

European
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Bank

annual report 1979



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Board of Governors

Chairman	René MONORY (France)
BELGIUM	Gaston GEENS, Minister of Finance <i>until May 1980</i> Robert HENRION, Minister of Finance
DENMARK	Knud HEINESEN, Minister of Finance <i>until October 1979</i> Svend JAKOBSEN, Minister of Finance
GERMANY	Hans MATTHÖFER, Minister of Finance <i>Chairman until June 1979</i>
FRANCE	René MONORY, Minister for Economic Affairs
IRELAND	George COLLEY, Tanaiste and Minister for Finance <i>until December 1979</i> Michael O'KENNEDY, Minister for Finance
ITALY	Filippo Maria PANDOLFI, Minister of the Treasury
LUXEMBOURG	Jacques POOS, Minister of Finance <i>until July 1979</i> Pierre WERNER, Prime Minister, Minister of State
NETHERLANDS	F. H. J. J. ANDRIESSEN, Minister of Finance <i>until February 1980</i> A. P. J. M. M. van der STEE, Minister of Finance
UNITED KINGDOM	Denis HEALEY, Chancellor of the Exchequer <i>until May 1979</i> Sir Geoffrey HOWE, Chancellor of the Exchequer

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Board of Directors

Chairman

Yves LE PORTZ

Vice-Chairmen

Horst-Otto STEFFE

Giorgio BOMBASSEI FRASCANI de VETTOR

Maurits ESSELENS

C. Richard ROSS

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Karl BREDAHL	Afdelingschef, Ministry of Finance, Copenhagen
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André de LATTRE	Président du Crédit National, Paris
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Maurice HORGAN	Second Secretary, Department of Finance, Dublin
Norman JORDAN-MOSS	Deputy Secretary (Overseas Finance A), H.M. Treasury, London <i>until January 1980</i>
Ludovicus MEULEMANS	Inspecteur-generaal van de administratie der Thesaurie, Ministry of Finance, Brussels
Rudolf MORAWITZ	Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn
Waldemar MÜLLER-ENDERS	Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn <i>from March 1980</i>
Ugo MOSCA	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels <i>until August 1979</i>
Anne E. MUELLER	Deputy Secretary, Department of Industry, London
Tommaso PADOA-SCHIOPPA	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels <i>from September 1979</i>
Maurice PÉROUSE	Directeur Général de la Caisse des Dépôts et Consignations, Paris
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Felice RUGGIERO	Direttore Generale del Tesoro, Ministry of the Treasury, Rome
B.F. van ITTERSUM	Directeur Buitenlandse Financiële Betrekkingen, Ministry of Finance, The Hague
Hans-Herbert WEBER	Ministerialdirektor, Federal Ministry of Finance, Bonn <i>until December 1979</i>
Alternates	
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Lionello FRONZONI	Ex-Direttore, Banca d'Italia, Rome
Edward A.J. GEORGE	Assistant Director, Bank of England, London
Winfried HECK	Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn <i>from March 1980</i>
Mary E. HEDLEY-MILLER	Under-Secretary, Finance (International Monetary), H.M. Treasury, London
P.C. MAAS	President-Directeur van de Nationale Investeringsbank N.V., The Hague
Pierre MATHIJSSEN	Director-General for Regional Policy, Commission of the European Communities, Brussels
Horst MOLTRECHT	Ministerialdirektor, Federal Ministry for Economic Cooperation, Bonn
Waldemar MÜLLER-ENDERS	Ministerialdirigent, Federal Ministry of Finance, Bonn <i>until February 1980</i>
Yves ROLAND-BILLECART	Directeur Général de la Caisse Centrale de Coopération Économique, Paris
Savino SPINOSI	Dirigente Generale, IRFE, Ministry of the Treasury, Rome

Management Committee

Yves LE PORTZ, President,
 Horst-Otto STEFFE, Vice-President
 Giorgio BOMBASSEI FRASCANI de VETTOR, Vice-President
 Maurits ESSELENS, Vice-President
 C. Richard ROSS, Vice-President

Functional organigramme of the Bank

Manager

Head of department

Head of division

General Administration Directorate

Henri LENAERT,
 Secretary-General ⁽¹⁾
 Eugenio GREPPI,
 Secretary-General ⁽²⁾

Personnel, Administration and Budget

Hans HITZLBERGER, Deputy Manager — Head of
 Personnel
 Administration, Personnel and Budget
 Recruitment and Careers

Jean EQUINET, Adviser
 Ronald STURGES, Adviser

Secretariat and General Affairs

.....

Secretariat
 Information — Public Relations
 Representative Office in Brussels
 Organisation and Methods
 Translation

Michel LAUCHE, Principal Adviser
 Karl Georg SCHMIDT, Adviser
 Manfred TEICHERT, Principal Adviser
 Penrhyn TURNER, Deputy Adviser
 Klaus WOSZCZYNA, Deputy Adviser

Directorate for Operations in the Community

Romeo dalla CHIESA

Coordination

Manfred THOMSEN, Adviser

Operations in Belgium, Denmark, France, Germany, Luxembourg, the Netherlands

Helmuth CRAMER, Associate Manager

Jean-Pierre LACAILLE, Principal Adviser ⁽³⁾
 Gérard d'ERM, Adviser
 John AINSWORTH, Adviser

Operations in Italy, Rome

Giorgio RATTI, Deputy Manager

Manfred KNETSCH, Deputy Adviser
 Filippo MANZI
 Francis CARPENTER

Operations in Ireland and the United Kingdom

Dennis KIRBY, Deputy Manager

Thomas HALBE, Adviser
 Luciano ROTONDI, Adviser

Monitoring

Marc de BUYER, Deputy Manager

Giovanni TORELLI, Deputy Adviser

Directorate for Operations outside the Community

Dieter HARTWICH

Coordination

Roger ADAMS, Deputy Adviser

Operations in the ACP-OCT

Jacques SILVAIN, Associate Manager

Jean-Marie PAYEN, Principal Adviser
 Thomas OURSIN, Adviser
 Rex SPELLER, Deputy Adviser
 Fridolin WEBER-KREBS, Deputy Adviser

Operations in the Mediterranean Countries

Christopher LETHBRIDGE, Deputy Manager

Elio GONELLA, Adviser
 Pietro PETTOVICH, Adviser
 Ernest LAMERS, Deputy Adviser

Monitoring

Robert CORNEZ, Deputy Manager

Alfred KAWAN, Adviser

⁽¹⁾ until January 1980; from February 1980, Special Adviser to the Management Committee

⁽²⁾ from February 1980; had been Deputy Secretary-General since January 1978

⁽³⁾ transferred in April 1980 from the Directorate for Operations outside the Community

*Functional organigramme of the
Bank (suite)*

Manager

**Finance and Treasury
Directorate**

André GEORGE

Head of department

Issues

Wolfgang THILL, Deputy Manager

Treasury

John VAN SCHILL, Deputy Manager

General Accountancy

AnthoN PETERSEN, Deputy Manager

Data processing

Head of division

Rutger ADVOCAAT, Deputy Adviser
Jean-Claude BRESSON, Deputy
Adviser
Ulrich MEIER, Deputy Adviser
Araldo BONDURRI

Anthony CLOVER, Deputy Adviser
Lucio RAGUSIN

François ROUSSEL, Deputy Adviser

Ernest ERPELDING

Research Directorate

John H. WILLIAMS

Economic Research

Henri LEROUX, Associate Manager

Financial Research

Desmond G. McCLELAND, Deputy Manager

Documentation and Library

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Klaus ACKERMANN, Adviser
Joachim MÜLLER-BORLE, Deputy
Adviser
Luigi GENAZZINI

Francis THOUVENEL, Adviser

Legal Directorate

J. Nicolaas van den HOUTEN ⁽¹⁾
Douglas J. FONTEIN ⁽²⁾

Jörg KÄSER, Deputy Manager

Xavier HERLIN, Principal Adviser
Bruno EYNARD, Adviser
Michael KONSTAM, Adviser (†)
Alessandro MORBILLI, Adviser

Technical advisory service

Group A: Special projects

Hellmuth BERGMANN, Chief Technical Adviser
Filippo BARILLI, Principal Technical Adviser
Ernst-Helmut LINDER, Principal Technical Adviser
Zdenek HAVELKA; Technical Adviser ⁽³⁾

Group B: Operations in the Community

Walter LOWENSTEIN-LOM, Group Leader
Giuseppe DURANTE, Technical Adviser
Thomas FLYNN, Technical Adviser

Group C: Operations outside the Community

Jacques FAUDON, Group Leader
Robert VERMEERSCH, Principal Technical Adviser

⁽¹⁾ until April 1979; from May to November 1979, Special Adviser to the Management Committee

⁽²⁾ from May 1979; had been Deputy Manager since November 1978

⁽³⁾ from April 1980

(†) died in November 1979

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Unit of account

The value of the European Investment Bank's unit of account is equal to the sum of the following amounts of the national currencies of the Member States:

Deutsche Mark	0.828
Pounds sterling	0.0885
French francs	1.15
Italian lire	109
Dutch guilders	0.286
Belgian francs	3.66
Luxembourg francs	0.14
Danish kroner	0.217
Irish pounds	0.00759

This definition is identical to that adopted for the European Unit of Account (see Note A to the Financial Statements, Annex E, page 75).

The conversion rates used by the Bank during each quarter for its financing and borrowing statistics are those obtaining on the last working day of the previous quarter; in 1979, these were as follows:

	during the 1st quarter	during the 2nd quarter	during the 3rd quarter	during the 4th quarter
1 unit of account =				
DM	2.50868	2.52529	2.52222	2.48777
£	0.675274	0.653132	0.629803	0.649544
Ffrs	5.75538	5.80903	5.84606	5.85499
Lit	1 140.06	1 135.45	1 136.26	1 145.01
Fl	2.71453	2.72291	2.77055	2.75931
Bfrs	39.6543	39.9434	40.4155	40.2326
Lfrs	39.6543	39.9434	40.4155	40.2326
Dkr	6.99113	7.01814	7.24533	7.26913
IR£	0.675274	0.656495	0.668529	0.668086
US\$	1.37688	1.35172	1.36447	1.42770
Sfrs	2.22839	2.28820	2.26911	2.21579
Yen	265.566	283.456	296.772	319.305
Sch.	18.2739	18.5118	18.5295	17.9033
£Leb	4.13752	4.28225	4.42771	4.68999

The balance sheet and financial statements have been drawn up on the basis of the conversion rates obtaining at 31 December of the financial years 1978 and 1979 (see page 75).

New financing provided by the European Investment Bank in 1979 amounted to 2 702.1 million units of account (1) from the Bank's own resources and 369 million from resources accounted for under its Special Section (see page 71), a total of 3 071.1 million compared with 2 188.3 million in 1978.

Of the total financing provided, 2 558.2 million went towards investment projects in Member Countries. For the first time, loans from the Bank's own resources, totalling 2 281.2 million, were complemented by 277 million granted from funds raised through the New Community Instrument (NCI) for borrowing and lending. Financing amounting to 512.9 million was provided for projects contributing to the economic development of countries in the Mediterranean region and of countries which were signatories to the Lomé Convention.

The loans granted in Member Countries from the Bank's own resources conform to the objectives defined in Article 130 of the Treaty of Rome and the loans from NCI resources to those defined by the relevant decisions of the Council of the European Communities (see pages 23 and 25). Financing provided outside the Community went towards projects meeting the objectives defined in the pertinent financial agreements and protocols.

Community policies

The appreciably higher level of Bank financing reflects the Bank's response to the recommendations of the European Council, more explicitly defined by the Council of the European Communities, acting on a proposal from the Commission, and by the Bank's Board of Governors.

On several occasions since its meeting on 26 and 27 March 1977, the European Council — comprising the Heads of State or Government of the nine Member Countries — has reaffirmed its objectives of stimulating economic growth against a background of stability, reducing unemployment and promoting convergence between the economic performances of the different Member Countries through increased investment, mainly by making more Community resources available for financing in Europe. Subsequent developments in the general economic situation prompted the European Council, particularly at its meetings on 21 and 22 June 1979 in Strasbourg and on 29 and 30 November in Dublin, to clarify its previous conclusions.

At these meetings, the European Council voiced its recognition of the persistently disquieting level of unemployment within the Community, and reaffirmed the fundamental importance of maintaining national and Community efforts to improve economic structures, primarily through increased investment. Reiterating the need for Member States to concert their economic policies and to continue their measures to counter inflation, the Council also conducted an exchange of views on ways of achieving greater convergence in economic performance and on budgetary questions. In expressing its resolve to promote the harmonious expansion of Member States' economies and reduce existing disparities between them, it emphasised the need for greater Community efforts to reinforce economic structures, particularly in view of the imminent enlargement of the Community, with the implicit need for measures in support of agriculture in the Mediterranean region. In addition, in view of the sombre outlook for the world energy situation, the Council reaffirmed the urgent need to make fuller use of Member States' own energy resources. Coal, nuclear energy "without whose development, in the coming decades, no economic growth will be possible", oil and natural gas, research into and development of alternative sources of energy, and energy savings must all contribute to reducing the Community's dependence on outside sources of supply.

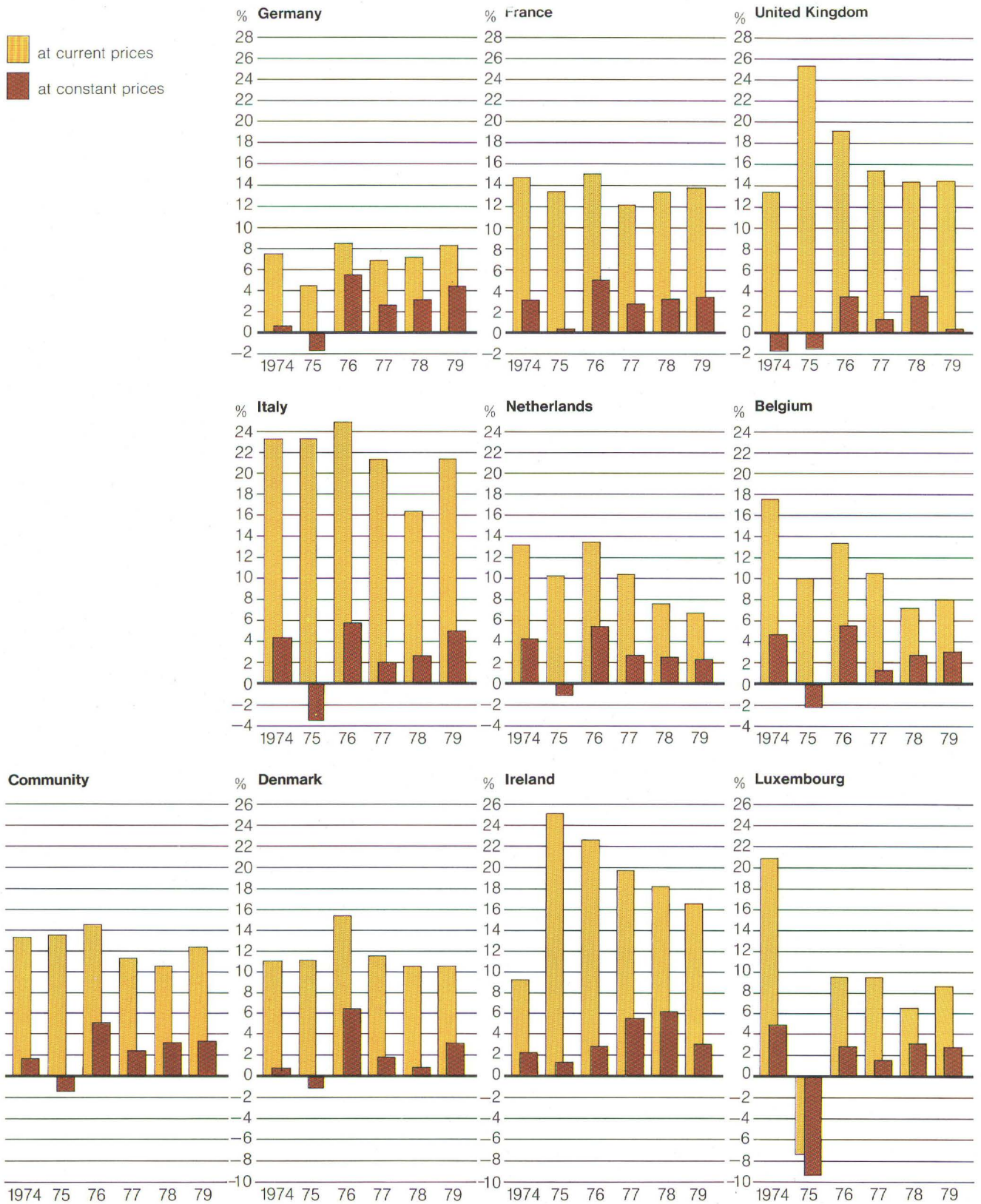
Important measures subsequently taken have reinforced the Bank's efforts to meet the Community's recommendations.

In pursuance of its decision of 16 October 1978 on the proposal of the Commission of the European Communities to create a New Community Instrument (NCI) for borrowing and lending, the Council of the European Communities on 14 May 1979 authorised an initial borrowing tranche of 500 million, the proceeds of which were to be used to finance

(1) Except where otherwise indicated, all amounts quoted are expressed in units of account (see page 8). Differences between totals shown and the sum of individual amounts are due to rounding.

Gross domestic product in the Community

% variations by comparison with previous year



investment projects within the Community, which met the Community's priority objectives regarding infrastructure and energy. The Commission raises the necessary funds on the capital markets, deposits them with the Bank in an account opened in its name and determines the eligibility of projects in accordance with guidelines laid down by the Council; these require investment projects to comply with Community rules applicable to the area concerned and to make a contribution to resolving the Community's main structural problems, in particular by reducing regional disparities and improving the employment situation. The Bank was given a mandate to make the loans on behalf of the Community in accordance with the procedures provided for in its Statute and its usual criteria. It examines loan requests submitted and, when the Commission has ruled on the eligibility of the projects concerned, it decides whether the loans shall be granted and, if so, administers them.

The Council of the European Communities also enacted on 3 August 1979 the regulation relating to interest subsidies to be granted at a rate of 3 % per annum on certain loans in conjunction with the European Monetary System (EMS) set up by a regulation of 18 December 1978, which entered into force on 13 March 1979. These interest subsidies may be granted on loans totalling up to 5 000 million in five annual instalments of 1 000 million over the period 1979-83, and the amount of interest subsidies financed from the Community budget will be 1 000 million divided into five annual instalments of 200 million, corresponding to the discounted value of the subsidies. Interest subsidies may be granted for loans from the Bank's own resources and for loans granted from NCI resources in support of certain investment projects implemented in the less prosperous Member States effectively and fully participating in the EMS. By its decision of 3 August 1979, the Council of the European Communities designated Italy and Ireland as eligible for EMS interest subsidies.

The subsidised loans are granted and administered by the Bank in accordance with its Statute once the Commission has decided whether or not projects are eligible according to the following criteria: the investment must be in accordance with the Community rules applicable in the fields concerned; loans must be concentrated on the financing of infrastructure projects and programmes; the investment must contribute to resolving the main structural problems affecting the country concerned, and in particular to reducing regional disparities and improving the employment situation; the investment

must be compatible with the provisions of the Treaty of Rome governing competition and must not directly or indirectly distort the competitive position of specific industries within the Member States.

On 20 December 1979, the Council of the European Communities decided to raise from 500 million to 1 000 million the total amount of borrowings which the Commission is authorised to contract on behalf of the European Atomic Energy Community (Euratom), the proceeds of which are to be on-lent for financing investment projects concerned with generation of electricity from nuclear sources and the installation of industrial plant for processing nuclear fuel. The Bank appraises loan applications, acts as agent in concluding finance contracts which it signs with the Commission and administers the loans which it records in its Special Section for the account of Euratom.

Mention should also be made of the ongoing work of Community bodies in the various sectors in which a large part of Bank financing is conducted. Proposals for regulations instituting specific Community measures for regional development likely to receive financing aid from the resources of the non-quota section of the European Regional Development Fund were being examined by the Council of the European Communities at the end of the year.

The Treaty for Greece's accession to the Community signed in Athens on 29 May 1979 should enter into force on 1 January 1981. Greece will then become a member of the Bank. The Bank's operations in Greece will thereafter be conducted in line with the criteria and directives governing its lending activity within the Community.

The accession negotiations entered into with Portugal in October 1978 and with Spain in February 1979 are continuing. Concurrently with this process of enlargement, steps were taken to reactivate the association between the Community and Turkey.

Outside the Community, financing envisaged under various agreements, decisions and financial protocols now being implemented in favour of developing countries corresponds to some 1 300 million of loans from the Bank's own resources, 851.5 million of loans on special conditions and 101 million of risk capital assistance from budgetary funds, all for a period extending in principle over five years.

Community policies

The financial protocols concluded in 1976 and 1977 entered into force during the second half of 1978 in the case of Greece, Portugal, the three Maghreb countries, Malta, the four Mashreq countries and Israel, on 1 January 1979 in the case of Cyprus and on 1 May 1979 in the case of Turkey.

Negotiations between the Community and Yugoslavia led, on 2 April 1980, to the signature of a cooperation agreement and financial protocol giving Yugoslavia access to Bank loans for up to 200 million over a period of five years.

The accession in 1979 of four further states to the first Lomé Convention signed on 28 February 1975 between the European Economic Community and a number of African, Caribbean and Pacific (ACP)

States brought their number to 58 (1). This Convention expired on 1 March 1980.

The negotiations conducted by the Community with these same ACP States culminated on 31 October 1979 in the signature of the second Lomé Convention.

This convention provides for total financing up until 1 November 1984 of more than 5 000 million in favour of the ACP States and 109 million in favour of the Overseas Countries and Territories (OCT). It includes up to 700 million (685 million in the ACP States and 15 million in the OCT) of loans from the Bank's own resources, carrying a 3-point interest subsidy financed from the European Development Fund (EDF). In addition, the Bank has the task, on behalf of

Amounts of Community financial aid provided for under various agreements, financial protocols and decisions in force at 31 December 1979

(million u.a.)

Country/Group of countries	Expiry date	Loans from EIB own resources	Operations mounted with budgetary funds				Total
			Loans on special conditions	Risk capital operations	Grant aid (8)	Stabilisation of export earnings	
ACP	1. 3. 1980	390 (1)	440.1 (4)	97 (5)	2 139.75	380	3 446.85
OCT	1. 3. 1980	10 (1)	29.4 (4)	4 (5)	34.83	20	112.65 (9)
Greece	31. 10. 1981	225 (2)	10 (6)	—	45	—	280
Portugal	31. 10. 1983	200 (2)	—	—	30	—	230
Turkey	31. 10. 1981	90	220 (6)	—	—	—	310
Yugoslavia	Protocol under negotiation (10)						
Algeria	31. 10. 1981	70 (3)	—	19 (7)	25	—	114
Morocco	31. 10. 1981	56 (3)	—	58 (7)	16	—	130
Tunisia	31. 10. 1981	41 (3)	—	39 (7)	15	—	95
Egypt	31. 10. 1981	93 (3)	—	14 (7)	63	—	170
Jordan	31. 10. 1981	18 (3)	—	4 (7)	18	—	40
Lebanon							
— financial protocol	31. 10. 1981	20 (3)	—	2 (7)	8	—	30
— emergency aid		20	—	—	—	—	20
Syria	31. 10. 1981	34 (3)	—	7 (7)	19	—	60
Malta	31. 10. 1983	16 (3)	—	5 (6)	5	—	26
Cyprus	31. 12. 1983	20 (3)	—	4 (6)	6	—	30
Israel	31. 10. 1981	30	—	—	—	—	30
Total Mediterranean region		933	382	—	250	—	1 565

(1) Loans carrying 3-point interest subsidies from the European Development Fund, except for loans for oil projects, wherever these are located, and mining projects, unless these are located in one of the least developed ACP States cited in Article 48 of the Lomé Convention.

(2) Part of these loans eligible for 3-point interest subsidies from budgetary funds.

(3) Loans eligible for 2-point interest subsidies from budgetary funds.

(4) Loans granted by the Commission of the European Communities.

(5) Operations mounted by the Bank.

(6) Loans granted by the Bank.

(7) The Bank manages special loans and risk capital operations in the industrial, energy, mining, tourism and economic infrastructure sectors; the Commission manages special loans in other sectors.

(8) Interest subsidies are financed from this grant aid.

(9) Including a 14.42 million reserve.

(10) See page 12.

the Community, of deploying the 287 million of EDF funds allocated for risk capital assistance (280 million in the ACP States and 7 million in the OCT).

The Bank may also provide additional financing from its own resources, with the authorisation of its Board of Governors on a case-by-case basis in accordance with the second paragraph of Article 18 (1) of its Statute, for mining and energy projects of mutual interest to the Community and to the ACP State concerned.

In the interim period prior to the entry into force of the second Lomé Convention, the Bank will continue to provide financing in the ACP States and the OCT within the limits of the amounts which have not yet been committed on the terms and conditions defined by the first Lomé Convention. In collaboration with the Commission of the European Communities, it is engaged in preparatory work and consultations for implementing the new Convention, particularly through participating in Community aid programming missions to each of the ACP States.

The French overseas departments (OD) which were previously eligible for Bank loans by virtue of the Decision of the Council of the European Communities of 29 June 1976 supplementing the Lomé Convention, in favour of the Overseas Countries and Territories (OCT), are now, under the terms of a decision taken by the Board of Governors on 18 March 1980 in accordance with the second paragraph of Article 18 (1) of the Bank's Statute, eligible for Bank loans on the same terms and conditions as the other French departments.

(1) Listed as follows:

West Africa: Benin, Cape Verde, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo, Upper Volta.

Central Africa: Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tomé and Príncipe, Zaire.

East Africa: The Comoros, Ethiopia, Djibouti, Kenya, Madagascar, Mauritius, Seychelles, Somalia, Sudan, Tanzania, Uganda.

Southern Africa: Botswana, Lesotho, Malawi, Swaziland, Zambia.

Caribbean: Bahamas, Barbados, Dominica, Grenada, Guyana, Jamaica, St Lucia, Surinam, Trinidad and Tobago.

Pacific: Fiji, Kiribati, Papua New Guinea, Solomon Islands, Western Samoa, Tonga, Tuvalu.

Economic background

The background of economic developments against which Bank financing took place in 1979 was less favourable than could have been foreseen at the beginning of the year.

Disturbances on the oil markets and internal factors aggravating inflation in many of the industrialised countries hampered expected progress towards more sustained economic growth, greater price stability and fuller employment.

At the beginning of the year, the reduction in oil supplies brought about by events in Iran coinciding with sustained demand from the principal importing countries triggered off a series of increases in crude oil prices, which more than doubled compared with those obtaining in December 1978, rising at an annual average of about 40 %. Preceded, as it was, at the beginning of the year by a rise in the prices of most commodities, encouraged mainly by the still relatively high level of industrial activity at that time, this upward trend contributed to deteriorating balances of payments and a fresh surge of inflation in the oil-importing countries. In the United States, the higher rate of inflation led to an increasingly restrictive economic policy; the growth rate slackened — although less than expected — and there was an appreciable reduction in the balance-of-payments deficit on current account. In most other industrialised countries, and especially Japan, Germany and Italy, economic activity was fairly well sustained, but a resumption of investment was not sufficient in all cases to provide the necessary impetus to create new employment. During the second half of the year greater priority had to be given to the fight against inflation and to new energy policies.

The relatively favourable conditions for borrowing were maintained at the beginning of 1979 on most capital markets. The ready availability of ample funds, especially in the sector of the international market dealing in dollar-denominated securities, sustained new issues of fixed-interest bonds at a high level despite a slight tendency for interest rates to rise. Initially the foreign exchange markets, which had remained calm before and after the launching of the EMS, had little effect on borrowing rates other than to encourage some convergence of long-term interest rates.

The situation gradually changed towards the end of the first half of the year, as the industrialised

countries found themselves obliged to adopt more restrictive monetary policies to combat inflation or defend their currencies.

A further weakening of the United States dollar from the summer onwards prompted a tightening of the restrictive credit policy imposed by the Federal Reserve System and the rate of foreign bond issues on the United States domestic market slackened very noticeably. On the international capital market, the steep rise in short-term interest rates for Eurodollars unsettled the bond market. No issue of fixed-interest dollar-denominated bonds was launched on the new issues market between September and November, activity during this period being limited to convertible issues and floating-rate securities.

In Germany, the trend of interest rates was uneven, with the overall upward tendency being briefly reversed at the beginning of the second half of the year. The amount of foreign bond issues denominated in Deutsche Mark was significantly lower than in the previous year; following a marked fall during the first half of the year, a recovery in issuing activity was observed from July onwards. The market showed considerable fluctuations, with potential investors and borrowers anticipating possible changes in the rate of exchange of the Deutsche Mark either within the EMS or in relation to the dollar.

The cost of borrowing on most other capital markets rose substantially during the second half of the year.

In France, interest rates rose sharply. However, in spite of the deteriorating climate on the secondary market during the final quarter, numerous bond issues were launched, thereby making for an increase in the total amount of issues for the year, even in real terms, compared with 1978. On the Euro-franc market, there was a steadier, greater flow of issues than in 1978.

The more stringent monetary policy pursued in the United Kingdom from June onwards and reinforced at the beginning of the last quarter halted the resumption of issues on the Euro-Sterling market which, since March, had benefited from the persistent firmness of the pound.

In the other Community countries, short-term interest rates also rose. However, whereas foreign public issues denominated in Dutch guilders fell off sharply, corresponding issues denominated in

Belgian and Luxembourg francs were maintained at their previous level.

Outside the Community there was a substantial reduction in borrowing on the Japanese market, largely resulting from the weakening of the yen; in contrast, there was a slight increase in the volume of borrowing on the Swiss market.

Despite these pressures, the Bank was able to raise a larger volume of funds than in 1978, for the most part on national bond markets, but at appreciably higher rates.

The **Community's** gross domestic product increased by about 3.3 % ⁽¹⁾, a slightly higher rate than in 1978. This modest recovery, which had been expected following the concerted measures decided on in 1978, was, however, seriously disrupted by the events affecting oil supplies and their cost. The increase in the price of oil and, to a lesser extent, in the prices of other raw materials contributed to a worsening in the terms of trade and renewed pressure on prices which halted the gradual trend towards lower and more uniform rates of inflation in the Member Countries. That public finance deficits nevertheless tended to decline in proportion to GDP was attributable mainly to the additional tax revenue deriving from economic growth in an inflationary context.

Investment and personal consumption rose fairly steadily, leading to rapid growth in imports as well as to a worsening of the external trading position, already adversely affected by the rising oil bill. The large surplus in the balance of payments on current account recorded in 1978 gave way to a deficit as a result of persistent deficits in Denmark, the Benelux countries and Ireland, and from the emergence of deficits in the United Kingdom and Germany.

Although falling slightly in Germany, Denmark, Ireland and the United Kingdom, unemployment rose in France, Belgium and Italy, and remained high for the Community as a whole.

Changes in exchange rates within the Community were fairly limited; on 23 September, the monetary authorities of Member Countries participating in the EMS agreed to realign central rates by means of a 2 % revaluation of the Deutsche Mark and a 3 % deval-

⁽¹⁾ Except where otherwise indicated, all the rates quoted in this chapter relate to changes in volume.

valuation of the Danish krone in relation to the other participating currencies; in November, the Danish krone was adjusted downwards by a further 5%. Despite active measures to reinforce their interdependence, the economies of Member Countries still followed fairly contrasting trends.

In **Germany**, the faster rate of growth of economic activity first apparent in 1978 quickened further. Investment once again increased with industrial undertakings endeavouring to maintain their competitiveness and to adapt their production processes to take account of the increasing cost of energy, but also to expand their production capacity. After initial delays caused by a hard winter, housing construction entered a phase of brisk activity which was, however, slowed down firstly by a shortage of skilled workers and then by rising interest rates. Personal consumption, which was sustained in the first half of the year by an appreciable increase in disposable income resulting from tax reductions and increased pensions, contributed significantly to the growth in demand which was also stimulated by restocking. Nevertheless, the increase in VAT rates during the year subsequently damped this tendency. At the end of the year, growth in both demand and production appears to have been checked still further by the fresh increase in oil prices.

The numbers of employed considerably increased. The trade surplus fell mainly as a result of the deterioration in the terms of trade attributable principally to the rise in oil prices during a period when the rate of exchange of the Deutsche Mark remained relatively stable. Net external payments in respect of services also increased with the result that, for the first time since 1965, the balance of payments on current account showed a deficit.

The sharp increase in import prices also contributed to a somewhat faster rate of inflation, but this nevertheless remained below the Community average.

In **France**, economic growth remained at roughly the same moderate level as in 1978. However, private consumption slackened somewhat as a result of the slower growth in disposable income resulting from higher social security contributions and other measures introduced to reduce the Social Security deficit. The lower rate of savings coupled with social welfare assistance for households with low incomes partly offset this tendency. After the persistent downward trend during recent years, activity in the housing sector became stable. Investment by public

undertakings continued to rise steadily. Business investment picked up, especially at the end of the year, although the degree of recovery varied from one sector to another. Restocking, particularly in the second half of the year, contributed to an increase in domestic demand.

The number of unemployed rose during the first half of the year.

Measures to put Social Security finances on a sounder basis made it possible to reduce the public sector borrowing requirement appreciably as a percentage of gross domestic product.

Consumer prices rose more sharply than in 1978. Although exports also rose substantially, the increase was not enough to compensate for a greatly inflated oil bill and the trade deficit widened. Nevertheless, the buoyant trend of invisible receipts enabled the balance of payments on current account to show a slight surplus which helped to keep the franc stable on foreign exchange markets.

In the **United Kingdom**, economic activity picked up slightly, due in part to increased North Sea oil output. Following a sharp upturn in growth at the beginning of the year, growth in private consumption slowed in the second half. There was a gradual slackening in business investment in the petroleum sector and investment in manufacturing industry appears to have levelled off. The decline in investment by the public authorities grew more marked with housing construction continuing to fall.

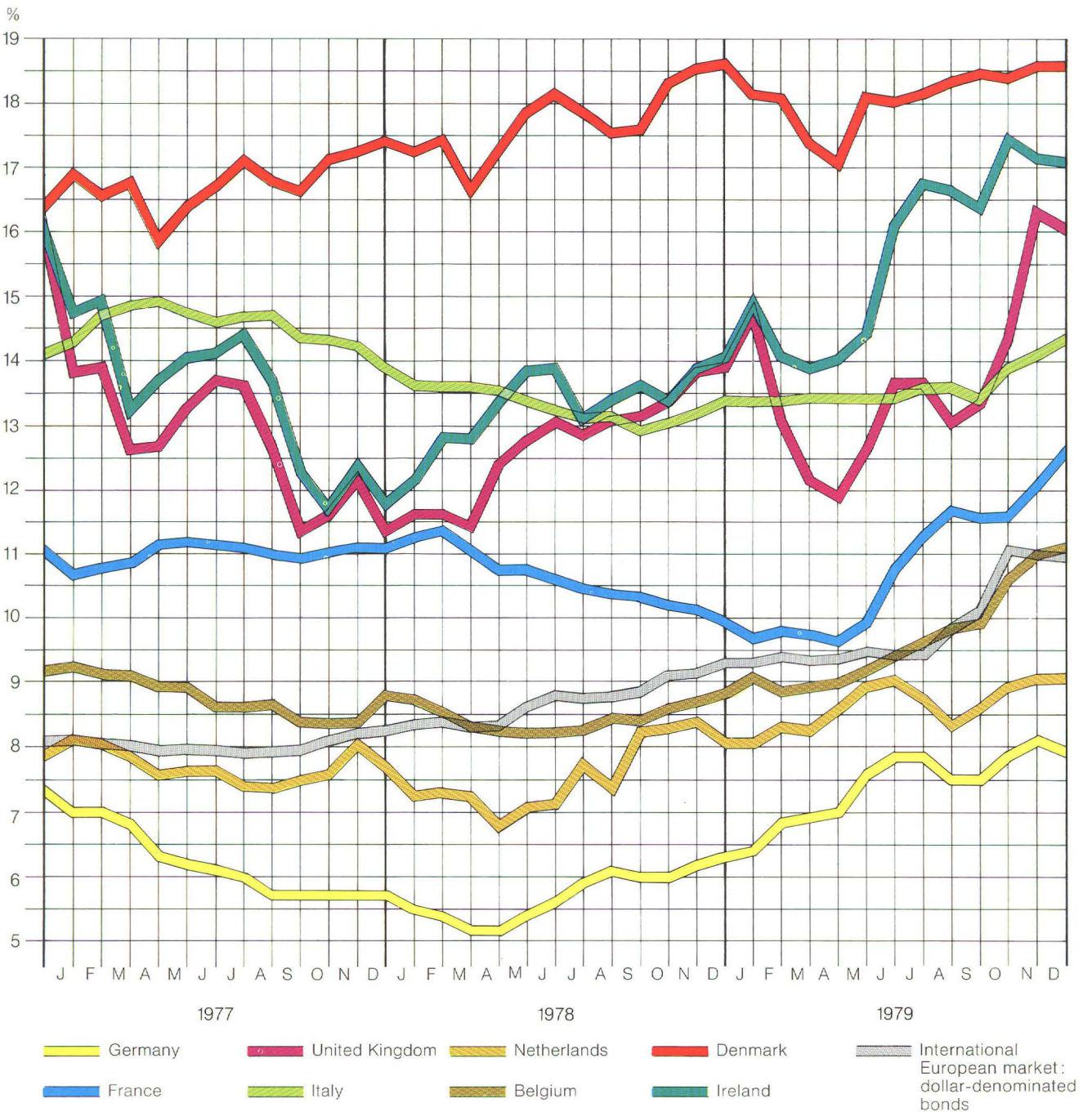
Unemployment, which had fallen slightly up until the summer, subsequently began to rise. Retail prices rose much more steeply in the second half of the year, reflecting a sharp upturn in wages, the increase in value added tax in July and, to a lesser extent, the relatively modest upward movement of import prices.

Measures reflecting a significant reshaping of economic policy were introduced in the budget laid before Parliament in June: direct taxation was reduced and greater emphasis placed on indirect taxation, while at the same time large cuts were made in the public expenditure programmes of the previous administration. Other measures, including a substantial increase in interest rates, were taken to moderate the growth in money supply and credit.

Despite the improvement in the terms of trade and the improvement in the balance of trade in oil, the

Gross yields on bonds

quoted on the various financial markets in the Community that offer the closest comparison with those issued by the European Investment Bank. For the United Kingdom, Ireland and Denmark yields have been calculated, for purposes of comparability, on the basis of an annual rather than a semi-annual compounding of interest.



steep rise in the volume of imports led to a widening of the trade deficit. Less favourable invisible trade results than in 1978, coupled with an increase in current transfers abroad, contributed towards the deficit in the balance of payments on current account. Exchange controls were abolished in October.

