

European
Investment
Bank

annual report
1976



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Luxembourg

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Board of Governors

Chairman	Gaston GEENS (Belgium)	
BELGIUM	Willy DE CLERCQ, Minister of Finance	<i>Chairman until June 1977</i>
	Gaston GEENS, Minister of Finance	<i>from June 1977</i>
DENMARK	Knud HEINESEN, Minister of Finance	
GERMANY	Hans APEL, Minister of Finance	
FRANCE	Jean-Pierre FOURCÂDE, Minister for Economic Affairs and Finance	<i>until August 1976</i>
	Michel DURAFOUR, Minister responsible to the Prime Minister for Economic Affairs and Finance	<i>until March 1977</i>
	Robert BOULIN, Deputy Minister for Economic Affairs and Finance	<i>from March 1977</i>
IRELAND	Richie RYAN, Minister for Finance	
ITALY	Emilio COLOMBO, Minister of the Treasury	<i>until July 1976</i>
	Gaetano STAMMATI, Minister of the Treasury	<i>from July 1976</i>
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	Jacques POOS, Minister of Finance	<i>from August 1976</i>
NETHERLANDS	Willem F. DUISENBERG, Minister of Finance	
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Audit Committee

Chairman	Émile RAUS, Honorary President of the Council of State, Luxembourg	
Members	Michael JACOB, Secretary and Director of Audit, Office of the Comptroller and Auditor-General, Dublin	<i>until February 1977</i>
	Patrick L. McDONNELL, Secretary and Director of Audit, Office of the Comptroller and Auditor-General, Dublin	<i>from March 1977</i>
	Jørgen BREDSDORFF, Auditor-General, Audit Department, Copenhagen	

Board of Directors

Chairman

Yves LE PORTZ

Vice-Chairmen

Horst-Otto STEFFE

Sir Raymond BELL

Giorgio BOMBASSEI FRASCANI de VETTOR (1)

Maurits ESSELENS (1)

from June 1976

from October 1976

(1) Messrs Sjoerd BOOMSTRA and Luca ROSANIA occupied the post of Vice-Chairman until September 1976 and June 1976 respectively and were subsequently appointed Honorary Vice-Presidents of the Bank.

Directors

Alfred BECKER	Member of the Management Committee, Kreditanstalt für Wiederaufbau, Frankfurt
Giorgio CAPPON	President, Istituto Mobiliare Italiano, Rome
André de LATTRE	President, Crédit National, Paris
Raymond DENUCÉ	Honorary Managing Director, Crédit Communal de Belgique, Brussels <i>until June 1976</i>
Maurits ESSELENS	Director General (Treasury), Ministry of Finance, Brussels <i>from June to September 1976</i>
Salvatore GUIDOTTI	President and Executive Director, Società Meridionale Finanziaria, Naples
Pierre GUILL	Managing Director, Caisse d'Epargne de l'Etat, Luxembourg
Jean-Yves HABERER	Head of the International Affairs Department, Directorate of the Treasury, Ministry of Economic Affairs and Finance, Paris
Erik HOFFMEYER	Chairman of the Board of Governors, National Bank of Denmark, Copenhagen
Maurice HORGAN	Assistant Secretary, Department of Finance, Dublin <i>from November 1976</i>
Norman JORDAN-MOSS	Deputy Secretary (Overseas Finance A), H. M. Treasury, London
Anthony IJ. A. LOOIJEN	Director of External Financial Relations, Ministry of Finance, The Hague <i>until December 1976</i>
Ludovicus MEULEMANS	Inspector-General (Treasury), Ministry of Finance, Brussels <i>from October 1976</i>
Ugo MOSCA	Director-General of Economic and Financial Affairs, Commission of the European Communities, Brussels
Alfred MÜLLER-ARMACK	Former State Secretary, Cologne
Sean MURRAY	Former Assistant Secretary, Department of Finance, Dublin † 9 October 1976
Maurice PÉROUSE	Director-General, Caisse des Dépôts et Consignations, Paris
Raymond PROSSER	Deputy Secretary, Department of Industry, London
Rupert RAW	Former Adviser to the Governor of the Bank of England, Chairman of the Italian International Bank Ltd., Director of the Banque Belge Ltd., London
B. F. van ITTERSUM	Director of External Financial Relations, Ministry of Finance, The Hague <i>from January 1977</i>
Ferdinando VENTRIGLIA	Director-General of the Treasury, Ministry of the Treasury, Rome
Hans-Herbert WEBER	Director, Federal Ministry of Finance, Bonn

Alternates

Roger BARNES	Assistant Chief Cashier, Bank of England, London
Michel CAMDESSUS	Deputy Director (Financial Activities Department), Directorate of the Treasury, Ministry of Economic Affairs and Finance, Paris
Maurits ESSELENS	Director-General (Treasury), Ministry of Finance, Brussels <i>until June 1976</i>
Lionello FRONZONI	Former Manager, Banca d'Italia, Rome
J. Geoffrey LITTLER	Under-Secretary Finance (International Monetary), H. M. Treasury, London
P. C. MAAS	President, Nationale Investeringsbank N.V., The Hague <i>from January 1977</i>
Pierre MATHIJSEN	Director-General for Regional Policy, Commission of the European Communities, Brussels <i>from June 1977</i>
Rudolf MORAWITZ	Divisional Head, Federal Ministry of Economic Affairs, Bonn
Waldemar MÜLLER-ENDERS	Divisional Head, Federal Ministry of Finance, Bonn
John Edward NASH	Director, Directorate-General for Economic and Financial Affairs, Commission of the European Communities, Brussels <i>until December 1976</i>
Yves ROLAND-BILLECART	Assistant General Manager, Caisse Centrale de Coopération Economique, Paris
Savino SPINOSI	Inspector General, IRFE, Ministry of the Treasury, Rome
B. F. van ITTERSUM	Director of Domestic Finance, Ministry of Finance, The Hague <i>from September to December 1976</i>

Management Committee

Yves LE PORTZ, President
 Horst-Otto STEFFE, Vice-President
 Sir Raymond BELL, Vice-President
 Giorgio BOMBASSEI FRASCANI de VETTOR, Vice-President (1)
 Maurits ESSELENS, Vice-President (1)

*from June 1976
 from October 1976*

(1) Messrs Sjoerd BOOMSTRA and Luca ROSANIA occupied the post of Vice-President until September 1976 and June 1976 respectively and were subsequently appointed Honorary Vice-Presidents of the Bank

Departments

General Administration Department Henri LENAERT, Secretary-General, Manager	Staff and Administration	Hans HITZLBERGER, Deputy Manager Jean EQUINET, Adviser
	Secretariat	Michel LAUCHE, Adviser
	Information	Karl Georg SCHMIDT, Adviser
	Representative Office in Brussels	Manfred TEICHERT, Adviser
Department for Operations in the Community Romeo dalla CHIESA, Manager	Coordination	Manfred THOMSEN, Adviser
	Operations in Belgium, Denmark, Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom	
	1. Energy – heavy industry	Helmuth CRAMER, Associate Manager Luciano ROTONDI, Adviser
	2. Infrastructure – manufacturing industries	Dennis KIRBY, Deputy Manager Gérard d'ERM, Adviser Thomas HALBE, Adviser
	Operations in Italy, Rome	Giorgio RATTI, Deputy Manager
	Monitoring	Marc de BUYER, Deputy Manager
Department for Operations outside the Community Dieter HARTWICH, Manager	Operations in the ACP-OCT	Jacques SILVAIN, Associate Manager Robert CORNEZ, Adviser Jean-Marie PAYEN, Adviser Christopher LETHBRIDGE, Adviser
	Operations in the Mediterranean Countries	Eugenio GREPPI, Deputy Manager Jean-Pierre LACAILLE, Adviser
		Robert ALLOO, Adviser Alfred KAWAN, Adviser
	Monitoring	
Finance and Treasury Department André GEORGE, Manager	Issues	Wolfgang THILL, Deputy Manager
	Treasury	John VAN SCHIL, Deputy Manager
	General Accountancy	Anthon PETERSEN, Adviser
Research Department John H. WILLIAMS, Manager	Economic Research	Henri LEROUX, Deputy Manager Jean-Paul JACQUOT, Adviser Thomas OURSIN, Adviser Klaus ACKERMANN, Adviser
	Financial Research	Desmond G. McCLELAND, Deputy Manager
	Documentation and Library	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 Advisers' Department Manager (1)		Hellmuth BERGMANN Jacques FAUDON Ernst-Helmut LINDER Robert LECLERCQ Filippo BARILLI Walter LOWENSTEIN-LOM Robert VERMEERSCH Giuseppe DURANTE

(1) Marcello GOFFI, until April 1976

Unit of account

Since the end of the financial year 1974, as explained on page 103 (Notes to the financial statements), for the purpose of drawing up its balance sheet, financial statements of account and statistics the European Investment Bank has used for converting Member States' currencies into its unit of account and vice versa the rates used for converting these currencies into the new European Unit of Account (EUA) and vice versa.

The conversion rates adopted by the Bank for statistical purposes during each quarter are those obtaining on the last working day of the previous quarter; in 1976, 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	3.05382	2.85778	2.83513	2.70755
£	0.575973	0.587723	0.618268	0.662883
Ffrs	5.21981	5.25740	5.22189	5.49043
Lit	797.769	946.666	925.592	957.268
Fl	3.13120	3.02710	3.01347	2.86030
Bfrs	46.0606	43.9793	43.7116	41.8478
Lfrs	46.0606	43.9793	43.7116	41.8478
Dkr	7.19697	6.84758	6.77311	6.51988
£ Ir	0.575039	0.587174	0.618268	0.662673
US \$	1.16528	1.12623	1.10112	1.11268
Sfrs	3.05239	2.85404	2.72075	2.71915
Yen	354.312	337.071	328.103	318.901
Sch	21.4735	20.5032	20.2556	19.2139
£ Leb	2.84328	2.83247	3.39696	3.63096

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New financing provided by the European Investment Bank in 1976 amounted to 1 273.3 million units of account ⁽¹⁾ compared with 1 006.5 million in 1975.

The economic climate in which this activity took place was relatively more favourable than in 1975. In the industrial countries, the economic revival which had become apparent in the middle of 1975, initially in the United States and subsequently in Europe and Japan, was maintained though it somewhat slackened from the beginning of the second half of 1976. Unemployment nevertheless remained at a high level everywhere and in some instances rose still further. Although generally moderating, rates of inflation nevertheless remained high, except in the United States, Germany and Switzerland. Budgetary and monetary policies generally became less expansionist. An end to the running down of stocks and the moderate upturn in economic activity led in many countries to a widening deficit in the balance of payments on current account while the disparity between various countries in their rates of growth and inflation and their balances of payments led to waves of instability on the exchange markets.

On the **capital markets** of countries with relatively moderate rates of inflation, conditions continued to improve in 1976 in response to inflows of capital and a relaxation of monetary policies. Accordingly short and long-term interest rates fell during most of the year in the United States, Germany and Switzerland, prompting a large volume of bond issues in these countries. Those sectors of the international market dealing in securities denominated in dollars and Deutsche Mark and the Swiss market for foreign issues were able to respond vigorously to an unprecedented demand. Despite an increase in the amount and number of new issues and a gradual trend towards longer maturities, yields on

these markets at the end of the year still showed a tendency to fall which seemed likely to continue at the start of 1977. In contrast, interest rates on a number of other markets showed an upward tendency during the greater part of the year, accentuated by bouts of speculation against the currencies concerned and their consequent depreciations. Towards the end of the year, however, following a certain relaxation in pressures, these markets showed a slight tendency to become firmer.

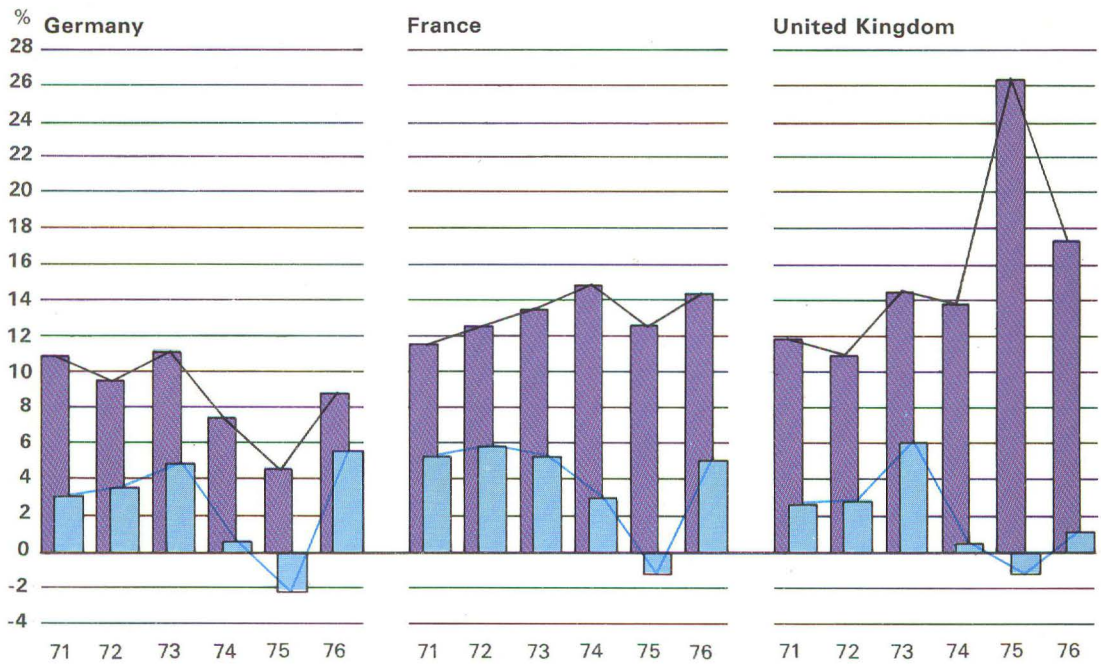
The **Community's gross domestic product** increased by about 4.3 % ⁽²⁾. Following two years of recession, the economic upturn which had begun during the last months of 1975 slackened somewhat in most Member Countries from the end of the first half of the year. It had not in any case benefited all the different sectors to the same extent. The growth in private consumption, which had initially contributed to the upturn, gradually slackened. The fact that productive capacity often remained underutilised, and a sluggish business climate caused by narrowing profit margins for some years past damped down the propensity to invest which remained at a low level. Despite adjustment of economic policies to reduce public sector deficits and restrain the growth of the money supply, liquidity continued to expand fairly vigorously and, although slowing down slightly, inflation remained at a high level, except in Germany. The success of attempts to reach a social consensus to control the rise in incomes and prices varied from one country to another according to the internal political and social climate. On the other hand, the upturn in exports which resulted from the recovery in the world economy and international trade played an important part in improving

⁽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.

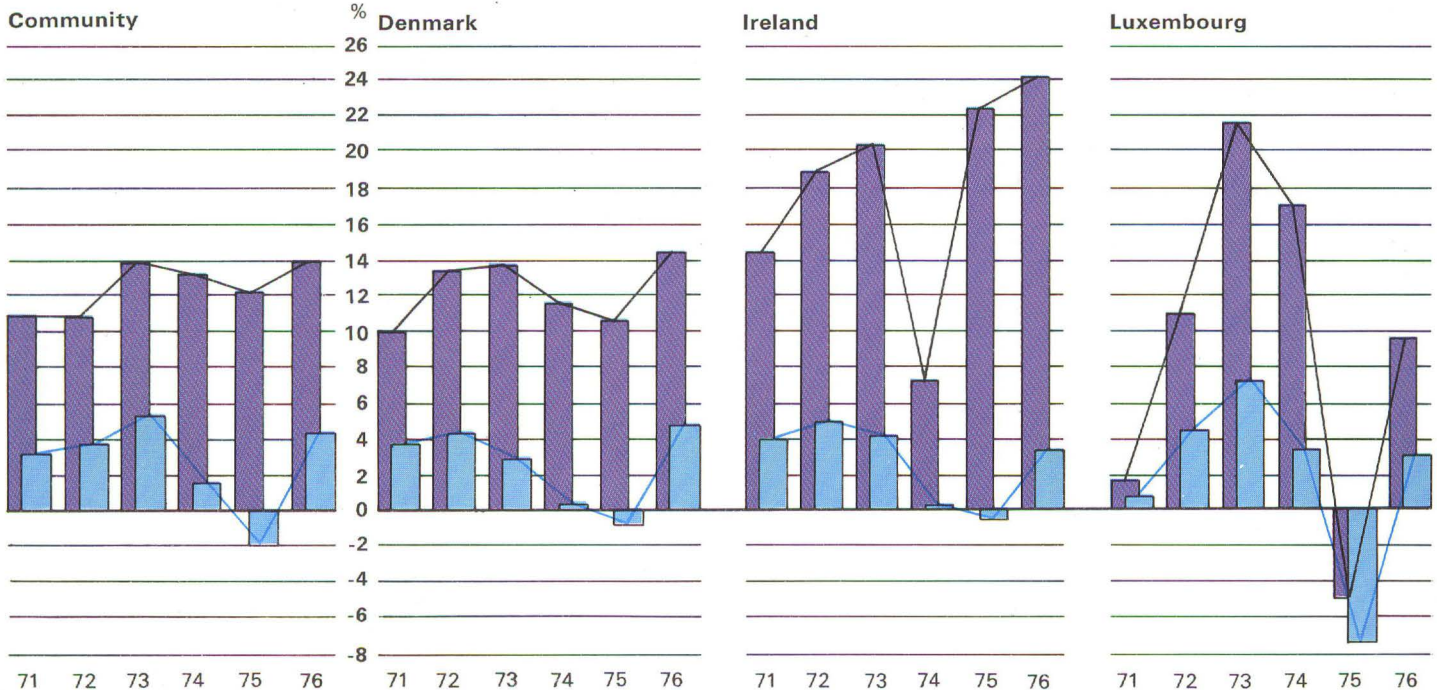
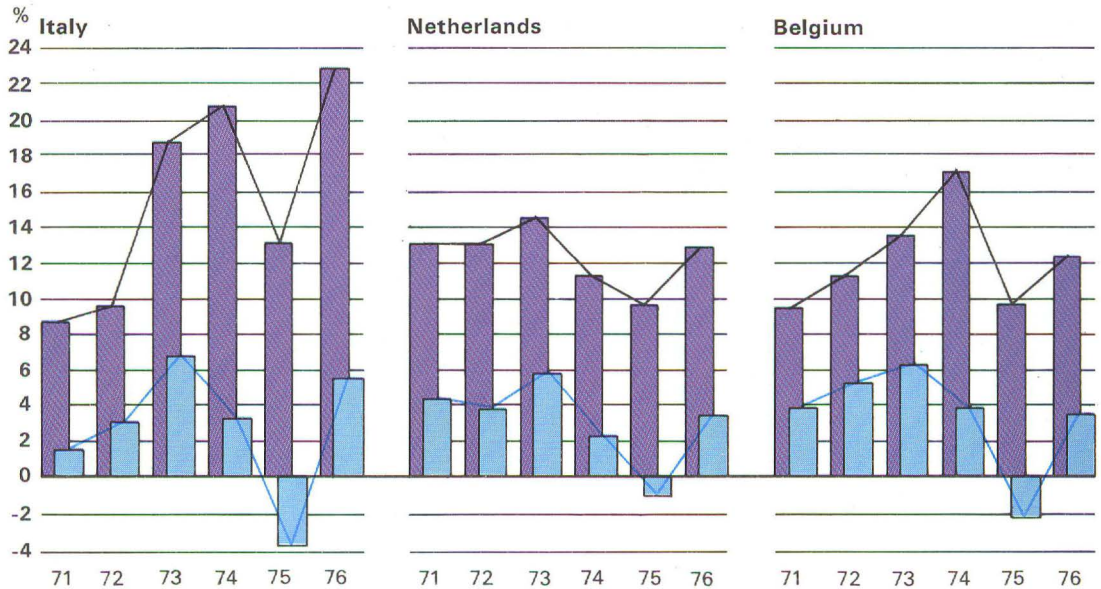
⁽²⁾ Unless otherwise stated, all the rates indicated in this chapter refer to changes in volume.

Gross domestic product in the Community

% variations by comparison with previous year



at current prices
 at constant prices



the level of economic activity. Largely as a result of the drought, however, the deficit recorded by the Community as a whole in its balance of trade and, hence, in its balance of payments grew appreciably, although the situation continued to vary greatly from country to country. Those Member Countries with the largest deficits saw their currencies depreciate substantially.

In **Germany**, the need to rebuild stocks which had been allowed to run down during the previous recession and the revival in exports and in private consumption resulting from the improved economic climate led in the first half of the year to vigorous growth in production, an end to short-time working, and increased productivity. The expansionist effects of public sector demand tapered off as a result of efforts by the federal and state governments to reduce their large structural deficits. Despite a slight reduction in the total working population, attributable mainly to a net loss of foreign workers, unemployment stayed relatively high.

During the second half of the year, the rate of recovery slowed. The growth in private consumer demand weakened from the second quarter of the year, the rate of fixed investment remained hesitant and stockbuilding slackened. On the other hand, the level of exports was maintained and despite a sharp increase in imports, stimulated by the strength of the Deutsche Mark against other currencies, the trade balance continued to show a large surplus. A number of factors such as the moderate level of wage and salary increases, improved productivity, the appreciation of the Deutsche Mark, and the fall in raw material prices, all combined to slow price increases further. Demand started to pick up again only towards the end of the year.

In **France**, the last months of 1975 and the first quarter of 1976 saw a

swift recovery, stimulated by reflationary measures taken in 1975, by a resumption of stockbuilding and more buoyant exports. However, this trend came to a rapid end. The insufficiency of investments by private enterprises and households, accompanied by a certain restraint in consumer spending, which was reflected in a sharp increase in cash savings, led at the beginning of the summer to an abrupt slow-down in the growth of industrial production, the results of which were subsequently accentuated by the effects of the drought on agricultural production. Unemployment remained at a high level. Despite this, sustained keen competition between the social partners for continued rises in wages and other income led to a continuing rise in costs and prices. Inflation was also sustained by the mounting cost of imports as a result of the weakening of the franc after it had left the "Community snake" in March (1). Diminished competitiveness, followed by the effects of the drought, contributed to widening the trade deficit. Accordingly, a package of measures designed to stem inflation and correct the balance of payments had to be adopted at the end of the summer. The first effects of these began to make themselves felt in December.

In the **United Kingdom**, after a certain revival at the beginning of the year, prompted mainly by increasing export demand, the economy again entered a hesitant phase and the growth in gross domestic product in 1976 in the end proved to be very small. Private consumption varied very little until the beginning of the fourth quarter, when measures to reduce income tax provided a certain stimulus. After a long period of stagnation during previous years, company and household investment picked up only temporarily.

(1) A system for the concerted floating of European currencies, which at the end of 1976 included the Deutsche Mark, the guilder, the Belgian and Luxembourg francs, and the Danish, Swedish and Norwegian kroner.

Unemployment still continued to rise, though at a progressively slower rate. The balance of payments on current account continued to show a large deficit. The weakening position of the pound sterling on the foreign exchange markets in the spring and autumn was reflected in a depreciation of around 20 % for the whole of the year (1). In order to offset the fall in its gross reserves, the United Kingdom again had to borrow abroad, firstly in the form of short-term loans from several central banks, and then by negotiating a loan of 3 900 million dollars from the International Monetary Fund. The rate of inflation, although appreciably lower than in 1975, continued to be considerably higher than that of its main trading partners. The Government accordingly persisted with its policy aimed at limiting wage and salary increases, in particular by a new voluntary incomes agreement more rigorous in its application than the preceding one. During the summer it also announced a programme for reducing public expenditure and raising social security contributions. Lastly, by adopting a restrictive monetary policy and maintaining high interest rates, the Bank of England endeavoured to slow down the sharp growth in the money supply.

