

European
Investment
Bank

annual report
1977



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Luxembourg

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Board of Governors

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Sir Raymond BELL

Giorgio BOMBASSEI FRASCANI de VETTOR

Maurits ESSELENS

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Anne E. MUELLER	Deputy Secretary, Department of Industry, London	<i>from February 1978</i>
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B. F. van ITTERSUM	Director (External Finance), Ministry of Finance, The Hague	
Ferdinando VENTRIGLIA	Director-General of the Treasury, Ministry of the Treasury, Rome	<i>until September 1977</i>
Hans-Herbert WEBER	Director, Federal Ministry of Finance, Bonn	

Alternates

Roger BARNES	Assistant Chief Cashier, Bank of England, London	<i>until July 1977</i>
Michel CAMDESSUS	Head of the International Affairs Department, Directorate of the Treasury, Ministry of Economic Affairs, Paris	
Lionello FRONZONI	Former Manager, Banca d'Italia, Rome	
Edward A. J. GEORGE	Deputy Chief Cashier, Bank of England, London	<i>from August 1977</i>
Mary E. HEDLEY-MILLER	Under-Secretary, Finance (International Monetary) H. M. Treasury, London	<i>from August 1977</i>
J. Geoffrey LITTLER	Under-Secretary, Finance (International Monetary), H. M. Treasury, London	<i>until July 1977</i>
P. C. MAAS	President, Nationale Investeringsbank N.V., The Hague	
Pierre MATHIJSEN	Director-General for Regional Policy, Commission of the European Communities, Brussels	<i>from June 1977</i>
Horst MOLTRECHT	Divisional Head, Federal Ministry for Economic Cooperation, Bonn	<i>from August 1977</i>
Rudolf MORAWITZ	Divisional Head, Federal Ministry of Economic Affairs, Bonn	<i>until August 1977</i>
Waldemar MÜLLER-ENDERS	Divisional Head, Federal Ministry of Finance, Bonn	
Yves ROLLAND-BILLECART	Assistant General Manager, Caisse Centrale de Coopération Économique, Paris	
Savino SPINOSI	Inspector-General, IRFE, Ministry of the Treasury, Rome	

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 Horst-Otto STEFFE, Vice-President
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 Maurits ESSELENS, Vice-President

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 Manager

Staff and Administration

Eugenio GREPPI, Deputy Secretary-General
 Hans HITZLBERGER, Deputy Manager –
 Head of Personnel
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 Michel LAUCHE, Adviser
 Karl Georg SCHMIDT, Adviser
 Manfred TEICHERT, Adviser

Secretariat

Information

Representative Office in Brussels

Department for Operations in the Community

Romeo dalla CHIESA, Manager

Coordination

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 France, Luxembourg and the Netherlands

Operations in Italy, Rome

Operations in Ireland and the United Kingdom

Monitoring

Manfred THOMSEN, Adviser
 Helmuth CRAMER, Associate Manager
 Gérard d'ERM, Adviser
 Luciano ROTONDI, Adviser
 Giorgio RATTI, Deputy Manager
 Dennis KIRBY, Deputy Manager
 Thomas HALBE, Adviser
 Marc de BUYER, Deputy Manager

Department for Operations outside the Community

Dieter HARTWICH, Manager

Operations in the ACP-OCT

Operations in the Mediterranean Region

Monitoring

Jacques SILVAIN, Associate Manager
 Robert CORNEZ, Adviser
 Jean-Marie PAYEN, Adviser
 Christopher LETHBRIDGE, Adviser
 Jean-Pierre LACAILLE, Adviser
 Robert ALLOO, Adviser
 Alfred KAWAN, Adviser

Finance and Treasury Department

André GEORGE, Manager

Issues

Treasury

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 John VAN SCHIL, Deputy Manager
 Anthon PETERSEN, Adviser

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John H. WILLIAMS, Manager

Economic Research

Financial Research

Documentation and Library

Henri LEROUX, Deputy Manager
 Jean-Paul JACQUOT, Adviser
 Thomas OURSIN, Adviser
 Klaus ACKERMANN, Adviser
 Desmond G. McCLELAND, Deputy Manager
 Francis THOUVENEL, Adviser

Legal Department

J. Nicolaas van den HOUTEN, Manager

Jörg KÄSER, Principal Adviser
 Xavier HERLIN, Principal Adviser
 Bruno EYNARD, Adviser
 Michael KONSTAM, Adviser

Technical Advisory Service

Group A: Agriculture – Chemicals –
 Public Works

Group B: Projects in the Community

Group C: Projects outside the Community

Helmuth BERGMANN, Chief Technical
 Adviser
 Filippo BARILLI
 Ernst-Helmut LINDER
 Robert LECLERCQ, Group Leader (1)
 Walter LOWENSTEIN-LOM (2)
 Giuseppe DURANTE
 Jacques FAUDON, Group Leader
 Robert VERMEERSCH

(1) until 31 March 1978

(2) Group Leader from 1 April 1978

Unit of account

The value of the 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 64).

The conversion rates used by the Bank for statistical purposes during each quarter are those obtaining on the last working day of the previous quarter; in 1977, 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	2.66938	2.67999	2.65019	2.63710
£	0.662646	0.652301	0.659032	0.654111
Ffrs	5.61696	5.57560	5.57627	5.60368
Lit	989.293	995.519	1 003.07	1 008.19
Fl	2.77855	2.79538	2.80384	2.80743
Bfrs	40.6600	41.0721	40.8534	40.8476
Lfrs	40.6600	41.0721	40.8534	40.8476
Dkr	6.53960	6.56558	6.83713	7.03121
£Ir	0.662646	0.652301	0.659032	0.654111
US\$	1.12999	1.12204	1.13371	1.14283
Sfrs	2.76260	2.85263	2.78987	2.67327
Yen	330.703	311.035	302.618	301.125
Sch	18.9336	19.0105	18.7961	18.8891
£Leb	3.31087	3.40820	3.48899	3.54334

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New financing provided by the European Investment Bank in 1977 amounted to 1 571.5 million units of account ⁽¹⁾ compared with 1 273.3 million in 1976.

This increase was achieved against a persistently difficult economic background. It reflects the faster rate of Bank lending decided on by the Board of Governors in June to help increase employment, raise the level of investment and reduce the differences in economic performance between the Member Countries, as requested by the European Council.

In most of the industrial countries, the revival in economic activity observed in 1976 fell off sharply in the second quarter of 1977. Since then industrial output has remained sluggish and has even fallen in some cases; the principal exception to this general trend was the United States where production continued to rise but at a slower rate. Business was hesitant to invest in fixed assets, private consumption rose only very slightly and the rate of expansion of world trade fell by more than half. In many countries, unemployment and underemployment grew worse. Policies to stimulate economic expansion were gradually introduced, but many governments were held back by fear of aggravating inflation and external trade deficits. Although remaining at a high level, the rate of inflation in several countries was reduced and disparities between European countries as regards their balance of payments were considerably narrowed; on the other hand, the United States' deficit on current account increased sharply, whereas Japan's surplus almost trebled. As a result, in the last months of the year, there were marked changes in the relative positions of the main currencies: the dollar weakened, while the yen, the Swiss franc, the Deutsche Mark and the pound sterling appreciated. These developments on the foreign exchange markets, coupled with the

effects on certain sectors of industry of the changes taking place in the world economy, contributed to maintaining the depressed and uncertain economic climate.

Conditions for borrowing at the beginning of 1977 had improved on most bond markets where ample funds were available to meet the heavy increase in demand. There was a general tendency for interest rates to fall, except in certain countries with balance of payments deficits.

During the early part of the year, the mood of foreign exchange markets remained calm, despite the devaluation of the Scandinavian currencies in April, and had little effect on fluctuations in interest rates. This situation changed abruptly towards the middle of the year when it became evident that the American balance of payments on current account would show a large deficit.

In the United States, interest rates remained relatively moderate despite a fairly vigorous upturn in economic activity, but the deterioration in the balance of payments prompted an increasingly restrictive monetary policy from the end of the third quarter.

Within the Community, an improvement in the level of foreign exchange reserves of several Member Countries, by allowing a relaxation of monetary policy, opened the way for further reductions in interest rates varying in extent from one country to another depending on savers' expectations about inflation.

As the dollar continued to weaken, funds tended to move into other currencies, the impact on the monetary situation of the Member Countries concerned varying with the relative movement in domestic costs and prices. In an attempt to slow the inflow of foreign capital, a number of countries, including Germany, en-

couraged a reduction in interest rates by measures of credit policy, in particular by reducing official interest rates. The sharp appreciation of the Deutsche Mark against the dollar had, however, two consequences, leading to the raising of interest rates in those countries party to the floating exchange rate agreement, where costs and prices were rising more rapidly than in Germany, and to a fresh devaluation of the Danish krone to which the decision of the Swedish Government to withdraw the Swedish krona from the floating exchange rate agreement also contributed.

Because of the weakness of the dollar, investors were increasingly reluctant towards the end of the year to subscribe to dollar-denominated bonds on the international market. Nevertheless, it proved possible to raise a greater volume of funds on most bond markets than in 1976.

The Community's gross domestic product increased by barely 2 % ⁽²⁾, a much smaller increase than had been assumed when fixing medium-term economic policy objectives which gave priority to restoring full employment. Consumption, exports and stock-building proved insufficient to bring about a greater use of productive capacity and to revive industrial investment. The need to combat inflation and reduce external deficits constrained some governments to pursue restrictive economic and monetary policies, while others felt obliged to proceed cautiously by introducing more expansionist measures only gradually.

Conjunctural problems were compounded by structural problems; many sectors faced significant shifts in

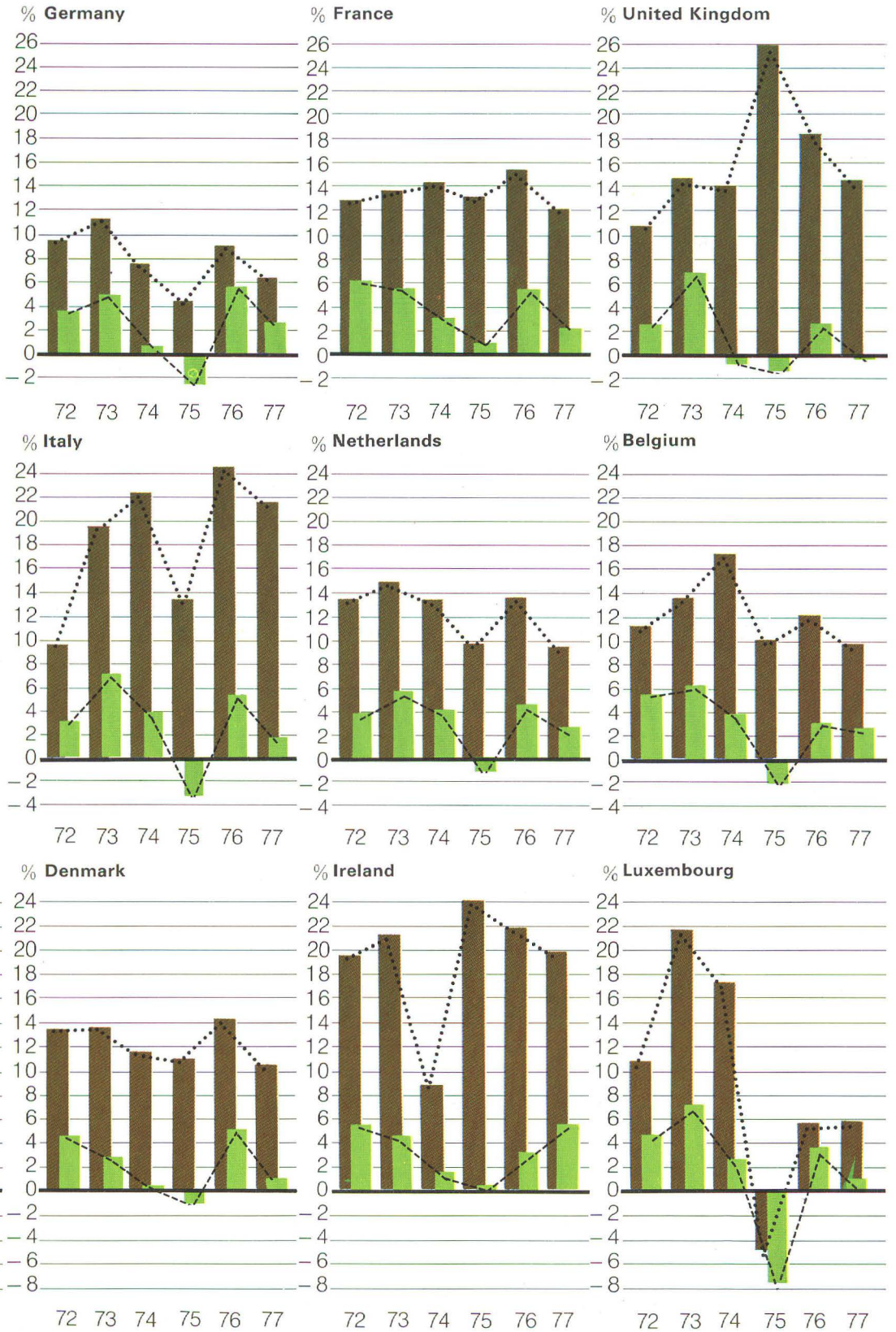
⁽¹⁾ Except where otherwise indicated, all the amounts quoted are expressed in units of account (see page 6). Differences between the totals shown and the sum of individual amounts are due to rounding.

⁽²⁾ Except where otherwise stated, all the rates indicated in this chapter refer to changes in volume.

Gross domestic product in the Community

% variations by comparison with previous year

■ at current prices
■ at constant prices



demand and found difficulty in coping with more intense international competition. The consequences of the steep increase in the prices of petroleum products, which made themselves felt from 1973 onwards, and of the rising prices of other raw materials, coupled with inflation and the fluctuations in exchange rates persisting since the beginning of the seventies, also magnified the prevailing uncertainties and highlighted the need for important structural adaptations which will necessarily be slow and difficult. The total of unemployed at the end of the year was almost 6 million, of whom a large proportion were young people, and further redundancies were foreseen in sectors such as iron and steel, shipbuilding and textiles.

There was, however, some reduction in the disparities between Member Countries regarding prices and external payments. The upward trend of prices and wages in fact gradually abated, particularly in the United Kingdom, Italy and Ireland, where disparities in relation to other countries narrowed. The deficits on current account of a number of countries were much reduced and the surpluses of others decreased slightly. The Community's balance of payments on current account showed a much smaller deficit than in 1976, but this improvement was due more to the slow growth in imports, reflecting a slower economic growth, than to an increase in exports.

In **Germany**, the main components of total demand grew much more slowly during the year with the result that economic growth, particularly industrial output, slackened significantly. Business showed greater disinclination to invest from the beginning of the year and, generally speaking, investment was directed to rationalising rather than to expanding productive capacity. Certain investment projects in the energy and transport sectors were deferred, ex-

ports of goods and services increased much more slowly than in 1976, the rate of increase being the same as for imports; the surplus in the balance of payments on current account showed a further increase. Only a small reduction was obtained in the level of unemployment which continued to be disquieting. On the other hand, the rate of inflation remained the most moderate in the Community.

The Government responded to this situation by temporarily relaxing its measures aimed at gradually reducing its budget deficit and adjusting economic policy along more expansionist lines, reducing income tax and allowing a quicker write-off of capital expenditure for taxation purposes. The effects of these actions appeared likely to be felt only gradually. At the end of the year, however, there were signs of a tendency towards more sustained private consumption and of an incipient revival in housing construction and orders for capital goods.

In **France** the falling off in demand and production which followed the introduction in the second half of 1976 of economic policies designed primarily to slow down inflation and restore the external trade balance continued during the whole of 1977. Measures to stimulate the economy were taken during the second half of the year: in particular, these included the release of funds to promote investment, supplementary credits to local authorities, measures to assist the financing of new housing, and increases in certain social security benefits. At the end of the year these measures had still had only a limited effect. Although a certain upturn in private consumption was discernable from the third quarter onwards, private investment stayed at a low level as also did public investment under the constraints of a tighter budgetary policy; the nationalised industries alone pursued a relatively active investment policy. The corollary of the

distinctly slower growth in gross domestic product and the tendency for industrial output to level off was higher unemployment, which the Government attempted to counter at the beginning of the second half of the year by various measures aimed, in particular, at encouraging early retirement and the recruitment of young workers.

The upward trend of wages slowed appreciably and, despite the rapid increase in foodstuff prices, the rate of inflation showed signs of slackening. There was, however, only a small reduction throughout the year in the rate of increase in consumer prices. Finally, several positive results were achieved in attempts to rehabilitate the economy: firms' profit margins were restored; the money supply was brought under stricter control; the budget deficit was kept within reasonable bounds and the trade balance redressed.

In the **United Kingdom**, economic activity declined during the first half of the year as the result of a fall in private consumption as well as in public investment, but there was an appreciable upturn in private consumption in the second half of the year. Nevertheless, following a year of very limited growth in 1976, 1977 as a whole was marked by almost nil economic growth. The increase in North Sea oil production and in exports of manufactured products were the only dynamic factors. Thanks also to the small increase in imports resulting from sluggish domestic demand, a deficit on current account gave way to a surplus in the second half. This result, together with the first successes recorded in combating inflation, led in the third quarter of the year to a resurgence of confidence giving rise to large inflows of capital, strong upward pressure on the pound and a rapid fall in interest rates. Unemployment was rising until the autumn, since when it has fallen a little.

Without going back on the stringent monetary and budgetary policy decided upon in the second half of 1976 for the following two years, or abandoning the 10 % norm fixed for nominal annual wage increases, the Government took a number of measures in the autumn designed to provide cautious support for economic activity and employment; these related mostly to taxation and expenditure on building construction.

In **Italy**, the slackening in economic growth was accentuated in 1977. Recessionary tendencies affected most of the components of domestic demand, including stock-building, and almost all productive sectors. Short-time working continued to be widespread while unemployment rose, especially among the young and in the Mezzogiorno. Significant improvements in the domestic economy and external trade positions had followed the more restrictive policy pursued since autumn 1976. The rise in prices, which remained steep by comparison with other Member Countries, gradually slackened during the year; the upward trend of wage costs was somewhat attenuated by modifications in the system of indexing wages and by the state financing part of the employers' social security contributions. The growth in exports and the appreciable slackening in the rate of imports due to the fall in demand and domestic activity eliminated the deficit on current account. The reappearance of a surplus brought stability to the lira and facilitated repayment of part of the loans contracted from the IMF and the Deutsche Bundesbank in 1974. Against this, despite a rise in budgetary revenue, the higher rate of current expenditure and delays in reaching decisions on various specific problems of economic policy, particularly with regard to increases in the tariffs of public undertakings and services, prevented the authorities from attaining the target of reducing the public sector borrowing require-

ment to 10 % of gross domestic product.

In the **Netherlands**, more vigorous growth in investment and private consumption was accompanied by a levelling off of exports. Economic growth weakened and unemployment remained unchanged. However, price increases became more moderate and the balance of payments on current account remained in surplus, although to a lesser extent than in 1976. Measures taken in November to re-stimulate the economy, notably through public investment, had insufficient time to have an appreciable effect before the end of the year.

In **Belgium**, the level of economic activity rose only slightly and unemployment, already high, rose still further. The upward trend of prices slowed down and the balance of payments on current account was in equilibrium. The various steps taken to sustain activity, in particular public sector investment and measures to encourage private investment, contributed to increasing the budget deficit.

In the **Grand Duchy of Luxembourg**, despite ongoing investment to rationalise the steel industry, and government investment to restimulate activity in construction and civil engineering, no signs of economic revival were apparent and the employment situation tended to deteriorate.

In **Denmark**, the virtual stagnation of the economy and the persistent tendency towards increasing unemployment were accompanied by a continuing large deficit on current account. The rise in prices remained unchanged compared with 1976 but slowed down in the last part of the year. The Government took a number of measures to improve the em-

ployment situation but refrained from taking action to restimulate the economy as a whole in order to facilitate a reduction in the deficit on current account. The exchange rate for the Danish krone was adjusted downwards twice in relation to the currencies of the Member Countries party to the floating exchange rate agreement.

Ireland was the only Community country where the economy grew faster than in 1976; this was due to the rapid rise in investment, and the increase in exports of both industrial and agricultural products and, to a lesser extent, in private consumption. The large budget deficit was somewhat reduced. However, unemployment, though declining, remained particularly high. The rate of price increases continued to be one of the highest in the Community despite a marked improvement; the deficit in the balance of payments on current account narrowed to a certain extent.

As a whole, the **developing countries** associated with the Community through financial cooperation agreements felt the effects of the lower rate of growth in world trade and, from the second quarter of 1977 onwards, of a fall in the prices of a number of raw materials. Some of them experienced a deterioration in their balance of payments.

The **African, Caribbean and Pacific (ACP) Countries**, signatories of the Lomé Convention, despite their extreme diversity, have in common their dependence on a limited number of commodities. Fluctuations in their prices have a major impact on the public finances and balance of payments of these countries and it is to mitigate this that the new instrument of the Lomé Convention to stabilise export earnings (Stabex) was created.

Following a substantial increase in 1976, the prices of most raw materials began to fall in 1977 whereas the prices of imported goods continued to rise albeit at a slower rate than during the period 1974-1976. The fall in the prices of several metals, particularly copper, inevitably affected countries like Zaire and Zambia, while other countries felt the effects of falling prices for various agricultural products such as cotton, oil-bearing crops and sugar. Only countries producing cocoa or coffee, such as the Ivory Coast, Ghana and Kenya, continued during the first half of the year to enjoy exceptional price increases. By the end of the year they too were faced with falling prices which nevertheless settled close to the relatively high level recorded during the last months of 1976.

Certain countries with a stronger economic base, such as those with petroleum reserves, suffered a deterioration in their current account because their expenditure on imports continued to increase rapidly while their export earnings tended to level off and, in some cases, to fall. To carry out their investment programmes these countries frequently had to resort to substantial borrowing abroad at prevailing market rates with the prospect, therefore, of an increasing burden of indebtedness. In the case of the poorest ACP countries, the financing of investment essential for economic and social development was largely dependent on their ability to obtain grant aid or soft loans. Among this group of countries, the African countries of the Sahel suffered afresh from a serious food shortage due to drought.

In **Greece**, the economic revival which began in 1975 faltered in 1977. Agricultural output fell, industrial growth slowed appreciably and investment in productive enterprises remained at a low level. That the deficit in the balance of payments on

current account did not widen was attributable to the continued increase in invisible earnings; the rising inflow of capital from abroad led to a further increase in the gold and foreign exchange reserves.

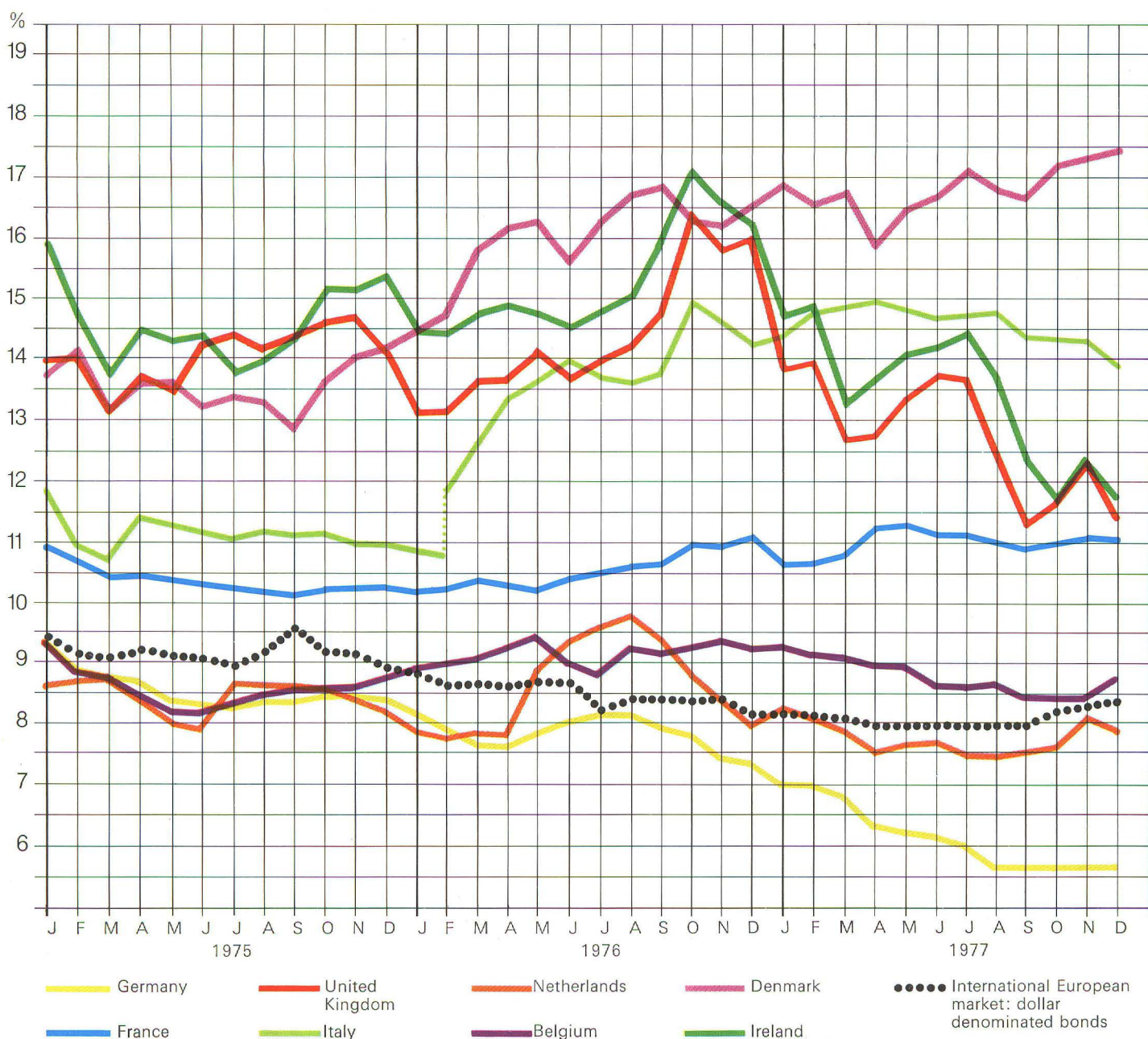
In **Turkey**, the gross national product rose by about 5.5 % in 1977 compared to 8.1 % in 1976. However, the balance of payments on current account deteriorated rapidly and the foreign exchange reserves were exhausted. The Government's budget deficit widened and the financial situation of public undertakings worsened. Between December 1976 and December 1977, the cost of living rose by more than 30 %. Accordingly, the Government was obliged in the autumn to take a first series of measures to restore the situation. The principal of these were restrictions on credit and imports, a 10 % devaluation of the Turkish pound and a substantial increase in the selling prices of state enterprises and in public utility tariffs.

The **Portuguese** economy achieved a rate of growth of around 5.5 %, largely thanks to a recovery in the building sector and extensive stock-building following a run-down in 1975 and 1976. Efforts to master the very high unemployment and inflation were unsuccessful. The rise in consumer prices over the year as a whole remained at around 30 %. Despite measures to restrict imports and an increase in earnings from tourism and in remittances from Portuguese workers abroad, the balance of payments on current account showed a deficit of more than one thousand million dollars, which had to be financed almost entirely with external borrowings.

In **Yugoslavia**, the pace of economic activity picked up somewhat, increasing the rate of growth from around

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



3½ % in 1976 to around 7 %. However, this increase was accompanied by mounting inflationary pressures – the cost of living index rose by around 15 % – and a substantial increase in imports. With a slower rate of growth in exports, a levelling off in earnings from tourism and a fall in remittances from emigrant workers there was a sharp deterioration in the balance of payments on current account.