In **Italy**, economic activity increased much more briskly than in the Community as a whole. Personal consumption was boosted in particular by the fact that wages increased at a greater rate than prices. There was a substantial upturn in investment by the public authorities which even exceeded initial expectations, whereas investment by public undertakings dipped.

The employment situation showed no improvement; the increased number of people in active employment was counterbalanced by the increased number of job-seekers, particularly among the young, and this pushed up the unemployment rate.

Although remaining very high, the borrowing requirements of central and local government, the nationalised industries, public corporations and the social security system nevertheless fell slightly as a percentage of GDP. However, in reshaping budgetary policy at the end of 1979 the same priority was not accorded to moderating the public sector deficit because of the risk of depressing economic activity.

External events, pressures created by the sustained growth in overall demand, together with increases in government-controlled prices and the continuing rise in wages, led to a further sharp increase in the rate of inflation.

The main impetus to demand once again came from exports, but imports rose still more rapidly. The very favourable trend of invisible trade was nevertheless sufficient to produce a surplus in the balance of payments on current account, which, although substantial, was smaller than in 1978. The reserves remained stable because of the repayment of external borrowings; at the end of the year, the narrowing gap between interest rates in Italy and on the international markets appeared to prompt some net outflow of capital.

In the **Netherlands**, the rate of economic growth decreased, with external demand compensating partly for the slower rate of private consumption and sluggish investment. The increase in public authori-

ties' recurrent expenditure was not curbed enough to prevent the budget deficit from widening further. The rate of inflation was close to the relatively low level recorded in the previous year. As invisible trade in particular showed a less favourable trend, the deficit in the balance of payments on current account increased.

In **Belgium**, economic activity progressed at a moderate rate little above that for 1978, despite a further increase in the budgetary deficit. Inflation sharpened in the second half of the year, but, compared with the high levels experienced in most of the other Member States, could still be regarded as modest. The deficit in the balance of payments on current account widened; unemployment rose once more.

In the **Grand Duchy of Luxembourg**, thanks to the relative improvement in the situation in the iron and steel industry and the fairly high level of investment, unemployment remained quite low. Personal consumption increased slightly while the rate of inflation gradually increased.

In **Denmark**, economic activity picked up very slightly under the impetus of growing external demand. Unemployment fell noticeably. Towards the end of the year prices rose more quickly and the deficit in the balance of payments on current account worsened; the rate of exchange of the krone in relation to the other currencies participating in the EMS had to be adjusted downwards in September and again in November.

In **Ireland**, the very rapid rate of economic growth recorded during the last two years slackened. A faster rate of inflation accompanied a further widening of the public sector deficit and slowed the growth in real terms of disposable incomes and personal consumption. A high rate of increase in investment was maintained. The slower rate of growth in exports and the continuing high growth in the volume of imports, particularly of capital goods, coupled with deteriorating terms of trade, led to a quadrupling, in terms of value, of the deficit in the balance of payments on current account. Unemployment showed a substantial decline, but remained at a relatively high level.

Generally speaking, the economic situation of the **developing countries** with which the Community had concluded financial cooperation agreements deteriorated, particularly as regards their balance of

payments. Although the prices of some agricultural produce and minerals rose, the increase was insufficient to offset the higher cost of importing fuel and industrial products, especially equipment necessary for their economic development. This resulted in an increase in their external indebtedness. Moreover, the swelling volume of borrowings contracted on market terms, outpacing the inflow of foreign capital on relatively favourable terms, is likely to increase the debt burden still further during the coming years.

The **African, Caribbean and Pacific Countries** which were signatories to the Lomé Convention, were affected to varying degrees by this turn of events. Those countries with their own oil reserves enjoyed an improvement in their balance of payments. Through increased sales of mining products at higher prices certain ore-exporting countries managed to avoid a deterioration in their economic and financial situation which, for some of them, nevertheless remains fragile.

The external finances of most of the other countries worsened, especially in the case of countries exporting groundnut products, which were badly affected by falling production and competition from the abundant American vegetable oil crops. This general unfavourable tendency was accentuated in certain of the Sahel countries by the poor climatic conditions and a harvest well below average.

In countries not producing their own oil, a fall in real terms in the balance of the current budget resulted in a weaker public finance situation so that the financing of public investment will now depend increasingly on the availability of foreign capital.

Even the relatively prosperous countries whose economies were already fairly diversified, such as the Ivory Coast and Kenya, experienced a slowing down in economic growth, deteriorating public finances and a considerable increase in their external indebtedness.

In **Greece**, GDP grew by about 4% in 1979, compared with 5% in 1978. The improvement derived essentially from industrial activity as the good harvests gathered in 1978 were not repeated. Private investment in industry remained at the same low level as before, but public sector investment rose substantially, while consumption grew steadily with direct repercussions on imports. The increase in the cost of oil as well as in forward purchases for

restocking in industry also contributed to a record trade deficit despite the sharp upsurge in exports and the authorities accordingly took a number of measures in the course of the year to restrict imports. Despite a further increase in receipts in respect of services and transfers, the deficit in the balance of payments on current account widened and the government was obliged to increase substantially the amount of its borrowings on the international capital markets.

In **Turkey**, the rate of increase in GDP slowed once more, barely reaching 2%, and failed to keep step with population growth. Industry continued to suffer from the shortage of energy and imported supplies. Investment fell, especially in the private sector, and production capacity continued to be seriously under-utilised. The alarming levels of inflation and unemployment reached in 1978 were surpassed. Despite the increase in exports and restrictions on imports, necessitated by the shortage of foreign exchange, the trade deficit widened further to about 2 500 million United States dollars, mainly as a result of spiralling oil prices. However, the considerable increase in remittances from Turkish workers abroad following devaluation of the Turkish pound meant that the deficit in the balance of payments on current account was kept at the same level as for the preceding year. Nevertheless Turkey's balance of payments situation remains critical. The debt burden, which was already heavy, is increasing rapidly despite moves to reschedule the country's foreign debts and the exceptional aid granted to it on concessionary terms within the framework of the OECD.

In **Portugal**, a slower increase in manufacturing production and mediocre harvests resulted in a further slackening in economic growth from 3.5% in 1978 to 3%. The volume of investment decreased and personal consumption rose only very slightly.

Earnings from exports and tourism and remittances from emigrant workers increased more rapidly than imports, resulting in a slight surplus on current account.

Despite efforts to hold prices down and to reduce the budgetary deficit, inflation continued at a high rate. Unemployment remained high.

In **Yugoslavia**, a sharp rise in consumption and investment led to a slightly faster rate of economic growth (7% as against 6.6% in 1978) accompanied by stagnating exports and a brisk rise in imports which considerably widened the country's trade

deficit. The modest increase in earnings from tourism and remittances from workers abroad was insufficient to prevent a doubling of the deficit in the balance of payments on current account compared with 1978. Inflationary pressures intensified and unemployment remained high.

In the **Maghreb** and **Mashreq** countries as a whole, with the exception of Morocco, economic growth was sustained, attaining rates of between 7 % in Tunisia and Jordan, and 12 % to 13 % in Syria and Algeria. Their balance of payments situation was largely determined by whether or not the individual countries possessed their own oil or natural gas resources; in certain cases the situation was improved by increased earnings from tourism and remittances from emigrant workers, though these were not sufficient in any of these countries to avoid a deficit on some scale. Inflation in most cases was around 20 %, except in Syria where prices rose by

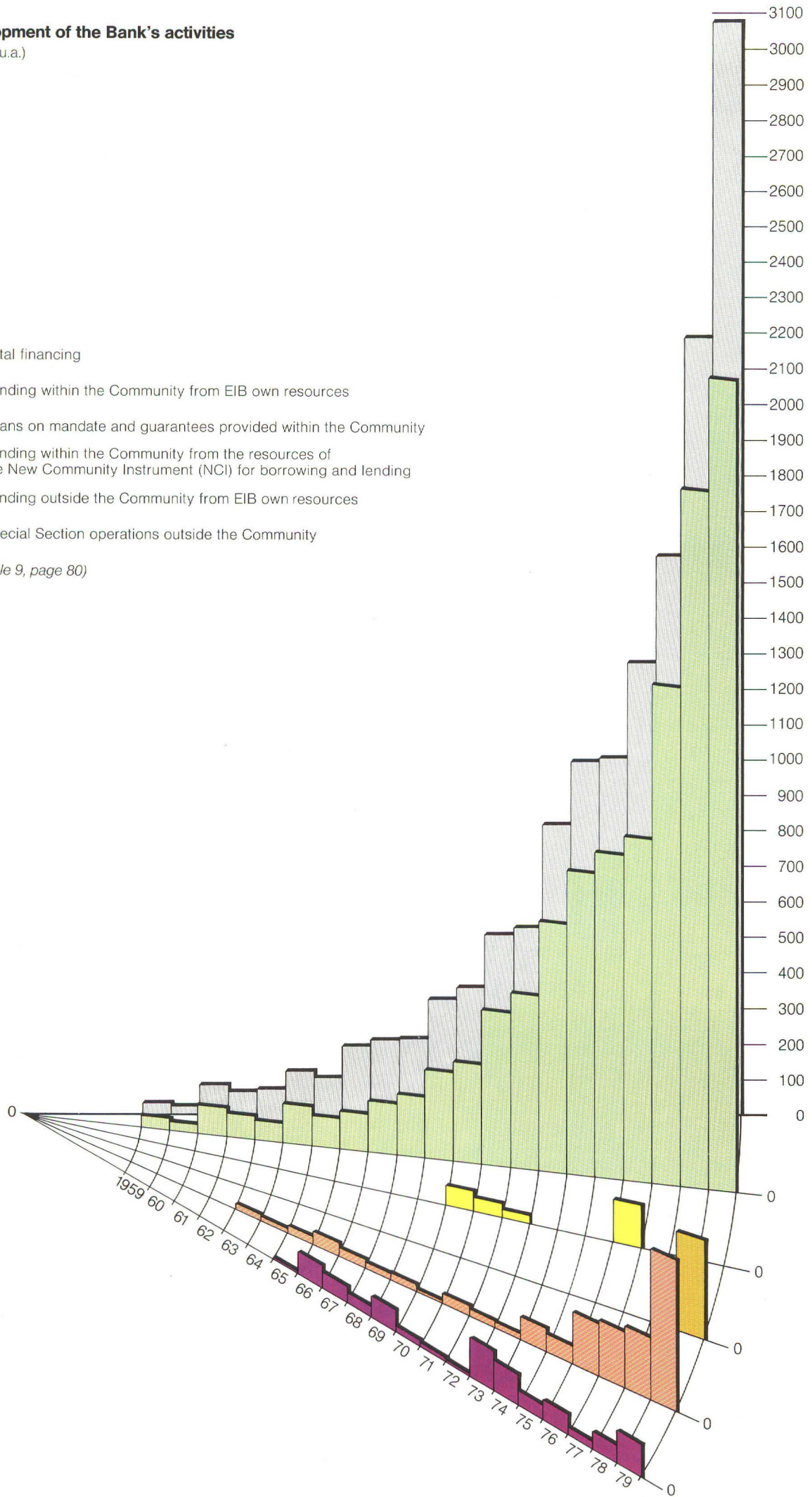
around 10 % only and in Tunisia where the rate was even lower. Large consumer subsidies and military expenditure continued to weigh heavily on public finances. In the Lebanon, the continuation of hostilities hampered economic reconstruction. As a general rule, the financing of investment projects necessary for economic development was largely determined by the possibilities of obtaining external aid and credit and this situation seems likely to persist in the coming years.

In **Cyprus**, economic growth seems to have been greater in the south than in the north as a result of vigorous development of private ventures. In **Malta**, economic activity continued at a brisk rate, but expansion in tourism was not sufficient to avoid a further deficit in the balance of payments on current account. In **Israel**, galloping inflation was accompanied by a moderate increase in GDP.

Development of the Bank's activities
(million u.a.)

- Total financing
- Lending within the Community from EIB own resources
- Loans on mandate and guarantees provided within the Community
- Lending within the Community from the resources of the New Community Instrument (NCI) for borrowing and lending
- Lending outside the Community from EIB own resources
- Special Section operations outside the Community

(see Table 9, page 80)



Financing provided in 1979

In the main, the Bank grants loans from its own resources (principally the proceeds of its borrowings on capital markets) and furnishes guarantees. It also acts as agent of the Member States or the Community in making available financing from budgetary funds in non-member countries in furtherance of the Community's policy of economic and financial cooperation and, since 1979, in Member Countries by making loans from the resources of the New Community Instrument (NCI) for borrowing and lending. Such operations are accounted for off balance sheet in the Bank's Special Section. They are included in the statistics and reports of Bank activity, if the decision to provide financing is the responsibility of the Bank's Board of Directors.

Financing provided by the European Investment Bank in 1979 totalled 3 071.1 million units of account ⁽¹⁾, as against 2 188.3 million in 1978 and 1 571.5 million in 1977. This increase of 40.3% compared with the previous year followed on from a similar increase in 1978. Loans from own resources

accounted for 2 702.1 million (compared with 2 104.4 million in 1978, a rise of 26.2%) and Special Section operations 369 million (as against 47.8 million in the previous year).

As shown in Table 1, operations within the Community financed from own resources amounted to 2 281.2 million in 1979 and those from NCI resources to 277 million, making for a total of 2 558.2 million or 83.3% of overall financing. Outside the Community, 420.9 million was advanced from the Bank's own resources and 92 million from Community budgetary funds, giving a total of 512.9 million.

The amount of loans from own resources and guarantees outstanding rose from 8 352.7 million at 31 December 1978 to 10 325.9 million at 31 December 1979, an increase of 23.6%. A breakdown of loans outstanding by principal form of guarantee is given under Note 2 of Annex B to the Financial Statements (page 73).

⁽¹⁾ Except where otherwise stated, all amounts quoted are expressed in units of account (see page 8). Differences between the totals shown and the sum of individual amounts are due to rounding.

Table 1: **Financing provided in 1979 and from 1958 to 1979**

Broad breakdown by type of operation and project location

	1979			1958-79 ⁽³⁾		
	Number	Amount (million u.a.)	%	Number	Amount (million u.a.)	%
Loans from EIB own resources and guarantees						
within the Community	115	2 281.2 ⁽¹⁾	74.3	861	11 654.5 ⁽¹⁾	84.7
outside the Community	36	420.9	13.7	142	1 165.8	8.4
Total	151	2 702.1	88.0	1 003	12 820.3	93.1
Special Section operations (see page 71)						
within the Community, from the resources of the New Community Instrument for borrowing and lending	9	277.0 ⁽²⁾	9.0	9	277.0 ⁽²⁾	2.0
outside the Community, from Member States' or Community resources	20	92.0	3.0	152	667.7	4.9
Total	29	369.0	12.0	161	944.7	6.9
Grand Total	180	3 071.1	100.0	1 164	13 765.0	100.0
of which — within the Community	124	2 558.2	83.3	870	11 931.5	86.7
— outside the Community	56	512.9	16.7	294	1 833.5	13.3

⁽¹⁾ Of which EMS subsidised loans: 791 million.

⁽²⁾ Of which EMS subsidised loans: 87.4 million.

⁽³⁾ See Note 1 to Table 2, page 24.

EIB lending to industry within the Community in 1979 totalled 343·4 million u. a., of which 125·8 million was channelled to 378 small and medium scale ventures, using the global loan formula.

Operations within the Community

In 1979, loans granted from own resources for investment projects in Member Countries amounted to 2 281·2 million, as against 1 966·5 million the previous year, a rise of 16 %. To these should be added the first nine loans totalling 277 million from NCI resources.

Hence, lending totalled 2 558·2 million; the overall increase of 30 %, following on from rises of 40 % in 1978 and 29 % in 1977, went some way, despite a background of continuing economic difficulties, towards accommodating the wish expressed by the European Council in March 1977 that the Bank and the Commission of the European Communities bolster their activity in support of creating jobs, promoting investment and reducing the disparities in the economic performance of Member Countries.

The 3 % per annum interest subsidy established in conjunction with the European Monetary System (EMS) was introduced during the second half of 1979. The subsidy is financed from amounts earmarked in the Communities' budget for certain loans from the Bank's own resources and from NCI resources for investment projects implemented in the less prosperous Member Countries effectively and fully participating in the EMS. Loans totalling 878·4 million, or approximately one third of total lending within Member Countries, attracted interest subsidies.

Details of financing provided by the Bank **from its own resources** in 1979 are given on pages 42 to 46; such operations are accounted for on the EIB's balance sheet.

Operations from **NCI** resources are described on page 47; these are accounted for off balance sheet in the Special Section set up by the Board of Governors for recording operations carried out by the Bank under mandate for the account of third parties.

The tables on pages 24, 38 and 41 clearly differentiate between loans from the Bank's own resources and those from NCI resources; they also give a breakdown of the total volume of financing from both sources, the economic impact of which can be better assessed when viewed as a whole.

Loans from both the EIB's own and from NCI resources are granted on the basis of similar objectives and criteria and, in 1979, helped to finance the same projects. Hence, it is useful to provide an overall picture of the deployment of these resources within the Community and the main economic aspects of the projects financed; this is the aim of the comments on pages 23 to 41. The various operations can be considered from three viewpoints: the economic policy objectives which they help to attain, their breakdown by economic sector and the location of the investment project financed.

*The economic policy objectives set for **EIB financing from own resources** within the Community are defined in Article 130 of the Treaty of Rome. In practice, the Bank finances:*

— *first and foremost, projects promoting the economic advancement of handicapped areas — **regional development projects**;*

— *projects of common interest to several Member Countries or benefiting the Community as a whole — **projects of common European interest**:*

either because they contribute towards European economic integration (communications infrastructure: motorways, railways, inland waterways, telecommunications; projects arising from close technical and economic cooperation between undertakings in different Member Countries . . .),

or because they contribute towards the attainment of Community objectives such as environmental protection, the introduction of advanced technologies and, above all, more diversified and more secure energy supplies;

— *projects to **modernise or convert** enterprises or to **create fresh activities** in response to structural difficulties in certain sectors.*

Table 2: **Financing provided within the Community in 1979 and from 1958 to 1979**

Breakdown by economic policy objective

Objective	From EIB own resources		From NCI resources		1979	
	Amount		Amount		Amount	Total
	(million u.a.)	%	(million u.a.)		(million u.a.)	%
Regional development	1 570.6	100.0	152.2		1 722.8	100.0
Belgium	8.7	0.5	—		8.7	0.5
Denmark	15.6	1.0	—		15.6	0.9
Germany	4.0	0.3	—		4.0	0.2
France	123.8	7.9	—		123.8	7.2
Ireland	252.9	16.1	86.7		339.6	19.7
Italy	683.4	43.5	39.6		723.0	42.0
Luxembourg	—	—	—		—	—
Netherlands	—	—	—		—	—
United Kingdom	482.2	30.7	25.9		508.1	29.5
Modernisation and conversion of undertakings	30.8	100.0	—		30.8	100.0
Common European interest	921.1	100.0	124.8		1 045.9	100.0
Energy	785.9	85.3	124.8		910.7	87.1
Development of Community resources	553.1	60.0	124.8		677.9	64.8
<i>Hydroelectric and geothermal</i>	<i>84.6</i>	<i>9.2</i>	<i>45.4</i>		<i>130.0</i>	<i>12.4</i>
<i>Nuclear</i>	<i>305.6</i>	<i>33.1</i>	—		<i>305.6</i>	<i>29.2</i>
<i>Oil and natural gas deposits</i>	<i>45.0</i>	<i>4.9</i>	—		<i>45.0</i>	<i>4.3</i>
<i>Solid fuels</i>	<i>115.3</i>	<i>12.5</i>	<i>79.4</i>		<i>194.7</i>	<i>18.6</i>
<i>Alternative sources</i>	<i>2.6</i>	<i>0.3</i>	—		<i>2.6</i>	<i>0.2</i>
Energy saving	68.5	7.4	—		68.5	6.6
Import diversification (2)	164.3	17.9	—		164.3	15.7
<i>Natural gas</i>	<i>124.9</i>	<i>13.6</i>	—		<i>124.9</i>	<i>12.0</i>
<i>Electricity</i>	<i>39.4</i>	<i>4.3</i>	—		<i>39.4</i>	<i>3.8</i>
Communications	32.3	3.5	—		32.3	3.1
Transport	32.3	3.5	—		32.3	3.1
<i>Railways</i>	—	—	—		—	—
<i>Roads, bridges and tunnels</i>	<i>6.7</i>	<i>0.7</i>	—		<i>6.7</i>	<i>0.6</i>
<i>Shipping</i>	—	—	—		—	—
<i>Airlines</i>	<i>25.6</i>	<i>2.8</i>	—		<i>25.6</i>	<i>2.4</i>
Telecommunications	—	—	—		—	—
Other infrastructure	—	—	—		—	—
Protection of the environment	5.0	0.6	—		5.0	0.5
Industrial cooperation	90.4	9.8	—		90.4	8.6
New technology — Research	7.5	0.8	—		7.5	0.7
— <i>Deduct to allow for duplication in the case of financing justified on the basis of several objectives</i>	<i>-241.3</i>	—	—		<i>-241.3</i>	—
Total	2 281.2		277.0		2 558.2	

(1) Amounts at current prices and exchange rates. A summary of financing provided over such a long period should be interpreted cautiously; data for successive years are affected by price movements and exchange rate variations occurring between 1958 and 1979.

(2) For example, gasoline projects, schemes helping to increase electricity imports, fitting out power stations to run on imported coal, etc.

1958-79 (1)

From EIB own resources

Amount (million u.a.) % Objective

Amount (million u.a.)	%	Objective
8 551.1	100.0	Regional development
83.8	1.0	Belgium
134.9	1.6	Denmark
372.6	4.3	Germany
1 287.6	15.1	France
606.7	7.1	Ireland
3 951.1	46.2	Italy
4.0	—	Luxembourg
70.5	0.8	Netherlands
2 039.9	23.9	United Kingdom
243.3	100.0	Modernisation and conversion of undertakings
4 457.8	100.0	Common European interest
3 165.8	70.9	Energy
		Development of Community resources
2 524.1	56.5	
213.0	4.8	Hydroelectric and geothermal
1 420.8	31.9	Nuclear
666.8	14.9	Oil and natural gas deposits
220.9	4.9	Solid fuels
2.6	—	Alternative sources
74.0	1.7	Energy saving
567.7	12.7	Import diversification (2)
472.9	10.6	Natural gas
94.8	2.1	Electricity
850.8	19.1	Communications
760.6	17.1	Transport
103.9	2.3	Railways
550.6	12.4	Roads, bridges and tunnels
47.9	1.1	Shipping
58.2	1.3	Airlines
90.2	2.0	Telecommunications
21.2	0.5	Other infrastructure
25.6	0.6	Protection of the environment
364.4	8.2	Industrial cooperation
30.0	0.7	New technology — Research
		— Deduct to allow for duplication in the case of financing justified on the basis of several objectives
- 1 597.7	—	
11 654.5		Total

Projects accepted by the Bank can generally be classified by reference to a single objective, although certain projects contribute simultaneously to more than one. Accordingly, in 1979, loans from own resources totalling 241.3 million were granted for regional development projects which were also of common interest to several Member Countries (234.4 million) or contributed towards industrial modernisation or conversion (7 million).

* * *

Loans granted by the Bank from NCI resources must comply with guidelines laid down by the Council of the European Communities on the basis of which the Commission of the European Communities decides on the eligibility of individual projects. Similarly, the granting of interest subsidies in the context of the EMS is governed by a specific regulation (see introduction, page 11).

Under the Decision of the Council of the European Communities authorising an initial borrowing tranche of 500 million, capital investment projects financed from NCI resources can be grouped into two major categories:

— infrastructure works and energy projects that contribute towards reducing regional imbalances and improving the employment situation; these operations are accordingly classified under the heading of regional development;

— energy projects that contribute towards: greater self-sufficiency, security and diversification of energy supplies, development, harnessing, transport and storage of energy resources, energy savings or tapping of new energy sources; such projects are classified under the heading of common European interest.

The Bank has received a mandate to grant these loans on behalf of, for the account of, and at the risk of the Community. The EIB receives loan applications and, following a decision by the Commission of the European Communities that the projects concerned are eligible, appraises the applications, decides on the granting of loans and administers them, all in accordance with the procedures laid down in its Statute and its usual criteria. The Commission negotiates borrowings and deposits the proceeds with the Bank which invests them temporarily if necessary, pending disbursement.

Under the first tranche of NCI financing, the Bank granted nine loans for a total of 277 million and signed the relevant finance contracts jointly with the Commission of the European Communities. The projects financed were located in the United Kingdom (105.3 million), Ireland (86.7 million) and Italy (85 million) (see page 47). Six of these loans, totalling 152.2 million, went to infrastructure and energy projects helping to reduce regional disparities by improving water supplies (Ireland, Scotland and Apulia) and electricity networks (Ireland), and by developing road and telecommunications systems (Ireland); three loans for a total sum of 124.8 million were granted for investment projects to develop domestic resources, thereby contributing to the Community's priority objectives regarding energy:

two hydroelectric power stations in Piedmont and Wales, and geothermal plant in Tuscany.

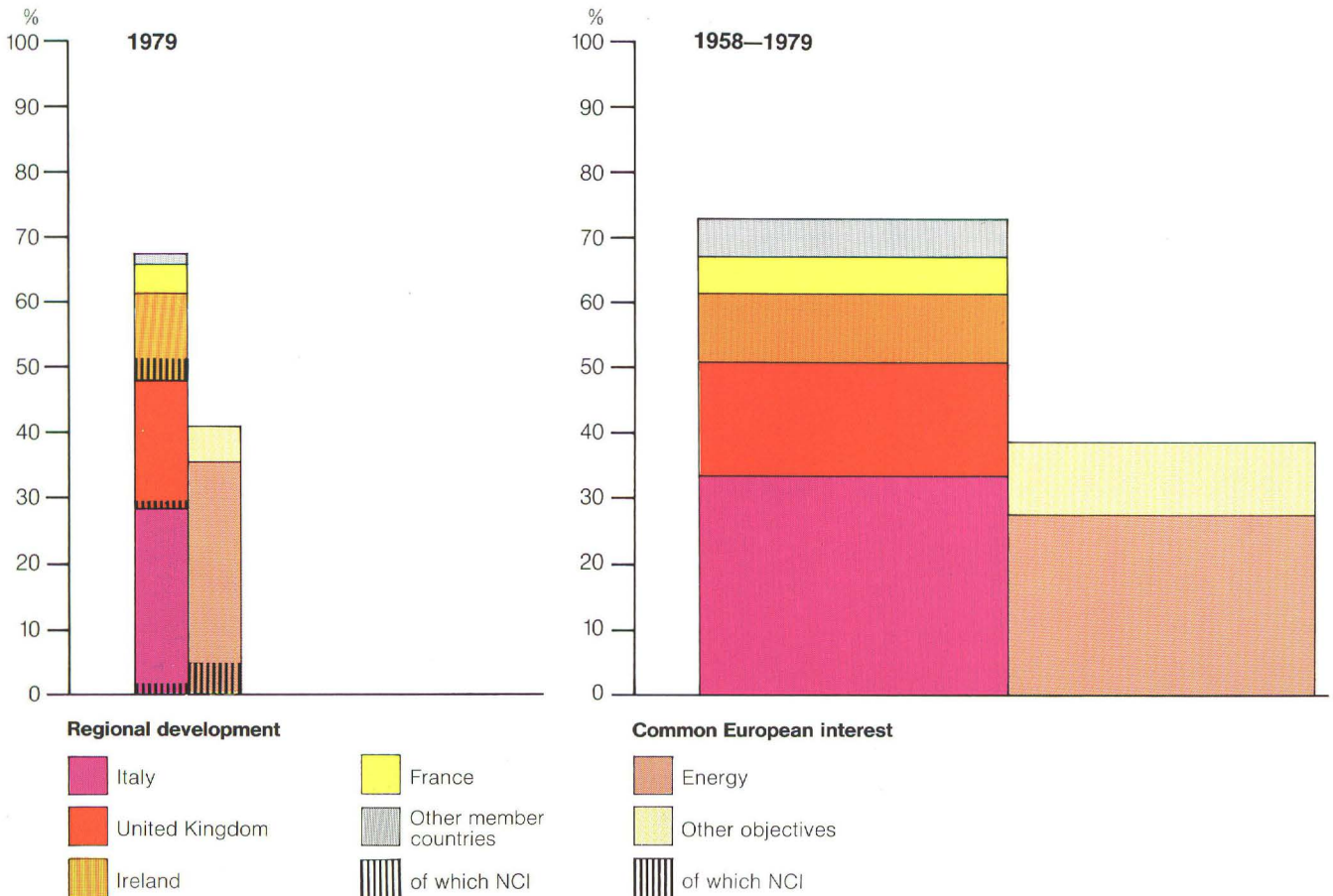
* * *

Of the loans financed from the Bank's own resources and from NCI resources, 33 totalling 878.4 million attracted the 3% per annum interest subsidy intro-

(1) Allowing for an interest subsidy approved in early 1980 for loan no. 121 from NCI resources (see page 47), a total of 34 operations involving 913.3 million (29 loans worth 791 million, from the Bank's own resources and 5 worth 122.3 million from NCI resources) attracted subsidies of this kind. It should be stressed that the amounts in units of account of subsidised loans mentioned in this report differ slightly from those given by the Commission of the European Communities in its Annual Report on EMS interest subsidies as conversions into units of account were effected on the basis of rates obtaining at different dates.

Financing provided within the Community in 1979 and from 1958 to 1979

Breakdown by major economic policy objective (1)



(1) Certain projects contribute simultaneously to more than one objective, see page 25 and Table 2, page 24.

duced in conjunction with the EMS (see page 11) ('). They comprised 29 loans from the Bank's own resources (791 million) and four from NCI resources (87.4 million) for projects located in Italy (618.9 million) and Ireland (259.5 million). The 200 million budgetary allocation provided in 1979 to cover the total capitalised amount of interest subsidies was fully committed except for 3.4 million carried over into 1980. Loans which attracted the EMS interest subsidy are noted in the list of contracts in respect of loans from the Bank's own resources (pages 42 to 46) and loans from NCI resources (page 47).

The expansion in the volume of lending from both the Bank's own and NCI resources resulted in substantial transfers of foreign capital to countries and regions where structural problems are most pronounced; the financing of priority projects was thereby made easier and the implementation of projects was speeded up, to the extent that certain difficulties arising from balance of payments problems or hesitancy on the part of national investors to enter into long-term commitments, depending on the country involved, were thereby overcome.

In 1979, the amount of loans granted from both sources for projects for regional development rose by 18.2%, accounting for more than two thirds of Bank activity in the Community. 90% of the funds were channelled to projects in Italy, the United Kingdom and Ireland. An even sharper upswing (+ 58%) was recorded in lending for projects of common European interest, chiefly ventures helping to attain the Community's energy objectives (+ 67%).

Financing for major plant and equipment for the energy sector as well as for large-scale water schemes (supplies, sewage treatment, irrigation) increased considerably. Coupled with lending for key transport and telecommunications infrastructure projects, it made up the bulk of EIB activity. However, 1979 also saw a very marked recovery in loans for industry, solely from own resources, and to a lesser extent, for agriculture and services. An increasing volume of funds for these sectors was provided through global loans earmarked for small and

medium-scale ventures. The number of allocations rose almost threefold and the amount advanced nearly doubled.

Loans granted in 1979 part-financed 515 projects (as against 235 in 1978) including ventures benefiting from global loan allocations; their total cost was put at close on 7 100 million. Funds advanced covered an average of 32.3% of project costs, compared with 28.1% on average in 1978, and 36.2% when account is taken of loans from NCI resources. Small and medium-scale ventures attracted the largest contributions in percentage terms.

Projects financed by the EIB in 1979 are expected to result in the direct creation of around 24 000 permanent jobs (in contrast to 11 000 in 1978) and safeguard close on 11 000 others, chiefly in industry.

The provision of equipment for the energy sector together with various infrastructural works, particularly water schemes, help in the longer term to create a large number of permanent jobs, for the most part indirectly through the productive activities that they encourage. Moreover, the works and materials involved in the construction of such projects as in the case of industrial installations have an appreciable temporary impact, both direct and indirect, on the employment situation during the period of construction which is sometimes long. Investment projects backed by the Bank in 1979 are estimated to create temporary employment equivalent to some 500 000 man-years, or the equivalent of around 145 000 jobs during the first two years, and progressively fewer thereafter. Taking account of the similar impact of projects financed over the past two years, employment was probably secured in 1979 for around 360 000 workers.

Lending for regional development

Lending for regional development amounted to 1 722.8 million of which 1 570.6 million was financed from the Bank's own resources and 152.2 million from NCI resources. 42% was for projects in Italy, 29.5% went to the United Kingdom, almost 20% to Ireland, slightly more than 7% to

France, and lesser amounts to Denmark, Belgium and Germany. The funds were used to finance chiefly irrigation, water supply and sewage treatment schemes (477.3 million from EIB own resources and 90.1 million from NCI resources), equipment for the energy sector (344.2 million from own resources and 24.7 million from NCI resources), telecommunications (265.3 million from own resources and 18 million from NCI resources), transport infrastructure (121.6 million from own resources and 19.4 million from NCI resources) and industrial ventures (352.1 million from own resources).

Almost two thirds of regional development financing was channelled to projects in the highest priority areas: Ireland, the Mezzogiorno, Northern Ireland and Greenland. Almost four fifths went to regions with unemployment figures at least 25 % above the Community average.

In Italy, following an increase of more than 80 % in 1978 when EIB financing for regional development totalled 688.7 million, the Bank lent 683.4 million from own resources and 39.6 million from NCI resources for a total of 723 million; more than 90 % related to operations in the Mezzogiorno.

In the Mezzogiorno, close on 60 % of funds went to projects located in Apulia, Abruzzi and Sicily, and nearly 30 % to multi-regional operations concerning energy and telecommunications schemes and smaller ventures.

A sharp increase was recorded in the number of irrigation and water supply projects, for which 239 million was made available from the Bank's own resources (compared with 147.7 million in 1978) and 39.6 million from NCI resources, making for a total of 279.2 million. Financing for the energy sector amounted to 140 million, while 81.9 million was provided for transport and telecommunications infrastructure. There was an appreciable rise in lending to industry (219.1 million from own resources as against 126.9 million in 1978), with loans going mainly to the motor vehicles and tyre sectors and to smaller-scale ventures.

Around one third of financing in southern Italy centred on Apulia. Apart from a loan for a motor vehicle engine plant, funds were earmarked chiefly for water schemes of interest to several regions, prepared and implemented by the Cassa per il Mezzogiorno. These included the Pertusillo aqueduct, essential for supplying drinking water to an area with one and a half million inhabitants mostly in Bari

province, and works required to irrigate 20 000 ha in Taranto province and 23 600 ha in south-east Foggia.

Loans were also granted for two projects designed to provide water supplies in Avellino and Benevento provinces (Campania) and to irrigate and drain 11 800 ha of farmland in Campobasso province (Molise).

Two further loans were advanced for the gasline between Algeria and Italy, one for the section crossing Sicily, from west to east, the other for the section under the Straits of Messina and Calabria. Around 55 % of the throughput will be fed into the Mezzogiorno's gas grid.

In Sicily, in addition to one global loan, Bank financing focused on development of the Syracuse industrial estate, construction of the Catania Western By-pass to improve links between the Palermo motorway and the Syracuse and Augusta industrial estates, and reorganisation and modernisation of a tyre factory near Messina.

In the motor vehicles sector, where certain production capacities are gradually being transferred from northern Italy to the South, further support was provided for constructing a light commercial vehicles factory at Atessa in Abruzzi and for two plants, one turning out injection systems for diesel engines in Apulia, the other manufacturing gearboxes at Termoli, Molise. In addition, a loan was granted for putting up housing for workers at the Termoli factory and other plant at Cassino and Sulmona. The Bank also helped to finance expansion and modernisation of a frozen foods factory at Cisterna di Latina, Latium.

The EIB continued to back development of a range of small and medium-sized manufacturing businesses in the Mezzogiorno by concluding three global loans, totalling 79.1 million, with intermediary institutions: ISVEIMER — Istituto per lo Sviluppo Economico dell'Italia Meridionale, IMI — Istituto Mobiliare Italiano, and IRFIS — Istituto Regionale per il Finanziamento alle Industrie in Sicilia.

1979 saw the approval of 94 allocations totalling 35.5 million from ongoing global loans in support of smaller industries and stockfarming in the Mezzogiorno. The ventures financed were located chiefly in Abruzzi (21 allocations; 6.7 million), Campania (17 allocations; 6.4 million), Latium (15 allocations; 8.3 million) and Sardinia (10 allocations; 5.4 million), followed by Basilicata and Apulia (8

allocations each; 3.1 and 2.5 million respectively), Calabria (7 allocations; 700 000), Sicily (5 allocations; 700 000) and Molise (3 allocations; 1.7 million). The average sum advanced — a little less than 400 000 — was lower than the average of 500 000 at current prices recorded over the period 1969-78.

Outside the Mezzogiorno, the Bank provided 56.6 million for regional development projects: one loan went towards improving the electricity transmission network in **Friuli-Venezia Giulia**, three to factories producing biomedical aids in **Piedmont**, metal products in **Tuscany** and tyres in central **Lazio**, and two global loans were channelled to Mediocredito Centrale and Centrobanca (Banca Centrale di Credito Popolare).

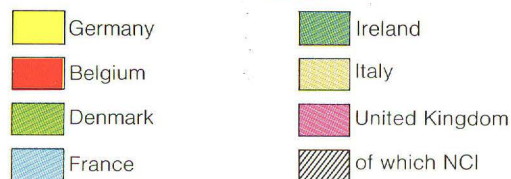
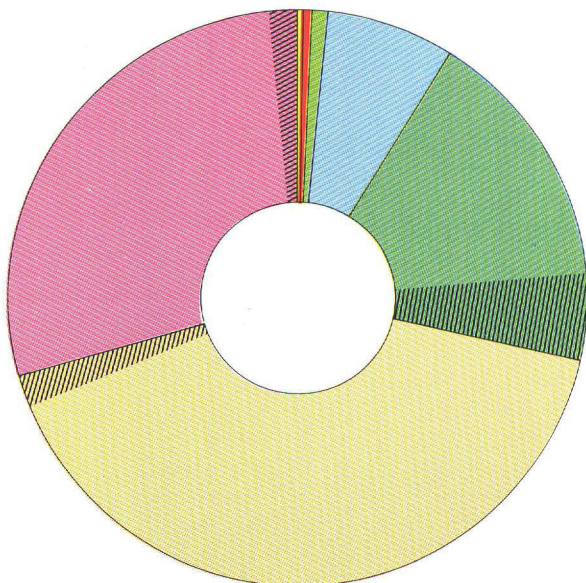
In 1979, 34 global loan allocations totalling 13.2 million were approved for smaller-scale ventures in the following less-developed areas of central and northern Italy: Trentino Alto-Adige (12 allocations; 5.3 million), Tuscany (7 allocations; 1.4 million), Friuli-Venezia Giulia (7 allocations; 900 000), Umbria (4 allocations; 3.4 million) and The Marches (4 allocations; 2.2 million). The average amount was comparable with the figures for southern Italy.

