



# EIB INFORMATION

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EUROOPAN INVESTOINTIPANKKI  
EUROPEISKA INVESTERINGSBANKEN

## EIB Initiative on Growth and Employment: Interim Review

In adopting its Resolution on Growth and Employment, the European Council, meeting in Amsterdam on 16/17 June 1997, entrusted the EIB with new remits designed to boost the Member States' economies. The EIB's response was to launch its Amsterdam Special Action Programme (ASAP), approved by the Bank's Board of Directors on 21 July and by the Governors on 20 August 1997.

Spanning three years (September 1997-2000), this programme has been conceived to enable the Bank to inject additional loan finance of ECU 10 billion into labour-intensive or job-creating innovative SMEs, health and education, urban renewal, the environment and trans-European networks. The initiative supplements traditional EIB operations, already totalling around ECU 25 billion per annum.

*Former Hospital Mora rehabilitated as part of Cadiz University*



Deployed in close co-operation with Europe's banking sector, EIB loans under ASAP should have a multiplier effect capable of generating close on ECU 20 billion in co-funding for the private sector.

At the end of its first year of ASAP operations, the EIB is now in a position to draw up an interim review of the initiative.

### AN ENCOURAGING START IN THE NEW SECTORS OF HEALTH AND EDUCATION

Anxious to step up its contribution towards combating unemployment, the EIB has broadened the range of its financing to embrace the health and education sectors, more directly affected by budgetary restrictions in the various Member States. Over and above their positive impact in terms of human capital, projects in these sectors can prove vital in terms of enhancing the level of local social provision, while rapidly generating new job opportunities.

One year after the launch of these operations, the EIB's Board of Directors has so far approved lending totalling ECU 2.8 billion in these new sectors eligible for EIB finance. The funds have

## Contents

- **EIB Initiative on Growth and Employment:** 1  
Good start in the new sectors - health and education - with approved lending totalling ECU 2.8 billion and 17 approved venture capital operations for an aggregate amount of ECU 560 million designed to reinforce the capital base of innovative SMEs.
- **Finance for the Backbone of Europe's Business** 4  
During a five year-period, 48 000 SMEs were granted almost ECU 11 billion through EIB global loans.
- **Sharp Rise of Lending in the Accession Countries** 5  
The special "Pre-Accession Facility", brings to ECU 7 billion the total available for the region for the three year period 1997-1999.
- **EIB Lending for Renewable Energy** 7  
More emphasis on renewable energy is one of the policy objectives of the European Union, which the EIB supports by long-term loans for economically justified projects.
- **Changeover to the Euro** 10  
What changes for outstanding EIB loans.
- **EIB Forum: The European Challenge - Investing for Jobs** 12  
The fourth EIB-Forum brought together 350 delegates to discuss the role of investment in job creation.
- **Three new evaluation reports on Regional Development** 14
- **EIB-OECD Meeting on the Appraisal of Educational Investment** 15
- **The 1999 EIB Prize** 16



gone towards 21 projects or programmes in 14 Member States, mostly in assisted areas, where in general the need for investment in extending and modernising health and education facilities is most urgent. At end-September 1998, finance contracts had been signed worth ECU 1.5 billion in all.

The most significant projects in the health sector have centred on modernising hospital infrastructure in the new east German Länder (in Berlin and Mecklenburg-Vorpommern) and on constructing a new hospital in Thessaloniki as well as university hospitals in Spain and Italy.

Capital investment in the education sector has focused on universities and institutes of higher education in Ireland, Spain and Portugal, as well as secondary schools in Scotland and the French Overseas Department of Réunion.

Global loans tailored to smaller-scale schemes in these two sectors have also been approved or signed for operations in France, Belgium, the Netherlands, Denmark, Finland, Greece and Sweden. The generally swift take-up of the proceeds by the intermediary institutions goes to show the real need for finance for medium-sized projects to modernise secondary-school and hospital infrastructure in the countries in question.

#### FRESH STIMULUS FOR TENS, THE ENVIRONMENT AND URBAN RENEWAL

In the context of ASAP, the EIB is also taking forward its lending for trans-European networks (TENs), environmental protection and urban renewal, which between them were already mobilising around ECU 13 billion on average each year over the period 1995-1996.

In 1997, loan approvals in these sectors totalled more than ECU 15 billion, up by more than 2 billion on the average for the previous two years. Loans approved over the past twelve months have gone

to new road projects in Spain, Portugal and Germany, railway schemes in Finland and Portugal, as well as extension of Helsinki, Madeira, Madrid, Nuremberg, Basle/Mulhouse and Cologne/Bonn airports. Priority TENs have attracted funds in particular for the Öresund fixed link between Sweden and Denmark, the PBKAL high-speed rail line in Belgium, motorway sections in Greece and railway infrastructure in Italy and the United Kingdom.

True to the spirit of ASAP, which aims to direct EIB support towards sectors or projects suffering the effects of public sector budgetary disinvestment and liable to impact swiftly on employment, the EIB has built on its financing operations in favour of urban renewal schemes. Indeed, remedying urban degradation or creating business districts in city centres imply labour-intensive capital investment, also boosting economic growth and social integration in the urban areas



*Vantaa Airport, Helsinki*

concerned. In some cases conceived as public-private partnerships, such projects may well draw banking sector finance into investment hitherto funded solely from public budgetary resources.

In all, by end-September 1998, the Bank had approved loans for 18 urban rene-

wal projects or programmes in 8 Member Countries for an aggregate amount of ECU 3.4 billion. Of this total, finance contracts for 1.7 billion have already been concluded. Particularly noteworthy are the programmes financed in the Mezzogiorno, the Balearic Islands, Berlin, Düsseldorf, Leipzig, Amsterdam, Lisbon, Barcelona and Florence.

These schemes, relating to a series of infrastructural works (sewerage, water and power supplies, improvements to roads and public transport, creation of parks, pedestrian areas and urban amenities, etc.), include, in several cases, investment in new accommodation or rehabilitating social housing (Amsterdam, Lisbon, Mezzogiorno), offering substantial economic and social benefits as well as enhancing the quality of life for local residents.

Furthermore, a total of ECU 1.3 billion under ASAP has been approved in loans for a dozen or so more traditional water resource management and waste processing schemes in France, the United Kingdom, Germany, Spain, Portugal and Belgium. The funds advanced include global loans geared specifically towards environmental investment by SMEs, as for example in France in the Seine-Normandie area.

The option offered under ASAP to raise the ceiling on EIB finance, where appropriate, to a maximum of 75% for environmental or TENs-related projects has already been exercised in the case of four environmental projects: household waste processing plants, incorporating heat recovery, in Koblenz (Germany), Chartres (France) and Brescia (Italy) as well as a programme for upgrading urban infrastructure in the Balearics; and of three TENs-related projects in Portugal and Germany.