In 1977 the work of the **Community** was largely determined by the wish to contribute to a solution of current economic difficulties and to facilitate the structural changes necessary to enable the economies of the Member Countries to adapt to the increase in energy prices, to changes in the competitive positions of industrial countries as among themselves and the emergence of new competitors from among the developing countries.

As regards the immediate future, the sectors at risk have been the subject of safeguards such as the fixing of guide prices and minimum prices in the case of iron and steel products, or the negotiation, parallel to the renewal of the Multifibre Arrangement, of bilateral agreements to limit imports of certain textiles.

Progress has also been made in formulating longer-term policies and decisions relating particularly to the iron and steel industry, shipbuilding and energy. In addition, important decisions have been taken to reinforce the Community's ability to finance investment.

The first of these decisions concerned the Bank directly. On 25 and 26 March 1977, the **European Council**, in its statement on growth, inflation and employment, 'agreed in particular to

seek action at Community level in three directions: firstly to promote measures to help resolve specific labour market problems, especially in improving training and employment opportunities for young people and women; secondly to encourage higher level investment in the Member States and thirdly to halt divergence and promote convergence in their economic performance. To this end, the European Council invites on the one hand the Commission, in particular by the better use of Community instruments, and on the other hand the Board of Governors of the European Investment Bank to seek ways of improving the effectiveness of their activities'.

In response to this statement, the Management Committee, the Board of Directors and the Board of Governors of the Bank took a series of measures, from June onwards, to enable the Bank to make a significant contribution to attaining the objectives defined by the European Council. In particular, the Board of Governors expressed its willingness to decide at its annual meeting in 1978 by how much and when the capital of the Bank should be increased in order that the Bank's activity should not be restricted by the statutory limit on the outstanding amount of its loans and guarantees.

Already in 1977, the Bank was able very substantially to increase the amount of financing provided in Member Countries and in the course of the next two or three years it will continue to step up its operations in favour of regional development. It will accord increased priority to regions where structural unemployment is particularly disquieting or which are seriously affected by employment problems resulting from the loss of markets or the decline of basic industries, especially in regions where income levels are much lower than elsewhere. As far as possible, the Bank

will step up its financing of smaller businesses, which generally create proportionately more jobs for a given investment expenditure. It will also endeavour to increase its lending to sectors of industry passing through a crisis, which must modernise their installations or reshape their production to remain competitive and must retrain their workers. Similarly, it will reinforce its support for investment projects in the energy sector, which are of fundamental importance for the future of those sectors that are directly productive.

The expansion of Bank financing in support of the objectives defined by the European Council could, in certain cases, be facilitated greatly by the introduction, for example within the framework of national aid systems, of measures to provide exchange risk cover for industrial borrowers and financial guarantees in favour of economically viable projects in sectors in difficulty. Guarantees of this nature have already been provided in Italy for financing in the Mezzogiorno. Under a new arrangement agreed between the Bank and the British Government at the end of 1977, exchange risk cover has been extended to loans for private sector investment in the United Kingdom, whereas previously it was available only in the public sector. Since the beginning of 1978, cover for exchange risks has also been provided in respect of EIB loans for smaller businesses in the remainder of Italy and in Ireland.

Parallel measures have been taken to develop or create other Community financing instruments. During the past year, the resources to be appropriated to the **European Regional Development Fund** were raised to 1 850 million units of account for the years 1978 to 1980; an adaptation of the rules governing its operations is being studied.

The medium-term financial support mechanism has been reinforced by doubling national quotas, the total of which is now 5 450 million, while support for Member States with balance of payments deficits has been continued by means of Community loan issues.

In addition decisions have been taken to create two new financing instruments, which the Bank has been called on to manage.

On 29 March 1977, the Council of the European Communities decided to empower the Commission to contract loans in the name of the **European Atomic Energy Community** (Euratom), the proceeds to be on-lent to finance investment projects for industrial-scale generation of electricity from nuclear sources and the installation of industrial plant for processing nuclear fuel; it also authorised a first tranche of loan issues within a limit of 500 million units of account and provided that the Bank be invited to act as agent in implementing lending operations. The Board of Governors authorised the Bank to accept this mandate, the terms and conditions of which were laid down by joint agreement between the Bank and Euratom, and to account for the operations in the Bank's Special Section. The Bank is accordingly responsible for appraising loan applications, acting as agent in concluding finance contracts, and subsequently administering loans and monitoring the projects on behalf of Euratom.

Finally, at its meeting on 6 December 1977, the European Council declared itself in favour of creating a **new Community borrowing and lending instrument** on a trial basis, the loans to be handled by the European Investment Bank. A proposed decision in this connection is being considered by the Council of Ministers of the European Communities.

It is evident that careful coordination of the operations of Euratom and the new Community borrowing and lending instrument with those of the Bank is essential.

Outside the Community, the Lomé Convention, signed between the European Economic Community and 46 African, Caribbean and Pacific (ACP) Countries on 28 February 1975, has been extended to include seven states which have recently gained their independence; in 1976, the Seychelles, Surinam and the Comoros (former Overseas Countries and Territories – OCT); in 1977 Sao Tomé and Príncipe, the Cape Verde Islands and Papua New Guinea; in January 1978, the Republic of Jibuti (former OCT). Once ratification procedures have been completed the ACP States will thus number 53.

Bank financing for these countries, together with the OCT, is intended primarily for projects in the industrial, mining and tourism sectors. It comprises:

– loans from its own resources for a total of 400 million units of account, of which 390 million for investment in the ACP States and 10 million in the OCT. These loans will normally carry an interest subsidy of 3 points out of grant aid from the European Development Fund (EDF);

– risk capital contributions, also from EDF resources, for a total of 100 million (96 million for the ACP and 4 million for the OCT). (1)

In 1977, the Community concluded agreements with a number of Mediterranean countries involving the Bank in future financing operations; the table on page 17 summarises the corresponding financing foreseen for the period 1978 to 1980-1982.

Financial protocols similar to those concluded in 1976 with the Maghreb countries and Malta were accordingly signed at the beginning of 1977 with Egypt, Jordan and Syria and subsequently with Israel, Lebanon and Cyprus. The new protocols signed with Greece and Turkey in 1977 were in effect extensions of the Association Agreements signed in 1962 and 1963, under the terms of which the Bank has been operating in these two countries. The funds provided under the first Financial Protocol with Greece were completely committed in 1975, while those provided under the second Protocol with Turkey were fully committed at the beginning of 1978; the procedure for ratification of the supplementary protocol for Turkey is still in progress. Most of these protocols provide for combinations of varying proportions of the different types of financing envisaged:

(a) loans from the Bank's own resources, the terms of which are generally softened by the granting of interest subsidies of 2 or 3 points financed by the Community;

(b) special loans financed from the Community budget and managed partly by the Commission and partly by the Bank;

(c) grants which will be used mainly to finance specific activities such as research, training and technical assistance, and from which the interest subsidies will be provided for the Bank's ordinary loans.

These protocols allow for a total of more than 1 600 million to be made available to the Mediterranean coun-

(1) This amount will be increased to 101 million following ratification of the agreements on the accession of Sao Tomé and Príncipe, the Cape Verde Islands and Papua New Guinea.

Funds available for commitment as at 31. 12. 1977 from the amounts provided for in the financial agreements and protocols concluded between the Community and countries outside the Community

Amounts in million u.a.

Country	Date of expiry of agreements and protocols	Available for commitment from 1978-1982						Grant aid ⁽¹⁾ Amount
		Loans from Bank's own resources		Loans on special conditions and risk capital assistance from budgetary resources				
		Amount	Interest subsidy (%)	Amount	Term (years)	Grace period (years)	Rate of interest (%)	
ACP	1. 3. 1980	281.6	3	352.8 ⁽²⁾	40 ⁽⁴⁾	10 ⁽⁴⁾	1 ⁽⁴⁾	1 320.2
OCT	1. 3. 1980	10	3	31.3 ⁽³⁾	40 ⁽⁴⁾	10 ⁽⁴⁾	1 ⁽⁴⁾	30.0
Algeria	31. 10. 1981	70	2	19	40	10	1	25
Tunisia	31. 10. 1981	41	2	39	40	10	1	15
Morocco	31. 10. 1981	56	2	58	40	10	1	16
Malta	5 years (after ratification)	16	2	5	40	10	1	5
Egypt	31. 10. 1981	93	2	14	40	10	1	63
Jordan	31. 10. 1981	18	2	4	40	10	1	18
Syria	31. 10. 1981	34	2	7	40	10	1	19
Lebanon	31. 10. 1981	20	2	2	40	10	1	8
Lebanon (emergency aid)	—	20	—	—	—	—	—	—
Israel	31. 10. 1981	30	—	—	—	—	—	—
Cyprus	5 years (after ratification)	20	2	4	40	10	1	6
Yugoslavia	—	25	—	—	—	—	—	—
Portugal	31. 12. 1982	200	3% on 150 m	—	—	—	—	30
Greece	31. 10. 1981	225	3% on 150 m	10	30	8	2.5	45
Turkey, 3rd protocol	31. 10. 1981	90	—	220	40	10	2.5	—
supplementary protocol	—	—	—	47	30	8	2.5/4.5 ⁽⁵⁾	—
Total		1 249.5		875.5				1 600.2

(1) Part of this will be used for interest subsidies on loans from the Bank's own resources.

(2) 59.6 m will be in the form of contributions to risk capital managed by the Bank and 293.2 m loans on special conditions managed by the Commission.

(3) 3.0 m in the form of contributions to risk capital managed by the Bank and 28.3 m loans on special conditions managed by the Commission.

(4) The terms and conditions indicated relate only to loans on special conditions; those applicable to contributions to risk capital are determined very flexibly and vary from case to case: the duration is generally for from 13 to 20 years, the grace period from 7 to 15 years and the rate of interest from 2 to 6 %.

(5) 2.5 % for projects the return on which is indirect or long-term, and 4.5 % for projects showing a normal return.

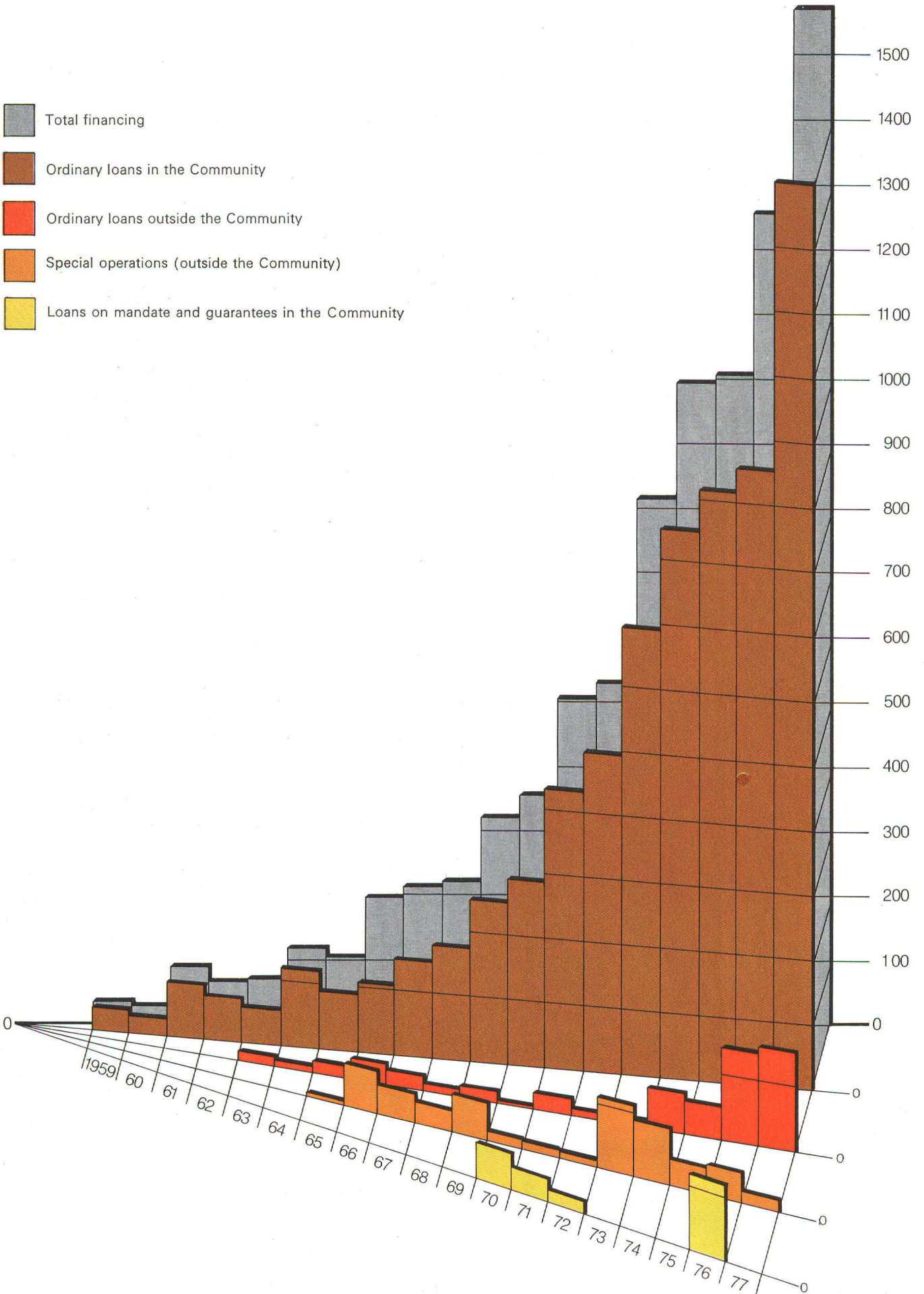
tries by the Community during the coming years; of this amount more than one thousand million will be managed by the EIB in accordance with the decision of its Board of Governors. In addition, as a first instalment of emergency aid in the form of loans for reconstruction in Lebanon, the Board authorised the Bank, at the end of 1977, to commit from its own resources an amount of 20 million within the ceiling for financing outside the Community fixed on 15 March 1976. These provisions are expected to become effective in the course of 1978.

The Bank in collaboration with the Commission is participating in preparatory work and in missions to identify projects in the Mediterranean countries suitable for financing under the relevant protocols. It has already begun to examine projects in several countries so that operations can start without delay as soon as ratification procedures have been completed.

The ceiling fixed for Bank financing from its own resources as part of the various operations outside the Community planned for the years 1978 to 1981-1982 is of the order of 1 250 million, to which must be added some 400 to 500 million for special operations from budgetary funds to be managed by the Bank under mandates from the Community. The Bank's operations in the developing countries can therefore be expected to expand greatly to reach annual amounts of some 400 to 500 million, of which three quarters will come from the Bank's own resources; this compares with an annual average of about 50 million, some two thirds from funds provided by the Member States, from 1965 to 1973, and around 150 million from 1974 to 1977.

Development of the Bank's activities

(million u.a.)



Financing provided in 1977

In 1977, the European Investment Bank signed finance contracts for a total of 1 571.5 million units of account ⁽¹⁾, compared with 1 273.3 million in 1976 and 1 006.5 million in 1975.

The Bank mainly grants loans from its own resources and provides guarantees (ordinary operations). In certain countries outside the Community it also acts as agent of the Member States or the Community in administering budgetary funds in implementation of the Community's economic and financial cooperation policy (special operations).

Table 1: Financing provided in 1977 and from 1958 to 1977
Broad breakdown by type of operation and project location

	1977			1958-1977		
	Number	Amount (m u.a.)	%	Number	Amount (m u.a.)	%
Ordinary operations						
within the Community	82	1 401.3	89.2	651	7 406.8	87.1
outside the Community	20	152.0	9.6	88	571.0	6.7
Total	102	1 553.3	98.8	739	7 977.8	93.8
Special operations ⁽¹⁾						
outside the Community	11	18.2	1.2	113	527.8	6.2
Grand Total	113	1 571.5	100.0	852	8 505.6	100.0

⁽¹⁾ Loans on special conditions and contributions to risk capital financed from budgetary resources for the account of, and under mandate, from the Member States or the European Economic Community. These operations are accounted for in the EIB's Special Section.

The amount outstanding on loans granted from the Bank's own resources and guarantees rose from 5 808.6 million at 31 December 1976 to 6 966.2 million at 31 December 1977, an increase of around 20 %.

⁽¹⁾ Except where otherwise indicated, all amounts quoted are expressed in units of account (see page 6). Differences between the totals shown and the sum of individual amounts are due to rounding.

Almost 70 % of total Bank lending within the Community went to projects contributing to regional development, mainly in Italy, the United Kingdom and Ireland. The overriding concern was to foster employment; this was reflected in a 43 % upswing in lending to industry, particularly in the form of global loan allocations to smaller ventures. The projects financed are expected to generate some 17 000 permanent jobs and safeguard another 2 750; energy and infrastructure schemes supported by the Bank should give rise to 100 000 temporary jobs during the construction periods, ranging from 2-6 years.

Operations within the Community

loans for 1 401.3 million in Member Countries

During 1977, the EIB granted loans totalling 1 401.3 million units of account for projects located in the Member Countries or of direct benefit to the Community, compared with 1 086 million in 1976. These loans accounted for 89.2 % of the Bank's total financing activity for the year and for 90.2 % of all loans granted from the Bank's own resources.

The main features of the Bank's lending activity within the Community can be summarised as follows:

of which 70 % for projects of regional interest

— The 29 % increase compared with 1976, which was achieved against a difficult economic background, goes some way to meeting the European Council's wish to see the Bank contribute, by raising the level of its operations, to creating jobs, achieving a higher level of investment and reducing differences in economic performance between Member Countries.

— The volume of lending for projects contributing to the development or conversion of regions in difficulty continued to rise, representing almost 70 % of total lending.

— The volume of loans in favour of projects of common interest to several Member States also increased; three quarters of these loans went towards investment projects improving Community energy supplies.

a further increase in lending to industry

— A further substantial increase was recorded in loans for industrial projects and, within these, in global loans for small and medium-sized businesses; financing for infrastructure projects also rose significantly, especially loans for water schemes.

creation of almost 17 000 permanent jobs and 100 000 temporary jobs

Bank financing during the year helped to fund investment worth around 6 200 million units of account, compared with 5 300 million in 1976. The projects in question should make for the direct creation of some 16 590 permanent jobs as well as stabilising another 2 750 jobs.

The above calculations relate principally to industrial projects. Investment in the energy and infrastructure fields has a by no means negligible impact on job creation, through the other economic activities that they make possible, but the benefits, being largely indirect, cannot be readily quantified. The construction of infrastructure projects, together with the production of the materials and equipment to be incorporated in them, can have significant temporary effects on employment, both directly and indirectly. Calculations suggest that carrying out the energy and other infrastructure projects which the Bank helped to finance in 1977 may generate something like 400 000 man-years of employment: that is the equivalent of some 100 000 jobs during the construction periods involved, which range from 2 to 6 years according to the project concerned. This calculation does not include the similar effects that industrial projects also create during their construction.

objectives of Bank financing

The Bank's financing 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 projects financed.

The economic policy objectives which EIB financing must meet within the Community are defined in Article 130 of the Treaty of Rome. In practice, the Bank finances:

regional development

*– In the first place, projects contributing to the economic advancement of regions eligible for financial aid under national regional aid schemes — **projects of regional interest.***

common interest to several Member Countries

*– Projects of common interest to several Member Countries or benefiting the Community as a whole – referred to hereafter as **projects of common interest,***

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

or because they contribute to the attainment of Community objectives such as environmental protection, the introduction of advanced technologies and, above all, better energy supplies.

sectoral interest

*– Projects to modernise or convert enterprises or to create new activities the need for which is dictated by structural difficulties affecting certain sectors – **projects of sectoral interest.***

Projects for which the Bank provides financing can usually be classified by reference to a single objective, but certain projects contribute simultaneously to more than one objective. For example, a project classified as being of common interest to several Member States might also contribute to the development of a region qualifying for Bank financing.

Projects of regional interest**964.4 million for developing less favoured regions**

The volume of loans granted for projects making a contribution to the development or conversion of less favoured regions with acute employment problems once again increased substantially in 1977 when it reached 964.4 million compared with 820 million in 1976. Within this total, the bulk of which went towards projects in regions accorded priority, 56.9 million was for projects which were also of common interest.

Some 546.1 million (around 57 % of the total amount) went towards financing infrastructural projects, such as water supply and sewage treatment schemes, the improvement of communications systems and, to a lesser extent, transport infrastructure, agricultural development and energy supply installations necessary for the

economic development of the regions concerned. Of the remaining 43 %, 327 million was allocated to large industrial undertakings (mainly in the iron and steel industry and mechanical engineering) and 91.3 million to intermediary institutions, in the form of global loans for on-lending to small and medium sized businesses.

mainly in the United Kingdom, Italy and Ireland

Loans justified by their regional interest were granted for projects located in the United Kingdom (42.5 %), Italy (39.2 %), Ireland (8.3 %), France (7.9 %) and Denmark (2.1 %).

409.6 million in the United Kingdom for regional development

The greatest increase in financing for projects of regional interest was recorded in the **United Kingdom** where the total was 409.6 million compared with 288.8 million in 1976. This was fairly evenly divided between infrastructure (231.2 million) and industry (178.4 million); within infrastructure there was a heavy concentration of loans on water scheme projects (179.5 million) and within industry on major projects for modernising the iron and steel industry (147.8 million). The Bank also granted several loans for extending or improving telecommunications and rail transport, extending electricity transmission networks and financing small and medium-scale industrial ventures.

mainly in Scotland and the North of England

In **Scotland**, loans totalling 158.4 million were granted for improving the water supply system in the Edinburgh region and for improving the electricity transmission network in the south of Scotland, on the Isle of Skye and in three of the Orkney Islands not previously connected to the network. Three other loans granted to the British Steel Corporation (107.4 million) will contribute to extending and modernising the Ravenscraig integrated iron and steelworks in the Strathclyde region, where almost all Scottish steel production will be concentrated, and to the modernisation of iron and steel foundries.

Lastly, the Bank provided financing for the modification or construction of four service depots for high speed trains which will come into service between London and Edinburgh in 1978-1979.

147.8 million for modernising the iron and steel industry

In the **North** of England, the Bank contributed a total of 81.9 million towards the financing of five projects. Two of these concerned water supply schemes: the Kielder dam and the associated aqueducts and tunnels connecting up the different catchment reservoirs, for which the Bank had already provided financing in 1975 and 1976, and the raw water supply system and sewage disposal installations for the industrial zone on Teesside, which will play an important role in the region's industrial development. Other projects are concerned with rationalising, without expanding, the iron and steel industry in the region, which is the chief sector in difficulty. These are: construction of a plant to unload ore at Redcar; the modernisation of a factory at Templetown supplying refractory bricks for coke ovens; iron foundries at Distington and Workington; and, lastly, the construction of a refinery at Port Clarence producing benzene from the crude benzol obtained as a by-product of coking plants.

179.5 million for water schemes

Bank financing for projects to improve water supply schemes and sewerage and sewage treatment installations was provided in four other regions: the **North-West**, **Yorkshire**, south-east **Wales** and the **South-West** (Cornwall). In

Northern Ireland, a loan for 27.9 million will go to part-finance extension and modernisation of the telecommunications system.

30.6 million for small and medium-scale industrial ventures

In addition, a contract of mandate and guarantee was signed with the British Government, under which loans for an aggregate of 30.6 million can be granted, with EIB approval, for financing small and medium-scale businesses in the assisted areas of the United Kingdom. Loan allocations will be disbursed to the ultimate borrowers for the most part in foreign currency, and the Government will provide exchange risk cover and give its guarantee on individual loans. Moreover, under a new scheme agreed with the Bank, the British Government will guarantee the exchange risk on direct EIB loans to private sector promoters with maturities of up to 10 years.

in Italy, 378.5 million for development in the South and Friuli

In Italy, finance for the development of the Mezzogiorno and of Friuli, a region struck by disastrous earthquakes in 1976, showed a further rise, totalling 378.5 million, compared with 347.1 million in 1976, divided more or less equally between infrastructural and industrial investment.

The downturn in Cassa per il Mezzogiorno activity, which somewhat influenced the volume of finance going towards infrastructure (189.4 million), reflected a trans-

Financing operations in the Community

Breakdown by economic policy objective

1958 to 1977

1977

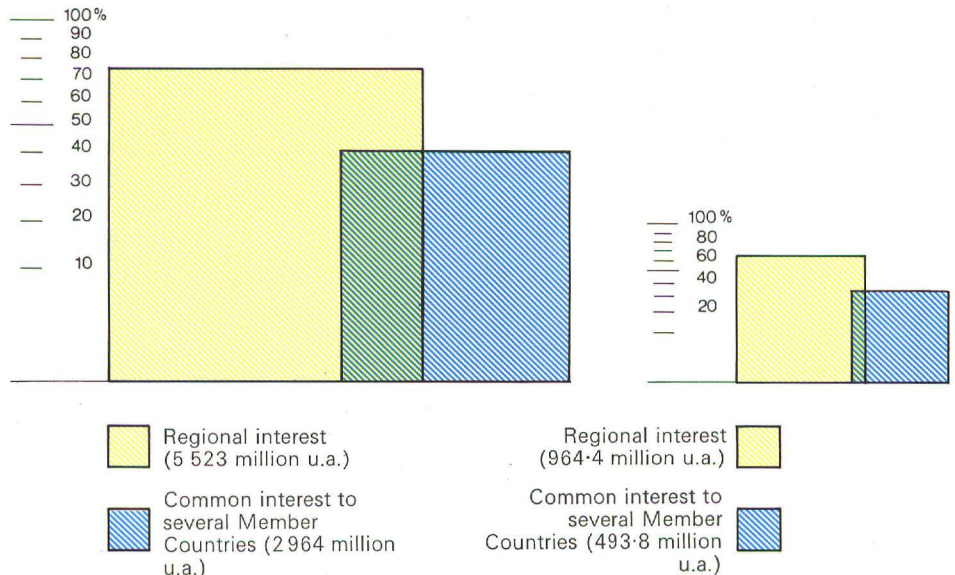


Table 2: Financing provided within the Community in 1977 and from 1958 to 1977

Breakdown by economic policy objective

Objective	1977		1958-1977 (4)	
	Amount (million u.a.)	%	Amount (million u.a.)	%
Regional development (1)	964.4	100.0	5 523.0	100.0
Belgium	—	—	75.1	1.4
Denmark	19.9	2.1	55.6	1.0
Germany	—	—	366.4	6.6
France	76.7	7.9	922.8	16.7
Ireland	79.7	8.3	243.8	4.4
Italy	378.5	39.2	2 579.0	46.7
Luxembourg	—	—	4.0	0.1
Netherlands	—	—	70.5	1.3
United Kingdom	409.6	42.5	1 205.8	21.8
Common interest to several Member Countries (2)	493.8	100.0	2 964.0	100.0
Energy	374.6	75.8	1 864.8	62.9
Thermal power stations	12.8	2.6	43.3	1.5
Hydroelectric and pumped storage power stations	—	—	141.3	4.8
Nuclear	273.7	55.4	872.2	29.4
Development of oil and natural gas deposits	83.4	16.9	342.0	11.5
Solid fuel extraction	—	—	27.9	0.9
Gaslines and oil pipelines	4.7	0.9	438.1	14.8
Communications	86.6	17.6	706.7	23.9
Transport	26.9	5.5	616.5	20.9
Railways	—	—	103.9	3.5
Roads, bridges and tunnels	26.9	5.5	450.8	15.2
Shipping	—	—	40.4	1.4
Airlines	—	—	16.5	0.6
Other	—	—	4.9	0.2
Telecommunications	59.7	12.1	90.2	3.0
Other infrastructure	—	—	16.3	0.5
Protection of the environment	2.7	0.5	20.7	0.7
Industrial cooperation	29.9	6.1	243.6	8.2
Research	—	—	2.8	0.1
New technology	—	—	19.7	0.7
Modernisation and conversion of undertakings (3)	—	—	89.4	3.0
<i>Deduct to allow for duplication in the case of financing justified on the basis of both objectives</i>	<i>- 56.9</i>		<i>- 1 080.2</i>	
Total	1 401.3		7 406.8	

(1) Article 130 (a) and (b) of the Treaty of Rome.