In the **United Kingdom**, the Bank advanced 482.2 million from own resources ⁽¹⁾ for regional development projects, compared with 351.9 million in 1978, and 25.9 million from NCI resources, giving a total of 508.1 million.

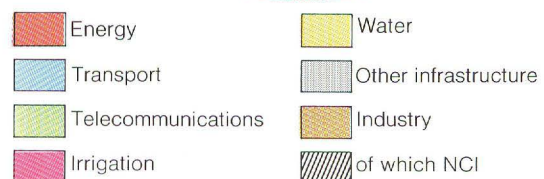
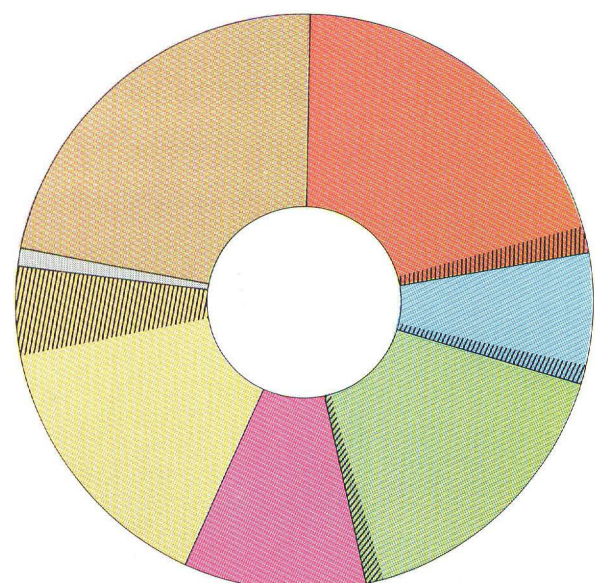
⁽¹⁾ Excluding credit allocated under contracts of mandate and guarantee (see page 31).

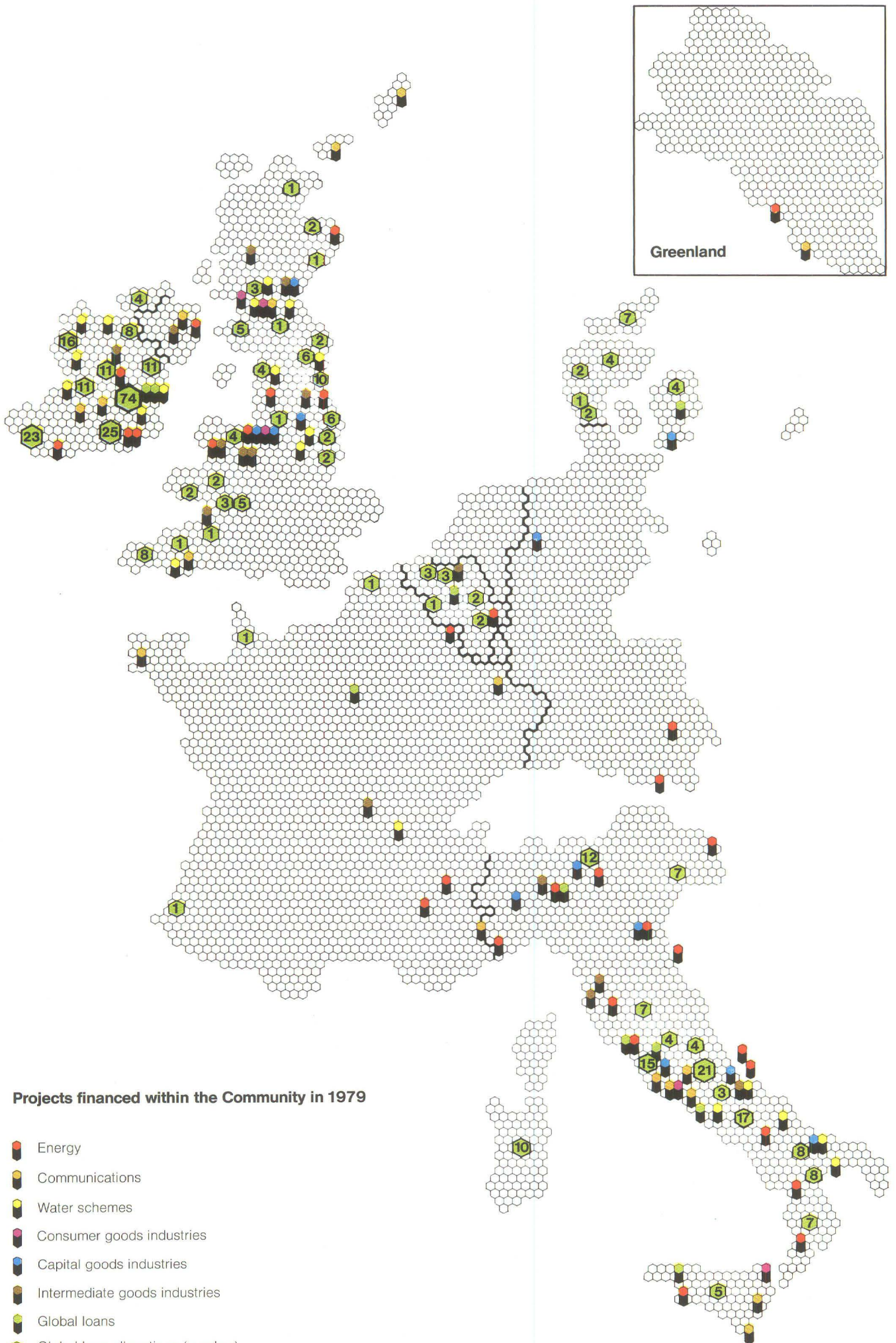
Financing provided for regional development in 1979

Breakdown by project location



Sectoral breakdown





The funds were mainly provided for infrastructure projects designed to promote regional development and conversion. These included water supply and sewage treatment schemes (151.5 million from own resources and 25.9 million from NCI resources for a project in Scotland), communications infrastructure (148.6 million from own resources) and equipment for the energy sector (118.3 million from own resources). Loans were also made for a number of industrial projects (64 million from own resources). The funds went to the main assisted regions: Scotland (92.3 million from own resources and 25.9 million from NCI resources, giving a total of 118.2 million), Wales (108.6 million), Northern Ireland (77.7 million), the North-West (54 million), the North (46.5 million), Yorkshire and Humberside (46 million) and the South-West (11.2 million). Operations in these last six areas were all financed from own resources.

In **Scotland**, the Bank financed three projects connected with the development of oil deposits in the North Sea: Peterhead power station which can be fired by associated gas from North Sea oil fields, the development of the Sullom Voe oil terminal on the largest of the Shetland Islands, and a range of infrastructural works linked with harbour installations in the Orkneys. Three loans from own resources and one from NCI resources were channelled to regional agencies responsible, firstly, for constructing water supply and treatment facilities in Strathclyde and building the Monkland motorway crossing Glasgow, secondly, for implementing water supply and sewerage schemes in conjunction with development of industrial estates at Grangemouth, Falkirk, Stirling, Alloa and Cumbernauld new town in central Scotland, and finally, for providing water supply and drainage facilities and constructing roads in the Lothian area, serving chiefly Livingston new town.

Five further operations from own resources were mounted in support of industrial projects: an aluminium smelter at Lochaber, two factories at Dundee, one producing equipment for undertakings in the oil sector, the other, copper pipe fittings, modernisation of a printing works at Glasgow and extension of whisky blending and bottling facilities at Dumbarton.

In the other regions of the United Kingdom, loans for regional development projects were financed solely from the Bank's own resources.

In **Wales** the most important loan went towards extending the telecommunications system. In addition, four loans helped to promote a range of industrial activities by part-financing construction of

two factories producing packaging materials and cans for the food and drinks industry at Wrexham, North Wales, as well as a mineral wool plant at Bridgend and a plastic compounds factory at Blaenau, in the South-East of the country. A loan was also made available for extending and modernising electricity distribution facilities, a project funded in conjunction with a similar scheme in the the North-West.

In **Northern Ireland**, a loan for Kilroot thermal power station attracted a 3% interest subsidy from the European Regional Development Fund (ERDF); this was the first application of this form of aid which has been available since 1975 under the regulation establishing the ERDF. Two further loans went towards financing improvements to the road system in the Belfast and Londonderry areas and modernisation of radial ply tyre factories at Belfast and Ballymena.

In the **North, North-West and Yorkshire and Humberside**, the Bank supported several water supply, sewerage and sewage treatment projects connected with the development of industrial estates on Tyneside, Merseyside and at Sheffield, as well as in West and South Yorkshire. Funds were also advanced for constructing factories manufacturing pumps at Leeds, furniture at Runcorn, thermoplastic pipes and building sector products at Brandon, turbochargers at Skelmersdale and for modernising a telecommunications cables plant, also at Skelmersdale.

In the **South-West**, two loans were granted for developing industrial estates and Exeter airport in Devon and for water supply facilities in the Plymouth area.

Under two contracts of mandate and guarantee concluded with the British Government in 1977 and 1978, 72 EIB-approved allocations totalling 50.3 million were drawn down in 1979 for smaller-scale industrial ventures in assisted areas. The ventures were located, for the most part, in the North (28 allocations; 19.6 million), Wales (17 allocations; 8.9 million), Scotland (13 allocations; 8.3 million) and the South-West (9 allocations; 8.3 million), followed by Yorkshire and Humberside (4 allocations; 4.8 million) and the North-West (1 allocation: 400 000).

Total lending in **Ireland**, all for regional development projects, trebled, amounting to 252.9 million from own resources and 86.7 million from NCI resources, or 339.6 million in all, compared with 110 million in 1978. The increase is largely attributable to the financing of projects in the energy sector (79.3 million from own resources and 24.7 million from NCI

1979 saw the Bank advance a total of 29.8 million u. a. for the foodstuffs industry (projects in the United Kingdom, Denmark, Ireland and Belgium).

Operations within the Community

resources), water supply and sewage disposal schemes (70.1 million from own resources and 24.7 million from NCI resources), agricultural, forestry and agro-industrial projects (37.1 million from own resources) and industrial projects (22.6 million from own resources). In addition, operations accounting for 43.9 million from own resources and 37.3 million from NCI resources were mounted in support of the extension and modernisation of the telecommunications system and improvement of the road network.

In the energy sector, finance was provided for construction of a thermal power station and installation of three gas turbine generator sets to improve peak-load performance at Aghada, near Cork, which is the country's largest industrial centre after Dublin. Credit was also advanced for strengthening the Irish electricity transmission and distribution grid, for a plant in central Ireland to produce peat briquettes for household use and for development of bogland to supply peat-fired power stations which account for 20 % of Ireland's electricity production.

The Bank has been helping to finance both these peat projects since 1976; they will make for savings of some 450 000 tonnes of imported oil a year.

The five major water supply and sewage disposal schemes financed during the year are helping to create better conditions for the economic and industrial development of Greater Dublin and of 14 of the 23 counties in Connaught, Munster and Leinster. The Bank granted a loan to finance drainage works in these three provinces, serving 58 000 ha of farmland. For the first time within the Community, it advanced funds for a project involving the reforestation of some 40 000 ha, together with the construction of service tracks and the acquisition of felling equipment. A global loan went to the Agricultural Credit Corporation to finance certain categories of intensive farming and agro-industrial projects of lesser scale, while two further such loans were granted to the Industrial Credit Company for financing smaller industrial ventures.

Funds totalling 20.6 million were drawn down from global loans already operative, with 183 allocations going for the smaller kind of industrial and agricultural investment project (as compared with 23 allocations totalling 2.7 million in 1978). The average amount of these sub-loans was about 110 000.

In the other Member Countries, loans were granted only from the Bank's own resources.

In **France**, lending for regional development projects came to 123.8 million, much of this earmarked for the extension and improvement of telecommunications in Lorraine, a region beset in particular by the crisis in the iron and steel sector. In Brittany, a loan was granted for construction of facilities for cleaning out oil tankers at Brest. In the Rhône-Alpes region, credit was advanced for the construction of the Villerest Dam, a project designed to help regulate the flow of the Loire and alleviate water shortages as well as the flood risk downstream of the dam, and at the same time provide electricity. Lastly, in Auvergne, an EIB loan helped to finance construction of a plant to produce mineral wool for insulation, at St-Eloy-les-Mines.

One new global loan was granted during the year: to the Caisse d'Aide à l'Équipement des Collectivités Locales, for financing small and medium-scale public infrastructure schemes of regional interest. In 1979, three allocations were made from this global loan, for a total of 4.4 million. These were used to finance port infrastructure at Cherbourg in Lower Normandy, Bayonne in Aquitaine and Calais in Nord-Pas-de-Calais.

Two thirds of the Bank's lending to **Denmark** was directed towards two projects in Greenland (10.2 million out of a total of 15.6 million): construction of a thermal power station at Holsteinsborg on the West Coast, and extension of the microwave telecommunications network. On the Island of Falster in the County of Storstrøm, a loan was used to finance expansion of facilities producing agricultural sprays and equipment. During the year, a new global loan was concluded with the Danish Government, and 21 allocations were made to small and medium-scale ventures from global loans already activated. These represented a total of 5.5 million invested in development areas, 4.5 million West of the Great Belt and one million East of the Great Belt.

Financing operations for projects offering regional benefits in the other Member Countries were less extensive. In **Belgium**, one loan went towards construction of a factory producing self-adhesives for industrial applications in the district of Turnhout, Antwerp Province, a project helping to further the diversification of industry in an area still highly dependent on the garment and footwear sectors. Allocations for a total of 6.2 million — 11 in number — were drawn down for industrial ventures in areas eligible for regional aid: these accounted in full for the funds remaining under a second global loan contracted with Société Nationale de Crédit à l'Industrie. In **Germany**, a loan was granted for an industrial project in Westmünsterland, that will help this part of the country to diversify its economy.

Lending for projects of common European interest

Lending for projects of common European interest amounted to 921.1 million from own resources and 124.8 million from NCI resources. Lending under this heading thus totalled 1 045.8 million, of which almost 90% went into projects helping to accomplish the Community's energy policy objectives: development of indigenous energy resources (553.1 million from EIB own resources and 124.8 million from NCI resources), diversification of imports (164.3 million from own resources) and energy savings (68.5 million from own resources). The combined effect of investment financing under this heading during the past three years will be to cut the Community's annual oil imports by around 38 million tonnes, or 8% of the ceiling set by the Council of the European Communities as its 1985 target.

Following Community guidelines, the Bank helped to finance projects for the *development of indigenous energy resources*. Five loans from own resources, totalling 254.1 million, were used to finance nuclear power plants: two in the United Kingdom, at Hartlepool on Teesside and at Heysham in Lancashire; two in France — the Creys-Malville plant in the Alps, which is based on a fast breeder reactor, offering a lower specific consumption of uranium than light-water reactors, and the power station at Chooz in the Ardennes, for improvements in operating efficiency and security — and one in Belgium, Tihange Power Station near Liège. These last two projects represent aggregate installed capacity of 1 200 MW and, once on stream, will secure annual savings of 1.6 million tonnes of oil equivalent, bringing the combined import savings accruing from all five projects to close on 6.5 million t.o.e. per annum. Two loans were provided for projects connected with the supply of material to nuclear power stations, together amounting to 51.1 million. The first was for further construction work on the Eurodif gaseous diffusion uranium enrichment plant at Tricastin in south-east France, and the second for setting up a factory in Germany — in an area dominated by the textiles industry — to assemble centrifuges for installation in uranium enrichment plants.

In its role as agent for Euratom, the Bank joined with the Commission of the European Communities in signing contracts for loans to finance three nuclear power stations: Alto Lazio in Italy (33.8 million), Doel in Belgium (50.2 million) and Super Phénix at Creys-

Malville in France (68.3 million). These operations, which are accounted for off balance sheet in the Special Section (see page 71), are appraised and managed by the Bank, but do not figure in its operating statistics, as the financing decisions are taken by the Commission.

Two pumped storage hydroelectric plants were partly financed by the Bank (182.2 million from own resources and 114.3 million from NCI resources): these will use off-peak power generated at night to build up a head of water for operating peak-load generators. The Alto Gesso plant in the Italian Alps has a rated capacity of 1 190 MW, while Dinorwic power station in Wales, the largest of its kind in Europe, is rated at 1 680 MW.

Mentioned already for the regional benefits they offer are three projects (17.7 million in loans from own resources) that will equally serve to make better use of the Community's energy resources: the Villerest Dam in France, with its 60 MW hydroelectric power station, and the two peat schemes in Ireland (development of bogs for firing power stations and construction of a briquetting plant).

Four loans from own resources totalling 24.2 million were used to finance the tapping of small oil or gas fields in Italy: three in the Adriatic and two in the North. North Sea oil operations gave rise to various investment projects in Scotland: cited already for their regional interest, these attracted aggregate lending from the Bank's own resources of 20.8 million for enlargement of the Sullom Voe oil terminal in the Shetlands, improvement of harbour installations in the Orkneys and expansion of a factory producing equipment for the oil industry at Dundee.

Alternative energy sources accounted for two loans, one using NCI resources, for construction of five generating plants tapping geothermal energy, and the other, from own resources, to finance restructuring and modernisation of production facilities for solar heating panels, located in an economic problem area in Tuscany.

EIB support for investment aimed at the *diversification of imports* went first and foremost to strengthening the gasline system (124.9 million from own resources). Schemes financed were a 470 km length of the aforementioned pipeline to supply the Community, and in particular the Italian Mezzogiorno, with Algerian gas; acquisition by the Saipem company of overland pipelaying equipment, to be used chiefly for the Algeria-Italy gasline, and construction of the Megal gasline for piping in gas from the Soviet Union.

A loan from the Bank's own resources was used to finance a hydroelectric scheme in the Zillertal in the Austrian Tyrol, half of the power output from which is to be fed into the German grid. Although not located on Community territory, this project was supported for its beneficial effect on Community energy supplies, under a special authorisation given by the Board of Governors as provided for in Article 18 of the EIB Statute.

Financing for projects helping to procure *energy savings* amounted to 68.5 million from own resources, in contrast to 5.5 million in 1978. Three were in Italy: the installation of an integrated monitoring and control system for electricity production and distribution, the district heating system serving the town of Brescia, and modernisation of a combined heat and power generating

plant in a factory at Magenta. In Greenland, the new power station at Holsteinsborg is to be linked up with the local district-heating system. In Scotland, an aluminium smelter was modernised to make more efficient use of electricity, and in Wales a mineral wool factory was set up to produce housing insulation. The last three projects have already been mentioned for their regional interest (11.5 million in all).

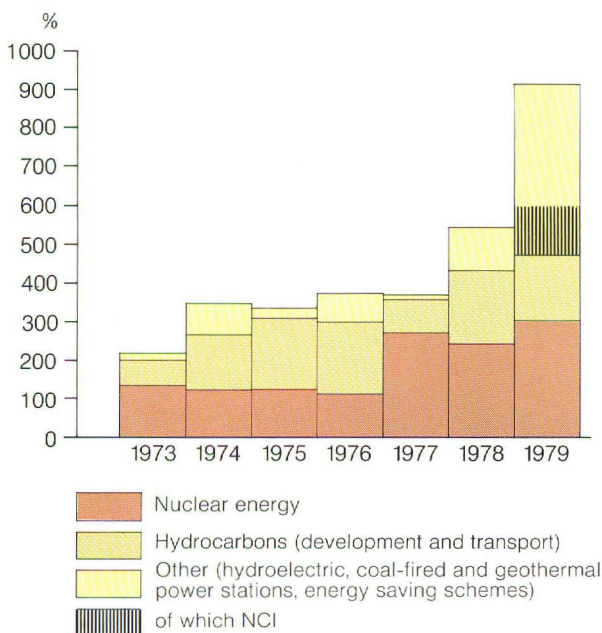
Transport infrastructure of common European interest attracted two loans in 1979, accounting together for 32.3 million of lending from own resources. The first went towards the Fréjus Tunnel, which is creating a new link between the Arc Valley in Savoie and the Rochemolles Valley in Piedmont, which will be open all the year round. The second went for funding the purchase of eight A 300 B 4 Airbuses by Alitalia, which plans to use them on routes within the Community.

Under the heading of **cooperation between companies based in two or more Member Countries**, two loans from own resources (90.4 million in all) were granted for industrial ventures in Italy which also offered regional benefits: construction of a light commercial vehicles plant in the Abruzzi by a company formed as a joint venture between Fiat and Peugeot-Citroën, and the provision of new production facilities for sophisticated biomedical equipment by a specialist Italian firm working in close cooperation with Belgian and French undertakings.

One loan from own resources went towards expansion of a telecommunications satellite earth station in the Abruzzi, an underdeveloped region, on the grounds that it would help to develop **advanced technology** in the interests of the Community. This leaves the abovementioned EIB loan from own resources for the oil tanker ballast water cleansing facilities in Brittany: not only is this a project of regional interest, but it will also contribute to the **protection of the environment** in a part of the Community that is particularly prone to oil pollution.

Financing provided for projects of common interest in the energy sector from 1973 to 1979

million u.a.



Lending for industrial modernisation and conversion projects

The Bank granted loans totalling 30.8 million from its own resources for industrial modernisation and conversion projects and investment in the creation of new activities in four regions in central and northern Italy, where they will help to strengthen and diversify industry in parts of the country which remain heavily reliant on sectors in decline. The funds went towards construction of an electromechanical equipment plant at Dalmine in Lombardy, the restructuring of ethylene and acetylene production facilities at Rosignano in Tuscany, two vehicle body plants, for tractors and sports cars, at Modena and Maranello in

Emilia Romagna, and modernisation of a farm vehicles tyre factory at Tivoli in central Latium, a project also offering regional benefits.

Included under the heading of lending for projects of regional interest was 99.2 million that went for industrial ventures in conversion areas, close on one third of which took the form of credit drawn down from global loans for small and medium-scale industrial ventures, plus 390.6 million for infrastructure designed to attract fresh economic activity to these areas. The sum total of lending from own resources for projects directly or indirectly fostering industrial modernisation or conversion, or the creation of new job opportunities in crisis sector areas came to 520.6 million.

Sectoral breakdown

Loans for investment in the energy sector amounted to 997 million from own resources and 149.5 million from NCI resources, giving a total of 1 146.5 million, or just under 45 % of all financing inside the Community. Credit for water supply, purification and sewage treatment schemes and irrigation projects amounted to 477.3 million from own resources and 90.1 million from NCI resources, or 567.4 million in all. Lending for transport and telecommunications infrastructure came to 419.2 million from own resources and 37.4 million from NCI resources (total: 456.6 million). Lending from own resources for industrial projects and, less significantly, agricultural and service ventures, amounted to 377.6 million.

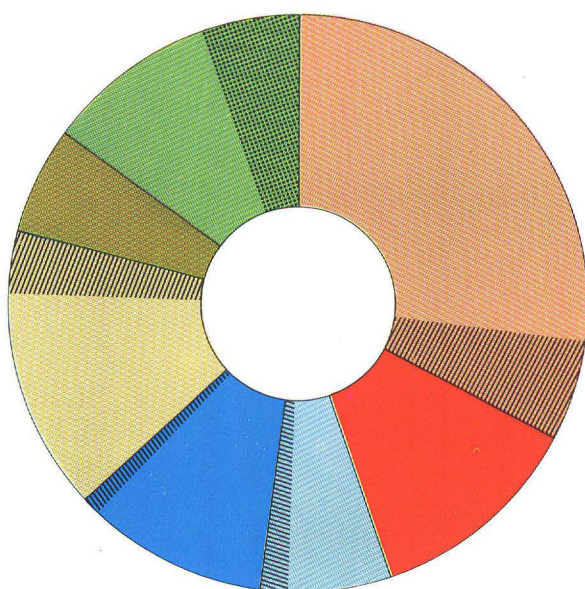
The marked increase in aggregate lending to the **energy** sector (up by almost 60 % on 1978) was largely attributable to hydroelectric and thermal power stations (338.1 million from own resources and 139 million from NCI resources) and nuclear energy projects (301.6 million from own resources). A considerable volume of credit continued to flow

into oil and gas extraction and transport projects (149.1 million) and electricity transmission lines (185.2 million), in addition to which various EIB and NCI operations were mounted in support of schemes to capitalise on peat deposits, geothermal energy and district heating. More than three quarters of the lending in question was focused on projects of common European interest and the remainder was used to finance installations of regional interest.

Overall lending for various **other forms of infrastructure** accounted for some 40 % of the credit advanced during the year. Lending for irrigation and drainage works (160.1 million from own resources) designed to improve and diversify farming on some 113 000 ha of land in southern Italy and Ireland, together with the financing of water supply and sewage schemes needed for the maintenance of economic activity in development and conversion areas, came to a total of 317.2 million from own resources and 90.1 million from NCI resources. In some cases, in Sicily and in Scotland especially, these operations formed part of industrial estate development projects that also included the provision of access and service roads. Substantial amounts were channelled into major roads, harbour

Lending within the Community in 1979

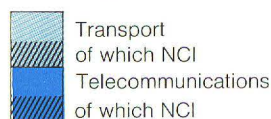
Sectoral breakdown



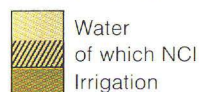
Energy



Communications



Water schemes



works, air transport facilities (153.9 million from own resources and 19.4 million from NCI resources) and telecommunications in the Mezzogiorno, Wales, Lorraine, Ireland and Greenland (own resources, 265.3 million; NCI resources, 18 million). One loan from own resources went towards the construction of workers' housing in Italy, while in France a global loan was granted to a public credit institution to finance small infrastructure schemes to be undertaken by local authorities.

Lending from own resources for projects in **industry, agriculture and services** rose from 262.6 million in 1978 to 377.6 million, the increase being most marked in Italy. The largest amounts went for projects in the motor industry, mechanical engineering, rubber processing, paper and woodworking and a forestry development project in Ireland. About 21 % of the credit advanced in these sectors concerned consumer goods, 34 % intermediate goods and 45 % capital goods.

Ten global loans, for a total of 137.1 million compared with 99.9 million in 1978, were granted to intermediary institutions in Italy (101.1 million), Ireland, Belgium and Denmark. From these, credit will be drawn down in amounts ranging from 25 000 units of account to 4 million, for financing small and medium-scale ventures in problem areas in these countries.

There was brisk growth in the volume of allocations from global loans in 1979: 415 small and medium-sized ventures attracted credit totalling 131.4 million, compared with the 155 that received 72.2 million in 1978, and the average sub-loan was smaller: 320 000, compared with 460 000. The projects so financed were for the most part located in Ireland (183 ventures; total, 20.6 million) and Italy (128; 48.8 million), the rest being based in the United Kingdom (72; 50.3 million), Denmark (21; 5.5 million) and Belgium (11; 6.2 million). Of the amounts drawn down, almost 22 million went for 97 ventures in the mechanical engineering sector, and close on 23 million for 85 ventures in the agro-industrial and farming industries. Most of the other sub-loans went towards projects in the chemicals industry, textiles and leather, paper, rubber processing and building and allied industries.

Global loan allocations in 1979 accounted for over a third of the Bank's financing for industry, agriculture and services, making a particularly valuable contribution to regional development by promoting the increasing diversification of industrial activity in labour-intensive sectors. The investments financed should help to create more than 10 000 permanent jobs, or almost half of the employment opportunities directly stemming from the ventures funded by the Bank. The average investment per job directly created is only 31 500 units of account in the use of global loans, as compared with 68 000 for larger industrial projects receiving individual loans. Almost nine tenths by number and over two thirds by amount of the allocations made were for independent undertakings employing less than 500 people.

Table 3: **Financing provided within the Community in 1979**

Sectoral breakdown

3.1. **From EIB own resources**

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Energy, communications and other infrastructure	74	3	1 903.6	4.4	83.4
Energy	31		997.0	—	43.7
Production	22		686.9		30.1
<i>Nuclear (1)</i>	6		301.6		13.2
<i>Thermal power stations</i>	5		116.4		5.1
<i>Hydroelectric power stations</i>	4		221.7		9.7
<i>District heating plant</i>	1		11.3		0.5
<i>Development of oil and natural gas deposits</i>	4		24.2		1.1
<i>Solid fuel extraction</i>	2		11.7		0.5
Supply systems	9		310.1		13.6
<i>Power lines</i>	5		185.2		8.1
<i>Gaslines and oil pipelines</i>	4		124.9		5.5
Communications	20	3	419.2	4.4	18.4
Transport	14	3	153.9	4.4	6.8
<i>Roads, bridges and tunnels</i>	7		99.6		4.4
<i>Shipping</i>	6	3	28.7	4.4	1.3
<i>Airlines</i>	1		25.6		1.1
Telecommunications	6		265.3		11.6
Water schemes	21		477.3		20.9
Agricultural development	4		160.1		7.0
Water catchment, treatment and supply	17		317.2		13.9
Housing	1		2.6		0.1
Global loan (unallocated portion) (2)	1		7.5		0.3
Industry, agriculture and services	459	415	377.6	131.4	16.6
Industry	411	378	343.4	125.8	15.0
Mining and quarrying	10	10	5.9	5.9	0.3
Metal production and semi-processing	8	7	4.3	2.8	0.2
Construction materials	26	24	16.2	10.7	0.7
Woodworking	39	38	17.4	8.5	0.8
Glass and ceramics	11	11	4.7	4.7	0.2
Chemicals	26	25	22.6	13.8	1.0
Metalworking and mechanical engineering	105	97	55.2	22.0	2.4
Motor vehicles, transport equipment	10	5	108.6	2.7	4.7
Electrical engineering, electronics	18	16	11.3	1.8	0.5
Foodstuffs	58	55	29.8	19.9	1.3
Textiles and leather	26	26	9.8	9.8	0.4
Paper and pulp	33	29	24.9	12.7	1.1
Rubber and plastics processing	31	26	26.6	7.4	1.2
Other	8	7	5.6	2.5	0.2
Building—civil engineering	2	2	0.6	0.6	
Agriculture, forestry, fishing	31	30	25.8	3.0	1.1
Services	7	7	2.6	2.6	0.2
Tourism	3	3	1.6	1.6	0.1
Other	4	4	1.0	1.0	0.1
Global loans (unallocated portion) (2)	10		5.8		0.3
Total	533	418	2 281.2	135.8	100.0

3.2. From NCI resources

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Energy, communications and other infrastructure	9		277.0		100.0
Energy	4		149.5		54.0
Production	4		149.5		54.0
<i>Thermal power stations</i>	1		24.7		8.9
<i>Hydroelectric power stations</i>	2		114.3		41.3
<i>Geothermal power stations</i>	1		10.5		3.8
Communications	2		37.4		13.5
Transport	1		19.4		7.0
<i>Roads, bridges and tunnels</i>	1		19.4		7.0
Telecommunications	1		18.0		6.5
Water schemes	3		90.1		32.5
Water catchment, treatment and supply	3		90.1		32.5
Total	9		277.0		100.0

3.3. From EIB and NCI resources

Energy, communications and other infrastructure	83	3	2 180.6	4.4	85.2
Energy	35		1 146.5		44.8
Production	26		836.4		32.7
<i>Nuclear (1)</i>	6		301.6		11.8
<i>Thermal power stations</i>	6		141.1		5.5
<i>Hydroelectric power stations</i>	6		336.0		13.1
<i>Geothermal power stations and district heating plant</i>	2		21.8		0.9
<i>Development of oil and natural gas deposits</i>	4		24.2		0.9
<i>Solid fuel extraction</i>	2		11.7		0.5
Supply systems	9		310.1		12.1
<i>Power lines</i>	5		185.2		7.2
<i>Gaslines and oil pipelines</i>	4		124.9		4.9
Communications	22	3	456.6	4.4	17.8
Transport	15	3	173.3	4.4	6.8
<i>Roads, bridges and tunnels</i>	8		119.0		4.7
<i>Shipping</i>	6	3	28.7	4.4	1.1
<i>Airlines</i>	1		25.6		1.0
Telecommunications	7		283.3		11.0
Water schemes	24		567.4		22.2
Agricultural development	4		160.1		6.3
Water catchment, treatment and supply	20		407.3		15.9
Housing	1		2.6		0.1
Global loan (unallocated portion) (2)	1		7.5		0.3
Industry, agriculture and services (see 3.1. above)	459	415	377.6	131.4	14.8
Total	542	418	2 558.2	135.8	100.0

(1) Excluding 152.3 million for Euratom loans appraised and managed by the Bank.

(2) Difference, in each case, between the sum of global loans granted in 1979 (12.0 million and 137.1 million respectively) and the sum of allocations approved during the year from all current global loans.

Breakdown by project location

More than four fifths of the projects financed in 1979 were located in Italy, the United Kingdom and Ireland, where regional problems are particularly prevalent and deep-seated. In these three countries, the Bank granted loans for 1 897.3 million from its own resources and 277 million from NCI resources, a total of 2 174.3 million. In Italy and Ireland, some of these loans also attracted a 3 % EMS interest subsidy.

By far the largest volume of finance went to **Italy**: 905.4 million in loans from own resources and 85 million from NCI resources giving a total of 990.4 million, as against 845.1 million in 1978. This amounted to almost 40 % of total Bank lending inside the Community. More than two thirds of the finance in question carried an EMS interest subsidy: 568.8 million from own resources and 50.1 million from the NCI.

Most of the projects financed were in the Mezzogiorno, 32.3 % being projects in the energy sector, where massive investment is needed because of the country's heavy dependence on imported oil. A large proportion of overall financing — 28.3 % — went for water supplies, and in particular irrigation schemes intended to improve farm productivity in the South. Lending for industrial projects forged ahead, accounting for almost a quarter of all EIB credit advanced in Italy.

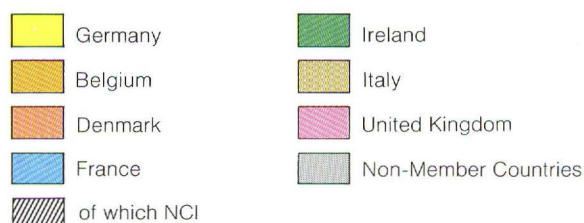
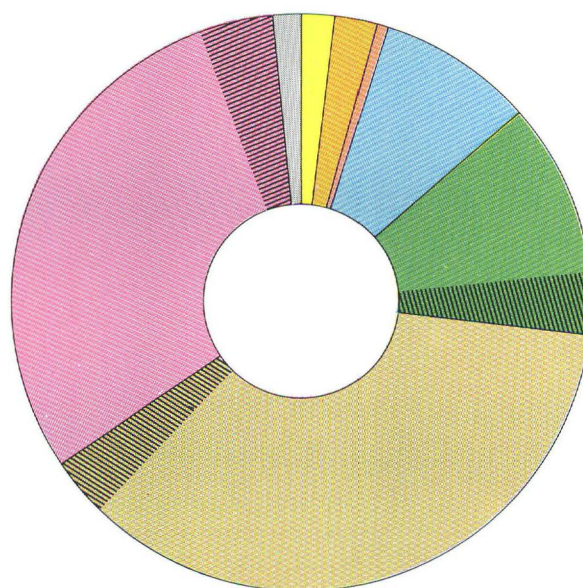
In the **United Kingdom**, financing amounted to 739 million from own resources, and 105.9 million from NCI resources, to give a total of 844.3 million as against 430.7 million in 1978. Nearly two thirds of these funds went for regional development projects, although finance for energy projects of common European interest increased threefold.

Over 50 % of total financing was made available for power stations and electricity transmission lines. An increased number of loans was made for investment by industrial undertakings compared with 1978.

Total lending in **Ireland** increased to 339.6 million — 252.9 million from own resources and 86.7 million from NCI resources — compared with 117.4 million in 1978. The loans supported basic infrastructure (80.6 %), mainly energy and water schemes, and smaller investment projects in industry and agriculture (19.4 %). More than three quarters of the credit

Lending within the Community in 1979

Breakdown by project location



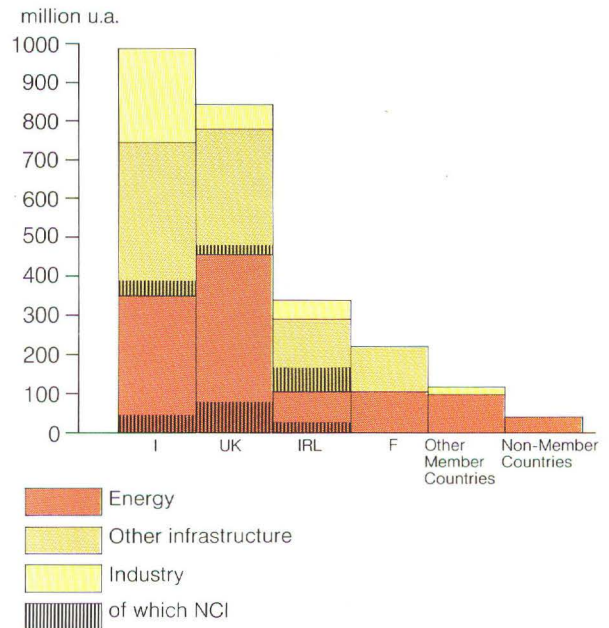
advanced by the Bank in Ireland attracted EMS interest subsidies: 222 million of lending from own resources and 37.3 million of financing from NCI resources.

All other lending was from the Bank's own resources. In **France**, overall lending came to 222.7 million channelled largely into nuclear projects and the development of telecommunications. Financing in **Belgium** (58.4 million) and **Germany** (47.8 million) was for the most part concentrated in the nuclear sector and gaslines, while in **Denmark**, most of the

15.6 million lent helped to finance infrastructure in Greenland. The loan granted by the Bank in **Austria** under Article 18 of the Statute, was to part-finance a hydroelectric power station, half of the output from which will go to the Community.

Lending within the Community in 1979

Breakdown by project location and major sector



(1) Loans made in accordance with the second paragraph of Article 18 (1) of the Bank's Statute empowering the Board of Governors to authorise the Bank to contribute towards financing projects outside, but of direct interest to, the Community.