#### THE SME WINDOW: EUROPEAN TECHNOLOGY FACILITY AND RISK-SHARING LOANS

On average, SMEs with a payroll of less than 100 generated some



260 000 extra jobs each year in Europe between 1988 and 1995, at a time when larger firms were shedding some 220 000 jobs each year. The main seedbed for job-creation within the European Union therefore lies first and foremost in smaller firms in growth-orientated sectors, whose development is largely dependent upon injections of equity capital as a preliminary to access to banking-sector finance. However, with the exception of Great Britain, the venture capital market is still relatively in its infancy in Europe. It follows that the most important aspect of ASAP is to be found in wider provision of EIB financing facilities for SMEs in response to the specific problems with which they have to contend. Designed to accommodate economic needs and build on banking-sector instruments in the various Member States, the ASAP SME Window comprises a variety of financial products introduced with a view to cooperating with and complementing both the banking sector and specialist financial institutions. This Window involves operations intended to promote venture capital facilities on a risk-sharing basis between the EIB and its partner institutions. By virtue of tried-and-tested cooperation with experienced intermediaries, the Bank has lost no time in defining and setting in place an initial series of operations.

In order to develop venture capital instruments at European Union level, in November 1997 the EIB created, in conjunction with the European Investment Fund (EIF)(1), the European Technology Facility (ETF), the first concrete initiative under the SME Window and a source of finance for venture capital funds, endowed with initial capital of ECU 200 million, contributed as to 125 million by the EIB and 75 million by the EIF.

(1) The EIF's shareholders are the EIB (40%), the European Commission (30%) and eighty banks from all the European Union countries. Contact at the EIF : Mr Pé Verhoeven, Spokesman, 43 bd J.F. Kennedy, L-2968 Luxembourg. Fax.: (+352) 4266 22 200.

Managed by the European Investment Fund, the ETF has been set up to acquire, throughout the EU, participations in venture capital funds and companies specialising in equity funding for innovative or emerging SMEs. To date, 10 equity participations have been arranged under the ETF in funds in five EU countries, for a total of ECU 40 million, which by virtue of the leverage effect of the intermediaries have served to channel more than ECU 520 million in venture capital to SMEs.

The EIF also manages instruments designed to promote venture capital offered from EU budgetary resources made available by the Commission, on the initiative of the European Parliament. This means that, in all, the EIF can draw on ECU 350 million up to the year 2000 to support development of venture capital funds. It is therefore in a position to interact with a broad range of both development and start-up capital operations. Moreover, given its close contacts with the market, the EIF is able to act as a catalyst for private-sector venture capital supporting projects offering a great deal of potential.

#### EQUITY AND QUASI-EQUITY FINANCE FOR SMES

Drawing on its experience in arranging its traditional global loans, the EIB has joined forces with the banking sector to embark upon a number of risk-sharing operations reinforcing the capital base of innovative SMEs. In so doing, it is furnishing resources additional to those provided by its partners, designed to enable the latter to set up venture capital funds, boost their existing facilities or provide insurance packages for such funds.

By end-September 1998, the Bank had approved 17 operations concerning 9

countries for an aggregate amount of ECU 560 million, whilst about a dozen operations are currently being finalised by the Bank together with its partner institutions.

Operations signed to date include, in particular, provision of funds to SOFARIS (a French company guaranteeing SME finance) supporting the provision of guarantee cover for venture capital companies, as well as the setting-up or co-financing of venture capital companies jointly with IMI (Istituto Mobiliare Italiano), Instituto de Crédito Oficial in Spain, ABN-Amro Bank, Société Nationale de Crédit et



d'Investissement in Luxembourg, Swedbank in Sweden, Banco Português de Investimento, Landesbank Hessen-Thüringen and with a group of savings banks in Spain.

The EIB is sharing the associated risks with these partner institutions. To this end, and within the context of ASAP, the Governors have authorised the Bank to guarantee such operations through recourse to the EIB's operating surpluses up to a total of ECU 1 billion. Of this amount, a sum of around ECU 800 million has been set aside to cover any risk factor emerging in the course of risk-sharing global loans. New operations under this heading are likely, over the three-year period covered by ASAP, to mobilise a total of ECU 5 billion to 8 billion serving to strengthen the equity base of innovative SMEs. ■



# Finance for the backbone of Europe's business

The European Investment Bank, the EU's long-term lending institution, has a central role in promoting the European Union's integration and modernisation, in particular strengthening the competitiveness of European industry. Of crucial importance in this context is the support given to the activities of small and medium-sized enterprises (SMEs), which account for over 18.5 million or 99% of all private enterprises in Europe and thus represent the backbone of the European labour market.

Supporting the activities of SMEs is a core activity of the European Investment Bank: between 1993 and 1997, it disbursed almost ECU 11 billion to assist about 48 000 small and medium-scale projects within the Union. About two-thirds of this financing went to small and medium-sized enterprises in assisted areas.

## THE EIB'S GLOBAL LOANS

Over the years, the EIB has built up an extensive and effective partnership with over 130 banks in the EU to provide support for investment being carried out by small and medium-sized enterprises. For reasons of operational efficiency, the EIB finances SME investment indirectly through arrangements in the form of global loans, with the banking sector. As the EIB is not equipped to handle directly thousands of SME operations spread throughout the Union, it co-operates closely with local banks and financial intermediaries who have the SME client contacts as well as direct access to high-quality sectoral and regional information, and are able to monitor closely changing demand and carry out appraisals of proposed projects.

Global loans combine the EIB's ability to raise funds on capital markets at fine

rates (AAA), which are on-lent at cost as the Bank operates on a not-for-profit basis, with the institutions' on-the-spot familiarity with potential operations and the actual needs of local businesses.

## DEVELOPMENT OF EIB GLOBAL LOANS

First devised by the Bank in 1968 to finance small and medium-sized ventures in industry and the service sector, including leasing operations, global loans were initially limited to SMEs in assisted areas. Over the years, the scope of its global loans has gradually been extended and adapted to the changing needs of businesses, and European Union and national economic policies. The spectrum of investment covered by global loans was widened to include schemes by local authorities developing smaller-scale public infrastructure in assisted areas (1979), and then SME investment promoting secure energy supplies and rational use of energy (1980), the introduction and development of advanced technologies (1985), and environmental protection (1986). In 1987, EIB global loans were extended to cover SME investment located anywhere in the Union, and from 1995 the retail sector and commerce were included as eligible for support.

More recently the EIB has arranged venture capital facilities with financial institutions, aimed at helping to develop and expand the venture capital market for SMEs in Europe. These have been launched as part of the Bank's ASAP programme (see page 1)

The global loan instrument has helped to establish and strengthen long-term co-operation between the EIB and the banking and financial community in Member States. The lending decision rests with the intermediaries, who are responsible

for assessing, pricing and assuming the credit risk on individual SMEs.