(2) Article 130 (c) of the Treaty of Rome.

(3) Article 130 (b) of the Treaty of Rome; these projects, classified before 1976 under the heading 'sectoral interest', have now been included under 'Common interest to several Member Countries' by way of simplification and in view of the modest amount involved.

(4) 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 1977.

The authorities responsible for economic development in Italy attach considerable importance to harnessing water resources in the Mezzogiorno with a view to boosting agricultural productivity through irrigation and providing regular supplies to towns and industrial areas. Major water supply, sewerage and sewage disposal schemes are being carried out in several regions of the United Kingdom. To help with such projects, and also similar schemes in France and Ireland, the EIB lent 285.7 million, more than double the amount provided in 1976.

itional period between the completion of a series of major communications infrastructure projects and the approval of the 1975-1980 programme, in which water schemes are a key element. Lending to industry, however, showed a distinct rise, in spite of the extremely difficult economic situation, as the result of a number of major operations in respect of large-scale projects (137.1 million), at a time also when global loans for financing small and medium-scale industrial ventures were again expanding (49.6 million).

Of loans granted for regional development, about half went for projects located in Apulia and Calabria, two of the country's most peripheral regions.

industrial projects in Apulia

In **Apulia**, a further loan (29.8 million) was granted for the Sinni water scheme, the benefits of which will accrue also to **Basilicata**. The bulk of EIB financing (78 million) went for industrial projects in a number of the most vigorous centres of development in the Mezzogiorno: expansion of a fork-lift truck plant at Bari, the construction of a diesel engine factory at Foggia by Italian and French promoters, expansion and modernisation of a petrochemicals complex and a plastics packaging plant at Brindisi, improvement of a heavy plate mill and provision of anti-pollution installations at the Taranto iron and steel complex.

tapping of water resources in Calabria

In **Calabria**, the Bank advanced 34.2 million to the Cassa per il Mezzogiorno to finance a 10 600 hectare irrigation scheme, part of an ambitious programme, already funded for 18.7 million by the Bank in 1974, to exploit water resources for agriculture, industry and energy production. Finance was also provided for the improvement of telecommunications in Calabria and Basilicata, in the form of a loan for 24.8 million.

roads, telephones, port works and industry in Campania

In **Campania**, four loans were granted, for an aggregate of 49.3 million. In Naples, the city's vital role as a hub of development in the Mezzogiorno will be enhanced by improvements to access roads and container port installations. In industry, some 1 400 jobs will be created directly in one of Italy's poorest areas by the construction in Avellino Province of a copper wire rod continuous casting and rolling mill and a bus coachwork plant.

and in other parts of the Mezzogiorno

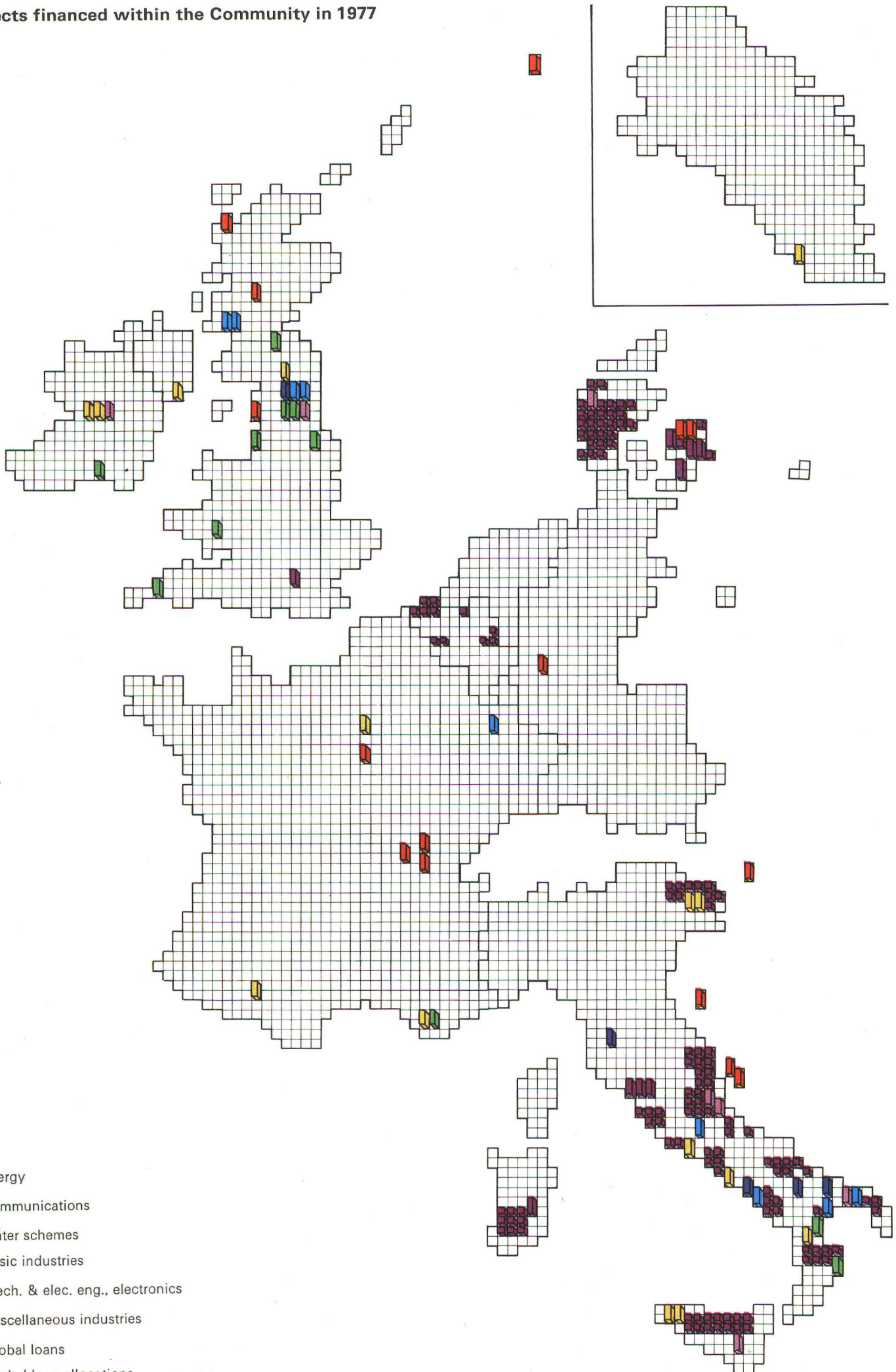
In **Sicily**, loans totalling 36 million were channelled into extensions to the telephone system, the Palermo by-pass and construction of a plastic tubing plant at Caltagirone in Central Sicily.

In **Abruzzi**, the EIB granted two loans, one towards the construction of a float glass factory at San Salvo (23.8 million), and the other to finance the creation of a training centre for telecommunications engineers at l'Aquila (2.5 million).

In **Latium** and **Molise**, the Bank financed two reinforced concrete modules prefabrication plants, one at Ceprano and the other at Termoli.

In **Sardinia**, Credito Industriale Sardo (CIS) negotiated its fifth global loan with the Bank (6.9 million), for financing small and medium-scale ventures.

Projects financed within the Community in 1977



- Energy
- Communications
- Water schemes
- Basic industries
- Mech. & elec. eng., electronics
- Miscellaneous industries
- Global loans
- Global loan allocations

financing 91 small and medium-scale ventures

This apart, the Bank granted three global loans totalling 42.7 million, to Istituto Mobiliare Italiano, Banca Nazionale del Lavoro and ICIPU – Istituto di Credito per le Imprese di Pubblica Utilità, the proceeds of which will be on-lent with EIB approval for small and medium-scale industrial ventures throughout the **Mezzogiorno**.

In 1977, credit drawn down from global loans financed the allocation of 37.7 million in support of 91 small and medium-scale ventures, involving a total investment of 91.4 million and the direct creation of an estimated 3 200 jobs. Distribution of the funds was as follows: Abruzzi and Sicily each received 5.5 million, for 14 ventures in both cases; Apulia received 4.6 million, for 11, Calabria 4 million (7), Sardinia 3.8 million (9), Campania 3.3 million (10), The Marches 2.8 million (6), Latium 2.5 million (7) and Basilicata and Molise 400 000 each.

telephones and roads in the Friuli disaster area

In Friuli, devastated by earthquakes in 1976, 5 million was drawn down from global loans to finance eleven ventures, in addition to which the Bank provided loans (47.2 million) to finance additional telephone installations and the Udine-Carnia motorway, where earthquake damage was made good and the completion of the road put in hand.

in Ireland, 79.7 million for infrastructure and industrial buildings

Loans for regional development projects in **Ireland** totalled 79.7 million, used for financing infrastructure and industrial buildings. A further 26 million was advanced for improvements to telecommunications, in line with the 1973-1978 five-year plan, investments under which had already attracted four loans from the Bank, for a total of 87.2 million. A 20 million loan went in support of road schemes serving industrial and tourist centres, and a loan for 15.3 million financed a water supply scheme for Cork and its industrial areas.

Together totalling 18.4 million, three loans were granted to public regional development and industrial promotion agencies to finance construction of advance and custom-built factories for sale or lease to promoters setting up in Ireland, and of three landing strips to give access to factories located in the western part of the country.

in France, 76.7 million

for a steelworks in Lorraine

In **France**, loans for two infrastructure projects and an industrial venture offering regional benefits brought total lending for the year to 76.7 million. A loan for 19.6 million was granted towards the modernisation of the Sollac steelworks at Serémange, Moselle, as part of the restructuring programme for the Lorraine iron and steel industry. The other two loans contributed to the extension and modernisation of telecommunications in the Midi-Pyrénées region, and to the irrigation of 8 800 hectares and water supply schemes in Var and Bouches-du-Rhône. The latter project forms part of the overall water resources utilisation scheme for Provence, funds for which were previously advanced by the Bank in 1964 and 1969.

telecommunications in the South-West and irrigation in the South-East

in Denmark, funds for industry

Operations in **Denmark** showed a strong bias in favour of industry, which attracted 12.8 million of the 19.9 million loaned for projects of regional interest; 11.1 million of this took the form of four global loans, in addition to a 1.7 million loan for a biscuit factory in North Jutland.

**and for an airport in
Greenland**

In addition, a loan for 7.1 million went to Greenland, where there is a pressing need to improve internal communications, to part-finance construction of an airport enabling STOL aircraft to serve the main towns.

Two of the global loans were contracted with the Danish Government for crediting to the Regional Development Board and the other two with the Finansieringsinstituttet for Industri og Håndværk. In three years, 47 allocations to small and medium-scale ventures have been made from global loans for a total of 19.7 million in the development areas of Denmark, 12.9 million having been drawn down in 1977 alone.

Projects of interest to several Member Countries

**493.8 million for projects
of interest to several
Member Countries**

In 1977, the EIB granted finance totalling 493.8 million, or 35.2 % of all its lending within the Community, towards investment benefiting several Member Countries (see above, p. 22). These included 56.9 million for two projects in Italy already cited for their regional interest.

**three quarters for
energy supplies**

More than three quarters of the total (374.6 million) went for projects serving to improve the Community's energy supplies: the bulk for nuclear investment (273.7 million) and the development of oil and gas deposits (83.4 million), although finance was also provided for equipment to permit continued coal-firing at two power stations (12.8 million) and for a gasline (4.7 million). Other loans were for roads (27 million) and telecommunications between Member Countries (59.7 million), anti-pollution installations (2.7 million) and the construction of a diesel engines factory in Italy (30 million), a joint venture between Italian and French backers to which reference has already been made in connection with its contribution to regional development in Apulia.

**four nuclear
power stations**

In line with the Community's energy policy guidelines, the Bank supported the **nuclear sector** with credit for four power stations: Heysham (80 million) near Lancaster in North-West England, with a net capacity of 1 240 MW; Mülheim-Kärlich (28.4 million) near Koblenz, Rhineland Palatinate in West Germany (1 220 MW); and two plants in France: Dampierre-en-Burly, Central France (30 million), and the fourth stage of Bugey, Rhône-Alpes (27.4 million), each rated at 900 MW.

**Super-Phénix fast
reactor**

In addition, a loan for 50 million was granted towards the 1 200 MW Super-Phénix fast reactor, under construction at Creys-Malville, Rhône-Alpes by the NERSA company, which is backed by Electricité de France — EDF — its Italian counterpart ENEL and various electricity producers from Germany, Belgium, the Netherlands and the United Kingdom. The chief interest of this type of plant is a far lower specific consumption of uranium than other types of nuclear reactor.

Once fully on stream, these five nuclear plants will together generate some 33 TWh per annum of electricity, which is about the annual consumption of a population of 20 million. To produce the same amount of power by conventional plant

would use some 7.5 million tonnes of fuel oil: this gives a measure of the savings in petroleum imports that will be achieved by the Community.

the Eurodif uranium enrichment plant

Another loan for 50 million went to part-finance the Eurodif gaseous diffusion uranium enrichment plant being constructed at Tricastin, Rhône-Alpes by a consortium of French, Italian, Belgian, Spanish and Iranian promoters. The rated capacity of this factory is 10.8 million kg USW (units of isotopic separative work, measured in kilos). When it comes into production — scheduled for 1981 — the plant will be large enough to meet the bulk of the requirements of Community power stations for enriched uranium.

A 7.9 million loan to finance expansion of three plants producing equipment for the nuclear sector, at Florence and Massa Carrara in Tuscany and Talamona in Lombardy, rounds off the list of operations under the heading of common interest.

Acting as agent for Euratom, the Bank, with the Commission, also signed contracts for loans to finance the Mülheim-Kärlich and Super-Phénix nuclear power stations, amounting to 73.3 million and 22.2 million respectively. These operations are managed by the Bank but they are accounted for off balance sheet in the Special Section (see p. 61) and are not included in the statistics of the Bank's activity.

and development of oil and gas deposits in the Adriatic and the North Sea

Four loans were granted in support of the development of **oil and gas** resources within the Community or adjacent areas. These related to five small gasfields (39.3 million) in the Adriatic, off the coasts of Emilia Romagna and The Marches in Italy, and the Frigg Field (44.1 million) in the Norwegian sector of the North Sea. The development of this field, which straddles the border between the British and the Norwegian sectors of the North Sea, has already been financed on a number of occasions by the Bank. It is estimated that when in full production it could cover up to 6 % of the Community's natural gas requirements. A further loan (4.7 million) was also granted in support of increasing the capacity of the Trans-Austria Gasline which carries gas from the Soviet Union across Austria to the Community's pipeline system. This scheme attracted two loans from the EIB in 1973, for a total of 43.3 million. Although located outside the Community, it was possible to finance these last two projects, by virtue of special authorisations from the Board of Governors acting under Article 18 of the Bank's Statute.

Two loans were granted (12.8 million total) to finance conversion to coal-firing of a 255 MW unit of the Asnæs power station to the west of Copenhagen and the provision of anti-pollution equipment to cater for coal-firing at both Asnæs and Kyndby (West Zealand) power stations. Together, these two plants account for almost one fifth of Danish electricity production, and they will thus help to reduce the country's dependence on oil imports.

89.3 million for communications in the Community

Three loans were made in respect of communications infrastructure within the Community; two, totalling 27 million, went to rebuild structures on the Udine-Carnia motorway in Friuli, Italy, and complete this road link, which forms part of the motorway grid connecting Italy with Germany via Austria. It has already been men-

Lending to industry amounted to 426.2 million u.a., or nearly one third of EIB financing within the Community in 1977. The iron and steel sector, where a substantial capital input was called for to aid modernisation and reorganisation, benefited more than any other; a number of schemes in the United Kingdom, Italy and France attracted close on 200 million. In industry as a whole there were 168 operations, including 133 credits for smaller ventures, two thirds of which were located in Italy and the remainder in Belgium and Denmark.

tioned for its regional interest. The third loan, for 59.7 million, helped to finance development of France's international telecommunications system. Completion of the project will give all subscribers in France access to the international STD system, as well as providing one third more international telex circuits.

Finally, in recognition of the Community's concern about pollution in the Mediterranean, the Bank granted a 2.7 million loan towards installations in the port of Fos, near Marseilles, for treating ballast water discharged by oil tankers and rinsing out their tanks.

Projects of sectoral interest

support for industrial modernisation and restructuring

Certain sectors of industry in the Community are for various reasons facing difficulties that hold serious implications for many regions. Companies have to modernise and restructure, and some of the operations by the Bank have helped, if only indirectly, to bring about the requisite investment.

Projects financed in the motor (62.1 million) and chemicals (6.6 million) industries in the handicapped areas of Southern Italy, for instance, featured in the restructuring, modernisation and relocation programmes devised for key sectors. Similarly the considerable sums advanced by the Bank for infrastructure, particularly water schemes in the old-established industrial areas of the United Kingdom (225 million), helped to improve the whole context in which industry operates and to foster the emergence of new activities.

The whole of the Bank's lending in support of investment in the British, Italian and French iron and steel industries (197.5 million) ⁽¹⁾ was in practice related to modernisation and restructuring projects, even though they were financed in consideration of their regional interest.

Sectoral breakdown

marked upturn in industrial lending

Financing of industrial investment rose by about 43 % in 1977, and totalled 426.2 million, or 30.4 % of the finance advanced within the Community (see Table 3, p. 34). Heading the list of sectors by far was metal production and semi-processing, mainly with loans for modernising and restructuring major iron and steel undertakings in the United Kingdom, Italy and France. Some way behind came motor vehicles, mechanical engineering, glass production and chemicals. In various other sectors a considerable number of ventures were financed, although for smaller amounts, generally through allocations from global loans. Almost one fifth of all funds advanced in this form, for instance, went to the food manufacturing industry. A new departure for the Bank was the provision of finance for the construction, in Ireland, of industrial buildings designed to help investors, especially from abroad, to install themselves and get into production.

(1) Including 33.9 million lent to BSC for projects which, strictly speaking, are outside the steel industry but linked closely to it.

Table 3: Financing provided within the Community in 1977
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 (1)	46		975.1		69.6
Energy	16		379.4		27.1
Production	13		361.9		25.8
<i>Nuclear</i>	6		265.7		19.0
<i>Thermal power stations</i>	2		12.8		0.9
<i>Development of oil and natural gas deposits</i>	5		83.4		5.9
Transmission	3		17.5		1.3
<i>Power lines</i>	2		12.8		0.9
<i>Gaslines and oil pipelines</i>	1		4.7		0.3
Communications	16		310.0		22.1
Transport	9		96.4		6.9
<i>Railways</i>	1		11.0		0.8
<i>Roads</i>	5		68.7		4.9
<i>Shipping and inland waterways</i>	2		9.6		0.7
<i>Air transport</i>	1		7.1		0.5
Telecommunications	7		213.6		15.2
Water	14		285.7		20.4
Agricultural development	2		61.1		4.4
Water catchment, treatment and supply	12		224.6		16.0
Industry, agriculture and services	169	133	426.2	57.8	30.4
Industry (2)	157	122	420.0	54.0	30.0
Mining and quarrying*	1	1	1.7	1.7	0.1
Metal production and semi-processing*	16	9	171.6	4.3	12.2
Construction materials*	14	12	8.2	4.8	0.6
Woodworking	8	8	2.3	2.3	0.2
Glass and ceramics	3	1	30.0	0.2	2.1
Chemicals*	9	7	20.1	3.1	1.4
Metalworking and mechanical engineering	24	20	41.3	8.5	2.9
Motor vehicles, transport equipment	6	3	55.8	1.0	4.0
Electrical engineering, electronics	7	7	3.9	3.9	0.3
Foodstuffs	29	28	13.2	11.5	0.9
Textiles and leather	7	7	3.1	3.1	0.2
Paper and pulp*	4	4	3.2	3.2	0.2
Rubber and plastics processing	10	8	11.2	3.9	0.8
Other	4	4	1.5	1.5	0.1
Building – civil engineering	3	3	1.0	1.0	0.1
Industrial estates and buildings	3		18.4		1.3
Unallocated amount of global loans	9		33.5 (3)		2.4
Agriculture, forestry, fishing	6	6	1.9	1.9	0.1
Services	6	5	4.3	1.9	0.3
Tourism	1	1	0.3	0.3	–
Other services	5	4	4.0	1.6	0.3
Grand Total	215	133	1 401.3	57.8	100.0

(1) Replaces 'Infrastructure' heading in previous Annual Reports without affecting sub-categories.

(2) Of which basic industries (marked with an asterisk): 204.8 million.

(3) Difference between the sum of the 9 global loans granted in 1977 (91.3 million) and the sum of allocations from current loans approved during the year (57.8 million).

especially for small and medium-scale industrial ventures

Global loans showed vigorous new growth in 1977, rising from 61.2 million to 91.3 million. Contracts were signed with intermediary institutions in Italy, the United Kingdom and Denmark, giving scope for providing many small and medium-scale ventures with credits of from 50 000 to 4 million.

There was equally an appreciable surge in demand for this type of funding during the year, with 133 small and medium-sized ventures receiving 57.8 million, compared with 86 allocations for a total of 47.5 million in 1976. About two thirds were in Italy and the remainder divided between Denmark and Belgium, where further funds were drawn down from a global loan granted in 1976. The increase in the number of allocations was greater than the overall rise in volume; the average allocation dropped from 550 000 u.a. to 430 000, which reflects the heavier concentration on smaller ventures. Four fifths of the sub-loans in fact went to independent firms employing less than 500 people.

The point to be made here is that the chief benefits of operations of this kind reside in their contribution to regional development, by expanding the number and range of industrial activities in labour-intensive sectors. The investment so financed in 1977 should help directly to create some 4 100 jobs, at an average investment cost per job created of 35 000 units of account, compared with 94 000 for larger industrial projects.

rate of lending for energy projects remains high

Lending for **energy** projects remained almost exactly at the 1976 level, at 379.4 million compared with 376.5 million. This accounted for 27 % of all financing within the Community. The bulk of the funds went for investment in power stations and the development of oil and gas deposits, already described in the section on projects of common interest to several Member Countries.

finance for water schemes doubles

Infrastructure of all kinds attracted finance totalling 595.7 million, or 42.5 % of all funds advanced over the year, with water schemes and telecommunications heading the list. Lending in support of **water** supplies, drainage and effluent treatment projects and **agricultural development** schemes more than doubled in 1977, to total 285.7 million. In many regions, especially in Italy and the United Kingdom, water schemes are a prerequisite for any development programme of more than minor importance. Similarly the two agricultural development projects financed in South-East France and Calabria follow guidelines for the solution of agricultural problems in the Mediterranean area. **Telecommunications**, the inadequacy of which continues to inhibit development in some regions, attracted finance totalling 213.6 million, while loans for **transport** infrastructure (96.4 million) were again important.

Breakdown by country

Bank lending continued in 1977 to be concentrated very largely in those countries most severely affected by regional problems: Italy, the United Kingdom and Ireland, which between them accounted for 71 % of all credit advanced, while the volume of financing for nuclear plants in France was such that overall lending in that country showed a marked upturn.

More than 25% of Bank lending — 374.6 million u.a. — was channelled into projects serving to improve and diversify Community energy supplies, chiefly through exploiting oil and natural gas resources in the North Sea and the Adriatic and through developing the nuclear sector. Four power stations were financed in the United Kingdom, Germany and France. The Bank also provided backing for two other projects based in France, but of European importance: the Super-Phénix fast breeder reactor and the Eurodif uranium enrichment plant, both the outcome of close international cooperation.

In Germany and the Benelux countries, the number of promoters seeking funds from the Bank was limited by the low level of domestic rates, in comparison with those on the international capital markets where the EIB raises a large part of its resources. At the same time, borrowers in countries with weak currencies, in particular private borrowers, hesitated to take on loans in foreign currencies, and this also slowed down the demand for Bank loans. Measures to cover exchange risks were however adopted late in 1977 by the United Kingdom Government, as they had been in Italy some years ago.

489.6 million for projects in the United Kingdom

For the second year running, the **United Kingdom** received the largest volume of finance from the Bank: 489.6 million (£ 320.8 million), or 34.9% of all lending within the Community, compared with 417.6 million in 1976. Loan applications came without exception from the public sector and from nationalised undertakings, the exchange risk on whose borrowings is borne by the Treasury. The National Water Council, for instance, received close on 180 million u.a., and the British Steel Corporation 147.8 million.

425.7 million in Italy, half for industry

The volume of lending for projects in **Italy** also rose considerably, from 382.6 million in 1976 to 425.7 million (Lit 426 700 million), or 30.4% of all financing within the Community. Of these funds, 83% went for projects located in the Mezzogiorno, the exceptions being reconstruction works in Friuli and improvements to the country's energy supplies.

marked expansion in France

There was a 60.1 million increase in finance for projects in **France**, bringing the total for the year to 296.5 million (Ffrs 1 659.1 million), or 21.2% of lending within the Community. Much of the increase (157.4 million) could be attributed to the financing of a number of nuclear projects of common interest, two of which (Eurodif and Super-Phénix) involved international cooperation on a major scale.

in Ireland

Bank activity in **Ireland** continued to follow a rising trend, having moved from 37.7 million in 1975 to 57.4 million in 1976, to reach the figure of 79.7 million (£Ir 52.1 million) in 1977. These funds were used entirely for the provision of basic equipment of signal importance for the development of various regions of the country.

and in Denmark

Lending for projects in **Denmark** showed a noteworthy rise, from 9.1 million to 32.7 million (Dkr 223.4 million), over a third of which in the form of global loans.

In **Germany**, only one loan was granted in 1977. This was for 28.4 million (DM 74.9 million) in support of a nuclear power station.

No new finance contracts were signed in the **Benelux** countries, although in Belgium 11 allocations for small or medium-scale industrial ventures were approved, for a total of 7.2 million, from a global loan granted in 1976 to Société Nationale de Crédit à l'Industrie.

Finally, the Bank granted loans for two projects located **outside the Community**, one in Austria and the other in the Norwegian sector of the North Sea, by virtue of their contribution to the Community's energy supplies (48.8 million).

Table 4: Financing provided within the Community in 1977 and from 1958 to 1977
Breakdown by project location

Location	1977			1958-1977 ⁽¹⁾		
	Number	Amount (m u.a.)	% of total	Number	Amount (m u.a.)	% of total
Member Countries						
Belgium	—	—	—	9	112.0	1.5
Denmark	8	32.7	2.3	24	85.9	1.2
Germany	1	28.4	2.0	73	793.5	10.7
France	9	296.5	21.2	109	1 449.3	19.6
Ireland	6	79.7	5.7	21	243.8	3.3
Italy	32	425.7	30.4	320	3 039.3	41.0
Luxembourg	—	—	—	3	9.0	0.1
Netherlands	—	—	—	9	105.2	1.4
United Kingdom	23	489.5	34.9	77	1 458.3	19.7
Non-Member Countries ⁽²⁾	3	48.8	3.5	6	110.5	1.5
Total	82	1 401.3	100.0	651	7 406.8	100.0
(of which guarantees) ⁽³⁾	(—)	(—)	(—)	(12)	(228.2)	(3.1)

⁽¹⁾ See note 4 to Table 2, page 25.

⁽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 in the interest of, the Community.