Table 4: Financing provided within the Community in 1979 and from 1958 to 1979 (1)
Breakdown by project location

Location	From EIB own resources		From NCI resources Amount (million u.a.)	1979		1958—79	
	Amount (million u.a.)	%		Amount (million u.a.)	%	From EIB own resources Amount (million u.a.)	%
	Belgium	58.4	2.5	—	58.4	2.3	232.6
Denmark	15.6	0.7	—	15.6	0.6	207.8	1.8
Germany	47.8	2.1	—	47.8	1.9	886.8	7.6
France	222.7	9.8	—	222.7	8.7	2 031.2	17.4
Ireland	252.9 (4)	11.1	86.7 (5)	339.6	13.3	614.1	5.3
Italy	905.4 (4)	39.7	85.0 (5)	990.4	38.7	4 789.8	41.1
Luxembourg	—	—	—	—	—	9.0	0.1
Netherlands	—	—	—	—	—	105.2	0.9
United Kingdom	739.0	32.4	105.3	844.3	33.0	2 628.1	22.5
Non-Member Countries (2)	39.4	1.7	—	39.4	1.5	149.9	1.3
Total	2 281.2 (4)	100.0	277.0	2 558.2	100.0	11 654.5	100.0
(of which guarantees)	(—)	(—)	(—)	(—)	(—)	(228.2) (3)	(2.0)

(1) See Note 1 to Table 2, page 24.
 (2) Loans made in accordance with the second paragraph of Article 18 (1) of the Bank's Statute empowering the Board of Governors to authorise the Bank to contribute towards financing projects outside, but of direct interest to, the Community.
 (3) Of which Germany: 118.8 million; Italy: 90.2 million; Netherlands: 16.5 million; France: 2.7 million.
 (4) Of which EMS subsidised loans: 791.0 million; Ireland: 222.0 million; Italy: 569.0 million.
 (5) Of which EMS subsidised loans: 87.4 million; Ireland: 37.3 million; Italy: 50.1 million.

List of loans granted within the Community

A. Loans from the Bank's own resources

Contracts signed in 1979

Loans from the Bank's own resources, for which contracts were signed in 1979 in respect of investment projects within the Community, totalled 2 281·2 million. All these operations — the principal economic aspects of which are outlined on pages 23 to 41 — give rise to financial commitments for the Bank and are accounted for on its balance sheet.

Certain projects financed also received loans from NCI resources (see page 47) and these are marked with an asterisk (*). In the case of projects marked with a cross (+), the loans granted attracted the 3 % EMS interest subsidy provided for investment projects located in Italy and Ireland.

million u. a.			
BELGIUM	58·4	GERMANY	47·8
Bfrs 2 350 million		DM 120 million	
1. Construction of 2nd and 3rd units of Tihange nuclear power station (Liège) Intercom Bfrs 2 000 million	49·7	8. Construction of gaslines between Waidhaus (Czechoslovak frontier) and Medelsheim (French frontier), and between Oberkappel (Austrian frontier) and Schwandorf (Bavaria) for transporting gas from Soviet Union Megal Finance Company Ltd. DM 110 million	43·8
2. Construction of factory producing self-adhesives for industrial applications at Turnhout (Antwerp) S.A. Fasson Belgique , through intermediary of Société Nationale de Crédit à l'Industrie (SNCI) Bfrs 100 million	2·5	9. Construction of uranium enrichment centrifuge assembly plant at Gronau (North Rhine-Westphalia) MAN — Uranit Gronau GmbH DM 10 million	4·0
3. Global loan to Société Nationale de Crédit à l'Industrie (SNCI) for financing small and medium-scale industrial ventures in development and conversion areas Bfrs 250 million	6·2	FRANCE	222·7
DENMARK	15·6	Ffrs 1 302·1 million	
Dkr 112 million		10. Construction of Super-Phénix nuclear power station at Creys-Malville (Rhône-Alpes) Centrale Nucléaire Européenne à Neutrons Rapides S.A. (NERSA) Ffrs 278·8 million	47·7
4. Construction of diesel-fired heat-and-power generating plant with feeders to district heating system at Holsteinsborg on West Coast of Greenland Danish Government Dkr 46 million	6·3	11. Construction of uranium enrichment factory using gaseous diffusion process at Tricastin (Rhône-Alpes) Eurodif S.A. Ffrs 276·3 million	47·2
5. Extension of Greenland's microwave link telecommunications system Danish Government Dkr 28 million	3·8	12. Modifications to enhance operating safety at Centrale nucléaire des Ardennes nuclear power station near Chooz (Champagne-Ardenne) Société d'Énergie Nucléaire Franco-Belge des Ardennes (SENA) Ffrs 23 million	4·0
6. Expansion and rationalisation of facilities producing sprays for pesticides, fungicides and weed-killers, used in agriculture, horticulture and forestry, at North Alslev on Falster Island in Storstrøm Hartvig Jensen & Co. A/S Dkr 13 million	1·9	13. Construction of ballast water treatment plant for cleansing oil tankers and cleaning oil-polluted sand and gravel at Brest (Britanny) Syndicat Mixte pour le Développement de Brest-Iroise Ffrs 29 million	5·0
7. Global loan to Danish Government (Ministry of Finance) for financing small and medium-scale industrial ventures in development areas Dkr 25 million	3·6		
		14. Extension and modernisation of telecommunications system in Lorraine Administration des Postes et Télécommunications , through intermediary of Caisse Nationale des Télécommunications Ffrs 580 million	99·2
		15. Construction of Villerest dam (Rhône-Alpes) Institution Interdépartementale pour la Protection des Vals de Loire contre les Inondations , through intermediary of Agence de Bassin Loire-Bretagne Ffrs 35 million	6·0
		16. Global loan to Caisse d'Aide à l'Équipement des Collectivités Locales (CAECL) for financing small and medium-scale public authority infrastructure schemes in less developed or industrial conversion areas Ffrs 70 million	12·0
		17. Construction of mineral wool factory at St-Eloy-les-Mines (Auvergne) Rockwool Isolation S.A. Ffrs 10 million	1·7
		IRELAND	252·9
		IR£ 168·1 million	
		18.* Construction of Aghada natural gas fired power station in County Cork (South West) (see No. 116) Electricity Supply Board IR£ 10 million	15·2 +
		19. Construction of three natural gas and oil-fired combustion turbine generators at Aghada power station in County Cork (South West) Electricity Supply Board IR£ 15 million	22·4 +
		20. Development of bogland for supplying fuel to peat-fired power stations (South West) Bord Na Mona IR£ 4·8 million	7·2 +

21. Development of bogland and construction of peat briquetting plant at Littleton (Midlands and South-East) Bord Na Mona IR£ 3 million	4.5	31. Afforestation of 44 000 ha, construction of forest roads and acquisition of felling equipment Ireland (Minister for Finance) IR£ 15 million	22.9 +
22. Extension and reconstruction of electricity transmission and distribution network Electricity Supply Board IR£ 20 million	29.9 +	32.—33. Global loans to Industrial Credit Company Limited (ICC) for financing small and medium-scale industrial ventures — IR£ 10 million — IR£ 5 million	15.0 7.6
23.* Improvement to road network (see No. 117) Ireland (Minister for Finance) IR£ 11 million	16.5 +	34. Global loan to Agricultural Credit Corporation Limited (ACC) for financing small and medium-scale ventures in the agricultural and foodstuffs sectors IR£ 2.5 million	3.7
24.* Extension and modernisation of telecommunications network (see No. 118) Ireland (Minister for Finance) IR£ 18 million	27.4 +		
25. Drainage of 58 000 ha farmland in Counties Meath, Limerick and Mayo (West and Mid-West) Ireland (Minister for Finance) IR£ 7 million	10.5 +	ITALY	905.4
26.* Water supply and sewerage schemes for Greater Dublin area (East) (see No. 119) Ireland (Minister for Finance) IR£ 16.5 million	24.7 +	Lit 1 031 500 million	
27. Water supply and sewerage schemes in Counties Dublin, Meath, Kildare, Wicklow, Wexford, Kilkenny, Tipperary (South) and Waterford (East and South-East) Ireland (Minister for Finance) IR£ 16 million	23.9 +	35.* Construction of Alto Gesso pumped storage power station (Piedmont) (see No. 121) Ente Nazionale per l'Energia Elettrica (ENEL) Lit 90 000 million	78.6 +
28. Water supply and sewage disposal schemes in Counties Clare, Limerick, Tipperary and Kerry (Mid-West and South-West) Ireland (Minister for Finance) IR£ 5 million	7.6 +	36. Development of "Squalo" gas field in Adriatic off Pescara (Abruzzi) Deutsche Shell AG , through intermediary of Sezzone Autonoma Opere Pubbliche, Istituto Bancario San Paolo di Torino Lit 6 600 million	5.8
29. Water supply and sewerage schemes in Counties Mayo and Sligo (West and North-West) Ireland (Minister for Finance) IR£ 5 million	7.5 +	37. Development of "Rospo Mare" oil field in Adriatic off Vasto (Abruzzi) Elf Italiana Mineraria S.p.A. , through intermediary of Sezione Speciale per il Credito Industriale presso la Banca Nazionale del Lavoro Lit 3 000 million	2.6
30. Water supply, sewerage and sewage disposal schemes in vicinity of Galway Ireland (Minister for Finance) IR£ 4.3 million	6.4 +	38. Development of "Cavone" oil field in Modena province (Emilia-Romagna) AGIP S.p.A. Lit 9 000 million	7.9 +
		39. Development of "Settala" gas field east of Milan and "Amelia" gas field in Adriatic Cervia (Emilia-Romagna) AGIP S.p.A. Lit 9 000 million	7.9 +





40. Integrated system for monitoring electricity generation and transmission
Ente Nazionale per l'Energia Elettrica (ENEL)
Lit 50 000 million 43.9 +
41. Extensions to electricity transmission and distribution network (Abruzzi, Molise, Calabria, Basilicata)
Ente Nazionale per l'Energia Elettrica (ENEL)
Lit 50 000 million 43.7 +
42. Improvements to electricity transmission network and inter-connection with Yugoslav grid (Friuli-Venezia Giulia)
Ente Nazionale per l'Energia Elettrica (ENEL)
Lit 25 000 million 21.8 +
- 43.—44. Gasline between Algeria and Italy
— Construction of Gagliano (Sicily)-Sant'Eufemia (Calabria) section
Lit 40 000 million 35.2 +
— Construction of Mazzara del Vallo-Gagliano (Sicily) section
Lit 45 000 million 39.6 +
SNAM S.p.A., through intermediary of **Ente Nazionale Idrocarburi (ENI)**
45. Installation of total energy district heating plant in Brescia (Lombardy) **Azienda Servizi Municipalizzati di Brescia**, through intermediary of **IMI — Istituto Mobiliare Italiano**
Lit 13 000 million 11.4 +
46. Acquisition of equipment for laying large diameter on-land oil lines
SAIPEM S.p.A.
US\$ 8.5 million, equivalent to Lit 7 000 million 6.2
47. Construction of Fréjus road tunnel through the Alps between Italy and France
Società Italiana Traforo Autostradale del Fréjus S.p.A. (SITAF)
Lit 7 600 million 6.7
48. Construction of Catania Western By-Pass (Sicily)
Cassa per il Mezzogiorno
Lit 25 000 million 22.0 +
49. Acquisition of eight A 300 B 4 Airbuses **Alitalia S.p.A.**, through intermediary of **IMI — Istituto Mobiliare Italiano**
US\$ 35 million, equivalent to Lit 29 000 million 25.7
50. Extension of telecommunications satellite earth station at Fucino, Aquila province (Abruzzi)
Telespazio S.p.A., through intermediary of **IMI — Istituto Mobiliare Italiano**
Lit 8 500 million 7.5
51. Extensions to trunk telecommunications network in Mezzogiorno
ASST — Azienda di Stato per i Servizi Telefonici, through intermediary of **CREDIOP — Consorzio di Credito per le Opere Pubbliche**
Lit 40 000 million 34.9
52. Improvement of road and water supply infrastructure, and hydraulic engineering works in industrial zone at Syracuse (Sicily)
Cassa per il Mezzogiorno
Lit 20 000 million 17.5 +
53. Irrigation of over 20 000 ha in Taranto province (Apulia)
Cassa per il Mezzogiorno
Lit 80 000 million 70.5 +
54. Irrigation of 23 600 ha in south-east Foggia (Apulia), drawing on Ofanto reservoir
Cassa per il Mezzogiorno
Lit 65 000 million 57.2 +
55. Irrigation of 11 800 ha, drawing on Biferno reservoir, and drainage works in Campobasso province (Molise)
Cassa per il Mezzogiorno
Lit 25 000 million 22.0 +
- 56.* Extension of Pertusillo aqueduct for supplying drinking water to central Apulia, mainly Bari province (see No. 122)
Cassa per il Mezzogiorno
Lit 80 000 million 70.4 +
57. Construction of Calore aqueduct and works for improving water supplies to Avellino and Benevento (Campania)
Cassa per il Mezzogiorno
Lit 22 000 million 19.4 +
58. Housing for workers at factories in Cassino (Latium), Termoli (Molise) and Sulmona (Abruzzi)
FIAT S.p.A., through intermediary of **Sezione di Credito Fondiario, Istituto Bancario San Paolo di Torino**
Lit 3 000 million 2.6
59. Reorganisation of ethylene and acetylene production facilities at Rosignano (Tuscany)
SOLVAY & Cie S.A., through intermediary of **Sezione Autonoma Opere Pubbliche, Istituto Bancario San Paolo di Torino**
Lit 10 000 million 8.8

60. Extension and reorganisation of research and production facilities producing biomedical articles at Saluggia (Piedmont) SORIN — Società Ricerche Impianti Nucleari — Biomedica S.p.A. Lit 3 500 million	3.1	SAFFA, Società per Azioni Fabbriche Fiammiferi ed Affini , through intermediary of IMI — Istituto Mobiliare Italiano Lit 2 000 million	1.7	UNITED KINGDOM £ 487.0 million	
61. Construction of factory to produce electromechanical equipment at Dalmine (Lombardy) SACE S.p.A. Lit 8 000 million	7.0	71. Reorganisation and modernisation of tyre factory at Tivoli (Latium) INDUSTRIE PIRELLI S.p.A. Lit 8 000 million	7.0	78. Construction of Hartlepool nuclear power station (North) Central Electricity Generating Board , through intermediary of The Electricity Council £ 50 million	76.6
62. Reorganisation and modernisation of two industrial works producing solar panels and pyrotenax cables near Pistoia (Tuscany) IMI — La Metalli Industriale S.p.A. Lit 3 000 million	2.6	72. Reorganisation and modernisation of factory producing tyres for two-wheelers and heavy vehicles at Villafranca Tirrena (Sicily) INDUSTRIE PIRELLI S.p.A. , through intermediary of IRFIS — Istituto Regionale per il Finanziamento alle Industrie in Sicilia Lit 4 000 million	3.5	79. Construction of Heysham nuclear power station near Lancaster (North-West) Central Electricity Generating Board , through intermediary of The Electricity Council £ 50 million	76.6
63. Construction of factory producing light commercial vehicles at Atezza (Abruzzi) SEVEL — Società Europea Veicoli Leggeri S.p.A. , through intermediary of IMI — Istituto Mobiliare Italiano Lit 100 000 million	87.3	73. Global loan to ISVEIMER — Istituto per lo Sviluppo Economico dell'Italia Meridionale , through intermediary of Cassa per il Mezzogiorno , for financing small and medium-scale industrial ventures in mainland Mezzogiorno Lit 60 000 million	52.8	80. Construction of Peterhead natural gas and oil-fired power station (Scotland) North of Scotland Hydro-Electric Board £ 15 million	23.1
64. Diversification and enlargement of two factories producing body shells for tractor cabs and sports cars at Modena and Maranello (Emilia-Romagna) FERRARI S.p.A. Lit 9 000 million	7.9	74. Global loan to IMI — Istituto Mobiliare Italiano for financing small and medium-scale industrial ventures in Mezzogiorno Lit 20 000 million	17.5	81. Construction of Kilroot oil-fired power station (Northern Ireland) Northern Ireland Electricity Service £ 33.3 million (loan attracting an interest subsidy from the European Regional Development Fund)	49.3
65. Extension of factory producing injection pumps for diesel engines at Bari (Apulia) WEBER S.p.A. , through intermediary of IMI — Istituto Mobiliare Italiano Lit 6 000 million	5.3	75. Global loan to IRFIS — Istituto Regionale per il Finanziamento alle Industrie in Sicilia , through intermediary of Cassa per il Mezzogiorno for financing small and medium-scale industrial ventures in Sicily Lit 10 000 million	8.8	82.—83.* Construction of Dinorwic pumped storage power station (Wales) (see No. 123) Central Electricity Generating Board , through intermediary of The Electricity Council — £ 50 million — £ 20 million	74.0 29.6
66.—67. Expansion of gearbox factory at Termoli (Molise) FIAT AUTO S.p.A. , through intermediary of IMI — Istituto Mobiliare Italiano — Lit 4 000 million — Lit 2 000 million	3.5 1.7	76. Global loan to Mediocredito Centrale for financing small and medium-scale industrial ventures in Latium, The Marches, Umbria, Trentino-Alto Adige, Friuli-Venezia Giulia, Tuscany (Grosseto, Arezzo and Siena provinces), excluding Rome and Cassa-scheduled territory Lit 20 000 million	17.6	84. Modernisation and extension of electricity transmission networks (Wales and North-West) Merseyside and North Wales Electricity Board South Wales Electricity Board North Western Electricity Board , through intermediary of The Electricity Council £ 31 million	45.9
68.—69. Enlargement and modernisation of frozen foods factory at Cisterna di Latina (Latium) ALGEL S.p.A. , through intermediary of Cassa per il Mezzogiorno and ISVEIMER — Istituto per lo Sviluppo Economico dell'Italia Meridionale — Lit 3 300 million — Lit 1 000 million	2.9 0.9	77. Global loan to Centrobanca — Banca Centrale di Credito Popolare , for financing small and medium-scale industrial ventures in Latium, The Marches, Umbria, Trentino-Alto Adige, Friuli-Venezia Giulia, Tuscany (Grosseto, Arezzo and Siena provinces), excluding Rome and Cassa-scheduled territory Lit 5 000 million	4.4	85. Improvement of road network in Northern Ireland, mainly Belfast and Londonderry areas Department of Finance for Northern Ireland £ 15 million	22.2
70. Installation of back-pressure turbine for heat and electricity production in a factory at Magenta (Lombardy)				86. Construction of roads, water supply and sewerage treatment systems in Livingston New Town (Scotland) Lothian Regional Council £ 5.9 million	8.7
				87. Extension of Sullom Voe oil terminal in the Shetlands (Scotland) Shetland Islands Council £ 11.1 million	17.0

88. Harbour installations (public buildings, housing for workers, water supply and sewage disposal) in the Orkneys (Scotland) Orkney Islands Council £ 1.5 million	2.2	99. Water supply schemes in Plymouth area (South-West) South West Water Authority , through intermediary of National Water Council £ 3.4 million	5.2	109. Reorganisation and expansion of whisky bottling facilities at Dumbarton and Kilmalid (Scotland) Hiram Walker and Sons (Scotland) Ltd. £ 4 million	6.2
89. Development of industrial estates, a road and Exeter Airport in Devon (South-West) Devon County Council £ 3.8 million	6.0	100. Rebuilding of aluminium smelter at Lochaber, Fort William, with reduction of specific electricity consumption (Scotland) British Aluminium Company Limited , through intermediary of British Aluminium Finance Ltd. £ 1.0 million	1.5	110. Transfer and modernisation of printing works at Glasgow (Scotland) George Outram & Company Limited , through intermediary of Scottish and Universal Investments Limited £ 2.7 million	4.1
90. Extension and modernisation of telecommunications network (Wales) Post Office £ 60 million	92.4	101. Construction of factory to produce aluminium cans for soft drinks industry at Wrexham (Wales) Continental Can Company (UK) Limited £ 5 million	7.7	111. Extension and modernisation of two factories producing radial ply tyres for saloon cars and heavy vehicles at Belfast and Ballymena (Northern Ireland) Michelin (Belfast) Ltd. £ 4 million	6.2
91. Improvements to the water supply, sewerage and sewage disposal systems in Strathclyde region and construction of section of "Monkland" motorway across Glasgow (Scotland) Strathclyde Regional Council £ 12 million	18.4	102. Construction of mineral wool factory at Bridgend (Wales) Rockwool Limited £ 2.5 million	3.7	112. Extension and modernisation of factory producing thermoplastic pipes and products for the construction industry at Brandon (Northern) Wavin Plastics £ 1 million	1.5
92. Water supply, sewerage, industrial estate and road development schemes in Central Scotland Central Regional Council £ 4.8 million	7.4	103. Construction of kitchen and bedroom furniture factory at Runcorn (North-West) Schreiber Industries Limited £ 6 million	8.9	113. Construction of factory to produce plastic compounds and products for motor vehicle, domestic appliances and furniture industries at Blaenau Festiniog (Wales) Blaenau Plastics Limited £ 600 000	1.0
93.—94. Sewerage and sewage disposal schemes on Tyneside (North) Northumbrian Water Authority , through intermediary of National Water Council — £ 20 million — £ 10 million	29.6 15.4	104. Construction of wharf and engineering facilities at Dundee (Scotland) for manufacturing modules and equipment for offshore platforms in North Sea oil and gas fields Kestrel Marine Ltd. £ 1.0 million	1.5	114. Construction of factory to process coated carton paper for milk packaging and drink packs at Wrexham (Wales) Tetra Pak Rausing & Co Limited £ 2.6 million	3.9
95. Water supply, sewerage and sewage disposal schemes in North-West North West Water Authority , through intermediary of National Water Council £ 25.4 million	40.3	105. Modernisation of factory producing copper joints for metal tubes at Dundee (Scotland) Delta Capillary Products Ltd , through intermediary of Delta Metals Company Ltd. £ 1.4 million	2.1	NON-MEMBER COUNTRIES	
96.—97. Improvements to sewage disposal and sewerage systems in Sheffield (Yorkshire and Humberside) Yorkshire Water Authority , through intermediary of National Water Council — £ 10 million — £ 5 million	15.9 7.7	106. Transfer, modernisation and expansion of facilities for producing telecommunications cables at Skelmersdale (North-West) Ward & Goldstone Limited £ 1.6 million	2.5	115. Zillertal hydroelectric scheme (Austrian Tyrol) Tauernkraftwerke-AG Österreichische Elektrizitätswirtschafts-AG Sfrs 90 million	39.4
98. Water supply and river flow control schemes in industrial areas of West and South Yorkshire (Yorkshire and Humberside) Yorkshire Water Authority , through intermediary of National Water Council £ 7.7 million	11.4	107. Transfer and modernisation of factory producing centrifugal pumps and pumping equipment at Leeds (Yorkshire and Humberside) Sulzer Bros. (UK) Limited £ 7.2 million	11.0		
		108. Extension of factory producing turbochargers for diesel and petrol engines at Skelmersdale (North-West) Garrett Airesearch Limited £ 1.5 million	2.4		

B. Loans from the resources of the New Community Instrument for borrowing and lending

Contracts signed in 1979

Loans granted from NCI resources for which contracts were signed jointly by the Commission of the European Communities and the Bank in 1979 for investment projects within the Community totalled 277 million. These operations — the principal economic aspects of which are presented on pages 23 to 41 — are carried out by the Bank under mandate from, on behalf of, for and at the risk of the European Economic Community (see pages 9 and 25) and are accounted for off balance sheet in the Bank's Special Section (page 71); the Bank's responsibility for these loans is limited to proper performance, in conformity with normal banking practice, of the mandate entrusted to it.

The projects financed with NCI resources also received loans from the Bank's own resources, reference to which is provided by the number in brackets (see pages 42 to 46). Loans marked with a cross (+) attracted the 3% EMS interest subsidy provided for investment projects located in Italy and Ireland.

million u. a.

IRELAND 86.7

Geothermal power stations in Tuscany (see No. 120).

IR£ 58 million

116. Construction of Aghada power station (South-West) (see No. 18)
IR£ 16.5 million 24.7

117. Improvements to road network (see No. 23)
IR£ 13 million 19.4 +

118. Extension and modernisation of telecommunications network (see No. 24)
IR£ 12 million 17.9 +

119. Water supply and sewerage schemes for Greater Dublin area (East) (see No. 26)
IR£ 16.5 million 24.7

ITALY 85.0

Lit 97 000 million

120. Construction of geothermal power stations in Tuscany (see No. 35, 1978 Annual Report)
Lit 12 000 million 10.5 +

121. Construction of Alto Gesso pumped storage power station (Piedmont) (see No. 35) (1)
Lit 40 000 million 34.9

122. Pertusillo Aqueduct (see No. 56)
Lit 45 000 million 39.6 +

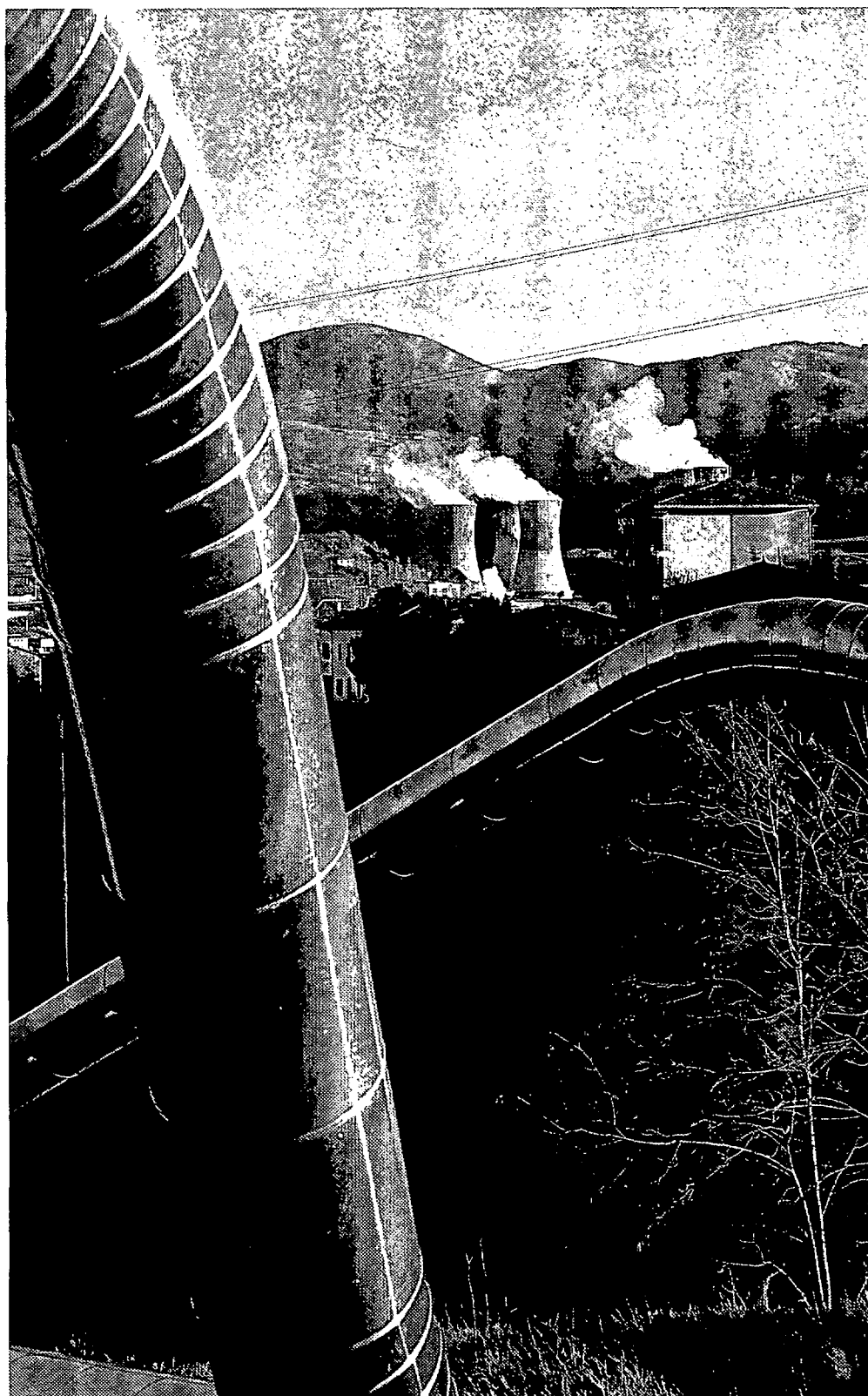
UNITED KINGDOM 105.3

£ 66.3 million

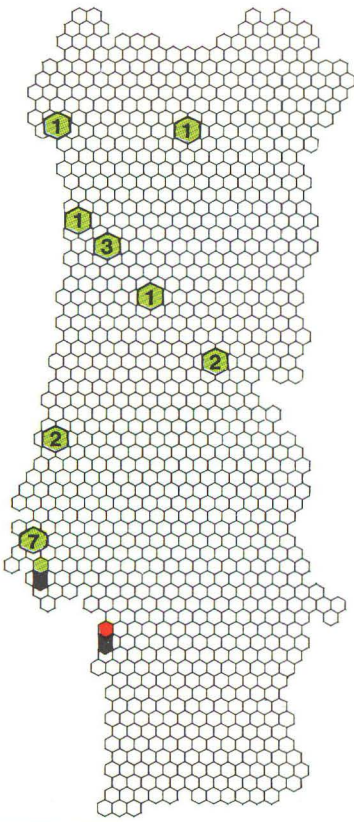
123. Construction of Dinorwic hydroelectric power station (Wales) (see Nos 82 and 83)
£ 50 million 79.4

124. Water supply and sewerage schemes in Lothian Region (Scotland) (see No. 87, 1978 Annual Report)
£ 16.3 million 25.9

(1) EMS interest subsidies introduced in January 1980 (see note 1 page 26)



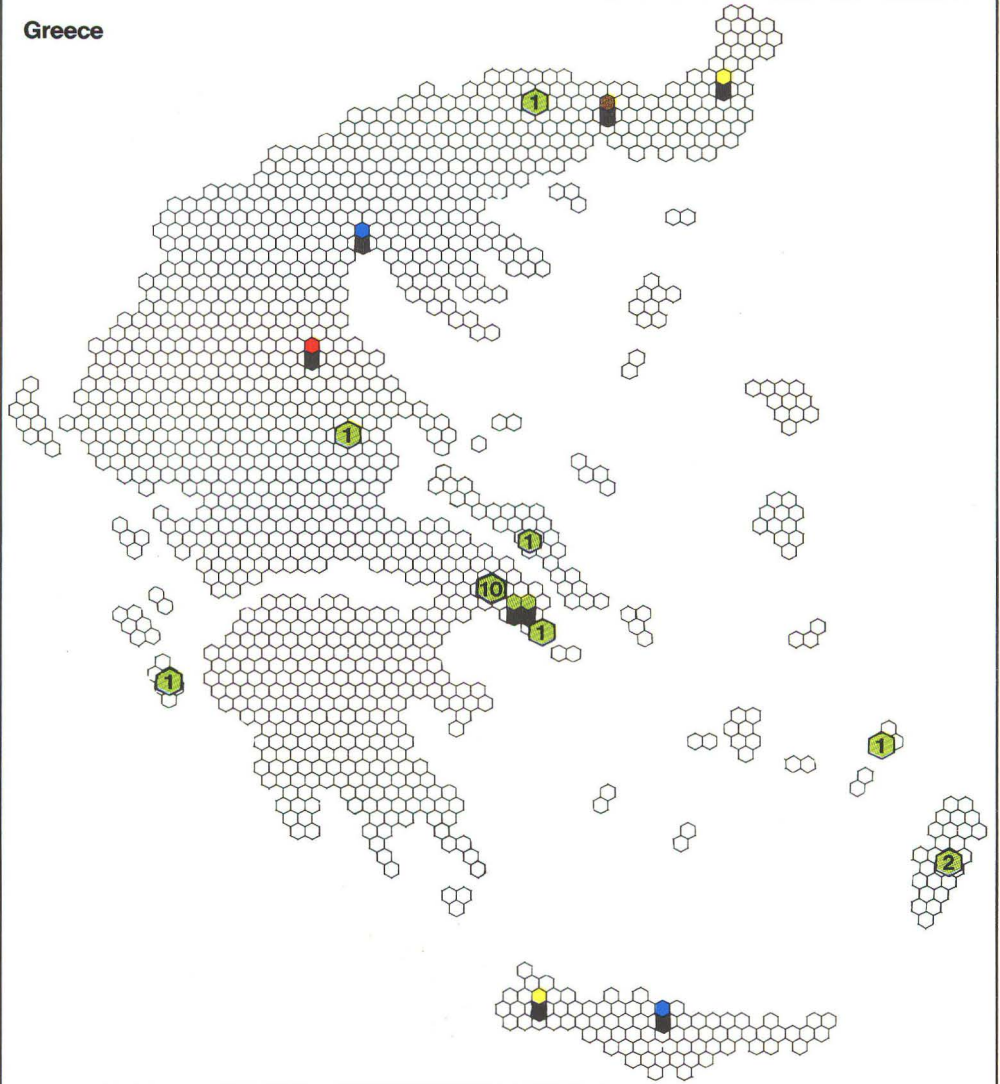
Portugal



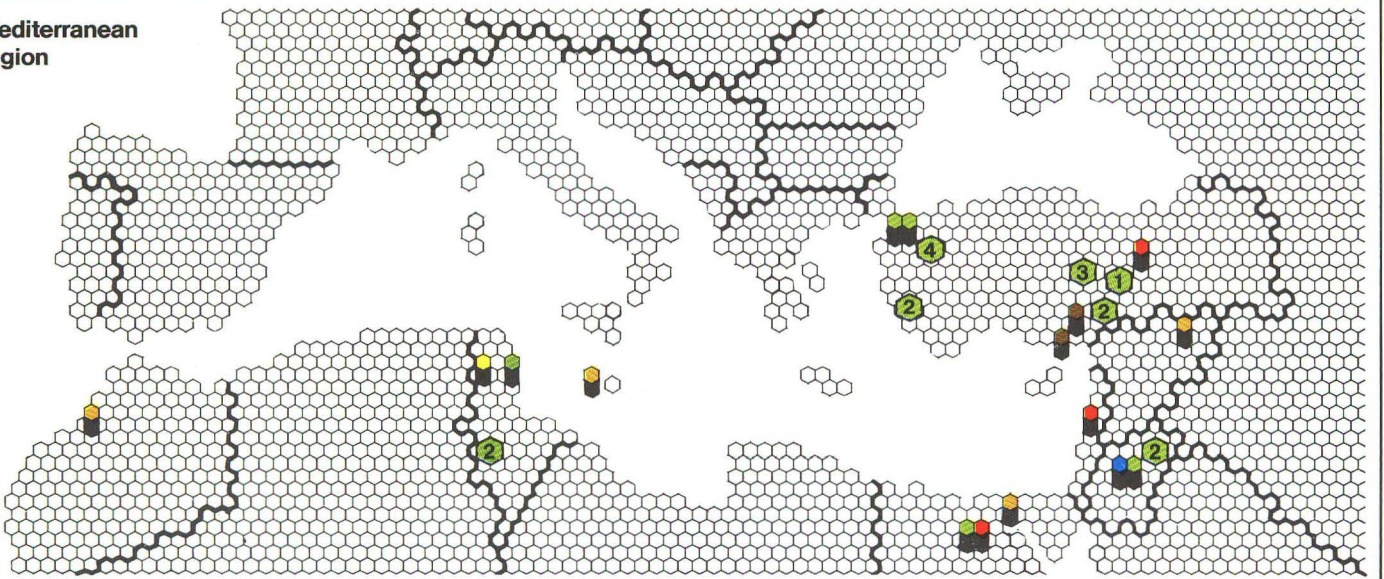
Madeira



Greece



Mediterranean region



Projects financed in the Mediterranean region in 1979

-  Energy
-  Communications
-  Water schemes
-  Capital goods industries
-  Intermediate goods industries
-  Global loans
-  Global loan allocations (number)

Operations outside the Community

The Bank mounts operations outside the Community in countries in the Mediterranean region, including Portugal, in the African, Caribbean and Pacific (ACP) States and in the Overseas Countries and Territories (OCT). It provides support, under conventions, financial protocols and decisions, for projects fostering the economic and social development of these countries.

1979 saw marked growth in Bank financing which rose to 512.9 million compared with 221.7 million in 1978, of which 426.5 million was channelled to countries in the Mediterranean region and 86.4 million to the ACP States. 420.9 million was advanced in the form of loans, entered on the balance sheet, from the Bank's own resources (*) and 92 million from Community budgetary funds accounted for in the Special Section.

The Mediterranean region

Following entry into force between August 1978 and May 1979 of agreements and financial protocols concluded between the Community and the majority of Mediterranean countries, there was a striking upturn in Bank lending from own resources from 83 million in 1978 to 347.7 million in 1979; loans on special conditions from budgetary funds amounted to 78.8 million compared with 6.3 million in 1978. Total financing provided in the Mediterranean region increased more than fourfold to 426.5 million.

Loans granted by the Bank from its own resources in these countries generally carry a 2 or 3-point interest subsidy financed from the budget of the Community which also furnishes its guarantee in respect of 75 % of total credit made available.

Loans in Greece, which is to become a member of the Community in 1981, in Portugal, a candidate for accession, and in Turkey, an Associated State, represented 242 million, or 57 % of the total. Funds were provided for transport and energy infrastructure (around 27 % each), irrigation (10.5 %) and industrial, agricultural, forestry and service sector projects (35.5 %).

Greece

Under the second Financial Protocol, the Bank granted loans totalling 104 million from own resources and a loan for 10 million on special conditions from Community funds, making for a total of 114 million. The ceiling on lending from the Bank's own resources pursuant to this Protocol is 225 million.

Five loans for a total of 80 million will help to bolster agricultural and forestry production and to expand the foodstuffs industry. Of these, two were made available for irrigation projects in western Crete (7 500 ha), where the aim is to step up production of citrus fruit earmarked chiefly for the Greek market, and in Thrace (38 000 ha), where livestock production will be increased. In addition, two global loans were concluded with the Agricultural Bank of Greece, the leading credit institution in this field. One will go towards financing smaller-scale agro-industries, while the other, on special conditions, will benefit small group irrigation schemes. The latter operation fully absorbed the amount provided for under the Financial Protocol for loans on special conditions. The Bank also mounted an operation in support of forestry development in eastern Macedonia and in Thrace, between the Bulgarian frontier and the Aegean sea.

In the energy sector, funds were advanced for constructing two hydroelectric power stations at Sfikia and Assomata, in southern Macedonia, with a capacity of around 400 MW.