In **Italy**, the economic upturn stimulated by private consumer demand, stockbuilding and, until the beginning of 1976, the maintenance of what continued to be an expansionist economic policy, remained vigorous during the first half of the year, but abated rapidly during the summer.

Short-time working was reduced, but unemployment continued to rise. The depreciation of the lira brought about by further deterioration of the balance of payments on current account and by a flight of capital caused by a relatively high level of inflation contributed in turn to a rise in prices. The very high level of interest rates, the introduction in May of a compulsory deposit on foreign currency

purchases and a certain alleviation of political apprehension following the June elections contributed to restoring the positive balance of capital movements. Nevertheless, because of the rather low level of the foreign currency reserves, the Government's principal objective continued to be to improve the balance of payments on current account. Accordingly, in the course of the year, monetary policy became more restrictive, a provisional surcharge was imposed on purchases of foreign currencies, and various other measures, including increases in taxes and public service charges, were taken to reduce the budget deficit and impose a ceiling on the Treasury's financing requirements. In addition an austerity programme was prepared in the autumn; this was intended in particular to slow down the rise in labour costs and to impose "compulsory saving" on higher incomes. The competitive edge provided by the depreciation of the lira and falling domestic demand were expected to encourage exports.

In the **Netherlands**, despite the maintenance of an expansionist budgetary policy and further increases in wages and salaries, economic growth remained moderate and the investment climate depressed. Substantial unemployment persisted and the balance of payments on current account continued to show a surplus.

In **Belgium**, the rise in prices slowed appreciably, but unemployment and the temporary weakening of the Belgian franc gave rise to considerable concern. Economic policy was therefore directed towards controlling the expansion of credit and cutting the budget deficit. Despite growing external demand, there was only moderate growth in economic activity.

(1) Percentage of depreciation (December 1975 to December 1976) of the pound in relation to 10 currencies, weighted according to the importance of each of the countries concerned in the United Kingdom's external trade.

In **Luxembourg**, the general level of activity showed some improvement compared with 1975, but the very depressed situation in the iron and steel industry restricted recovery.

In **Denmark**, domestic demand, stimulated by rising wages and a temporary reduction in VAT, sustained a fairly vigorous upturn in the economy, but the serious deterioration in the balance of payments on current account led, in the second half of the year, to the imposition of a more restrictive policy, increased taxes, a stricter incomes policy and renewed recourse to foreign borrowing.

In **Ireland**, there was a significant recovery in economic activity, attributable mainly to exports but unemployment continued to be an even greater cause for concern than in the other Member Countries. The high rate of inflation and the large public finance and balance of payments deficits limited the scope for stimulating domestic demand.

Most of the **developing countries** associated with the Community through financial cooperation agreements continued to feel the economic effects of the setbacks of 1974 and 1975, and their capacity to import was weakened by the quadrupling of oil prices. However, in 1976, economic revival in the industrial countries was reflected in an increase in export earnings, although some countries benefited less than others. The improvement was most marked in the more developed countries with diversified production, and in countries exporting industrial raw materials, which benefited from the general tendency of manufacturers to restock. In contrast, countries with the lowest incomes, whose economies depend on a few agricultural products, once again faced a considerable reduction in their capacity to import, which official and IMF aid has still not made good.

Many countries, above all those with an average or relatively high income per inhabitant, had massive recourse, as in 1974 and 1975, to borrowing on commercial terms especially from private banks. This began to give rise to serious concern when the sharp increase in the cost of servicing the debt was concentrated on early maturities.

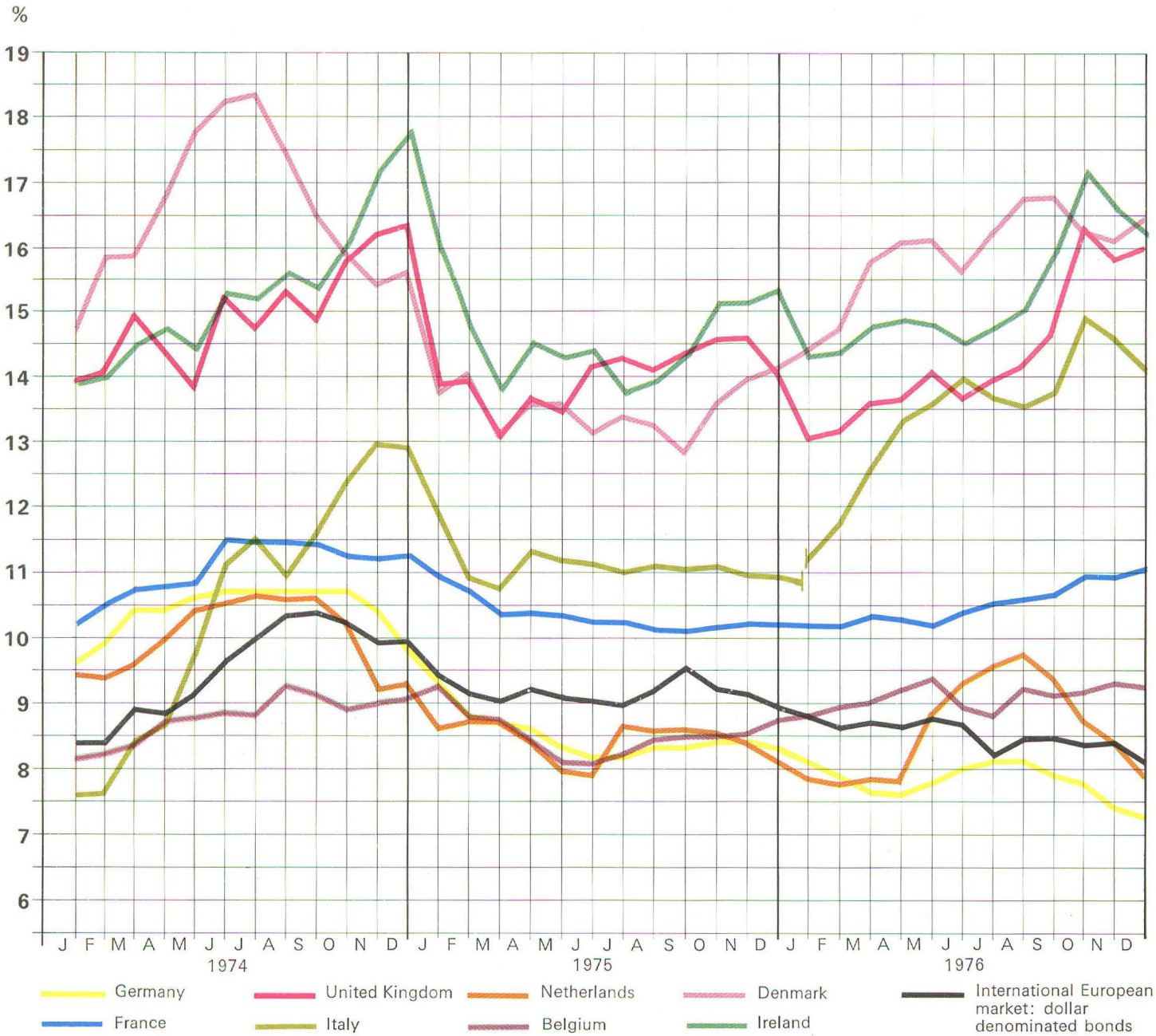
The majority of the **African, Caribbean and Pacific (ACP) Countries**, other than those whose exports depended chiefly on sugar and phosphates, benefited from the upward tendency of raw material prices, which became evident during the last months of 1975 and was confirmed during the first half of 1976. The prices of copper, cotton, natural rubber, wood, certain oil-yielding crops, coffee and cocoa registered a substantial increase compared with the preceding year. The terms of trade of the producer countries improved appreciably despite the continued increase in the prices of goods and services imported. During the second half of 1976, however, the slackening in economic growth in the industrial countries led to a certain fall in the prices of raw materials, particularly those of metals such as copper and zinc. Nevertheless, agricultural products, such as coffee and cocoa, the world production of which remained below normal, continued to enjoy very high prices.

Economic growth generally became more costly even in ACP States with the greatest resources; thus, despite their sometimes substantial increase in export earnings, most of them had to cope with large deficits in their balance of payments on current account. Their financing requirements, in particular those of the State and public enterprises, led to increased borrowing abroad at high rates of interest and for relatively short terms.

In the poorest ACP Countries, food production for domestic consumption was generally maintained at the rela-

Gross yields on bonds

quoted on the various financial markets in the Community which 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.



tively favourable level achieved in 1975. Nevertheless, their own resources remain completely inadequate to support a coherent development programme and most of them are unable to obtain sufficient capital from foreign sources on favourable terms. Because of this their growth has been seriously hindered.

In **Greece**, the upturn in economic activity which began in 1975, continued at a rate of about 5 % in 1976, and the volume of investments increased appreciably in the productive sectors. The rise in prices was slightly greater than the Community average. The trade deficit worsened; nevertheless the very marked increase in revenue from tourism enabled the country to avoid any deterioration in the deficit in the balance of payments on current account.

In **Turkey**, the growth in the economy was sustained at a fairly high rate and GDP rose by more than 7 % compared with 1975. This expansion was accompanied by a sharp increase in the budget deficit and renewed inflation. The recovery in exports observed at the beginning of the year was followed by stagnation from the summer onwards and, since moreover there was a fall of about 25 % in remittances from emigrant workers, the balance of payments on current account continued to show a substantial deficit, giving rise to increased borrowing abroad.

Portugal's economy has made some progress towards recovery. Production has returned to its 1974 level, but the volume of investment has remained very small. The country has not yet been able to correct the imbalances in its economy caused especially by the return of emigrants from former colonies and the sharp increase in wages since 1974. More than 10 % of the working population is unemployed, the deficits in the budget and on the balance of payments on current account are still substantial, and infla-

tion remains high. To cope with this situation the Government felt it necessary to introduce new measures aimed at stabilising the budget and restraining domestic demand.

In 1976, the main progress made with **Community economic policies** related to external relations and cooperation in the development of a growing number of countries.

The **Lomé Convention**, signed on 28 February 1975 between the European Economic Community and 46 African, Caribbean and Pacific (ACP) Countries, came into force on 1 April 1976. The Bank's contribution in this group of countries as in the Overseas Countries and Territories (OCT), will consist chiefly of loans from its own resources (for up to 400 million units of account, 390 million of them for investments in the ACP States and 10 million for the OCT), generally with a 3 point interest subsidy for which 100 million have been earmarked from the aid to be provided by the European Development Fund (EDF). Financing through the EIB will include risk capital assistance (100 million, of which 95 million will be for the ACP States and 5 million for the OCT) which will also be financed from the resources of the EDF. Priority will be given to projects in the industrial, mining and tourism sectors, but this will not preclude lending for certain viable infrastructure projects in countries where this form of financing is seen to be appropriate.

During the year the provisions of the Lomé Convention were extended to a number of other developing countries which had recently gained their independence: the Comoros, Seychelles, Surinam (former Overseas Countries and Territories), São Tomé and Príncipe, Cape Verde, and Papua New Guinea.

The Bank joined with the Commission in programming missions to the ACP

States and, during the second half of the year, undertook its first financing operations under the Lomé Convention.

The Community's **Mediterranean policy** underwent important developments in 1976. The prospect of negotiations on cooperation agreements with a large number of countries led the Community authorities to make a general study of financial cooperation in favour of the developing countries.

The Board of Governors, for its part, considered that Bank financing from its own resources for projects outside the Community might, during the period 1976-1980, reach a total of around 1 300 to 1 400 million units of account, including commitments already provided for under the Lomé Convention (400 million), emergency aid to Portugal (150 million) and agreements with the Maghreb Countries and Malta (183 million), some of which would not be committed until 1981. It was accordingly decided that Bank loans from its own resources granted under new agreements or decisions involving financial cooperation outside the Community during the years 1976 to 1980 and beyond should not exceed a total of 800 million. The Board of Governors reserved the right to fix the ceilings for loans in individual countries, as well as the terms and conditions on which the Bank might provide financing, including the arrangement of adequate guarantees. Finally, it stipulated that commitment of the Bank's resources outside the Community should not limit its operations in the Member Countries during the period considered.

In parallel decisions, the Council of the European Communities agreed that a total of 450 million units of account should be provided from the Community Budget in the form of special loans and grant aid under the new protocols to be concluded with

the Mediterranean countries; this will be in addition to the sums already provided for in favour of the Maghreb Countries and Malta, and the emergency aid to Portugal. Part of this aid will be managed by the EIB. Taking into account agreements previously concluded and operations from the Bank's own resources, the Community proposes to make available up to about 1 600 million units of account in aid to the Mediterranean countries during the next five or six years.

The distribution of Community financial assistance is at present being determined under arrangements for financial cooperation already decided or being negotiated between the Community and the various countries named below.

In January 1976, the Council of the European Communities gave its approval for **Yugoslavia** to be made eligible, subject to certain limits, for ordinary loans from the EIB's own resources: in December, the Board of Governors decided to authorise the Bank to grant loans up to a total of 50 million units of account for investment projects benefiting both the Community and Yugoslavia.

The agreements between the Community, on the one hand, and **Algeria, Morocco, Tunisia and Malta**, on the other were signed in March and April 1976; these agreements provide for total Community aid of 365 million units of account to be committed between now and the end of October 1981 in the case of the Maghreb Countries and in the five years following ratification of the agreement in the case of Malta. Within this total, the ceiling for operations to be financed from the EIB's own resources was fixed at 183 million (Algeria 70 million, Morocco 56 million, Tunisia 41 million, Malta 16 million). These loans will carry a 2 point interest subsidy to be financed from the Community Budget.

The financial Protocol with **Portugal** was signed in September 1976. It provides for loans of up to 200 million units of account to be granted from the EIB's own resources within a period of five years from its entry into force but not before 1 January 1978. Of this amount up to 150 million may carry a 3 point interest subsidy, the cost of which, not exceeding 30 million, will be borne by the Community. These loans will follow on those at present being granted as part of the emergency aid of 150 million approved for 1976 and 1977.

During the first quarter of 1977, financial protocols were signed between the Community, on the one hand, and **Egypt, Jordan, Syria** and **Israel**, on the other. The financial assistance in favour of the three Mashrek countries to be committed between now and the end of October 1981 amounts to 270 million units of account, with the ceiling for loans from the Bank's own resources fixed at 145 million (Egypt 93 million, Jordan 18 million, Syria 34 million). These loans will carry a 2 point interest subsidy to be financed from budgetary resources. The Community has also opened similar negotiations with **Lebanon**.

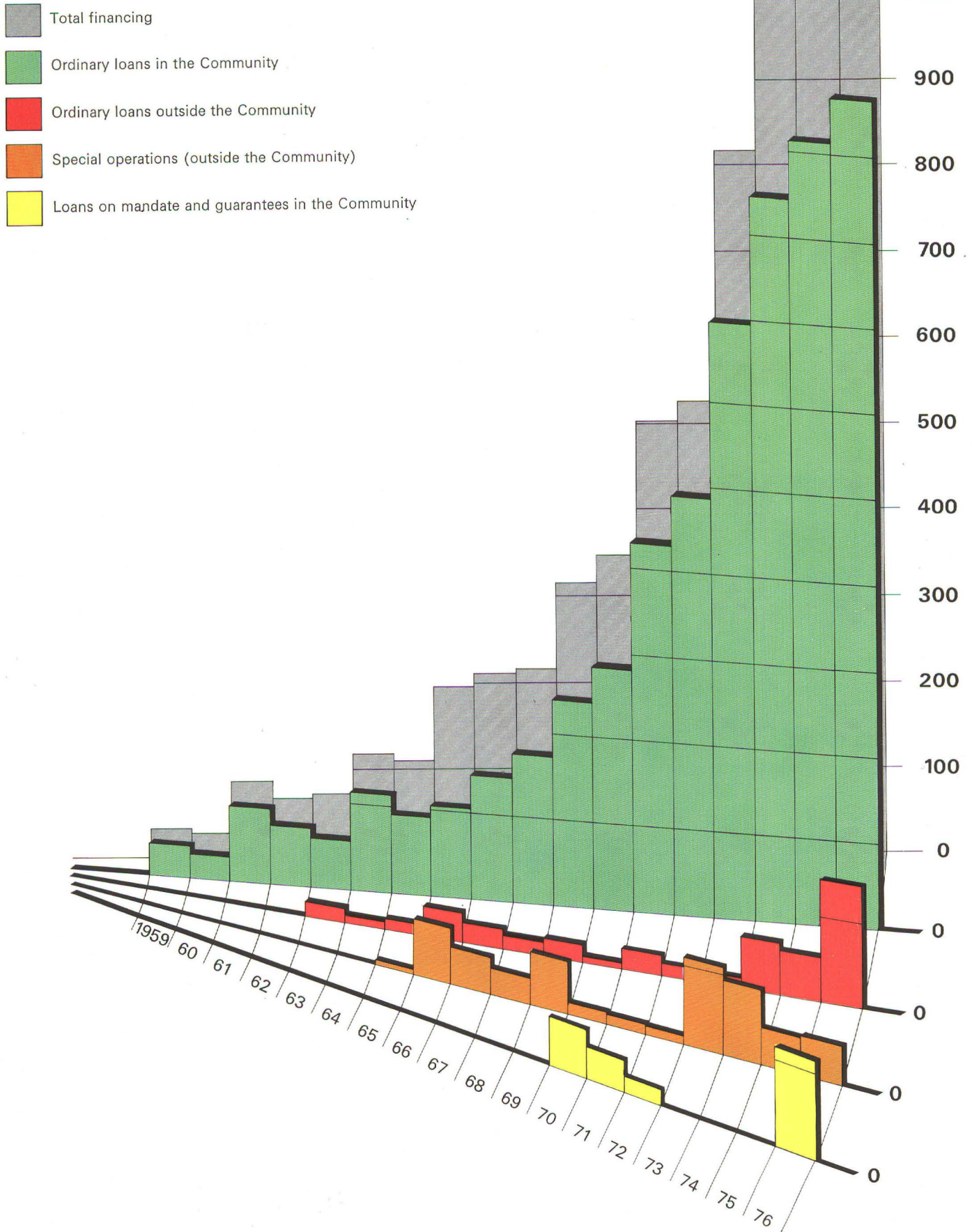
As regards the agreement signed with **Israel** on 8 February 1977, the Community has requested the Bank to make a total amount of 30 million units of account available to that country in the form of loans to be concluded by 31 October 1981.

At the beginning of 1977, negotiations were still in progress over the accession of **Greece** to the Community and various aspects of **Turkey's** association with the Community. The Community is considering the granting of new financial assistance to these two countries. Negotiations with Greece were concluded on 28 February 1977 with the signature of a financial protocol for Community aid of 280 million units of account with the ceiling for loans from the EIB's own resources fixed at 225 million.

Implementation of these various financial protocols with Mediterranean countries will begin as soon as the ratification procedures have been completed and the necessary guarantees obtained.

As far as the EIB's operations outside the Community are concerned, 1976 consequently marked an important turning point at which the amount of such operations was set to rise from their relatively modest level of previous years – when they consisted mainly of special operations financed from budgetary resources – to a much higher level at which they will consist chiefly of loans from the Bank's own resources. At the same time, in line with the policy laid down by its Board of Governors, the Bank will seek at least to maintain in real terms, and if possible to increase, the volume of its priority operations within the Community.

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



Finance provided in 1976

**New operations total
1 273.3 million units
of account**

In 1976, the European Investment Bank signed loans and guarantee contracts for a total of 1 273.3 million units of account, compared with 1 006.5 million u.a. in 1975 and 996.4 million in 1974.

The Bank's activity is mainly in the Member Countries of the Community, where its financing (1 086.0 million) contributed to a total investment of close on 7 000 million.

The Bank grants loans from its own resources and furnishes guarantees (ordinary operations).

It also operates in certain non-member countries in support of the Community's policy of economic and financial cooperation with those countries, using budgetary resources (special operations), which it administers under mandate from the Member States or the Community itself.

Table 1: Financing in 1976 and from 1958 to 1976

Broad breakdown by type of operation and location of investment project

	1976			1958—1976		
	Number	Amount (m u.a.)	%	Number	Amount (m u.a.)	%
Ordinary operations						
within the Community	73	1 086.0	85.3	569	6 005.4	86.6
outside the Community	11	142.4	11.2	68	419.0	6.0
Total	84	1 228.4	96.5	637	6 424.4	92.6
Special operations ⁽¹⁾						
outside the Community	14	44.9	3.5	102	509.7	7.4
Grand Total	98	1 273.3	100.0	739	6 934.1	100.0

The amount outstanding on loans from the Bank's own resources, plus guarantees provided, rose by 25.8 % between 31 December 1975 and 31 December 1976, from 4 616.5 million to 5 808.6 million.

(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 (Page 67).

The Bank's financing operations within the Community exceeded 1000 million units of account in 1976. As in previous years, about three quarters went towards investments which will help the development of less favoured regions, for the most part in Italy, the United Kingdom and Ireland. Lending to industry rose to 297.8 million u.a., of which 61.2 million u.a. was in the form of seven global loans to intermediary financial institutions, which are using the funds to support small and medium-scale ventures.

Operations within the Community

1 086 million for loans and guarantees in Member Countries

During the year, the EIB granted a total of 1 086 million units of account in loans and guarantees for projects located in the Member Countries, compared with 917.5 million in 1975. Such operations showed an 18.4 % increase over 1975, and accounted for 85.3 % of the Bank's activity for the year. The broad pattern of these operations was as follows:

three quarters for regional development

– loans in support of the development or conversion of less favoured regions increased considerably, accounting for about three quarters of all finance granted (see Graph, p. 22);

rise in lending to industry

– finance in support of projects to improve the Community's energy supplies increased appreciably and, as in 1975, accounted for the bulk of EIB support for projects of common interest, which in total remained at the 1975 level;

– the sectoral breakdown of operations showed a marked recovery in lending for industrial investments, whereas there was little change from 1975 in the volume of financing for infrastructure;

– almost 80 % of all financing operations were for projects in the United Kingdom, Italy and Ireland, i.e. those countries in the Community that are faced with the most serious economic imbalances, especially at regional level.

The Bank's financing of investment projects can be analysed in three different ways: by economic policy objective, by economic sector and by location.

EIB finance responds to economic policy objectives laid down by the Treaty of Rome

Article 130 of the Treaty of Rome establishing the European Economic Community defines the task of the Bank: to contribute to the balanced and steady development of the common market in the interest of the Community. To this end, operating on a non-profit-making basis, the Bank helps to finance, through loans and guarantees, projects in all sectors of the economy that fall within the following three categories:

- a) projects for developing less developed regions;
- b) projects for modernising or converting undertakings, or for developing fresh activities called for by the progressive establishment of the common market . . . ;
- c) projects of common interest to several Member States

Priority is accordingly given to financing regional development projects, that is to say, projects in the more backward regions of the Community and in regions suffering from industrial decline. The Bank also finances the modernisation or conversion of individual firms and projects of common interest to several Member States or to the Community as a whole, these latter being referred to hereafter as projects of common interest.