The best guarantee for the transmission of the benefits of global loan funding is the existence of a competitive market offering a variety of alternative funding sources to SMEs and creating strong incentives for the financial intermediaries to make the best possible offer. To en-



courage this, the EIB has constantly sought to diversify the channels for its global loans, relying on a representative sample of the banking sector in each country.

Allocations to SMEs under the EIB's global loans range from ECU 20 000 to ECU 12.5 million and may cover up to 50% of project cost. The size of capital investment supported under an EIB global loan will therefore range between ECU 40 000 and ECU 25 million. Smaller enterprises account for most allocations: over 80% of the total number (respectively 60% of the total volume) go to companies with less than 50 employees, and about 95% (respectively 85%) to enterprises with up to 250 staff members.

Investment co-financed through standard global loans in 1997 (ECU 2.2 billion, directed to 11 000 SMEs) contributed to words creating about 12 000 jobs within the SME sector in the European Union and to words stabilising a further 18 000. ■



# Sharp rise in Lending in the Applicant Countries

In 1997, the EIB lent nearly ECU 1.5 billion in the ten Central and Eastern European Countries (CEECs) which have applied for membership of the European Union, an increase of one third compared with the previous year, and three times the growth in the Bank's overall lending. With more than ECU 2 billion advanced so far this year, 1998 is set to be another record year for EIB activity in the region.

The launch, in January 1998, of a special "Pre-Accession Facility" of ECU 3.5 billion to complement the broader three-year mandate approved in 1997 brings to ECU 7 billion the total available for the region for the three-year period 1997-1999 and allows the EIB to meet strong demand for its finance in all of the candidate countries.

The EIB's pre-accession support is available to all of the Central European countries preparing for accession to the European Union: to those able to join it earlier as well as those needing more time. With this approach, the EIB can assist the development of infrastructure networks linking these countries with the Union, bringing them closer to its markets, as well as contributing to deeper integration among the candidate countries themselves. The EIB's main objective is to strengthen their economic integration, repeating what it did on earlier occasions when Greece, Portugal and Spain were preparing for their EU accession.

The Bank's sectors of activity in the CEECs are much the same as those within the Union: regional development, transport and telecommunications infrastructure, secure energy supplies and efficient use of energy, urban renewal, environmental protection, and competitiveness of industry in general and that of smaller businesses in particular.

The Bank applies to projects in the applicant countries loan conditions which are substantially in line with those applied in the present EU Members States. Its credits are particularly attractive to investors in the EIB's traditional fields of financing, namely industry and infra-structure undertaken by public and private-sector promoters who could not obtain such conditions by accessing directly international capital markets. The Bank's conditions are also attractive for Western firms investing in the region individually or as partners in joint ventures. As within the Union, the Bank lends only up to a maximum of 50% of project costs, leaving wide scope for co-financing, notably by foreign sources.

The Bank's reputation for evaluating carefully its projects helps to mobilise such co-financing and to reassure potential co-financing partners, as does its status as a European institution. To this extent, the Bank acts as a catalyst for foreign direct investment in the CEECs. Its project evaluation, insistence on the proper tendering of contracts and advice to project promoters throughout extended implementation periods reinforce this and help promoters to develop technically and economically viable projects. The Bank can base its expert advice on 40 years of experience in financing a wide range of infrastructure and industrial investment.

The EIB has started to issue bonds on Euro-markets in several CEEC currencies (Czech koruna, Estonian kroon and synthetic zloty) enabling it, whenever national regulations allow, to use the funds for offering in the respective local currencies and to eliminate exchange risks for borrowers. Bonds in CEEC currencies placed on the Euromarkets can thus contribute to channelling Western European savings to Central and Eastern Europe for financing its economic modernisation.



The EIB has also placed its AAA-rated bonds on the Hungarian domestic market and is planning to do so on the Czech domestic market at the beginning of 1999, thus contributing to the development of the respective capital markets, and in particular of markets for longer-term maturities as it had done, earlier on, in Greece, Portugal and Spain, to help develop those markets.

## FOCUS ON TRANSPORT PROJECTS

The bulk of the ECU 2 billion lent to projects in Central and Eastern Europe during the first ten months of 1998 went to transport projects including the modernisation of railway lines in Hungary and Romania, road improvements in Bulgaria, Lithuania, Poland, the Czech Republic, Romania and Slovenia and urban transport schemes in Budapest, Krakow and Katowice. Investment in other sectors included a diesel engine plant in Upper Silesia and a gas-fired heat and power plant in Bratislava. In Slovakia and Slovenia, the EIB has participated in the financing of mobile telephone networks. Credit lines totalling ECU 80 million to commercial banks helped finance small and medium-scale productive ventures in Hungary, the Czech Republic, Latvia, Romania and Slovenia.

## INDUSTRY

The EIB may participate directly in the financing of large industrial projects and



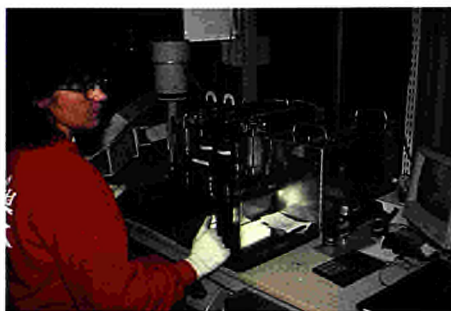
attract other banks to join the funding arrangements. Small and medium-sized enterprises also have access to EIB finance, but indirectly, through global loans (credit lines) which the EIB is providing to a growing number of partner banks in all candidate countries. Commercial banks are thus welcome partners of the EIB, both as intermediaries and as guarantors for its lending to industry.

#### STILL FEW ENVIRONMENT PROJECTS

While it continues to lend to all sectors normally eligible for its support, the Bank is now placing particular emphasis on schemes for improving and protecting the environment. There has been plenty of EIB financing for communications and energy infrastructure as well as industrial projects, which themselves often bring substantial benefits for air and water quality.

The EIB is already financing urban public transport in Budapest, Bucharest and Krakow to prevent a further shift from public to individual transport, hence investment that will also benefit the environment. Currently the Bank is appraising numerous municipal environmental schemes and has recently signed its first large environmental loan for ECU 110 million with the City of Budapest to finance road improvements, the replacement of obsolete and noisy trams, sewage systems, solid waste incineration equipment, parks, playgrounds and thermal baths, as well as a number of smaller infrastructure works to remove bottlenecks, help relieve pressure and improve the quality of city life.