The Bank made two loans together worth 16 million to the Hellenic Industrial Development Bank (ETBA), one for financing smaller-scale industrial ventures, the other for extending the Salonika industrial zone and establishing a new industrial estate at Heraklion, Crete. The 20 million global loan channelled to the National Investment Bank for Industrial Development (NIBID) in 1978 was allocated in full in 1979 in support of 21 smaller-scale industrial and tourism ventures covering a wide range of sectors; about half the ventures financed were located outside the Athens area.

(*) Loans in this section relate to operations financed from the Bank's own resources except where otherwise stated.

Table 5: **Financing provided in the Mediterranean region in 1979 and from 1963 to 1979** ⁽¹⁾

Breakdown by project location

	From EIB own resources			Special Section operations		
	Number	Amount (million u.a.)	% of total	Number	Amount (million u.a.)	% of total
1979						
Northern Mediterranean	13	186.0	53.5	3	56.0	71.1
Greece	7	104.0	29.9	1	10.0	12.7
Portugal	3	46.0	13.2	—	—	—
Turkey	3	36.0	10.4	2	46.0	58.4
Yugoslavia	—	—	—	—	—	—
Maghreb	3	50.0	14.4	1	14.0	17.8
Morocco	1	26.0	7.5	1	14.0	17.8
Tunisia	2	24.0	6.9	—	—	—
Mashreq	8	108.7	31.3	2	3.8	4.8
Egypt	3	65.0	18.7	—	—	—
Jordan	2	11.0	3.2	1	0.3	0.4
Lebanon	2	17.0	4.9	—	—	—
Syria	1	15.7	4.5	1	3.5	4.4
Other	1	3.0	0.8	1	5.0	6.3
Malta	1	3.0	0.8	1	5.0	6.3
Total	25	347.7	100.0	7	78.8	100.0
1963—79						
Northern Mediterranean	52	582.4	78.0	59	426.0	94.9
Greece	30	240.4	32.2	1	10.0	2.2
Portugal	15	231.0	30.9	—	—	—
Turkey	5	61.0	8.2	58	416.0	92.7
Yugoslavia	2	50.0	6.7	—	—	—
Maghreb	3	50.0	6.7	1	14.0	3.1
Morocco	1	26.0	3.5	1	14.0	3.1
Tunisia	2	24.0	3.2	—	—	—
Mashreq	9	111.7	14.9	2	3.8	0.8
Egypt	3	65.0	8.7	—	—	—
Jordan	2	11.0	1.4	1	0.3	0.1
Lebanon	3	20.0	2.7	—	—	—
Syria	1	15.7	2.1	1	3.5	0.7
Other	1	3.0	0.4	1	5.0	1.1
Malta	1	3.0	0.4	1	5.0	1.1
Total	65	747.1	100.0	63	448.8	100.0

⁽¹⁾ See Note 1 to Table 2, page 24.

Turkey

In 1979, the Bank granted the first batch of loans under the third Financial Protocol concluded with Turkey: 36 million was advanced from own resources and 46 million from Community budgetary funds, giving a total of 82 million. The Protocol sets a ceiling of 90 million on lending from the Bank's own resources and 220 million on loans on special

conditions from Community budgetary funds. Loans advanced in 1979 were earmarked for projects designed to reduce the Turkish economy's dependence on imported energy and paper and to promote smaller-scale export-oriented industries.

A loan on special conditions was made available to the State to boost from 620 to 1 340 MW the installed capacity of Keban hydroelectric power station which

Number	Amount (million u.a.)	Total		
			%	
1979				
16	242.0		56.7	Northern Mediterranean
8	114.0		26.7	Greece
3	46.0		10.8	Portugal
5	82.0		19.2	Turkey
—	—		—	Yugoslavia
4	64.0		15.0	Maghreb
2	40.0		9.4	Morocco
2	24.0		5.6	Tunisia
10	112.5		26.4	Mashreq
3	65.0		15.2	Egypt
3	11.3		2.6	Jordan
2	17.0		4.0	Lebanon
2	19.2		4.5	Syria
2	8.0		1.9	Other
2	8.0		1.9	Malta
32	426.5		100.0	Total
1963—1979				
111	1 008.4		84.3	Northern Mediterranean
31	250.4		20.9	Greece
15	231.0		19.3	Portugal
63	477.0		39.9	Turkey
2	50.0		4.2	Yugoslavia
4	64.0		5.3	Maghreb
2	40.0		3.3	Morocco
2	24.0		2.0	Tunisia
11	115.5		9.6	Mashreq
3	65.0		5.4	Egypt
3	11.3		0.9	Jordan
3	20.0		1.7	Lebanon
2	19.2		1.6	Syria
2	8.0		0.7	Other
2	8.0		0.7	Malta
128	1 195.9		100.0	Total

was commissioned in 1974 and attracted two loans from the Bank in 1966 and 1971.

Two operations involving 26 million will help to fund completion of a forestry and paper project: one will finance SEKA-Akdeniz industrial plant at Silifke on the Mediterranean coast (sawmill, paper and pulp mill), while the other, on special conditions, will go towards forestry development, primarily with a view to supplying timber to the mill.

Two global loans were channelled via the State to Türkiye Sinaî Kalkinma Bankasi (TSKB), Industrial Development Bank of Turkey, and to Sinaî Yatirim ve Kredi Bankasi (SYKB), Industrial Investment and Credit Bank, for financing smaller-scale private sector industrial ventures, chiefly export-oriented projects. In the course of the year, 9 allocations together worth 10.8 million were approved in support of industrial ventures, close on half of which related to the mechanical engineering and metal-processing sectors. In addition, three allocations were made from a global loan granted from budgetary funds to the Turkish State in 1976 for preinvestment studies.

Portugal

The Bank provided three loans totalling 46 million under the Financial Protocol which sets a 200 million ceiling on lending.

Two operations helped to finance high-voltage electricity transmission lines linking Setubal thermal power station to the national grid, and a project involving improvements to air traffic safety and a study on extending the runway at Funchal airport, Madeira, with a view to promoting tourism on the island.

A third global loan was granted to Banco de Fomento Nacional (Portuguese National Development Bank) for financing smaller-scale industrial and tourism ventures. In 1979, 18 allocations worth 5.9 million were approved from this loan and the global loan concluded in 1977, with the mechanical engineering sector attracting the bulk of funds.

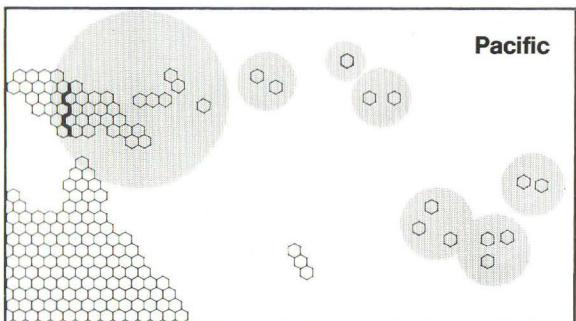
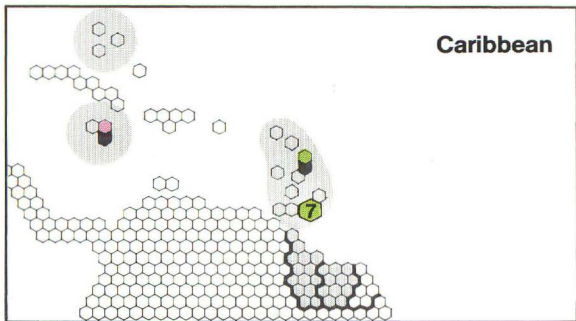
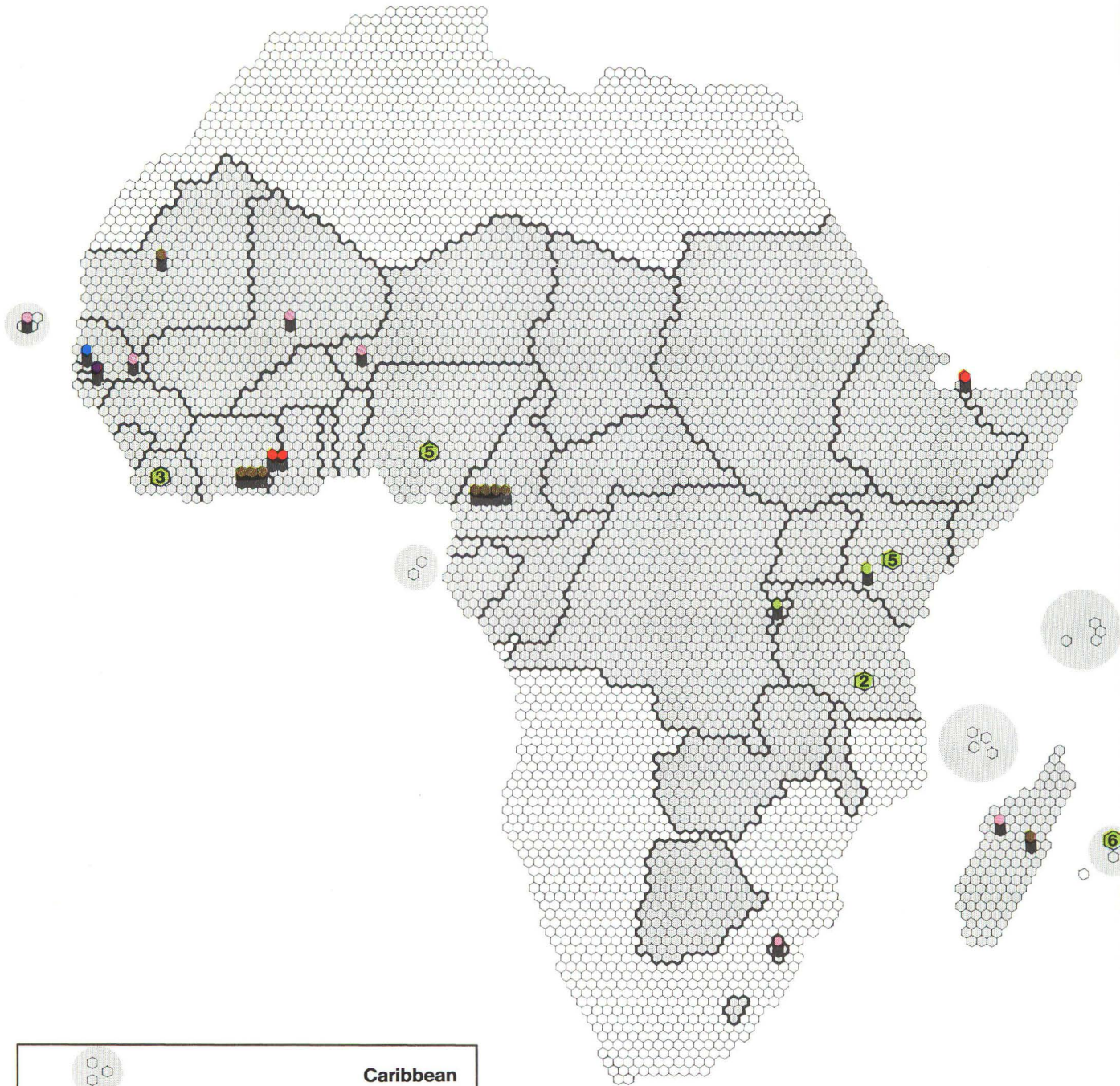
Maghreb and Mashreq countries and Malta

1979 saw the Bank's first operations in most of these countries under agreements concluded with the Community (1).

Egypt

The Bank made three loans in Egypt for a total of 65 million. The funds were earmarked for constructing a 600 MW thermal power station at Shoubrah el Keima to the North of Cairo, widening and deepening the Suez Canal to accommodate ships with a 16.1 m draught, and providing a global loan to the Development Industrial Bank, Egypt's leading long-term financing institution, for supporting smaller-scale industrial and tourism ventures.

(1) The ceilings on lending set by these agreements are given on page 12 of this report.



Projects financed in the ACP States in 1979

-  Energy
-  Consumer goods industries
-  Capital goods industries
-  Intermediate goods industries
-  Services
-  Global loans
-  Global loan allocations (number)

Morocco

Two loans totalling 40 million, including one on special conditions, helped to finance construction of a harbour at Jorf Lasfar for the loading and export of phosphates, thereby relieving pressure on the ports of Casablanca and Safi at present operating at full capacity.

Tunisia

Under the programme for the rational use of water in the North of the country which seeks to increase areas under irrigation and to reduce the country's food shortage, a loan was granted for relocating a 27 km section of the Tunis-Algiers railway line, as the existing track will be submerged when the Sidi Salem dam is filled. A global loan concluded with the Economic Development Bank of Tunisia will go towards financing smaller-scale industrial and tourism ventures; two allocations were approved in 1979 for a chemicals plant and a foodstuffs factory. The two loans amounted to 24 million.

Syria

The Bank mounted two operations, involving 19.2 million and including one on special conditions, to assist with constructing the road between Aleppo, in the north-west of the country, and Tall Kojak, on the Iraqi frontier, which will improve links between the farming region in the east and the main consumer centres in the west.

Lebanon

The Bank advanced funds under the 20 million emergency aid authorised by the Community for reconstruction in Lebanon. Allowing for an initial loan approved in 1978, this amount was committed in full in 1979 via two loans together worth 17 million for installing three additional 70 MW turbines at Jieh power station.

Jordan

All three loans in this country, totalling 11.3 million, served to promote smaller industries, craft trades and tourism. One went towards establishing an industrial estate for smaller undertakings to the South of Amman while the two others, channelled via

the Industrial Development Bank, took the form of a global loan from own resources — from which two allocations were approved in 1979 — for financing smaller-scale industrial and tourism ventures and a loan on special conditions for providing technical and financial assistance to entrepreneurs of small industrial and handicraft ventures.

Malta

The EIB made available two loans totalling 8 million, including one on special conditions, for improving Valetta Grand Harbour, notably by constructing two quays and storage areas.

Numerous projects backed by the EIB in Turkey and the Maghreb and Mashreq countries were cofinanced with various multilateral or bilateral development aid agencies such as the World Bank, Kreditanstalt für Wiederaufbau, the Saudi Fund for Economic Development, the Kuwait Fund for Economic Development, the OPEC Special Fund and a range of other Arab funds.

African, Caribbean and Pacific (ACP) States

In 1979, under the first Lomé Convention, the Bank granted 11 loans worth 73.2 million from EIB own resources, with a 3% interest subsidy financed from the European Development Fund (EDF), and mounted 13 risk capital operations, involving 13.2 million, also from the EDF. Hence, a total of 86.4 million was made available for projects in 16 African and Caribbean States.

Risk capital made available by the Bank in the name of the Community makes it possible to finance participations or loans to an ACP State or a national development agency which will be used to strengthen enterprises' equity bases. It can also be used to provide quasi-equity in the form of subordinated or conditional loans. Subordinated loans are repayable only after higher ranking loans have been repaid; repayment terms for conditional loans or the period for which these are made available are linked to fulfilment of conditions specified at the time of

Table 6: **Financing provided in the African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT) in 1979** ⁽¹⁾

Breakdown by project location

	From EIB own resources			Special Section operations		
	Number	Amount (million u.a.)	%	Number	Amount (million u.a.)	%
Africa	10	70.7	96.6	12	13.1	99.2
— West Africa	6	51.3	70.1	6	6.9	52.3
Cape Verde	—	—	—	1	0.1	0.8
Ivory Coast	3	15.8	21.6	1	0.5	3.8
Gambia	—	—	—	1	2.3	17.4
Ghana	1	6.0	8.2	—	—	—
Mali	—	—	—	1	2.5	18.9
Mauritania	1	25.0	34.2	—	—	—
Niger	1	4.5	6.1	—	—	—
Senegal	—	—	—	2	1.5	11.4
— Central and Equatorial Africa	3	14.4	19.7	2	2.8	21.2
Burundi	—	—	—	1	0.5	3.8
Cameroon	3	14.4	19.7	1	2.3	17.4
— East and Southern Africa	1	5.0	6.8	4	3.4	25.7
Djibouti	—	—	—	1	1.0	7.5
Kenya	1	5.0	6.8	—	—	—
Madagascar	—	—	—	2	2.3	17.4
Swaziland	—	—	—	1	0.1	0.8
Caribbean	1	2.5	3.4	1	0.1	0.8
Barbados	1	2.5	3.4	—	—	—
Jamaica	—	—	—	1	0.1	0.8
Total (of which risk capital)	11	73.2	100.0	13 (13)	13.2 (13.2)	100.0 (100.0)

(1) For the period 1964-79, see Table 14, page 89. In 1979, no financing was provided for any projects in the Overseas Countries and Territories (OCT).

signature of the contract. Several such loans have gone in tandem with loans from the Bank's own resources. The flexibility of this formula, the terms and conditions of which are tailored to individual projects, can accommodate all manner of financing needs, chiefly in industry and particularly in the least developed ACP States.

1979 saw the Bank mount its first operations in a number of countries: Barbados, Burundi, Cape Verde, Djibouti, Gambia and Jamaica. Funds benefited mainly industry (45.6%), mining (31.3%), energy (15%), and tourism (8.1%).

The Bank provided funds in 12 countries in Africa. In **Mauritania**, a loan for 25 million will help to develop the Guelb El Rhein iron ore deposits in the Zouerate

region in the north of the country, which will progressively replace the Kédia deposits. The project, of key importance to Mauritania's future, involved cooperation between numerous lending agencies in terms of both borrowings and equity capital. The initial phase of development is costed at around 350 million.

In **Cameroon**, four loans involving 16.7 million were granted for three projects:

— extension and modernisation of an aluminium smelter at Edéa where production of primary aluminium will be boosted from around 50 000 to 80 000 t.p.a. (one ordinary and one conditional loan);

— expansion of a clinker crushing plant at Bonabéri, near Douala, and of a cement works at Figuil, in the north, where production capacities will

Operations outside the Community

Number	Amount (million u.a.)		Total	
				%
22	83.8	97.0		
12	58.2	67.4		
				Africa
				West Africa
			0.1	Cape Verde
			18.9	Ivory Coast
			2.7	Gambia
			7.0	Ghana
			2.9	Mali
			28.9	Mauritania
			5.2	Niger
			1.7	Senegal
5	17.2	19.9		Central and Equatorial Africa
			0.6	Burundi
			19.3	Cameroon
5	8.4	9.7		East and Southern Africa
			1.1	Djibouti
			5.8	Kenya
			2.7	Madagascar
			0.1	Swaziland
2	2.6	3.0		Caribbean
			2.9	Barbados
			0.1	Jamaica
24	86.4	100.0		Total
13)	(13.2)	(15.3)		(of which risk capital)

be raised from 480 000 to 870 000 t.p.a. and from 70 000 to 100 000 t.p.a. respectively;

— construction of a terry towelling factory with an annual capacity of around 850 t on the Douala industrial estate; output will be earmarked for the Cameroon market and for other countries in the Central African Customs and Economic Union (CACEU).

In the **Ivory Coast**, three projects attracted a total of 16.3 million.

A loan and equity participation from risk capital on behalf of the Community contributed towards extending a compound fertilizer factory on the Abidjan industrial estate; production will be boosted to 120 000 t.p.a. to meet growing local demand and to step up exports to Upper Volta and southern Mali.

Funds were advanced for extending a factory at Bongo and constructing two other processing plants at Ousrou and Rapides Grah; the combined works will raise latex processing capacities to 38.5 t a day.

Two loans, one to Energie Electrique de Côte-d'Ivoire, the other to the Volta River Authority, went towards interconnecting the electricity transmission grids in the Ivory Coast and **Ghana** by constructing a 215 km high-voltage transmission line.

In **Kenya**, a second global loan was granted to the Development Finance Company of Kenya Ltd. (DFCK) which will allocate the funds in support of medium-scale industrial ventures. In 1979, five allocations were approved from the global loan channelled to the Industrial Development Bank in 1977.

The Bank provided a loan for constructing a 250-room hotel at Niamey, **Niger**, and a conditional loan to the Republic of **Mali** for financing two hotels, one at Mopti with 60 rooms, the other at Tombouctou with 40 rooms, along with transport and communications equipment for tour circuits.

In **Madagascar**, two conditional loans totalling 2.3 million were made available to the State, one for constructing a chrome ore dephosphorisation pilot plant at Andriamena, to the North of Antananarivo, the other for financing a study on developing bituminous sandstone deposits in northern Morondava, to the west of the capital.

In **Gambia**, a conditional loan will go towards financing modernisation of groundnut processing facilities.

In **Senegal**, two conditional loans together worth 1.5 million were granted to the State, firstly for financing its stake in the capital increase planned by Société Industrielle des Applications de l'Energie Solaire (SINAES) which is to establish a factory at Thies producing solar collectors and insulated tanks and, secondly, for a survey to prove rich iron ore deposits at Falémé.

In **Djibouti**, a conditional loan to the State was earmarked for Tadjourah thermal power station in the north-west of the country; construction of this plant is essential for the setting-up of a bottling facility to tap a mineral water source.

In **Burundi**, a conditional global loan went to the Banque Nationale de Développement Economique for financing studies on smaller-scale industrial, agro-industrial and tourism ventures and the possible acquisition of shareholdings in such companies.

In **Cape Verde**, a conditional loan served to finance a feasibility study on a fishing boat repair yard.

In **Swaziland**, a conditional loan will finance three feasibility studies on industrial projects.

In the **Caribbean**, the Bank mounted an operation in **Barbados** in the form of a global loan to the Barbados Development Bank (BDB), the proceeds of which will be on-lent in support of smaller-scale industrial and tourism ventures. In **Jamaica**, a

conditional loan for 70 000 was provided for a study on establishing a folklore and amusement park in one of the country's major tourist centres.

In 1979, 28 allocations were approved from the various global loans channelled to development banks in the ACP States and totalling 14.6 million.

Most of the projects in the ACP States were financed in conjunction with other lenders, such as the World Bank, the International Finance Corporation, the European Development Fund, the African Development Bank, Caisse Centrale de Coopération Economique, Kreditanstalt für Wiederaufbau, Deutsche Entwicklungsgesellschaft and various bilateral or multilateral financial institutions in the Arab oil-producing countries.

List of finance operations outside the Community

A. Loans from the Bank's own resources

Contracts signed in 1979

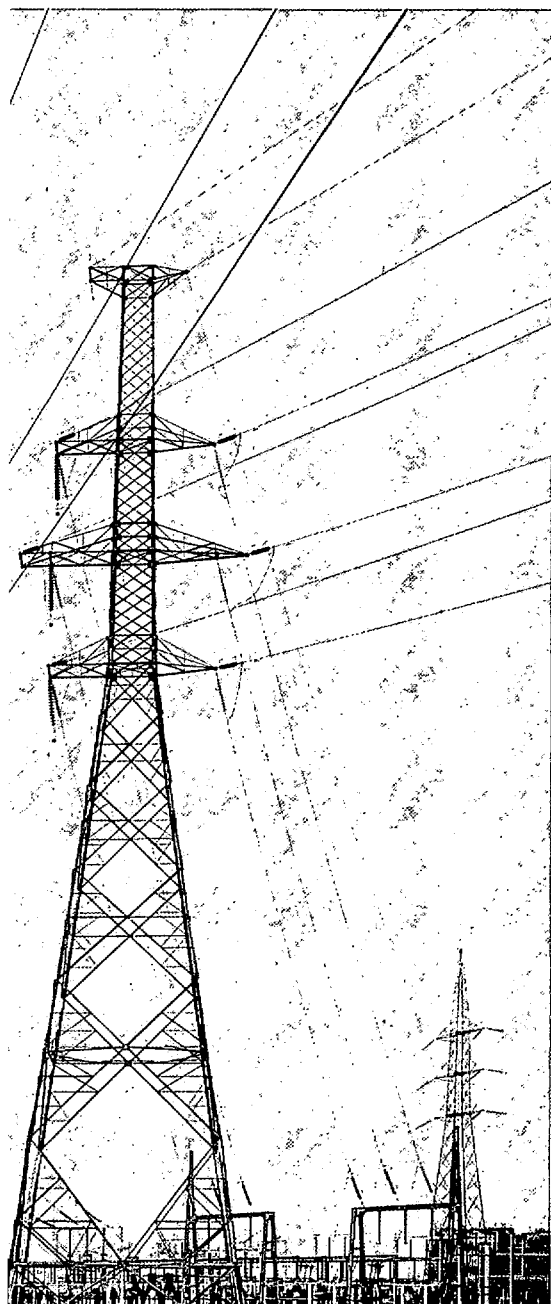
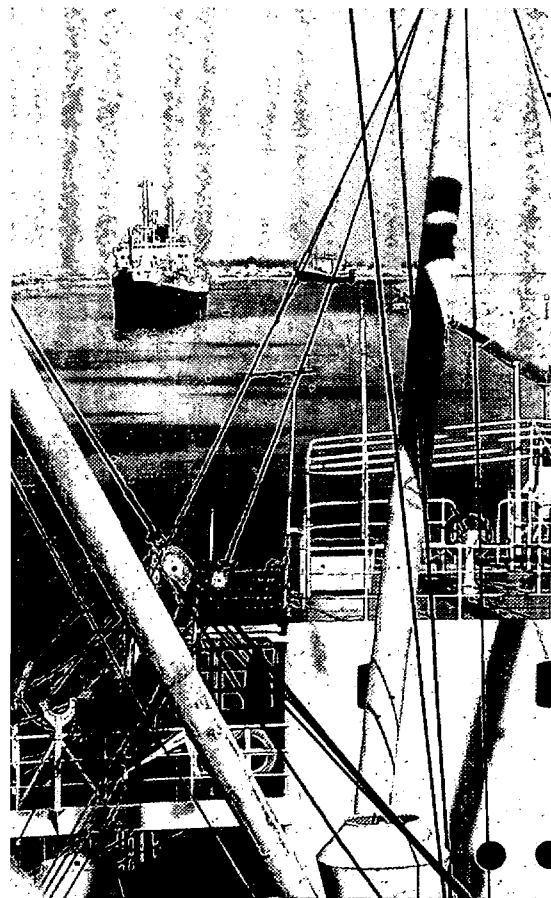
Loans from the Bank's own resources, for which contracts were signed in 1979 in respect of investment projects outside the Community, totalled 420.9 million, of which 347.7 million was channelled to countries in the Mediterranean region and 73.2 million to the African, Caribbean and Pacific (ACP) States. These operations, the principal economic aspects of which are outlined on pages 49 to 56, are accounted for on its balance sheet.

Certain projects were also financed from Community budgetary funds (see page 59) and these are marked with an asterisk (*). In the case of countries in the Mediterranean region, reference to a footnote indicates loans which attracted a 2 % or 3 % interest subsidy from Community budgetary funds (see page 49). All loans in the ACP States carried a 3 % interest subsidy financed from the European Development Fund.

1. Mediterranean countries

	million u. a.		46.0		
GREECE	104.0	PORTUGAL		— SYKB for financing small and medium-scale private sector industrial ventures	
Dr 5 224.5 million		Esc 3 018.4 million		TL 323.7 million	5.0
125. Construction of two hydroelectric power stations at Sfikia and Assomata on the Aliakmon river (Southern Macedonia)		132. Erection of high-voltage transmission lines linking Setubal power station to national grid		EGYPT	65.0
Public Power Corporation		Electricidade de Portugal (EDP)		LE 65.3 million	
Dr 895.1 million	18.0 (*)	Esc 1 305.0 million	20.0 (*)	138. Construction of Shoubrah El Kheima thermal power station north of Cairo	
126. Irrigation of 7 500 ha in coastal area of north-west Crete		133. Provision of stopways at runway ends, extension of aircraft parking apron, modifications to runway, approach lighting and radio navigation aids for improving traffic safety at Funchal airport (Madeira)		Egyptian Electricity Authority	
Hellenic Republic		Aeropostos e Navegação Aerea (ANA)		LE 25.1 million	25.0 (*)
Dr 1 243.2 million	25.0 (*)	Esc 734.7 million	11.0 (*)	139. Improving navigability of Suez Canal and rationalising ship repair and maintenance facilities at Port Said, Ismailia and Port Tawfik	
127. Irrigation of 37 760 ha drawing on water from dam on the Ardas river and from two aquifers in Evros (Thrace)		134. Global loan to Banco de Fomento Nacional (BFN) for financing small and medium-scale industrial and tourism ventures		Suez Canal Authority	
Hellenic Republic		Esc 978.7 million	15.0 (*)	LE 25.1 million	25.0 (*)
Dr 1 004.9 million	20.0 (*)	TURKEY	36.0	140. Global loan to Development Industrial Bank (DIB) for financing small and medium-scale industrial and tourism ventures	
128. Construction of roads to open up forests in the Eastern Macedonia and Thrace areas		TL 2 378.7 million		LE 15.1 million	15.0 (*)
Hellenic Republic		135.* Construction of integrated industrial complex comprising a sawmill and a paper mill at Silifke on Mediterranean coast		MOROCCO	
Dr 497.3 million	10.0 (*)	Seka Akdeniz Müessesesi , through intermediary of State Investment Bank (DYB) (see No. 162)		141.* Construction of ore-handling port at Jorf Lasfar, south of Casablanca (see No. 164)	
129. Expansion of industrial estate at Salonika and construction of estate at Heraklion		TL 1 083.9 million	16.0	Kingdom of Morocco	
Hellenic Industrial Development Bank (ETBA)		136. Global loan to Republic of Turkey for on-lending to Industrial Development Bank of Turkey — TSKB for financing small and medium-scale industrial ventures in private sector		DH 138.6 million	26.0
Dr 298.4 million	6.0 (*)	TL 971.1 million	15.0	TUNISIA	24.0
130. Global loan to Hellenic Industrial Development Bank (ETBA) for financing small and medium-scale industrial ventures		137. Global loan to Republic of Turkey for on-lending to Industrial Investment and Credit Bank		D 13.2 million	
Dr 497.3 million	10.0			142. Relocation of section of railway line between Tunis and Algiers as part of Water Master Plan for northern Tunisia	
131. Global loan to Agricultural Bank of Greece (ABG) for financing small and medium-scale agro-business and on-farm investment				Republic of Tunisia	
Dr 788.3 million	15.0			D 6.6 million	12.0 (*)
				143. Global loan to Economic Development Bank of Tunisia (BDET) for financing small and medium-scale industrial and tourism ventures	
				D 6.6 million	12.0 (*)

(1) Loan attracting a 3 % interest subsidy.
(2) Loan attracting a 2 % interest subsidy.



LEBANON 17.0

£Leb. 77.9 million

144.—145. Upgrading Jieh thermal power station south of Beirut
Electricité du Liban, through intermediary of **Council for Development and Reconstruction**

— £Leb. 31.0 million 7.0
— £Leb. 46.9 million 10.0

SYRIA

146.* Construction of road between Aleppo (north-west) and Tall Kojak (north-east) on frontier with Iraq (see No. 166)
Syrian Arab Republic

LS 83.3 million 15.7 (1)

JORDAN 11.0

JD 4.6 million

147. Construction of industrial estate for small and medium-scale industrial ventures at Sahab on southern outskirts of Amman
Jordan Industrial Estates Corporation through intermediary of the State

JD 2.1 million 5.0 (1)

148.* Global loan to **Industrial Development Bank (IDB)** for financing small and medium-scale industrial and tourism ventures (see No. 167)

JD 2.5 million 6.0 (1)

MALTA

149.* Improvement and re-development of Valletta Grand Harbour commercial port (see No. 165)

Republic of Malta
£M 1.5 million 3.0 (1)

ACP States

MAURITANIA

150. Open-cast mining and commissioning of associated iron ore enrichment plant, Guelb El Rhein area, near Zouerate
Société Nationale Industrielle et Minière (SNIM)

UM 1 637.2 million 25.0

IVORY COAST 15.8

CFAF 4 488.9 million

151. Interconnection of Ivory Coast and Ghana power networks

Société Energie Electrique de la Côte-d'Ivoire (EECI)
CFAF 1 742.7 million 6.0

152.* Extension and rationalisation of fertilizer production facilities in Abidjan industrial zone (see No. 177)

Société Ivoirienne d'Engrais
CFAF 1 513.5 million 5.2

153. Expansion of latex processing capacities at Bongo, Ousrou and Rapides Grah

Société Africaine de plantations d'Hévéas
CFAF 1 336.1 million 4.6

CAMEROON 14.4

CFAF 4 222.1 million

154.* Extension and modernisation of aluminium production plant at Edéa (see No. 169)

Compagnie Camerounaise de l'Aluminium (ALUCAM)
CFAF 1 549.2 million 5.3

155. Increasing production capacity of clinker crushing plant at Bonabéri, near Douala, and of cement works at Figuil in northern Cameroon

Cimenteries du Cameroun (CIMENCAM)
CFAF 1 932.2 million 6.6

156. Construction of terry towelling mill in Douala industrial zone

Société Textile du Cameroun pour le Linge de Maison (SOLICAM)
CFAF 740.7 million 2.5

GHANA

157. Interconnection of Ghana and Ivory Coast power networks

Volta River Authority
¢ 22.3 million 6.0

KENYA

158. Global loan to **Development Finance Company of Kenya Limited** for financing small and medium-scale industrial ventures

K Sh 50.8 million 5.0

NIGER

159. Construction of hotel at Niamey

Société Propriétaire et Exploitante de l'"Hôtel Le Gaweye"
CFAF 1 320.3 million 4.5

BARBADOS

160. Global loan to **Barbados Development Bank (BDB)** for financing small and medium-scale industrial and tourism ventures

BDS\$ 6.8 million 2.5

(1) Loan attracting a 2% interest subsidy.

B. Finance operations from Community budgetary resources

Contracts signed in 1979

Operations concluded in 1979 from Community budgetary funds totalled 92 million, of which 78.8 million took the form of loans on special conditions in countries in the Mediterranean region while 13.2 million was advanced as risk capital in the ACP States. Financing is provided by the Bank under mandate from, on behalf of, for and at the risk of the European Economic Community and is accounted for off balance sheet in the Special Section (see page 71); the Bank's responsibility for these operations — the principal economic aspects of which are presented on pages 49 to 56 — is limited to due performance, of the mandate entrusted to it.

Certain projects financed from Community budgetary funds, either through loans on special conditions or from risk capital resources, also attracted loans from the Bank's own resources, reference to which is provided by the number in brackets (see pages 57 to 58).

1. Loans on special conditions in the Mediterranean countries

million u. a. **46.0**

TURKEY

TL 3 008.2 million

161. Uprating Keban hydro-electric power station on Euphrates (South-East Anatolia)

Republic of Turkey

TL 2 330.8 million 36.0

162. Promotion of forestry development covering 1.4 million ha in Antalya, Mersin, Adana and Kahramanmaraş conservancies in Southern Turkey

Republic of Turkey — Ministry of Forests (see No. 135)

TL 677.4 million 10.0

GREECE

163. Global loan to **Agricultural Bank of Greece (ABG)** for financing small irrigation schemes

Dr 525.5 million 10.0

MOROCCO

164. Construction of ore-handling port (see No. 141)

DH 74.6 million 14.0

MALTA

165. Improvement and redevelopment of Valletta Grand Harbour commercial port (see No. 149)

£M 2.5 million 5.0

SYRIA

166. Construction of road between Aleppo and Tall Kojak (see No. 146)

LS 18.6 million 3.5

JORDAN

167. Global loan to **Industrial Development Bank (IDB)** (see No. 148)

JD 100 000 0.3

2. Risk capital (1) provided from the European Development fund in the ACP States

MALI

168. Construction of two hotels, one at Mopti, the other at Tombouctou, and acquisition of transport and communications equipment for setting up tour circuits

Conditional loan to **Republic of Mali** for financing its participation in project

MF 1 463.7 million 2.5

CAMEROON

169. Construction of aluminium production plant at Edéa (see No. 154)

Conditional loan to **United Republic of Cameroon** for financing part of its subscription to **ALUCAM** capital increase

CFAF 672.3 million 2.3

GAMBIA

170. Conditional loan to **Republic of Gambia** for on-lending to **Gambia Produce Marketing Board** for modernising groundnut processing facilities

D 5.8 million 2.3

MADAGASCAR

2.3

FMG 672.8 million

171. Construction of chrome ore dephosphorisation pilot plant to be operated by state-owned Société Kraomita Malagasy (Kraoma), at Andriamena

Conditional loan to **Democratic Republic of Madagascar**

FMG 347.8 million 1.2

172. Conditional loan to **Democratic Republic of Madagascar** for financing study on developing bituminous sandstone deposits at Bemolanga, West of Tananarive

FMG 325.0 million 1.1

SENEGAL

1.5

CFAF 433.3 million

173. Study for proving iron ore deposits at Falémé near frontier with Mali

Conditional loan to **Republic of Senegal** for on-lending to prospecting company, **MIFERSO (Mines de fer du Sénégal Oriental)**

CFAF 286.9 million 1.0

174. Construction of plant to produce solar collectors and insulated tanks at Thies

Conditional loan to **Republic of Senegal** for financing its participation in capital increase and long-term funding requirement of **SINAES (Société Industrielle des Applications de l'Energie Solaire)** capital increase

CFAF 146.4 million 0.5

DJIBOUTI

175. Construction of Tadjourah thermal power station and transmission lines

Conditional loan to **Société Electricité de Djibouti**

DF 254.4 million 1.0

(1) For definition, see page 53.

BURUNDI

176. Global loan for financing preparatory studies on industrial, agro-industrial, mining and tourism projects, and for financing acquisition of equity participations
 Conditional loan to **Banque Nationale de Développement Economique du Burundi (BNDE)**
 F Bu 64.2 million 0.5

CAPE VERDE

178. Study on fishing boat repair yard at Porto-Grande Mindelo
 Conditional loan to **Republic of Cape Verde**
 CV Esc 4.9 million 0.1

SWAZILAND

180. Three feasibility studies on industrial projects
 Conditional loan to **National Industrial Development Corporation of Swaziland**
 E 200 000 0.1

IVORY COAST

177. Equity participation, on behalf of the Community, in **Société Ivoirienne d'Engrais** (see No. 152)
 CFAF 150 million 0.5

JAMAICA

179. Folklore and amusement park study on the north coast
 Conditional loan to **Urban Development Corporation**
 J\$ 200 000 0.1

Help for tourism development is part of the EIB's work under the Lomé Convention (see nos. 159, 160, 168, 176 and 179).



Resources

This section deals with resources mobilised by the Bank for the lending and guarantee operations that are accounted for on its balance sheet and for which it assumes financial responsibility; details of these operations in 1979 appear on pages 42 to 45 and 57 and 58. It does not cover resources administered by the Bank under mandate on behalf of third parties, which are accounted for off balance sheet in the Special Section (see page 71), in particular loans from NCI resources and financing provided in the Mediterranean region and in ACP countries from Community resources, details of which for 1979 appear on page 47 and pages 59 and 60 respectively.