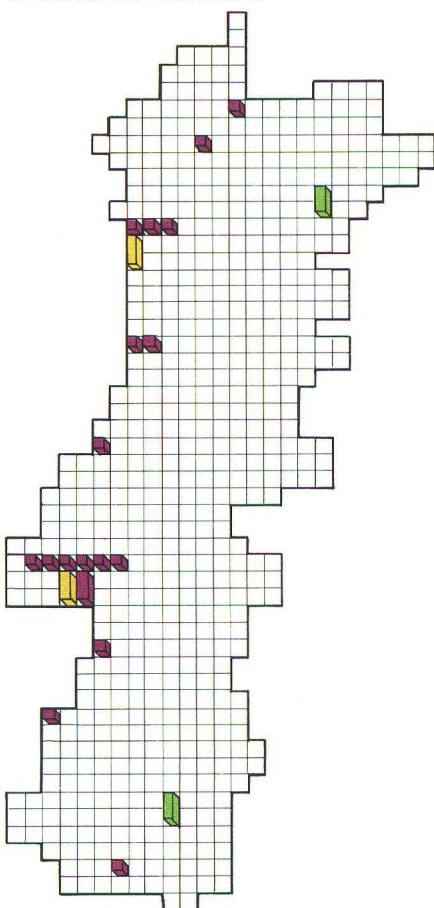
⁽³⁾ Of which Germany – 118.8 million; Italy – 90.2 million; Netherlands – 16.5 million; France – 2.7 million.

170.2 million for development cooperation

of which 152 million from the Bank's own resources

Projects financed in Portugal in 1977

-  Communications
-  Water schemes
-  Global loans
-  Global loan allocations



Operations outside the Community

Loans from the Bank's own resources came to 152 million, while special operations, which were restricted to risk capital financing under the Lomé Convention and the Council Decision concerning the OCT, amounted to 18.2 million. In Turkey, further credit was disbursed from global loans already concluded.

The increase in lending from the Bank's own resources could be ascribed to continued operations in the ACP countries and Portugal, and to the fact that the EIB mounted its first operation in Yugoslavia.

Portugal

The granting of five loans for a total of 60 million used up the balance of the 150 million set aside as exceptional emergency aid late in 1975. This was drawn from the Bank's own resources and carried an interest subsidy financed out of the Community budget.

Loans for 8 million and 16 million respectively helped to finance works to extend and modernise the ports of Lisbon, where a cargo and passenger wharf was reconstructed, and Leixoes (Oporto), where a second dock and container wharf are under construction.

In the agricultural sector, the Bank advanced 27 million for two irrigation and water supply schemes, complemented by extension programmes. The two areas developed — one in the north and the other in the Southern Alentejo — together cover some 10 000 hectares, supporting a farming population of 45 000, whose job prospects and standard of living will be improved. These projects will moreover help to limit rising food imports.

Lastly, a second global loan for 9 million was granted to the Banco de Fomento Nacional (Portuguese National Development Bank) to finance small and medium-scale ventures in industry and tourism. The funds placed at the disposal of this bank under a first global loan in 1976 (15 million) were used up in 1977, with the drawing down of credit totalling 11 million, benefiting 17 ventures. These represented every kind of sector, ranging from mechanical engineering to the construction industry, food manufacturing, etc. and will lead to the direct creation of over 1 860 jobs as well as safeguarding many others.

Turkey

A number of allocations were made from global loans contracted in 1975 and 1976, with credit totalling 3.6 million disbursed in support of seven smaller industrial ventures through the intermediary of SYKB (Industrial Development and Credit Bank). In 1977, this helped to finance investment in the mechanical engineering, metal processing, construction materials, chemicals and food manufacturing sectors. In addition approval was given for the first allocation from the

Table 5: Financing provided outside the Community in 1977 and from 1963 to 1977

Breakdown by project location

Location	1977			1963-1977 (1)		
	Number	Amount (m u.a.)	% of total	Number	Amount (m u.a.)	% of total
Ordinary operations						
Greece	—	—	—	22	116.4	10.6
Portugal	5	60.0	35.2	9	150.0	13.6
Turkey	—	—	—	2	25.0	2.3
Yugoslavia	1	25.0	14.7	1	5.0	2.3
ACP-OCT	14	67.0	39.4	54	254.6	23.2
Cameroon	2	4.7	2.8	12	35.4	3.2
Congo	—	—	—	1	9.0	0.8
Ivory Coast	4	21.6	12.7	14	72.8	6.6
Gabon	—	—	—	4	4.4	0.4
Ghana	—	—	—	1	10.0	0.9
Upper Volta	—	—	—	1	0.5	0.1
Mauritius	1	3.0	1.8	3	6.7	0.6
Kenya	4	25.9	15.2	5	27.9	2.5
Malawi	2	9.5	5.6	2	9.5	0.9
Mauritania	—	—	—	1	11.0	1.0
Senegal	—	—	—	2	3.9	0.4
Togo	1	2.3	1.3	3	22.3	2.0
Zaire	—	—	—	3	34.2	3.1
New Caledonia	—	—	—	2	7.0	0.6
Total	20	152.0	89.3	88	571.0	52.0
Special operations (2)						
Turkey	—	—	—	55	363.7	33.1
ACP-OCT (3)	11	18.2	10.7	58	164.1	14.9
Cameroon	—	—	—	7	26.2	2.4
Congo	—	—	—	3	6.7	0.6
Ivory Coast	1	0.3	0.2	12	37.9	3.4
Benin	—	—	—	1	3.3	0.3
Gabon	—	—	—	3	10.3	0.9
Ghana	—	—	—	1	2.0	0.2
Upper Volta	—	—	—	3	9.5	0.9
Kenya	1	1.1	0.6	1	1.1	0.1
Madagascar	—	—	—	1	1.9	0.2
Malawi	1	1.0	0.6	1	1.0	0.1
Mauritania	—	—	—	1	2.7	0.2
Rwanda	1	3.0	1.8	1	3.0	0.3
Senegal	—	—	—	3	6.5	0.6
Tanzania	2	7.4	4.3	2	7.4	0.7
Chad	—	—	—	2	8.7	0.8
Togo	2	3.3	1.9	3	5.3	0.5
Zaire	2	1.2	0.7	4	16.0	1.4
Surinam	—	—	—	1	1.9	0.2
Netherlands Antilles	—	—	—	1	4.4	0.4
Caribbean	1	1.0	0.6	1	1.0	0.1
New Caledonia	—	—	—	2	3.4	0.3
Réunion	—	—	—	2	2.8	0.3
Guadeloupe	—	—	—	1	0.7	—
Martinique	—	—	—	1	0.6	—
Total	11	18.2	10.7	113	527.8	48.0
(of which risk capital operations)	(11)	(18.2)	(10.7)	(21)	(40.9)	(3.7)
Grand Total	31	170.2	100.0	201	1 098.8	100.0

(1) See note 4 to Table 2, page 25.

(2) Operations on special conditions financed from the resources of Member States directly (Turkey) or through the intermediary of the European Development Fund (ACP-OCT) and accounted for in the Bank's Special Section.

(3) See Table 13 for the breakdown of operations according to type of financing and the Convention to which they relate.

global loan granted to the Turkish Government in 1976 for funding preinvestment expenditure. This was used to part-finance feasibility studies of a second crossing of the Bosphorus.

Yugoslavia

first loan to Yugoslavia

Following the authorisation given by the Board of Governors for the granting in Yugoslavia of 50 million units of account from the Bank's own resources, the EIB provided its first loan in that country, for 25 million, to finance high-voltage interconnections between the electricity grids of the Yugoslav republics, and connections with the Italian and Greek networks, making the project in question a matter of common interest to Yugoslavia and the Community.

African, Caribbean and Pacific States (ACP) ⁽¹⁾ and Overseas Countries and Territories (OCT)

85.2 million in the ACP States and the Caribbean

In 1977 the Bank mounted 25 financing operations for a total of 85.2 million in support of 19 projects located in nine countries in Africa and the Caribbean. These included fourteen loans totalling 67 million using the Bank's own resources, which attracted a 3 % interest subsidy borne by the European Development Fund (EDF), and eleven risk capital financing operations for a total of 18.2 million, also using the resources of the EDF. Since the Lomé Convention came into force on 1 April 1976, the Bank has made 37 advances of funds, for a grand total of 146.8 million, consisting of 19 loans from its own resources for 108.4 million and 18 risk capital operations, for 38.4 million.

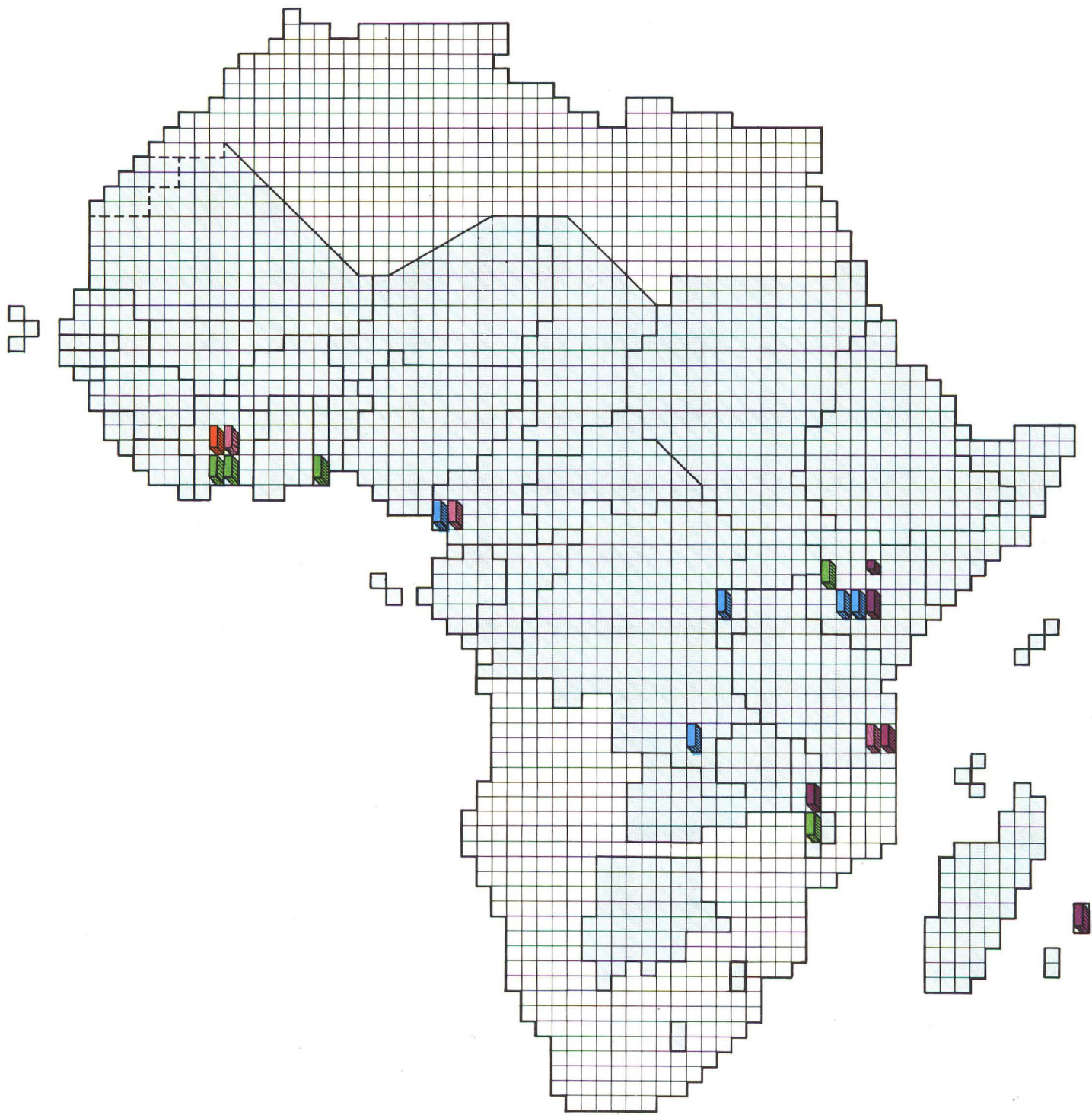
Risk capital has been employed by the Bank in two ways. It can be used to finance the purchase of shares in enterprises to increase their equity base. These purchases may be direct, that is, by the Bank on behalf of the Community, or indirect, that is, through the ACP State in question or a national development agency. Alternatively, risk capital may be contributed as quasi-capital, channelled through an ACP government or financial institution in the form of subordinated or conditional loans. Risk capital has on a number of occasions financed projects for which the Bank has also granted ordinary loans. The medium is so diverse and the terms and conditions so flexible that it can be tailored to individual projects and can accommodate all manner of financing needs, notably in the least developed ACP countries.

27 million for industrial projects in Kenya

In Kenya, total lending came to 27 million (25.9 million from the Bank's own resources and 1.1 million as risk capital):

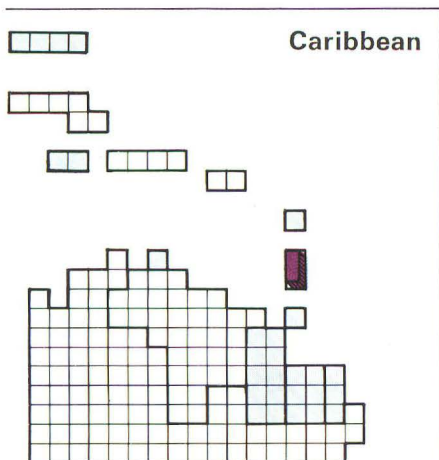
(i) 12 million for the South Nyanza Sugar Company Ltd, towards construction of a 60 000 tonnes per annum sugar factory. This project, also financed by the World Bank, the African Development Bank and the East African Development Bank, will help to cut back imports as well as create 8 000 jobs;

⁽¹⁾ **Africa:** Benin, Botswana, Burundi, Cameroon, Cape Verde Islands, Central African Empire, Chad, Comoro State, Congo, Equatorial Guinea, Ethiopia, Gabon, the Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Jibuti, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Niger, Nigeria, Rwanda, Sao Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Uganda, Upper Volta, Zaïre, Zambia; **Caribbean:** the Bahamas, Barbados, Grenada, Guyana, Jamaica, Surinam, Trinidad and Tobago; **Pacific:** Fiji, Papua-New Guinea, Tonga, Western Samoa.



Projects financed in the ACP-States and the OCT in 1977

-  Energy
-  Agric. food industries
-  Basic industries
-  Miscellaneous industries
-  Global loans
-  Global loan allocations



(ii) 7 million for the Kenya Furfural Company Ltd (a 5.9 million loan from EIB own resources, plus a 1.1 million contribution to risk capital to finance acquisition by the Bank of a holding in the company's capital on behalf of the EEC). Furfural, which is used in the manufacture of certain lubricating oils, while its derivative, furfuryl alcohol, is used in precision casting processes, is extracted from maize husks, which hitherto have had no commercial value. Production will be exported in its entirety and 300 jobs created;

(iii) 3 million for the East African Portland Cement Company Ltd, to part-finance expansion of its cement plant near Nairobi, raising capacity from 250 000 tonnes per annum to 375 000;

(iv) 5 million for the Industrial Development Bank (IDB) to finance small and medium-scale industrial ventures. This was the second global loan to Kenya, 2 million having been advanced in this form in 1976 to the Development Finance Company of Kenya Ltd.

**21.9 million for energy,
tourism and industry
in the Ivory Coast**

In the Ivory Coast, four projects received a total of 21.9 million (21.6 million from the Bank's own resources and 300 000 in the form of risk capital):

(i) 11 million for Société Energie Electrique de Côte d'Ivoire for the installation of an electricity dispatching and monitoring centre and the erection of a high-voltage power line to transmit hydroelectricity to the Abidjan area;

(ii) 7.5 million for the state-owned Palmindustrie, towards construction of a palm and coconut oil mill to make fuller use of agricultural resources in the Ivory Coast, directly creating 200 jobs;

(iii) 1.7 million for Société Immobilière de la Lagune, to finance construction of a 288-room hotel in the centre of Abidjan, to be run by the Novotel chain, over 300 jobs being directly created;

(iv) 1.7 million for Société Ivoirienne de Coco Râpé, including 300 000 risk capital to finance purchase of a holding in the company by the Bank on behalf of the EEC. The funds will go for construction of a factory employing 260 people and exporting 7 500 tonnes of desiccated coconut per annum to Europe.

**finance for upgrading
local resources and for small
industrial ventures**

10.5 million in Malawi

In Malawi, three operations were mounted for a total of 10.5 million:

(i) two for the Dwangwa Sugar Corporation, one for 6.5 million from the Bank's own resources, and the other for 1 million in the form of a risk capital holding in the company, with the EIB acting as trustee for the EEC. The funds are to be used for the development of a sugar plantation and construction of a sugar mill. Co-financed by the International Finance Corporation and Deutsche Gesellschaft für Wirtschaftliche Zusammenarbeit, this project will create about 3 000 jobs in the central province of the country;

(ii) a global loan for 3 million from the Bank's own resources to the Investment and Development Bank of Malawi (Indebank) to part-finance small and medium-scale industrial ventures.

Outside the Community financing operations funded from the EIB's own resources rose to 152 million, with special operations running to 18.2 million. The Bank launched 25 operations for a total of 85.2 million in Africa and the Caribbean in support of 19 projects. Some of these help to exploit local natural resources: ores, agricultural commodities, hydro potential and tourist attractions; others assist the growth of small and medium-scale industries. A total of 60 million was provided for projects in Portugal; a first loan for 25 million was made in Yugoslavia.

7.4 million in Tanzania

In Tanzania, two risk capital operations were mounted, together totalling 7.4 million:

(i) a conditional loan for 4.9 million to finance the purchase by the National Development Corporation of 40% of the capital of a canvas mill to be built at Morogoro. This will reach full production in 1983, at around 8.8 million square metres of fabric per annum, over half of which will go into manufacture of products for the home market. Funds for this project were also put up by the European Development Fund, and about 700 jobs will be directly created;

(ii) the purchase by the Bank, in the sum of 2.5 million, of convertible bonds of the Tanganyika Development Finance Company Ltd (TDFL). With Bank approval, the funds placed at the disposal of this concern will be used to finance a range of smaller industrial ventures throughout the country.

5.6 million in Togo

In Togo, funds totalling 5.6 million were advanced in three operations to Société Nationale pour le Développement de la Palmeraie et des Huileries:

(i) one loan for 2.3 million from the Bank's own resources;

(ii) two conditional loans using risk capital, one for 3.2 million to subscribe part of an increase in the company's capital in the name of the EEC, and the other for 100 000 to finance a technical assistance contract.

The project in question centres on the construction of a palm oil mill at Agou in the uplands and a storage facility at the port of Lomé. This gives an industrial dimension to a programme for laying out selected oil palm plantations, implemented with Community aid and the financial backing of the Togo Government between 1970 and 1976. The oil mill will give employment to about 125 people.

a cement works and a hotel in Cameroon

Two loans were granted in Cameroon. Together amounting to 4.7 million, these were drawn from the Bank's own resources:

(i) the first, for 2.7 million, went to Société Hôtelière du Littoral, to finance construction of a 297-room hotel at Douala, to be run by the Novotel chain, which should require 285 staff;

(ii) the second was for 2 million, advanced to Cimenteries du Cameroun in support of modifications to its cement works at Figuil in the North and its clinker-grinding plant at Bonabéri near Douala to cater for a prospective increase in cement requirements in Cameroon and Chad.

Both these projects also attracted finance from the French Caisse Centrale de Coopération Economique.

basic industry in Rwanda

In Rwanda, a 3 million subordinated loan out of risk capital was granted to Société des Mines du Rwanda to part-finance a smelter for tin ore (cassiterite) which is at present exported as concentrate.

and in Zaire	In Zaire, Société Financière de Développement (SOFIDE) received two injections of risk capital, the first in the form of a subordinated loan for 1.1 million to enable it to part-finance expansion of a cement works at Shaba, and the second as the subscription by the Bank on behalf of the EEC to shares worth about 100 000 in SOFIDE, at the time of its most recent capital increase.
global loans in Mauritius	In Mauritius, the Bank granted a global loan for 3 million from its own resources to the Development Bank of Mauritius (DBM) to finance small and medium-scale ventures in industry and tourism.
and in the Caribbean	To complete the picture, a conditional loan for 1 million out of risk capital was granted to the Caribbean Investment Corporation (CIC), which will deploy the funds in the purchase of holdings in industrial, agro-industrial and tourist undertakings in the least developed of the member countries of the Caribbean Community (CARICOM).

Under the Lomé Convention, the Bank is also responsible for the collection of debt service on special loans granted from EDF resources, which are appraised and managed by the Commission. In 1976 and 1977, but largely in the latter year, 148.8 million were committed (146.9 million in the ACP countries and 1.9 million in the OCT) out of a total of 469.9 million earmarked for this purpose. These operations do not figure in EIB statistics.

Operations between 1958 and 1977

Since its inception in 1958, the European Investment Bank has signed 852 finance contracts for a total of 8 505.6 million units of account at current prices, or some 12 000 million at 1977 prices ⁽¹⁾, corresponding to an average contribution of 21.6 % to the total cost of the fixed investment ⁽²⁾ for which the Bank has provided long-term finance and which amounted to around 57 000 million at 1977 prices. Projects within the Community have attracted around 10 000 million (7 406.8 million at current prices) or 87.1 % of the total. The funds have helped to finance investment totalling about 47 000 million at 1977 prices which in turn was expected to create directly 170 000 jobs and safeguard a further 65 000.

Trends in annual Bank activity are shown in the graph on page 18 and that below. The tables on pages 2, 4 and 9 give a breakdown of financing up to and including 1977 according to economic policy objective, project location and sector.

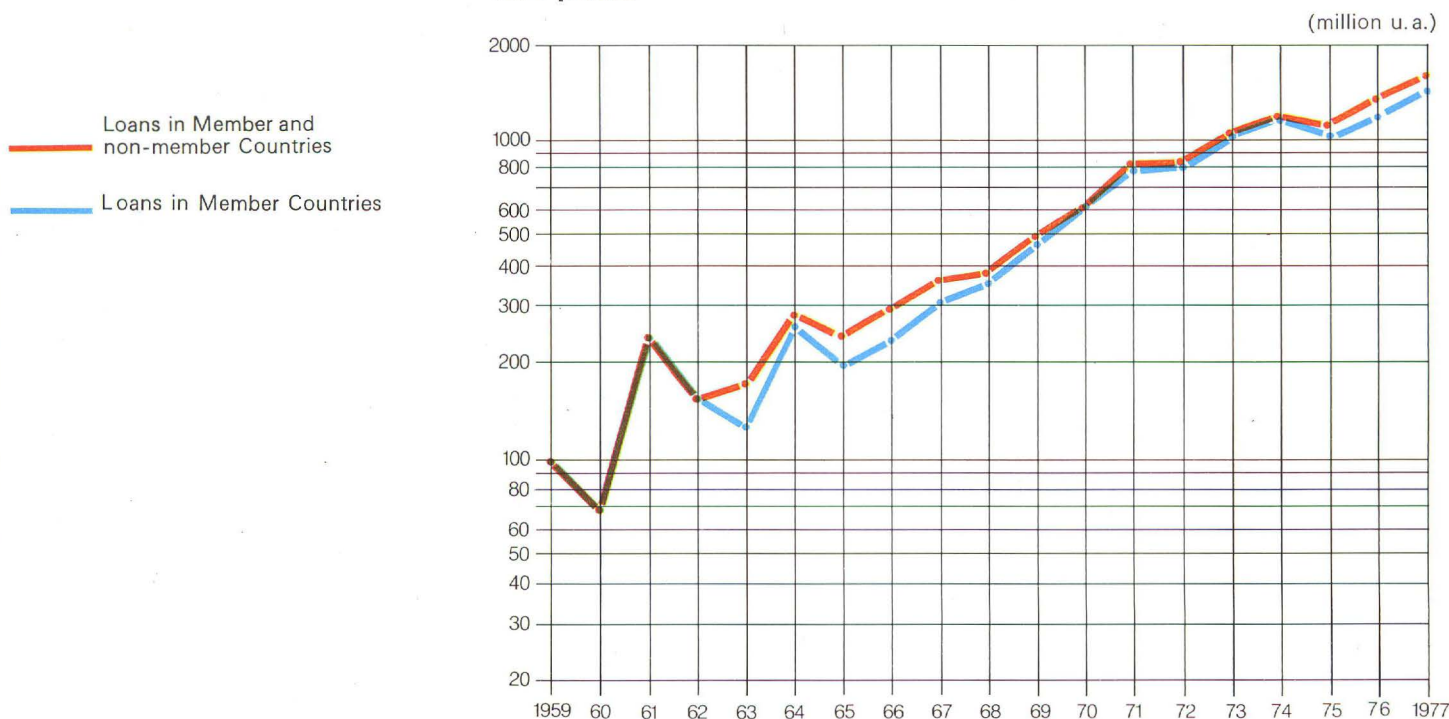
Details of the Bank's activity since its establishment are described in the brochure published on the occasion of its twentieth anniversary ⁽³⁾. The following paragraphs deal only with financing in Member Countries since enlargement of the Community in 1973 and summarise operations under the various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

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ Obtainable on request.

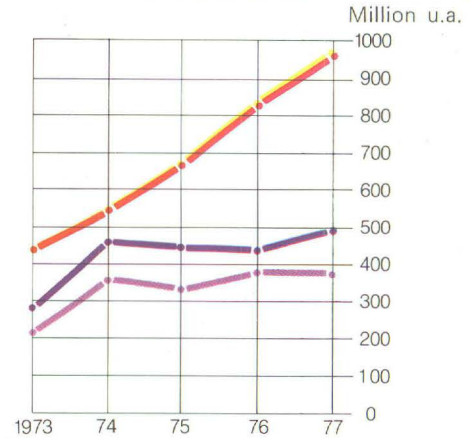
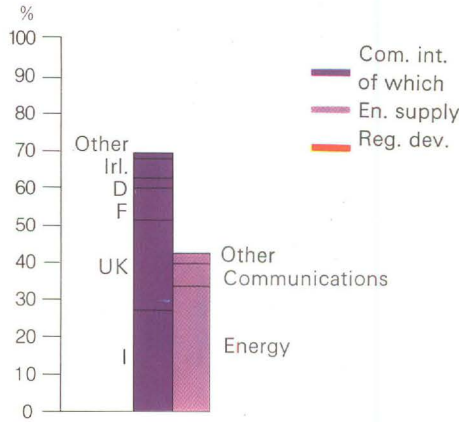
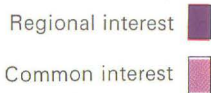
Annual financing from EIB own resources between 1959 and 1977 at 1977 prices



Operations within the Community (1973—1977)

Between 1973 and the end of 1977 the EIB provided loans and guarantees within the Community for a total of 4 951.3 million at current prices, amounting to two thirds of the sum total of financing operations in Member Countries over its 20 years of activity.