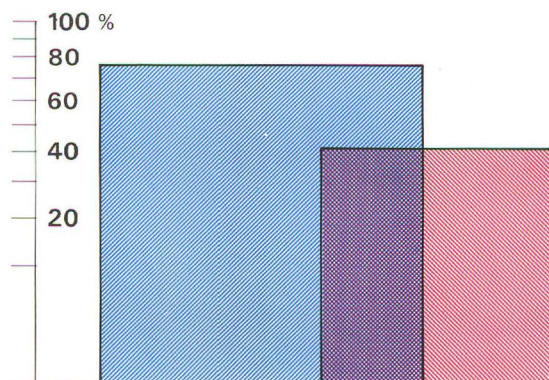
Deemed to be of common interest are investments that reinforce the Community's energy supplies, improve communications within the Community, further the protection of the environment and the exploitation of advanced technology, or involve close cooperation between undertakings in several Member Countries.

It is not always possible to classify projects unambiguously according to a single economic objective: investments of common interest to several Member States or to the Community as a whole may at the same time contribute to regional development and vice versa (see Table 2, p. 23 and Graph below).

Financing operations in the Community

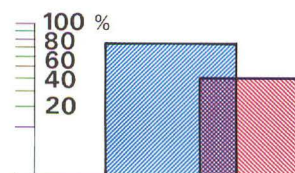
Breakdown by economic policy objective (%)

1958-1976



Regional development and conversion (4558.6 million u.a.)
Common interest to several Member Countries (2470.1 million u.a.)

1976



Regional development and conversion (820.0 million u.a.)
Common interest to several Member Countries (438.6 million u.a.)

Table 2: Financing provided within the Community in 1976 and from 1958 to 1976
Breakdown by economic policy objective

Objective	1976		1958-1976 ⁽⁴⁾	
	million u.a.	%	million u.a.	%
Regional development ⁽¹⁾	820.0	100.0	4 558.6	100.0
Belgium	17.9	2.2	75.1	1.6
Denmark	9.1	1.1	35.7	0.8
Germany	9.2	1.1	366.4	8.0
France	60.1	7.4	846.0	18.6
Ireland	57.4	7.0	164.1	3.6
Italy	347.1	42.3	2 200.6	48.3
Luxembourg	—	—	4.0	0.1
Netherlands	30.4	3.7	70.5	1.5
United Kingdom	288.8	35.2	796.2	17.5
Common interest to several Member Countries ⁽²⁾	438.6	100.0	2 470.1	100.0
Energy	376.5	85.9	1 490.3	60.3
Thermal power stations	30.4	6.9	30.4	1.2
Hydroelectric and pumped storage power stations	42.1	9.6	141.4	5.7
Nuclear	111.3	25.4	598.6	24.2
Development of oil and natural gas deposits	60.5	13.8	258.6	10.5
Solid fuel extraction	3.3	0.8	27.9	1.1
Gaslines and oil pipelines	128.9	29.4	433.4	17.6
Transport	16.4	3.7	589.6	23.9
Railways	—	—	103.9	4.2
Roads and bridges	—	—	423.9	17.2
Shipping	16.4	3.7	40.4	1.6
Airlines	—	—	16.5	0.7
Other	—	—	4.9	0.2
Telecommunications	—	—	30.5	1.2
Other infrastructure	—	—	16.3	0.7
Protection of the environment	—	—	18.0	0.7
Industrial cooperation	25.9	5.9	213.6	8.7
Research	—	—	2.7	0.1
New technology	19.7	4.5	19.7	0.8
Modernisation and conversion of undertakings ⁽³⁾	—	—	89.4	3.6
<i>DEDUCT to allow for duplication in the case of financing justified on the basis of both objectives</i>				
		-172.6		-1023.3
Total	1 086.0		6 005.4	

(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 in previous years 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. In the 1975 Annual Report, these operations totalled 188.9 million, of which 99.5 million, relating to projects included among subheadings under 'Common interest to several Member Countries', has now been deducted to avoid duplication: 188.8 - 99.5 = 89.4 million.

(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 1976.

The provision of adequate water supplies is a key factor in the development of southern Italy and of certain regions of the United Kingdom, the creation of new industries and expansion of existing activities in development and conversion areas depending upon it. In the Mezzogiorno, improved supplies are also essential to meet the needs of agriculture and tourism.

820 million for regional development projects

From the outset, directives from the Board of 'Governors shaping the credit policy of the Bank stipulated that it should devote "a major portion of its resources" to financing projects of *regional interest*. In 1976, as throughout the 1958—1975 period, financing investments contributing to the development of less favoured regions or the conversion of older industrial areas accounted for three quarters of the Bank's operations inside the Community. Operations under this heading totalled 820 million in 1976, 172.6 million of which were granted in respect of projects that were not only of regional interest, but also of common interest.

chiefly in less favoured regions of Italy, the United Kingdom and Ireland

84.5 % of all operations of regional interest related to projects in Italy (42.3 %), the United Kingdom (35.2 %) and Ireland (7.0 %). These included not only infrastructure projects intended to create the basic conditions for ventures setting up or expanding productive activities (522.1 million), but also major industries helping to establish new centres of development (236.8 million) and small or medium-scale industrial ventures, which play an essential part in diversifying the economic fabric of the regions in question, and in creating and safeguarding many jobs.

347 million for regional development in Italy

Italy is without doubt faced with the most widespread and serious regional problems, which explains why the greatest volume of EIB operations in support of regional development was recorded in this country: 347.1 million, of which 318.1 million in the Mezzogiorno.

These operations broke down into 10 infrastructure projects (209.5 million), 17 major industrial projects (97.4 million), and 5 global loans to intermediary financing institutions (40.2 million), for on-lending to numerous small and medium-scale industrial ventures. Among the major industrial projects, several were joint ventures with firms from other Member Countries, making for a closer integration of industry within the Community.

of which 318 million in the Mezzogiorno

In **Apulia**, six loans were granted for a total of 117.1 million, three of which amounting to 78.2 million were used to finance major infrastructural works: extension of the telephone installations needed for the industrial and tourist development of the region, improvement of port facilities and road and rail links with the industrial zones of Manfredonia and Taranto. The other three loans, for a total of 38.9 million, were for industrial projects: a petrochemicals complex at Manfredonia, a high-speed diesel engines plant at Foggia and the expansion of a heavy sheet-grading and cutting works at Taranto. This last project is an example of spin-off from the massive Italsider steel complex, which in the past has received a number of loans from the Bank.

for improving the infrastructure in industrial areas

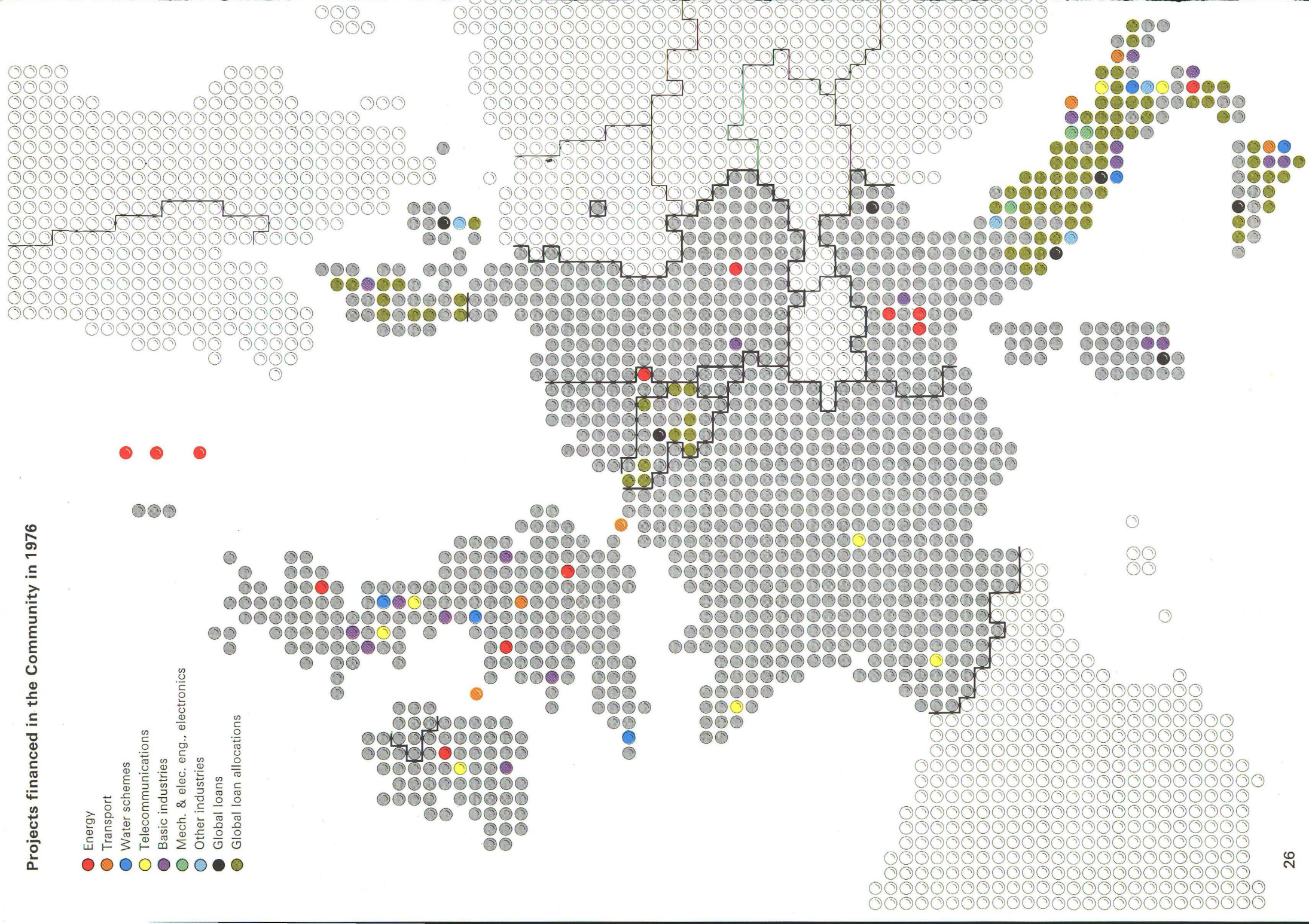
In **Sicily**, finance advanced by the Bank amounted to 63.7 million, including 42.5 million for two infrastructural projects forming part of the same Cassa per il Mezzogiorno Special Project: development of the industrial port of Augusta and water supplies to the industrial area at Syracuse. In addition, a global loan was granted to the Istituto Regionale per il Finanziamento alle Industrie in Sicilia (IRFIS) to finance small and medium-scale industrial ventures.

irrigation in the Alto Metaponto

In **Basilicata**, the Bank lent 30.1 million for a 24 000 hectare irrigation scheme in the Alto Metaponto: like the Sinni and Pertusillo aqueducts financed in 1975,

Projects financed in the Community in 1976

- Energy
- Transport
- Water schemes
- Telecommunications
- Basic industries
- Mech. & elec. eng., electronics
- Other industries
- Global loans
- Global loan allocations



this project forms part of a major scheme to exploit the water resources of Apulia and Basilicata. Loans were also granted for a conveyor belt and rubber sheeting plant at Ferrandina, which received 6.4 million, and for the extension of the telephone network in Basilicata and **Calabria**, for which the sum advanced was 29.2 million. In Calabria, at Crotona, the Bank also lent 3.3 million for the rationalisation of an electrolytic zinc plant, including the installation of anti-pollution facilities.

**fighting pollution in the
Bay of Naples**

In **Campania**, a loan for 15 million from the Bank supplemented its 1975 operation in support of a scheme to reduce pollution in the Bay of Naples, in addition to which it advanced 8.5 million for two industrial projects: anti-pollution equipment in the iron and steel works at Bagnoli, and expansion and modernisation of a pharmaceuticals plant at Torre Annunziata.

**many industrial ventures
throughout the
South and Sardinia**

Three operations in **Sardinia**, totalling 11.2 million, helped to finance industrial ventures: two individual loans were granted, for a refractories plant and expansion of an industrial gases factory in Cagliari Province, plus a global loan to the Credito Industriale Sardo (CIS) for financing small and medium-scale industrial ventures.

In **The Marches** at Ascoli Piceno, two loans totalling 5.1 million were granted for expanding and modernising two factories, one manufacturing industrial carbon products and the other, rubber tubing and belting.

The EIB also advanced funds to a concern producing prefabricated building modules at Pozzilli in **Molise**, and financed expansion and modernisation of a deep-frozen foods plant at Cisterna di Latina in **Latium**.

**finance for small and
medium-scale industrial
ventures in the South**

A number of financing operations were also mounted in respect of projects offering interregional benefits. A loan for 4.7 million was granted towards strengthening the southern Italian natural gasline network, while two global loans for a total of 19.3 million were advanced to the Istituto per lo Sviluppo Economico dell'Italia Meridionale (ISVEIMER) and to the Istituto di Credito per le Imprese di Pubblica Utilità (ICIPU), for small and medium-scale industrial ventures throughout the Mezzogiorno.

and in Friuli

In **Northern Italy**, the Bank also furnished supporting finance for three projects serving to alleviate regional problems: a global loan for 5.2 million to Mediocredito per le Piccole e Medie Imprese del Friuli-Venezia Giulia, for reconstruction of small and medium-scale industries in **Friuli** ravaged by the earthquakes which occurred in 1976; a loan of 14 million towards the construction of a seamless steel tube rolling mill of advanced design, for modernising the Dalmine steelworks near Bergamo in **Lombardy**, and a third loan for 9.7 million for the commercial exploitation of a uranium deposit in the same region, at Novazza.

In 1976, allocations from current global loans by the various intermediary financing institutions in Italy provided credit to 65 small and medium-scale industrial ventures in the Mezzogiorno for a total amount of 33.7 million. These operations broke down as follows: Latium, 6.6 million for 15 ventures; Abruzzi, 6.4 million for 12; Sicily, 6 million for 10; Campania, 5.9 million for 8; Apulia, 3.3 million

Modern, efficient telecommunications are an important element of regional development, particularly insofar as the siting of industry is concerned. In 1976 the Bank granted eight loans totalling 200 million u.a. to contribute towards the cost of improving the telephone and telex networks in western and central France, Scotland and northern England, southern Italy and in Ireland.

for 9; The Marches, 1.9 million for 2; Basilicata, 1.5 million for 2; Calabria, 1.2 million for 5; Molise, 1 million for 2. It is estimated that the investments so financed will lead to the direct creation of some 3 500 jobs.

288.8 million for projects in the United Kingdom development regions

In the **United Kingdom**, loans amounting to 288.8 million were granted for projects helping to improve the economic situation in most of the less favoured areas of the country. Out of this total, 78.8 million went for a gasline project in Scotland and the North of England and a second in East Anglia and South-West England. Other operations were aimed at improving infrastructure, a determining factor in the economic development and conversion of the regions (telecommunications, 58.5 million; water supplies, 37.7 million, and railways, 19.7 million), expanding and modernising British Steel Corporation plant (64.4 million) or creating new industrial activities (29.7 million).

water, energy and communications

In **Scotland**, the Bank made loans totalling 115.8 million for one of the gasline projects already mentioned, and for financing improvements in telecommunications (exchanges and telex equipment) and various investments by the British Steel Corporation, for expanding the capacity of its rolling mills and tube mills in both Scotland and the **North of England**, in which region a further 58.5 million was lent for the expansion and modernisation of British Steel installations at Consett and Workington, improvement of the telephone system and further stages in the water supply scheme for the region, with the construction of the Kielder Dam and regulation of the Rivers Tyne, Wear and Tees.

improvements in steelmaking

In **Yorkshire and Humberside**, the Bank granted a loan for 29.7 million for an acetic acid production plant at Hull. In **Wales**, the British Steel Corporation received a loan of 19 million for new coking-coal handling, storage and blending facilities forming part of the modernisation scheme for the Port Talbot iron and steel complex.

The EIB also provided finance for extending and modernising water supply systems in Lancashire, **North-West** England (15.6 million) and Cornwall in the **South-West** (6 million). Finally, a loan for 19.7 million was granted to the British Railways Board, towards the construction of three prototype Advanced Passenger Trains, designed to reduce travelling times between London, North-West England and Scotland by a considerable margin.

chemicals plant, telecommunications and energy in Ireland

Three loans went to **Ireland**, for a total of 57.4 million: one for an agricultural ammonia and urea plant near Cork in the South-West, to use natural gas from a deposit off the south coast; a second for a new telecommunications scheme (construction of two automatic exchanges and extension of many exchanges throughout the country), and the third for the exploitation of peat bogs for firing power stations, involving the creation of over 800 permanent jobs.

telecommunications improvements in West and Central France

The EIB received few applications in 1976 for projects located in **France**. The three loans it granted amounted to 60.1 million and related to the expansion and modernisation of telecommunications in Aquitaine, Auvergne and Brittany (Finistère), which should foster agricultural, industrial and service activities, help to open up certain highland areas and accelerate the development of rural areas.

For some years now the Bank has devoted a large share of financing to projects aimed at improving and diversifying the sources of the Community's energy supplies, in particular the development of domestic resources. In Ireland a loan was provided to increase production of peat for use as fuel in power stations. About 800 new jobs are expected through the opening-up and development of peat bogs included in this project.

finance for small and medium-scale industrial ventures in Belgium

In **Belgium**, a global loan for 17.9 million to the Société Nationale de Crédit à l'Industrie (SNCI) will help to finance small and medium-scale industrial ventures in development and conversion areas. In 1976, ten sub-loans for a total of 8.4 million were allocated from this credit, and these should lead to the creation or safeguarding of more than 500 jobs.

and Denmark

In **Denmark**, three loans were granted, for a total of 9.1 million, all for industrial projects in development areas. The first was for a mineral wool factory at Øster Doense in North Jutland, and the second for a wood veneer and particle board plant at Orehoved on Falster Island; the two projects should involve the creation of 200 jobs. The third took the form of a global loan to the Danish Government for the Regional Development Authority to use for financing small and medium-scale ventures. In 1976, a total of 5.4 million was disbursed from global loans granted previously, for financing 11 industrial ventures.

a power station in the Dutch province of Limburg

In the **Netherlands**, a Bank operation in Limburg Province helped to finance a new thermal power station designed for firing either by gas or oil, aimed at improving electricity supplies in the southern part of the province and at the same time delivering part of the power produced up to 1984 to Germany. The Bank's support for this project took the form of a loan for 13.9 million and a guarantee on 16.5 million.

modernisation of Saar steelworks

In **Germany**, a loan for 9.2 million was used to finance the replacement of Thomas converters and open hearth furnaces by an oxygen plant at a steelworks in the Saar.

The 113 industrial investments of regional interest, for which the Bank provided finance, have an estimated total cost of over 1 000 million. They are expected to result in the direct creation of about 10 000 jobs and the safeguarding of a further 7 500. In addition, 23 infrastructure projects costing 2 000 million in all should serve generally to improve the geographical distribution and productivity of agricultural, industrial and service activities in developing regions. These will not only create temporary jobs while under construction, but in the longer term have a very real, if indirect and not easily quantifiable, effect on employment in the regions in question.

438.6 million for projects of interest to several Member Countries

In 1976, the EIB granted 19 loans and furnished 3 guarantees for a total of 438.6 million, or 40.4 % of all its financing operations within the Community, in respect of projects of *common interest* to several Member States, this being one of the Bank's appointed tasks. These operations include 10, amounting to 172.6 million, in support of projects that were also eligible for financing on grounds of their regional interest * (see Table 2, p. 23).

development of oil and natural gas deposits

The bulk of these operations of interest to several Member States, 376.5 million compared with 338 million in 1975, were connected with projects aimed at improving the Community's energy supplies, mainly through the development of oil,

* Hereafter denotes projects both of regional interest and of common interest to several Member States.

Several loans have been provided for the transmission and storage of natural gas; 78.8 million u.a. went towards two extensions to the North Sea gasline network in the United Kingdom, which should increase by about a third the country's total gas supplies: in Italy there were three loans totalling 40.2 million u.a. for the extension of gaslines in the Mezzogiorno and Lombardy and for the conversion of exhausted gas fields for storage use.

gas and peat resources (63.8 million), transport of natural gas (128.9 million), working a uranium deposit and construction of a nuclear power station (together, 111.3 million), and a pumped storage power station (42 million). The other operations related to transport links between Member Countries (16.4 million), an industrial project in Italy, implemented in close liaison between companies from a number of Member Countries and producing high-speed diesel engines * in Apulia, and the prototype high-speed trains * in the United Kingdom, a project which exploits new technology.

natural gas transmission

In the **natural gas** sector, the Bank granted the British Gas Corporation 78.8 million in loans for two projects for extending the North Sea gasline network *, deliveries by which, once fully on stream, will boost British natural gas resources by about one third, and at the same time reduce the Community's dependence on outside sources for its supplies of hydrocarbons. The Bank also made three loans totalling 40.2 million, for extending and interconnecting gasline systems in Lombardy and the Mezzogiorno *, and for the conversion of exhausted gasfields at Sergnano in Lombardy to store natural gas in order to improve the efficiency, regularity and security of supply.

A total of 70.4 million was advanced by the Bank for three projects to develop **oilfields** in the North Sea: bringing into commercial production the Beryl and Thistle Fields, lying respectively south-east and north-east of the Shetlands, and construction of a submarine pipeline between the Ninian Field and the Sullom Voe oil terminal. Around 1980, production from these three fields should account for some 30 % of the United Kingdom's crude oil requirements, or 5 % of those of the Community.

nuclear power station and uranium deposit

Three operations totalling 111.3 million, were mounted to support construction of two units of the **nuclear power station** at Gundremmingen in Bavaria (101.6 million of this in the form of guarantees), and for opening up a uranium deposit in Bergamo Province in Lombardy *. Finance amounting to 72.5 million was also advanced for two other types of **power stations**. The first, a pumped storage facility at Dinorwic near Mount Snowdon in North Wales, will be the largest of its kind in Europe, using off-peak power to pump water from a lower to an upper holding reservoir for peak power generation by turbine. The second plant was the thermal power station at Maasbracht * in Limburg Province, the Netherlands, half of the output of which will be fed into the interconnecting Dutch-German grid.

thermal and pumped storage power stations

Finally, one loan was granted for commercial exploitation of **peat** for use by power stations in Ireland *.

Transport infrastructure of interest to several Member States has long accounted for a significant proportion of EIB finance granted on grounds of common interest (25 % of this total over the period 1958-1976), but in 1976 only two such loans were made, for a total of 16.4 million.