Since the countries joining the EU will also have to comply with the Union's environmental standards, investment in this field is becoming increasingly important. In this respect, the EIB can offer not only its finance, but also its expertise based on decades of experience in sound project preparation. Financing environmental investment on keen terms also encourages the introduction of the appropriate institutional and policy framework for environmental protection in the CEECs.



However, lending for purely environmental schemes, i.e. projects in which environmental conservation or improvement is the overriding goal, has been more difficult, although the number of such projects is growing. The reason for this is mostly the CEECs' priority of modernising their basic infrastructure and industry. In addition, the lack of an appropriate legislation and regulatory framework covering water, wastewater treatment and solid waste disposal schemes, and environment-friendly district heating, has only been introduced very recently. Central government and local authorities still give such investment limited priority in terms of releasing budget funds or efficiently preparing and implementing appropriate investment. Other limiting factors are the low level of local environmental awareness and skills and the difficulties of applying "the polluter pays" principle.

#### COOPERATION WITH PHARE, EBRD AND WORLD BANK

The other EU instrument for supporting the ten applicant countries in their preparation for accession is the Phare programme managed by the European Commission. Phare assistance takes the form of grants, and its work has grown to encompass a wide range of activities. Phare's priorities include assistance for reforming the partner countries' administrations and introducing EU norms and standards. Phare is thus helping the national and regional administrations, as well as regulatory and supervisory bodies, in the candidate countries to familiarise themselves with Community objectives and procedures.

Phare also helps the candidate countries to bring their industries and major infrastructure up to Community standards by mobilising the required investment. To this end, Phare grants are increasingly used for co-financing capital investment projects with the EIB.

The European Council of June 1997 approved a new strategy for Phare for the years 1998 and 1999 respectively, to strengthen the pre-accession strategy which includes "accession partnerships" adopted by the Council for each of the applicant countries. The Accession Partnership Agreements, concluded between the EU and the applicant countries, set out the primary objectives and priorities and offer a sound basis for EIB activity in the region.

Frequently the EIB also co-finances projects with the European Bank for Reconstruction and Development (EBRD) and the World Bank.

#### CONCLUSION

The investment needs of the Central and Eastern European region are enormous. Some estimates put their requirements in the transport sector alone at some ECU 90 billion over the next fifteen years. It is obvious that the future member countries of the European Union cannot meet these financial needs alone, but require finance from external sources. While the EIB will continue to channel a large share of its lending for roads, railways, airports, ports and urban transport schemes, lending for environmental projects and industry is also expected to rise. The telecommunications sector is already benefiting from an impressive flow of foreign direct investment, commercial bank loans and other private funds, which have helped a quantum leap into the newest technology. Energy schemes, which usually require longer repayment periods than telecommunications projects, are also attracting considerable attention from foreign investors. EIB lending and expertise are, therefore, most crucial in the transport, energy, industrial and environmental sectors. ■



# EIB Lending for Renewable Energy

## INTRODUCTION

The development of renewable sources of energy is one of the energy policy objectives of the European Community which the EIB supports by providing long-term loans for economically justified projects. Having defined in 1980 renewable energy projects as a means to reduce the Community's dependence on oil imports, the promotion of renewable energy was declared a central aim of the energy policy of the Community in 1986 by the Council of Ministers. But in spite of these policy initiatives in the 1980s, renewable sources of energy still today supply less than 6% of the European Union's total primary energy needs.



Wind park near Pamplona (Navarra) in Spain

In November 1997, the European Commission published a White Paper on renewable sources of energy (1) setting out a common strategy and action plan with the aim of doubling the share of renewable energy sources in the Union's overall energy consumption to 12% by the year 2010. The

Commission estimates that investment of ECU 165 billion in the renewable energy sector over the period 1997-2010 will be needed to achieve this target. The EIB, which has long experience in financing investment in the energy sector, is ready to provide further support for "renewables", in the wider context of measures to combat climate change and to promote sustainable development. Increasing its financial support for the renewable energy sector is another example of the Bank's contribution to implementing new Community policy initiatives.

## EU FRAMEWORK

As the European Union's financing institution, the EIB is operating within the legal framework defined by the Treaty establishing the European Community, of which the Bank's Statute is an integral part, and other Community treaties. Its mission is to serve EU policy objectives by making long-term finance available for sound investment furthering these objectives, including the following energy policy priorities: the development of the Union's internal energy resources; more rational use of energy; and diversification of the sources and nature of energy imports to replace oil imports.

The energy objectives of the European Community were largely developed against the background of the oil crises in the 1970s when the Community's strong dependence on oil imports from third countries put it in a very vulnerable position. Therefore, the Community aimed at and succeeded in reducing the share of oil in

total energy consumption by developing indigenous resources as well as making more rational use of available resources. Oil imports decreased from 60% in overall energy consumption at the outset of the first oil crisis in 1973 to 44% in 1990. However, in the nineties the European Union's dependence on energy imports rose again to some 50% and is expected to increase further over the coming years if no action is taken, reaching 70% by 2020 (2). Consequently, the Community's efforts to achieve more rational use of energy and to develop indigenous alternative sources of energy are of undiminished importance.

## THE BENEFITS OF RENEWABLES

Renewable energy in its various forms (wind, biomass, hydro, solar, etc.) is one such indigenous source. It has the added attraction of reducing the overall emission of carbon dioxide (CO<sub>2</sub>) and other polluting gases at a time of increasing interest in climate change and air quality. Raising the share of renewables in total energy production will help the European Union comply with its environmental commitments both at European and international level. These include those pertaining to the Kyoto Protocol (December 1997) to the Climate Change Framework Convention. The Union is committed to reducing overall CO<sub>2</sub> emissions by 8% by 2008-2012. To help the EU Member States achieve this objective, the European Commission

(1) COM(97) 599, 26/11/97.

(2) Page 5 of the White Paper for a Community Strategy and Action Plan "Energy for the future: renewable sources of energy".



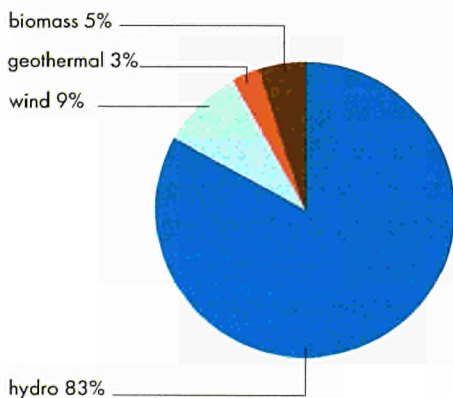
has identified in its Communication on the Energy Dimension of Climate Change (3) a series of energy actions, including a prominent role for renewables.

Apart from the contribution that renewables can make to general energy and environmental goals, such as reduced dependence on energy imports, decentralised production and increased security of supply, this source of energy has the potential to provide a significant net increase in employment, in particular among the many small and medium-sized businesses involved in the sector. Its development also offers substantial opportunities for export by European businesses, many of which are world leaders in the field of renewable energy technology. Finally, the promotion of the renewable sector finds broad support among the general public for largely environmental reasons.