Breakdown by economic policy objective

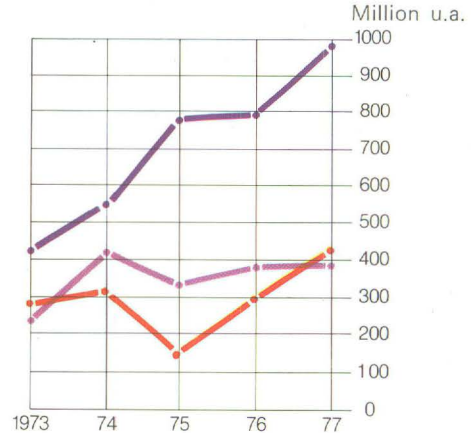
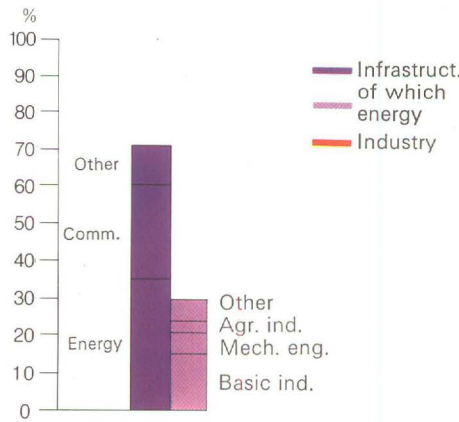


During the past five years loans for projects offering regional benefits have more than doubled, showing an average increase at 1977 prices of around 12% and accounting for over two thirds of all EIB

financing operations within the Community. The bulk of the funds advanced for projects of benefit to several Member Countries supported capital investment helping to improve the Community's energy supplies, in-

vestment which remains at a high level after its sharp upturn in 1974. Credit for the installation of nuclear plant totalled 769.3 million, or close on half of all finance for energy between 1973 and 1977.

Sectoral breakdown

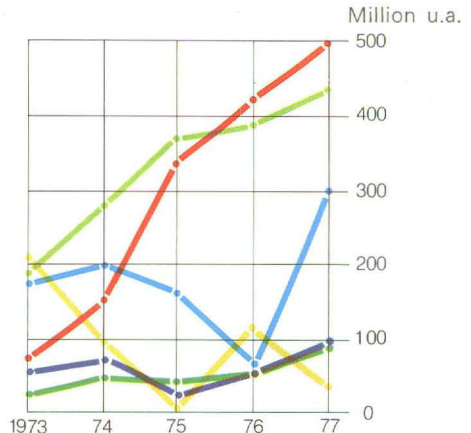
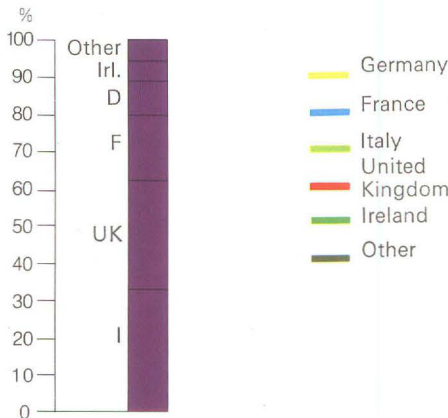


Notwithstanding the difficult economic situation and the sluggishness of investment since 1974, EIB financing of industrial projects came to 1 444 million for the whole of this period, or close on 30% of all loans and guarantees provided. This includes 154 individual loans, mostly for

fairly large-scale undertakings and usually in basic industries, and 572 allocations from global loans in support of small and medium-scale industrial ventures in a wide range of sectors, on average four times as labour-intensive as larger projects (27 000 units of account invested per job created, com-

pared with 98 000). Much of the Bank's lending within the Community is for investment in the energy sector, in transport and telecommunications infrastructure and, to an increasing extent, water schemes. This is largely because of their high unit costs.

Breakdown by project location



The breakdown of financing by country reveals a marked concentration of projects in Italy, the United Kingdom and Ireland where regional problems are most acute.

Support for projects to improve the Community's energy supplies, mainly by tapping oil and gas resources in the North Sea and

financing modernisation in the iron and steel industry have contributed to the rapid upswing in lending in the United Kingdom.

Operations outside the Community

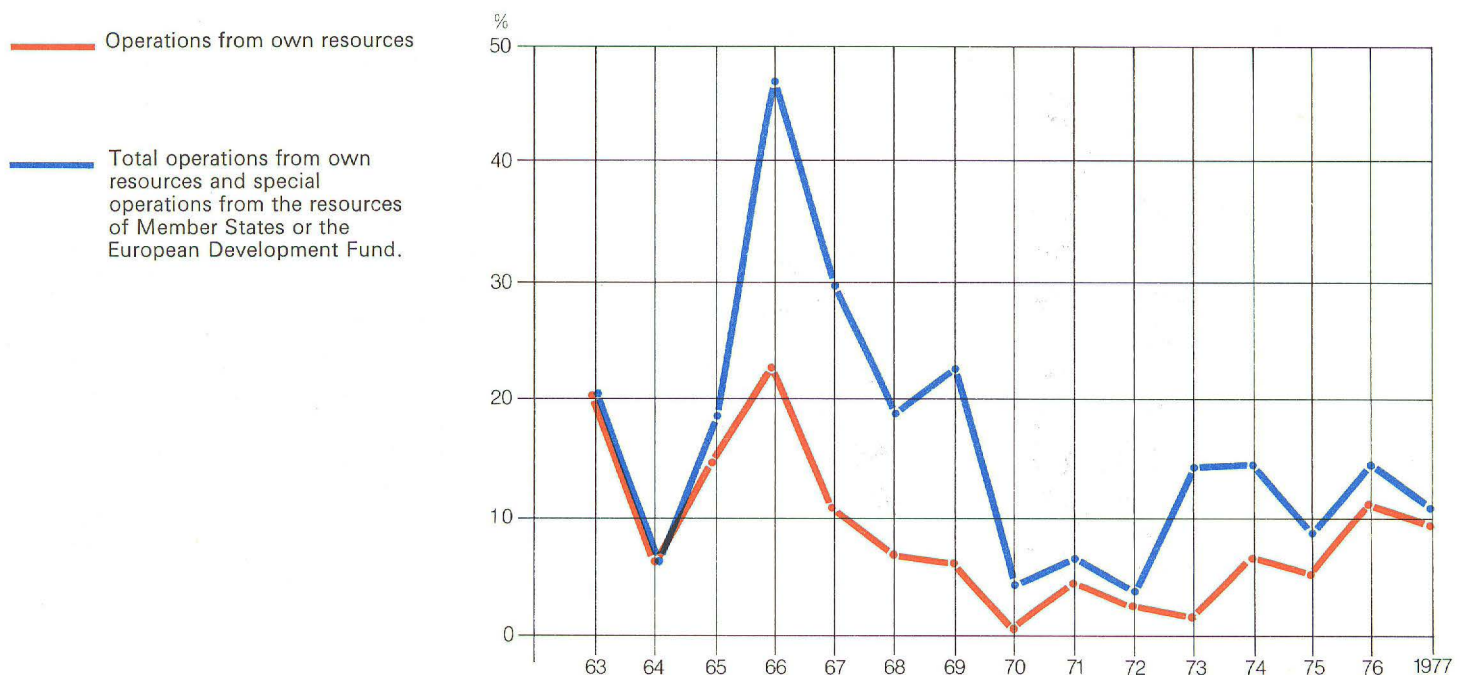
Since 1963, the Community's policy of economic and financial cooperation with a number of developing countries has led the Bank to provide assistance for projects located in an increasing number of them. Operations have been mounted under Association Agreements concluded by the Community with Greece and Turkey, the two Yaoundé Conventions, the Lomé Convention, the Decisions of the Community authorities taken with regard to the Overseas Countries and Territories, exceptional emergency aid to Portugal, and the granting of loans in Yugoslavia.

Between 1963 and 1977, these countries received a total of 1 098.8 million comprising 571 million from the Bank's own resources and 527.8 million from budgetary resources made available to the Bank by Member Countries either directly or through the European Development Fund ⁽¹⁾ (see Table 5, page 40).

The graph below, showing operations outside the Community as a percentage of overall Bank activity, reveals marked fluctuations in operations in non-member countries. This can be ascribed essentially to the hiatus in activity between the expiry of one convention, generally concluded for five years, and the entry into effect of the next.

⁽¹⁾ Loans on special conditions and risk capital operations by the Bank acting under mandate for the account and at the risk of the Member States or the European Economic Community (European Development Fund) and accounted for under the EIB's Special Section (see page 61).

EIB activity outside the Community in relation to the Bank's total activity between 1963 and 1977



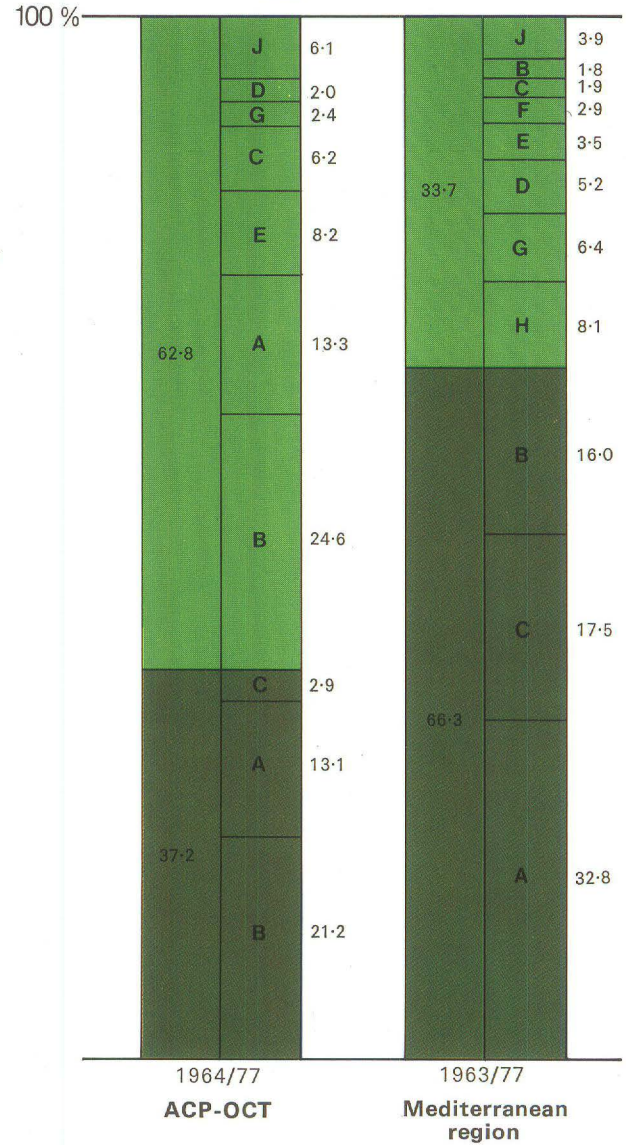
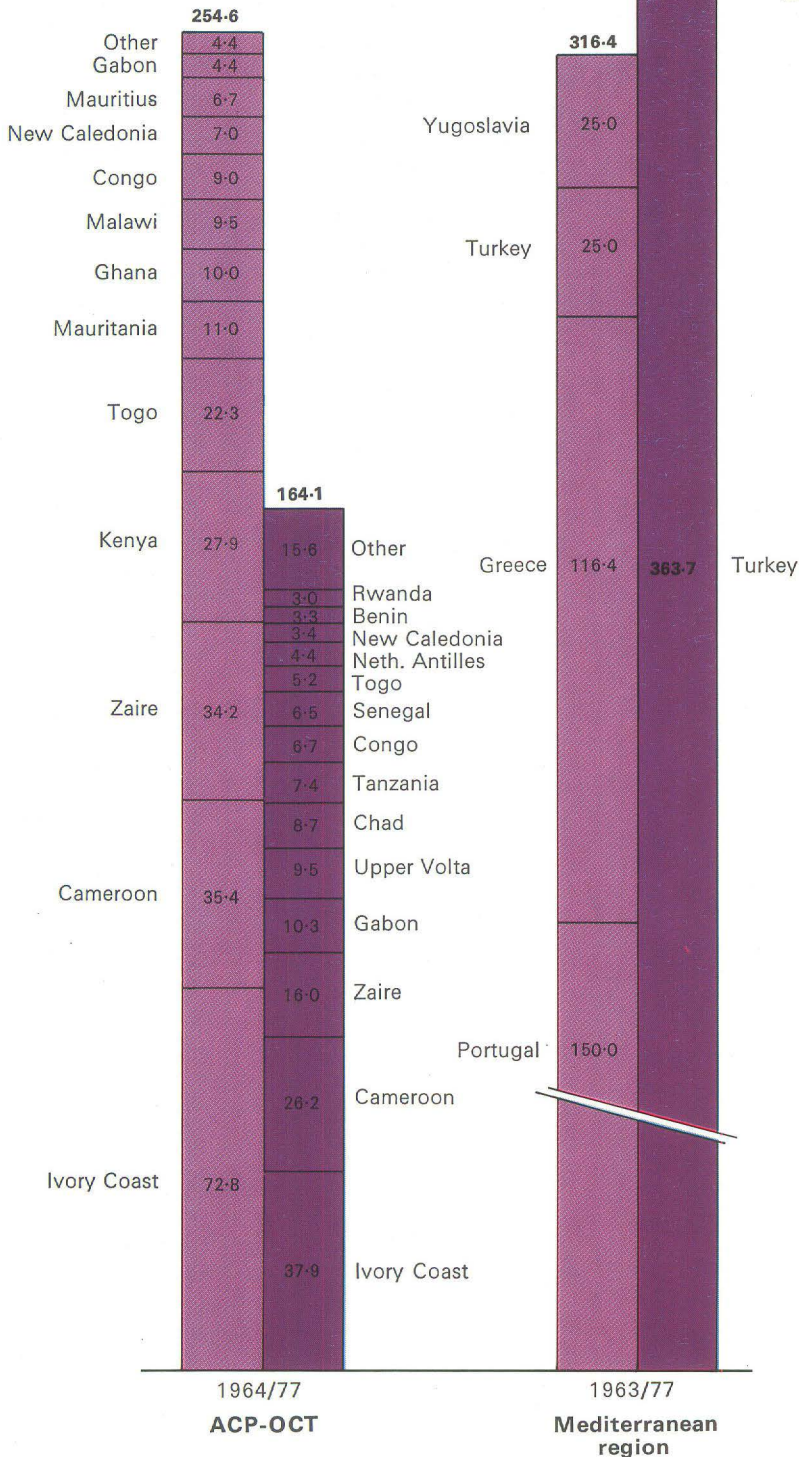
Financing provided outside the Community from 1963 to 1977

Breakdown by country and type of financing
(million u.a.)

- Ordinary operations
- Special operations

Sectoral breakdown %

- Infrastructure**
- A** Energy
- B** Communications
- C** Water schemes
- Industry**
- A** Mining and quarrying
- B** Agricultural and food industry
- C** Textiles and leather
- D** Metal production and semi-processing
- E** Construction materials
- F** Electrical and mechanical engineering
- G** Chemicals
- H** Paper
- J** Other



Mediterranean Countries and Portugal

Between 1965 and 1976, the Bank approved 57 financing operations in **Turkey**, under the first two Financial Protocols, for a total of 388.7 million, including 25 million in the form of ordinary loans (see Table 6 below).

A sectoral breakdown of finance granted (see Table 14, page 79) shows a predominance of industrial (38 %) and energy (35 %) projects. Two global loans from budgetary resources were made to the Turkish Government to help finance preinvestment expenses. A further seven global loans totalling 33.8 million were made available to Türkiye Sinaî Kalkınma Bankası (TSKB) and Sinaî Yatırım ve Kredi Bankası (SYKB); 25 million came from EIB own resources and 8.8 million from budgetary resources. The entire 33.8 million has already been on-lent to 55 small and medium-scale industrial ventures. Investment schemes backed by the Bank since 1965 are estimated to have contributed directly to the creation of 25 000 jobs and the reduction of seasonal underemployment in several agricultural areas.

Between 1963 and 1975 the Bank made 22 loans in **Greece** from its own resources, for a total of 116.4 million units of account, or US\$ 125 million, which was the ceiling fixed under the Financial Protocol; two thirds of this amount went to energy or infrastructure projects. Lending to industry amounted to 37.1 million and included a global loan which channelled 8.9 million to 18 small and medium-scale ventures. These operations will together provide direct employment for 7 000 persons and substantially improve working conditions in areas served by irrigation projects.

Nine loans totalling 150 million were granted in **Portugal** in 1976 and 1977. Funds were advanced for power stations (55 million), port development schemes (24 million), irrigation projects (27 million), a metallurgical plant (20.4 million), and 22 small and medium-scale industrial ventures via two global loans (24 million).

1977 saw the Bank granting its first loan in **Yugoslavia** for 25 million.

Table 6: Loans granted in the Mediterranean region from 1963 to 1977 (including global loan allocations)
Breakdown by project location

Location	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Greece	40	18	116.4 ⁽¹⁾	8.9	17.1
Turkey					
– loans from budgetary resources	94	39	363.7	17.5	53.5
– loans from EIB resources	26	24	25.0	25.0	3.6
Portugal	31	22	150.0 ⁽²⁾	15.0	22.1
Yugoslavia	1	—	25.0	—	3.7
Total	192	103	680.1 ⁽³⁾	66.4	100.0

⁽¹⁾ Part of which carried interest subsidies financed by Member States.

⁽²⁾ All of which carried interest subsidies from the EEC's budget.

⁽³⁾ Including 363.7 million in loans on special conditions for the account of Member States and financed from their budgetary funds.

The table overleaf shows that as of 31 December 1977 Bank financing from own resources and budgetary funds in these four Southern European countries had amounted to 680.1 million, which is almost two thirds of all Bank activity outside the Community.

African, Caribbean and Pacific States

The two **Yaoundé Conventions** concluded with the **Associated African States, Madagascar and Mauritius (AASMM)** and the two Decisions concerning the Overseas Countries and Territories (OCT) fixed a ceiling of 170 million for operations funded from the Bank's own resources and 140.5 million for loans on special conditions and contributions to the formation of risk capital financed from the European Development Fund.

Between 1964 and 1976, the Bank provided a total of 271.9 million in support of projects in the AASMM and OCT. Of this, 146.1 million took the form of ordinary loans from the Bank's own resources, while 123.3 million related to loans on special conditions and 2.5 million to contributions to the formation of risk capital financed from the EDF.

As far as the EIB was concerned, financial cooperation with the **African, Caribbean and Pacific States** and the Overseas Countries and Territories (ACP and OCT), provided for under the **Lomé Convention** and the Council's Decision of 29 June 1976 for the period 1976-1980, resulted in the conclusion of financing operations during the first two years totalling 146.8 million. Ordinary loans from the Bank's own resources ran to 108.4 million and risk capital assistance from the EDF to 38.4 million, or nearly 40 % of the ceiling amount for this purpose. The beneficiaries were the industrial and energy sectors (142.5 million) and tourism (4.3 million).

The Bank provided 48.5 million for agro-industrial complexes and 31 million for a variety of industrial projects; 10 million went to the chemical and metallurgical sectors and 36.5 million to the energy sector. Seven global loans totalling 16.5 million (13 million from the Bank's own resources and 3.5 million from risk capital funds) were made to local development finance companies for on-lending to smaller businesses, thereby introducing in the ACP States and the OCT what had already proved an effective mechanism in Greece and Turkey and an aid to regional development within the Community.

Loans from EIB own resources granted under the Lomé Convention account for almost three quarters of Bank activity in the ACP and OCT and have all carried interest subsidies financed from the EDF.

Resources

balance sheet resources increased to 6 400 million

At 31 December 1977, the Bank's total resources (comprising paid-in capital, statutory and other reserves, the balance of the profit and loss account and borrowings) amounted to 6 430.9 million units of account compared with 5 610.3 million at 31 December 1976.

This resulted from a net increase in borrowed funds of 689.2 million, taking into account adjustments in conversion rates, and 93.4 million in net income. The balance of 38 million came from Member States' contributions to the capital increase authorised in 1975.

1 161.5 million raised on capital markets

In 1977 the Bank made calls on the financial markets for a total of 1 161.5 million, compared with 748.9 million in 1976 and 830.7 million in 1975. Most of 1977's borrowings were raised through public issues or private placings on capital markets, although 87 million came from medium-term interbank operations and 132 million from the transfer to third parties of participations in Bank loans.

As a result of abundant liquidity on most financial markets, the Bank was able to keep up a sustained level of activity on national and international capital markets. In view of the general downtrend in interest rates, it raised 370.4 million, in contrast to 150.1 million the preceding year, by issuing 16 loans denominated in five Community currencies (Deutsche Mark, Netherlands guilder, pound sterling, Belgian franc and Luxembourg franc). The Bank floated its first sterling issue on the international capital market.

The EIB borrowed more in US dollars in 1977 than in any other currency. The total of loans denominated in this currency, equivalent to 521.6 million units of account as opposed to 489.3 million in 1976, was substantial. The loans were issued on the international market, in the United States, the Far East and the Middle East.

The sector of the international bond market denominated in dollars provided the bank with 221.5 million units of account raised through five issues. The EIB also made two public issues in the United States totalling 221.2 million. As in recent years, the Bank tapped additional finance from the Far Eastern market with a public issue and a private placing which brought in a total of 35.1 million. In the Middle East, a public issue for the equivalent of 43.8 million units of account was placed under the management of an exclusively Arab banking syndicate, the third time such an arrangement has been made.

In view of the great attraction of the yen for investors, the Bank launched its first yen-denominated issue on the international market in the form of a public placing for 10 000 million yen. It also borrowed 15 000 million yen on the Japanese domestic market.

In the Swiss market, the Bank consolidated the equivalent of 55.5 million units of account.

Table 8 on page 74 gives details of borrowings during the year. After deduction of repayments and allowing for exchange adjustments, total net borrowings outstanding at 31 December 1977 amounted to 5 412.3 million, as against 4 723 million

at 31 December 1976, representing an increase of 689.2 million, of which 60.6 million was received after the end of the financial year ⁽¹⁾).

reduction in Bank lending rates

The downtrend in Bank interest rates during 1977 reflected the lower cost of long and medium-term borrowings.

On the other hand the divergent development of interest rates and exchange risks in various currencies led the Bank to offer borrowers a wider range of options and to set lending rates according to the individual currencies disbursed, taking account of maturity.

Table 7: Funds raised from 1961 to 1977

Year	Number	Issues Amount (m u.a.)			Participations by third parties in EIB loans (m u.a.)	Funds raised (m 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
1961-1977	211	2 450.0	3 514.6	5 964.6	187.8	6 152.4

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

For loans disbursed in several currencies, the lending rate is the weighted average of the rates applicable to each of the currencies to be disbursed and the corresponding maturities, the base rates being fixed periodically by the Board of Directors ⁽²⁾.

Depending on individual cases, the Bank can now offer the following options:

- loans disbursed in several currencies, consisting of standard mixes, with make-up, term and interest rate fixed in advance;
- loans disbursed in several currencies, but in varying mixes tailored to the borrower's preferences and the Bank's own holdings;
- loans disbursed in a single non-Community currency: mainly the US dollar, Swiss franc and yen;
- back-to-back arrangements for major financing operations, where the rate of interest is based on the Bank's operating margin and the cost of the corresponding borrowing operation.

⁽¹⁾ See Annex C to the Financial Statements, page 63.

⁽²⁾ Details of the Bank's lending rates and financing terms and conditions can be had on request together with the brochure on 'Loans and Guarantees in the Member Countries of the European Economic Community'.

**Rearrangement of
statutory and other reserves**

The Board of Directors has recommended that the Board of Governors simplify the present structure of EIB reserves, maintaining only:

- (i) the 'Statutory reserve'
- (ii) a 'Supplementary reserve'

and two provisions:

- (i) a 'Provision for conversion rate adjustments' (hitherto the 'Reserve for monetary risks')
- (ii) a 'Provision for building'.

Accordingly, it has also been recommended that existing reserves be redistributed as follows:

(i) Statutory reserve	
Amount set aside as at 31 December 1977	150 000 000
(ii) Supplementary reserve	
The amount set aside as at 31 December 1977 for the 'Reserve for risks on loans and guarantees'	174 675 736
The amount of the free reserve called 'Write-back of issuing charges previously amortised' which will be abolished	23 127 079
The amount of the 'Reserve for equalisation of interest on borrowings' which has been rendered obsolete by the introduction of new methods of calculating EIB lending rates	13 000 000
Part of the existing 'Reserve for monetary risks'	19 000 000
	Total: 229 802 815
(iii) Provision for conversion rate adjustments	
The amount entered on the balance sheet at 31 December 1977 under 'Reserve for monetary risks'	38 433 352
LESS the amount transferred to the 'Supplementary reserve'	-19 000 000
	Total: 19 433 352
(iv) Provision for building	
The amount entered on the balance sheet at 31 December 1977	45 000 000

Results for the year

The results for 1977 were heavily influenced by the mounting volume of capital funds arising from Member States' payments under the capital increase arrangements and net income retained from the previous year.

Receipts of interest on loans rose by 58.4 million, whereas interest and charges on borrowings rose by only 42.3 million. Prevailing money market rates for some currencies remained fairly high over the year and this led to a substantial increase in income from investments which went up from 37.3 million in 1976 to 43.4 million. Financial and other income more than doubled (9.9 million as against 4.5 million in 1976), accruing mainly from portfolio adjustments.

**operating profit amounted
to 94.4 million**

Expenses and administrative costs amounted to 22.6 million, compared with 18.6 million in 1976, largely because of additions to salaries as a result of a cost of living increase and revision of the tax scale. Operating profit, after amortisation of issuing charges and redemption premiums of 13.2 million, as against 11.7 million in 1976, amounted to 94.4 million, compared with 70.8 million the previous year.

On the basis of conversion rates for the unit of account at 31 December 1977, the results for the financial year 1977 were reduced by approximately 1 million in respect of the decrease in value of net Bank assets not subject to adjustment under Article 7 of the Statute. Revaluation of assets at 31 December 1976 showed a gain of 4.9 million.

**to be appropriated
to reserves**

The Board of Directors has recommended that the Board of Governors, after transferring 1 million from the provision for conversion rate adjustments corresponding to the loss arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, appropriate 50 million of the 94.4 million net income to the statutory reserve and the balance to the supplementary reserve.

**balance sheet total at
31 December 1977: close
on 7 700 million**

At 31 December 1977, the balance sheet total stood at 7 697 million, compared with 6 565 million at 31 December 1976, representing an increase of 17.2 %.

Administration

There were changes in the membership of the Board of Directors in 1977, with the resignations of Messrs Erik HOFFMEYER, Alfred MÜLLER-ARMACK, Ferdinando VENTRIGLIA and Raymond PROSSER as Directors, and Messrs Roger BARNES and J. Geoffrey LITTLER as Alternates. The Board offers them its thanks for their valuable contribution to the work of the Bank. It also wishes to pay a particular tribute to the memory of Mr Alfred MÜLLER-ARMACK, who died in March 1978, in recognition of the outstanding services rendered by him both in the early days, in participating in the groundwork leading to the establishment of the Bank, and subsequently, in contributing to twenty years of Bank activity.

The Board of Governors made the following appointments to fill the seats so vacated, in each case to complete the term of office of their predecessors: Messrs Karl BRED AHL, Rudolf MORAWITZ, former Alternate, and Miss Anne E. MUELLER, as Directors; Messrs Horst MOLTRECHT, Edward A. J. GEORGE and Mrs Mary HEDLEY-MILLER as Alternates.

The terms of office of all the Directors and Alternates will expire at the Annual Meeting during which the present Annual Report for the financial year 1977 is examined. The Board of Governors is invited to reappoint the members of the Board of Directors for the statutory period of five years.

On the Audit Committee, Messrs Patrick L. McDONNELL and Corneille BRÜCK replaced Messrs Michael JACOB and Emile RAUS who had resigned and take with them the Board's thanks for their valuable work on the Committee.

Despite the expansion in Bank activity, there was only a modest increase in staff: at 31 December 1977 there were 382 personnel, compared with 371 at 31 December 1976.

In January 1978 Mr Eugenio GREPPI was appointed to the post of Deputy Secretary-General and was replaced as Head of Operations in the Mediterranean Region within the Department for Operations outside the Community by Mr Christopher LETHBRIDGE, a former Adviser in the same Department.

The Board of Directors takes this opportunity of thanking the Bank's staff for their efforts throughout 1977 and for the high quality of their work.