Table 3: Financing provided within the Community in 1976
Sectoral breakdown

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Infrastructure	39		788.2		72.6
Agricultural development	1		30.1		2.8
Water supply and distribution	6		74.3		6.8
Transport	6		107.2		9.9
Railways	1		19.7		1.8
Shipping and inland waterways	5		87.5		8.1
Telecommunications	8		200.1		18.4
Energy	18		376.5		34.7
(Production)	(11)		(247.6)		(22.8)
Nuclear	3		111.3		10.2
Thermal power stations	2		30.4		2.8
Hydroelectric and pumped storage plant	2		42.1		3.9
Development of oil and natural gas deposits	3		60.5		5.6
Solid fuel extraction	1		3.3		0.3
(Transport)	(7)		(128.9)		(11.9)
Gaslines and oil pipelines	7		128.9		11.9
Agriculture, industry and services	120	86	297.8	47.5	27.4
Industry (1)	120	86	297.8	47.5	27.4
Mining and quarrying*	3	3	2.2	2.2	0.2
Metal production and semi-processing*	21	11	109.3	8.3	10.1
Construction materials*	8	7	7.2	3.6	0.7
Woodworking	4	3	3.8	1.4	0.3
Glass and ceramics	2	1	4.7	0.6	0.4
Chemicals*	15	8	98.7	4.2	9.1
Metalworking and mechanical engineering	14	13	8.7	6.1	0.8
Motor vehicles, transport equipment	4	3	17.1	2.0	1.6
Electrical engineering, electronics	9	8	6.3	4.6	0.6
Foodstuffs	16	15	7.7	6.0	0.7
Textiles and leather	5	5	4.4	4.4	0.4
Paper and pulp*	3	3	1.3	1.3	0.1
Rubber and plastics processing	7	4	11.9	2.1	1.1
Other	1	1	0.1	0.1	—
Building – civil engineering	1	1	0.6	0.6	—
Global loans	7	—	13.7 (2)	—	1.3
Grand Total	159	86	1 086	47.5	100.0

(1) Of which basic industries (marked with an asterisk): 218.7 million u.a.

(2) Difference between the sum of the 7 global loans granted in 1976 (61.2 million u.a.) and the sum of the allocations from current global loans (47.5 million u.a.) approved in 1976.

The first was for the acquisition of a car and passenger ferry to be used on the Holyhead/Dun Laoghaire Irish Sea crossing, while the second went in support of a project to 'stretch' two hovercraft, to improve the fast Channel crossing service between Dover and Calais/Boulogne.

**788.2 million for
infrastructure**

**including 376.5 million
for energy**

The *sectoral breakdown* of the Bank's activities (see Table 3, p. 34) was marked by the predominance of operations in support of **infrastructure investments**, which in 1976 accounted for 72.6 % of all operations within the Community. This represented a figure of 788.2 million under 39 finance contracts, more or less on a par with 1975 (779.3 million). That the volume is so high is largely a reflection of the fact that the Bank classifies as infrastructural investments all its operations in support of the energy sector, which rose by about 15 % in 1976 to 376.5 million, i.e. almost half of all financing for infrastructure and 35 % of total operations within the Community. Other forms of infrastructure receiving loans were telecommunications (200 million), railways and shipping (107.2 million), water supply and irrigation schemes (104.4 million).

The emphasis that the Bank has given to energy projects since the 1973-1974 oil crisis has thus been maintained, with finance for the nuclear sector remaining more or less steady, and that for oil and gas projects increasing. Telecommunications projects remain frequent in those areas where inadequacies in this sector inhibit development. On the other hand, there has been a marked diminution in transport infrastructure projects, a major network having grown up over the past fifteen years. Water schemes however are now playing an increasing role, being fundamental to the agricultural development of Southern Italy and the industrial development of many conversion areas in the United Kingdom.

**but lending to
industry increases**

Operations in support of **industrial investments** picked up considerably in 1976. The amount involved was 297.8 million or 27.4 % of all activity in the Community, compared with 15.1 % in 1975, and almost up to the record level of 1974 (301 million).

The largest sums were advanced to the chemicals and metallurgical industries, mainly for the modernisation and reorganisation of major iron and steel undertakings, smaller amounts going to the mechanical engineering, electrical and rubber processing sectors.

**113 industrial ventures,
86 mounted by smaller firms**

Global loans granted to intermediary institutions to finance **small and medium-scale ventures** once again showed an increase — 61.2 million being lent in all to 7 institutions in Italy, Belgium and Denmark. These were also the three countries in which small and medium-scale industrial ventures benefited from allocations from current global loans in 1976.

113 industrial ventures in 1976 benefited from direct or indirect EIB finance, 86 of which were small and medium-scale ventures, taking 16.7 % of all credit

More finance for development of North Sea oil and gas resources was made available during 1976 with loans worth 70.4 million u.a.; these went towards the cost of production installations in the Beryl and Thistle fields and the construction of a submarine oil pipeline between the Ninian field and the Shetlands. The total provided by the Bank for investments designed to improve the Community's energy supplies reached 376.5 million u.a. Among projects financed were the mining of uranium deposits, the construction of a nuclear power station and a pumped storage power station.

advanced (1) for industrial investments. The main benefit of operations of this kind, however, continues to be the highly effective role they play in regional development, by encouraging the diversification of industry in labour-intensive sectors. The small and medium-scale ventures funded from global loans in 1976 are expected to lead to the creation of some 4 200 jobs, the capital outlay per job created averaging only 29 000 u.a., compared with 156 000 u.a. per job for larger-scale industrial projects appraised individually.

There is obviously a close link between the *geographical distribution* of operations and their breakdown according to economic policy objectives. Finance was advanced on a large scale for projects of regional interest, mainly in Italy, the United Kingdom and Ireland, and considerable sums were granted for energy projects of common interest in the United Kingdom.

Monetary and financial considerations also did much to shape this breakdown. The EIB provides most of the funds it makes available in currencies other than the national currency of the borrower, and the origin of the resources it raises is such (see p. 53) that its interest rates are close to those obtaining on international capital markets. In countries with weak currencies promoters are on the whole not willing to contract loans in foreign currencies, unless the authorities offer guarantees against exchange risks, even though they may be offered lower rates than can be obtained on the home market. Conversely in some countries with strong currencies, borrowers may be able to borrow domestically on more attractive terms than the EIB can offer them.

417.6 million for projects in the United Kingdom

For the first time, borrowers in the **United Kingdom** headed the list of recipients of funds from the Bank: 417.6 million (£259 million), or 38.5 % of all operations within the Community, compared with 334.5 million (£187 million) in 1975. The petroleum industry apart, loan applications came almost exclusively from public utilities and nationalised undertakings, for which the Treasury bears the exchange risk.

382.6 million in Italy

There was also a further increase in lending for projects in **Italy**, which totalled 382.6 million (Lit 342 000 million), or 35.2 % of all financing in Member Countries, compared with 358.8 million (Lit 290 000 million) in 1975. Finance requirements were exceptional, especially for the development of the Mezzogiorno, and certainly justified borrowing from the Bank on this scale, both for infrastructural projects and industrial investments by semi-public and private enterprises, large and small. The actual volume of operations would not have been possible, however, if the Italian Government had not introduced an important series of measures empowering it to cover exchange risks and to provide Government guarantees.

resumption of operations in Germany (110.8 million)

The resumption of operations in **Germany**, for a total of 110.8 million (DM 325 million), or 10.2 % of EIB financing activity in the Community, was based on the provision of guarantees (101.6 million) for loans granted by a banking consortium to finance a nuclear power station, because funds were available on the home market at interest rates somewhat below those on direct loans from the Bank.

(1) 47.5 million in allocations from global loans, out of 284 million, after deducting the unallocated balance of global loans (see Table 3, page 34).

**60.1 million for projects
in France**

In France, both private borrowers and the public sector preferred to raise funds either on the home market, to avoid exchange risks, or directly on the international or United States markets. The only borrower to seek finance from the EIB was the Administration des Postes et Télécommunications, for a total amount of 60.1 million (Ffrs 321.4 million), or 5.5 % of all lending in Member Countries.

57.4 million in Ireland

In Ireland, the need for financing regional development during a continuing period of difficult economic conditions led to an appreciable increase in lending, which rose from 37.7 million in 1975 to 57.4 million (£1r 35.4 million) in 1976.

**30.4 million in the
Netherlands
global loans in
Belgium**

Operations by the Bank in the Benelux countries continued to be both limited and sporadic, amounting in the Netherlands to 30.4 million (Fl 91 million), mostly in the form of a guarantee, and in Belgium, to a global loan of 17.9 million (Bfrs 750 million).

and Denmark

Lastly, in Denmark, the three loans granted in respect of projects of regional interest amounted to only 9.1 million (Dkr 59.5 million).

Table 4: Financing provided within the Community in 1976 and from 1958 to 1976

Breakdown by project location

Location	1976			1958-1976 (1)		
	Number	Amount (m u.a.)	% of total	Number	Amount (m u.a.)	% of total
Member Countries						
Belgium	1	17.9	1.7	9	112.0	1.9
Denmark	3	9.1	0.8	16	53.1	0.9
Germany	3	110.8	10.2	72	765.1	12.8
France	3	60.1	5.5	100	1 152.8	19.2
Ireland	3	57.4	5.3	15	164.1	2.7
Italy	34	382.6	35.2	288	2 613.6	43.5
Luxembourg	—	—	—	3	9.0	0.1
Netherlands	2	30.4	2.8	9	105.2	1.8
United Kingdom	24	417.6	38.5	54	968.8	16.1
Non-member Countries (2)	—	—	—	3	61.7	1.0
Total	73	1 086.0	100.0	569	6 005.4	100.0
(of which guarantees) (3)	(3)	(118.2)	(10.9)	(12)	(228.2)	(3.8)

(1) See note 4 to Table 2, page 23.

(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.

Operations outside the Community

Financing in support of projects in many of the African, Caribbean, Pacific and Mediterranean countries forms an integral part of the Community's policy of economic and financial cooperation with these countries.

Projects are selected on the basis of the objectives and criteria set down in the various agreements, financial protocols or other specific texts. The main yardstick is the contribution to the economic development of the country concerned, taking due account of its development policy. Projects must, of course, satisfy the Bank's general financing criteria.

**187.3 million for
development cooperation**

The bulk of these operations are financed by the Bank from its own resources and carry the usual terms and conditions, although they normally attract interest rate subsidies from budgetary funds. The Bank also provides finance on favourable terms drawn from budgetary resources which it manages for the account of and under mandate from Member States or the Community; operations on special conditions are accounted for separately in the Bank's Special Section (see page 67).

**including 142.4 million
from the Bank's own
resources**

In 1976, financing outside the Community more than doubled, reaching 187.3 million, compared with 89 million in 1975, or 14.7 % of total funds made available during the year. This upswing concerned mainly loans from the Bank's own resources which increased almost threefold to 142.4 million, as against 48.9 million in 1975. In contrast, special operations financed directly from Member States' resources or through the European Development Fund (EDF) remained roughly at the 1975 level: 44.9 million as against 40.1 million in the previous year.

The upturn in EIB activities outside the Community was attributable to the swift implementation of aid to Portugal where, in the first twelve months, 60 % of the 150 million earmarked for loans in 1976 and 1977 under the terms of exceptional emergency aid was actually committed, and the rapid start of operations in the ACP States which signed the Lomé Convention; here, 61.7 million was provided in the form of loans from the Bank's own resources and contributions to the formation of risk capital from the EDF.

However, the near exhaustion of funds available under the financial protocols concluded with Greece and Turkey, the second Yaoundé Convention signed with the 17 Associated African States, Madagascar and Mauritius (AASMM), and the Decision of 29 September 1970 relating to the Overseas Countries and Territories (OCT) produced a marked slowdown in operations in these countries.

Portugal

**90 million emergency
aid to Portugal**

Following the decision of the Community authorities and the Bank to offer exceptional emergency aid to Portugal, the first two loan contracts for a total of 50 million were signed by April 1976. Over the year as a whole, four loans were granted for 90 million in all, including 55 million for energy infrastructure and 35 million for industrial investments.

**for energy
infrastructure**

In the energy sector, two loans helped to finance two key projects figuring in the investment programme of the public utility responsible for the country's electricity supplies. The first of these (35 million) was for construction of a 500 MW power station at Setubal, near Lisbon, erection of transmission lines linking the plant with the existing high voltage grid and interconnection of these lines with the Spanish network. The second (20 million) went towards financing a 167 MW hydroelectric power station on the Douro, east of Oporto.

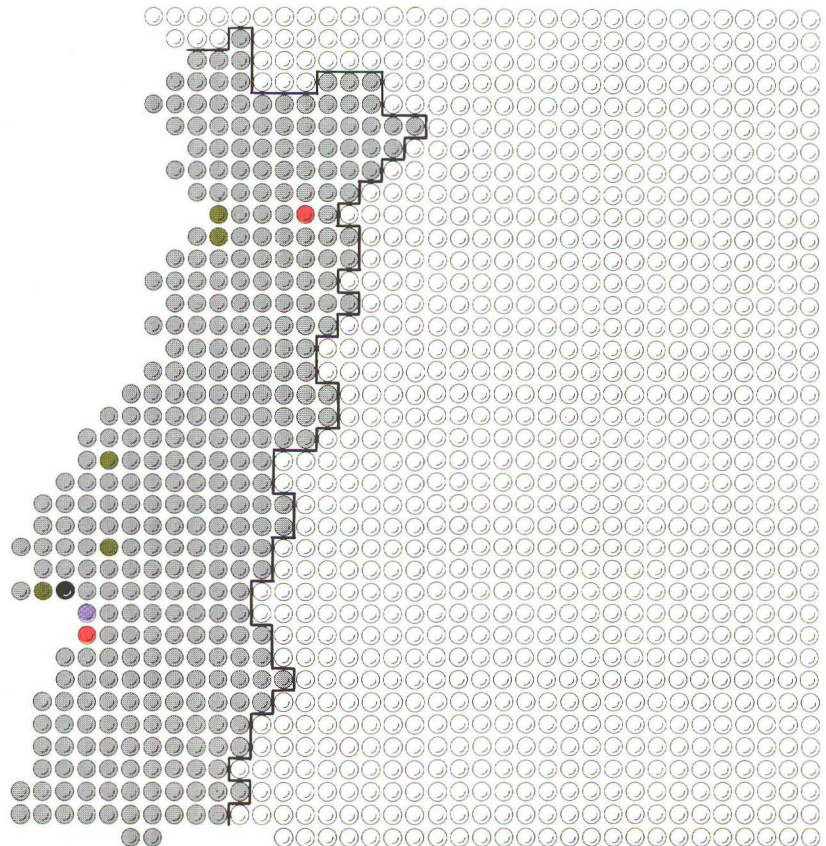
and industry

In the industrial sector, Companhia União Fabril (CUF) received a 20 million loan for constructing a plant to process pyrite cinders which will valorise a by-product of sulphuric acid production, by making 340 000 t.p.a. of iron ore pellets for the iron and steel industry. The venture includes modernisation of copper metallurgy installations. CUF, which also makes chemicals and metallurgical products, is the leading industrial combine in Portugal.

A global loan for 15 million was channelled through Banco de Fomento Nacional (Portuguese Development Bank) for financing small and medium-scale ventures in industry and tourism. In 1976, 3.35 million was drawn down for five ventures relating to the manufacture of cement conduits, bottles, locks, mattresses and pharmaceutical products.

Projects financed in Portugal in 1976

- Energy
- Basic industries
- Global loans
- Global loan allocations



Greece

New financial protocol in prospect for Greece

The last loans to be financed from the \$ 125 million provided under the Financial Protocol annexed to the 1962 Association Agreement between Greece and the Community were committed in 1975. All that remained was to allocate the balance of the global loan to the National Investment Bank for Industrial Development (NIBID) for funding small and medium-scale industrial ventures: 16 sub-loans were in fact approved for a total of 7.4 million. The foodstuffs industry was the principal beneficiary, although support was also provided for factories producing textiles and footwear, furniture, paint, chemicals and rubber goods, located for the most part in less developed areas. These ventures are expected to create directly nearly 700 jobs.

Turkey

and Turkey

The Bank made two loans on special conditions totalling 6 million from funds provided by Member States under the second Financial Protocol with Turkey which came into effect on 1 January 1973.

support for a paper complex

One, for 5 million, completed financing provided at the end of 1973 for an integrated project to develop forestry resources in the Mediterranean area and construct plants producing liner board, kraft paper and sawn wood. The industrial complex will now be established near Mersin in order to preserve the tourist character of the Antalya region, the site originally chosen. The industrial phase of the project should give rise to around 1 200 new jobs while forestry development will call for a workforce of some 6 500, including 2 700 for ancillary activities such as transport.

A global loan for one million went to the Turkish State for financing foreign exchange expenditure on the study and preparation of capital investment projects in the public sector. The 1.3 million balance of a similar loan granted in 1973 was drawn down to finance two studies relating to a section of motorway in Thrace and development and exploitation of forestry resources on the country's Mediterranean coast.

and small and medium-scale industrial ventures

In 1976, the Bank approved 10 allocations totalling 4.1 million in support of small and medium-scale industrial ventures from two global loans granted in 1974 and 1975 to the Industrial Investment and Credit Bank (SYKB) and under a frame agreement with the Turkish Industrial Development Bank (TSKB) in 1974. These ventures, of which four concern mechanical engineering and metallurgy, should together directly create more than 900 jobs.

Of the 195 million provided for special operations under the second Financial Protocol, only 6.3 million remains uncommitted, although a further 47 million is provided for under the Supplementary Protocol signed after enlargement of the Community, but not yet ratified.

Outside the Community financing operations rose to 187.3 million u.a., of which 142.4 million came from the Bank's own resources and 44.9 million from resources provided by Member States or from the European Development Fund. The higher level of activity compared to the previous year was due in part to the Lomé Convention coming into force. Under the terms of this Convention, and also under the two previous Yaoundé Conventions, a total of 91.3 million u.a. was provided for 14 projects in 12 ACP countries and the OCT; the majority of the funds went towards development of mineral resources, agriculture and hydroelectric power, for road and rail links and various industrial projects.

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

91.3 million in the ACP States and the OCT

In 1976, the Bank signed 19 finance contracts for a total of 91.3 million in support of 14 projects under the Yaoundé Conventions and the Decision of 29 September 1970 concerning the OCT, and the Lomé Convention. The funds were provided in the form of seven loans totalling 52.4 million from the Bank's own resources for industrial and energy investments and, from EDF resources, five loans on special conditions and seven contributions to the formation of risk capital, for 38.9 million.

29.5 million for projects in the Associated African States, Madagascar and Mauritius and the Overseas Countries and Territories

In the course of the year, the EIB signed seven finance contracts in respect of projects located in five of the States which signed the **Yaoundé Conventions** and a further two for ventures in New Caledonia. These operations added up to 29.5 million, of which 10.9 million was provided in the form of loans from the Bank's own resources and 18.6 million under five loans on special conditions from EDF resources. This brings to 95 million the amount of operations financed from the Bank's own resources under the second Yaoundé Convention and the Decision concerning the OCT, while the balance available at the end of the year from the 90.5 million earmarked for loans on special conditions stood at 18.5 million.

The *two loans from the Bank's own resources* went towards financing construction of a clinker plant, in **Togo** (5.9 million), mentioned below under other headings, and expansion of nickel production capacity at the Société Métallurgique Le Nickel works in **New Caledonia** (5 million).

The *five loans on special conditions financed from EDF resources* and managed by the Bank under its Special Section related to:

- (i) establishment of a 180-hectare irrigated zone for market gardening on the Cape Verde peninsula in **Senegal** and construction of a cold store at Dakar (4.6 million);
- (ii) extension of the water supply system at Korhogo, northern **Ivory Coast** (1 million);
- (iii) construction of the Owendo-Booué section of the Transgabon railway in **Gabon** (7 million);
- (iv) realignment of the Mayombé section of the Brazzaville-Pointe Noire railway in the **Congo** (3.6 million);
- (v) reconstruction of the Moindou-Bourail road link in **New Caledonia** (2.4 million).

and 61.7 million for the initial batch of operations in the African, Caribbean and Pacific States

Comprehensive preparatory work undertaken in 1975, particularly by programming missions, enabled the Bank, during the second half of 1976, immediately after conclusion of the implementing agreements, to mount its first operations under the **Lomé Convention** which came into effect on 1 April 1976. These comprised:

- (i) five loans from the Bank's own resources totalling 41.5 million and attracting a 3 % interest rate subsidy;
- (ii) seven risk capital contributions for 20.2 million.

Table 5: Financing provided outside the Community in 1976 and from 1963 to 1976

Breakdown by country

	1976			1963-1976 ⁽¹⁾		
	Number	Amount (m u.a.)	% of total	Number	Amount (m u.a.)	% of total
Ordinary operations						
Greece	—	—	—	22	116.4	12.5
Portugal	4	90.0	48.1	4	90.0	9.7
Turkey	—	—	—	2	25.0	2.7
AASMM-ACP-OCT ⁽³⁾	7	52.4	28.0	40	187.6	20.2
Cameroon	1	13.5	7.2	10	30.8	3.3
Congo	—	—	—	1	9.0	1.0
Ivory Coast	—	—	—	10	51.2	5.5
Gabon	—	—	—	4	4.4	0.5
Ghana	1	10.0	5.3	1	10.0	1.1
Upper Volta	—	—	—	1	0.5	0.1
Mauritius	1	2.0	1.1	2	3.7	0.4
Kenya	1	2.0	1.1	1	2.0	0.2
Mauritania	—	—	—	†	11.0	1.2
Senegal	—	—	—	2	3.9	0.4
Togo	2	19.9	10.6	2	19.9	2.1
Zaire	—	—	—	3	34.2	3.7
New Caledonia	1	5.0	2.7	2	7.0	0.7
Total	11	142.4	76.1	68	419.0	45.1
Special operations ⁽²⁾						
Turkey	2	6.0	3.2	55	363.7	39.2
AASMM-ACP-OCT ⁽³⁾	12	38.9	20.7	47	146.0	15.7
Cameroon	1	2.3	1.2	7	26.2	2.8
Congo	1	3.6	1.9	3	6.7	0.7
Ivory Coast	2	3.0	1.6	11	37.6	4.1
Benin	—	—	—	1	3.3	0.3
Gabon	1	7.0	3.7	3	10.3	1.1
Ghana	1	2.0	1.1	1	2.0	0.2
Upper Volta	2	4.4	2.3	3	9.5	1.0
Madagascar	—	—	—	1	1.9	0.2
Mauritania	—	—	—	1	2.7	0.3
Senegal	1	4.6	2.5	3	6.5	0.7
Chad	1	7.5	4.0	2	8.7	0.9
Togo	1	2.0	1.1	1	2.0	0.2
Zaire	—	—	—	2	14.8	1.6
Netherlands	—	—	—	—	—	—
Antilles	—	—	—	1	4.4	0.5
Surinam	—	—	—	1	1.9	0.2
New Caledonia	1	2.4	1.3	2	3.4	0.4
Réunion	—	—	—	2	2.8	0.3
Guadeloupe	—	—	—	1	0.7	0.1
Martinique	—	—	—	1	0.6	0.1
Total	14	44.9	23.9	102	509.7	54.9
(of which contributions to the formation of risk capital)	(7)	(20.2)	(10.8)	(10)	(22.7)	(2.4)
Grand Total	25	187.3	100.0	170	928.7	100.0

⁽¹⁾ See note 4 to Table 2, page 23.

⁽²⁾ Operations on special conditions financed directly from the resources of Member States (Turkey) or through the intermediary of the European Development Fund (AASMM-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.

Risk capital operations are intended to facilitate investment financing either through the direct acquisition of shares, thereby bolstering the equity capital of undertakings in the industrial, tourism or mining sectors, or through the granting of quasi-capital assistance in the form of subordinated ⁽¹⁾ or conditional ⁽²⁾ loans. This formula is highly flexible and well tailored to the requirements of industrial growth in developing countries. Such operations are mounted either along with an ordinary loan from the Bank, or as the sole type of financing in the most handicapped countries where to lend on market terms would be inappropriate.