**EIB LOANS FOR RENEWABLES**

Over the past five years, 1993-1997, the Bank has signed loans totalling ECU 1 005 million (4) in support of the development of renewable energy sources. This represents over 5% of the total amount provided in the energy sector as a whole over the same period. EIB lending in the area of renewables

EIB lending in the renewable energy sector, 1993-1997, within and outside the EU, by type of project (Total: ECU 1 005 m)



is, as in all other economic sectors, provide either directly through individual loans or indirectly through global loans. Large-scale projects (upwards of ECU 25 million) are financed by means of individual loans concluded directly with promoters or through financial intermediaries while small and medium-scale ventures (upwards of ECU 40 000) are funded indirectly through global loans. These credit lines are made available to banks or financial institutions operating at European, national or regional level and very much in touch with the real needs of businesses or local and regional authorities.

In total, 77% of financing for renewables between 1993 and 1997 was for projects within, and 23% outside, the European Union. Up to ECU 890 million was advanced under individual loans for 23 projects, with a total cost of some ECU 5 425 million. Projects involved the installation of over 2 970 MWe of new capacity and the refurbishment of over 3 425 MWe of existing plant. Environmental benefits compared with alternative fossil fuel-fired generation amount to an estimated annual reduction in CO2 emissions of 23 m tonnes (5). Annual savings of oil are of the order of 3 m toe (6). Within the Union, operations were dominated by hydro-electric projects (78%), with some windpower (12%); other sub-sectors included biomass-fired power plants (6%) and geothermal energy (4%). Loans were provided for hydro-electric plants in Italy, Austria, Sweden, Spain and Finland; wind farms in Spain and Germany; geothermal power schemes in Italy; and power plants fired by wood and other biomass in Sweden. A further ECU 117 million was



Hydro-electric power station in northern Sweden

advanced through 116 global loan allocations. They played a significant role in Italy (37% of total loan allocations), all supporting small hydro schemes. Another 35% of global loan allocations were in Spain, supporting wind, hydro and biomass projects and 21% in Germany, all for wind-power schemes.

Outside the EU, loans to the renewable energy sector during this period were exclusively for hydro-electric projects, chiefly in Africa, but also in Norway, Latvia, Costa Rica and Pakistan. A large-scale wind power project is currently under appraisal in the Mediterranean basin, however, and in Turkey, the Bank has helped to finance a wind energy feasibility study under the Mediterranean Environmental Technical Assistance Programme

(3) COM(97) 196 final, 14 May 1997.

(4) The statistics quoted exclude the waste-to-energy sector which is not included in the definition of renewable energy projects. In the waste-to-energy sector, the Bank provided in the same period over ECU 1 160 million for 17 projects throughout the European Union.

(5) CO2 emission reductions extrapolated from the Commission's White Paper (Table 6) referred to earlier.

(6) toe = tonnes of oil equivalent; 1 GWh of electrical power generated from a renewable energy source is assumed to save the equivalent of 250 t of oil in a thermal power station.



(METAP). The EIB is, together with the World Bank, co-founder of this programme which was launched in 1990 to address the region's very specific environmental problems.

#### THE EIB'S OVERALL FINANCING IN SUPPORT OF EU ENERGY POLICIES

The Bank's finance for renewables is part of its overall lending in support of the EU's objective to secure reliable, economic and environmentally-friendly energy supplies. For the Union's highly developed economies, access to such supplies is a prerequisite for sustainable development and job creation. EIB lending helps to diversify the EU's energy supplies, exploit indigenous resources including renewables and manage these judiciously, taking increased account of environmental requirements. Over the past five years, the Bank has mobilised more than ECU 16 billion for energy projects, representing nearly a fifth of its total lending. Priorities have included setting up, on a pan-European basis, interconnected gas and electricity networks with a view to a fully integrated energy market, reliable least-cost supplies, rational use of existing power station capacities and reduction of pollution. Within this context, the Bank has provided finance for introducing natural gas into Italy, Germany, Spain, Greece and Portugal; it has also funded construction of gaslines linking Russia, Algeria and fields in the North Sea to the Union, thereby giving access to plentiful resources on the outskirts of the Union. In the electricity sector, the Bank has helped among other things to set up and interconnect high-voltage power transmission networks, in particular by laying underwater cables between Sweden and Germany, between Norway and Denmark, between the United Kingdom, Ireland and mainland Europe, and between Spain and Morocco. Several hydroelectric schemes have been financed as well. Operations focusing on rational

use of energy have included projects in the industrial sector and power generation schemes in plants fired by gas or urban waste throughout the Union.

#### FUTURE OPPORTUNITIES FOR RENEWABLES - EIB SUPPORT

Renewable energy sources are widespread within the European Union and offer considerable potential for development. Still, their exploitation is uneven and so far generally limited. This may be due to their relatively high initial investment cost, although operational costs may be low. Furthermore, the promotion of renewable energy projects may involve unproven technology - making them hard to assess and implying a relatively high risk. Some projects may need to be subsidised because the environmental benefits of renewables may be difficult to capture in the financial returns to the promoter. They may also be very small-sized and therefore not fall within the scope of the EIB's lending as defined by its Statute.

Even within a more competitive EU energy market, however, the prospects for the renewables sector are good:

- technologies are improving;
  - costs are falling, in some cases quite rapidly (e.g. in the windpower sector, real prices per kilowatt have fallen by around two thirds over the last fifteen years);
  - attitudes towards the use of renewables are changing in a positive way;
  - the renewable energy manufacturing and service industries are maturing.
- The first large-scale renewables projects are now in place and financial competitiveness is improving in all sub-sectors, in particular compared to other decentralised applications. The European Commission is stimulating the development of renewables through a number of research, development and demonstration programmes.

So far EIB lending has concentrated on the more commercially and techni-

cally developed renewable sectors, such as hydroelectric and windpower. Other renewable energy schemes, e.g. biomass, charcoal, wood, solar and geothermal projects so far play little part in the Bank's loan portfolio. This



Geothermal power station in the LATERA area (Latium) in Italy

can be expected to change in the next few years in response to the renewed emphasis on this aspect of the European Community's energy and environmental policies. As seen above, renewable energy projects are becoming more "bankable", although in some cases a blend of loan and grant finance may continue to be needed for projects to go ahead. ■

More information on this topic and the "EIB's Environmental Policy Statement" and related documents such as the "EIB's Environmental Guidelines" can be obtained from the Information and Communications Department (Yvonne Berghorst):

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# Changeover to the €uro: what changes for outstanding EIB loans ?