Luxembourg, 21 April 1978

Chairman of the Board of Directors
Yves LE PORTZ

Balance Sheet at 31 December 1977

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

Assets	31. 12. 1977	31. 12. 1976
Receivable from Member States on account of called capital	75 937 500	113 906 250
Cash and Bank deposits		
At sight and up to one year's notice	336 583 794	335 148 512
At more than one year's notice	181 311	<u>2 156 311</u>
	336 765 105	337 304 823
Investments (Note B)		
For not more than one year	35 537 930	33 756 259
For more than one year	206 164 883	<u>168 863 004</u>
	241 702 813	202 619 263
Borrowing proceeds to be received	60 620 634	16 593 067
Receivable from Member States for adjustment of capital (Annex D)	60 306 080	57 195 293
Loans (Annex B)		
disbursed	5 840 661 081	5 072 121 277
undisbursed	685 612 085	<u>413 301 543</u>
	6 526 273 166	5 485 422 820
Contra accounts to guarantees		
In respect of loans under mandate	119 515 768	123 468 746
excluding those		
(a) in respect of loans granted by third parties	(156 365 528)	(151 151 780)
(b) in respect of participations by third parties in Bank loans	(164 085 364)	(48 571 901)
Land and buildings (Note F)	11 252 812	3 073 574
Accrued interest and commission	112 711 405	100 242 294
Unamortised issuing charges	75 240 417	71 631 130
Unamortised redemption premiums	2 805 377	<u>3 678 376</u>
	78 045 794	75 309 506
Special deposits for service of borrowings (Note D)	52 126 184	40 519 219
Miscellaneous (Note E)	21 722 539	<u>9 323 087</u>
	7 696 979 800	<u>6 564 977 942</u>

Liabilities	31. 12. 1977	31. 12. 1976
Capital (Annex A)		
Subscribed	3 543 750 000	3 543 750 000
Uncalled	<u>2 986 875 000</u>	<u>2 986 875 000</u>
	556 875 000	556 875 000
Statutory reserve (Note J)	150 000 000	130 000 000
Other reserves (Note J)		
For risks on loans and guarantees	174 675 736	143 901 812
For equalisation of interest on borrowings	13 000 000	13 000 000
For monetary risks	38 433 352	33 475 915
For building	<u>45 000 000</u>	<u>25 000 000</u>
	271 109 088	215 377 727
Write-back of issuing charges previously amortised	23 127 079	23 127 079
Staff pension fund	14 193 572	11 308 122
Payable to Member States for adjustment of capital (Annex D)	41 597 932	38 873 682
Borrowings (Annex C)		
Bonds and notes	4 442 923 326	3 978 780 751
Other medium and long-term borrowings	<u>969 357 470</u>	<u>744 303 408</u>
	5 412 280 796	4 723 084 159
Redemption premiums	<u>8 238 931</u>	<u>8 723 432</u>
	5 420 519 727	4 731 807 591
Undisbursed balance of loans	685 612 085	413 301 543
Guarantees		
On loans under mandate	119 515 768	123 468 746
On loans granted by third parties	(156 365 528)	(151 151 780)
On participations by third parties in Bank loans	(164 085 364)	(48 571 901)
Interest subsidies received in advance (Note C)	47 094 962	22 913 204
Accrued interest and commission and interest received in advance	175 498 059	157 688 652
Coupons and liabilities due and not yet paid (Note D)	52 126 184	40 519 219
Miscellaneous (Note E)	46 301 134	23 986 016
Balance of profit and loss account (Note J)	<u>93 409 210</u>	<u>75 731 361</u>
	<u>7 696 979 800</u>	<u>6 564 977 942</u>

Memorandum accounts

Securities received as guarantee for loans under mandate	31 647 924	31 218 860
Securities received on deposit	122 442 982	132 744 538

Profit and Loss Account

for the year ended 31 December 1977

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

Income	1977	1976
Interest and commission on loans	465 096 852	406 675 705
Interest and commission on investments	43 386 562	37 315 098
Management commission (Note I)	3 307 434	2 793 960
Financial and other income	9 934 511	4 470 328
Exchange differences (Note G)	<u>850 417</u>	<u>616 291</u>
	522 575 776	451 871 382
Expenditure		
Administrative expenses and charges	22 561 383	18 594 111
Interest and charges on borrowings	391 292 190	349 007 535
Amortisation of issuing charges and redemption premiums	13 240 679	11 653 898
Financial charges	442 953	1 643 613
Depreciation – of net purchases of furniture and equipment	<u>581 056</u>	<u>198 301</u>
	428 118 261	381 097 458
Operating profit	94 457 515	70 773 924
Gain/(loss) arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute (Note H)	<u>(1 048 305)</u>	<u>+ 4 957 437</u>
Balance available for appropriation (Note J)	<u>93 409 210</u>	<u><u>75 731 361</u></u>

Statement of Special Section ⁽¹⁾ at 31 December 1977

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

Assets	1977	1976	Liabilities	1977	1976
Member Countries					
<i>From resources of the European Atomic Energy Community</i>					
Loans disbursed	96 127 081	—	Trust management funds	96 127 081	—
Total	96 127 081	—	Total	96 127 081	—
Turkey					
<i>From resources of Member States</i>					
Loans	321 046 752	289 904 485	Trust management funds	321 046 752	289 904 485
Undisbursed loans	38 794 509	76 632 273	Undisbursed funds	38 794 509	76 632 273
Total ⁽²⁾	359 841 261	366 536 758	Total	359 841 261	366 536 758

African, Caribbean and Pacific Countries and Overseas Countries and Territories

From resources of the European Economic Community

First and Second Yaoundé Conventions

Loans ⁽³⁾	99 863 890	90 125 877	Trust management funds	101 443 411	92 418 455
Undisbursed loans ⁽³⁾	23 700 083	35 413 557	Undisbursed funds:		
Contributions to the formation of risk capital:			– loans	23 700 083	35 413 557
– Equity participations	1 579 521	1 620 093	– contributions to the formation of risk capital	—	182 070
– Quasi-capital assistance	—	854 555			

Lomé Convention

Risk capital operations			Trust management funds	16 031 405	—
Amounts disbursed	16 031 405	—	Funds to be paid up	22 155 332	20 228 000
Amounts to be paid up	22 155 332	20 228 000	Total	163 330 231	148 242 082
Total	163 330 231	148 242 082	Total	163 330 231	148 242 082
Grand Total	619 298 573	514 778 840	Grand Total	619 298 573	514 778 840

⁽¹⁾ The Special Section was set up by the Board of Governors on 27 May 1963 for 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⁾ Original amount of loans for financing projects in Turkey under mandate for the account and at the risk of Member States: 363 915 000

Add:					
– exchange adjustments		12 152 090			
		378 067 090			
Less:					
– cancellations	215 000				
– repayments	16 010 829				
		–16 225 829			
		359 841 261			

⁽³⁾ Original 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:

Add:					
– capitalised interest	1 178 272				123 243 158
– exchange adjustments	6 393 904		+ 7 572 176		
Less:					
– cancellations	1 283 756				
– repayments	5 967 605				
			– 7 251 361		+ 320 815
					123 563 973

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

At 31 December 1977

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. 1977	To be paid in	Total paid in and to be paid in
Germany	787 500	663 750	106 875-0	16 875-0	123 750
France	787 500	663 750	106 875-0	16 875-0	123 750
United Kingdom	787 500	663 750	106 875-0	16 875-0	123 750
Italy	630 000	531 000	85 500-0	13 500-0	99 000
Belgium	207 375	174 787-5	28 143-75	4 443-75	32 587-5
Netherlands	207 375	174 787-5	28 143-75	4 443-75	32 587-5
Denmark	105 000	88 500	14 240-0	2 250-0	16 500
Ireland	26 250	22 125	3 562-5	562-5	4 125
Luxembourg	5 250	4 425	712-5	112-5	825
Total	3 543 750	2 986 875	480 937-5	75 937-5	556 875

(1) By decision of the Board of Governors of 10 July 1975 the subscribed capital was increased from 2 025 000 000 u.a. to 3 543 750 000 u.a.

Each Member State will pay in its national currency 10 % of the increase, i.e. the equivalent of 151 875 000 u.a., in eight equal instalments of 18 984 375 u.a. on 30 April and 31 October of the years 1976-79. The amount to be paid in (75 937 500 u.a.) represents the four instalments due in 1978-79.

(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 1977

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 undisbursed	Total (3)	%
1. Loans for projects within the Community and related loans:					
Germany	60	554 352 713	—	554 352 713	8-50
France	98	1 131 657 108	107 528 935	1 239 186 043	18-99
United Kingdom	78	1 202 016 313	134 496 581	1 336 512 894	20-48
Italy	243	2 130 567 622	181 587 633	2 312 155 255	35-43
Belgium	8	99 360 802	2 670 153	102 030 955	1-56
Netherlands	8	80 551 222	—	80 551 222	1-23
Denmark	23	65 250 795	11 878 967	77 129 762	1-18
Ireland	20	228 982 250	—	228 982 250	3-51
Luxembourg	3	4 708 086	—	4 708 086	0-07
Related loans** (Art. 18 (1))	5	96 108 508	—	96 108 508	1-47
Sub-total	546	5 593 555 419	438 162 269	6 031 717 688	92-42
2. Loans for projects outside the Community:					
Greece	19	70 685 398	10 777 232	81 462 630	1-25
Portugal	9	55 483 490	91 929 145	147 412 635	2-26
Yugoslavia	1	—	25 000 000	25 000 000	0-38
Turkey	2	28 020 973	—	28 020 973	0-43
Cameroon	9	11 253 735	15 294 060	26 547 795	0-41
Congo	1	6 466 167	—	6 466 167	0-10
Ivory Coast	12	48 840 140	20 142 900	68 983 040	1-06
Gabon	3	3 437 506	—	3 437 506	0-05
Ghana	1	—	10 000 000	10 000 000	0-15
Upper Volta	1	295 168	—	295 168	—
Mauritius	3	3 240 151	3 461 887	6 702 038	0-10
Kenya	5	1 801 893	26 104 890	27 906 783	0-43
Senegal	2	1 706 991	—	1 706 991	0-03
Togo	3	—	22 255 000	22 255 000	0-34
Zaire	3	10 112 085	12 984 702	23 096 787	0-35
New Caledonia	2	5 761 965	—	5 761 965	0-09
Malawi	2	—	9 500 000	9 500 000	0-15
Sub-total	78	247 105 662	247 449 816	494 555 478	7-58
Grand Total	624	5 840 661 081	685 612 085	6 526 273 166	100-00

(1) Currencies in which loans are repayable:

Currency	Amount	Loans granted to, or guaranteed by, financial institutions (banks, long-term credit institutions, insurance companies)
Currencies of Member States	2 913 619 607	331 848 336
Option of the Bank as between the currencies of the founder Member States of the Community	7 850 000	
Other currencies	2 919 191 474	
Disbursed portion of loans	5 840 661 081	
Add undisbursed portion of loans	685 612 085	295 495 156
	<u>6 526 273 166</u>	

(2) Breakdown of loans outstanding at 31 December 1977 by principal form of guarantee*:

A. Loans for projects within the Community (and related loans**)	Loans guaranteed by non-bank companies in the private sector
Loans granted to, or guaranteed by, Member States	123 520 209
Loans granted to, or guaranteed by, public institutions in the Community	53 524 100
	<u>177 044 309</u>

6 031 717 688

B. Loans for projects outside the Community

1. Loans granted under the second Yaoundé Convention			
Loans granted to, or guaranteed by, States which were signatories to the Convention	77 962 481		
Loans secured by other guarantees	4 672 432		
		82 634 913***	
2. Loans granted under the Lomé Convention			
Loans granted to, or guaranteed by, the ACP States		108 006 110***	
3. Other loans granted outside the Community			
Loans guaranteed by Member States	109 483 603		
Loans guaranteed by the EEC	172 412 635		
Loans granted to, or guaranteed by, States which have concluded particular agreements with the EEC	14 462 518		
Loans guaranteed by a public institution, company or bank of a Member State	7 555 699		
		303 914 455	
		<u>6 526 273 166</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.

*** The amounts of guarantees provided by Member States to cover any risk attaching to these financial commitments are as follows:

24 430 695 u. a. for loans granted under the second Yaoundé Convention
32 541 000 u. a. for loans granted under the Lomé Convention

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 7 904 582 811

Less:		
a) exchange adjustments	14 183 608	
b) terminations and cancellations	83 068 038	
c) principal repayments to the Bank	1 116 972 635	
d) third party participations in loans	164 085 364	
		1 378 309 645
Loans outstanding		<u>6 526 273 166</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 1977 to:

- loans	6 526 273 166
- guarantees:	
in respect of loans under mandate	119 515 768
in respect of loans granted by third parties	156 365 528
in respect of third party participations in Bank loans	164 085 364
	<u>439 966 660</u>
	<u>6 966 239 826</u>

Annex C — Statement of funded debt

At 31 December 1977

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

Payable in	Borrowings outstanding at 31 December 1976	Operations during the financial year			Borrowings outstanding at 31 December 1977		
		Borrowings	Redemptions	Exchange adjustments	Amount (1)	Rate of interest (weighted averages)	Due date
DM	1 004 165 761	202 439 064	45 687 568	+ 38 115 518	1 199 032 775	7.29	1978/93
Ffrs	181 811 585		11 516 359	- 4 207 127	166 088 099	7.89	1978/87
Lit	198 567 057		22 381 575	- 13 017 332	163 168 150	6.72	1978/88
Bfrs	238 101 328	36 721 864	8 206 845	+ 2 145 966	268 762 313	7.75	1978/93
Fl	308 020 370	80 760 805	8 761 575	- 1 315 372	378 704 228	7.81	1978/2002
Lfrs	149 827 841	12 238 883	2 683 570	+ 1 247 275	160 630 429	7.67	1978/88
£		38 219 813		+ 742 117	38 961 930	9.75	1978/92
Eurco (2)	89 122 837			+ 206 318	89 329 155	8.13	1978/89
\$	2 060 397 880	521 595 903	52 970 776	- 195 042 631	2 333 980 376	8.57	1978/97
Sfrs	430 753 638	55 506 262	73 605 155	+ 51 329 496	463 984 241	6.92	1978/91
£Lebanese	13 591 594		931 502	- 1 300 104	11 359 988	7.13	1978/85
Yen	30 238 613	81 963 923		+ 7 229 378	119 431 914	7.53	1978/88
Sch	18 485 655			+ 361 543	18 847 198	8.00	1981/86
Total	4 723 084 159	1 029 446 517	226 744 925	- 113 504 955	5 412 280 796		
Redemption premiums	8 723 432		84 873	- 399 628	8 238 931		
Grand Total	4 731 807 591	1 029 446 517	226 829 798	- 113 904 583	5 420 519 727		

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

Year	1978	1979	1980	1981	1982
Amount	283 158 337	377 876 193	556 989 206	535 460 810	756 172 023

(2) The Eurco consists of the sum of fixed amounts of the currencies of all the Member States of the European Economic Community: 1 Eurco = 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.

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

Receivable from:	Payable to:
France 3 371 633	Germany 30 574 378
United Kingdom 31 304 461	Belgium 4 491 815
Italy 24 586 356	Netherlands 5 808 612
Ireland 1 043 630	Denmark 606 573
	Luxembourg 116 554
	<u>41 597 932</u>
<u>60 306 080</u>	

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:

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, in accordance with the Decision of the Board of Governors of 30 December 1977, in four instalments on the dates set for payment of the 1975 capital increase. 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 1977

Note A — Unit of account used for preparation of the financial statements

The general adoption of floating exchange rates meant that the definition of the unit of account of the European Investment Bank provided in Article 4 (1) of its Statute, and the method for converting it into the national currencies of Member States as prescribed in Article 7 (3), could no longer be applied as originally intended when the Statute was drafted.

Therefore, on 10 July 1975 the Member States signed a Treaty amending the Statute in order to enable the Board of Governors, acting unanimously on a proposal from the Board of Directors, to introduce a new definition of the unit of account and to modify the system for converting sums expressed in units of account into national currencies and vice versa.

As an interim measure, the Board of Governors decided on 18 March 1975 that, as from 31 December 1974 and pending the introduction of a new definition of the Bank's unit of account and a new method for conversion of this unit, the EIB would adopt as rates for converting Member States' currencies into the Bank's unit of account and vice versa, the rates used for converting these currencies into the new European Unit of Account, the value of which is equal to the sum of the following amounts of Member States' currencies:

DM	0.828	Bfrs	3.66
£	0.0885	Lfrs	0.14
Ffrs	1.15	Dkr	0.217
Lit	109	£ Ir	0.00759
Fl	0.286		

This 'basket' was so composed that on 28 June 1974 its value would have been equivalent to that of the International Monetary Fund's Special Drawing Right.

After the above amendments to the Statute came into effect on 1 October 1977, the Board of Governors decided on 30 December 1977 to wind up the interim measure and to introduce the definition of the composite unit of account adopted during the transitional period as the new statutory definition of the unit of account.

The conversion rates between Member States' currencies and the new European Unit of Account which are determined on the basis of market rates are communicated to the Bank by the Commission of the European Communities which also publishes them 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.

As from 31 December 1974, and for as long as the Board of Governors maintains the new definition of the unit of account, the Bank's annual balance sheets have been and will continue to be drawn up and published on the basis of the above conversion rates.

The following rates were used for drawing up the balance sheet at 31 December 1977 and 1976:

1 European unit of account =	1977	1976
Deutsche Mark	2.58058	2.66938
French francs	5.76124	5.61696
Pounds sterling	0.641652	0.662646
Italian lire	1 067.50	989.293
Belgian francs	40.3535	40.66
Dutch guilders	2.78938	2.77855
Danish kroner	7.07974	6.53960
Irish pounds	0.641652	0.662646
Luxembourg francs	40.3535	40.66
United States dollars	1.22506	1.12999
Swiss francs	2.45698	2.76260
Lebanese pounds	3.67518	3.31087
Japanese yen	293.054	330.703
Austrian Schillings	18.5704	18.9336
CFA francs	288.062	280.848

Note B — Investments

Investments comprise:	1977	1976
a) treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value 1976: 184 756 700 u.a. 1977: 217 299 004 u.a.) . . .	203 436 284	177 231 853
b) the Bank's own bonds at their redemption cost	30 727 824	24 944 928
c) bank bills at their nominal value	7 538 705	442 482
	<u>241 702 813</u>	<u>202 619 263</u>

The breakdown according to maturity is as follows:

— not exceeding 3 months	23 275 418	22 684 354
— over 3 months but not exceeding 6 months	3 103 444	3 794 963
— over 6 months but not exceeding 12 months	9 159 068	7 276 942
— over 12 months	<u>206 164 883</u>	<u>168 863 004</u>
	<u>241 702 813</u>	<u>202 619 263</u>

Note C — Interest subsidies received in advance

Certain loans granted for projects outside the Community carry interest subsidies paid to the Bank in advance by the Commission of the European Communities on signature of the finance contracts concluded between the Bank and the recipients of loans. These subsidies are passed through the profit and loss account as and when the interest for which they are granted is paid.

Note D — Special deposits for service of borrowings

This item 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 — Miscellaneous balance sheet accounts

These accounts comprise:	1977	1976
a) on the assets side:		
— currencies receivable under the heading of swap operations outstanding at 31 December	9 687 745	—
— sundry debtors	<u>12 034 794</u>	<u>9 323 087</u>
	<u>21 722 539</u>	<u>9 323 087</u>

	<u>1977</u>	<u>1976</u>
b) on the liabilities side:		
– currencies payable under the heading of swap operations outstanding at 31 December	9 706 604	—
– deposits from other banks	6 624 101	573 867
– European Economic Community special account for loans on special conditions and related unsettled sundry amounts	4 333 476	2 114 305
– accrued expenses and sundry creditors	<u>25 636 953</u>	<u>21 297 844</u>
	<u>46 301 134</u>	<u>23 986 016</u>

Note F – 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. 11 252 812 u.a.

Construction costs are at present put at 43.2m u.a., with completion scheduled for 1979.

Furniture and office equipment is amortised in the year of purchase.

Note G – Exchange differences

The amount of 850 417 u.a. entered under this heading for 1977 (616 291 u.a. in 1976) represents the net profit arising from financial operations during the year, calculated at the exchange rates in force at the date of these operations.

Note H – 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 1977 produces a loss in the value of net Bank assets of 1 048 305 u.a. (gain of 4 957 437 u.a. in 1976). The reevaluation does not take account of assets expressed in the national currencies of 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 I – Management commission

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

Note J – Appropriation of the balance of the profit and loss account

Operating profit in 1977 amounted to 94 457 515 u.a. before a loss of 1 048 305 u.a. arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute. Consequently, net profit amounted to 93 409 210 u.a.

The Management Committee has decided to propose that the Board of Directors recommend the Board of Governors to appropriate from the reserve for monetary risks an amount of 1 048 305 u.a., representing the loss arising from reevaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and to appropriate the entire operating profit for 1977 of 94 457 515 u.a. to the statutory and other reserves, excluding the reserve for monetary risks.

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 1977 and 1976. 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 1977 and 1976 present fairly the financial position of the European Investment Bank at these dates, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles consistently applied.

The financial statements covered by our opinion are the following:

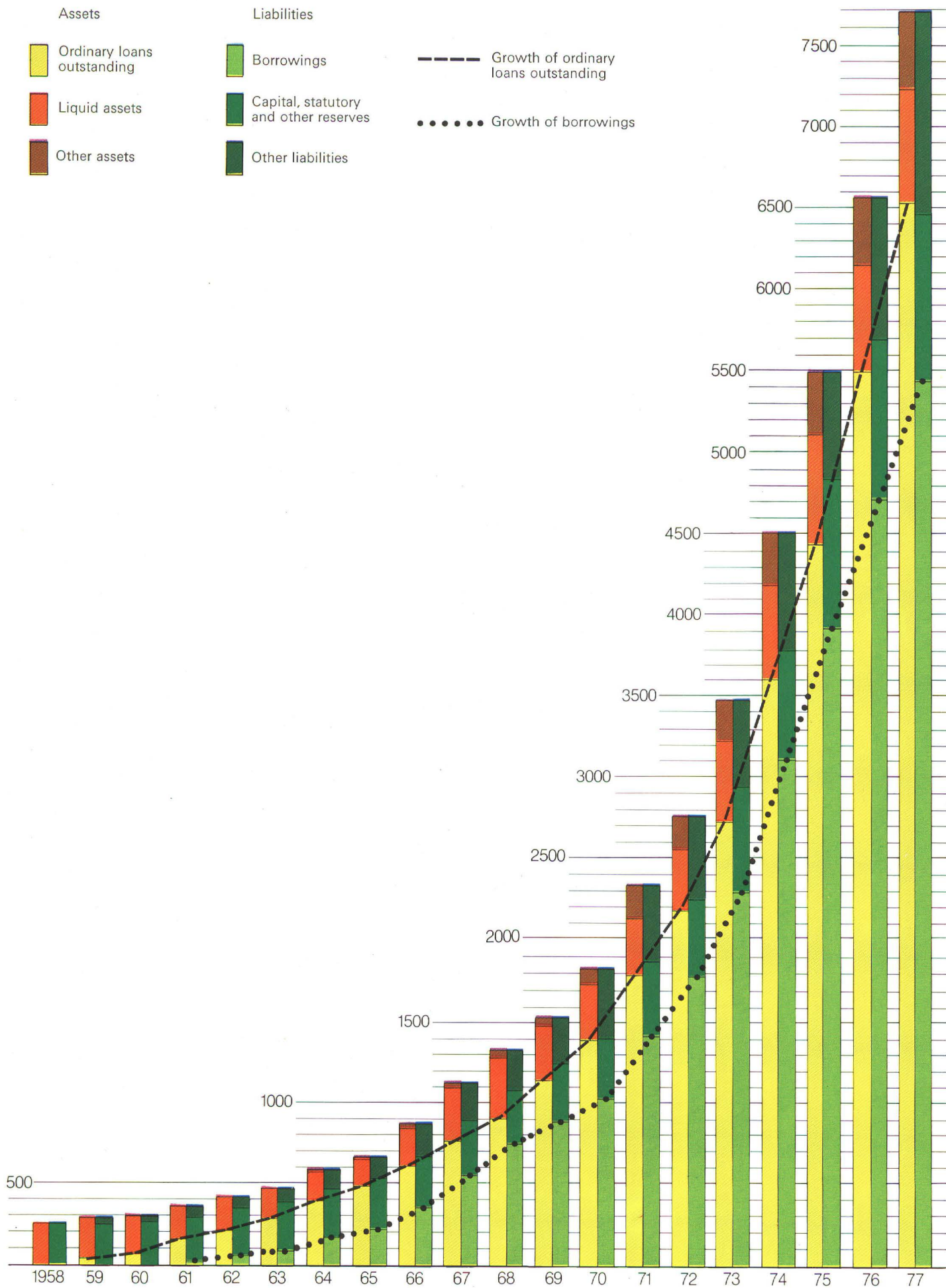
Balance sheet	
Profit and loss account	
Special Section	
Statement of subscriptions to the capital of the Bank	Annex A
Analysis of loans outstanding	Annex B
Statement of funded debt	Annex C
Amounts receivable from or payable to Member States for adjustment of capital contributions	Annex D
Notes to the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

Brussels, 24 February 1978

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 24 February 1978 drawn up by Messrs Price Waterhouse & Co.,

considering the 1977 Annual Report as well as the balance sheet of the Bank as at 31 December 1977 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 21 April 1978,

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

hereby certifies:

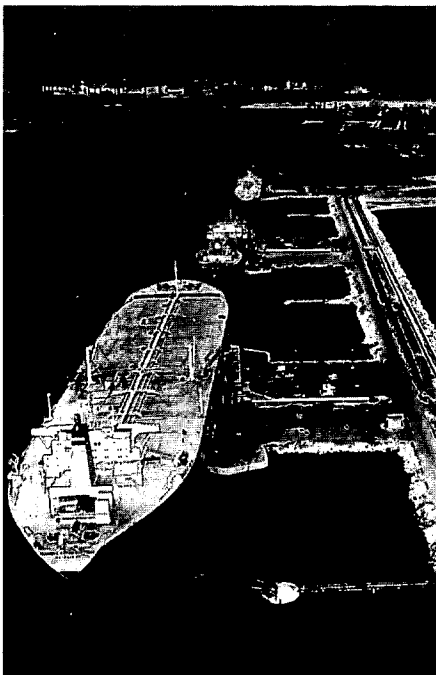
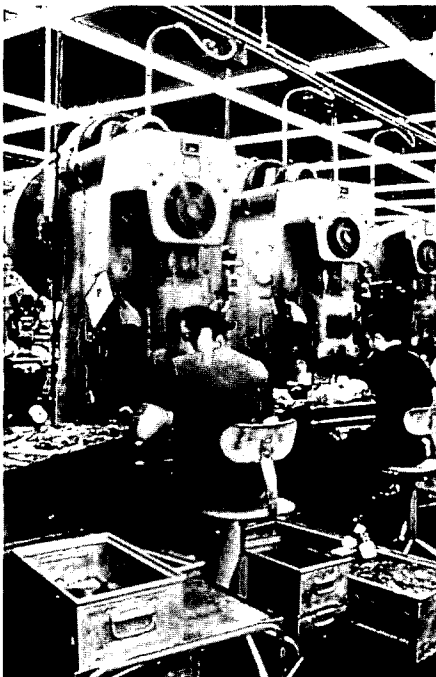
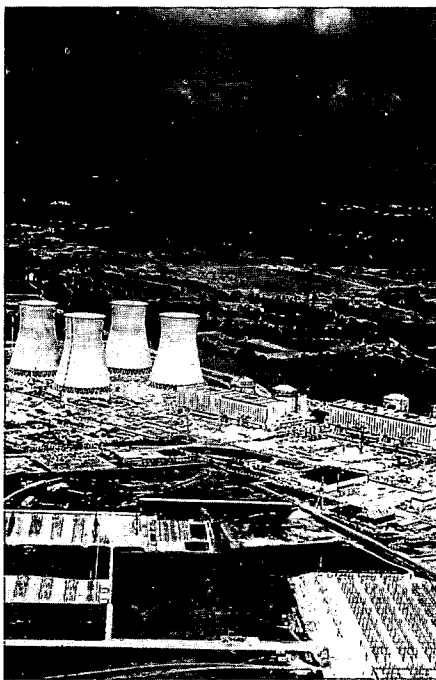
that the Bank's operations during the 1977 financial year have been carried out in compliance with the formalities and procedures laid down by the Statute and the Rules of Procedure,