**including 41.5 million
from the Bank's own
resources**

Five loans from the Bank's own resources helped to finance the following projects to improve energy supplies and promote industrial development in the ACP States:

- (i) uprating of Fort Victoria thermal power station in **Mauritius** (2 million), for which an initial loan had been granted in 1975;
- (ii) construction of a dam and 144 MW hydroelectric power station at Song-Loulou on the Sanaga in **Cameroon**, together with transmission lines and interconnection stations (13.5 million) to enable Société Nationale d'Électricité du Cameroun (SONEL) to meet rapidly expanding demand in the south and west of the country;
- (iii) construction of a dam and 160 MW hydroelectric power station on the lower Volta river at Kpong in **Ghana** (10 million) to assist the Volta Water Authority in covering the country's additional electricity requirements up to 1985 on the most economic basis;
- (iv) a global loan for 2 million in **Kenya**, channelled through the Development Finance Company of Kenya Ltd (DFCK) for financing small and medium-scale industrial ventures;
- (v) a clinker plant in **Togo** (14 million), already mentioned above under the second Yaoundé Convention and which also attracted risk capital contributions.

**for power stations and
industry**

**and 20.2 million for risk
capital operations**

Seven contributions to the formation of risk capital, for a total of 20.2 million, provided supporting finance for four industrial ventures:

- (i) expansion of the Banfora sugar complex in **Upper Volta** was funded by a conditional loan for 1.4 million granted to the State and a 3 million subordinated loan to Société Sucrière de Haute-Volta (SOSUHV). The project should give rise to around 500 jobs and, by avoiding the need to import sugar up to 1985, substantially improve the country's balance of payments.
- (ii) a conditional loan for 7.5 million went to the **Republic of Chad** for constructing a sugar complex with a capacity of 30 000 t of refined sugar at Banda in southern Chad. The plant will meet the country's entire sugar requirements over the next decade and make for considerable savings on imports. The venture is also expected to create some 2 900 permanent jobs.

**in support of four
industrial projects**

⁽¹⁾ Repayable only after prior ranking loans have been paid off.

⁽²⁾ Repayable only after fulfilment of certain conditions indicating that the project has overcome its teething troubles and has achieved a certain level of profitability.

-
- (iii) a 2.3 million conditional loan was made available to Société Camerounaise de Palmeraies (SOCAPALM) in **Cameroon** to help finance construction of an oil mill at Dibombari;
 - (iv) three subordinated loans, each for 2 million, were granted to the **Ivory Coast, Ghana and Togo** for part-financing each country's holding of preference shares in Société des Ciments de l'Afrique de l'Ouest (CIMA O) in which they hold a 92 % stake. CIMA O also received the two abovementioned loans from the Bank's own resources for 5.9 million and 14 million, to construct a 1 200 000 t.p.a. clinker plant at Tabligbo in Togo. This large-scale project will combine both the production and marketing of a commodity essential to the economic development of the three countries concerned, while promoting trade between them. It is also the first example of regional cooperation at the industrial level in West Africa in which the Community has been involved.

**cooperation with other
development financing
institutions**

EIB support for several of these projects was provided under cofinancing operations mounted with multilateral or bilateral development aid institutions such as the World Bank (IBRD), the European Development Fund (EDF), Caisse Centrale de Coopération Économique (CCCE), Kreditanstalt für Wiederaufbau (KfW), Arab Bank for Economic Development in Africa (ABEDIA), the Saudi Development Fund, the Kuwait Development Fund and the Islamic Development Bank. Projects in Togo (CIMA O), Ghana (Kpong) and Cameroon (Song-Loulou) in particular attest to effective cooperation between European, international and Arab financing institutions in assisting African states.

Operations between 1958 and 1976

Since its inception in 1958, the European Investment Bank has signed 739 finance contracts for a total of 6 934.1 million units of account at current prices, or some 9 900 million at 1976 prices ⁽¹⁾, corresponding to an average contribution of 21 % to the total cost of fixed investments ⁽²⁾ for which the Bank has provided long-term finance amounting to around 47 000 million at 1976 prices. Projects within the Community have attracted around 8 600 million (6 005.4 million at current prices) or 87 % of the total. The funds have helped to finance investments totalling about 39 000 million at 1976 prices which in turn were expected to create directly 150 000 jobs and safeguard a further 60 000.

Trends in annual Bank activity are shown in the Graphs on pages 18 and below. Tables 2 (page 23), 3 (page 34) and 4 (page 38) give a breakdown of financing up to and including 1976 according to economic policy objective, project location and sector.

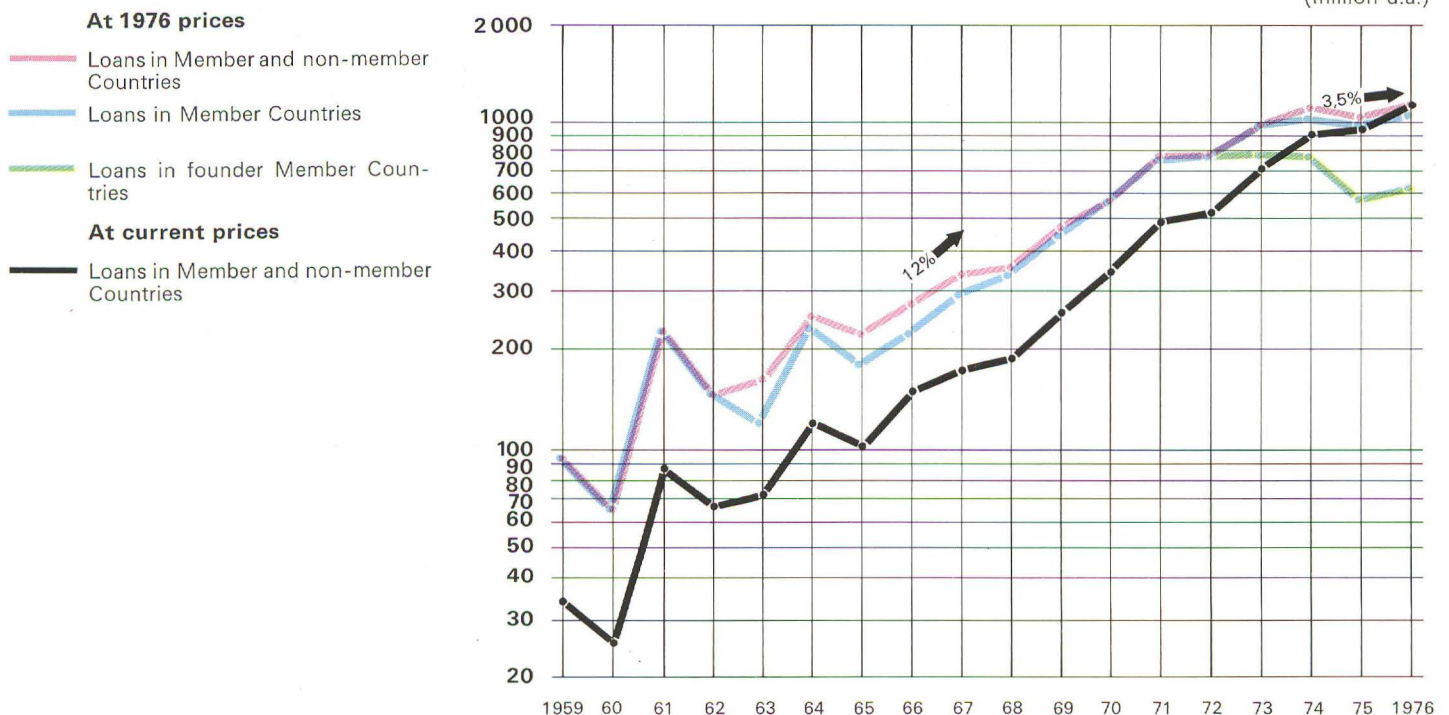
An analysis of Bank activity since its establishment was contained in last year's Annual Report. The following paragraphs take in solely financing in Member Countries since enlargement of the Community in 1973 and summarise operations under the various financial cooperation agreements with non-Community 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 investments 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.

Financing from EIB own resources between 1959 and 1976 at 1976 constant prices

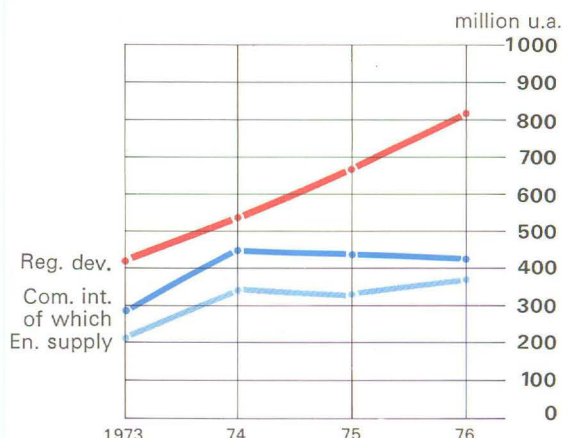
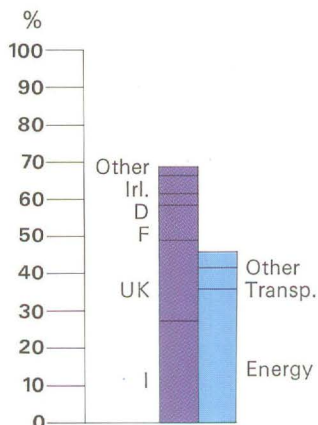
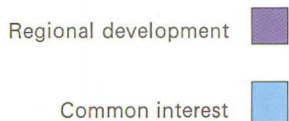
(million u.a.)



Operations within the Community (1973—1976)

Between 1973 and 1976, EIB loans and guarantees amounted to 3 550 million at current prices, or the equivalent of 59 % of all financing in the Community since 1958.

Breakdown by economic policy objective

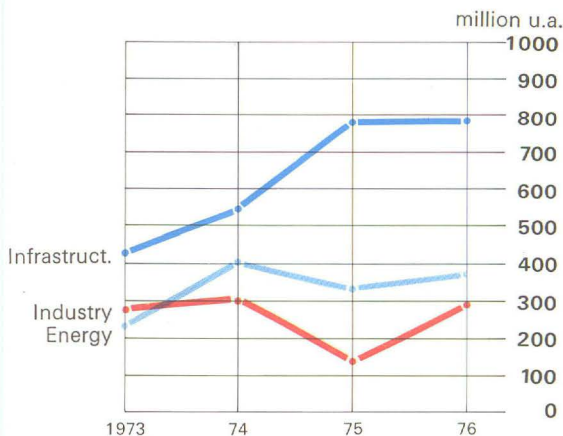
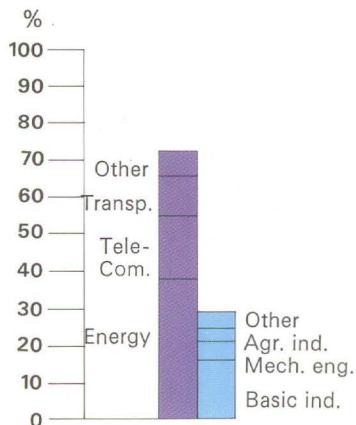


As shown by the graphs opposite, support for projects offering regional benefits almost doubled over the period and accounted for more than two thirds of Bank financing in the Community. Following an upsurge in 1974,

funds earmarked for projects of benefit to several Member Countries have remained at a high level; the bulk of these ventures serve to bolster the Community's energy supplies. Bank financing for the construction of nuclear

power stations and the various investments necessary for exploiting this source of energy totals 495.7 million.

Sectoral breakdown

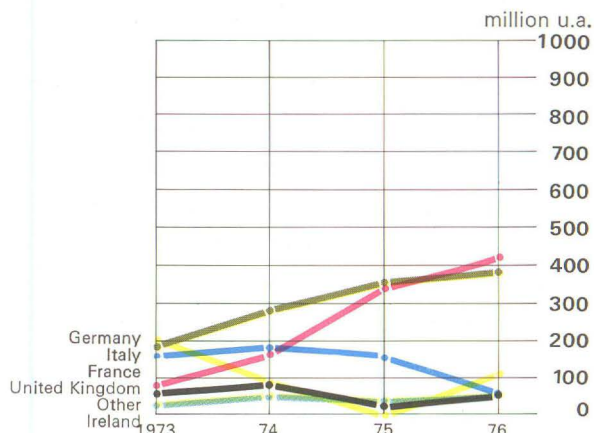
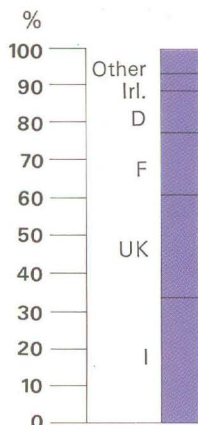


Largely because of their high unit cost, infrastructure projects absorb around 70 % of EIB financing within the Community. The energy sector tops the list of beneficiaries, followed by telecommunications, transport infrastructure and water schemes. In spite of the 1975 recession, financial backing for industrial

projects amounted to 1 017.8 million between 1973 and 1976, or about 30 % of the total. 118 individual operations were mounted in support of larger-scale projects, mainly in basic industries, while 439 global loan allocations benefited small and medium-scale industrial ventures in a wide range of sectors.

These smaller ventures are four times more labour-intensive than large-scale projects, involving a capital outlay of 26 000 u.a. per job created as against 105 000 u.a. for the latter.

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 intended to improve the Community's energy supplies, mainly by tapping oil and

gas resources in the North Sea, has contributed to the rapid upswing in lending in the United Kingdom.

Operations outside the Community

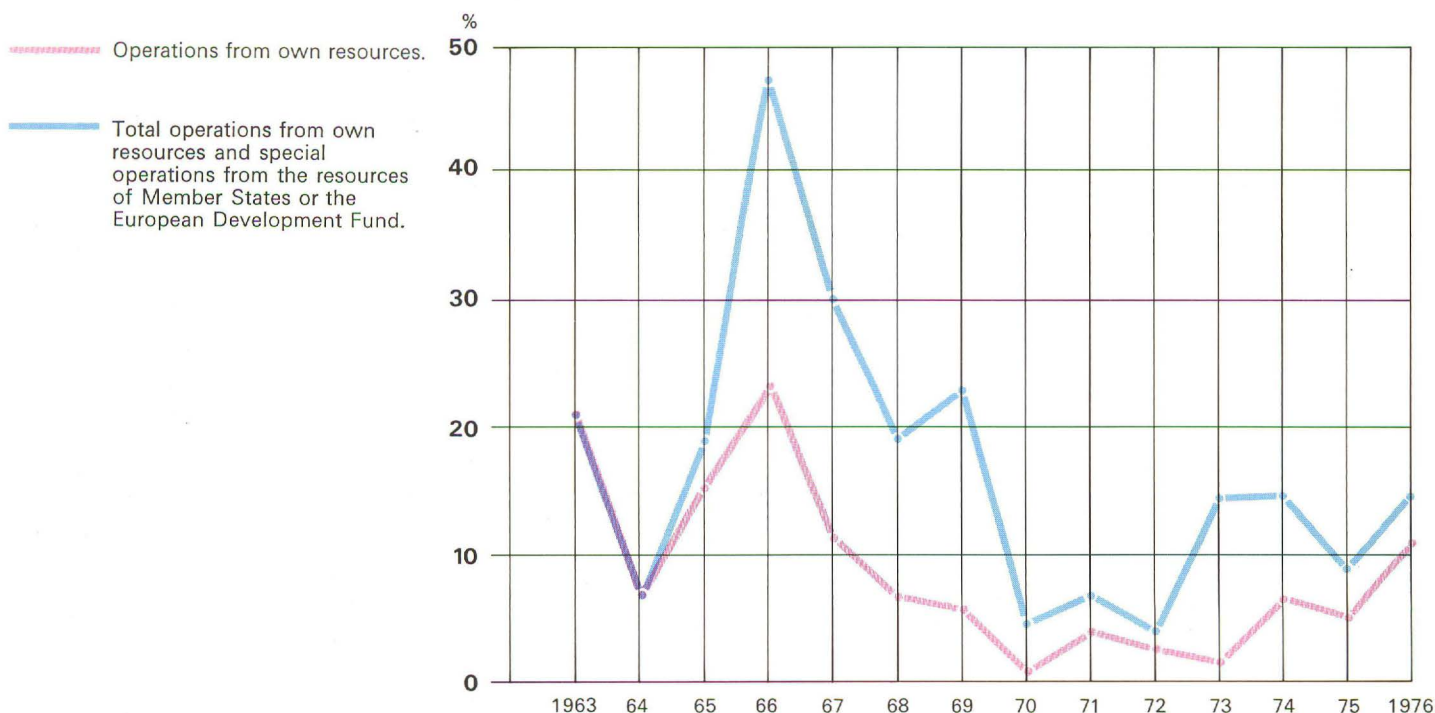
Since 1963, the economic and financial cooperation policy which the Community pursues with a number of developing countries has led the Bank to provide assistance for projects located in an increasing number of these countries. Operations have been mounted under Association Agreements concluded by the Community with Greece and Turkey, under the two Yaoundé Conventions, the Lomé Convention, the Decisions of the Council of Ministers of the European Communities taken with regard to the Overseas Countries and Territories, and the Council Decision providing for exceptional emergency aid to Portugal.

Between 1963 and 1976, these countries received a total of 928.7 million comprising 419 million from the Bank's own resources and 509.7 million from budgetary resources made available to the Bank by Member Countries either directly or through the EDF (1) (see Table 5, page 44, and Table 13, page 78).

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 period of transition 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 contributions made by the Bank acting under mandate from, and as agent for, the Member States or the European Economic Community (European Development Fund) and accounted for under the EIB's Special Section (see Statement on page 67).

Activity outside the Community in relation to total activity between 1963 and 1976



Financing outside the Community

(million u.a.)

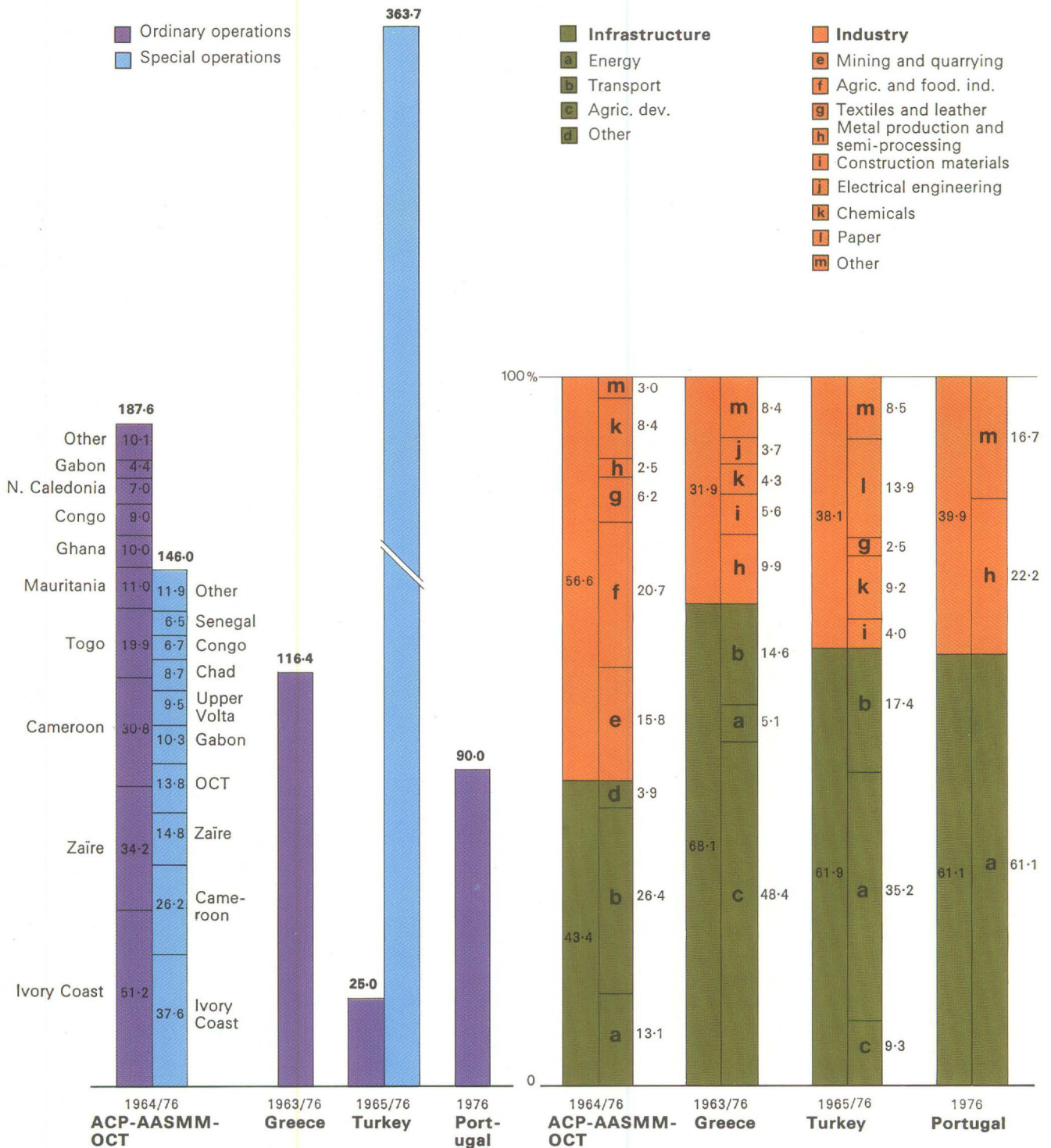
Breakdown by country and type of financing

Sectoral breakdown

- Ordinary operations
- Special operations

- Infrastructure
- a Energy
- b Transport
- c Agric. dev.
- d Other

- Industry
- e Mining and quarrying
- f Agric. and food. ind.
- g Textiles and leather
- h Metal production and semi-processing
- i Construction materials
- j Electrical engineering
- k Chemicals
- l Paper
- m 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 5, page 44).

A sectoral breakdown of finance granted (see Table 14, page 79) shows a predominance of industrial (38 % of the total) and energy (35 % of the total) projects. Nine global loans worth 43.2 million were made available to Türkiye Sınai Kalkınma Bankası (TSKB) and Sınai Yatırım ve Kredi Bankası (SYKB). The bulk of these funds has already been drawn down in support of 55 small and medium-scale ventures in the industrial and service sectors. Investments which the EIB has backed since 1965 are estimated to have contributed directly to the creation of 24 000 jobs and the reduction of seasonal underemployment in several agricultural areas.

Between 1963 and 1975, the Bank made 22 loans in **Greece** 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 infrastructure investments. These operations will together provide employment for 7 000 persons and substantially improve the working conditions in areas served by irrigation projects.

Loans granted in **Portugal** in 1976 totalled 90 million (see page 39).

At 31 December 1976, total Bank support for these three countries in southern Europe stood at 595.1 million, equivalent to nearly two thirds of its 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 or 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.

These operations helped to fund investments totalling 1 850 million which were expected to give rise to more than 50 000 jobs.

Financial cooperation in the **African, Caribbean and Pacific States** and the Overseas Countries and Territories (ACP States and OCT) provided for under the **Lomé Convention** commenced immediately after the implementing texts came into effect and resulted in the signature of finance contracts for 61.7 million (see pages 43 to 46).

Hence, by the end of 1976, the African, Caribbean and Pacific States and the Overseas Countries and Territories (AASMM – ACP – OCT) had attracted a total of 333.6 million, equivalent to more than one third of Bank financing outside the Community.

Resources

Resources increased to nearly 5 600 million

At 31 December 1976 the Bank's total resources (comprising paid-up capital, the statutory and other reserves, and borrowings) amounted to 5 587.1 million units of account compared with 4 665.8 million at 31 December 1975.