The introduction of the euro by eleven Member States of the European Union (1), following the decisions taken by the European Council in Brussels in early May 1998, will create a new currency expected to play a major global role.

The EIB has already contributed towards the establishment of the euro in a number of ways, not least through its funding strategy designed to create a deep and liquid market in euro-denominated debt instruments on the capital markets. By virtue of its experience as well as its commitment to the establishment of the euro, the EIB has been and will continue to be a significant player in the single currency market.

In preparation for the start of the 3rd stage of Economic and Monetary Union (EMU) and the introduction of the single currency on 1 January 1999, the Bank considers it useful to inform its borrowers and guarantors about the changes to its existing lending operations resulting from the introduction of the euro (EUR).

These steps take account of the full rights of the parties concerned (see box).

The main effects on outstanding EIB loans are set out below:

(1) The 11 European Union Member States participating in the 3rd stage of Economic and Monetary Union as designated by the European Council in Brussels on 2-3 May 1998 are: Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Austria, Netherlands, Portugal and Finland.

## VALIDITY OF CONTRACTS

All EIB loan contracts and guarantee agreements signed before the introduction of the euro, whatever the currency in which they are denominated, will remain valid after 01.01.1999. Interest rates and all terms and conditions, including commitment arrangements, maturities, amortisation schedules and prepayment options will remain unchanged.

## OPENING OF CREDIT

- All credit opened in national currency units of the participating Member States and/or other currencies will remain unchanged.

- All credit opened in ECU will automatically be replaced by the EUR on 01.01.1999, on a one-to-one basis: 1 ECU = 1 EUR.

## DENOMINATION AND DISBURSEMENT OF LOANS

- Loans disbursed in national currency units of participating Member States: these will remain denominated in the currency originally provided for, unless redenomination is agreed between the parties. In such cases, the final reconciliation between amounts to be amortised in national currency units and their equivalent in EUR will be made on the last instalment.

- Loans disbursed in ECU: the ECU will be automatically replaced by the EUR on 01.01.1999, on a one-to-one basis: 1 ECU = 1 EUR.

- Loans disbursed in other currencies: these will remain denominated in the



currency originally provided for in the contract.

## REPAYMENT AND SERVICING OF LOANS

Payments linked to loan contracts, including annual instalments of principal and interest, prepayments, penalties and any other expenses, will be made as follows:

- Loans disbursed in ECU: to be made in EUR, as the ECU will automatically be replaced by the EUR on 01.01.1999 on a one-to-one basis: 1 ECU = 1 EUR.

- Loans disbursed in the national currency unit of a participating Member State:

- during the transitional period up to 31.12.2001:

in EUR or in the national currency unit of the participating Member State in which the loan was disbursed, depending on the borrower's preference, it being understood that the Bank will in any case accept repayment in EUR.



- after the transitional period as from 01.01.2002:

in EUR, as the loan contracts will have to be read as being in EUR.

- Loans disbursed in other currencies: in the same currencies as those disbursed.

## INTEREST RATES

The rate or rates charged are those in force at the time of contract signature or, in the case of open-rate contracts, at the time of each disbursement, whether fixed, fixed revisable, variable or convertible rates.

- *Fixed-rate loans* (including fixed revisable and convertible if already converted): the interest rate will remain that originally provided for in the contract, irrespective of the currency involved.

- *Variable-rate loans* (including convertible if not already converted):

- Variable spread: the reference rate will continue to be the EIB's specific variable rate with a cap expressed in basis points above the relevant reference rate.

- Fixed spread: direct pricing based on the reference rate originally provided for or its established successor.

## Reference rates

- Loans disbursed in ECU or in national currency units of participating Member States: as from 01.01.1999, the reference rate will be the successor reference rate, EURIBOR or EURO-LIBOR (2) as the case may be.

- Loans disbursed in national currencies of non-participating Member States: these will follow the reference rate provided for in the contract (e.g. GBP - LIBOR, GRD - ATHIBOR, DKK - CIBOR and SEK - STIBOR).

## PRINCIPLES AND KEY CONSIDERATIONS GUIDING LENDING AND BORROWING ASPECTS DURING THE CHANGEOVER TO THE EURO

As from 1 January 1999, the ECU will automatically be replaced by the euro (EUR) in all legal instruments at the conversion rate of 1 : 1. The euro will become the single currency of the Member States participating in the 3rd stage of Economic and Monetary Union, their national currency units continuing to be used as sub-divisions of the euro.

During the transitional period (01.01.1999 - 31.12.2001), the two main principles applicable to EIB lending and borrowing operations will be:

"The continuity of contracts" (Article 3 of Council Regulation (EC) N° 1103/97 1): in accordance with this Article, the introduction of the euro shall not have the effect of altering any term of a legal instrument, subject to anything which the parties may have agreed.

"No compulsion, no prohibition" (Article 8 of Council Regulation (EC) N° 974/98 2): a party may use the euro but cannot be compelled to do so. An amount denominated either in euro or in a national currency unit of a participating Member State and payable in that Member State can be paid either in euro or in that national currency unit.

As from 01.01.2002, the currencies of the 11 European Union Member States participating in the 3rd stage of Economic and Monetary Union will no longer be used in book entry transactions. By mid-2002 at the latest, these currencies will cease to have legal tender status, being fully replaced by the euro. National currency unit notes and coins will be withdrawn from circulation at the same time.

(1) OJEC, L 162, dated 19.06.1997

(2) OJEC, L 139, dated 11.05.1998

- Loans disbursed in other major currencies (USD, JPY, CHF, etc): the refer-

(2) EURIBOR will be the floating reference rate for the euro sponsored by the Banking Federation of the European Union and the ACI (Association Cambiste Internationale). It will be officially displayed to all principal information services for the first time by Dow Jones Market Ltd on 04.01.1999, at 11h00, Brussels time. EURO-LIBOR will be a floating reference rate sponsored by the British Bankers' Association; it will be displayed in London.

ence rate applied will be that provided for in the contract.

## FINANCIAL INFORMATION (AMORTISATION SCHEDULES, REPAYMENT NOTICES, ETC.)

The financial information provided to borrowers or guarantors by the EIB concerning loan contracts will be as follows:

- In national currency units of participating Member States: as originally



provided for in the contract together with the equivalent in EUR.

- Directly in EUR if the loan is redenominated or was denominated in ECU, as the ECU will automatically be replaced by the EUR on a one-to-one basis.

- In national currencies of non-participating Member States as well as loans in other major currencies traded inter-

nationally: in the same currency or currencies as provided for in the contract.

### SECURITY FOR LOANS

The underlying security will need to be denominated in the same currency as the loan.

More details about the changeover to the euro, covering EIB lending and borrowing operations, are included in

the brochure "EIB lending and borrowing during the changeover to the euro: an operational guide" available in 11 languages.



