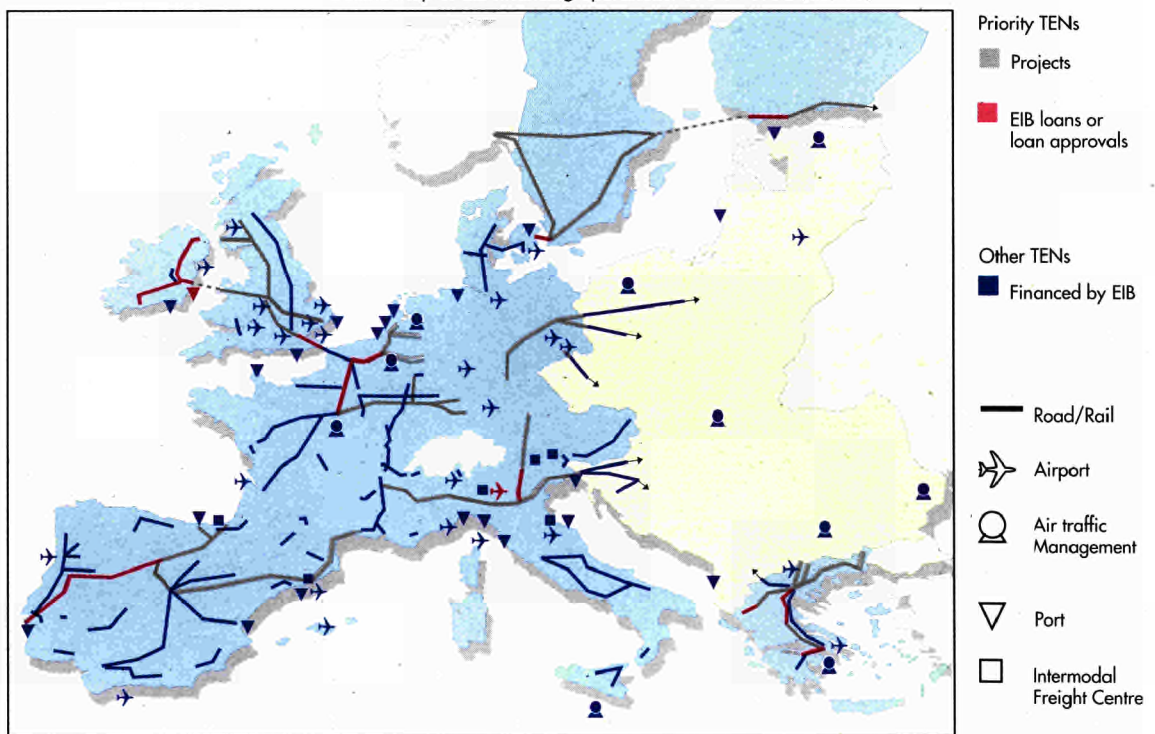
Benelux, the extension of Milan-Malpensa airport, many sections of motorway in Greece, Spain and Portugal, and sections of road and railway line in Finland forming an integral part of the "Nordic Triangle" linking the capitals of the Scandinavian countries.

Furthermore, projects which have been the subject of a financing decision or which the EIB has recently started to appraise include the fixed link across the Øresund between Denmark and Sweden

and the Channel Tunnel Rail Link intended to bring about substantially improved rail connections between the Channel Tunnel and London, so contributing to closer ties between the British Isles and the Continent.

In recent months the Bank has also continued to play an active part in the different working parties set up under the aegis of the Commission for other priority projects such as the TGV-Est, ➤

European transport infrastructure:
Outline map of EIB financing operations: 1984 - 1995 (15/11)



linking Paris - Strasbourg - Luxembourg - Frankfurt, or the Belgian section of the TGV-PBKAL, a major project, certain aspects of which are still the subject of feasibility studies; the EIB is part-financing these studies, alongside the Commission, demonstrating its catalytic role in the setting up of complex projects which provide tangible proof of the Community's achievements for the citizens of Europe.