This increase was made up of an additional 807.6 million in borrowings, taking into account adjustments in conversion rates, and 75.7 million in net income appropriated to the statutory and other reserves. The balance of 38.0 million came from Member States' contributions to the Bank's capital.

748.9 million raised on capital markets

In 1976, the Bank made calls on the financial markets for a total of 748.9 million, including 17 million from the sale to third parties of participations in loans by the Bank, compared with 830.7 million in 1975 and 825.5 million in 1974.

The range of currencies in which loans were issued was narrower than in 1975. Concern about inflation and the sometimes acute pressure on their currencies forced most Member Countries to adopt restrictive monetary measures which raised the level of interest rates sharply and virtually closed certain markets to foreign borrowers. The five loans issued by the Bank in the currencies of three Member States (Deutsche Mark, Netherlands guilder and Luxembourg franc) raised only 150.1 million in Community currencies compared with 363.8 million in the preceding year. The Bank in any case deliberately limited its issues in Deutsche Mark, despite abundant liquidity and falling interest rates in this sector of the market, because borrowers in most other countries were reluctant to incur the exchange risk. Of loans denominated in the currencies of Member States, only one, for 11.9 million (1975: 241.3 million), was issued on a national capital market, in this case in Luxembourg.

The Bank was led to raise a greater proportion of its funds in United States dollars than in 1975 (489.3 million or two thirds of a total of 748.9 million, compared with 298.9 million in 1975); despite the unsettled international monetary situation, this currency remained relatively stable and attractive.

The sector of the international bond market denominated in dollars, which had set an absolute record in 1976, was a noteworthy source of funds for the Bank. Investors on this market subscribed to three Bank loans for a total amount of 246.5 million dollars. A loan for 30 million dollars on the Asian dollar market helped to acquaint this regional market with the Bank. In the United States itself, the Bank took advantage of falling rates on a vast market offering funds for up to 20 years and issued two loans for 100 and 75 million dollars respectively.

In the Middle East, a public issue for 50 million dollars was placed under the management of an exclusively Arab banking syndicate.

As in the past several years, the Bank sought to extend the number of markets on which it could borrow. In Austria, the Bank for the first time issued a loan in Austrian Schillings, for the equivalent of 18.2 million. On the Japanese market, after having raised funds during the preceding year by private placement, the Bank floated a public loan denominated in Yen for the equivalent of 30.5 million.

In Switzerland, despite the abundant liquidity on the market and falling interest rates, the Bank raised only 43.8 million, compared with 133.8 million in 1975, because of the reluctance of borrowers to incur liabilities in Swiss francs.

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 1976 amounted to 4 723.0 million, as against 3 915.4 million at 31 December 1975, representing an increase of 807.6 million ⁽¹⁾, of which 16.6 million was received after the end of the financial year.

Table 6: Funds raised up to and including 1976

Year	Number	Issues			Participations by third parties in EIB loans (m u.a.)	Funds raised (m u.a.)
		Amounts (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
1961-1976	180	2 128.1	2 807.0	4 935.1	55.8	4 990.9

new structure of Bank interest rates

Changes in the structure of the Bank's interest rates during 1976 reflected on the one hand the lower cost of long and medium-term borrowings and, on the other, the differentiation of rates according to maturity and currencies disbursed.

In February 1976, the single rate of 9.5 % fixed in July 1975 was reduced to 9 % for loans for up to 8 years, but remained unchanged for loans for longer terms. In view of the very diverse pattern of interest rates on various capital markets, the Bank decided in July 1976 to fix different rates, not only for loans granted according to its normal practice in cocktails of currencies, but also for single currency loans: dollars or Swiss francs. The interest rate structure was modified in October and December, and at the end of the year the rates in force were as follows:

Loans in cocktails of currencies:	— up to 8 years:	8.25 %
	— over 8 and up to 12 years:	8.875 %
	— over 12 and up to 20 years:	9.125 %
Single currency loans:		
United States dollars	— up to 8 years — base rate 8 years ⁽²⁾ :	8.50 %
	— over 8 and up to 12 years — base rate 10 years ⁽²⁾ :	9.125 %
	— over 12 and up to 20 years — base rate 15 years ⁽²⁾ :	9.50 %
Swiss francs	— up to 8 years — base rate 6 years ⁽²⁾ :	6 %

⁽¹⁾ See Annex C of Financial Statements, page 69.

⁽²⁾ The base rates are fixed by the Bank's Board of Directors by reference to a single maturity. For longer or shorter terms, the Bank increases or reduces its lending rate approximately in line with the differences in the cost of borrowings for the corresponding terms.

Results for the year

The results for 1976 were heavily influenced by the fact that receipts of interest on loans rose by 94.2 million, whereas interest and charges on borrowings rose by only 74.2 million, largely as the consequence of sustained efforts to employ the proceeds of borrowings in long-term loans as rapidly as possible, and reduce liquid holdings. However, prevailing money market rates for some currencies remained fairly high over the year, and there was a moderate increase in income from short-term investments, which rose from 34 million in 1975 to 37.3 million.

Expenses and administrative costs amounted to 18.6 million, compared with 14.2 million in 1975, largely because of an increase in the Bank's staff and the fact that salaries are paid in Belgian francs, a currency which appreciated over the year in terms of the European unit of account. The operating profit, after amortisation of issuing charges and redemption premiums of 11.7 million, as against 9.6 million in 1975, amounted to 70.8 million, compared with 54.9 million in 1975.

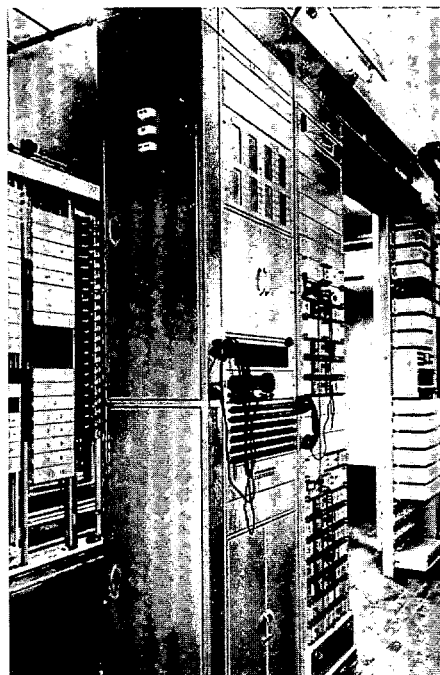
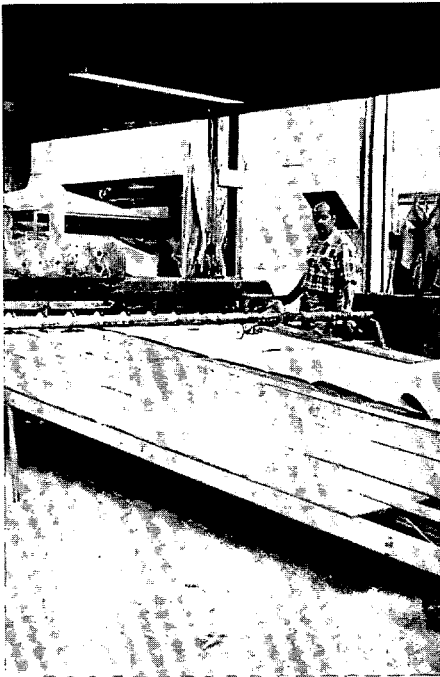
On the basis of conversion rates by reference to the European unit of account as at 31 December 1976, a sum of 4.9 million was credited to the profit and loss account resulting from the revaluation of assets not subject to adjustment under Article 7 of the Statute. The equivalent gain in 1975 was 4.5 million.

**increase in
statutory and other
reserves**

The balance on the profit and loss account available for appropriation to the statutory and other reserves was 75.7 million, compared with 59.4 million in 1975. 20 million of this was appropriated to the statutory reserve, and the balance placed in other reserves. The 4.9 million resulting from revaluation was appropriated to the reserve for monetary risks.

**balance sheet total at
31 December 1976: close on
6 600 million**

At 31 December 1976, the balance sheet total stood at 6 565 million, compared with 5 469 million at 31 December 1975, representing an increase of 20 %.



List of projects

financed under loan or guarantee contracts signed in 1976

Ordinary operations

million u.a.

GERMANY

DM 325 million **110·8**

Operations in the Community

million u.a. (1)

BELGIUM

Bfrs 750 million **17·9**

1. Global loan to **Société Nationale de Crédit à l'Industrie (SNCI)** for financing small and medium-scale industrial ventures in development and conversion areas
Bfrs 750 million

5.-6. Units B and C of Gundremmingen nuclear power station (Bavaria)

Kernkraftwerk Gundremmingen Verwaltungsgesellschaft m.b.H.

Two guarantee operations:

DM 150 million 49·1

DM 150 million 52·5

7. Restructuring of steelworks at Neunkirchen (Saar)

Neunkircher Eisenwerk AG
DM 25 million 9·2

FRANCE

Ffrs 321·4 million **60·1**

8. Extension and modernisation of the telecommunications system in rural areas of Finistère, Brittany

Administration des Postes et Télécommunications through the intermediary of the **Département du Finistère**
Ffrs 8 million 1·5

9. Extension and modernisation of the telecommunications system in Aquitaine

Administration des Postes et Télécommunications through the intermediary of the **Caisse Nationale des Télécommunications**
Ffrs 156·7 million 30·0

10. Extension and modernisation of the telecommunications system in Auvergne

Administration des Postes et Télécommunications through the intermediary of the **Caisse Nationale des Télécommunications**
Ffrs 156·7 million 28·5

IRELAND

£ Ir 35·4 million **57·4**

11. Extension and modernisation of the telecommunications system in Ireland

Department of Posts and Telegraphs through the intermediary of the **Ministry for Finance**
£ Ir 16 million 24·1

DENMARK

Dkr 59·5 million **9·1**

2. Mineral wool factory af Øster Doense (West of the Great Belt)

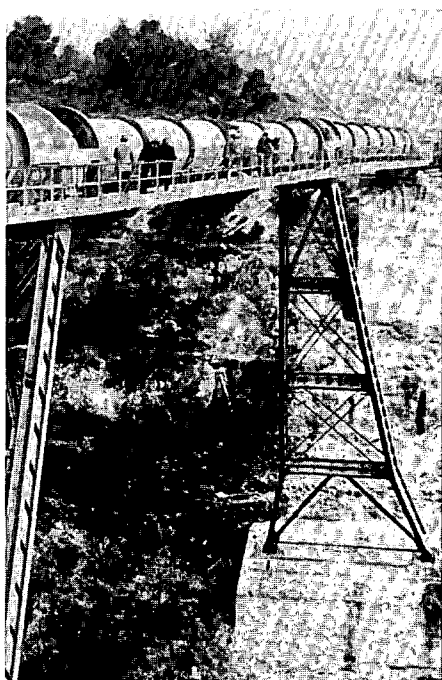
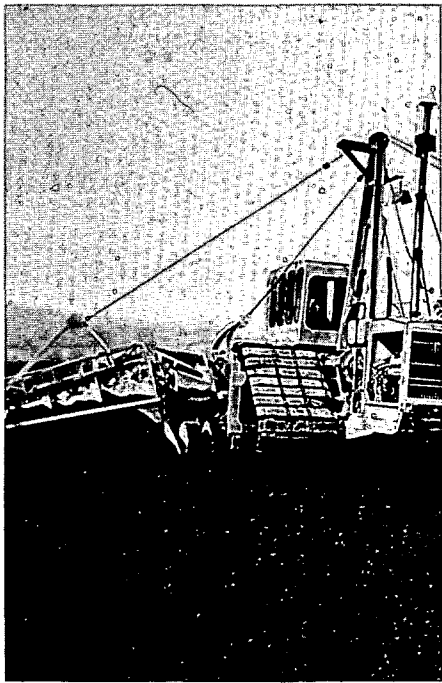
Rockwool A/S
Dkr 23·5 million

3. Extension of plant producing wood veneer and chipboard at Orehoved (East of the Great Belt)

Orehoved Træ- og Finerindustri A/S
Dkr 16 million 2·4

4. Global loan to the **Danish Government (Direktoratet for Egnudvikling)** for financing small and medium-scale industrial ventures in development areas of Denmark
Dkr 20 million 3·1

(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.

12. Development of peat bogs for electricity production purposes (Central Ireland)

Bord Na Mona
£ Ir 2.2 million

3.3

13. Ammonia and urea plant near Cork (South-West Ireland)
Nitrigin Eireann Teoranta
£ Ir 17.2 million

29.9

ITALY

Lit 342 000 million

382.6

14. Irrigation system in the Alto Metaponto (Basilicata)

Cassa per Il Mezzogiorno (1)
Lit 24 000 million

30.1

15. Water supply system for the Syracuse industrial zone (Sicily)

Cassa per Il Mezzogiorno
Lit 20 000 million

21.6

16. Measures to reduce pollution in the Gulf of Naples (second loan): collector sewers and treatment plant for sewage and industrial effluent (Campania)

Cassa per Il Mezzogiorno
Lit 12 000 million

15.0

17. Harbour redevelopment scheme at Augusta, near Syracuse (Sicily)

Cassa per Il Mezzogiorno
Lit 20 000 million

20.9

18. Port, road and rail infrastructure in the industrial zone at Manfredonia (Apulia)

Cassa per Il Mezzogiorno
Lit 16 000 million

20.1

19. Road and port infrastructure in the industrial zone at Taranto (Apulia)

Cassa per Il Mezzogiorno
Lit 24 000 million

30.1

20. Further extensions to the telephone system in Calabria and Basilicata

SIP - Società Italiana per l'Esercizio Telefonico p.A. through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 28 000 million

29.2

21. Further extensions to the telephone system in Apulia

SIP - Società Italiana per l'Esercizio Telefonico p.A. through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 26 000 million

28.1

22. Development of a uranium deposit at Novazza (Lombardy)

AGIP S.p.A.
Lit 9 000 million

9.7

23. Construction of pipelines in Lombardy for the interconnection of imported gas supplies

SNAM S.p.A.
Lit 28 000 million

29.2

24. Conversion of a depleted natural gas field for use as a storage reservoir at Sergnano (Lombardy)

AGIP S.p.A.
Lit 6 000 million

6.3

25. Extension of gasline network in southern Italy

SNAM S.p.A. through the intermediary of **ENI - Ente Nazionale Idrocarburi**
Lit 4 500 million

4.7

26. Reorganisation of steel works by installing a medium seamless tube mill at Dalmine (Lombardy)

Dalmine S.p.A.
Lit 13 000 million

14.0

27. Extension of works for grading and cutting heavy sheet steel at Taranto (Apulia)

Siderurgica commerciale Italiana - SIDERCOMIT S.p.A. through the intermediary of **IRI - Istituto per la Ricostruzione Industriale**
Lit 3 500 million

3.7

28. Anti-pollution installations in the steel complex at Bagnoli (Campania)

Italsider S.p.A. through the intermediary of the **Cassa per Il Mezzogiorno** and **ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale**
Lit 5 000 million

6.3

29. Rationalisation of electrolytic zinc foundry and anti-pollution plant at Crotona (Calabria)

Società Mineraria e Metallurgica di Pertusola S.p.A. through the intermediary of the **Cassa per Il Mezzogiorno** and **ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale**
Lit 3 200 million

3.3

30. Factory producing refractory bricks at Grogastu (Sardinia)

S.p.A. SANAC-Refrattari Argille Caoline through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 3 200 million

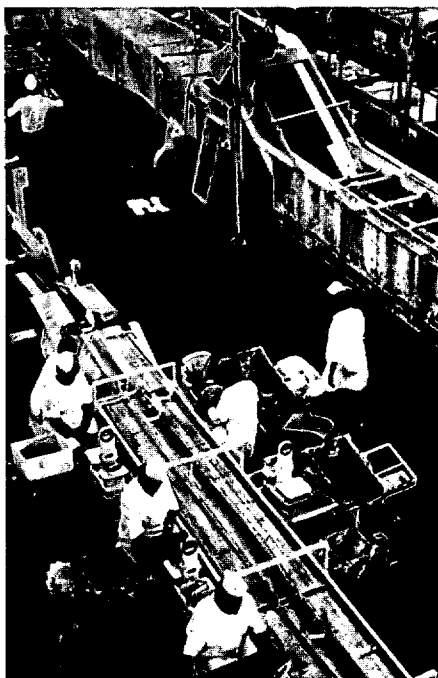
4.1

31. Aniline production unit at Priolo (Sicily)

Anilina S.p.A. through the intermediary of **IRFIS - Istituto Regionale per il Finanziamento alle Industrie in Sicilia**
Lit 8 500 million

9.2

(1) Cassa per opere straordinarie di pubblico interesse nell'Italia Meridionale.



million u.a.

million u.a.

32. Ancillary services for aniline production unit at Priolo (Sicily)

Montedison S.p.A. through the intermediary of **IRFIS - Istituto Regionale per il Finanziamento alle Industrie in Sicilia**
Lit 1 500 million

1-6

33. New urea unit and rationalisation of ammonia plant at Manfredonia (Apulia)

ANIC S.p.A. through the intermediary of **Ente Nazionale Idrocarburi**
Lit 16 000 million

20-1

34. Extension of factory producing industrial gases at Sarroch (Sardinia)

Sio Sarda S.p.A. - Società Sarda per l'Industria dell'Ossigeno e di Altri Gas p.A. - through the intermediary of the **Cassa per il Mezzogiorno** and **CIS - Credito Industriale Sardo**
Lit 1 800 million

1-9

35. Extension and modernisation of a pharmaceuticals factory at Torre Annunziata (Campania)

FERVET S.p.A. through the intermediary of **ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale**
Lit 2 000 million

2-2

36. Factory producing prefabricated building elements at Pozzilli (Molise)

Volani Sud S.p.A. through the intermediary of **EFIM - Ente Partecipazioni e Finanziamento Industria Manifatturiera**
Lit 2 500 million

2-6

37. High-speed diesel engines, factory at Foggia (Apulia)

Società Franco-Italiana di Motori - SOFIM S.p.A. through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 14 000 million

15-1

38. Extension and modernisation of plant manufacturing industrial carbon products at Ascoli Piceno (Marches)

Elettrocarbonium S.p.A. through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 1 600 million

1-7

39. Extension and modernisation of a frozen foods factory at Cisterna di Latina (Latium)

Algel S.p.A. through the intermediary of **IMI - Istituto Mobiliare Italiano**
Lit 1 600 million

1-7

40. Extension of factory producing rubber tubing and belting at Ascoli Piceno (Marches)

Uniroyal Manuli S.p.A. through the intermediary of the **Cassa per il Mezzogiorno** and **ISVEIMER - Istituto per lo Sviluppo dell'Italia Meridionale**
Lit 2 700 million

3-4

41.-42. Factory producing conveyor belts and sheet rubber at Ferrandina (Basilicata)

Gommafer S.p.A.

Two loans: through the intermediary of **EFIM - Ente Partecipazioni e Finanziamento Industria Manifatturiera**
Lit 4 000 million

4-3

through the intermediary of **IMI - Istituto Mobiliare Italiano**

Lit 2 000 million

2-1

43. 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 3 400 million

3-7

44. Global loan to **ISVEIMER - Istituto per lo Sviluppo Economico dell'Italia Meridionale** - through the intermediary of the **Cassa per il Mezzogiorno** for financing small and medium-scale industrial ventures on the mainland Mezzogiorno
Lit 15 000 million

15-7

45. Global loan to **IRFIS - Istituto Regionale per il Finanziamento alle Industrie in Sicilia** - through the intermediary of the **Cassa per il Mezzogiorno** to finance small and medium-scale industrial ventures in Sicily
Lit 10 000 million

10-4

46. Global loan to **CIS - Credito Industriale Sardo** - through the intermediary of the **Cassa per il Mezzogiorno** to finance small and medium-scale industrial ventures in Sardinia
Lit 5 000 million

5-2

47. Global loan to **Mediocredito per le Piccole e Medie Imprese del Friuli-Venezia Giulia** for financing reconstruction of small and medium-scale industrial ventures in the Friuli disaster area
Lit 5 000 million

5-2

NETHERLANDS

Fl 91.6 million

30.4

48.-49. Maasbracht power station (Limburg province)

N.V. Provinciale Limburgse Elektriciteits Maatschappij (PLEM)
Guarantee operation

Fl 49.8 million

16-5

Loan

Fl 41.8 million

13-9

UNITED KINGDOM

£ 259 million

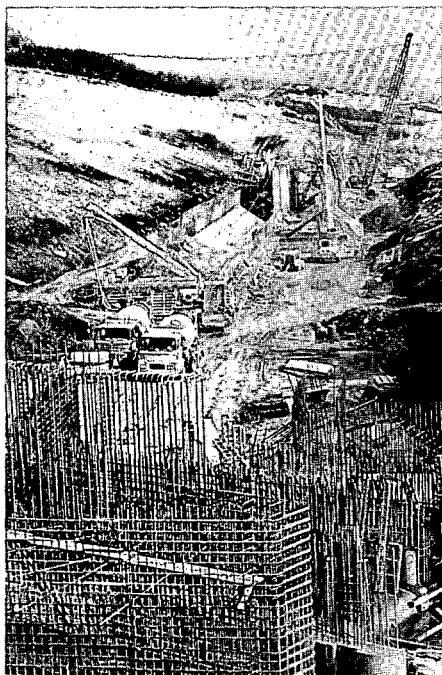
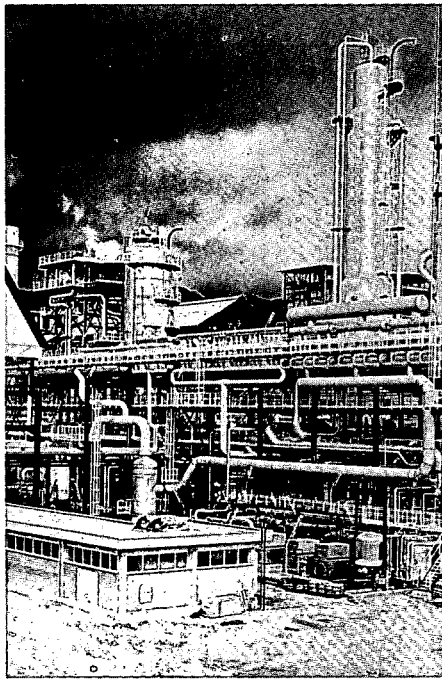
417.6

50. Extension and improvement of water supplies in Lancashire (North-West England)

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

£ 9 million

15-6



million u.a.

million u.a.