## The European Challenge: Investing for Jobs

The European Investment Bank organised its fourth EIB Forum (1) on 22 and 23 October in London on the role investment plays in job creation. The Forum brought together some 350 delegates from banks and other financial institutions, industry, trade unions, national, regional and local public bodies, international organisations, academic circles and the media. On the first day, the plenary session tackled the more general issues of what instruments could be used for enhancing employment and what would be the appropriate social model to develop. The second day's programme was more technical, addressing the opportunities for fostering growth through stock market investment financing in a large unified euro capital market as well as the availability of venture capital for innovative SMEs.

### A KEY EUROPEAN ISSUE

The aim of the EIB's annual Forum is to gather together experts on key European issues discussing past and future trends regarding these topics. In this, the

(1) See also EIB Information N°97, page 15.

Bank can draw inter alia on its many contacts in the market, including the banking sector, industry and public authorities, its position within the EU's institutional set-up, and its cooperation with other international financial institutions. This year's Forum reflected both the European Union's and the EIB's prime concern for job creation, a crucial issue on which the success of Economic and Monetary Union and the European Union's future enlargement will largely have to be built. The significance of the link between investment and job creation has been underlined by successive European Council meetings, starting with the Amsterdam Summit in June 1997 when the EU's Heads of State or Government pledged to address the structural problems underlying unemployment. In response to their request to the EIB to support their Resolution on Growth and Employment, the Bank launched its Amsterdam Special Action Programme (ASAP) to step up lending for investment to encourage job creation within the European Union.

### THE GLOBAL FRAMEWORK

The Forum's topic has to be viewed within a global context, as underlined by EIB President Sir Brian Unwin in his opening speech: the European Union would have to reduce the excessive level of unemployment, against the background of the current global financial and economic crisis from which the Union could not escape completely unscathed. Within such a volatile environment, the role of Economic and Monetary Union in establishing an area of stability with a robust single currency was even more crucial for the capital and financial markets of Europe and the whole world. Its

Sir Brian Unwin, President of the EIB





sustained success would, to a large extent, depend on maintaining and encouraging investment, particularly at a time when budgetary funds and public expenditure remained constrained.

#### THE ROLE OF THE EIB

As the European Union's financing institution, the EIB plays an important role in the Union's initiatives to create sustainable jobs and bring down unemployment by providing long-term funding for sound investment. Its Amsterdam Special Action Programme opens up new financing opportunities in the labour-intensive sectors of health and education, as well as enabling the Bank to intensify its support in the more traditional areas of the environment, urban renewal and trans-European infrastructure networks (TENs). The most significant and novel feature of ASAP is a "Window" to channel venture capital to innovative small and medium-sized enterprises (SMEs) with potential for growth and job creation. Through the "SME Window", the Bank expects to make a major contribution to the expansion of the currently underdeveloped European venture capital market, which is vital for future jobs and growth in Europe. So far, acting in co-operation with the European Investment Fund (EIF) and a large number of European banks and other financial institutions, the EIB has approved venture capital allocations of over ECU 500 million for investment in nearly all EU Member States. Last year, the Bank's ECU 23 billion lending within the European Union contributed to financing investment accounting for 6% of gross fixed capital formation, with two thirds going to projects furthering economic development in less advanced regions.

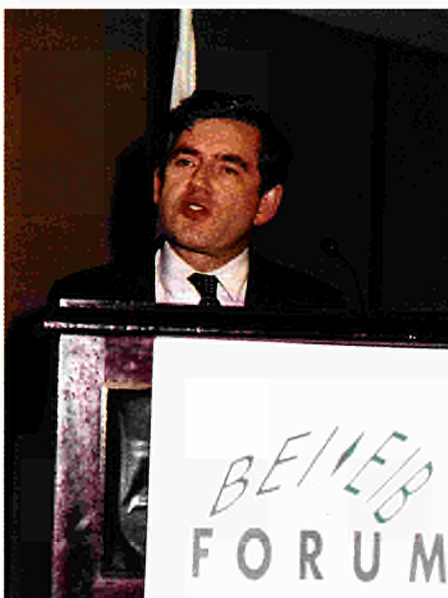
#### INVESTMENT AND JOB CREATION

Opening guest speaker, Gordon Brown, Chancellor of the Exchequer and EIB Governor for the United Kingdom, focused on investment in "employability" as a precondition for increasing productivity, competitiveness

and job creation. Europe's main resource was brainpower and therefore its future essentially depended on investment in education and training. Speakers in the plenary session gave their personal assessment of questions such as: why has Europe increasingly failed to generate more jobs over the last twenty years; does the "European" social model hamper job creation; and, what has to be changed to enhance job creation. Among the speakers was Jacques Delors, former President of the European Commission, whose White Paper on Growth, Competitiveness and Employment can be considered to be the "initial" source of the European Union's present growth and employment strategy.

#### THE ROLE OF CAPITAL MARKETS

The second day's sessions were addressed by speakers from industry, including small businesses, European stock exchanges, pension funds, the European Commission and the European Investment Fund. The session on the prospects for financing investment in an in-



*Gordon Brown, Chancellor of the Exchequer and EIB Governor for the United Kingdom*

tegrated capital market included analyses of barriers which had to be removed if Europe's stock markets were to become a growing source of finance for businesses. Many issues such as



*Jacques Delors, former President of the European Commission*

common regulations, harmonisation and transparency still had to be fully resolved. A common expectation was that businesses would look increasingly for equity capital and, with reforms of public pension systems under way and more savings from private pension schemes to be anticipated, there would be no lack of demand for shares. Key issues of the session on access to venture capital for innovative businesses included why venture capital markets in Continental Europe lagged behind Anglo-Saxon countries and how obstacles impeding innovation and start-ups could be eliminated. There was general consensus that venture capital is a decisive tool for fast-growing enterprises who need to broaden their capital base before gaining access to stock markets.

#### PROCEEDINGS

Speeches delivered at the Forum and highlights of discussions will be published in February 1999, in English, in its *Proceedings* which will be widely distributed to those interested in the Forum's theme (2). ■

(2) The *Proceedings* can be ordered free of charge from the EIB's Information and Communications Department, Information Desk, fax -352 4379 3189. For particulars of the Forum's programme and other Forum details, contact Yvonne Berghorst, fax -352 4379 3189; e-mail [y.berghorst@eib.org](mailto:y.berghorst@eib.org).



## Three new Evaluation Reports on Regional Development

**A tool for increased accountability, EIB ex-post evaluation activity aims to determine how well the Bank achieves the overall objectives guiding its lending operations.**

The EIB's Operations Evaluation Unit has recently published reports on three sectoral evaluation studies:

- Operations in the Telecommunications Sector in EU Member States;
- Industrial Projects Financed by the EIB under the Objective of Regional Development;
- Contribution of Major Road and Rail Infrastructure Projects to Regional Development.