**TENS OF BENEFIT TO THE COMMUNITY:
AN ONGOING EIB COMMITMENT**

In addition to its support for priority TENS the Bank has since 1990 been actively promoting Community transport infrastructure, providing finance amounting to about ECU 12.7 billion. Among the projects which have benefited from this backing are, on the one hand, very large schemes like the Channel Tunnel and the Great Belt fixed link, connecting the two parts of Denmark, and, on the other, a series of infrastructural works of Community relevance, some of which also contribute to regional development, notably establishing links with peripheral regions or opening up remote central areas.

In tandem with its involvement in priority projects, the Bank is also at present appraising a large number of new schemes. Among the various projects identified by the Christophersen Group as being of benefit to the Community in the transport sector, the EIB has approved loans totalling ECU 2.4 billion for several schemes: in Italy, the intermodal freight station in Padua and the Rome - Naples section of the Treno-Alta Velocità, in France the Maurienne motorway across the Alps and the TGV-Méditerranée, linking Valence to Marseilles and Nîmes, and, finally, the Marateca - Elvas motorway in Portugal.

TRANSPORT TENS IN CENTRAL AND EASTERN EUROPE

Since 1990 the EIB has financed projects in Central and Eastern Europe, with the

emphasis on upgrading to western European standards, and extending, basic economic infrastructure, in order to improve transport links, in particular, between those countries and the European Union. In this connection, the Bank has accorded special importance to funding projects located within the nine priority corridors defined at the Pan-European Transport Conference held in Crete in March 1994.

Loans totalling ECU 1.1 billion have thus been advanced for roads (in Bulgaria, Hungary, Romania, Slovenia, Poland and Slovakia), railways (in Poland, the Czech Republic and Slovenia), a harmonised programme for modernisation of air traffic control systems (in Bulgaria, Estonia, Hungary, Slovakia and Romania), airports in Lithuania and Poland, and ports in Albania and Lithuania.

EIB lending in this sector is closely coordinated with PHARE programme assistance deployed by the Commission, in order to ensure judicious apportionment as between loan and grant aid.

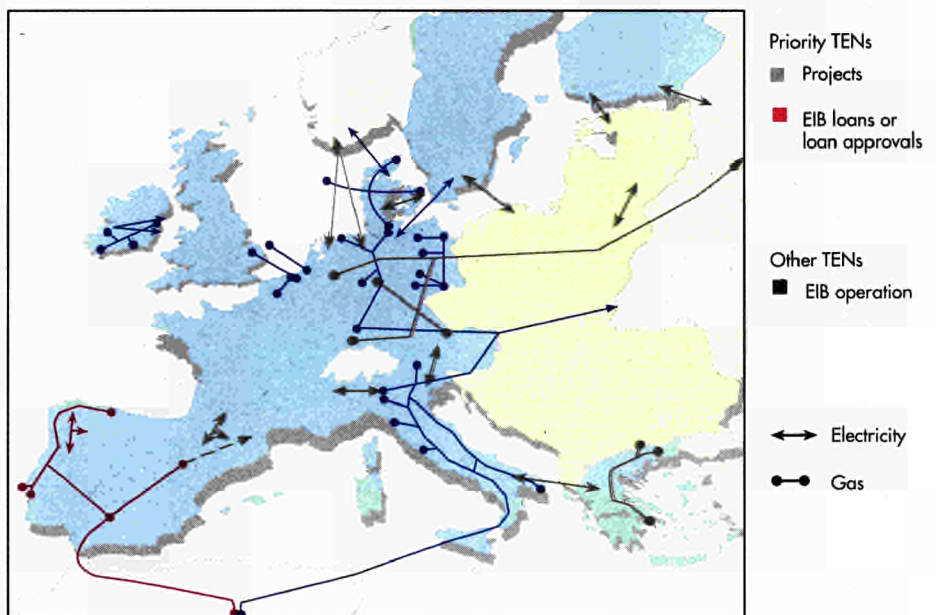
PRIORITY TENS IN THE ENERGY SECTOR

In the energy sector it is sometimes easier to involve private capital in the financing of major projects, especially for gasline networks. This is mainly because the financial returns are adequate over shorter periods and the overall cost is generally lower. The EIB has already approved financing of ECU 1.8 billion for four of the eight priority projects. These centre on power grid interconnections between Spain and Portugal, laying a system of pipelines to bring natural gas to Portugal and to link the system to Spain and, finally, gaslines in Greece.