51.-52. Improvement of water supply system by constructing the Kielder dam on the North Tyne and works for transferring water to the rivers Wear and Tees (Northern England)

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

Two loans:
 £ 4 million 6-9
 £ 6 million 9-0

53. Water supply, sewerage and sewage treatment in Cornwall

South West Water Authority through the intermediary of the **National Water Council**
 £ 4 million 6-0

54. Construction of three sets of the Advanced Passenger Train

British Railways Board
 £ 11.6 million 19-7

55. Acquisition of a multi-purpose ship for the Holyhead (North Wales) – Dun Laoghaire (Ireland) route and harbour development at Holyhead

British Railways Board
 £ 5.5 million 8-9

56. "Stretching" of two hovercraft and new terminal at Dover (South-East England)

British Rail Hovercraft Ltd through the intermediary of **British Railways Board**
 £ 5 million 7-5

57. Extension and modernisation of the telephone system in Scotland

Post Office
 £ 17.3 million 30-0

58. Extension and modernisation of the telephone system in Northern England

Post Office
 £ 17.6 million 28-5

59.-60. Pumped storage power station at Dinorwic (North Wales)

Central Electricity Generating Board through the intermediary of **The Electricity Council**
 Two loans:
 £ 17.5 million 28-3
 £ 8.5 million 13-7

61. Development of the Beryl oil field in the British sector of the North Sea

North Sea Inc.
 £ 16.8 million 27-2

62. Development of the Thistle oil field in the British Sector of the North Sea

Santa Fe Minerals (UK) Inc.
 £ 17.9 million 27-0

63.-64. Third phase of extension of the gasline network conveying natural gas from the Frigg field in the North Sea to the Scottish mainland

British Gas Corporation
 Two loans:
 £ 12 million 20-8
 £ 8 million 13-9

65.-66. Extension of the gasline network transporting natural gas from fields in the North Sea to East Anglia and South-West England

British Gas Corporation
 Two loans:
 £ 17.3 million 29-4
 £ 8.6 million 14-6

67. Oil pipeline from the Ninian field to the Shetland Islands

BP Development Ltd through the intermediary of **BP Capital Ltd**
 £ 10.7 million 16-2

68. Expansion of tube mills (Scotland and Northern England)

British Steel Corporation
 £ 17 million 25-6

69. Expansion of coal handling, storage and blending facilities at Port Talbot iron and steel complex (Wales)

British Steel Corporation
 £ 12.6 million 19-0

70. Expansion of rolling mills at Consett, Durham (Northern England)

British Steel Corporation
 £ 6.75 million 10-9

71. Expansion of rolling mills at Dalzell works, Motherwell (Scotland)

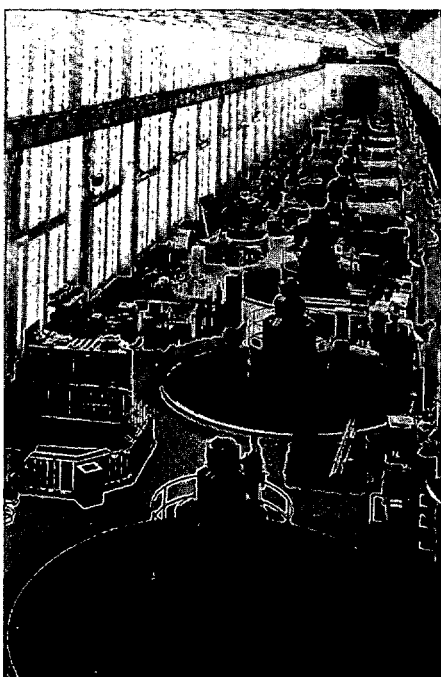
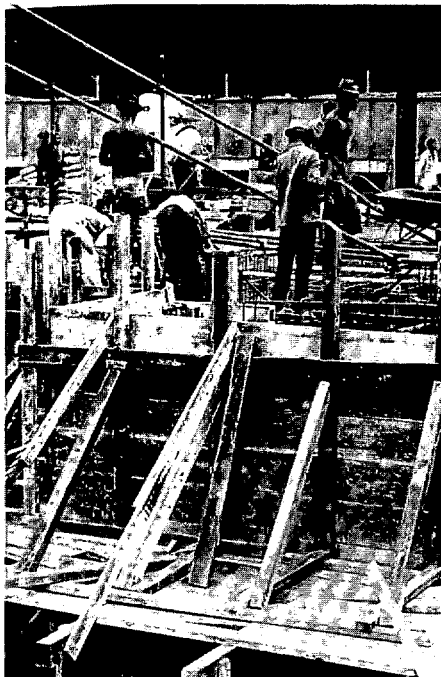
British Steel Corporation
 £ 3.5 million 5-7

72. Construction of continuous casting mould refurbishing facilities at Workington (Northern England)

British Steel Corporation
 £ 2.1 million 3-2

73. Acetic acid plant at Hull (Yorkshire)

BP Chemicals Ltd through the intermediary of **BP Capital Ltd**
 £ 19.7 million 29-7



Operations outside the Community

million u.a.

PORTUGAL

Esc 2 990 million 90.0

74. Setubal thermal power station (near Lisbon) and high voltage transmission line connecting with the Spanish grid

Electricidade de Portugal (EDP)
Esc 1 149.1 million 35.0

75. Dam and hydroelectric power station on the Douro at Pocinho

Electricidade de Portugal (EDP)
Esc 691.7 million 20.0

76. Incinerated pyrites processing plant and copper metallurgy installations at Barreiro (near Lisbon)

Companhia Uniao Fabril (CUF)
Esc 656.7 million 20.0

77. Global loan to **Banco de Fomento Nacional** for financing small and medium-scale ventures in industry and tourism
Esc 492.5 million 15.0

AASMM (second Yaoundé Convention) 10.9

NEW CALEDONIA

78. Extension of nickel mines and processing plant in New Caledonia

Société Métallurgique le Nickel (SLN) through the intermediary of **Caisse Centrale de Coopération Économique**
Ffrs 26.1 million 5.0

TOGO

79. Extraction facilities at limestone quarry and construction of clinker plant at Tabligbo, near Lomé

Société des Ciments de l'Afrique de l'Ouest (CIMA O)
CFA F 1 546 million 5.9

million u.a.

ACP STATES (Lomé Convention) 41.5

CAMEROON

80. Dam and hydroelectric power station at Song-Loulou on the Sanaga river, transmission lines and inter-connection stations

Société Nationale d'Électricité du Cameroun (SONEL)
CFA F 3 706 million 13.5

GHANA

81. Dam and hydroelectric power station at Kpong on the Volta river downstream of the Akosombo dam

Volta River Authority (VRA)
12.8 million Ghanaian cedis 10.0

MAURITIUS

82. Upgrading Fort Victoria thermal power station

Central Electricity Board (CEB)
Mau Rs 14.8 million 2.0

KENYA

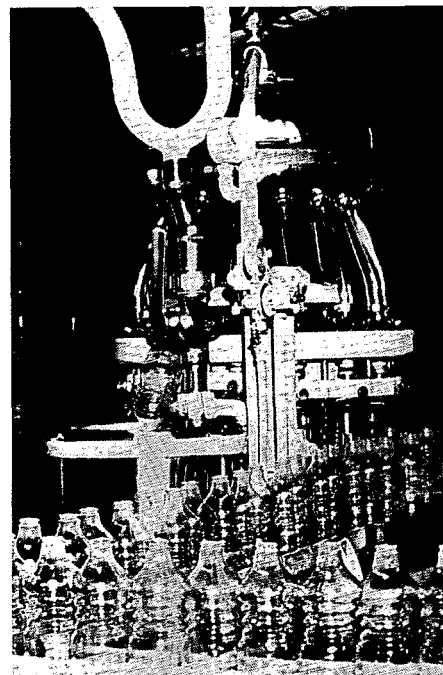
83. Global loan to **Development Finance Company of Kenya Ltd (DFCK)** for financing small and medium-scale ventures

K Sh 18.6 million 2.0

TOGO

84. Extraction facilities at limestone quarry and construction of clinker plant at Tabligbo, near Lomé

Société des Ciments de l'Afrique de l'Ouest (CIMA O)
CFA F 3 843 million 14.0



Special operations

million u.a.

TURKEY

TL 108.3 million **6.0**

85. Forestry development in the Mediterranean region and construction of plant producing linerboard, kraft paper and sawn wood at Silifke near Mersin

Ministry of Forests and Türkiye Selüloz Ve Kâğıt Fabrikaları İşletmesi Genel Müdürlüğü (SEKA)

TL 90.0 million (additional loan) **5.0**

86. Global loan to the **Turkish Government** to finance preinvestment studies in the public sector

TL 18.3 million **1.0**

AASMM (Yaoundé Conventions)

18.6

CONGO

87. Realignment of the Brazzaville – Pointe Noire railway across the Mayombe mountains

Agence Transcongolaise des Communications (ATC)

CFA F 993.8 million **3.6**

IVORY COAST

88. Extension of water supply system at Korhogo

Republic of the Ivory Coast

CFA F 271.4 million **1.0**

GABON

89. Owendo-Booué section of the Transgabon railway

Gabonese Republic

CFA F 1 840.1 million **7.0**

SENEGAL

90. 180 ha irrigated market gardening site at Kirene (Cape Verde peninsula) and construction of cold store at Dakar

Republic of Senegal

CFA F 1 199.2 million **4.6**

NEW CALEDONIA

91. Moindou – Bourail roadlink

Territory of New Caledonia

CFP F 229.4 million **2.4**

ACP STATES (Lomé Convention - risk capital contributions) **20.2**

CAMEROON

92. Oil mill at Dibombari
Conditional loan

Société Camerounaise de Palmes-rais (SOCAPALM)

CFA F 631.4 million **2.3**

UPPER VOLTA

93.-94. Expansion of the Banfora sugar complex
Conditional loan

Republic of Upper Volta

CFA F 372.8 million **1.4**

Subordinated loan

Société Sucrière Voltaïque (SOSUHV)

CFA F 783.3 million **3.0**

CHAD

95. Sugar complex at Banda
Conditional loan to the **Republic of Chad** to part-finance the State's majority shareholding in **Société Nationale Sucrière du Tchad – SONASUT**

CFA F 2 058.9 million **7.5**

TOGO

96.-97.-98. Extraction facilities at limestone quarry and construction of clinker plant at Tabligbo, near Lomé

Subordinated loans for part-financing each country's holding of preference shares in Société **CIMAO**

Republic of the Ivory Coast

CFA F 549 million **2.0**

Republic of Ghana

the equivalent of CFA F 549 million **2.0**

Republic of Togo

CFA F 549 million **2.0**

Under the terms of the exceptional emergency aid for Portugal, the Bank provided four loans totalling 90 million u.a. in 1976. Two were for improved electricity supplies (construction of thermal and hydro-electric power stations): a loan was granted for a metallurgical industry project and a global loan was made to Banco de Fomento Nacional to help to finance small and medium-sized industrial and tourism ventures.

Administration

The Board of Directors, recalling the sad loss, on 23 June 1976, of the Bank's Honorary President, Mr Paride FORMENTINI, wishes to pay tribute to the outstanding personal qualities of a man who served as President from 1959 to 1970, during which time he brought to bear a wealth of experience gained in the high offices he had previously held.

At its annual meeting on 23 June 1976, the Board of Governors renewed the Management Committee for the statutory six-year terms of office: on the basis of a proposal from the Board of Directors, Mr Yves LE PORTZ, President, and Messrs Sjoerd BOOMSTRA, Horst-Otto STEFFE and G. Raymond BELL, Vice-Presidents, were reappointed. Mr Giorgio BOMBASSEI FRASCANI de VETTOR, former Permanent Representative of Italy at the European Communities, was appointed a Vice-President in place of Mr Luca ROSANIA. Mr Sjoerd BOOMSTRA resigned on 1 October for personal reasons, and was replaced by Mr Maurits ESSELENS, Director-General of the Treasury at the Belgian Ministry of Finance, and previously a Director of the Bank. As a token of appreciation, the Board of Governors conferred on Mr BOOMSTRA and Mr ROSANIA the title of Honorary Vice-President.

There were also changes in the Membership of the Board of Directors: the death of Mr Sean MURRAY, the Irish Director, on 9 October 1976 came as a severe blow: the Bank had enjoyed the fruits of his experience and talents since 1973. Resignations were offered by Mr Raymond DENUCÉ, a Director of the Bank since its foundation, and by Messrs Anthony IJ. A. LOOIJEN and John NASH. The Board offers them its thanks for their valuable contribution to the work of the Bank.

The Board of Governors made the following appointments to fill the seats so vacated, in each case to complete the term of office of the predecessor: as a replacement for Mr Murray, Mr Maurice HORGAN; as a replacement for Mr Denucé, Mr Maurits ESSELENS, up to September 1976, followed by Mr Ludovicus MEULEMANS; as a replacement for Mr Looijen, Mr B. F. van ITTERSUM, while Mr P. C. MAAS was jointly nominated by the Benelux countries as his alternate.

On the Audit Committee Mr Patrick L. McDONNELL has replaced Mr Michael JACOB, who had to resign for reasons of health.

In response to the expansion of its activities, the Bank again enlarged its staff: at 31 December 1976 there were 371 personnel, compared with 354 at 31 December 1975.

The Board of Directors takes this opportunity of thanking the Bank's staff for their efforts throughout 1976 and for the high quality of their work.

Luxembourg, 1 April 1977

Chairman of the Board of Directors
Yves LE PORTZ

Balance Sheet at 31 December 1976

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

Assets	31. 12. 1976	31. 12. 1975
Receivable from Member States on account of called capital	113 906 250	151 875 000
Cash and Bank deposits		
At sight and up to one year's notice	335 148 512	333 213 291
At more than one year's notice	2 156 311	4 243 267
	<u>337 304 823</u>	<u>337 456 558</u>
Investments (Note B)		
For not more than one year	33 756 259	7 531 472
For more than one year	168 863 004	144 704 332
	<u>202 619 263</u>	<u>152 235 804</u>
Borrowing proceeds to be received	16 593 067	40 939 011
Receivable from Member States for adjustment of capital (Annex D)	57 195 293	38 063 178
Loans (Annex B)		
disbursed	5 072 121 277	4 178 744 729
undisbursed	413 301 543	264 808 983
	<u>5 485 422 820</u>	<u>4 443 553 712</u>
Contra accounts to guarantees		
In respect of loans under mandate	123 468 746	110 926 643
excluding those		
(a) in respect of loans granted by third parties	(151 151 780)	(19 647 523)
(b) in respect of participations by third parties in the loans of the Bank	(48 571 901)	(42 397 712)
Land and buildings (Note F)	3 073 574	503 571
Accrued interest and commission	100 242 294	78 719 249
Unamortised issuing charges	71 631 130	65 214 634
Unamortised redemption premiums	3 678 376	5 096 433
	<u>75 309 506</u>	<u>70 311 067</u>
Special deposits for service of loans (Note D)	40 519 219	32 993 735
Miscellaneous (Note E)	9 323 087	11 904 024
	<u>6 564 977 942</u>	<u>5 469 481 552</u>

Liabilities	31. 12. 1976	31. 12. 1975
Capital (Annex A)		
Subscribed	3 543 750 000	3 543 750 000
Uncalled	2 986 875 000	2 986 875 000
	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	45 000 000	25 000 000
	271 109 088	215 377 727
Write-back of issuing charges previously amortised	23 127 079	23 127 079
Staff pension fund	11 308 122	8 071 073
Payable to Member States for adjustment of capital (Annex D)	38 873 682	23 904 493
Borrowings (Annex C)		
Bonds and notes	3 978 780 751	3 346 910 328
Other medium and long-term borrowings	744 303 408	568 572 274
	4 723 084 159	3 915 482 602
Redemption premiums on bonds	8 723 432	10 526 141
	4 731 807 591	3 926 008 743
Undisbursed balance of loans	413 301 543	264 808 983
Guarantees		
On loans under mandate	123 468 746	110 926 643
On loans granted by third parties	(151 151 780)	(19 647 523)
On participations by third parties in the loans of the Bank	(48 571 901)	(42 397 712)
Interest subsidies received in advance (Note C)	22 913 204	5 527 972
Accrued interest and commission and interest received in advance	157 688 652	130 117 144
Coupons and liabilities due and not yet paid (Note D)	40 519 219	32 993 735
Miscellaneous (Note E)	23 986 016	41 742 960
	6 564 977 942	5 469 481 552

Memorandum accounts

Securities received as guarantee for loans under mandate	31 218 860	27 833 992
Securities received on deposit	132 744 538	128 724 427
Undertaking to stand guarantor for loans to be granted by third parties	—	49 118 809

Profit and Loss Account

for the year ended 31 December 1976

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

Income	1976	1975
Interest and commission on loans	406 675 705	312 485 485
Interest and commission on investments	37 315 098	33 974 876
Management commission (Note I)	2 793 960	2 228 327
Financial and other income	4 470 328	5 188 049
Exchange differences (Note G)	<u>616 291</u>	<u>790 943</u>
	451 871 382	354 667 680
Expenditure		
Administrative expenses and charges	18 594 111	14 175 391
Interest and charges on borrowings	349 007 535	274 821 383
Amortisation of issuing charges and redemption premiums	11 653 898	9 602 463
Financial charges	1 643 613	164 198
Depreciation – of net purchases of furniture and equipment	<u>198 301</u>	<u>985 086</u>
	381 097 458	299 748 521
Operating profit	70 773 924	54 919 159
Net gain arising from revaluation of the assets of the Bank not subject to Article 7 of the Statute (Note H)	<u>+ 4 957 437</u>	<u>+ 4 475 915</u>
Balance available for appropriation (Note J)	<u>75 731 361</u>	<u>59 395 074</u>

Statement of Special Section (1) at 31 December 1976

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

Assets	1976	1975	Liabilities	1976	1975
Turkey					
<i>From resources of Member States</i>					
Loans	289 904 485	228 677 376	Trust management funds	289 904 485	228 677 376
Undisbursed loans	76 632 273	128 962 771	Undisbursed funds	76 632 273	128 962 771
Total (2)	366 536 758	<u>357 640 147</u>		366 536 758	<u>357 640 147</u>

African, Caribbean and Pacific Countries and Overseas Countries and Territories

From resources of the European Economic Community:

First and Second YAOUNDE Conventions

Loans (3)	90 125 877	78 446 317			
Undisbursed loans	35 413 557	27 672 388	Trust management funds	92 418 455	80 864 589
Contributions to the formation of risk capital:			Undisbursed funds:		
– Equity participations	1 620 093	1 743 358	– Loans	35 413 557	27 672 388
– Quasi-capital assistance (of which 182 070 not yet paid up)	854 555	919 574	– Contributions to the formation of risk capital	182 070	244 660

LOME Convention

Risk capital contributions to be paid up	20 228 000	—	Risk capital contributions to be paid up	20 228 000	—
Total	148 242 082	<u>108 781 637</u>	Total	148 242 082	<u>108 781 637</u>
Grand Total	514 778 840	<u>466 421 784</u>	Grand Total	514 778 840	<u>466 421 784</u>

(1) The Special Section was set up by the Board of Governors on 27 May 1963 for recording the operations carried out by the European Investment Bank under mandate for the account and at the risk of Member States or the European Economic 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	+ 13 700 328	
Less:		
– cancellations	215 000	
– repayments	<u>10 863 570</u>	
	<u>– 11 078 570</u>	
		+ 2 621 758
		<u>366 536 758</u>

(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: 123 243 158

Add:		
– capitalised interest	1 061 231	
– exchange adjustments	<u>6 611 764</u>	
		+ 7 672 995
Less:		
– cancellations	1 283 756	
– repayments	<u>4 092 963</u>	
	<u>– 5 376 719</u>	
		+ 2 296 276
		<u>125 539 434</u>

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

At 31 December 1976

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

Member States	Subscribed capital (1)	Uncalled capital (2)	Paid up at 31. 12. 1976		Total
				To be paid up	
Germany	787 500	663 750	98 437.5	25 312.5	123 750
France	787 500	663 750	98 437.5	25 312.5	123 750
United Kingdom	787 500	663 750	98 437.5	25 312.5	123 750
Italy	630 000	531 000	78 750.0	20 250.0	99 000
Belgium	207 375	174 787.5	25 921.875	6 665.625	32 587.5
Netherlands	207 375	174 787.5	25 921.875	6 665.625	32 587.5
Denmark	105 000	88 500	13 125.0	3 375.0	16 500
Ireland	26 250	22 125	3 281.25	843.75	4 125
Luxembourg	5 250	4 425	656.25	168.75	825
Total	3 543 750	2 986 875	442 968.75	113 906.25	556 875

(1) By decision of the Board of Governors of 10 July 1975 the subscribed capital of the Bank 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 1976/1979. The amount to be paid up (113 906 250) represents the six instalments due between 1977 and 1979.

(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 1976

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

Countries and Territories in which loans have been granted (1) (2)	Number of loans	Amount disbursed	Amount undisbursed	Total (3)	%
Germany	62	556 850 041	9 365 470	566 215 511	10.32
France	92	1 046 887 026	27 897 653	1 074 784 679	19.59
United Kingdom	55	823 728 983	119 822 384	943 551 367	17.20
Italy	229	2 071 519 710	62 203 513	2 133 723 223	38.90
Belgium	8	91 194 368	18 445 647	109 640 015	2.00
Netherlands	8	83 746 535	—	83 746 535	1.53
Denmark	15	41 904 223	6 651 783	48 556 006	0.89
Ireland	14	145 861 837	9 658 249	155 520 086	2.84
Luxembourg	3	5 333 904	—	5 333 904	0.10
Greece	20	71 560 737	17 256 790	88 817 527	1.62
Portugal	4	28 286 648	61 647 000	89 933 648	1.64
Turkey	2	26 405 229	1 781 101	28 186 330	0.51
Cameroon	9	10 808 470	13 500 000	24 308 470	0.44
Congo	1	7 092 668	—	7 092 668	0.13
Ivory Coast	9	36 182 714	14 003 355	50 186 069	0.91
Gabon	4	3 809 923	—	3 809 923	0.07
Ghana	1	—	10 000 000	10 000 000	0.18
Upper Volta	1	351 622	—	351 622	0.01
Mauritius	2	1 081 859	2 764 260	3 846 119	0.07
Kenya	1	—	2 000 000	2 000 000	0.04
Senegal	2	2 160 326	—	2 160 326	0.04
Togo	2	—	19 925 000	19 925 000	0.36
Zaire	3	11 078 576	16 379 338	27 457 914	0.50
New Caledonia	2	6 275 878	—	6 275 878	0.11
Total	549	5 072 121 277	413 301 543	5 485 422 820	100.00

(1) Currencies in which loans are repayable:

Currency:	Amount:
Currencies of Member States	2 608 818 371 u.a.
Option of the Bank as between the currencies of the founder Member States of the Community	9 572 500 u.a.
Other currencies	2 453 730 406 u.a.
Disbursed portion of loans	5 072 121 277 u.a.
Add undisbursed portion of loans	413 301 543 u.a.
	<u>5 485 422 820 u.a.</u>

Loans granted to banks including certain long-term credit institutions or guaranteed by them 386 059 717 u.a.

Loans guaranteed by non-bank companies under majority control of Member States or public institutions in the Community 256 542 665 u.a.

Loans secured by fixed charge on real estate 125 500 867 u.a.

Loans guaranteed by non-bank companies in the private sector 128 422 764 u.a.

Loans secured by fixed charge on assets other than real estate or other security 33 917 518 u.a.

(2) Breakdown of loans outstanding at 31 December 1976 by principal form of guarantee*

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

Loans granted to or guaranteed by Member States	3 369 358 376 u.a.
Loans granted to or guaranteed by public institutions in the Community	841 269 420 u.a.

5 121 071 327 u.a.