At 31 December 1979, the Bank's total resources (comprising paid-in capital, reserves and provisions, the balance of the profit and loss account and borrowing proceeds) stood at 9 882.7 million, compared with 7 869.9 million at 31 December 1978.

The rise resulted from a net increase in borrowed funds of 1 832.8 million, taking into account

adjustments in conversion rates, 142 million in net income and 38 million in the form of contributions to the capital increase decided in 1975. Payments in respect of the capital increase decided in 1978 will commence in 1980 with the first of eight six-monthly instalments totalling 354 375 000, which will raise paid-in capital to 911.25 million (see Annex A to the Financial Statements, p. 72).

In 1979, the Bank made calls on the financial markets amounting to 2 481.2 million overall, compared with 1 949.7 million in 1978 and 1 161.5 million in 1977. Of this, 2 435.1 million was raised through public issues and private placings, 1.5 million from medium-term interbank operations and 44.6 million from the sale to third parties of participations in Bank loans, guaranteed by the EIB.

The Bank's borrowings showed more or less the same division between Community and non-Community currencies as in 1978. Borrowings denominated in the currencies of the Member States

Table 7: **Funds raised from 1961 to 1979**

Year	Number	Issues			Participations by third parties in EIB loans (million u.a.)	Funds raised (million u.a.)
		Private issues	Public issues	Total		
1961	3	7.6	13.8	21.4	—	21.4
1962	2	—	32.3	32.3	—	32.3
1963	3	8.0	27.2	35.2	—	35.2
1964	5	13.5	53.3	66.8	—	66.8
1965	4	—	65.0	65.0	—	65.0
1966	6	24.0	114.5	138.5	—	138.5
1967	8	40.0	154.5	194.5	—	194.5
1968	13	112.5	100.0	212.5	—	212.5
1969	9	63.7	82.3	146.0	—	146.0
1970	7	66.6	102.3	168.9	—	168.9
1971	20	208.0	204.9	412.9	—	412.9
1972	19	133.4	328.6	462.0	17.5	479.5
1973	22	207.0	401.0	608.0	4.3	612.3
1974	16	704.2	121.3	825.5	—	825.5
1975	26	318.6	495.1	813.7	17.0	830.7
1976	17	221.0	510.9	731.9	17.0	748.9
1977	31	321.9 ⁽¹⁾	707.6	1 029.5	132.0	1 161.5
1978	43	509.0 ⁽²⁾	1 353.9	1 862.9	86.8	1 949.7
1979	59	983.2 ⁽³⁾	1 453.4	2 436.6	44.6	2 481.2
1961—79	313	3 942.2	6 321.9	10 264.1	319.2	10 583.3

(1) Including 87 million in medium-term interbank operations.

(2) Including 39.9 million in medium-term interbank operations.

(3) Including 1.5 million in medium-term interbank operations.

Table 8: List of borrowings in 1979

Date of contract	Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in u.a. (million)	Life (years)	Coupon %	Placing
Public and private issues								
11. 1. 1979	January	Luxembourg	Lfrs	600	15.1	12	8	Public (1)
25. 1. 1979	January	Germany	DM	50	19.9	15	7	Private
25. 1. 1979	January	Germany	DM	75	29.9	10	7 1/4	Private
26. 1. 1979	January	Germany	DM	125	49.8	15	7 1/4	Private
30. 1. 1979	January	Netherlands	Fl	50	18.4	15	8 1/2	Private
31. 1. 1979	January	Japan/Luxemb.	\$	100	72.6	12	9 5/8	Public (2)
9. 2. 1979	February	Netherlands	Fl	48	17.7	20	8 3/4	Private
15. 2. 1979	February	United States	\$	150	109.0	7	9 5/8	Public (3)
15. 2. 1979	February	United States	\$	100	72.6	20	9 7/8	Public (3)
8. 3. 1979	March	Luxembourg	\$	50	36.3	7	9 1/2	Public (4)
8. 3. 1979	March	Luxembourg	\$	30	21.8	12	9 3/4	Public (4)
21. 3. 1979	March	Germany	DM	100	39.9	10	7.30	Private
21. 3. 1979	March	Germany	DM	100	39.9	10	7.35	Private
31. 3. 1979	April	Netherlands	Fl	30	11.0	25	8 3/4	Private
31. 3. 1979	April	Netherlands	Fl	50	18.4	15	8 7/8	Private
31. 3. 1979	April	Netherlands	Fl	50	18.4	20	8 7/8	Private
31. 3. 1979	April	Netherlands	Fl	80	29.5	12	8 3/4	Private
25. 4. 1979	April	Luxembourg	\$	75	55.5	10	9 3/4	Public (5)
10. 5. 1979	May	Luxembourg	\$	50	37.0	5	variable	Private
15. 5. 1979	May	Germany	DM	200	79.2	10	7 1/2	Public (6)
16. 5. 1979	May	Luxembourg	\$	25	18.5	10	11-9 1/8	Private
21. 5. 1979	May	Germany	DM	40	15.8	15	8.30	Private
23. 5. 1979	May	United States	\$	150	111.0	8	9 7/8	Public (7)
23. 5. 1979	May	United States	\$	150	111.0	20	10	Public (7)
29. 5. 1979	June	Switzerland	Sfrs	100	43.7	12	4 1/2	Public (8)
30. 5. 1979	June	Luxembourg	\$	30	22.2	12	11-9 5/8	Private
31. 5. 1979	June	United Kingdom	£	25	38.3	12	11 1/2	Public (9)
31. 5. 1979	June	Netherlands	Fl	25	9.2	15	9 1/8	Private
12. 6. 1979	June	Luxembourg	Yen	5 000	17.6	15	7.90	Private
4. 7. 1979	July	Netherlands	Fl	100	36.1	15	9 1/4	Private
6. 7. 1979	July	Luxembourg	Yen	10 000	33.7	15	7.90	Private
9. 7. 1979	July	Luxembourg	\$	50	36.6	15	10	Private
11. 7. 1979	July	Luxembourg	\$	100	73.3	10	9.70	Public (10)
11. 7. 1979	July	France	Ffrs	200	34.2	10	10 3/4	Private
13. 7. 1979	July	Netherlands	Fl	100	36.1	15	9 3/8	Private
15. 7. 1979	July	Luxembourg	\$	25	18.3	10	10.05	Private
18. 7. 1979	July	United Kingdom	£	15	23.8	12	12	Private
18. 7. 1979	July	France	Ffrs	300	51.3	15	11 13/16	Private
26. 7. 1979	July	Switzerland	Sfrs	100	44.1	15	4 3/8	Public (11)
27. 7. 1979	July	Germany	DM	200	79.3	10	7 5/8	Private
6. 8. 1979	August	Germany	DM	100	39.6	20	8 1/8	Private
7. 8. 1979	August	Luxembourg	Yen	15 000	50.5	10	7 3/4	Public (12)
12. 9. 1979	September	United States	\$	100	73.3	8	10 1/8	Public (13)
12. 9. 1979	September	United States	\$	100	73.3	20	10.15	Public (13)
28. 9. 1979	October	Belgium	Bfrs	2 500	61.9	8	9 3/4	Public (14)
12. 10. 1979	October	Germany	DM	50	20.1	15	8	Private
24. 10. 1979	October	Netherlands	Fl	150	54.4	15	9	Public (15)
6. 11. 1979	November	United Kingdom	DM	100	40.2	10	8 1/2	Public (16)
15. 11. 1979	November	Switzerland	Sfrs	10	4.5	7	4 3/4	Private
15. 11. 1979	November	Japan	Yen	15 000	47.0	12	8.20	Public (17)
23. 11. 1979	November	Luxembourg	Lfrs	250	6.2	7	10.40	Private
28. 11. 1979	November	Netherlands	Fl	75	27.2	20	9 1/2	Private
29. 11. 1979	November	France	Ffrs	200	34.2	12	12	Private
30. 11. 1979	November	Germany	DM	100	40.2	15	8	Private
6. 12. 1979	December	United Kingdom	\$	80	56.0	12	11 3/4	Public (18)
10. 12. 1979	December	Germany	DM	100	40.2	10	7 3/4	Private
13. 12. 1979	December	France	Ffrs	500	85.4	14	12.20	Public (19)
18. 12. 1979	December	Austria	Sch.	500	27.9	10	8	Public (20)
19. 12. 1979	December	Luxembourg	\$	10	7.0	10	11 3/4	Private
					2 435.1			

Medium-term interbank operations

Date of contract	Month of deposit	Origin	Currency	Amount in national currency (million)	Amount in u.a. (million)	Maturity	Interest %	Placing
2. 3. 1979	March	Luxembourg	\$	2	1.5	1982	10 17/32	Private

Total borrowings:**2 436.6**

- (1) Underwritten by a banking syndicate composed of Banque Générale du Luxembourg S.A., Banque Internationale à Luxembourg S.A., Kredietbank S.A. Luxembourg-geoise, Caisse d'Épargne de l'État du Grand-Duché de Luxembourg, Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg S.A., Crédit Industriel d'Alsace et de Lorraine, Luxembourg, Société Générale Alsacienne de Banque, Luxembourg, Banque Commerciale S.A., Banque de Suez Luxembourg S.A. and Crédit Lyonnais S.A., offered for public subscription at 100¼ %.
- (2) Underwritten by a banking syndicate composed of The Nikko Securities Co. Ltd, Crédit Suisse First Boston Limited, Daiwa Securities Co. Ltd, The Nomura Securities Co. Ltd, Yamaichi Securities Company Limited and IBJ International Limited, offered for public subscription at 99·30 %.
- (3) Underwritten by a banking syndicate composed of The First Boston Corporation, Merrill Lynch White Weld Capital Markets Group, Lehman Brothers Kuhn Loeb Incorporated and Lazard Frères & Co., offered for public subscription at 99·5 % for the 7-year tranche and at par for the 20-year tranche.
- (4) Underwritten by a banking syndicate composed of Istituto Bancario San Paolo di Torino, Banco di Roma, Bank of America International Limited, Bank für Gemeinwirtschaft AG, Banque Bruxelles Lambert S.A., Banque Générale du Luxembourg S.A., Banque Internationale à Luxembourg S.A., Chemical Bank International Group, Crédit Commercial de France, Crédit Lyonnais, Eurogest S.p.A., Gotthard Bank International Limited, Kleinwort, Benson Limited, Lloyds Bank International Limited, Nederlandsche Middenstandsbank N.V., Nomura Europe N.V. and Société Générale de Banque S.A., offered for public subscription at 99⅝ % for the 7-year tranche and at 99¼ % for the 12-year tranche.
- (5) Underwritten by a banking syndicate composed of Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Abu Dhabi Investment Company, Blyth Eastman Dillon & Co. International Limited, Citicorp International Bank Limited, Gulf International Bank B.S.C., Libyan Arab Foreign Bank and Manufacturers Hanover Limited, offered for public subscription at par.
- (6) Underwritten by a banking syndicate composed of Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG and Westdeutsche Landesbank Girozentrale, offered for public subscription at 99¾ %.
- (7) Underwritten by a banking syndicate composed of Merrill Lynch White Weld Capital Markets Group, Lehman Brothers Kuhn Loeb Incorporated, The First Boston Corporation and Lazard Frères & Co., offered for public subscription at 99·75 % for the 8-year tranche and at 99 % for the 20-year tranche.
- (8) Underwritten by a banking syndicate composed of Union Bank of Switzerland, Swiss Bank Corporation and Crédit Suisse, offered for public subscription at 100½ %.
- (9) Underwritten by a banking syndicate composed of Kleinwort, Benson Limited, Algemene Bank Nederland N.V., Banca Commerciale Italiana, Banque Nationale de Paris, Crédit Commercial de France, Daiwa Europe N.V., Deutsche Bank AG, Hill Samuel & Co. Limited, Kredietbank S.A. Luxembourgeoise, Samuel Montagu & Co. Limited, Orion Bank Limited, Société Générale de Banque S.A., Sumitomo Finance International and Union Bank of Switzerland (Securities) Limited, offered for public subscription at 99 %.
- (10) Issue by tender taken up at 98·06 % by Citicorp International Bank Limited, Algemene Bank Nederland N.V. and Samuel Montagu & Co. Limited.
- (11) Underwritten by a banking syndicate composed of Sodiitic S.A. and Banque de Paris et des Pays-Bas (Suisse) S.A., offered for public subscription at 99½ %.
- (12) Underwritten by a banking syndicate composed of Nomura Securities Co. Ltd, S.G. Warburg and Co. Ltd, Amsterdam-Rotterdam Bank N.V., The Bank of Tokyo (Holland) N.V., Banque Nationale de Paris, Crédit Commercial de France, Crédit Lyonnais, Crédit Suisse First Boston Limited, Daiwa Europe N.V., The Development Bank of Singapore Limited, Dresdner Bank AG, Robert Fleming & Co. Limited, IBJ International Limited, Kleinwort, Benson Limited, Kredietbank International Group, Manufacturers Hanover Limited, Merrill Lynch International & Co., The Nikko Securities Co. (Europe) Ltd, Nippon European Bank S.A., Salomon Brothers International, Société Générale, Société Générale de Banque S.A., Sumitomo Finance International and Yamaichi International (Europe) Limited, offered for public subscription at 99¼ %.
- (13) Underwritten by a banking syndicate composed of Lehman Brothers Kuhn Loeb Incorporated, The First Boston Corporation, Merrill Lynch White Weld Capital Markets Group, Salomon Brothers and Lazard Frères & Co., offered for public subscription at 99·60 % for the 8-year tranche and for the 20-year tranche.
- (14) Underwritten by a banking syndicate composed of Société Générale de Banque S.A., Banque Bruxelles Lambert S.A., Kredietbank N.V., Banque de Paris et des Pays-Bas Belgique S.A. and Banque Degroof S.C.S., offered for public subscription at 99·75 %.
- (15) Underwritten by a banking syndicate composed of Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., Bank Mees & Hope N.V., Pierson, Heldring & Pierson N.V., Nederlandsche Middenstandsbank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Bank der Bondsspaarbanken, offered for public subscription at 99 %.
- (16) Underwritten by a banking syndicate composed of Berliner Handels- und Frankfurter Bank, Morgan Grenfell & Co. Limited, Baring Brothers & Co. Limited, Robert Fleming & Co. Limited, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lazard Brothers & Co. Limited, Samuel Montagu & Co. Limited, N.M. Rothschild & Sons Limited, J. Henry Schroeder Wagg & Co. Limited and S.G. Warburg & Co. Limited, offered for public subscription at par.
- (17) Underwritten by a banking syndicate composed of The Nomura Securities Co. Ltd, Yamaichi Securities Company Limited, The Nikko Securities Co. Ltd and Daiwa Securities Co. Ltd, offered for public subscription at 99·35 %.
- (18) Underwritten by a banking syndicate composed of Kleinwort, Benson Limited, Barclays Bank International Limited, Baring Brothers & Co. Limited, County Bank Limited, Hambros Bank Limited, Hill Samuel & Co. Limited, Lloyds Bank International Limited, Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited, S.G. Warburg & Co. Limited, Williams Glyn & Co., Algemene Bank Nederland N.V., Chemical Bank International Limited, Goldman Sachs International Corp., IBJ International Limited, Manufacturers Hanover Limited and Norddeutsche Landesbank Girozentrale, offered for public subscription at 99¼ %.
- (19) Underwritten by a banking syndicate composed of Crédit Lyonnais, Société Générale, Banque Nationale de Paris, Banque de Paris et des Pays-Bas, Caisse des Dépôts et Consignations and Caisse Nationale de Crédit Agricole, offered for public subscription at par.
- (20) Underwritten by a banking syndicate composed of Creditanstalt-Bankverein, Girozentrale and Bank der österreichischen Sparkassen AG, Österreichische Länderbank AG, Bank der österreichischen Postsparkassen AG, Bank für Arbeit und Wirtschaft AG, Bank für Kärnten AG, Bank für Oberösterreich und Salzburg, Bank für Tirol und Vorarlberg AG, Die Erste Österreichische Spar-Casse, Genossenschaftliche Zentralbank AG, Österreichische Volksbanken AG, Österreichisches Credit-Institut AG, Schoeller & Co. Bank-AG, Zentralsparkasse und Kommerzbank, Amsterdam-Rotterdam Bank N.V., Banque Bruxelles Lambert S.A., Crédit Lyonnais, Deutsche Girozentrale-Deutsche Kommunalbank, Dillon Read Overseas Corp., Kredietbank S.A. Luxembourgeoise, Manufacturers Hanover Limited, Orion Bank Ltd, Swiss Bank Corporation (Overseas) Ltd and S.G. Warburg & Co. Ltd, offered for public subscription at 99·5 %.

Resources

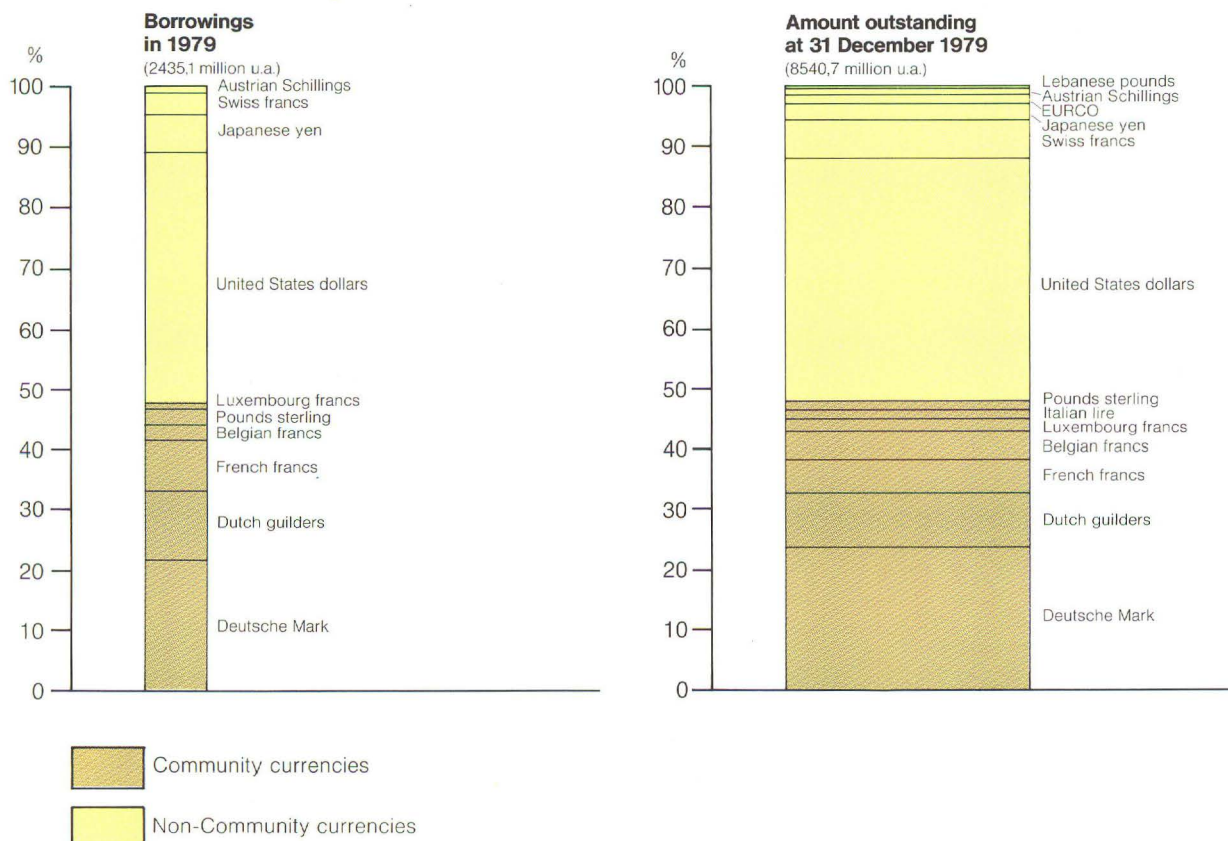
(1 160.8 million against 869.8 million in 1978) represented almost half the Bank's calls on the capital markets.

The upward trend in interest rates on securities denominated in Deutsche Mark, at least during the first part of the year, whetted the market's appetite, enabling the Bank to raise a considerable volume of resources in that currency (534 million in 12 borrowing operations). Next to the Deutsche Mark in order of importance in terms of funds raised in Community currencies in 1979 were the guilder and the French franc: a fairly high return on securities and the receptiveness of investors to the issues by the Bank brought an increase in the share of the guilder in the Bank's total issues (276.4 million). The Bank was able to broaden its access to the French

franc market (205.1 million) through greater recourse to private placings. Other calls by the EIB on Community markets were in Belgian francs, pounds sterling and Luxembourg francs (145.3 million).

The United States dollar accounted for a slightly lower proportion of the Bank's borrowings than in 1978, but still represented just over 40 % of all funds raised by the Bank (1 006.7 million, compared with 861.8 million in 1978). As in previous years, issues in this currency were made on the international market, the American domestic market for foreign issues and the Japanese market. Calls on the American market totalled 550.2 million, compared with 440.5 million in 1978, three public issues having been floated, compared with two the previous year. On the inter-

Bank Borrowings: Breakdown by currency



national market, the Bank raised 456.5 million by both public issues and private placings.

The Bank also returned to the Japanese market, where it made a public issue on the domestic market, a Euro-yen issue and two private placings, raising in all 148.9 million.

The Swiss market provided the Bank with 92.3 million, mainly through public issues.

Towards the end of the year, the Bank turned again to the Austrian Schilling market, where it raised 27.9 million.

Table 8 on page 62 gives details of borrowings during the year. After deducting repayments and allowing for exchange adjustments, total net borrowings out-

standing at 31 December 1979 amounted to 8 540.7 million, of which 166.9 million was still to be received (1).

The Bank's lending rates are fixed according to the costs at which it can obtain funds for the corresponding repayment periods, and thus reflect movements in interest rates on capital markets, i.e. a moderate rise for the guilder, Deutsche Mark and yen; a fairly marked rise for the Belgian, French and Swiss francs; relative stability for the United States dollar during the first half of the year, giving way to a strong upward trend in the second part; irregular movements for the pound sterling, turning into a strong upswing during the final quarter.

(1) See Annex C to the Financial Statements, p. 74.

Results for the year

Receipts of interest and commission on loans amounted to 701.2 million, while interest and charges on borrowings came to 618.3 million, against 560.8 million and 473.8 million respectively in 1978.

The increased volume of liquid funds handled by the Bank at a time when short-term interest rates were generally rising made for a considerable increase in investment income, from 57.7 million in 1978 to 99.1 million.

On the other hand, the fall in the value of investments as a result of the recession in the financial markets at large towards the end of the year increased financial charges to 9.4 million, compared with 2.7 million the previous year.

Expenses and administrative costs rose to 27.5 million in 1979, compared with 25.7 million in 1978.

After amortisation of issuing charges and redemption premiums of 17.5 million, compared with 16.4 million in 1978, operating profit — which derived largely from employment of the Bank's own funds — amounted to 139.5 million as against 111.2 million in 1978.

The fact that the Bank's operating profit showed an appreciable increase in 1979 can be ascribed largely to the prevailing exceptionally high interest rates at which the Bank's liquid funds were placed.

The Board of Directors recommended that the Board of Governors increase the provision for conversion rate adjustments by an amount of 500 000, representing the exchange gain arising from re-valuation of the Bank's net assets not subject to adjustment under Article 7 of the Statute.

The Board also recommended that a total of 141.5 million, comprising the operating profit for 1979 plus

the written-back amount (2 million) of the provision for administrative expenses, be appropriated as follows: 15 million to the Provision for Building, increasing the latter to 60 million; 40 million to the Statutory Reserve, and the balance to the Supplementary Reserve.

At 31 December 1979, the balance sheet total stood at 12 215 million, compared with 9 645 million at 31 December 1978, representing an increase of 26.6 %.

Agricultural schemes — irrigation in Italy, land drainage in Ireland — accounted for 160·1 million u. a. of lending in the Community in 1979; in addition 45 million u. a. were lent for irrigation in Greece.

Administration

Various changes occurred in the composition of the Board of Directors with the resignation of Messrs Ugo MOSCA, Norman JORDAN-MOSS and Hans-Herbert WEBER, to whom the Board expresses its thanks for their invaluable contribution to the work of the Bank.

To fill the vacancies so created, the Board of Governors appointed three new Directors, each to complete the term of office of his predecessor: in 1979, Mr Tommaso PADOA-SCHIOPPA; in 1980, Mr David HANCOCK and Mr Waldemar MÜLLER-ENDERS who had previously sat on the Board as an Alternate Director, in which capacity he was replaced by Mr Winfried HECK.

At its annual meeting on 18 June 1979, the Board of Governors carried out the customary reappointment of the Audit Committee: Mr Jørgen BREDSORFF, outgoing Chairman, was returned to office as a member of the Committee for 1979, 1980 and 1981; Mr Camille BRÜCK was appointed Chairman until the Bank's balance sheet and profit and loss account for the 1979 financial year are approved at the 1980 annual meeting.

In the General Administration Directorate, Mr Henri LENAERT was succeeded as Manager and Secretary-General on 1 February 1980 by Mr Eugenio GREPPI, who had held the office of Deputy Secretary-General since 1 February 1978. Mr Lenaert was appointed Special Adviser to the Management Committee.

Mr Nicolaas van den HOUTEN, manager of the Legal Directorate from January 1962 to April 1979, after which he served as Special Adviser to the Management Committee, retired in November 1979, receiving the title of Honorary Manager.

It is with deep regret that the Bank records the sudden death on 5 November 1979 of Mr Michael KONSTAM, Adviser in the Legal Directorate.

At 31 December 1979, the Bank's staff numbered 437, compared with 399 at 31 December 1978.

The Board of Directors thanks the Bank's staff for their efforts throughout 1979, and for the high quality of their work.

Luxembourg, 5 May 1980

Chairman of the Board of Directors

Yves Le Portz

Balance Sheet at 31 December 1979

(in units of account — see notes to the financial statements, Annex E)

Assets	31. 12. 1979	31. 12. 1978
Receivable from Member States on account of called capital (Annex A)	354 375 000	392 343 750
Cash and Bank deposits		
At sight and up to one year's notice	792 372 263	415 490 898
At more than one year's notice	756 713	527 158
	793 128 976	416 018 056
Investments (Note B)		
For not more than one year	108 946 028	43 516 626
For more than one year	217 497 719	208 314 272
	326 443 747	251 830 898
Borrowing proceeds to be received	166 921 779	213 027 608
Receivable from Member States for adjustment of capital (Annex D)	2 034 195	36 494 391
Loans (Annex B)		
disbursed	8 830 496 800	7 088 024 327
undisbursed	1 058 352 852	778 366 598
	9 888 849 652	7 866 390 925
Contra accounts to guarantees		
In respect of loans under mandate excluding those	106 838 997	114 504 441
(a) in respect of loans granted by third parties	(138 532 369)	(162 200 904)
(b) in respect of participations by third parties in Bank loans	(191 687 528)	(209 630 496)
Land and buildings (Note C)	38 914 810	24 659 952
Accrued interest and commission	182 389 718	140 058 229
Receivable in respect of EMS interest subsidies paid in advance (Note H)	63 873 731	—
Unamortised issuing charges	108 630 811	95 497 047
Unamortised redemption premiums	1 610 207	2 130 341
	110 241 018	97 627 388
Special deposits for service of borrowings (Note D)	132 434 793	77 662 275
Miscellaneous (Note G)	48 370 062	14 435 484
	12 214 816 478	9 645 053 397

Liabilities	31. 12. 1979	31. 12. 1978
Capital (Annex A)		
Subscribed	7 087 500 000	7 087 500 000
Uncalled	<u>6 176 250 000</u>	<u>6 176 250 000</u>
	911 250 000	911 250 000
Statutory Reserve (Note N)	230 000 000	200 000 000
Supplementary reserve (Note N)	355 486 789	274 260 330
Provisions (Note N)		
For conversion rate adjustments	12 666 836	18 385 047
For building	<u>45 000 000</u>	<u>45 000 000</u>
	57 666 836	63 385 047
Staff pension fund (Note E)	21 569 935	18 251 664
Payable to Member States for adjustment of capital (Annex D)	1 815 795	24 454 840
Borrowings (Annex C)		
Bonds and notes	6 957 589 205	5 704 796 029
Other medium and long-term borrowings	<u>1 583 118 943</u>	<u>1 003 074 902</u>
	8 540 708 148	6 707 870 931
Redemption premiums	<u>6 351 451</u>	<u>7 276 394</u>
	8 547 059 599	6 715 147 325
Sundry creditors (Note F)	52 553 872	50 423 301
Undisbursed balance of loans	1 058 352 852	778 366 598
Guarantees		
On loans under mandate	106 838 997	114 504 441
On loans granted by third parties	(138 532 369)	(162 200 904)
On participations by third parties in Bank loans	(191 687 528)	(209 630 496)
Interest subsidies received in advance (Note H)	255 567 836	61 886 390
Interest subsidies received in advance for the account of third parties (Note H)	<u>8 350 477</u>	—
	263 918 313	61 886 390
Accrued interest and commission and interest received in advance	303 412 099	221 293 406
Coupons and liabilities due and not yet paid (Note D)	132 434 793	77 662 275
Miscellaneous (Note G)	30 464 340	28 659 532
Balance of profit and loss account (Note N)	141 992 258	105 508 248
	<u>12 214 816 478</u>	<u>9 645 053 397</u>

Memorandum accounts

Special Section

Trust/management funds

— for the account of Member States	335 593 228	325 748 680
— for the account of the European Communities	681 052 411	309 241 284
Securities received as guarantee for loans under mandate	31 454 647	31 891 274
Securities received on deposit	104 283 261	108 941 956

Profit and Loss Account for the year ended 31 December 1979

(in units of account — see notes to the financial statements, Annex E)

Income	1979	1978
Interest and commission on loans	701 235 061	560 836 589
Interest and commission on Investments	99 082 358	57 731 562
Management commission (Note I)	4 397 294	3 953 565
Financial and other income (Note M)	8 762 088	6 990 075
Exchange differences (Note J)	—	636 956
	813 476 801	630 148 747
Expenditure		
Administrative expenses and charges (Note L)	27 543 719	25 691 055
Interest and charges on borrowings	618 260 310	473 755 816
Amortisation of issuing charges and redemption premiums	17 523 479	16 351 976
Financial charges (Note M)	9 361 562	2 663 438
Depreciation of net purchases of furniture and equipment	300 022	460 003
Exchange differences (Note J)	1 037 351	—
	674 026 443	518 922 288
Operating profit	139 450 358	111 226 459
Gain/(Loss) arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute (Note K)	+ 541 900	— 5 718 211
Write-back of unutilised provision for administrative expenses	+ 2 000 000	—
Balance (Note N)	141 992 258	105 508 248

Statement of Special Section (1) at 31 December 1979

(in units of account — see notes to the financial statements, Annex E)

Assets	1979	1978	Liabilities	1979	1978
Member Countries					
<i>From resources of the European Atomic Energy Community</i>					
Euratom loans disbursed	316 289 768	167 150 406	Trust management funds	316 289 768	167 150 406
Total (2)	316 289 768	167 150 406	Total	316 289 768	167 150 406
<i>From resources of the European Economic Community (New Community Instrument for borrowing and lending)</i>					
<i>Loans</i>					
— disbursed	173 725 013	—	Trust management funds	173 725 013	—
— undisbursed	99 736 378	—	Undisbursed funds	99 736 378	—
Total (3)	273 461 391	—	Total	273 461 391	—
Turkey					
<i>From resources of Member States</i>					
<i>Loans</i>					
— disbursed	335 593 228	325 748 680	Trust management funds	335 593 228	325 748 680
— undisbursed	16 568 185	35 190 705	Undisbursed funds	16 568 185	35 190 705
Total (4)	352 161 413	360 939 385	Total	352 161 413	360 939 385
Mediterranean Countries					
<i>From resources of the European Economic Community</i>					
<i>Loans</i>					
— disbursed	31 965 902	—	Trust management funds	31 965 902	—
— undisbursed	46 834 098	—	Undisbursed funds	46 834 098	—
Total (5)	78 800 000	—	Total	78 800 000	—
African, Caribbean and Pacific States and Overseas Countries and Territories					
<i>From resources of the European Economic Community</i>					
First and Second Yaoundé Conventions					
<i>Loans</i>					
— disbursed	114 177 218	109 006 493	Trust management funds	115 644 476	110 587 622
— undisbursed	20 956 788	29 254 633	Undisbursed funds	20 956 788	29 254 633
Total (6)	135 134 006	138 261 126	Total	136 601 264	139 862 255
Contributions to the formation of risk capital	1 467 258	1 581 129			
	136 601 264	139 862 255			
Lomé Convention					
<i>Risk capital operations</i>					
Amounts disbursed	43 427 252	31 503 256	Trust management funds	43 427 252	31 503 256
Amounts to be paid up	31 927 585	31 346 829	Funds to be paid up	31 927 585	31 346 829
Total (7)	75 354 837	62 850 085	Total	75 354 837	62 850 085
Grand Total	1 232 668 673	730 782 131	Grand Total	1 232 668 673	730 782 131
N. B. Total amounts outstanding on special loans appraised and granted by the Commission under the Lomé Convention in respect of which the Bank has accepted an EEC mandate for recovering principal and interest: at 31 December 1979: 74 718 493; at 31 December 1978: 34 557 760.					
(1) The Special Section was set up by the Board of Governors on 27 May 1963: under a decision taken on 4 August 1977 its purpose was redefined as being that of recording operations carried out by the European Investment Bank under mandate for the account and at the risk of Member States, the European Economic Community and the European Atomic Energy Community.					
(2) Initial amount of loan contracts signed under the Decision of the Council of the European Communities (77/270 Euratom) of 29 March 1977 on financing commercially rated nuclear power stations within the Community under mandate for the account and at the risk of the European Atomic Energy Community:					
	318 505 959				
Less: exchange adjustments:	— 2 216 191				
	<u>316 289 768</u>				
(3) Initial amount of loan contracts signed under the Decision of the Council of the European Communities (78/870) of 16 October 1978 (New Community Instrument) for promoting investment within the Community under mandate for the account and at the risk of the European Economic Community:					
	277 046 718				
Less: exchange adjustments:	— 3 585 327				
	<u>273 461 391</u>				
(4) Initial amount of loan contracts signed for financing projects in Turkey under mandate for the account and at the risk of Member States:					
	370 215 000				
Add:					
— Exchange adjustments	9 949 816				
	<u>380 164 816</u>				
Less:					
— cancellations	215 000				
— repayments	27 788 403	— 28 003 403			
		<u>352 161 413</u>			
(5) Initial amount of loan contracts signed for financing projects in the Maghreb and Mashreq countries, Malta, Cyprus, Greece and Turkey under mandate for the account and at the risk of the European Economic Community:					
				78 800 000	
(6) Initial amount of loan contracts signed for financing projects in the Associated African States, Madagascar, Mauritius and the Overseas Countries, Territories and Departments (AASMM-OCTD) under mandate for the account and at the risk of the European Economic Community:					
				139 483 056	
Add:					
— capitalised interest				1 178 272	
— exchange adjustments				6 985 930	+ 8 164 202
Less:					
— cancellations				1 283 756	
— repayments				11 229 496	— 12 513 252
					<u>135 134 006</u>
(7) Initial amount of contracts signed for financing projects in the African, Caribbean and Pacific States and the Overseas Countries and Territories (ACP-OCT) under mandate for the account and at the risk of the European Economic Community:					
— conditional and subordinated loans				70 043 000	
— equity participations				4 333 183	
— subscription of convertible bonds				2 500 000	76 876 183
Less:					
— cancellations				1 139 743	
— exchange adjustments				374 283	
— repayments				7 320	— 1 521 346
					<u>75 354 837</u>

Statement of changes in financial position for the year ended 31 December 1979

(in units of account — see notes to the financial statements, Annex E)

	1979	1978
Source of funds		
Cash was provided by:		
Net profit	141 992 258	105 508 248
Add items not requiring or providing cash		
Depreciation of net purchases of furniture and equipment	300 022	460 003
Amortisation of issuing charges and redemption premiums	17 523 479	16 351 976
Increase in accrued interest and commission payable and interest received in advance	82 118 693	45 795 347
Increase in accrued interest and commission receivable	— 42 331 489	— 27 346 824
	199 602 963	140 768 750
Other sources:		
Borrowing proceeds	2 482 703 572	1 710 546 503
Loan repayments to the Bank	512 116 985	470 876 136
Capital paid in by Member States	37 968 750	37 968 750
Net increase in capital adjustment accounts of Member States	11 821 151	6 668 597
Increase in sundry creditors, miscellaneous, staff pension fund and net interest subsidies	145 411 842	51 631 219
Exchange adjustments in respect of loans	208 978 436	237 971 391
Total	3 598 603 699	2 656 431 346
Use of funds		
Cash was used for:		
Net loan disbursements	2 463 567 894	1 956 210 773
Redemption of borrowings	377 970 514	243 741 474
Issuing costs in respect of borrowings	30 137 109	35 933 570
Additions to land, building and furniture	14 554 880	13 867 143
Increase (decrease) in miscellaneous debtors	33 934 578	— 7 287 055
Exchange adjustments in respect of borrowings	226 714 955	324 584 405
Increase in cash, bank balances and investments	451 723 769	89 381 036
Total	3 598 603 699	2 656 431 346

Annex A — Statement of subscriptions to the capital of the Bank

At 31 December 1979

In thousands of units of account — See notes to the financial statements, Annex E

Member States	Subscribed capital (1)	Available for call (2)	Paid in at 31. 12. 1979	To be paid in (1)	Total paid in and to be paid in
Germany	1 575 000	1 372 500	123 750	78 750	202 500
France	1 575 000	1 372 500	123 750	78 750	202 500
United Kingdom	1 575 000	1 372 500	123 750	78 750	202 500
Italy	1 260 000	1 098 000	99 000	63 000	162 000
Belgium	414 750	361 425	32 587.5	20 737.5	53 325
Netherlands	414 750	361 425	32 587.5	20 737.5	53 325
Denmark	210 000	183 000	16 500	10 500	27 000
Ireland	52 500	45 750	4 125	2 625	6 750
Luxembourg	10 500	9 150	825	525	1 350
Total	7 087 500	6 176 250	556 875	354 375	911 250

(1) By decision of the Board of Governors of 19 June 1978 the subscribed capital was increased from 3 543 750 000 u.a. to 7 087 500 000 u.a.