In November 1995 the Bank also authorised the financing of gas pipelines to convey Russian gas to various European countries. In addition, about ECU 400 million was advanced in 1993 and 1994 to part-finance a network of pipelines bringing Algerian gas as far as the Strait of Gibraltar. Decisions have already been taken on extension of the pipelines to Spain, Portugal and other European countries. ■

European energy transmission infrastructure:

Outline map of EIB financing operations:
1984 - 1995 (15/11)



EIB financing for telecommunications

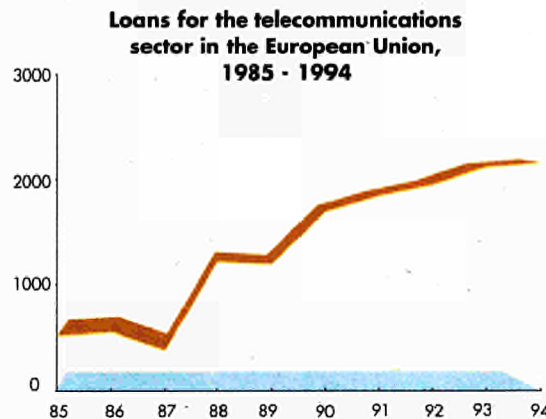
The European Union has identified trans-European telecommunications networks, together with liberalisation of the telecommunications market, as being vital for further European integration. Liberalisation of the telecom market, triggered in 1990, will be completed by 1 January 1998 with the opening up of public voice telephone services and telecom infrastructure (1). The importance of trans-European networks (TENs) in the fields of telecommunications as well as transport and energy was highlighted by the Brussels European Council Meeting in December 1993. TENs were accorded the status of a priority European Union policy objective. Crucial for the smooth running of the Single Market and the healthy performance of the Union's economy, efficient telecommunications also enable other important EU objectives to be pursued, such as regional development, European industrial integration, proper allocation of economic activities throughout the Union and the opening up of peripheral regions. Similarly, telecom infrastructure helps to extend EU relations with countries in Central and Eastern Europe, the Mediterranean Basin and the rest of the world.

A TRADITIONAL SPACE OF EIB LENDING

The EIB has always been a regular provider of financing for the telecommunications sector. Telecom projects may qualify for EIB backing if they contribute to regional development or help to establish or improve TENs. In some cases, for instance satellites, the investment may make a significant contribution to the deployment of advanced technology and receive EIB financial support for that reason as well.

Since its first telecom loan in 1965, for construction and operation of a telephone cable factory in Italy, the EIB has advanced

up to ECU 18.5 billion for telecommunications investment, of which 9.8 billion over the years 1990-1994. Lending activity has encompassed conventional equipment and networks, specialized networks, satellites and international submarine cables. Most telecom loans have served to promote regional development, notably in Greece, Spain, Ireland, Italy, Portugal and the new German Länder,



so tying in with the Bank's priority mission. Since the early 1990s, the pattern of telecom lending has changed. While continuing to attach priority to regional development, the EIB, has also placed special emphasis on TENs. Advanced technology is playing a growing role in the financing of TENs, regional development-oriented investment throughout the European Union and schemes elsewhere in the world.

Outside the European Union, where the EIB operates within the framework of the EU's cooperation and development aid policies (2), the Bank's role in telecommunications is particularly substantial in the Union's neighbouring regions, where its financing focuses on schemes improving links with the EU. In 1994, nearly one third (ECU 300 million) of aggregate lending in Central and Eastern Europe (ECU 957 million) benefited telecommunications. In the

Mediterranean, the Bank financed international telecom schemes in Jordan and Morocco.