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, 10 May 1978

The Audit Committee

P. McDONNELL J. BREDSORFF C. BRÜCK

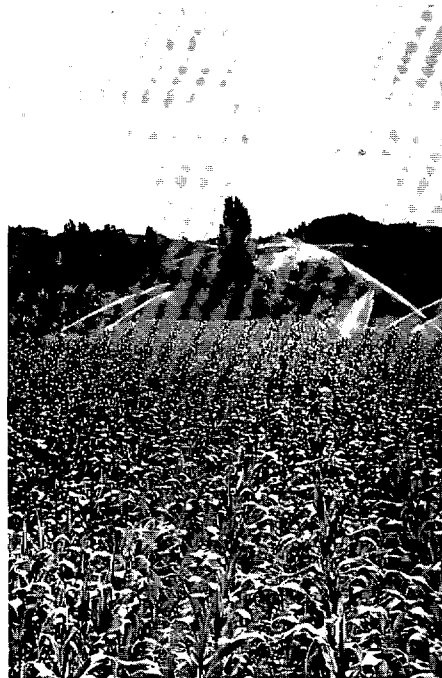


List of projects

covered by finance contracts signed in 1977

	million u.a. (1)	million u.a.
Ordinary operations	1 533.3	
Within the Community	1 401.3	
DENMARK		
Dkr 223.4 million	32.7	
1. Construction of airport at Godthaab (Greenland) Danish Government (Ministry of Finance) Dkr 50 million 7.1		
2. Adaptation for coal-firing of Asnæs power station to the west of Copenhagen IFV – Elektricitetsselskabet Isefjordværket Interessentskab Dkr 55 million 8.4		
3. Provision of anti-pollution installations to cater for coal-firing of Asnæs and Kyndby power stations (West Zealand) IFV – Elektricitetsselskabet Isefjordværket Interessentskab Dkr 31.2 million 4.4		
4. Enlargement and modernisation of biscuit factory at Hjørring (North Jutland) Oxford Biscuit Fabrik A/S , through the intermediary of Finansieringsinstituttet for Industri og Håndværk A/S Dkr 12 million 1.7		
5.-6. Global loans to Finansieringsinstituttet for Industri og Håndværk A/S to finance small and medium-scale industrial ventures in development areas		
		2.2
		0.9
7.-8. Global loans to Danish Government (Direktoratet for Egnsudvikling) for financing small and medium-scale industrial ventures in development areas		
		3.0
		5.0
GERMANY		
DM 74.9 million	28.4	
9. Nuclear power station at Mülheim-Kärlich near Koblenz (Rhine-land Palatinate) Société Luxembourgeoise de Centrales Nucléaires S.A. DM 74.9 million 28.4		
FRANCE		
Ffrs 1 659.1 million	296.5	
10. Irrigation and water supply systems in Bouches-du-Rhône and Var (Provence-Alpes-Côte d'Azur), third stage Société du Canal de Provence et d'Aménagement de la Région Provençale Ffrs 150 million 26.9		
11. Oil tanker ballast and flushing water purification facilities at Fos-sur-Mer (Provence-Alpes-Côte d'Azur) Port Autonome de Marseille Ffrs 15 million 2.7		
12. Extension and modernisation of telecommunications system in the Midi-Pyrénées Administration des Postes et Télécommunications , through the intermediary of Caisse Nationale des Télécommunications Ffrs 168.5 million 30.2		

(1) Finance contracts are usually denominated in the equivalent of the national currency for operations in Member Countries and in units of account for projects outside the Community. Amounts shown in national currency for operations outside the Community are thus given merely as a guide; they are based on the equivalents in units of account as used by the Bank at the date of signature of the contract (see page 6).



million u.a.

million u.a.

13. Extension of French international telecommunications system
Administration des Postes et Télécommunications, through the intermediary of **Caisse Nationale des Télécommunications**
Ffrs 334.5 million

59.7

14. Fourth stage of Bugey nuclear power station at Saint-Vulbas (Rhône-Alpes)
Electricité de France (EDF)
Ffrs 153.8 million

27.4

15. Nuclear power station at Dampierre-en-Burly (Centre)
Electricité de France (EDF)
Ffrs 168.5 million

30.0

16. The 'Super-Phénix' nuclear power station at Creys-Malville (Rhône-Alpes)
Centrale Nucléaire Européenne à Neutrons Rapides S.A. (NERSA)
Ffrs 278.8 million

50.0

17. Uranium enrichment plant at Tricastin (Rhône-Alpes)
EURODIF S.A.
Ffrs 280 million

50.0

18. Modernisation of steelworks at Serémange (Lorraine)
Société Lorraine de Laminage Continu (SOLLAC)
Ffrs 110 million

19.6

IRELAND

£Ir 52.1 million

79.7

19. Expansion of water supply system in Cork harbour area (South-West Ireland)
Cork County Council, through the intermediary of the **Ministry for Finance** and the **Local Loans Fund**
£Ir 10 million

15.3

20. Road improvements in the interests of industry and tourism
Ministry for Finance
£Ir 13.1 million

20.0

21. Extension and modernisation of telecommunications system
Department of Posts and Telegraphs, through the intermediary of the **Ministry for Finance**
£Ir 17 million

26.0

22.-23.-24. Advance and custom-built factories
– **Industrial Development Authority**, through the intermediary of the **Ministry for Finance**
£Ir 7.7 million
– **Shannon Free Airport Development Company Limited**, through the intermediary of the **Ministry for Finance**
£Ir 2 million

11.8

3.1

– **Gaeltarra Eireann**, through the intermediary of the **Ministry for Finance**
£Ir 2.3 million

3.5

ITALY

Lit 426 700 million

425.7

25. Irrigation and drainage system in Calabria
Cassa per il Mezzogiorno
Lit 34 260 million

34.2

26. Sinni river scheme: construction of dam and two aqueducts in Apulia and Basilicata
Cassa per il Mezzogiorno
Lit 30 000 million

29.8

27.-28. Construction of Udine-Carnia motorway in Friuli and repair of structures damaged in 1976 earthquakes

– **AUTOSTRADE – Concessioni e Costruzioni Autostrade S.p.A.**
Lit 9 000 million

9.1

– **AUTOSTRADE – Concessioni e Costruzioni Autostrade S.p.A.**, through the intermediary of **IRI – Istituto per la Ricostruzione Industriale**
Lit 18 000 million

17.9

29. Extension and widening of Naples access roads from the Rome-Naples motorway
AUTOSTRADE – Concessioni e Costruzioni Autostrade S.p.A., through the intermediary of **IRI – Istituto per la Ricostruzione Industriale**
Lit 14 000 million

14.0

30. Conversion of Palermo by-pass (Sicily)
Cassa per il Mezzogiorno
Lit 7 800 million

7.7

31. Installation of container-handling facilities at Naples harbour (Campania)
Cassa per il Mezzogiorno
Lit 7 000 million

6.9

32. Improvement of telephone system in Friuli-Venezia Giulia region
SIP – Società Italiana per l'Esercizio Telefonico p.A.
Lit 20 000 million

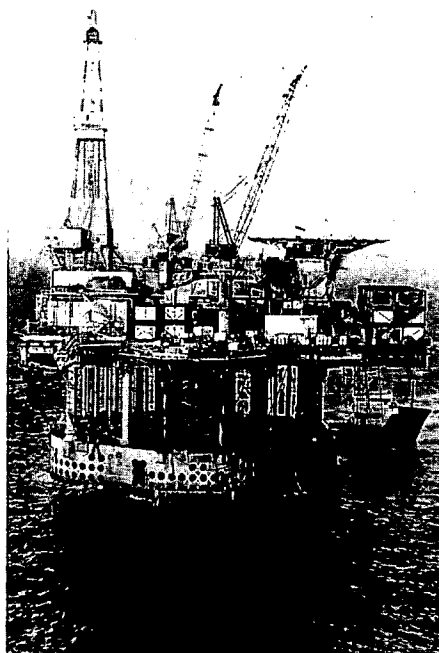
20.2

33. Extension of telephone system in Calabria and Basilicata
SIP – Società Italiana per l'Esercizio Telefonico p.A., through the intermediary of **IMI – Istituto Mobiliare Italiano**
Lit 25 000 million

24.8

34. Extension of telephone system in Sicily
SIP – Società Italiana per l'Esercizio Telefonico p.A., through the intermediary of **IMI – Istituto Mobiliare Italiano**
Lit 25 000 million

24.8



35. Development of Anemone, Azalea and Antonella-Antonio gas fields in the Adriatic off Emilia-Romagna
AGIP S.p.A.
 Lit 18 000 million 17.9

36. Development of Davide gas field in the Adriatic off The Marches
AGIP S.p.A.
 Lit 6 500 million 6.4

37. Development of Barbara gas field in the Adriatic off The Marches
AGIP S.p.A.
 Lit 15 000 million 14.9

38. Reorganisation of plate mill in Taranto iron and steel complex in Apulia, and installation of anti-pollution equipment
Italsider S.p.A., through the intermediary of **IMI - Istituto Mobiliare Italiano**
 Lit 30 000 million 30.1

39.-40. Copper wire rod plant at Avellino (Campania)
 - **ITALRAME S.p.A.**, through the intermediary of **Cassa per il Mezzogiorno and ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale**
 Lit 1 590 million 1.6
 - **ITALRAME S.p.A.**, through the intermediary of **ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale**
 Lit 2 000 million 2.0

41.-42. Reinforced concrete modules prefabrication plants
PREFIM - Prefabbricazione Impresit S.p.A., through the intermediary of **IMI - Istituto Mobiliare Italiano**
 - Plant at Termoli (Molise)
 Lit 1 400 million 1.4
 - Plant at Ceprano (Latium)
 Lit 2 000 million 2.0

43. Float glass plant at San Salvo (Abruzzi)
FLOVETRO S.p.A., through the intermediary of **EFIM - Ente Partecipazioni e Finanziamento Industria Manifatturiera**, and of **ENI - Ente Nazionale Idrocarburi**
 Lit 24 000 million 23.8

44. Extension and modernisation of polypropylene, polyethylene and ethyl oxide units in petrochemicals complex at Brindisi (Apulia)
Montedison S.p.A., through the intermediary of **ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale**
 Lit 6 500 million 6.6

45. Expansion of factories producing equipment for the energy industry at Florence and Massa Carrara (Tuscany) and Talamona (Lombardy)

Nuovo Pignone S.p.A., through the intermediary of **ENI - Ente Nazionale Idrocarburi**
 Lit 8 000 million 7.9

46. Enlargement of fork-lift truck factory at Bari (Apulia)
FIAT Carrelli Elevatori, through the intermediary of **IMI - Istituto Mobiliare Italiano**
 Lit 7 500 million 7.4

47.-48. High speed diesel engines plant at Foggia (Apulia), second phase
Società Franco-Italiana di Motori - SOFIM S.p.A., through the intermediary of **IMI - Istituto Mobiliare Italiano**
 - Lit 10 000 million 10.1
 - Lit 20 000 million 19.8

49. Coachwork factory in Ufita Valley (Campania)
FIAT Veicoli Industriali S.p.A., through the intermediary of **IMI - Istituto Mobiliare Italiano**
 Lit 25 000 million 24.8

50. Plastic packaging plant at Brindisi (Apulia)
S.p.A. PANSAC-SUD, through the intermediary of **IMI - Istituto Mobiliare Italiano**
 Lit 3 850 million 3.9

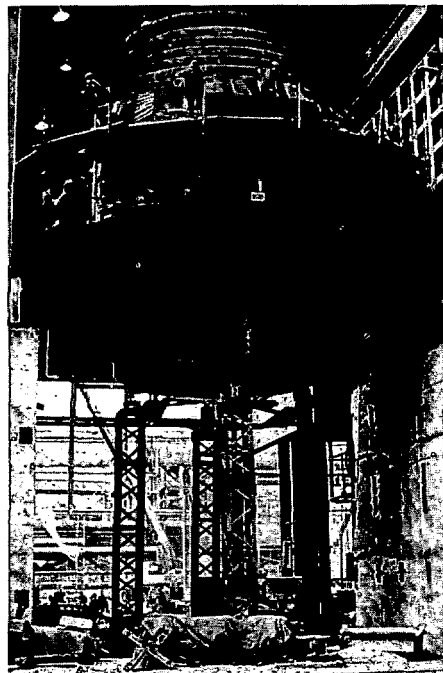
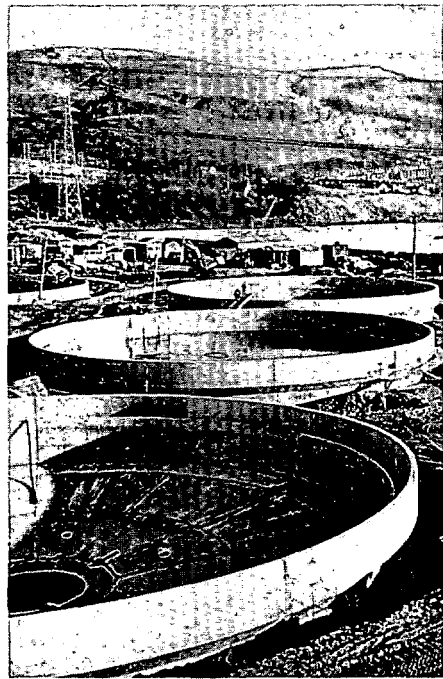
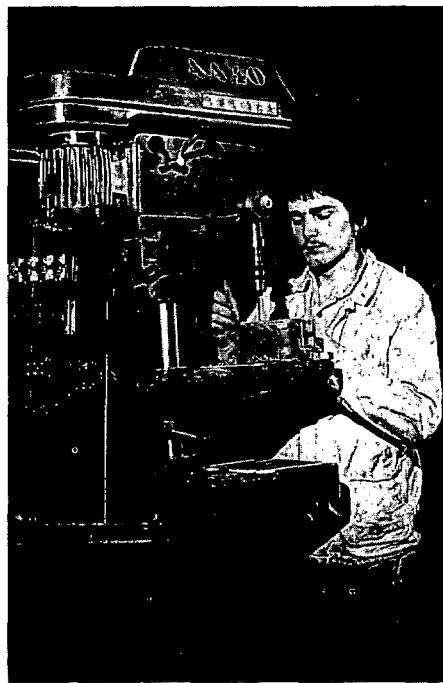
51. Polyethylene tubing plant at Caltagirone (Sicily)
ITRES S.p.A., through the intermediary of **Cassa per il Mezzogiorno and IRFIS - Istituto Regionale per il Finanziamento alle Industrie in Sicilia**
 Lit 3 500 million 3.5

52. Global loan to **IMI - Istituto Mobiliare Italiano** for financing small and medium-scale industrial ventures in the Mezzogiorno
 Lit 20 000 million 20.2

53. Global loan to **Special Industrial Credit Section of Banca Nazionale del Lavoro** for financing small and medium-scale industrial ventures in the Mezzogiorno
 Lit 20 000 million 20.2

54. Global loan to **ICIPU - Istituto di Credito per le Imprese di Pubblica Utilità** for financing small and medium-scale industrial ventures in the Mezzogiorno
 Lit 2 250 million 2.2

55. Global loan to **CIS - Credito Industriale Sardo**, through the intermediary of **Cassa per il Mezzogiorno**, for financing small and medium-scale industrial ventures in Sardinia
 Lit 7 000 million 6.9



million u.a.

million u.a.

56. Training centre for telecommunications engineers at l'Aquila (Abruzzi)

SIP - Società Italiana per l'Esercizio Telefonico p.A., through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 2 500 million

2.5

UNITED KINGDOM

£ 320.8 million

489.6

57.-58. Extension and improvement of water supply system in Lancashire (North-West England)

North West Water Authority, through the intermediary of the **National Water Council**

- £ 8.3 million

12.5

- £ 19.8 million

30.3

59.-60. Water supply, sewerage and sewage disposal schemes on Teesside (Northern England)

Northumbrian Water Authority, through the intermediary of the **National Water Council**

- £ 7.5 million

11.5

- £ 7.5 million

11.5

61.-62. Water supply, sewerage and sewage disposal schemes in South-East Wales

Welsh National Water Development Authority, through the intermediary of the **National Water Council**

- £ 6.2 million

9.5

- £ 6.2 million

9.5

63. Water supply, sewerage, sewage disposal scheme in Cornwall (South-West England)

South West Water Authority, through the intermediary of the **National Water Council**

£ 2.5 million

3.8

64. Water supply scheme in Yorkshire

Yorkshire Water Authority, through the intermediary of the **National Water Council**

£ 14.6 million

22.4

65. Water supply, sewerage and sewage disposal schemes in the Lothian Region (Scotland)

Lothian Regional Council

£ 25 million

38.2

66. Improvement of water supply system by construction of Kielder dam on the North Tyne and a pumping station for transferring water to the Wear and Tees (Northern England)

Northumbrian Water Authority, through the intermediary of the **National Water Council**

£ 19.8 million

30.3

67. Four service depots at Aberdeen, Edinburgh, Newcastle and Leeds for High Speed Trains travelling on the East Coast Main Line

British Railways Board

£ 7.2 million

11.0

68. Extension and modernisation of telecommunications system in Northern Ireland

Post Office

£ 18.5 million

27.9

69. Construction of Heysham nuclear power station near Lancaster (North-West England)

Central Electricity Generating Board, through the intermediary of the **Electricity Council**

£ 52.3 million

80.0

70. Extension of electricity supply systems serving the Isle of Skye and three of the Orkney Islands (Hoy, Flotta and Graemsay)

North of Scotland Hydro-Electric Board

£ 4.1 million

6.2

71. Extension of electricity supply systems in Central and South-West Scotland

South of Scotland Electricity Board

£ 4.3 million

6.6

72. Extension and modernisation of Ravenscraig integrated iron and steel works, Motherwell (Scotland)

British Steel Corporation

£ 52.7 million

80.6

73. Installation of continuous casting machine at Ravenscraig iron and steel works, Motherwell (Scotland)

British Steel Corporation

£ 14 million

21.1

74. Construction of a third ore unloader at Redcar (Northern England)

British Steel Corporation

£ 8 million

12.2

75. Modernisation of brickworks producing refractories for coke ovens, at Templetown (Northern England)

British Steel Corporation

£ 3.9 million

6.0

76. Refinery for coking plant by-products at Port Clarence (Northern England)

British Steel Corporation (Chemicals), through the intermediary of **British Steel Corporation**

£ 6.9 million

10.5

77.-78. Rationalisation and modernisation of foundry installations in Northern England and Scotland

British Steel Corporation

- £ 7.7 million

11.7

- £ 3.8 million

5.7



79. Contract of mandate and guarantee with the **Secretaries of State for Industry, Scotland, Wales and the Department of Commerce for Northern Ireland**, for financing small and medium-scale industrial projects in assisted areas of the United Kingdom
£ 20 million

30.6

* * *

80. Increase in capacity of compressor stations on the Trans-Austria Gasline (**Austria**) for supplying the Community with natural gas from the Soviet Union

ENI - Ente Nazionale Idrocarburi

Sfrs 13 million

4.7

81.-82. Development of Frigg gas field (**Norwegian** sector of the North Sea)

- **Elf Oil Exploration and Production (UK) Ltd and Aquitaine Oil (UK) Ltd**

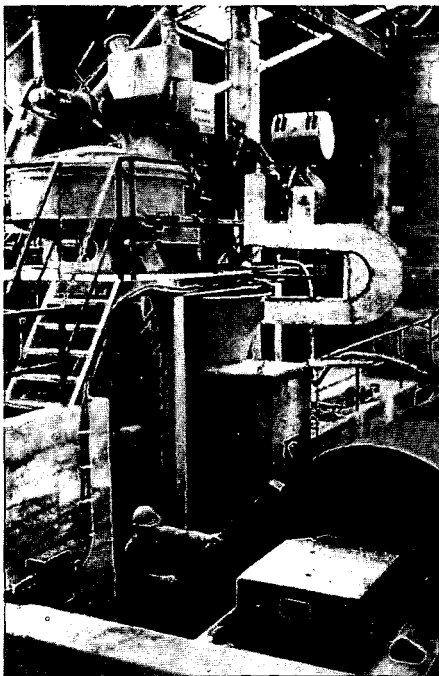
US\$ 40 million

35.3

- **Elf Aquitaine Norge A/S**

US\$ 10 million

8.8



Outside the Community 152.0

PORTUGAL

Esc 2 602 million

60.0

83. Irrigation of 4 700 ha around Odivelas and Vigia and survey covering area around Mira (Alentejo)

Republic of Portugal

Esc 425.2 million

12.0

84. Construction of dam on the river Azibo and irrigation of 5 300 ha in Tras-os-Montes province

Republic of Portugal

Esc 696.3 million

15.0

85. Construction of container terminal and new harbour basin at Leixoes harbour (Oporto)

Administração dos Portos do Douro e Leixoes

Esc 691.4 million

16.0

86. Reconstruction and extension of Alcantara dock (Port of Lisbon)

Administração Geral do Porto de Lisboa

Esc 371.3 million

8.0

87. Global loan to **Banco de Fomento Nacional**, for financing small and medium-scale industrial and tourism ventures

Esc 417.8 million

9.0

YUGOSLAVIA

88. Construction of electricity transmission network Loan to **six electricity companies in Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia**

Din 523.1 million

25.0

ACP STATES

67.0

CAMEROON

CFAF 1 304.7 million

4.7

89. Extension of two cement works, at Bonaberi (Douala) and Figuil (Northern Cameroon)

Cimenteries du Cameroun - CIMENCAM

CFAF 560.4 million

2.0

90. Construction of hotel at Douala **Société Hôtelière du Littoral**

CFAF 744.3 million

2.7

IVORY COAST

CFAF 6 055.3 million

21.6

91. Reinforcement of electricity transmission system

Société Énergie Électrique de Côte d'Ivoire

CFAF 3 082 million

11.0

92. Construction of coconut and palm oil mill at Abidjan

PALMINDUSTRIE

CFAF 2 106.4 million

7.5

93. Construction of desiccated coconut factory at Jacqueline

Société Ivoirienne de Coco Râpé

CFAF 403.5 million

1.4

94. Construction of hotel at Abidjan

Société Immobilière de la Lagune

CFAF 463.4 million

1.7

KENYA

K Sh 241.1 million

25.9

95. Extension of cement works at Athi River near Nairobi

East African Portland Cement Company Ltd

K Sh 28.1 million

3.0

96. Financing of plant producing furfural, acetic and formic acid

Kenya Furfural Company Ltd

K Sh 54.5 million

5.9

97. Development of sugar cane plantations and construction of sugar mill at Awendo

South Nyanza Sugar Company Ltd

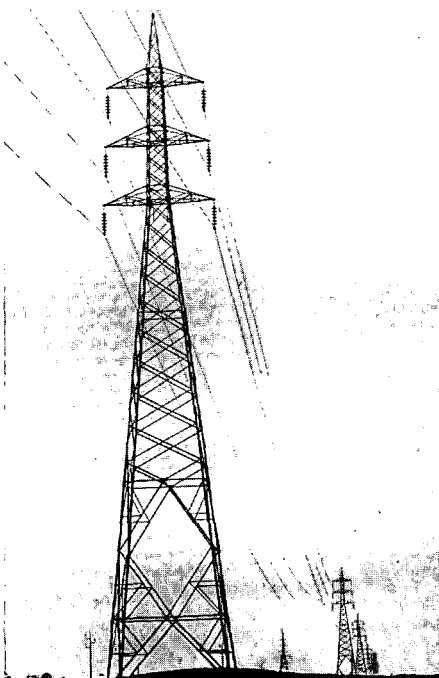
K Sh 111.1 million

12.0

98. Global loan to **Industrial Development Bank Ltd (IDB)** for financing small and medium-scale industrial ventures

K Sh 47.4 million

5.0





million u.a.

million u.a.