The studies involve in total 56 individual projects financed by the EIB inside the European Union and representing about 15% of the relevant segment of the EIB's project portfolio. The studies, involving site visits and meetings with project promoters, were systematically carried out with the help of external experts, to ensure an independent assessment both of the projects individually and of the conclusions overall.

The reports were extensively discussed inhouse before being presented to the EIB's Board of Directors and have now been made available to the public.

The three studies had the same basic aims, namely: to provide evidence of the EIB's achievement of objectives, in this particular case, Regional Development. The accountability princi-

ple is increasingly being emphasised not only in public debates but also in political quarters including those close to the EIB, and in recent years issues on the EIB's performance in this respect have been raised still more often.

Furthermore, the studies were intended as a basis for internal policy decisions. Strategy discussions and corporate operational planning require documentation of past results and performance measurements in order to steer future EIB activity in the directions desired.

Finally, the studies aimed at creating useful feedback to management and staff. The capacity of the organisation to adapt in response to a changing environment depends, among other things, on its ability to assess correctly its own past performance.

Among the various conclusions in the reports, it should be mentioned that the projects - especially infrastructure and telecommunications schemes -

generally seem to be well implemented, robust and performing satisfactorily. Thus, the studies confirm that the EIB selects and finances only high quality Capital investment.

However, the studies point at weaknesses relating to the project concept as applied by the EIB: a project is often defined for financial reasons, by isolating specific items forming part of a larger investment or programme. In such cases it becomes difficult to assess profitability and overall benefits flowing from the programme; hence the project's own contributions or impact with regard to objectives are, in some cases, not easily demonstrated.

This led to the fundamental conclusion, recorded in all three reports, that the EIB does not yet possess a tool or other means of systematically ascertaining its overall impact on regional development. In fact, the studies found indications that for 26% of all projects financed, there had apparently not been a decisive impact





on regional development; in half of the cases there were clear indications of positive impact.

In the light of their findings and conclusions, the reports recommend action in various ways to incorporate lessons learned in to future operations. Such action may include strengthening project monitoring procedures, a revised approach to

project finance definition to better incorporate the programme aspect, and improvements in methods of assessing regional development impact.

The EIB has initiated a series of internal reflections to consider ways and means of taking the recommendations forward; the outcome of these reflections is pending.

The reports are available to the public in English, French and German from the Bank's Information and Communications Department (fax + 352 4379 3188) and can also be found on the EIB's Internet homepage, [www.eib.org](http://www.eib.org). ■

## EIB-OECD Two-Day Experts Meeting on the Appraisal of Educational Investment

In the framework of the ASAP initiative, in order to help develop the Bank's expertise in the sector of education newly eligible for EIB financing, the Bank's Projects Directorate has established contacts over the last year with the Organisation for Economic Co-operation and Development (OECD). This has led to an agreement that the two institutions will collaborate on a programme aiming to deepen the Bank's understanding of major practical issues that arise in the appraisal of individual projects and broaden its network of contacts in this field of operations.

An outcome of this agreement is that an "experts meeting" was held at the Bank on 16 and 17 November, under joint EIB-OECD auspices. The meeting considered those physical, environmental and organisational elements, which have a direct impact on the performance of educational

investment, and the measurement of that performance.

The programme for the two-day meeting covered: Economic analysis; Performance indicators (quality and productivity); Management of physical resources; and Design and equipment of physical facilities.

The experts participating at the meetings were researchers, planners and managers working on educational policies, and architects and others responsible for the design of educational facilities primarily from EU Member States, but also other OECD countries. Experts meetings are an efficient way to discover, develop and disseminate information in a variety of areas. The EIB is planning a similar initiative in the health sector and has approached the World Health Organisation (WHO) in this respect.



The proceedings of the meeting will be the subject of in a joint OECD-EIB publication and will be available from the OECD Publication Office and/or from the EIB's Information and Communications Department as from early 1999. ■



## THE 1999 EIB PRIZE



Entries must be submitted before 2 February 1999

# The 1999 EIB Prize

The EIB Prize was initially established on the occasion of the Bank's 25th Anniversary and has been awarded every two years since 1985. Originally restricted to doctoral dissertations on investment and finance, the conditions of award of the EIB Prize were revised radically in 1996 to encourage more original analyses and to cover a broader spectrum of European financial and economic issues. As a result, the 1997 EIB Prize competition attracted a considerable number of entries from a wide variety of countries. The winning essays in the 1997 EIB Prize competition were published in a special issue of the "EIB-Papers", which is available upon request from the Chief Economist's Office of the European Investment Bank.

With the aim of providing a neutral forum for topical policy discussions and so contributing towards the ongoing debate regarding the future design of the European Union, the following awards will be offered for short essays on economic and financial topics related to European affairs.

EUR 10 000 (first prize)  
EUR 7 500 (second prize)  
EUR 5 000 (third prize).

There is also a special award of EUR 5 000 for essays on the 1999 set topic: "Unemployment - how do we put Europe back to work?".

In addition, three EUR 1 000 prizes are available for entries from persons under the age of 30.

### ELIGIBILITY

The 1999 EIB Prize is open to any person, irrespective of age, who has the nationality of a Member State of the EU, or

a Member State of EFTA (Norway, Switzerland, Liechtenstein, Iceland), or of a European state that has concluded an Association Agreement with the European Union (Cyprus, Malta, Turkey, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia).

### ENTRIES

- Essays must be written in a non-technical style and be of a maximum length of 5 000 words, excluding graphs and bibliography.
- Essays must be unpublished in the form presented, i.e. both original papers and adaptations of theses or other existing works may be submitted as entries.
- Essays by joint authors are eligible as submissions for the Prize.
- Entries may be submitted in one of three languages: English, French or German.
- Entries may not be submitted through e-mail, or on diskette.

### THE JURY

An independent Prize Jury adjudges the essays selected for its consideration:

Edmond Malinvaud of the Collège de France, Chairman, Antonio Borges, Dean of INSEAD, William Emmott, Editor of The Economist, Alexandre Lamfalussy, former President of the EMI, Alberto Quadrio-Curzio of the Catholic University of Milan, Helmut Schlesinger, former President of the Bundesbank, Jacques-François Thisse of the Catholic University of Louvain, and Alfred Steinherr, Chief Economist of the EIB.

### TIMETABLE

- An invitation to submit essays for the 1999 EIB Prize was published in the economic press in September 1998.
- Candidates should send two copies of their entries by registered mail to the EIB

- Prize Secretariat before 2 February 1999.
- The names of the prize winners will be announced in the economic press in July 1999.
- The awards will be presented on 8 and 9 July 1999 at a conference to be held at the Schloss Leopoldskron in Salzburg. ■

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