MAIN FEATURES OF EIB ACTIVITY

Over the years, the majority of EIB loans for telecommunications has been given over to upgrading and extending national trunk networks. A breakdown of telecom financing during the past five years (1990-1994) illustrates this trend: ECU 8.3 billion of aggregate telecom lending of 9.8 billion went to conventional telephone equipment and networks. In Italy, the Bank provided ECU 3.4 billion for upgrading and extending national as well as regional networks, both in the central and northern parts of the country and in the Mezzogiorno. In Spain, ECU 1.9 billion was devoted to modernising and expanding the national trunk network and regional telephone infrastructure. In eastern Germany, in 1993 ECU 492 million was advanced for extension of telephone systems in the Rostock, Leipzig, Magdeburg, Halle, Dresden and Gera areas and another ECU 521 million in 1994 for expansion of the optical fibre telecom network. EIB loans for modernisation of national telecom networks in the United Kingdom and for international links totalled ECU 1 billion. Other major beneficiaries of financing for national networks were Greece, Ireland and Portugal. In Denmark, support was provided for the telephone system in the counties of Ribe, Vejle, Århus, Ringkøbing, Viborg and Nordjylland as well as for the development of digital switching and the optical fibre transmission network in Sjælland, Sønderjylland and on Bornholm. In these countries, the EIB provided loans to the leading operators such as Deutsche Bundespost Telekom, Telefónica de España, Bord Telecom Eireann, SIP (Italy), Telecom Portugal and British Telecom.

Since the late 1980s, new impetus has been given to EIB financing in the telecom sector through the Bank's commitment to preparing the way for the Single Market and supporting further convergence of the economies of the European Union Member States on the path towards Economic and Monetary Union. EIB lending activity

NEW FINANCING FACILITIES

Under the ECU 7 billion Edinburgh temporary lending facility ⁽³⁾, the EIB provided loans for telecommunications TENs as well as for telecom schemes improving links to and from TENs. By end-1994, hence in just two years, the ECU 7 billion available under the facility had been committed in full, with 12% benefiting telecommunications. Among the first telecom projects approved was extension of the telephone network in six cities in the new German Länder. Other telecom investment centred on Eurocontrol activity, modernisation of the national and international telecommunications networks in Greece, Ireland, Portugal and the United Kingdom as well as a satellite project in Italy.

Another initiative contributing towards TENs financing in which the EIB is playing an active role alongside the European Commission and the banking sector in the EU Member Countries is the European Investment Fund (EIF) ⁽⁴⁾. The EIF will concentrate on providing financial guarantees for major infrastructure schemes, notably those forming part of TENs, and for capital investment undertaken by SMEs. As at 30 September 1995, telecommunications guarantee operations approved totalled up to ECU 330 million, representing over 30% of aggregate TENs guarantees. This included a nationwide mobile digital telephone network in Greece and expansion of the national telecommunications and switching systems in Italy plus their connection to international networks.

has increased substantially, in nearly all EU countries, including one of the new Member States, Austria, where a loan has been advanced to help improve and modernise telephone links with seven neighbouring countries. The EIB has also financed a range of satellite investment projects, including establishment of the Kopernikus satellite transmission system and telemetry exchanges in Germany, two telecom and television satellites in Spain, installation of satellite ground stations in Ireland, a satellite coverage system in Italy and a broadcasting satellite in Luxembourg. Other schemes funded have embraced mobile telephone networks in Greece and Portugal, extension and modernisation of the radio and television broadcasting network in Spain and creation of the European travel information and reservations system AMADEUS, in France and Germany.

FROM ATC TO SATELLITES

EIB lending for Air Traffic Control (ATC) investment also deserves mention. Although not part of the telecommunications sector as such, this branch of the air transport sector makes widespread use of telecom equipment and draws extensively on the same supply industries. EIB loans for ATC improvements throughout the European Union and in neighbouring countries have totalled some ECU 404 million over the past five years (1990-1994). With European air traffic set to grow in coming years, the task of Eurocontrol, the European Organisation for the Safety of Air Navigation established in 1960, of developing a harmonised air traffic management system and new ATC standards as well as improving existing facilities is of crucial importance. EIB financing of up to ECU 100 million has supported centralisation of Eurocontrol's operations in premises close to Brussels airport plus a test centre at Bretigny-sur-Orge near Paris, including new research and digital equipment. The Bank has also advanced loans for building and equipping Belgium's national ATC centre and upgrading the British, Greek, Portuguese and Dutch ATC systems. In Central and Eastern

Europe, the EIB is involved in financing, in co-operation with European Union grant aid from the PHARE programme, a co-ordinated capital investment plan covering ATC systems in many countries in the region. Loans have gone to ATC projects in Bulgaria, the Czech Republic, Estonia, Hungary, Poland, Romania and the Slovak Republic. In the Mediterranean region, ATC has been strengthened through an ECU 6 million loan for installations on the island of Malta, while ECU 10 million has been made available for improving Lebanon's ATC system. In the ACP States, signatories to the Lomé Convention, the EIB has financed a wide range of national ATC investment schemes and in Africa has provided additional support through the Agency for the Safety of Air Navigation in Africa and Madagascar (ASECNA). In Latin America, Chile's ATC system has attracted a loan for ECU 75 million.