MAURITIUS

99. Global loan to **Development Bank of Mauritius (DBM)** for financing small and medium-scale industrial and tourism ventures
Mau Rs 22.7 million 3.0

MALAWI

MK 9.7 million 9.5

100. Planting of 6 000 ha sugar cane estate and construction of sugar mill near Dwangwa
Dwangwa Sugar Corporation Limited
MK 6.6 million 6.5

101. Global loan to **Investment and Development Bank of Malawi (INDEBANK)** for financing small and medium-scale industrial and tourism ventures
MK 3.1 million 3.0

TOGO

102. Construction of palm oil mill at Agou and oil storage installations at the Port of Lomé
Société Nationale pour le Développement de la Palmeraie et des Huileries
CFAF 650.2 million 2.3

Special operations

ACP STATES AND OCT
(financing provided in the form of risk capital) 18.2

IVORY COAST

103. Factory producing desiccated coconut at Jacqueline
Participation in equity capital of **Société Ivoirienne de Coco Râpé**
7 000 shares at CFAF 10 000 each
CFAF 70 million 0.3

KENYA

104. Factory producing furfural, acetic and formic acid
Participation in equity capital of **Kenya Furfural Company Ltd**
1 million ordinary shares at K Sh 10
K Sh 10 million 1.1

MALAWI

105. Planting of 6 000 ha sugar cane estate and construction of sugar mill near Dwangwa
Subscription to share capital of **Dwangwa Sugar Corporation Limited**
MK 1 million 1.0

RWANDA

106. Expansion of mining production capacity at tin (cassiterite) and tungsten (wolfram) mines, and construction of tin smelter
Subordinated loan to **Société des Mines du Rwanda**
RF 318.3 million 3.0

TANZANIA

T Sh 70.0 million 7.4

107. Canvas mill near Morogoro
Conditional loan for financing **National Development Corporation's** participation in establishing the mill
T Sh 46.5 million 4.9

108. Subscription to convertible bonds issued by **Tanganyika Development Finance Company Limited**, for financing medium-scale industrial ventures
T Sh 23.5 million 2.5

TOGO

CFAF 887.9 million 3.2

109.-110. Palm oil mill at Agou and oil storage installations at the Port of Lomé
– Conditional loan to **Republic of Togo** for part-financing capital increase of **Société Nationale pour le Développement de la Palmeraie et des Huileries**
CFAF 860 million 3.1

– Conditional loan for financing technical assistance for start-up
Société Nationale pour le Développement de la Palmeraie et des Huileries
CFAF 27.9 million 0.1

ZAIRE

Z 1.2 million 1.2

111. Expansion of cement works in Shaba
Subordinated loan to **Société des Ciments et Matériaux du Shaba**, through the intermediary of **Société Financière de Développement (SOFIDE)**
Z 1.1 million 1.1

112. Part-financing capital increase of **Société Financière de Développement (SOFIDE)** by subscription to 2 000 shares of Z 50 each
Z 0.1 million 0.1

CARIBBEAN OCT

113. Purchase of holdings in small and medium-sized industrial and tourism enterprises
Caribbean Investment Corporation (CIC)
EC\$ 3.1 million 1.0

Table 8: List of borrowings in 1977

Date of contract	Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in million u.a.	Term (years)	Coupon %	Placing
25. 1. 1977	January	Netherlands	Fl	75	27.0	7	8	Private
1. 2. 1977	February	Switzerland	Sfrs	50	18.1	7	5 ¹ / ₂	Private
11. 2. 1977	February	Germany	DM	25	9.4	15	7 ¹ / ₄	Private
	February	Germany	DM	25.2	9.4	12	7.3	Private
10. 3. 1977	March	Netherlands	Fl	50	18.0	25	8 ⁵ / ₈	Private
14. 3. 1977	March	Luxembourg	\$	75	66.4	7	8	Public (1)
	March	Luxembourg	\$	50	44.2	10	8 ¹ / ₄	Public (1)
	March	Luxembourg	\$	50	44.2	15	8 ³ / ₄	Public (1)
20. 4. 1977	April	Luxembourg	Yen	10 000	32.2	7	7 ¹ / ₄	Public (2)
5. 5. 1977	May	United States	\$	75	66.8	20	9	Public (3)
10. 5. 1977	May	Netherlands	Fl	100	35.8	15	7 ¹ / ₂	Public (4)
20. 7. 1977	July	Luxembourg	Lfrs	500	12.2	10	8	Public (5)
20. 7. 1977	July	Luxembourg	\$	20	17.6	5	variable rate	Private
26. 7. 1977	July	Luxembourg	\$	10	8.8	5 ¹ / ₂	8	Private
27. 7. 1977	August	Germany	DM	150	56.6	12	6	Public (6)
27. 9. 1977	September	United States	\$	75	66.2	7	7 ³ / ₄	Public (7)
	September	United States	\$	100	88.2	15	8 ³ / ₈	Public (7)
4. 10. 1977	October	Japan	Yen	15 000	49.8	10	6.8	Public (8)
11. 10. 1977	October	Hong Kong	\$	30	26.2	10	8 ¹ / ₄	Public (9)
11. 10. 1977	October	Germany	DM	60	22.8	15	6 ⁵ / ₈	Private
2. 12. 1977	November	Belgium	Bfrs	1 500	36.7	8	8 ¹ / ₂	Public (10)
2. 12. 1977	December	Germany	DM	50	19.0	10	6 ¹ / ₄	Private
2. 12. 1977	December	Germany	DM	50	19.0	10	6.15	Private
6. 12. 1977	December	United Kingdom	£	25	38.2	15	9 ³ / ₄	Public (11)
9. 12. 1977	December	Switzerland	Sfrs	50	18.7	4	4 ¹ / ₈	Private
9. 12. 1977	December	Switzerland	Sfrs	50	18.7	8	4 ¹ / ₂	Private
20. 12. 1977	December	Germany	DM	50	19.0	15	6 ¹ / ₄	Private
20. 12. 1977	December	Germany	DM	25	19.5	15	6 ¹ / ₄	Private
22. 12. 1977	December	Luxembourg	\$	50	43.8	7	8 ¹ / ₄	Public (12)
					942.5			

Medium-term interbank operations

Signature	Placing	Origin	Currency	Amount in national currency (million)	Amount in million u.a.	Term	Interest %	Placing
1. 3. 1977	March	Luxembourg	\$	6.0	5.3	1979-81	7.46 (average)	Private
8. 12. 1977	December	Luxembourg	DM	25.0	9.5	1979	4 ¹¹ / ₁₆	Private
8. 12. 1977	December	Germany	DM	75.0	28.4	1979	4 ⁷ / ₈	Private
16. 12. 1977	December	France	\$	25.0	21.9	1979	7 ¹¹ / ₁₆	Private
16. 12. 1977	December	France	\$	25.0	21.9	1979	7 ⁷ / ₈	Private
					87.0			

Total borrowings:
1 029.5

(1) Underwritten by a banking syndicate composed of Deutsche Bank AG, Amsterdam-Rotterdam Bank N.V., Banca Commerciale Italiana, Banque Arabe et Internationale d'Investissement, Banque Internationale à Luxembourg S.A., Banque de Paris et des Pays-Bas, Crédit Suisse White Weld Limited, Dresdner Bank AG, Merrill Lynch International & Co., Salomon Brothers International Limited, Société Générale, Société Générale de Banque S.A., Swiss Bank Corporation (Overseas) Limited and Union Bank of Switzerland (Securities) Limited, offered for public subscription at 100% for the 7-year tranche, at 99% for the 10-year tranche and at par for the 15-year tranche.

(2) Underwritten by a banking syndicate composed of Daiwa Securities Co. Ltd., S.G. Warburg & Co. Ltd., Amsterdam-Rotterdam Bank N.V., Banca Commerciale Italiana, The Bank of Tokyo (Holland) N.V., Banque Bruxelles Lambert S.A., Crédit Lyonnais, Crédit Suisse White Weld Limited, Deutsche Bank AG, Dresdner Bank AG, Robert Fleming & Co. Limited, The Industrial Bank of Japan (Luxembourg) S.A., Kredietbank S.A., Luxembourggeoise, The Nikko Securities Co. (Europe) Ltd., Société Générale and Swiss Bank Corporation (Overseas) Limited, offered for public subscription at par.

(3) Underwritten by a banking syndicate composed of Kuhn Loeb & Co. Inc., The First Boston Corporation, Merrill Lynch, Pierce, Fenner & Smith Inc. and Lazard Frères & Co., offered for public subscription at par.

(4) 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., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Nederlandsche Middenstandsbank N.V., offered for public subscription at 98½%.

(5) Underwritten by a banking syndicate composed of Kredietbank S.A., Luxembourggeoise, Banque Générale du Luxembourg S.A., Banque Internationale à Luxembourg S.A., Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg S.A., Caisse d'Epargne de l'Etat du Grand-Duché de Luxembourg, Crédit Industriel d'Alsace et de Lorraine, Luxembourg and Société Générale Alsacienne de Banque, Luxembourg, offered for public subscription at 99%.

(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 99%.

(7) Underwritten by a banking syndicate composed of The First Boston Corporation, Merrill Lynch, Pierce, Fenner & Smith Inc., Kuhn Loeb & Co. and Lazard Frères & Co., offered for public subscription at 99% for the 7-year tranche and 99½% for the 15-year tranche.

(8) Underwritten by a banking syndicate composed of Daiwa Securities Co. Ltd., The Nomura Securities Co. Ltd., Yamaichi Securities Company Limited and The Nikko Securities Co. Ltd., offered for public subscription at 99%.

(9) Underwritten by a banking syndicate composed of Indosuez Asia Limited, Morgan Grenfell (Asia) Limited, Trident International Finance Limited, Wardley Limited, Asian International Acceptances & Capital Limited, The Development Bank of Singapore Limited, DBS-Daiwa Securities International Limited, Jardine Fleming & Company Limited, Salomon Brothers Asia Limited, Schroeders & Chartered Limited, Sun Hung Kai International Limited and The United Overseas Bank Limited, offered for public subscription at 99%.

(10) Underwritten by a banking syndicate composed of Société Générale de Banque S.A., Banque Bruxelles Lambert S.A., Kredietbank N.V. and Banque de Paris et des Pays-Bas Belgique S.A., offered for public subscription at 99½%.

(11) Underwritten by a banking syndicate composed of Crédit Suisse White Weld Limited, Amsterdam-Rotterdam Bank N.V., Banca Commerciale Italiana, The Bank of Tokyo (Holland) N.V., Banque de Paris et des Pays-Bas, Baring Brothers and Co. Ltd., County Bank Ltd., Crédit Commercial de France, Deutsche Bank AG, Kidder Peabody International Ltd., Samuel Montagu and Co. Ltd., J. Henry Schroder, Wagg and Co. Ltd., Société Générale de Banque S.A. and Wood Gundy Ltd., offered for public subscription at 99%.

(12) Underwritten by a banking syndicate composed of Banque Arabe et Internationale d'Investissement, Abu Dhabi Investment Company, American Express Middle East Development Company S.A.L., Arab African Bank-Cairo, The Arab Investment Company S.A.A. (Riyadh), Bank of Credit and Commerce International, European Arab Bank Limited, Kuwait International Investment Co. S.A.K., National Bank of Abu Dhabi, Riyadh Bank Limited and the Saudi French Bank, offered for public subscription at par.

Table 9: Financing provided within the Community from 1958 to 1977 (1)
Sectoral breakdown

Sector	Number		Amount (m u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Energy, communications and other infrastructure (2)	282		4 955.3		66.9
Energy	125		2 143.6		29.0
Production	90		1 605.6		21.7
Nuclear	35		885.9		12.0
Thermal power stations	15		151.0		2.0
Hydroelectric and pumped storage plant	17		245.5		3.4
Development of oil and natural gas deposits	21		306.5		4.1
Solid fuel extraction	2		16.7		0.2
Transmission	35		538.0		7.3
Power lines	8		78.6		1.1
Gaslines and oil pipelines	27		459.4		6.2
Communications	114		2 164.9		29.2
Transport	69		1 097.6		14.8
Railways	15		232.8		3.1
Roads, bridges and tunnels	39		656.6		8.9
Shipping and inland waterways	10		154.5		2.1
Airlines	4		48.8		0.6
Other	1		4.9		0.1
Telecommunications	45		1 067.3		14.4
Water schemes	41		630.4		8.5
Agricultural development	10		185.0		2.5
Water catchment, treatment and supply	31		445.4		6.0
Public buildings	2		16.3		0.2
Industry, agriculture and services	1 055	686	2 451.5	320.2	33.1
Industry (3)	1 031	668	2 424.0	313.0	32.7
Mining and quarrying*	19	16	14.5	8.1	0.2
Metal production and semi-processing*	93	40	729.9	26.8	9.8
Construction materials*	77	51	115.4	24.9	1.5
Woodworking	47	45	21.6	15.5	0.3
Glass and ceramics	28	14	63.2	7.1	0.8
Chemicals*	106	32	477.3	15.2	6.4
Metalworking and mechanical engineering	177	139	208.2	61.4	2.8
Motor vehicles, transport equipment	38	22	195.3	9.3	2.6
Electrical engineering, electronics	54	39	78.3	22.3	1.0
Foodstuffs	161	123	172.5	57.7	2.3
Textiles and leather	72	60	40.4	26.4	0.5
Paper and pulp*	32	27	32.8	13.5	0.4
Rubber and plastics processing	51	38	70.0	16.6	0.9
Other industry	18	15	8.5	5.5	0.1
Building – civil engineering	7	7	2.7	2.7	—
Industrial estates and buildings	3		18.3		0.2
Unallocated amount of global loans	48		175.1		2.4
Agriculture, forestry, fishing	11	10	9.4	3.9	0.1
Services	13	8	18.1	3.3	0.3
Tourism	6	4	9.7	1.8	0.1
Research and development	2		4.4		0.1
Other	5	4	4.0	1.5	0.1
Grand Total	1 337	686	7 406.8	320.2	100.0

(1) See Note 4 to Table 2, page 25.

(2) Replaces 'Infrastructure' heading in previous Annual Reports without affecting sub-categories.

(3) Of which basic industries (marked with an asterisk): 1 369.9 million.

Table 10: Global loans granted within the Community from 1968 to 1977
Breakdown by intermediary institution

Intermediary Institution	Year	Number	Global loans		Allocations (1969-1977)	
			Amount (million u.a.)	Number	Amount (million u.a.)	Number
Italy						
Istituto Mobiliare Italiano (IMI)	1977	1	20.2	7	3.1	
	1972-1974	2	52.8	82	44.3	
Banca Nazionale del Lavoro, 'Sezione Speciale per il Credito Industriale' (BNL)	1977	1	20.2	26	8.1	
	1974	1	19.6	39	18.5	
Credito Industriale Sardo (CIS)	1977	1	6.9	—	—	
	1969-1976	4	27.4	41	18.2	
Istituto di Credito per le Imprese di Pubblica Utilità (ICIPU)	1977	1	2.2	5	2.2	
	1976	1	3.7	5	3.7	
Istituto per lo Sviluppo Economico dell'Italia Meridionale (ISVEIMER)	1968-1976	4	61.0	79	46.7	
Istituto Regionale per il Finanziamento alle Industrie in Sicilia (IRFIS)	1970-1976	3	25.3	36	19.4	
Mediocredito per le Piccole e Medie Imprese del Friuli Venezia-Giulia	1976	1	5.2	11	5.0	
Total Italy		20	244.5	331	169.2	
United Kingdom						
Government (contract of mandate)	1977	1	30.6	—	—	
Industrial and Commercial Finance Corporation Ltd (ICFC)	1973-1974	2	25.8	26	7.6	
Total United Kingdom		3	56.4	26	7.6	
Denmark						
Danish Government	1977	2	8.0	18	6.8	
	1975-1976	3	8.3	23	8.4 (2)	
Finansieringsinstituttet for Industri og Håndværk A/S (FIH)	1977	2	3.0	3	3.0	
	1975	1	1.4	3	1.4	
Total Denmark		8	20.8	47	19.7	
France						
Crédit National	1973-1974	2	51.2	77	39.8	
Caisse Centrale de Crédit Hôtelier, Commercial et Industriel (CCCHCI)	1973	1	18.0	56	18.1 (2)	
Crédit Naval - CMAF	1974	1	9.0	—	—	
Société Lorraine de Développement et d'Expansion (LORDEX)	1972-1975	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)	1971-1974	2	5.6	2	0.8	
Société de Développement Régional de la Bretagne (SDR Bretagne)	1974	1	3.6	3	1.7	
Total France		10	100.0	170	70.4	
Germany						
Industriekreditbank AG (IKB)	1970-1973	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	46.3	88	36.0	
Belgium						
Société Nationale de Crédit à l'Industrie (SNCI)	1976	1	17.9	21	15.5	
Ireland						
Industrial Credit Company Ltd (ICC)	1974	1	4.7	—	—	
Agricultural Credit Corporation Ltd (ACC)	1974	1	4.7	3	1.7	
Total Ireland		2	9.4	3	1.7	
Sub-total	1977	9	91.3	133	57.8	
Sub-total	1968-1976	39	404.0	553	262.4	
Grand Total		48	495.3 (1)	686	320.2	

(1) Including a total amount of 85.4 million unallocated and cancelled, and an amount of 89.7 million awaiting allocation on current global loans at 31 December 1977.

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

Table 11: Allocations from global loans within the Community in 1977 and from 1969 to 1977

Breakdown by region and sector

REGION	1977			1969-1977		
	Number	Amount of allocations million u. a.	%	Number	Amount of allocations million u. a.	%
Belgium	11	7.2	12.4	21	15.5	4.9
Antwerp	—	—	—	1	0.9	0.3
Hainault	2	1.2	2.0	5	3.2	1.0
Liège	3	1.3	2.2	5	3.1	1.0
Limbourg	1	0.4	0.7	1	0.4	0.1
Namur	—	—	—	1	0.8	0.2
Eastern Flanders	2	3.4	5.9	2	3.4	1.1
Western Flanders	3	0.9	1.6	6	3.7	1.2
Denmark	31	12.9	22.4	47	19.7	6.1
East of the Great Belt (excluding Copenhagen)	3	2.6	4.6	4	3.3	1.1
West of the Great Belt	28	10.3	17.8	43	16.4	5.1
Germany	—	—	—	88	36.0	11.2
Baden-Württemberg	—	—	—	2	0.5	0.2
Bavaria	—	—	—	16	4.3	1.3
Hessen	—	—	—	15	6.0	1.9
Lower Saxony	—	—	—	19	6.8	2.1
North Rhine Westphalia	—	—	—	18	8.7	2.7
Rhineland Palatinate	—	—	—	8	2.9	0.9
Schleswig-Holstein	—	—	—	10	6.8	2.1
France	—	—	—	170	70.4	22.0
Alsace	—	—	—	27	8.3	2.6
Aquitaine	—	—	—	9	3.8	1.2
Auvergne	—	—	—	4	3.2	1.0
Lower Normandy	—	—	—	2	0.6	0.2
Burgundy	—	—	—	3	2.3	0.7
Brittany	—	—	—	28	11.5	3.6
Centre	—	—	—	2	0.7	0.2
Champagne-Ardenne	—	—	—	2	0.5	0.2
Franche-Comté	—	—	—	2	0.4	0.1
Languedoc-Roussillon	—	—	—	2	0.6	0.2
Limousin	—	—	—	7	2.2	0.7
Lorraine	—	—	—	24	13.3	4.1
Midi-Pyrénées	—	—	—	18	7.9	2.5
Nord	—	—	—	6	2.5	0.8
Pays de la Loire	—	—	—	20	7.4	2.3
Picardy	—	—	—	2	1.1	0.3
Poitou-Charentes	—	—	—	5	1.6	0.5
Rhône-Alpes	—	—	—	7	2.5	0.8
Ireland	—	—	—	3	1.7	0.5
Italy	91	37.7	65.2	331	169.2	52.8
Abruzzi	14	5.5	9.6	38	18.8	5.9
Basilicata	1	0.4	0.7	5	3.2	1.0
Calabria	7	4.0	6.8	14	5.6	1.8
Campania	10	3.3	5.7	59	38.8	12.1
Friuli-Venezia Giulia	11	5.0	8.7	11	5.0	1.6
Lazio	7	2.5	4.4	63	31.8	9.9
The Marches	6	2.8	4.9	11	6.8	2.1
Molise	1	0.3	0.5	6	4.5	1.4
Apulia	11	4.6	7.9	44	16.3	5.1
Sardinia	9	3.8	6.5	42	18.5	5.8
Sicily	14	5.5	9.5	38	19.9	6.2
United Kingdom	—	—	—	26	7.6	2.4
Scotland	—	—	—	14	4.2	1.3
North	—	—	—	5	1.5	0.5
North-West	—	—	—	1	0.4	0.1
Wales	—	—	—	5	1.3	0.4
Northern Ireland	—	—	—	1	0.3	0.1
Total	133	57.8	100.0	686	320.2	100.0
SECTOR						
Agriculture	6	1.9	3.3	8	2.8	0.9
Fishing	—	—	—	2	1.1	0.4
Mining and quarrying	1	1.7	2.9	16	8.1	2.5
Metal production and semi-processing	9	4.3	7.5	40	26.8	8.4
Construction materials	12	4.8	8.3	51	24.9	7.8
Woodworking	8	2.3	4.0	45	15.5	4.8
Glass and ceramics	1	0.2	0.4	14	7.1	2.2
Chemicals	7	3.1	5.4	32	15.2	4.7
Metalworking and mechanical engineering	20	8.5	14.6	139	61.4	19.2
Motor vehicles, transport equipment	3	1.1	1.8	22	9.3	2.9
Electrical engineering, electronics	7	3.9	6.7	39	22.3	7.0
Foodstuffs	28	11.5	19.8	123	57.7	18.0
Textiles and leather	7	3.1	5.4	60	26.4	8.2
Paper and pulp	4	3.2	5.6	27	13.5	4.2
Rubber processing	8	3.9	6.7	38	16.6	5.2
Other industries	4	1.5	2.6	15	5.5	1.7
Building and civil engineering	3	1.0	1.7	7	2.7	0.8
Tourism	1	0.3	0.6	4	1.8	0.5
Other services	4	1.5	2.6	4	1.5	0.5
Total	133	57.8	100.0	686	320.2	100.0

Financing provided from 1964 to 1977 (1) in the African, Caribbean and Pacific States (AASMM-ACP) and in the Overseas Countries and Territories (OCT) (2)

Table 12: Sectoral breakdown

Sector	Number	Amount (million u.a.)	% of total
Energy, communications and other infrastructure (3)	36	155.6	37.2
Energy	8	54.8	13.1
Production	6	34.8	8.3
Thermal power stations	2	3.8	0.9
Hydroelectric power stations	4	31.0	7.4
Transmission	2	20.0	4.8
Power lines	2	20.0	4.8
Communications	24	88.7	21.2
Transport	23	88.0	21.0
Railways	7	43.7	10.4
Roads	7	24.7	5.9
Shipping and inland waterways	8	15.2	3.6
Airlines	1	4.4	1.1
Telecommunications	1	0.7	0.2
Water schemes	4	12.1	2.9
Agricultural development	2	5.3	1.3
Water catchment, treatment and supply	2	6.8	1.6
Industry, agriculture and services	77	263.1	62.8
Industry	69	245.7	58.7
Mining and quarrying	5	55.6	13.3
Metal production and semi-processing	3	8.2	2.0
Construction materials	10	34.3	8.2
Chemicals	4	9.9	2.4
Motor vehicles, transport equipment	1	1.4	0.3
Foodstuffs	26	94.0	22.4
Textiles and leather	13	25.9	6.2
Unallocated amount of global loans	6	16.3	3.9
Development finance companies	1	0.1	—
Agriculture	2	9.3	2.2
Services	6	8.1	1.9
Tourism	4	7.0	1.7
Research and technical assistance	2	1.1	0.2
Grand Total	113	418.7	100.0

(1) See Note 4 to Table 2, page 25.

(2) Ordinary loans (254.6 million) from EIB resources and special operations (164.1 million) financed from EDF resources.

(3) See Note 1 to Table 3, page 34.

Table 13: Breakdown by project location

Location	Ordinary operations from EIB resources					Special 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					
Benin	—	—	—	—	—	1	3.3	—	—	3.3	1	3.3	3.3	—
Cameroon	9	17.3	3	18.2	35.5	6	23.9	1	2.3	26.2	19	61.7	41.2	20.5
Congo	1	9.0	—	—	9.0	3	6.7	—	—	6.7	4	15.7	15.7	—
Ivory Coast	10	51.2	4	21.6	72.8	10	35.6	2	2.2	37.8	26	110.6	86.8	23.8
Gabon	4	4.4	—	—	4.4	3	10.3	—	—	10.3	7	14.7	14.7	—
Ghana	—	—	1	10.0	10.0	—	—	1	2.0	2.0	2	12.0	—	12.0
Upper Volta	1	0.5	—	—	0.5	1	5.0	2	4.4	9.4	4	9.9	5.5	4.4
Mauritius	1	1.7	2	5.0	6.7	—	—	—	—	—	3	6.7	1.7	5.0
Kenya	—	—	5	27.9	27.9	—	—	1	1.1	1.1	6	29.0	—	29.0
Madagascar	—	—	—	—	—	1	1.9	—	—	1.9	1	1.9	1.9	—
Malawi	—	—	2	9.5	9.5	—	—	1	1.0	1.0	3	10.5	—	10.5
Mauritania	1	11.0	—	—	11.0	1	2.8	—	—	2.8	2	13.8	13.8	—
Rwanda	—	—	—	—	—	—	—	1	3.0	3.0	1	3.0	—	3.0
Senegal	2	3.9	—	—	3.9	3	6.5	—	—	6.5	5	10.4	10.4	—
Tanzania	—	—	—	—	—	—	—	2	7.4	7.4	2	7.4	—	7.4
Chad	—	—	—	—	—	1	1.2	1	7.5	8.7	2	8.7	1.2	7.5
Togo	1	5.9	2	16.3	22.2	—	—	3	5.2	5.2	6	27.4	5.9	21.5
Zaire	3	34.2	—	—	34.2	2	14.8	2	1.2	16.0	7	50.2	49.0	1.2
Surinam	—	—	—	—	—	1	1.9	—	—	1.9	1	1.9	1.9	—
Netherlands Antilles	—	—	—	—	—	1	4.4	—	—	4.4	1	4.4	4.4	—
Caribbean	—	—	—	—	—	—	—	1	1.0	1.0	1	1.0	—	1.0
New Caledonia	2	7.0	—	—	7.0	2	3.4	—	—	3.4	4	10.4	10.4	—
Réunion	—	—	—	—	—	2	2.8	—	—	2.8	2	2.8	2.8	—
Guadeloupe	—	—	—	—	—	1	0.7	—	—	0.7	1	0.7	0.7	—
Martinique	—	—	—	—	—	1	0.6	—	—	0.6	1	0.6	0.6	—
Grand Total	35	146.1	19	108.5	254.6	40	125.8	18	38.3	164.1	112	418.7	271.9	146.8

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

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

(3) Risk capital assistance.

Table 14: Financing provided from 1963 to 1977 (1) in the Mediterranean region

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 (2)	31		450.7		66.3
Energy	11		222.9		32.8
Production	8		184.3		27.1
<i>Thermal power stations</i>	3		112.0		16.5
<i>Hydroelectric power stations</i>	5		72.3		10.6
Transmission	3		38.6		5.7
<i>Power lines</i>	3		38.6		5.7
Communications	11		108.5		16.0
Transport	11		108.5		16.0
<i>Railways</i>	3		38.9		5.7
<i>Roads and bridges</i>	5		37.0		5.5
<i>Airlines</i>	1		8.6		1.3
<i>Shipping</i>	2		24.0		3.5
Water schemes	9		119.3		17.5
Agricultural development	9		119.3		17.5
Industry and services	161	103	229.4	66.4	33.7
Industry	153	97	226.4	64.0	33.3
Mining and quarrying	1	1	0.8	0.8	0.1
Metal production and semi-processing	11	3	35.3	0.9	5.2
Construction materials	13	6	23.6	9.7	3.5
Woodworking	7	5	4.0	2.2	0.6
Glass and ceramics	7	5	7.8	4.5	1.2
Chemicals	22	11	43.7	4.8	6.4
Metalworking and mechanical engineering	22	22	10.4	10.4	1.5
Motor vehicles, transport equipment	1	1	1.6	1.6	0.2
Electrical engineering, electronics	9	7	8.2	3.0	1.2
Foodstuffs	20	20	12.2	12.2	1.8
Textiles and leather	17	10	13.2	8.0	1.9
Paper and pulp	9	3	55.3	3.9	8.1
Rubber and plastics processing	3	2	1.3	0.8	0.2
Building, civil engineering	1	1	1.2	1.2	0.2
Unallocated amount of global loans	10	—	7.8	—	1.2
Services (global loans: preinvestment studies and technical assistance)	8	6	3.0	2.4	0.4
Grand Total	192	103	680.1	66.4	100.0

(1) See Note 4 to Table 2, page 25.

(2) See Note 1 to Table 3, page 34.

Further information may be obtained from the

EUROPEAN INVESTMENT BANK
2, place de Metz — Boîte postale 2005 — Luxembourg
Tel. 43 50 11 — Telex 35 30 bankeu lu

or from its other offices

Office for Operations in Italy
Via Sardegna, 38 — I-00187 Rome
Tel. 48 36 51 — Telex 6 21 30 bankeuro

Representative Office in Brussels
Rue de la Loi, 227 — B-1040 Brussels
Tel. 735 21 38 — Telex 2 17 21 bankeu b

which also have available the following publications:

Statute and other provisions governing the EIB
1977; 32 p. (DA, DE, EN, FR, IT, NL)

Annual Report
since 1958
(DE, EN, FR, IT, NL and from 1972: DA)

EIB-Information
quarterly
8 p. (DA, DE, EN, FR, IT, NL)

European Investment Bank 1958-1978
1978; 84 p. (DA, DE, EN, FR, IT, NL)

Loans and Guarantees in the Member Countries of the European Economic Community
1977; 20 p. (DA, DE, EN, FR, IT, NL)

European Investment Bank Operations under the Lomé Convention
1976; 20 p. (DA, DE, EN, FR, IT, NL)

Investment in the Community and its Financing
Research Department
1972: 28 p. (DA, DE, IT, NL — out of print: EN, FR)
1973: 40 p. (EN, FR — out of print: DA, DE, IT, NL)
1974: 48 p. (EN, IT — out of print: DE, FR)
1975: 52 p. (DE, EN, FR, IT)
1976: 56 p. (DE, EN, FR, IT)

Activities of the European Investment Bank in Turkey (1965-1974)
Research Department
1975; 50 p. (DA, EN, FR, TR — out of print: DE, IT, NL)

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