Each Member State will pay in in its national currency 10% of the increase, i.e. the equivalent of 354 375 000 u.a. in eight equal instalments of 44 296 875 u.a. on 30 April and 31 October of the years 1980-83 (1980: 88 593 750 u.a. — 1981 to 1983: 265 781 250 u.a.).

(2) Could be called by decision of the Board of Directors to such extent as may be required to meet the Bank's obligations towards lenders in respect of borrowings.

Annex B — Analysis of loans outstanding

At 31 December 1979

In units of account — See notes to the financial statements, Annex E

Countries and Territories in which projects are located (1) (2)	Number of loans	Amount disbursed	Amount undischursed	Total (3)	%
1. Loans for projects within the Community and related loans:					
Germany	48	425 246 935	1 204 544	426 451 479	4.31
France	111	1 538 097 524	78 075 372	1 616 172 896	16.34
United Kingdom	135	2 215 200 139	17 005 614	2 232 205 753	22.57
Italy	292	3 138 287 188	313 586 282	3 451 873 470	34.91
Belgium	12	208 775 771	—	208 775 771	2.11
Netherlands	8	68 023 658	—	68 023 658	0.69
Denmark	36	184 497 197	1 464 305	185 961 502	1.88
Ireland	44	517 030 075	35 140 901	552 170 976	5.58
Luxembourg	2	3 494 363	—	3 494 363	0.04
Related loans **	6	117 510 324	—	117 510 324	1.19
Sub-total	694	8 416 163 174	446 477 018	8 862 640 192	89.62
2. Loans for projects outside the Community:					
Mediterranean Countries (including Portugal)					
Egypt	3	—	65 000 000	65 000 000	0.66
Greece	22	92 507 018	97 311 928	189 818 946	1.92
Jordan	2	587 795	10 405 000	10 992 795	0.11
Lebanon	3	9 949 996	10 000 000	19 949 996	0.20
Malta	1	2 985 425	—	2 985 425	0.03
Morocco	1	—	26 000 000	26 000 000	0.26
Portugal	15	109 503 048	108 279 564	217 782 612	2.20
Syria	1	—	15 700 000	15 700 000	0.16
Tunisia	2	—	24 000 000	24 000 000	0.24
Turkey	5	25 217 848	34 776 000	59 993 848	0.61
Yugoslavia	2	23 420 447	25 000 000	48 420 447	0.49
ACP States/OCT					
Barbados	2	—	5 500 000	5 500 000	0.06
Cameroon	11	13 494 525	23 399 538	36 894 063	0.37
Congo	1	1 441 627	—	1 441 627	0.01
Ivory Coast	14	50 835 817	24 360 878	75 196 695	0.76
Fiji	1	824 574	11 656 034	12 480 608	0.13
Gabon	2	2 671 542	—	2 671 542	0.03
Ghana	2	1 152 625	14 727 120	15 879 745	0.16
Upper Volta	1	182 291	—	182 291	—
Kenya	7	25 603 755	17 957 756	43 561 511	0.44
Liberia	2	3 965 735	3 421 873	7 387 608	0.08
Malawi	2	6 360 222	2 892 000	9 252 222	0.10
Mauritius	3	3 591 248	2 723 558	6 314 806	0.06
Mauritania	1	—	25 000 000	25 000 000	0.25
Niger	2	741 682	5 253 960	5 995 642	0.06
Nigeria	1	2 010 881	22 950 000	24 960 881	0.25
New Caledonia	2	4 586 994	—	4 586 994	0.05
Papua New Guinea	1	1 769 283	5 200 000	6 969 283	0.07
Senegal	1	1 106 319	—	1 106 319	0.01
Swaziland	1	4 114 666	5 793 793	9 908 459	0.10
Tanzania	1	—	5 000 000	5 000 000	0.05
Togo	3	13 158 368	8 661 839	21 820 207	0.22
Trinidad and Tobago	1	4 052 855	901 000	4 953 855	0.05
Zaire	2	8 497 040	7 503 993	16 001 033	0.16
Zambia	1	—	2 500 000	2 500 000	0.03
Sub-total	122	414 333 626	611 875 834	1 026 209 460	10.38
Grand Total	816	8 830 496 800	1 058 352 852	9 888 849 652	100.00

(1) Currencies in which loans are repayable:

Currency	Amount	Loans granted to, or guaranteed by, public institutions in the Community	
Currencies of Member States	4 698 819 391	Loans granted to, or guaranteed by, financial institutions (banks, long-term credit institutions, insurance companies)	363 095 314
Option of the Bank as between the currencies of the founder Member States of the Community	4 127 500	Loans guaranteed by companies outside the financial sector under majority control of Member States or public institutions in the Community	223 636 753
Other currencies	4 127 549 909	Loans secured by fixed charge on real estate	77 422 606
Disbursed portion of loans	8 830 496 800	Loans guaranteed by non-bank companies in the private sector	147 872 230
Add undisbursed portion of loans	1 058 352 852	Loans secured by fixed charge on assets other than real estate or other security	156 540 349
	<u>9 888 849 652</u>		8 862 640 192

(2) Breakdown of loans outstanding at 31 December 1979 by principal form of guarantee:

A. Loans for projects within the Community (and related loans **)

Loans granted to, or guaranteed by, Member States	6 848 783 085		
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B. Loans for projects outside the Community

1. Loans granted under the first Yaoundé Convention

Loans granted to, or guaranteed by, AASMM States which were signatories to the Convention	10 051 463	
Loans guaranteed by a public institution, company or bank in the Community	<u>1 930 067</u>	11 981 530

2. Loans granted under the second Yaoundé Convention

Loans granted to, or guaranteed by, AASMM States which were signatories to the Convention	61 601 297	
Loans secured by other guarantees	<u>4 098 553</u>	65 699 850 ***

3. Loans granted under the Lomé Convention

Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	264 884 010	
Loans secured by other guarantees	<u>3 000 000</u>	267 884 010 *****

4. Loans granted under EEC financial agreements with the Mediterranean Countries, including Portugal

Loans guaranteed by the six founder Member States of the EIB	90 281 809	
Loans guaranteed by the EEC	137 054 758	
Loans granted to, or guaranteed or counter-guaranteed by, Mediterranean Countries which were signatories to these agreements	<u>453 307 503 *****</u>	<u>680 644 070</u> <u>9 888 849 652</u>

* Certain loans are covered by several types of guarantee or security.

** Operations concerning projects on the Norwegian continental shelf and in Austria authorised under the provisions of the second paragraph of Article 18(1) of the Statute.

*** Guarantees provided by the six founder Member States of the EIB to cover any risk attaching to these financial commitments amount to 24 430 695.

**** Guarantees provided by Member States to cover any risk attaching to these financial commitments amount to 81 778 500.

***** The blanket guarantee provided by the EEC to cover any risk attaching to these financial commitments amounted to 341 775 000 at end 1979 compared with 81 000 000 at end 1978.

In the event of these guarantees being invoked, the guarantors' obligations will be determined on the basis of the rates of conversion between the unit of account and the currencies disbursed to borrowers as at the disbursement dates.

(3) Original amount of loans calculated on the basis of the parities applied on the date of signature 12 729 217 617

Less:		
exchange adjustments	461 133 435	
terminations and cancellations	87 581 246	
principal repayments to the Bank	2 099 965 756	
third party participations in Bank loans	<u>191 687 528</u>	<u>2 840 367 965</u>
Loans outstanding		<u>9 888 849 652</u>

The total amount of loans and guarantees granted by the Bank, which under Article 18(5) of the Statute must not exceed 250% of its subscribed capital, amounted at 31 December 1979 to:

loans	9 888 849 652
guarantees:	
in respect of loans under mandate	106 838 997
in respect of loans granted by third parties	138 532 369
in respect of third party participations in Bank loans	<u>191 687 528</u>
Total guarantees	<u>437 058 894</u>
Total	<u>10 325 908 546</u>

Annex C — Statement of funded debt

At 31 December 1979

In units of account — See notes to the financial statements, Annex E

Payable in	Borrowings outstanding at 31. 12. 1978	Operations during the financial year			Exchange adjustments	Borrowings outstanding at 31 December 1979	
		Borrowings	Redemptions	Amount (2)		Rate of interest (weighted averages)	Due dates
EURCO (1)	89 781 106	—	—	75 161 —	89 705 945	8·13	1980/1989
DM	1 555 678 683	534 046 875	107 526 298	14 899 557 +	1 997 098 817	7·17	1980/1999
Ffrs	286 432 381	205 083 828	21 297 557	4 164 +	470 222 816	10·17	1980/1996
£	72 563 138	62 094 073	3 390 643	2 833 700 +	134 100 268	10·64	1980/1992
Lit	143 352 806	—	14 147 909	1 932 107 —	127 272 790	6·72	1980/1988
Bfrs	340 031 219	61 857 456	12 096 564	5 376 675 —	384 415 436	8·27	1980/1993
Fl	546 386 667	276 374 784	45 172 372	4 921 476 —	772 667 603	8·22	1980/2004
Lfrs	171 280 291	21 344 634	22 162 049	2 840 890 —	167 621 986	7·79	1980/1991
US\$	2 804 155 773	1 006 726 400	123 676 783	165 009 045 —	3 522 196 345	9·12	1980/1999
Sfrs	516 067 654	92 285 678	26 925 268	15 676 899 —	565 751 165	5·90	1980/1994
£Leb	9 305 091	—	734 014	1 053 723 —	7 517 354	7·13	1980/1985
Yen	131 793 980	148 856 203	—	48 426 203 —	232 223 980	7·77	1980/1994
Sch	41 042 142	27 927 812	—	943 689 +	69 913 643	7·92	1981/1989
Total	6 707 870 931	2 436 597 743	377 129 457	226 631 069 —	8 540 708 148		
Redemption premiums	7 276 394	—	841 057	83 886 —	6 351 451		
Grand Total	6 715 147 325	2 436 597 743	377 970 514	226 714 955 —	8 547 059 599		

(1) The Euro consists of the sum of fixed amounts of the currencies of all the Member States of the European Economic Community: 1 Euro = DM 0·9 + Ffrs 1·2 + £0·075 + Lit 80 + Fl 0·35 + Bfrs 4·5 + Dkr 0·2 + IR£0·005 + Lfrs 0·5

(2) The following table shows the total capital sums required for redemption of borrowings during the five years following the date of this statement:

Year	1980	1981	1982	1983	1984
Amount in u.a.	604 152 158*	569 246 621	738 884 401	682 983 084	825 872 501

* In 1980 a nominal amount of 79 360 542 u.a. will be drawn from the EIB's portfolio of own bonds to cover part of these contractual redemptions.

Annex D — Amounts receivable from or payable to Member States for adjustment of capital contributions

at 31 December 1979

In units of account — See notes to the financial statements, Annex E

In accordance with Article 7 of the Statute, application of the conversion rates given in Note A of Annex E entails adjusting the amounts paid by Member States in their national currency as contributions to the Bank's capital.

The corresponding amounts receivable from or payable to Member States are as follows:

Receivable from:		Payable to:	
Germany	118 045	France	1 121 390
Italy	884 142	United Kingdom	505 021
Belgium	57 642	Netherlands	189 384
Denmark	957 547		<u>1 815 795</u>
Ireland	15 335		
Luxembourg	1 484		
	<u>2 034 195</u>		

In accordance with the Decision of the Board of Governors of 30 December 1977, where the accounting conversion rate of a currency fluctuates upwards or downwards by more than 1.5 %, amounts receivable from or payable to Member States shall be settled on 31 October of each year from 1980 onwards. Where the conversion rate fluctuates within the above margin of 1.5 % in either direction, the resulting amounts shall remain in non-interest-bearing adjustment accounts.

Annex E — Notes to the financial statements

At 31 December 1979 — in units of account

Note A — Significant accounting policies

1. Unit of account used for preparation of the financial statements and translation of currencies.

The EIB uses the unit of account as the unit of measure for the capital accounts of Member States and as the common denominator for presenting its financial statements.

In accordance with Article 4(1) of the Bank's Statute, the value of the unit of account is equal to the sum of the following amounts of Member States' currencies:

DM	0.828	Fl	0.286
£	0.0885	Bfrs	3.66
Ffrs	1.15	Lfrs	0.14
Lit	109.0	Dkr	0.217
		IR£	0.00759

This definition of the unit of account is identical to that of the European unit of account.

The conversion rates between Member States' currencies and the European unit of account which are determined on the basis of market rates are published daily in the Official Journal of the European Communities.

The Bank applies these conversion rates in calculating the rates applicable to other currencies used for its operations.

The following rates were used for drawing up the balance sheet at 31 December 1979 and 1978:

1 unit of account =	1979	1978
Deutsche Mark	2.49057	2.50868
French francs	5.79312	5.75538
Pounds sterling	0.646904	0.675274
Italian lire	1 157.19	1 140.06
Belgian francs	40.3181	39.6543
Dutch guilders	2.74085	2.71453
Danish kroner	7.71697	6.99113
Irish pounds	0.670579	0.675274
Luxembourg francs	40.3181	39.6543
United States dollars	1.43839	1.37688
Swiss francs	2.29783	2.22839
Lebanese pounds	4.68915	4.13752
Japanese yen	344.495	265.566
Austrian Schilling	17.8792	18.2739
CFA francs	289.656	287.769

The gain or loss arising from translation of the Bank's assets and liabilities into the unit of account is charged or credited to the profit and loss account. Excluded from such calculations are amounts receivable from or payable to Member States which are adjusted in accordance with Article 7 of the Bank's Statute.

2. Investments

Treasury bonds, notes and bonds are stated at the lowest of cost, nominal or market value.

3. Land and buildings

Land and buildings are stated at cost. Office furniture and equipment is written off in the year of acquisition.

4. Issuing charges and redemption premiums.

Issuing charges and redemption premiums are amortised over the lives of the borrowings based on the principal amounts outstanding.

5. Interest subsidies

Certain loans carry interest subsidies paid to the Bank in advance. These subsidies are credited to income as and when the interest for which they are granted becomes payable.

6. Staff pension scheme

The Bank has a contributory pension scheme for its staff. All contributions to the scheme by the Bank and its staff are invested in the assets of the Bank. The amounts set aside are based on actuarial valuations performed every three years.

7. Taxation

Under the conditions laid down in the Protocol on the Privileges and Immunities of the European Communities provided for in Article 28 of the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, the assets, revenues and other property of the Bank are exempt from all direct taxes.

Note B — Investments

Investments comprise:	<u>1979</u>	<u>1978</u>
treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value: 1978: 201 308 710 1979: 196 244 527)	194 157 931	195 070 617
the Bank's own bonds at their redemption cost	98 216 046	53 176 226
bank bills at their nominal value	<u>34 069 770</u>	<u>3 584 055</u>
	<u>326 443 747</u>	<u>251 830 898</u>

The breakdown according to maturity is as follows:

not exceeding 3 months	64 689 447	18 975 913
over 3 months but not exceeding 6 months	19 533 320	5 939 730
over 6 months but not exceeding 12 months	24 723 261	18 600 983
over 12 months	<u>217 497 719</u>	<u>208 314 272</u>
	<u>326 443 747</u>	<u>251 830 898</u>

Note C — Land and Buildings

This item comprises the purchase cost of the site and expenses incurred since 1976 for construction of a new building for the Bank in Luxembourg, i.e. 38 914 810.

Note D — Special deposits for service of borrowings

This represents the amount of coupons and bonds due but not yet presented for payment. The contra item on the liabilities side appears under the heading "Coupons and liabilities due and not yet paid".

Note E — Staff pension scheme

The cost of the pension scheme to the Bank, which includes notional interest, was 3 281 467 for the year ended 31 December 1979 (2 887 901 in 1978).

Note F — Sundry creditors

Sundry creditors comprise:	<u>1979</u>	<u>1978</u>
the amount of currencies payable under the heading of swap operations	31 420 845	—
short-term deposits from other banks	7 462 530	40 589 228
European Economic Community special account for loans on special conditions and related unsettled sundry amounts	12 185 409	7 458 946
other creditors	<u>1 485 088</u>	<u>2 375 127</u>
	<u>52 553 872</u>	<u>50 423 301</u>

Note G — Miscellaneous balance sheet accounts

These accounts comprise:	<u>1979</u>	<u>1978</u>
a) on the asset side:		
currencies receivable under the heading of swap operations	31 318 132	—
sundry debtors	<u>17 051 930</u>	<u>14 435 484</u>
	<u>48 370 062</u>	<u>14 435 484</u>

b) on the liabilities side:

accrued and sundry expenses	<u>30 464 340</u>	<u>28 659 532</u>
	<u>30 464 340</u>	<u>28 659 532</u>

Note H — Interest subsidies received in advance

a) Up to 1978, this item related to amounts in respect of interest subsidies for loans granted for projects outside the Community; as from 1979, it includes interest subsidies made available to the Bank in conjunction with the European Monetary System under Regulation (EEC) No 1736/79 of 3 August 1979 of the Council of the European Communities.

Part of the amounts received through EMS arrangements has been made available as a long-term advance. The corresponding contra account is entered on the assets side as "Receivable in respect of EMS interest subsidies paid in advance".

b) "Interest subsidies received in advance for the account of third parties" relate to amounts received in respect of interest subsidies for loans granted from EEC resources under the Council of the European Communities' Decision (78/870) of 16 October 1978 (New Community Instrument).

Note I — Management commission

This represents the remuneration for the management of loans granted under mandate for the account and at the risk of Member States or the European Communities.

Note J — Exchange differences

The amount of 1 037 351 in 1979 (net profit of 636 956 in 1978) represents the net loss arising from financial operations during the year, calculated at the exchange rates in force at the date of these operations.

Note K — Gain/(Loss) arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute

Application of the conversion rates adopted in drawing up the balance sheet (see Note A) at 31 December 1979 results in an exchange gain in the value of net Bank assets of 541 900 (loss of 5 718 211 in 1978). The revaluation does not take account of the amounts receivable from or payable to Member States and representing the portion of capital paid in by each Member State in its national currency, which must be adjusted periodically in accordance with Article 7 of the Statute (see Annex D).

Note L — Administrative expenses and charges

Staff costs:	<u>1979</u>	<u>1978</u>
Salaries and allowances	18 902 557	17 587 188
Bank's contribution to pension, health insurance and other social costs	3 971 586	3 804 697
Other costs	<u>1 040 656</u>	<u>605 566</u>
	23 914 799	21 997 451
General expenses	<u>3 628 920</u>	<u>3 693 604</u>
Total	<u>27 543 719</u>	<u>25 691 055</u>

The number of personnel employed by the Bank was 437 at 31 December 1979 (399 at 31 December 1978).

Note M — Financial and other income, financial charges

a) Financial and other income comprises:	<u>1979</u>	<u>1978</u>
realised gains on portfolio operations	6 277 474	6 270 195
decrease in unrealised write-down of investments	2 448 344	695 896
other income	<u>36 270</u>	<u>23 984</u>
	<u>8 762 088</u>	<u>6 990 075</u>
b) Financial charges comprise:		
realised losses on portfolio operations	1 481 545	605 507
increase in unrealised write-down of investments	7 787 069	1 949 386
other charges	<u>92 948</u>	<u>108 545</u>
	<u>9 361 562</u>	<u>2 663 438</u>

Statement of movements in the reserves and provisions for the year ended 31 December 1979

	Balance at 31. 12. 1978	Appropriation of balance of profit and loss account for the year ended 1978	Balance at 31. 12. 1979
Statutory reserve	200 000 000	30 000 000	230 000 000
Supplementary reserve	274 260 330	81 226 459	355 486 789
Provision for conversion rate adjustments	18 385 047	— 5 718 211	12 666 836
Provision for building	<u>45 000 000</u>	<u>—</u>	<u>45 000 000</u>
	<u>537 645 377</u>	<u>105 508 248</u>	<u>643 153 625</u>

Note N — Reserves and provisions and appropriation of operating profit

On 18 June 1979, the Board of Governors decided to appropriate from the provision for conversion rate adjustments an amount of 5 718 211, representing an exchange loss arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and to appropriate the operating profit for 1978 as follows:

30 000 000 to the statutory reserve;
81 226 459 to the supplementary reserve.

The Management Committee has decided to propose that the Board of Directors recommend the Board of Governors to increase the provision for conversion rate adjustments by an amount of 541 900, representing the exchange gain arising from revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and appropriate the operating profit for 1979 and the written-back amount of the provision for administrative expenses, i.e. a total of 141 450 358, to the reserves and provisions.

Report by Messrs Price Waterhouse & Co.

The President
European Investment Bank
Luxembourg

We have examined the financial statements of the European Investment Bank at 31 December 1979 and 1978. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In our opinion, the financial statements at 31 December 1979 and 1978 present fairly the financial position of the European Investment Bank at these dates, the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied.

The financial statements covered by our opinion are the following:

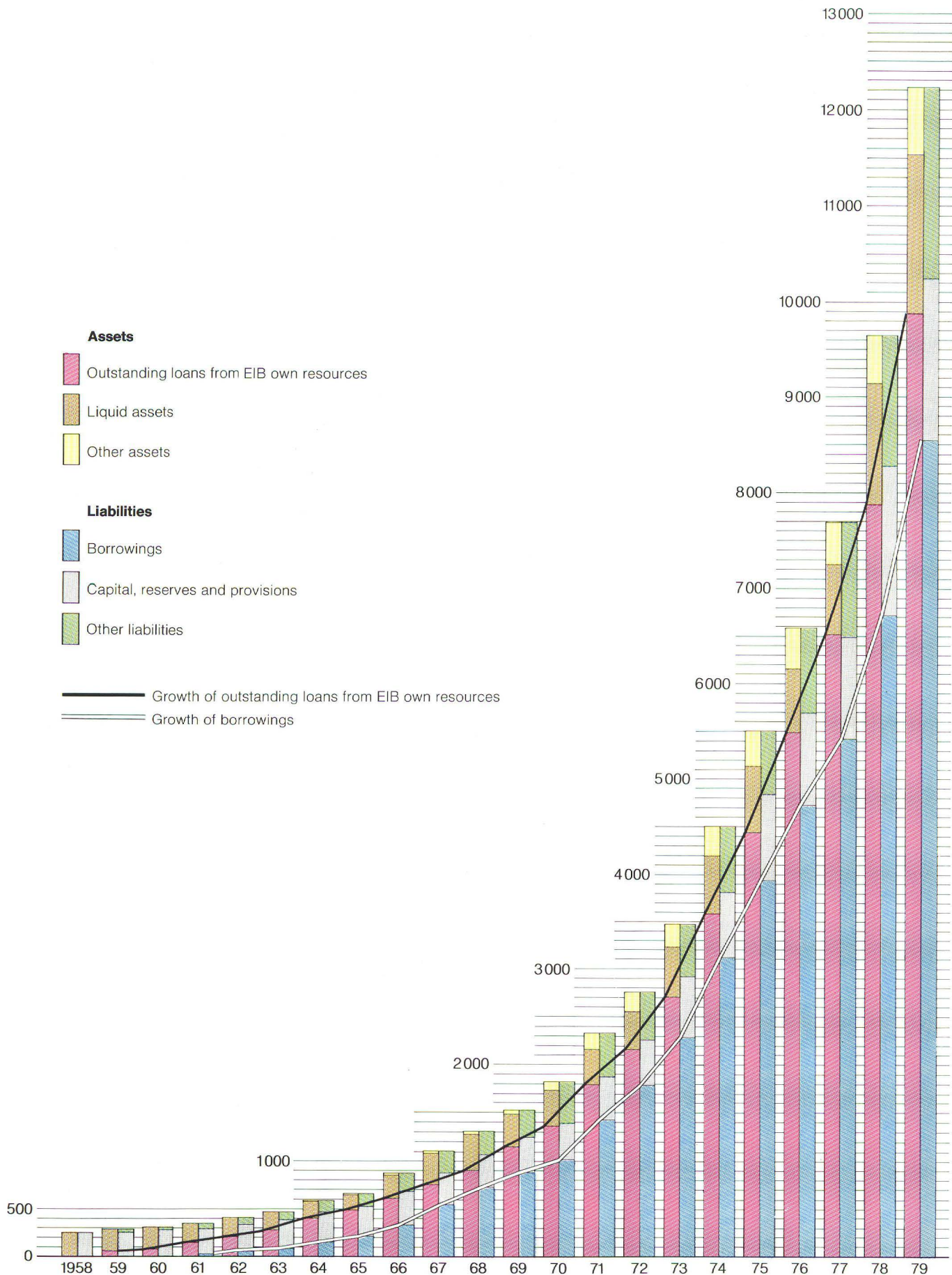
Balance Sheet	
Profit and Loss account	
Special Section	
Statement of changes in financial position	
Statement of subscriptions to the capital of the Bank	Annex A
Analysis of loans outstanding	Annex B
Statement of funded debt	Annex C
Amounts receivable from or payable to Member States for adjustment of capital contributions	Annex D
Notes to the financial statements	Annex E

Luxembourg, 25 February 1980

PRICE WATERHOUSE & CO.

Balance sheet of the Bank at 31 December of each year

(million u.a.)



Statement by the Audit Committee

The Committee instituted in pursuance of Article 14 of the Statute and Article 25 of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner,

— having studied the books, vouchers and documents which it deemed necessary to examine in the discharge of its duties,

— having examined the reports of 25 February 1980 drawn up by Messrs Price Waterhouse & Co.,

considering the 1979 Annual Report as well as the balance sheet of the Bank as at 31 December 1979 and the profit and loss account for the financial year ending on that date, as drawn up by the Board of Directors at its meeting of 5 May 1980,

considering Articles 22, 23, and 24 of the Rules of Procedure,

hereby certifies:

that the Bank's operations during the 1979 financial year have been carried out in compliance with the formalities and procedures laid down by the Statute and the Rules of Procedure,

that the balance sheet and the profit and loss account correspond to the book entries and that they reflect exactly the situation of the Bank as regards both assets and liabilities.

Luxembourg, 13 May 1980

C. BRÜCK

The Audit Committee

P. McDONNELL

J. BREDSORFF

Operations between 1958 and 1979

Since its inception in 1958, the European Investment Bank has provided finance totalling 13 765 million at current prices, or around 20 000 million at 1979 prices. Loans from its own resources and guarantees provided together total 12 820.3 million at current prices, or 93.1 % of the total, while various financing operations using Member States' or Community resources come to 944.7 million. The overall investment expenditure, for which the Bank has advanced long-term financing averaging 23 % of capital costs, stands at about 87 000 million at 1979 prices.

Finance for projects within the Community totals 11 931.5 million (about 17 300 million at 1979 prices), or 86.7 % of the total. This has helped to fund investment ⁽¹⁾ totalling some 71 000 million at 1979 prices ⁽²⁾, which in turn is expected directly to create over 200 000 permanent jobs and safeguard a further 86 000. A far higher number of job opportunities has been created through investment in energy and infrastructure projects in particular — although no figure has been put to this — as a result of the spin-off in associated manufacturing industry and the temporary multiplier effects, both direct and indirect, during the construction period.

Financing provided outside the Community since 1963 reached 1 833.5 million, almost two thirds of this drawn from the Bank's own resources.

Trends in annual Bank activity are shown in the graph on page 20 and Table 9 below. The tables on pages 24, 38, 41 and 81 give a breakdown of financing up to

and including 1979 according to economic policy objective, project location and sector.

Details of the Bank's activity since it was established are contained in the brochure published in 1978 on the occasion of its twentieth anniversary ⁽³⁾. The following paragraphs deal only with trends in Member Countries since enlargement of the Community in 1973 and summarise operations under the various financial cooperation agreements with non-Community countries.

⁽¹⁾ This represents the total amount of fixed investment in respect of all projects backed by the Bank, calculated from data used in establishing the promoters' financing plans when the Bank's Board of Directors approved the relevant financing operations.

⁽²⁾ Constant price evaluations are based on national price indices derived from gross fixed capital formation, adjusted to take account of indexed changes in the rates for converting national currencies into units of account.

⁽³⁾ This publication is available on request.

Table 9: **Financing provided by the Bank from 1959 to 1979**

Annual amounts classified by origin of resources *see chart, page 20*

(million u.a.)						
Year	Total financing	Lending within the Community from EIB own resources	Loans on mandate and guarantees provided within the Community	Lending from the resources of the New Community Instrument for borrowing and lending	Lending outside the Community from EIB own resources	Operations outside the Community from Special Section resources
1959	34.1	34.1	—	—	—	—
1960	25.5	25.5	—	—	—	—
1961	86.5	86.5	—	—	—	—
1962	66.4	66.4	—	—	—	—
1963	71.2	56.2	—	—	15.0	—
1964	120.4	112.4	—	—	8.0	—
1965	109.1	88.1	—	—	16.0	5.0
1966	197.0	104.2	—	—	31.2	61.6
1967	212.6	148.2	—	—	20.0	44.4
1968	214.0	172.5	—	—	12.4	29.1
1969	321.8	247.9	—	—	15.5	58.4
1970	354.4	282.6	56.0	—	2.2	13.6
1971	502.2	432.1	36.9	—	22.5	10.7
1972	526.8	488.7	17.2	—	12.8	8.1
1973	815.8	696.8	—	—	10.9	108.1
1974	996.4	849.7	—	—	61.0	85.7
1975	1 006.5	917.5	—	—	48.9	40.1
1976	1 273.3	967.9	118.1	—	142.4	44.9
1977	1 571.5	1 401.3	—	—	152.0	18.2
1978	2 188.3	1 966.5	—	—	173.9	47.8
1979	3 071.1	2 281.2	—	277.0	420.9	92.0
Total ⁽¹⁾	13 765.0	11 426.3	228.2	277.0	1 165.8	667.7

⁽¹⁾ See Note 1 to Table 2, page 24.

Table 10: **Financing provided within the Community from EIB own resources (1) from 1958 to 1979 (2)**

Sectoral breakdown

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Energy, communications and other infrastructure	423	3	8 562.8	4.4	73.5
Energy	183	—	3 861.9	—	33.1
Production	132		2 786.6		23.9
Nuclear	47		1 428.7		12.3
Thermal power stations	24		396.1		3.4
Hydroelectric plant	22		502.9		4.3
Geothermal power stations and district heating plant	2		40.5		0.4
Development of oil and natural gas deposits	33		390.1		3.3
Solid fuel extraction	4		28.3		0.2
Supply systems	51		1 075.3		9.2
Power lines	16		370.2		3.2
Gaslines and oil pipelines	35		705.1		6.0
Communications	155	3	3 209.8	4.4	27.5
Transport	98	3	1 572.0	4.4	13.5
Railways	16		288.1		2.5
Roads, bridges and tunnels	53		941.3		8.1
Shipping and inland waterways	22	3	247.1	4.4	2.1
Airlines	6		90.6		0.8
Other	1		4.9		—
Telecommunications	57		1 637.8		14.0
Water schemes	81		1 464.7		12.6
Agricultural development	17		419.9		3.6
Water catchment, treatment and supply	64		1 044.8		9.0
Housing and other buildings	3		18.9		0.2
Global loan	1		7.5 (3)		0.1
Industry, agriculture and services	1 684	1 243	3 091.7	518.7	26.5
Industry	1 530	1 162	2 815.0	498.8	24.1
Mining and quarrying	30	27	20.9	14.5	0.2
Metal production and semi-processing	106	48	770.9	31.2	6.6
Construction materials	114	85	139.4	42.2	1.2
Woodworking	95	92	41.3	26.3	0.4
Glass and ceramics	42	28	69.2	13.1	0.6
Chemicals	142	64	514.3	30.3	4.4
Metalworking and mechanical engineering	307	259	285.5	94.4	2.4
Motor vehicles, transport equipment	53	29	372.0	15.2	3.2
Electrical engineering, electronics	84	64	108.1	28.9	0.9
Foodstuffs	246	201	236.1	87.9	2.0
Textiles and leather	99	87	50.0	35.9	0.4
Paper and pulp	75	66	65.4	33.9	0.6
Rubber and plastics processing	93	75	104.4	31.9	0.9
Other	31	27	15.8	9.7	0.1
Building — civil engineering	10	10	3.3	3.3	
Industrial estates and buildings	3	—	18.4	—	0.2
Agriculture, forestry, fishing	68	66	42.3	14.0	0.4
Services	20	15	20.7	5.9	0.2
Tourism	9	7	11.3	3.3	0.1
Research and development	2	—	4.4	—	
Other	9	8	5.0	2.6	
Global loans (unallocated portion)	66	—	213.7 (4)	—	1.8
Grand Total	2 107	1 246	11 654.5	523.1	100.0

(1) See Table 3, page 39 for loans granted in 1979 from NCI resources.

(2) See Note 1 to Table 2, page 24.

(3) Unallocated portion.

(4) Of which 81.5 million cancelled, 15.0 million exchange adjustments and 117.2 million awaiting allocation.

Operations within the Community (1973-79)

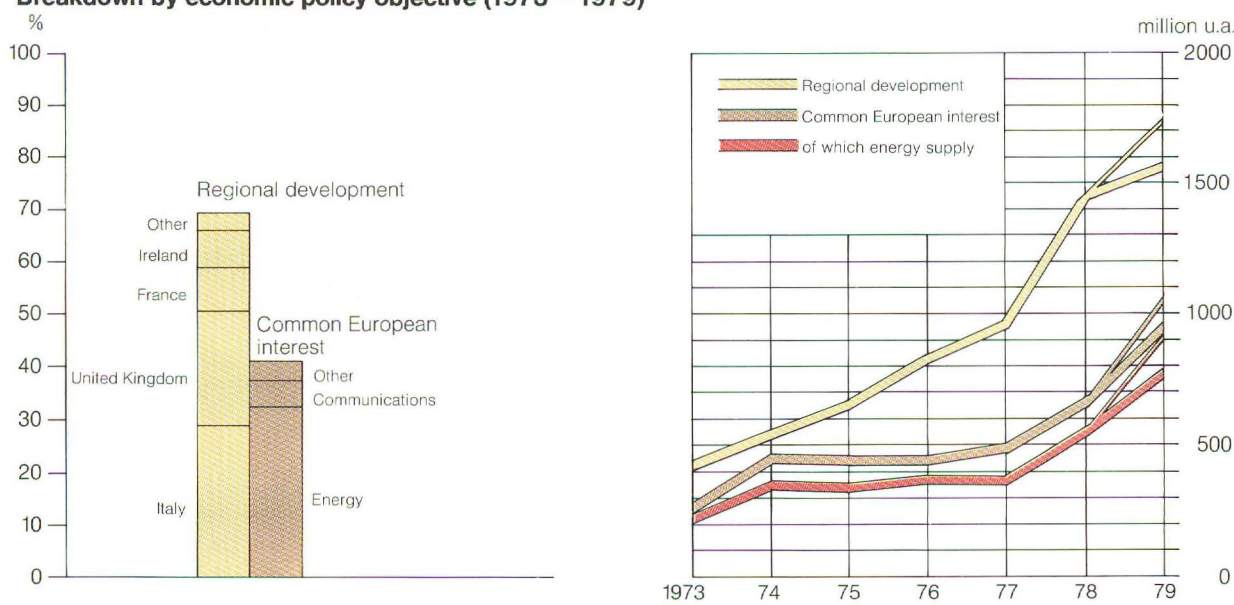
Between 1973, when the Community was enlarged, and the end of 1979, the EIB provided loans from its own resources and guarantees within the Community for a total of 9 199 million at current prices, plus a further 277 million in 1979 from NCI resources. Aggregate financing since 1973 (9 476 million) represents almost four fifths of all funds advanced in Member Countries since 1958. Particulars of loans from NCI resources and of interest

subsidies activated through the EMS are given in the chapter dealing with the year 1979. For the rest of this chapter, the Bank's activity since 1973 is dealt with in the round, including lending from NCI resources which is recorded in the Bank's Special Section (see Table 11 below).

Breakdown by economic policy objective

During the past seven years, the overall volume of lending for projects offering regional benefits has increased fourfold, rising at an average annual rate of

Breakdown by economic policy objective (1973 - 1979)



The thick lines trace total 1979 lending from EIB own resources. The thin lines trace aggregate lending from EIB own and NCI resources.

Table 11: Financing provided within the Community from 1973 to 1979

Breakdown by project location, economic policy objective, sector and origin of resources

	from EIB own resources (million u.a.)	from NCI resources (million u.a.)	Total (million u.a.)	%
Total financing operations	9 199.0	277.0	9 476.0	100.0
Breakdown by project location				
Belgium	165.4	—	165.4	1.7
Denmark	207.8	—	207.8	2.2
Germany	533.2	—	533.2	5.6
France	1 460.7	—	1 460.7	15.4
Ireland	614.1	86.7	700.8	7.4
Italy	3 377.5	85.0	3 462.5	36.5
Luxembourg	—	—	—	—
Netherlands	62.3	—	62.3	0.7
United Kingdom	2 628.1	105.3	2 733.4	28.9
Non-Member Countries (1)	149.9	—	149.9	1.6
Breakdown by economic policy objective				
Regional development	6 448.6	152.2	6 600.8	69.6
Modernisation and conversion of undertakings	151.4	—	151.4	1.6
Common European interest	3 671.5	124.8	3 796.3	40.1
<i>Energy</i>	<i>2 954.3</i>	<i>124.8</i>	<i>3 079.1</i>	<i>32.5</i>
— deduct to allow for duplication in the case of financing justified on the basis of several objectives	— 1 072.5	—	— 1 072.5	— 11.3
Breakdown by sector				
Energy, communications and other infrastructure	7 114.8	277.0	7 391.8	78.0
Energy	3 436.7	149.5	3 586.2	37.9
Communications	2 325.1	37.4	2 362.5	24.9
Water schemes	1 342.9	90.1	1 433.0	15.1
Other	10.1	—	10.1	0.1
Industry, agriculture and services	2 084.2	—	2 084.2	22.0

(1) Loans made in accordance with the second paragraph of Article 18(1) of the Bank's Statute empowering the Board of Governors to authorise the Bank to contribute towards financing projects outside, but of direct interest to, the Community.

about 14.5 % at 1979 prices. This now accounts for about 70 % of Bank financing within the Community.

Finance for projects of common interest to several Member Countries accounts for 80 % of Bank support for investment in improving the Community's energy supplies, chiefly through development of indigenous resources. Considerable sums have also been channelled into cross frontier communications infrastructure within the Nine.