A special geographical category of projects financed by the EIB encompasses schemes located outside the Union but of direct interest to it. These have included the acquisition, launch and operation of specialized satellites by INMARSAT (International Maritime Satellite Organisation) for international commercial and emergency telecommunications, and by EUTELSAT (European Telecommunications Satellite Organisation) for high-capacity digital transmissions for, among other purposes, cable TV networks and business communications. Such projects have also centred on international submarine optical-fibre cables, for example those from mainland Portugal to Madeira, France and Morocco and from this Maghreb country to continental Europe, as well as transatlantic cables from the United Kingdom to the United States and the Caribbean and from Ireland to North America. ■

(1) Greece, Spain, Ireland and Portugal have a further five years, up to 2003, given the particular features of their networks, while Luxembourg has until 2000, since its network is very small.

(2) See also «EIB Information» N° 85, pages 1-13.

(3) See also page 2.

(4) See also page 2.

EIB Global Loans in the European Union

■ With the aim of fostering small and medium-scale ventures which, for reasons of operational efficiency, it is not possible to fund through individual loans, since 1968 the EIB has deployed an indirect, decentralised financing facility: global loans. These are akin to credit lines made available to financial intermediaries working in partnership with

the EIB and which, by operating at national, regional or even local level, are very much in touch with the real needs of businesses. The intermediaries drawing on these credit lines are responsible for selecting projects in conjunction with the EIB and in keeping with its criteria, as well as for managing the loan and its associated risk.

Between 1990 and 1994, EIB global loans worth ECU 17.7 billion were advanced to more than 130 financial institutions and commercial banks.

SUPPORTING THE DEVELOPMENT OF SMES ...

For many years now, the EIB has been pursuing measures in favour of small and medium-sized businesses in the productive sector. In so doing, it has largely anticipated the support measures decided at national and Community level to help get SME investment on the move again.

Over the past five years, upwards of 35 000 SMEs have attracted ECU 9.4 billion worth of allocations from global loans already under drawdown, spanning almost the entire spectrum of industry and services. Of these SMEs, 22 000 were situated in the least developed regions of the Member Countries, which form a permanent funding priority for the EIB.

... IN PARTICULAR THOSE CREATING EMPLOYMENT

In 1994, in cooperation with the European Commission, the EIB set up a support facility under which job-creating SMEs have been able to receive loans for a maximum of ECU 30 000 per job created, carrying a 2% interest subsidy over 5 years. By end-October 1995, the ➤

FINANCING CRITERIA TAILORED TO THE NEEDS OF SMES

The scope of global loans, originally intended solely for SMEs in assisted areas, has gradually been extended in order to adapt to the changing needs of businesses and broader-based Community and national economic policies. The spectrum of investment covered by global loans has developed as follows over the years in terms of beneficiaries and objectives:

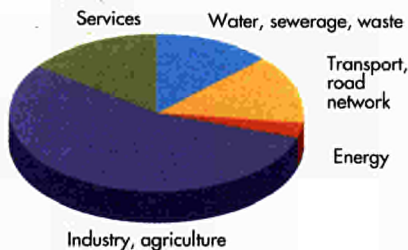
- 1968, productive-sector SMEs in assisted areas,
- 1979, local authority development of smaller-scale public infrastructure in assisted areas,
- 1980, reducing oil consumption through more rational use of energy,
- 1985, introducing or developing advanced technologies,
- 1986, contributing to environmental protection,
- 1987, SMEs throughout the Community,
- 1995, SMEs in retailing and private services.

Hence, all types of SME are now eligible for EIB financing, with priority going to the smallest firms employing less than 50 persons. During the past five years, 29 000 (81%) of the 35 000 SMEs financed had less than 50 employees and almost all of them fewer than 250.

SMEs are defined as enterprises with fewer than 500 employees whose net fixed assets do not exceed ECU 75 million before the investment is implemented. Priority is given to independent SMEs not more than a third of whose capital is owned by one or more large companies.

The minimum allocation is ECU 20 000 for capital investment of ECU 40 000, while the corresponding ceiling amounts are ECU 12.5 million and ECU 25 million respectively. The EIB may not finance more than 50% of the cost of individual ventures, except in certain specific cases.

Total global loan allocations 1990-1994 : ECU 14.9 billion



1995 : 10 000 ALLOCATIONS IN 10 MONTHS ...

During the first ten months of this year, with 50 global loans concluded for ECU 3 billion, some 9 000 SMEs and 1 000 small infrastructure schemes attracted funding from global loans already on tap.

GLOBAL LOAN ALLOCATIONS IN SUPPORT OF SMES FROM 1990 TO 1994 (ECU million)

	Total Amount	of which Number	<50 employees %
Belgium	720.8	748	75
Denmark	258.7	830	78
Germany	1097.8	735	5
Greece	167.6	91	57
Spain	652.7	1968	87
France	1821.5	17018	85
Ireland	70.4	246	94
Italy	3716.6	6048	77
Netherlands	292.1	303	61
Portugal	359.7	692	63
United Kingdom	206.5	341	84
Total	9364.2	29020	81

ECU 1 billion funding package had been committed through global loans deployed by institutions in the fifteen Member States of the Union. Originally scheduled to expire on 31 July 1995, the commitment period has been extended to December 1995, more particularly so as to allow the new Member Countries, Austria, Sweden and Finland, to take full advantage of this facility. Altogether, over 4 000 firms have submitted applications for capital investment financing involving the creation of some 42 000 jobs.

CONTRIBUTING TO LOCAL AUTHORITY INFRASTRUCTURE

Acting in conjunction with local authority financing institutions and with the aim of helping to develop the basic infrastructure needed to promote new capital investment, between 1990 and 1994 the EIB made available close on 2 000 allocations (ECU 2 billion) for drinking water supply and sewage disposal networks. A further 115 or so municipal or regional incinerators and processing plants for household refuse were also funded.

In addition, there were some 800 small transport infrastructure schemes (ECU 1.9 billion): local and regional roads – some creating easier access to Community networks –, combined rail-road transport equipment, port and airport infrastructure,

and urban development works. Small electricity generating and natural gas supply installations also attracted EIB global loan allocations to a lesser extent.

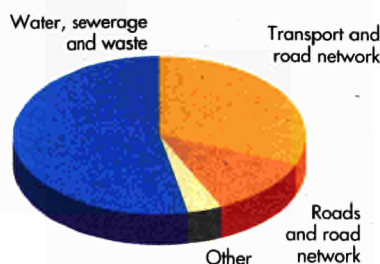
MERITS OF GLOBAL LOAN FACILITY

Increasing support for local authorities must not allow us to forget the main purpose of global loans, which is to facilitate fund-

ing of productive investment by smaller businesses. Of course, such funding cannot resolve all the problems faced by SMEs in a constantly changing environment. However, in the light of the wide-ranging experience gained, global loans can be regarded as an efficient vehicle for financing a large and steadily growing number of smaller-scale ventures, in close collaboration with local banks with which trustworthy relations have been established. It is ventures such as these which have a key role in growth and employment in Europe.

Global loans are thus a source of financing which serves to supplement rather than supplant that provided by the banking system. They represent a kind of symbiosis between the EIB, whose stature and first-class credit rating facilitate ready access to the capital markets, and the financial intermediaries, with their on-the-spot familiarity with potential operations and the actual needs of local businesses. ■

Global loan allocations to local authorities 1990-1994 : ECU 3.9 billion



ECU

Below are the ECU values in national currencies, as at 30 September 1995; these rates are applied for the fourth quarter in preparing financial statements and operational statistics of the EIB:

DEM	1.87684	BEF	38.5982
FRF	6.47961	LUF	38.5982
GBP	0.834473	ITL	2124.94
NLG	2.10151	ESP	162.659
DKK	7.29574	PTE	197.164
IEP	0.815884	GRD	305.779
SEK	9.16362	ATS	13.2058
FIM	5.62063	USD	1.31847

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