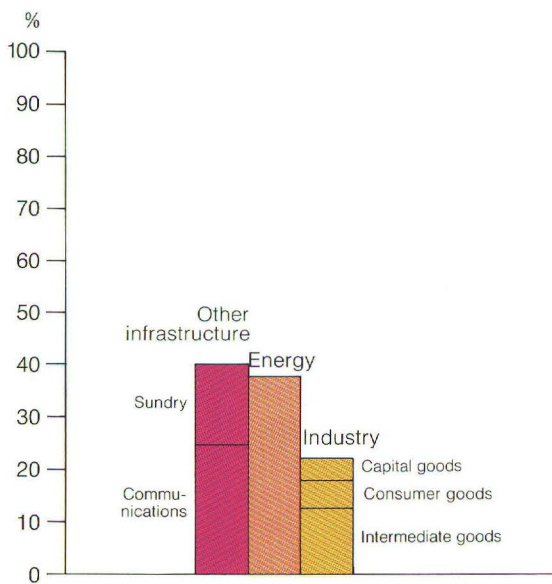
Sectoral breakdown

The rapid increase in financing provided by the Bank since 1973 stems largely from the incidence of investment projects showing a high unit cost in the

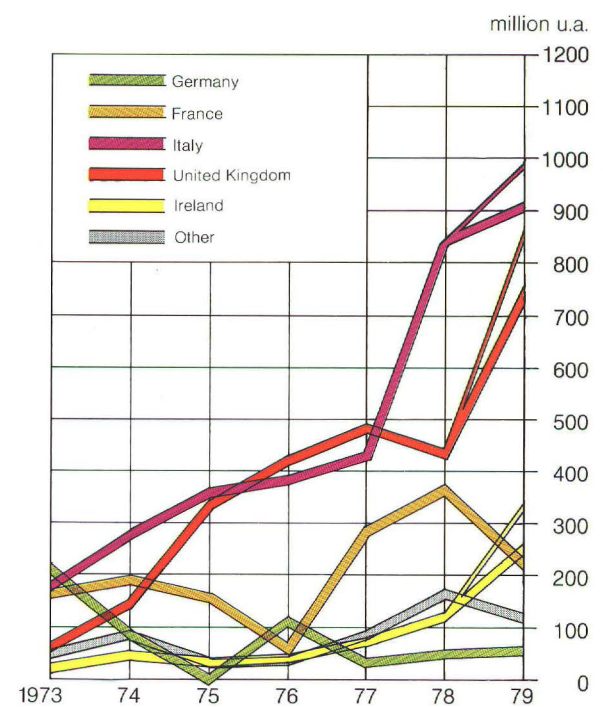
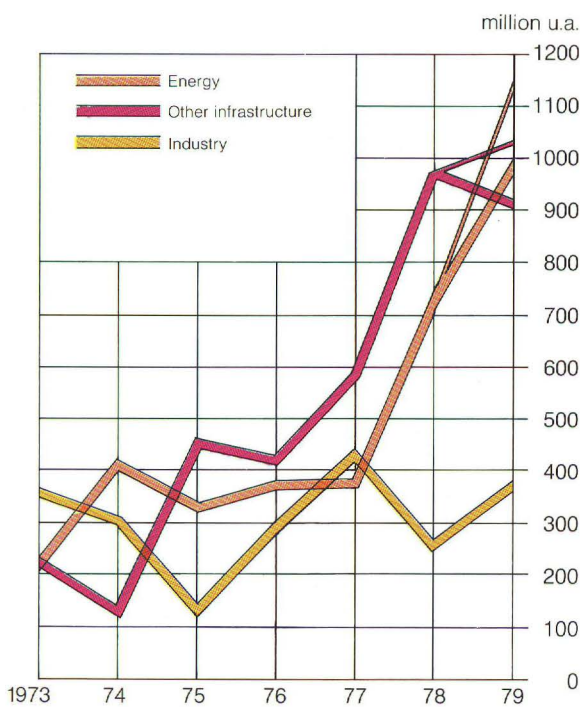
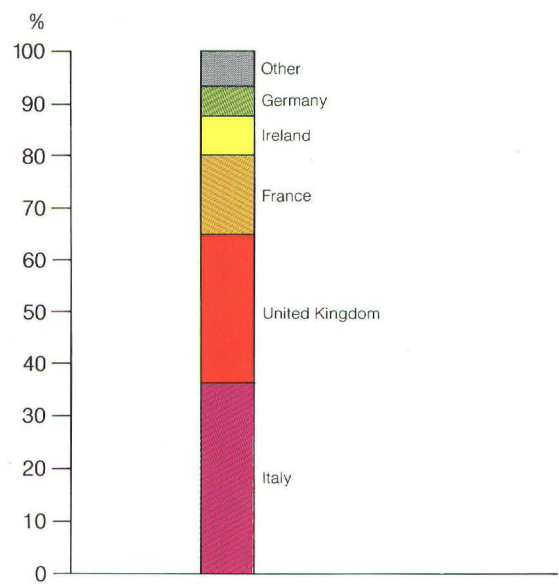
energy, transport, telecommunications and water infrastructure sectors.

Credit for projects in industry, agriculture and services over this period totalled 2 084.2 million, or 22 % of all financing within the Community since 1973. There were 171 operations, mostly concerning projects in basic industries and, to an increasing extent, the motor, mechanical engineering and foodstuffs industries, together with 55 global loans totalling 642.3 million, under which 1 129 separate allocations (467.4 million) were made in support of smaller businesses in a wide range of sectors where ventures are far more labour-intensive than larger-scale projects (30 000 units of account per job created, as against 94 000 units of account).

Sectoral breakdown (1973 - 1979)



Breakdown by project location (1973 - 1979)



The thick lines trace total 1979 lending from EIB own resources. The thin lines trace aggregate lending from EIB own and NCI resources.

Breakdown by project location

Close on three quarters of the projects financed inside the Community are located in countries where regional problems are most serious: Italy, the United Kingdom and Ireland (see Table 4, page 41). Loans in the Italian Mezzogiorno alone accounted for almost 30 % of all financing in Member Countries. In the United Kingdom, the high level of financing was attributable to projects in the energy sector, partly in connection with the exploitation of North Sea oil and gas deposits, major water schemes and restructuring in the steel industry. In France, a considerable volume of credit was given over to energy projects and communications infrastructure.

Operations outside the Community

Since 1963, the Bank has assisted in implementing the Community's policy of economic and financial cooperation with an increasing number of countries. Operations have been mounted under the various agreements, financial protocols and decisions concerning, on the one hand, in the Mediterranean region, Greece, Portugal, Turkey, Yugoslavia, the Maghreb Countries (Algeria, Morocco and Tunisia), the Mashreq Countries (Egypt, Jordan, Lebanon and Syria), Cyprus, Malta and Israel, and, on the other, the African, Caribbean and Pacific States.

Between 1963 and 1979, these countries received a total of 1 833.5 million, including 1 165.8 million from the Bank's own resources (1) and 667.7 million from budgetary resources placed at its disposal by Member States or the Community, partly through the European Development Fund (EDF) (2) (see Tables, pages 50, 54 and 89).

Mediterranean region

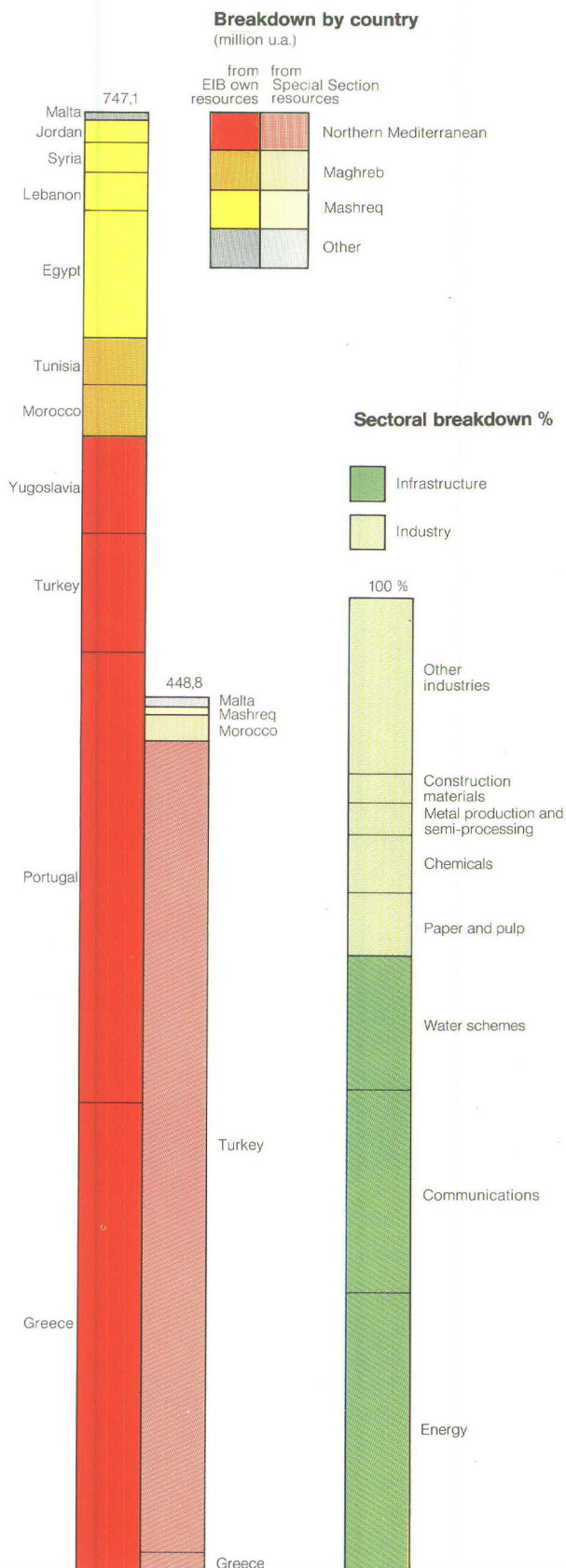
Financing provided between 1963 and 1979 in the Mediterranean region, including Portugal, totalled 1 195.9 million, or 65 % of all funds advanced by the Bank outside the Community, including 747.1 million from own resources (see Table 5, page 50).

Over four fifths of this credit went in support of projects located in the northern Mediterranean region, particularly in two countries where the Bank has been operating since 1963: Greece (250.4 million, including 240.4 million from own resources) and Turkey (477 million, including 61 million from own

resources). These apart, the Bank advanced 231 million from its own resources in Portugal and 50 million in Yugoslavia.

The Bank effectively commenced operations in Lebanon in 1978 and in other Mediterranean countries in 1979. The sum total of lending in these

Financing provided in the Mediterranean region (1963-1979)



(1) Some operations under this heading attracted an interest subsidy.

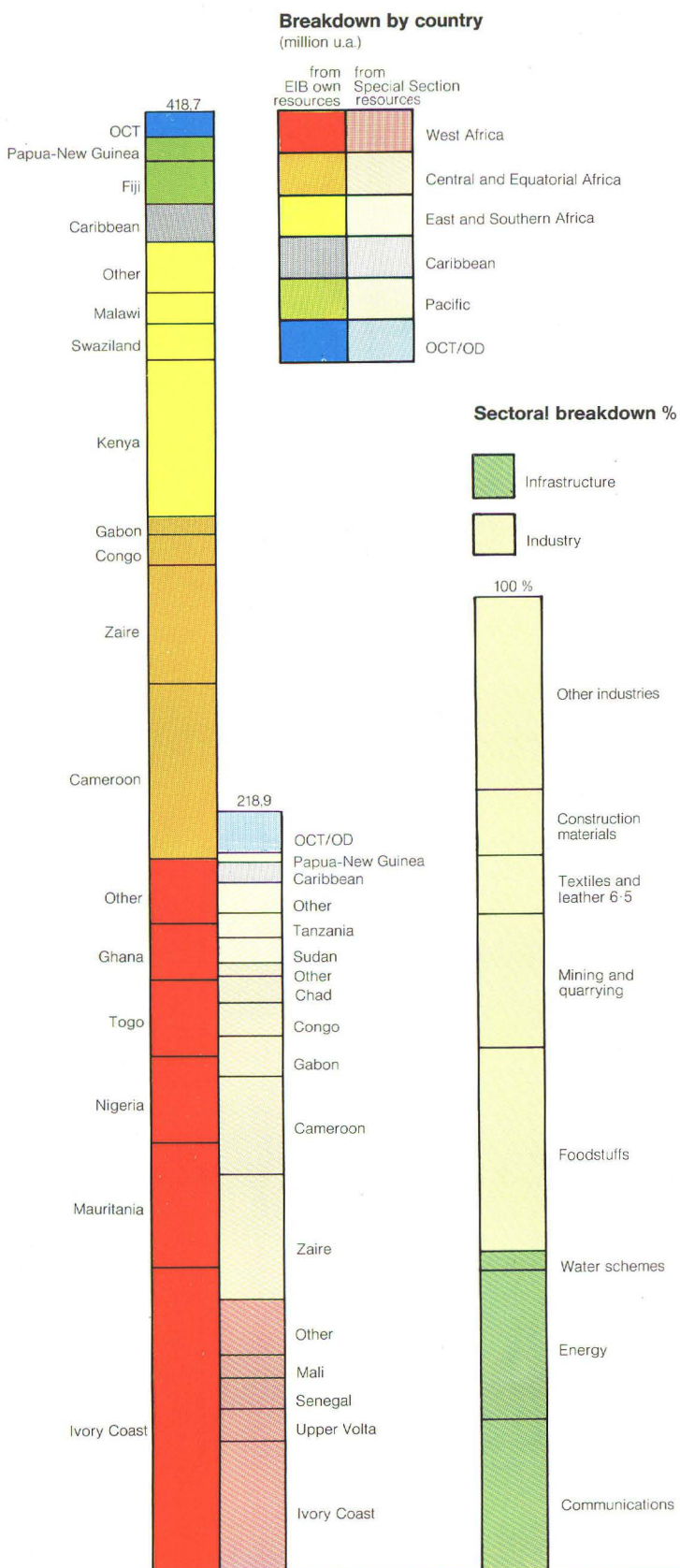
(2) Loans on special conditions and risk capital operations arranged by the Bank under mandate from and for the account of Member States or the European Economic Community (European Development Fund), and accounted for under the EIB's Special Section (see page 71).

countries was 164.7 million from own resources and 22.8 million from budgetary resources (see Table 5, page 50).

The EIB helped to finance energy installations (341.9 million, mostly for conventional and hydroelectric power stations), transport infrastructure (248.7

million) and agricultural development (164.3 million). Industrial projects attracted loans totalling 441 million, which was close on 37 % of all Bank financing provided in these countries. About half the funds (195.9 million) went into major projects in chemicals, paper pulp, iron and steel and the construction sector. A similar proportion (198.2 million) was granted in the form of global loans to a number of financing institutions in Greece, Portugal, Turkey, Tunisia, Egypt and Jordan. 169 allocations totalling 110.6 million were drawn down for small or medium-scale ventures in industry and tourism.

Financing provided in the ACP States and the OCT (1964–1979)



African, Caribbean and Pacific States

Since 1964, the Bank has mounted operations in an increasing number of African, Caribbean and Pacific countries under the two Yaoundé Conventions, the first Lomé Convention and the Decisions concerning the Overseas Countries and Territories (OCT).

These operations have reached a total of 637.6 million or 35 % of all Bank financing outside the Community, including 418.7 million from own resources and 139.5 million from EDF resources for loans on special conditions under the two Yaoundé Conventions, plus 79.4 million for risk capital operations also funded by the EDF. A breakdown of this financing by country and by Convention appears in Tables 6 and 14 on pages 54 and 89.

Financial cooperation with the African, Caribbean and Pacific States and in the Overseas Countries and Territories (ACP States and OCT) provided for a five-year period under the first Lomé Convention and the Decision of the Council of 29 June 1976 has resulted in the conclusion of Bank financing operations totalling 349.5 million since the Convention entered into force on 1 April 1976. Loans from the EIB's own resources ran to 272.6 million and risk capital assistance from the European Development Fund to 76.9 million. Industry, mining and energy infrastructure projects (together 335 million) and tourism (14.5 million) were the recipients. The Bank made available 77.3 million for agro-industrial complexes and 49.8 million for a variety of industrial projects; 29.2 million went to mining projects, 45.3 million to the building materials and chemical industries and 78.9 million to the energy sector. With small and medium-scale ventures in mind, 19 global loans totalling 69 million (63.5 million from the Bank's own resources and 5.5 million from risk capital funds) were concluded with development banks. About 50 allocations totalling 24.9 million were drawn down from these various lines of credit with close on one third of this amount going in support of food-processing industries.

Table 12: **Financing provided from 1963 to 1979 (1) in the Mediterranean region (2)**

Sectoral breakdown

Sector	Number		Amount (million u.a.)		
	Total	of which global loan allocations	Total	of which global loan allocations	% of total
Energy, communications and other infrastructure	50		754.9		63.1
Energy	18		341.9		28.6
Production	14		283.3		23.7
<i>Thermal power stations</i>	7		157.0		13.1
<i>Hydroelectric power stations</i>	7		126.3		10.6
Transmission	4		58.6		4.9
<i>Power lines</i>	4		58.6		4.9
Communications	21		248.7		20.8
Transport	21		248.7		20.8
<i>Railways</i>	4		50.8		4.3
<i>Roads and bridges</i>	8		81.2		6.8
<i>Shipping and inland waterways</i>	7		97.0		8.1
<i>Airlines</i>	2		19.7		1.6
Water schemes	11		164.3		13.7
Agricultural development	11		164.3		13.7
Industry, agriculture and services	247	169	441.0	110.6	36.9
Industry	210	157	325.4	102.5	27.2
Mining and quarrying	2	2	1.8	1.8	0.1
Metal production and semi-processing	14	6	37.8	3.3	3.2
Construction materials	19	11	36.3	12.4	3.0
Woodworking	12	10	8.8	7.0	0.7
Glass and ceramics	10	8	12.8	9.5	1.1
Chemicals	31	18	71.8	7.9	6.0
Metalworking and mechanical engineering	34	34	18.5	18.5	1.6
Motor vehicles, transport equipment	4	4	4.3	4.3	0.4
Electrical engineering, electronics	11	9	9.3	4.1	0.8
Foodstuffs	33	33	18.2	18.2	1.5
Textiles and leather	16	9	12.2	7.1	1.0
Paper and pulp	11	3	77.6	3.9	6.5
Rubber and plastics processing	9	8	3.3	2.8	0.3
Other	1	1	0.4	0.4	—
Building — civil engineering	1	1	1.3	1.3	0.1
Industrial estates and buildings	2	—	11.0	—	0.9
Agriculture, forestry	2	—	20.0	—	1.7
Services	12	12	8.1	8.1	0.7
Tourism	2	2	5.0	5.0	0.4
Other	10	10	3.1	3.1	0.3
Global loans (unallocated portion)	23	—	87.5 (3)	—	7.3
Grand Total	297	169	1 195.9 (2)	110.6	100.0

(1) See Note 1 to Table 2, page 24.

(2) Ordinary loans (747.1 million) from EIB own resources and operations on special conditions (448.8 million) financed from Member States' or Community budgetary funds and accounted for off balance sheet in the Bank's Special Section.

(3) In fact, 88.7 million remains to be allocated as a result of the difference between the initial amount of the US\$10 million global loan (7.7 million) granted to Greece's National Investment Bank for Industrial Development and the amount drawn down from this loan via 18 allocations totalling 8.9 million, the US dollar/unit of account conversion rate having changed between the date of concluding the global loan and the allocation date.

Table 13: **Financing provided from 1964 to 1979** ⁽¹⁾ in the African, Caribbean and Pacific (ACP) States, the Overseas Countries and Territories (OCT) and the Overseas Departments (OD) ⁽²⁾

Sectoral breakdown

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Energy, communications and other infrastructure	44		212.5		33.3
Energy	14		97.2		15.2
Production	10		65.2		10.2
<i>Thermal power stations</i>	4		9.7		1.5
<i>Hydroelectric power stations</i>	6		55.5		8.7
Transmission	4		32.0		5.0
<i>Power lines</i>	4		32.0		5.0
Communications	26		103.2		16.2
Transport	25		102.4		16.1
<i>Railways</i>	7		43.7		6.9
<i>Roads, bridges and tunnels</i>	8		38.7		6.1
<i>Shipping</i>	9		15.6		2.4
<i>Airlines</i>	1		4.4		0.7
Telecommunications	1		0.8		0.1
Water schemes	4		12.1		1.9
Agricultural development	2		5.3		0.8
Water catchment, treatment and supply	2		6.8		1.1
Industry, agriculture and services	175	53	425.1	24.9	66.7
Industry	134	52	350.0	24.4	54.9
Mining and quarrying	13	6	84.4	2.6	13.2
Metal production and semi-processing	8	3	17.8	1.9	2.8
Construction materials	14	3	42.9	2.0	6.7
Woodworking	6	5	4.6	1.4	0.7
Glass and ceramics	1	1	0.7	0.7	0.1
Chemicals	8	2	16.8	1.2	2.6
Metalworking and mechanical engineering	3	2	1.2	0.7	0.2
Motor vehicles, transport equipment	3	2	2.7	1.3	0.4
Foodstuffs	45	12	132.2	7.6	20.8
Textiles and leather	25	9	39.4	2.3	6.2
Paper and pulp	4	4	1.8	1.8	0.3
Rubber and plastics processing	4	3	5.5	0.9	0.9
Agriculture	2	—	9.3	—	1.5
Services	20	1	21.7	0.5	3.4
Tourism	8	1	17.6	0.5	2.8
Research and technical assistance	12	—	4.1	—	0.6
Global loans (unallocated portion)	15	—	42.6 ⁽³⁾	—	6.7
Development finance companies	4	—	1.5	—	0.2
Grand Total	219	53	637.6	24.9	100.0

(1) See Note 1 to Table 2, page 24.

(2) Ordinary loans (418.7 million) from EIB own resources and operations on special conditions (218.9 million) financed from Member States' resources through the European Development Fund and accounted for off balance sheet in the Bank's Special Section.

(3) Difference between the amount of the 15 global loans granted (67.5 million) and the amount of allocations authorised (24.9 million) under these global loans.

Table 14: **Financing provided from 1964 to 1979 in the African, Caribbean and Pacific (ACP) States, the Overseas Countries and Territories (OCT) and the Overseas Departments (OD)**

Breakdown by project location and origin of resources

(million u.a.)

	Operations from EIB own resources					Special Section operations (1)					Total financing			
	Yaoundé Conventions		Lomé Convention		Total Amount	Yaoundé Conventions (2)		Lomé Convention (3)		Total Amount	Number	Amount	of which Yaoundé	of which Lomé
	Number	Amount	Number	Amount		Number	Amount	Number	Amount					
ACP States	33	139.1	42	272.6	411.7	35	129.7	46	76.9	206.6	156	618.3	268.8	349.5
AFRICA	33	139.1	37	242.6	381.7	34	127.8	42	70.7	198.5	146	580.2	266.9	313.3
<i>West Africa</i>	15	72.5	17	133.1	205.6	16	53.2	19	26.1	79.3	67	284.9	125.7	159.2
Benin	—	—	—	—	—	1	3.3	—	—	3.3	1	3.3	3.3	—
Cape Verde	—	—	—	—	—	—	—	1	0.1	0.1	1	0.1	—	0.1
Ivory Coast	10	51.2	7	37.4	88.6	10	35.6	4	3.0	38.6	31	127.2	86.8	40.4
Gambia	—	—	—	—	—	—	—	1	2.3	2.3	1	2.3	—	2.3
Ghana	—	—	2	16.0	16.0	—	—	1	2.0	2.0	3	18.0	—	18.0
Upper Volta	1	0.5	—	—	0.5	1	5.0	2	4.5	9.5	4	10.0	5.5	4.5
Liberia	—	—	2	7.4	7.4	—	—	1	0.3	0.3	3	7.7	—	7.7
Mali	—	—	—	—	—	—	—	2	6.1	6.1	2	6.1	—	6.1
Mauritania	1	11.0	1	25.0	36.0	1	2.8	—	—	2.8	3	38.8	13.8	25.0
Niger	—	—	2	6.0	6.0	—	—	1	0.9	0.9	3	6.9	—	6.9
Nigeria	—	—	1	25.0	25.0	—	—	—	—	—	1	25.0	—	25.0
Senegal	2	3.9	—	—	3.9	3	6.5	3	1.7	8.2	8	12.1	10.4	1.7
Togo	1	5.9	2	16.3	22.2	—	—	3	5.2	5.2	6	27.4	5.9	21.5
<i>Central and Equatorial Africa</i>	17	64.9	6	32.6	97.5	17	72.7	10	23.9	96.6	50	194.1	137.6	56.5
Burundi	—	—	—	—	—	—	—	1	0.5	0.5	1	0.5	—	0.5
Cameroon	9	17.3	6	32.6	49.9	6	23.9	2	4.6	28.5	23	78.4	41.2	37.2
Congo	1	9.0	—	—	9.0	3	6.7	1	3.1	9.8	5	18.8	15.7	3.1
Gabon	4	4.4	—	—	4.4	3	10.3	—	—	10.3	7	14.7	14.7	—
Rwanda	—	—	—	—	—	—	—	1	3.0	3.0	1	3.0	—	3.0
Chad	—	—	—	—	—	1	1.2	1	7.5	8.7	2	8.7	1.2	7.5
Zaire	3	34.2	—	—	34.2	4	30.6	4	5.2	35.8	11	70.0	64.8	5.2
<i>East and Southern Africa</i>	1	1.7	14	76.9	78.6	1	1.9	13	20.7	22.6	29	101.2	3.6	97.6
Djibouti	—	—	—	—	—	—	—	1	1.0	1.0	1	1.0	—	1.0
Kenya	—	—	7	44.9	44.9	—	—	2	1.2	1.2	9	46.1	—	46.1
Madagascar	—	—	—	—	—	1	1.9	2	2.3	4.2	3	4.2	1.9	2.3
Malawi	—	—	2	9.5	9.5	—	—	1	1.0	1.0	3	10.5	—	10.5
Mauritius	1	1.7	2	5.0	6.7	—	—	—	—	—	3	6.7	1.7	5.0
Seychelles	—	—	—	—	—	—	—	1	0.6	0.6	1	0.6	—	0.6
Sudan	—	—	—	—	—	—	—	1	6.5	6.5	1	6.5	—	6.5
Swaziland	—	—	1	10.0	10.0	—	—	1	0.1	0.1	2	10.1	—	10.1
Tanzania	—	—	1	5.0	5.0	—	—	2	7.4	7.4	3	12.4	—	12.4
Zambia	—	—	1	2.5	2.5	—	—	2	0.6	0.6	3	3.1	—	3.1
CARIBBEAN	—	—	3	10.5	10.5	1	1.9	3	4.3	6.2	7	16.7	1.9	14.8
Caribbean (multiregional loans)	—	—	1	3.0	3.0	—	—	1	1.0	1.0	2	4.0	—	4.0
Barbados	—	—	1	2.5	2.5	—	—	—	—	—	1	2.5	—	2.5
Guyana	—	—	—	—	—	—	—	1	3.2	3.2	1	3.2	—	3.2
Jamaica	—	—	—	—	—	—	—	1	0.1	0.1	1	0.1	—	0.1
Surinam	—	—	—	—	—	1	1.9	—	—	1.9	1	1.9	1.9	—
Trinidad and Tobago	—	—	1	5.0	5.0	—	—	—	—	—	1	5.0	—	5.0
PACIFIC	—	—	2	19.5	19.5	—	—	1	1.9	1.9	3	21.4	—	21.4
Fiji	—	—	1	12.5	12.5	—	—	—	—	—	1	12.5	—	12.5
Papua New Guinea	—	—	1	7.0	7.0	—	—	1	1.9	1.9	2	8.9	—	8.9
OCT	2	7.0	—	—	7.0	3	7.8	—	—	7.8	5	14.8	14.8	—
Netherlands Antilles	—	—	—	—	—	1	4.4	—	—	4.4	1	4.4	4.4	—
New Caledonia	2	7.0	—	—	7.0	2	3.4	—	—	3.4	4	10.4	10.4	—
OD	—	—	—	—	—	5	4.5	—	—	4.5	5	4.5	4.5	—
Guadeloupe	—	—	—	—	—	1	0.7	—	—	0.7	1	0.7	0.7	—
French Guiana	—	—	—	—	—	1	0.4	—	—	0.4	1	0.4	0.4	—
Martinique	—	—	—	—	—	1	0.6	—	—	0.6	1	0.6	0.6	—
Reunion	—	—	—	—	—	2	2.8	—	—	2.8	2	2.8	2.8	—
Grand Total	35	146.1	42	272.6	418.7	43	142.0	46	76.9	218.9	166	637.6⁽⁴⁾	288.1	349.5

(1) Operations on special conditions financed from Member States' resources through the European Development Fund and accounted for off balance sheet in the Bank's Special Section.

(2) Loans on special conditions and contributions to risk capital formation.

(3) Risk capital assistance.

(4) See Note 1 to Table 2, page 24.

Table 15: **Global loans granted within the Community from 1968 to 1979** ⁽¹⁾

Breakdown by intermediary institution

Intermediary Institution	Year	Global loans		Allocations (1969-79)	
		Number	Amount (million u. c.)	Number	Amount (million u. c.)
Italy					
Istituto per lo Sviluppo Economico dell'Italia Meridionale (ISVEIMER)	1979	1	52.8	34	14.4
	1968-78	5	79.5	141	74.8
Mediocredito Centrale	1979	1	17.6	29	9.2
Istituto Mobiliare Italiano (IMI)	1979	1	17.5	—	—
	1972-78	3	73.0	100	62.8
Istituto Regionale per il Finanziamento alle Industrie in Sicilia (IRFIS)	1979	1	8.8	—	—
	1970-78	3	25.3	45	24.0
Banca Centrale di Credito Popolare	1979	1	4.4	4	3.4
Banca Nazionale del Lavoro "Sezione Speciale" per il Credito Industriale (BNL)	1974-77	2	39.8	76	33.6
Credito Industriale Sardo (CIS)	1969-77	5	34.3	54	25.8
Cassa per il Mezzogiorno	1978	1	14.1	47	7.9
Istituto di Credito per le Imprese di Pubblica Utilità (ICIPU)	1976-77	2	5.9	10	5.9
Mediocredito per le Piccole e Medie Imprese del Friuli-Venezia-Giulia	1976	1	5.2	11	5.0
Total Italy		27	378.2	551	266.8
Ireland					
Industrial Credit Company Ltd (ICC)	1979	2	22.6	65	8.1
	1974-78	3	15.9	125	11.2
Agricultural Credit Corporation Ltd (ACC)	1979	1	3.7	—	—
	1974-78	2	8.4	18	5.5
Total Ireland		8	50.6	208	24.8
France					
Caisse d'Aide à l'Équipement des Collectivités Locales (CAECL)	1979	1	12.0	3	4.4
Crédit National	1973-74	2	51.3	77	39.7
Caisse Centrale de Crédit Hôtelier, Commercial et Industriel (CCCHCI)	1973	1	18.0	56	18.1 ⁽²⁾
Crédit Naval	1974	1	9.0	—	—
Société Lorraine de Développement et d'Expansion (LORDEX)	1972-75	2	6.3	8	3.7
Société Alsacienne de Développement et d'Expansion (SADE)	1970	1	6.3	24	6.3
Société de Développement Régional de l'Ouest (SODERO)	1971-74	2	5.6	2	0.8
Société de Développement Régional de la Bretagne (SDR Bretagne)	1974	1	3.6	3	1.7
Total France		11	112.0	173	74.8
Denmark					
Danish Government	1979	1	3.6	8	1.9
	1975-78	7	23.9	68	23.8
Finansieringsinstituttet for Industri og Håndværk A/S (FIH)	1975-77	3	4.4	6	4.5 ⁽²⁾
Total Denmark		11	31.9	82	30.1
Belgium					
Société Nationale de Crédit à l'Industrie (SNCI)	1979	1	6.2	11	6.2
	1976	1	17.9	24	18.2 ⁽²⁾
Total Belgium		2	24.1	35	24.4
United Kingdom					
Government (contrat of mandate and guarantee)	1977-78	2	75.6	83	58.6
Industrial and Commercial Finance Corporation Ltd (ICFC)	1973-74	2	25.8	26	7.6
Total United Kingdom		4	101.4	109	66.2
Germany					
Industriekreditbank AG (IKB)	1970-73	2	30.6	79	30.0
Bayerische Vereinsbank	1974	1	9.9	—	—
Landesbank und Girozentrale Schleswig-Holstein	1972	1	5.7	9	6.0 ⁽²⁾
Total Germany		4	46.2	88	36.0
SUB-TOTAL	1979	11	149.1	418	135.8
SUB-TOTAL	1968-78	56	595.2	828	387.3 ⁽³⁾
GRAND TOTAL		67	744.3 ⁽⁴⁾	1 246	523.1

(1) See Note 1 to Table 2, page 24.

(2) Differences between the initial amount of the loan and total allocations authorised are due to the fact that conversion from national currencies, in which global loan credits are denominated, into units of account was effected on the basis of the rates applicable, in the first instance, when the loan was signed and, secondly, when allocations were authorised; in some cases the conversion rates changed during the intervening period.

(3) After cancellation in 1979 of eight allocations granted in previous years.

(4) Of which balance awaiting allocation, 124.7 million, cancellations, 81.5 million and exchange adjustments, 15.0 million.

Table 16: **Allocations from global loans within the Community in 1979 and from 1969 to 1979**
Breakdown by region and sector

REGION	Region/Sector	1979			1969-79		
		Number	Amount (million u.a.)	%	Number	Amount (million u.a.)	%
	Belgium	11	6.2	4.6	35	24.4	4.7
	Antwerp	3	1.8	1.3	4	2.7	0.5
	Hainault	1	0.3	0.2	6	3.5	0.7
	Liège	2	1.2	0.9	9	6.7	1.3
	Limbourg	2	0.7	0.5	3	1.1	0.2
	Namur	—	—	—	1	0.8	0.1
	Eastern Flanders	3	2.2	1.6	5	5.6	1.1
	Western Flanders	—	—	—	7	4.0	0.8
	Denmark	21	5.5	4.0	82	30.1	5.7
	East of the Great Belt (excl. Copenhagen)	4	1.0	0.7	9	5.4	1.0
	West of the Great Belt	17	4.5	3.3	73	24.7	4.7
	Germany	—	—	—	88	36.0	6.9
	Baden-Württemberg	—	—	—	2	0.5	0.1
	Bavaria	—	—	—	16	4.3	0.8
	Hesse	—	—	—	15	6.0	1.1
	Lower Saxony	—	—	—	19	6.8	1.3
	North Rhine-Westphalia	—	—	—	18	8.7	1.7
	Rhineland Palatinate	—	—	—	8	2.9	0.6
	Schleswig-Holstein	—	—	—	10	6.8	1.3
	France	3	4.4	3.3	173	74.8	14.3
	Alsace	—	—	—	27	8.3	1.6
	Aquitaine	1	1.7	1.3	10	5.5	1.1
	Auvergne	—	—	—	4	3.2	0.6
	Lower Normandy	1	2.2	1.6	3	2.8	0.5
	Burgundy	—	—	—	3	2.3	0.4
	Brittany	—	—	—	28	11.5	2.2
	Centre	—	—	—	2	0.7	0.1
	Champagne-Ardennes	—	—	—	2	0.5	0.1
	Franche-Comté	—	—	—	2	0.4	0.1
	Languedoc-Roussillon	—	—	—	2	0.6	0.1
	Limousin	—	—	—	7	2.2	0.4
	Lorraine	—	—	—	24	13.3	2.6
	Midi-Pyrénées	—	—	—	18	7.9	1.5
	Nord-Pas-de-Calais	1	0.5	0.4	7	3.0	0.6
	Loire Valley	—	—	—	20	7.4	1.4
	Picardy	—	—	—	2	1.1	0.2
	Poitou-Charentes	—	—	—	5	1.6	0.3
	Rhône-Alpes	—	—	—	7	2.5	0.5
	Ireland	183	20.6	15.2	208	24.8	4.7
	Italy	128	48.6	35.9	551	266.8	51.1
	Abruzzi	21	6.7	4.9	68	30.3	5.8
	Basilicata	8	3.1	2.3	13	6.3	1.2
	Calabria	7	0.7	0.5	27	7.9	1.5
	Campania	17	6.4	4.7	96	50.6	9.7
	Friuli-Venezia Giulia	7	1.0	0.7	18	6.0	1.1
	Lazio	15	8.3	6.1	99	58.0	11.1
	The Marches	4	2.2	1.6	16	10.5	2.0
	Molise	3	1.7	1.3	11	6.6	1.3
	Apulia	8	2.5	1.9	69	27.4	5.4
	Sardinia	10	5.4	4.0	58	27.0	5.2
	Sicily	5	0.7	0.5	51	25.3	4.8
	Tuscany	7	1.4	1.0	9	2.2	0.4
	Trentino-Alto Adige	12	5.3	3.9	12	5.3	1.0
	Umbria	4	3.4	2.5	4	3.4	0.6
	United Kingdom	72	50.3	37.0	109	66.2	12.6
	Scotland	13	8.3	6.1	29	13.1	2.5
	Northern	28	19.6	14.4	38	25.8	4.9
	North-West	1	0.4	0.3	3	1.9	0.4
	South-West	9	8.3	6.1	9	8.3	1.6
	Yorkshire and Humberside	4	4.8	3.5	4	4.8	0.9
	Wales	17	8.9	6.6	25	12.0	2.3
	Northern Ireland	—	—	—	1	0.3	—
	Total	418	135.8	100.0	1 246	523.1	100.0
SECTOR	Infrastructure	3	4.4	3.3	3	4.4	0.9
	Agriculture	29	2.8	2.1	61	11.4	2.2
	Fishing	1	0.2	0.1	5	2.6	0.5
	Mining and quarrying	10	5.9	4.4	27	14.5	2.8
	Metal production and semi-processing	7	2.8	2.0	48	31.2	5.9
	Construction materials	24	10.7	7.9	85	42.2	8.0
	Woodworking	38	8.5	6.2	92	26.3	5.0
	Glass and ceramics	11	4.7	3.4	28	13.1	2.5
	Chemicals	25	13.8	10.2	64	30.3	5.9
	Metalworking and mechanical engineering	97	22.0	16.2	259	94.4	18.0
	Motor vehicles, transport equipment	5	2.7	2.0	29	15.2	2.9
	Electrical engineering, electronics	16	1.8	1.3	64	28.9	5.5
	Foodstuffs	55	19.9	14.6	201	87.9	16.8
	Textiles and leather	26	9.8	7.2	87	35.9	6.9
	Paper and pulp	29	12.7	9.3	66	33.9	6.5
	Rubber and plastics processing	26	7.4	5.5	75	31.9	6.1
	Other industries	7	2.5	1.9	27	9.7	1.9
	Building — civil engineering	2	0.6	0.4	10	3.3	0.6
	Tourism	3	1.6	1.2	7	3.4	0.6
	Other services	4	1.0	0.8	8	2.6	0.5
	Total	418	135.8	100.0	1 246	523.1	100.0

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