B. Loans for projects outside the Community

1. Loans granted under the second YAOUNDE Convention			
Loans granted to or guaranteed by States which were signatories to the convention	84 927 424 u.a.		
Loans secured by other guarantees	4 897 033 u.a.		
		89 824 457 u.a.***	
2. Loans granted under the LOME Convention			
Loans granted to or guaranteed by the ACP States		41 500 000 u.a.***	
3. Other loans granted outside the Community			
Loans guaranteed by Member States	117 003 857 u.a.		
Loans guaranteed by the EEC	89 933 648 u.a.		
Loans granted to States which have concluded particular agreements with the EEC or guaranteed by such States	17 618 019 u.a.		
Loans guaranteed by a public institution, company or bank of a Member State	8 471 512 u.a.		
		233 027 036 u.a.	
		<u>5 485 422 820 u.a.</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:

24 490 066 u.a. for loans granted under the second Yaoundé Convention
12 450 000 u.a. for loans granted under the first 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

Plus:	6 349 319 838 u.a.
exchange adjustments	116 547 988 u.a.
	<u>6 465 867 826 u.a.</u>

Less:	
terminations and cancellations	83 008 666 u.a.
principal repayments to the Bank	848 864 439 u.a.
third party participations in loans	48 571 901 u.a.

Loans outstanding	980 445 006 u.a.
	<u>5 485 422 820 u.a.</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 1976 to:

loans	5 485 422 820 u.a.
guarantees:	
in respect of loans under mandate	123 468 746 u.a.
in respect of loans granted by third parties	151 151 780 u.a.
in respect of third party participations in the loans of the Bank	48 571 901 u.a.
	<u>323 192 427 u.a.</u>
	<u>5 808 615 247 u.a.</u>

Annex C — Statement of funded debt

At 31 December 1976

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

Payable in	Borrowings outstanding at 31 December 1975	Operations during the financial year			Borrowings outstanding at 31 December 1976		
		Borrowings	Redemptions	Exchange adjustments	Amount (1)	Rate of interest (weighted averages)	Due dates
DM	799 654 204	114 196 147	28 352 842	+ 118 668 252	1 004 165 761	7-51	1977/1988
Ffrs	212 614 137	—	16 350 951	— 14 451 601	181 811 585	7-95	1977/1988
Lit	252 594 047	—	5 336 119	— 48 690 871	198 567 057	6-63	1977/1988
Bfrs	216 351 936	—	6 707 817	+ 28 457 209	238 101 328	7-64	1977/1993
Fl	254 806 464	23 952 478	5 779 539	+ 35 040 967	308 020 370	7-77	1977/1990
Lfrs	121 578 963	11 948 059	181 904	+ 16 482 723	149 827 841	7-65	1977/1988
Eurco (2)	88 205 663	—	809 532	+ 1 726 706	89 122 837	8-13	1977/1989
\$	1 589 031 821	489 315 532	66 504 522	+ 48 555 049	2 060 397 880	8-56	1977/1996
Sfrs	347 268 862	43 787 584	—	+ 39 697 192	430 753 638	7-33	1977/1991
£ Leb	16 442 278	—	515 167	— 2 335 517	13 591 594	7-125	1977/1985
Yen	16 934 227	30 478 234	18 286 940	+ 1 113 092	30 238 613	8-9	1977/1988
Sch	—	18 215 979	—	+ 269 676	18 485 655	8-00	1981/1986
Total	3 915 482 602	731 894 013	148 825 333	+ 224 532 877	4 723 084 159		
Redemption premiums	10 526 141	—	511 041	— 1 291 668	8 723 432		
Grand Total	3 926 008 743	731 894 013	149 336 374	+ 223 241 209	4 731 807 591		

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

Year	1977	1978	1979	1980	1981
Amount	221 549 749 u.a.	264 132 903 u.a.	300 535 641 u.a.	541 413 029 u.a.	504 020 594 u.a.

(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 + £ 1r 0.005 + Lfrs 0.5.

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

In accordance with Article 7 (1) and (2) of the Statute, application of the conversion rates given in Note A of Annex E entails adjusting the amounts paid by Member States in their national currency as contributions to the Bank's capital.

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

Receivable from:		Payable to:	
France	1 213 626 u.a.	Germany	26 743 101 u.a.
United Kingdom	33 786 932 u.a.	Belgium	4 303 732 u.a.
Italy	21 068 316 u.a.	Netherlands	5 941 843 u.a.
Ireland	1 126 419 u.a.	Denmark	1 773 325 u.a.
	<u>57 195 293 u.a.</u>	Luxembourg	111 681 u.a.
			<u>38 873 682 u.a.</u>

Amounts receivable from or payable to Member States shall be settled in accordance with Article 7 (1) and (2), when the interim measure referred to in Note A (Annex E) is superseded as a result of the decisions to be taken by the Board of Governors with regard to Articles 4 (1) and 7 (3) after the amendments to the Statute submitted for approval take effect.

Annex E — Notes to the financial statements

At 31 December 1976

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

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) can no longer be applied as originally intended when the Statute was drafted.

The Governors therefore decided on 15 July 1974 to propose that the Statute be amended to enable them, acting unanimously, 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. Amendment of the Statute is now in hand.

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. 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 also 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 above interim measure remains in effect, the Bank's annual balance sheets have been and will continue to be drawn up and published on the basis of the conversion rates defined above.

The following rates were used for drawing up the balance sheets at 31 December 1976 and 1975:

1 European unit of account =	1976	1975
Deutsche Mark	2.66938	3.05382
French francs	5.61696	5.21981
Pounds sterling	0.662646	0.575973
Italian lire	989.293	797.769
Belgian francs	40.66	46.0606
Dutch guilders	2.77855	3.13120
Danish kroner	6.53960	7.1969
Irish pounds	0.662646	0.575039
Luxembourg francs	40.66	46.0606
United States dollars	1.12999	1.16528
Swiss francs	2.76260	3.05239
Lebanese pounds	3.31087	2.84328
Japanese yen	330.703	354.312
Austrian Schillings	18.9336	—
CFA francs	280.848	260.991

Note B — Investments

Investments comprise:	1976	1975
a) treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value)		
1976: 184 756 700 u.a.		
1975: 133 486 220 u.a.)	177 231 853 u.a.	130 788 247 u.a.
b) the Bank's own bonds at their redemption cost	24 944 928 u.a.	21 018 475 u.a.
c) bank bills at their nominal value	442 482 u.a.	429 082 u.a.
	<u>202 619 263 u.a.</u>	<u>152 235 804 u.a.</u>

The breakdown, according to maturity is as follows:

— not exceeding 3 months	22 684 354 u.a.	5 593 789 u.a.
— over 3 months but not exceeding 6 months	3 794 963 u.a.	300 389 u.a.
— over 6 months but not exceeding 12 months	7 276 942 u.a.	1 637 294 u.a.
— over 12 months	168 863 004 u.a.	144 704 332 u.a.
	<u>202 619 263 u.a.</u>	<u>152 235 804 u.a.</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.

This item for an amount of 5 527 972 u.a. was entered in the balance sheet at 31 December 1975 under "Miscellaneous".

Note D — Special deposits for service of loans

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

Note E — Miscellaneous balance sheet accounts

These accounts comprise:	1976	1975
a) on the assets side:		
— currencies receivable under the heading of swap operations outstanding at 31 December	—	5 644 743 u.a.
— sundry debtors	9 323 087 u.a.	6 259 281 u.a.
	<u>9 323 087 u.a.</u>	<u>11 904 024 u.a.</u>

b) on the liabilities side:	1976	1975
– currencies payable under the heading of swap operations outstanding at 31 December	—	5 601 585 u.a.
– deposits from other banks	573 867 u.a.	16 372 936 u.a.
– European Economic Community special account for loans on special conditions and related unsettled sundry amounts	2 114 305 u.a.	3 231 294 u.a.
– accrued expenses and sundry creditors	<u>21 297 844 u.a.</u>	<u>16 537 145 u.a.</u>
	<u><u>23 986 016 u.a.</u></u>	<u><u>41 742 960 u.a.</u></u>

Note F – Land and buildings

This item comprises the purchase cost of the site and expenses incurred in 1976 for construction of a new building for the Bank in Luxembourg, i.e. 3 073 574 u.a.

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

Note G – Exchange differences

The amount of 616 291 u.a. entered under this heading for 1976 (790 943 u.a. in 1975) represents the net gain arising from financial operations during the year, calculated at the exchange rates in force at the date of these operations.

Note H – Net gain arising from revaluation of 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 1976 produces a net gain in the value of the Bank's assets of 4 957 437 u.a. (4 475 915 u.a. in 1975). The revaluation does not take account of assets expressed in the national currencies of Member States and representing the portion of capital paid up 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 the remuneration for the management of loans granted under mandates for the account and at the risk of Member States or the European Economic Community.

Note J – Appropriation to reserves

In 1976 the balance available for appropriation to the statutory and other reserves amounted to 75 731 361 u.a. of which 70 773 924 u.a. represented operating profit and 4 957 437 u.a. the net gain arising from revaluation of the assets of the Bank not subject to adjustment under Article 7 of the Statute.

The Board of Directors has decided to propose to the Board of Governors that this balance be appropriated as follows:

- a) 20 000 000 u.a. to the statutory reserve;
- b) 30 773 924 u.a. to the reserve for risks on loans and guarantees;
- c) 4 957 437 u.a. to the reserve for monetary risks;
- d) 20 000 000 u.a. to the building reserve, to meet the projected expense for the construction of new premises.

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 1976 and 1975. 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 1976 and 1975 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.

Brussels, 11 March 1977

(except for note J for which the date is 1 April 1977.)

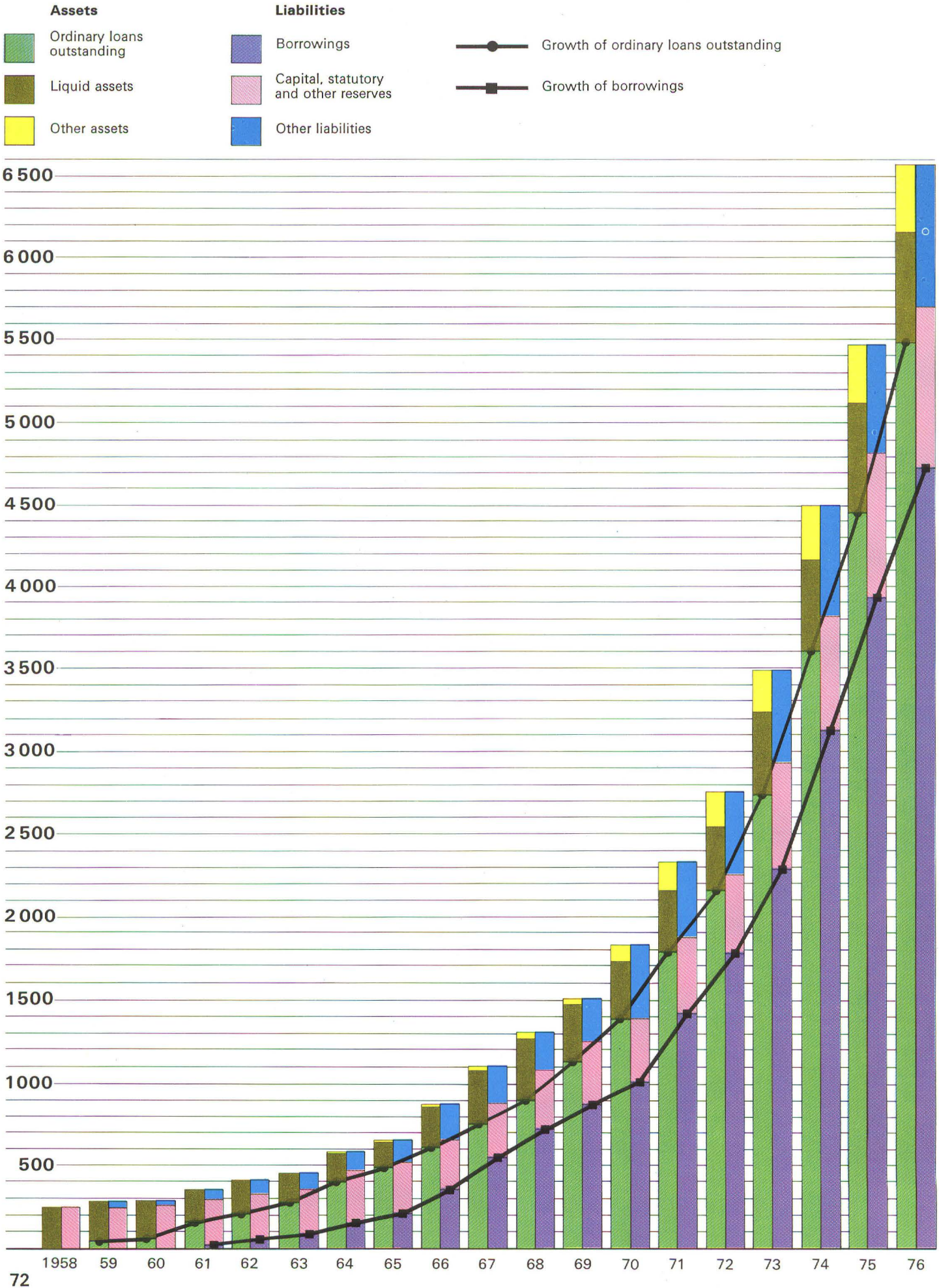
The financial statements covered by our opinion are the following:

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

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 11 March 1977 drawn up by Messrs. Price Waterhouse & Co.,

considering the 1976 Annual Report as well as the balance sheet of the Bank as at 31 December 1976 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 1 April 1977,

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

hereby certifies:

that the Bank's operations during the 1976 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, 11 Mai 1977

The Audit Committee

E. RAUS P. McDONNELL J. BREDSORFF

Table 7: Financing provided within the Community in 1976 and 1975
Breakdown by type of financing

	Direct individual loans		Indirect individual loans		Global loans		Guarantees		Total	
	Number	million u.a.	Number	million u.a.	Number	million u.a.	Number	million u.a.	Number	million u.a.
Belgium	—	—	—	—	1	17.9	—	—	1	17.9
Denmark	2	6.1	—	—	1	3.1	—	—	3	9.1
Germany	1	9.2	—	—	—	—	2	101.6	3	110.8
France	—	—	3	60.1	—	—	—	—	3	60.1
Ireland	3	57.4	—	—	—	—	—	—	3	57.4
Italy	14	229.8	15	112.5	5	40.2	—	—	34	382.6
Netherlands	1	13.9	—	—	—	—	1	16.5	2	30.4
United Kingdom	20	380.0	4	37.7	—	—	—	—	24	417.6
Total 1976	41	696.4	22	210.3	7	61.2	3	118.1	73	1 086.0
Total 1975	40	733.3	20	174.0	4	10.2	—	—	64	917.5

Table 8: List of borrowings in 1976

Date of contract	Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in million u.a.	Term	Coupon %	Type of issue
3. 2. 1976	February	Switzerland	Sfrs	100	32.8	15	7	Public placing (1)
12. 3. 1976	March	Luxembourg	\$	101.5	87.1	8.3	8 3/4	Private placing
25. 3. 1976	March	United States	\$	100	85.8	8	8 5/8	Public placing (2)
29. 3. 1976	April	Netherlands	FL	75	24.0	7	8	Private placing
28. 6. 1976	July	Germany	DM	120	42.0	7	8	Public placing (3)
30. 6. 1976	June	Luxembourg	\$	50	45.4	5	variable rate	Private placing
23. 7. 1976	July	Japan	Yen	10 000	30.5	12	8.9	Public placing (4)
12. 8. 1976	August	Luxembourg	\$	75	68.1	7	8 1/4	Public placing (5)
	August	Luxembourg	\$	50	45.4	12	8 3/4	Public placing (5)
2. 9. 1976	September	Luxembourg	\$	20	18.2	6	8 5/8	Private placing
8. 9. 1976	September	Germany	DM	100	35.3	7	7 3/4	Private placing
30. 9. 1976	October	Switzerland	Sfrs	30	11.0	7	5 7/8	Private placing
8. 10. 1976	October	Austria	Sch	350	18.2	10	8	Public placing (6)
14. 10. 1976	October	Singapore	\$	30	27.0	7	8 1/4	Public placing (7)
9. 11. 1976	November	Luxembourg	\$	50	44.9	5	7 3/4	Public placing (8)
18. 11. 1976	December	Germany	DM	100	36.9	8	6 3/4	Public placing (9)
7. 12. 1976	December	Luxembourg	Lfrs	500	11.9	8	9	Public placing (10)
14. 12. 1976	December	United States	\$	75	67.4	20	8 7/8	Public placing (11)
					731.9			

(1) Underwritten by a banking syndicate composed of Swiss Bank Corporation, Crédit Suisse and Union Bank of Switzerland, offered for public subscription at 99%.

(2) 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 99.75%.

(3) Underwritten by a banking syndicate composed of Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG and Westdeutsche Landesbank Girozentrale, offered for public subscription at par.

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

(5) Underwritten by a banking syndicate composed of Union Bank of Switzerland (Securities) Limited, Banca Commerciale Italiana, Crédit Suisse White Weld Limited, Deutsche Bank AG, Kredietbank S.A. Luxembourg, Amsterdam-Rotterdam Bank N.V., Banque de Paris et des Pays-Bas, The First Boston Corporation, Robert Fleming & Co. Limited, Société Générale, Société Générale de Banque S.A., Swiss Bank Corporation (Overseas) Limited and Westdeutsche Landesbank Girozentrale, offered for public subscription at 99.50% for the 7-year tranche and 99.25% for the 12-year tranche.

(6) Underwritten by a banking syndicate composed of Creditanstalt-Bankverein, Girozentrale und Bank der österreichischen Sparkassen AG, Österreichische Länderbank AG, Bank für Arbeit und Wirtschaft AG, Bank für Kärnten AG, Bank für Oberösterreich und Salzburg, Bank für Tirol und Vorarlberg AG, Erste Österreichische Spar-Casse, Genossenschaftliche Zentralbank AG, Österreichische Postsparkasse,

Österreichische Volksbanken-Aktiengesellschaft, Österreichisches Credit-Institut AG, Schoeller & Co. and Zentralsparkasse der Gemeinde Wien, offered for public subscription at 97.25%.

(7) Underwritten by a banking syndicate composed of Morgan Grenfell (Asia) Limited, Indosuez Asia Limited, DBS-Daiwa Securities International Limited, Trident International Finance Limited, Bancor International Limited, The Development Bank of Singapore Limited, Jardine Fleming & Company Limited, United Overseas Bank Limited, Singapore, and Wardley Limited, offered for public subscription at par.

(8) Underwritten by a banking syndicate composed of Banque Arabe et Internationale d'Investissement, Bank of Credit and Commerce International S.A., Kuwait International Investment Co. S.A.K., National Bank of Abu Dhabi, The National Commercial Bank, Qatar National Bank S.A.O. and Riyadh Bank Limited, offered for public subscription at 99.75%.

(9) Underwritten by a banking syndicate composed of Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG and Westdeutsche Landesbank Girozentrale, offered for public subscription at 99.25%.

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

(11) Underwritten by a banking syndicate composed of Merrill Lynch, Pierce, Fenner & Smith Inc., Kuhn, Loeb & Co., The First Boston Corporation and Lazard Frères & Co., offered for public subscription at 99.30%.

Table 9: Financing provided within the Community from 1958 to 1976 (1)
Sectoral breakdown

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Infrastructure	236		3 980.2		66.3
Agricultural development	8		123.9		2.0
Water supply and distribution	19		220.9		3.7
Transport	60		1 001.2		16.7
Railways	14		221.8		3.7
Roads, bridges and tunnels	34		587.9		9.8
Shipping and inland waterways	8		144.9		2.4
Airlines	3		41.7		0.7
Other	1		4.9		0.1
Telecommunications	38		853.7		14.2
Other	2		16.3		0.3
Energy	109		1 764.2		29.4
(Production)	(77)		(1 243.7)		(20.7)
Nuclear	29		620.2		10.3
Thermal power stations	13		138.2		2.3
Hydroelectric and pumped storage plant					
Development of oil and natural gas deposits	17		245.5		4.1
Solid fuel extraction	16		223.1		3.7
(Transport)	2		16.7		0.3
Transmission lines	(32)		(520.5)		(8.7)
Gaslines and oil pipelines	6		65.8		1.1
	26		454.6		7.6
Agriculture, industry and services	886	553	2 025.2	262.4	33.7
Agriculture, forestry, fishing	5	4	7.5	2.0	0.1
Industry (2)	874	546	2 004.0	258.9	33.4
Mining and quarrying*	18	15	12.8	6.4	0.2
Metal production and semi-processing*	77	31	558.4	22.5	9.3
Construction materials*	63	39	107.2	20.1	1.8
Woodworking	39	37	19.2	13.2	0.3
Glass and ceramics	25	13	33.2	6.9	0.6
Chemicals*	97	25	457.2	12.1	7.6
Metalworking and mechanical engineering	153	119	166.9	52.9	2.8
Motor vehicles, transport equipment	32	19	139.5	8.3	2.3
Electrical engineering, electronics	47	32	74.4	18.4	1.2
Foodstuffs	132	95	159.4	46.3	2.7
Textiles and leather	65	53	37.2	23.2	0.6
Paper and pulp*	28	23	29.6	10.3	0.5
Rubber and plastics processing	41	30	58.7	12.7	1.0
Other	14	11	6.9	3.9	0.1
Building – civil engineering	4	4	1.7	1.7	—
Global loans	39	—	141.6 ⁽³⁾		2.4
Services	7	3	13.7	1.4	0.2
Tourism	5	3	9.3	1.4	0.1
Research and Development	2	—	4.4	—	0.1
Grand Total	1 122	553	6 005.4	262.4	100.0

(1) See note 4 to Table 2, page 23.

(2) Of which basic industries (marked with an asterisk): 1 165.2 million u.a.

(3) This amount represents the unallocated portion of the global loans.

Table 10: Global loans granted within the Community from 1968 to 1976
Breakdown by intermediary institution

Global loans			Allocations (1969-1976)	
Year	Intermediary Institution (1)	Amount (million u.a.)	Number	Amount (million u.a.)
1968	ISVEIMER I	10.0	28	10.0 (2)
1969	CIS I	3.6	7	3.6 (2)
1970	IKB I	10.0	12	6.9 (3)
1970	SADE	6.3	24	6.3 (2)
1970	IRFIS I	5.0	10	5.0 (2)
1971	CIS II	5.0	13	5.0 (2)
1971	SODERO I	2.0	2	0.8 (3)
1971	ISVEIMER II	15.0	19	14.7 (2)
1972	LORDEX I	2.7	5	2.7 (2)
1972	LGSH	5.7	9	6.0 (2)
1972	IMI I	24.8	31	19.3 (2)
1973	IKB II	20.6	67	23.2 (2)
1973	Crédit National I	30.0	54	30.0 (2)
1973	ICFC I	7.1	24	6.6 (2)
1973	Crédit Hôtelier CCCHCI	18.0	56	18.2 (2)
1973	CIS III	13.5	13	6.1 (3)
1973	ISVEIMER III	20.3	24	18.4 (2)
1974	IRFIS II	9.8	14	9.5 (2)
1974	ICC	4.7	0	0.0 (3)
1974	Bayerische Vereinsbank	9.9	0	0.0 (3)
1974	BNL	19.6	36	16.4
1974	Crédit National II	21.3	23	9.8 (3)
1974	ACC	4.7	3	1.7 (3)
1974	ICFC II	18.7	2	1.1 (3)
1974	SODERO II	3.6	0	0.0 (3)
1974	Crédit Naval-CMAF	9.0	0	0.0 (3)
1974	SDR Bretagne	3.6	3	1.7 (3)
1974	IMI II	28.0	40	19.8
1975	LORDEX II	3.6	3	1.0 (3)
1975	Danish Government I A	2.5	6	2.4 (2)
1975	Danish Government I B	2.8	7	2.8 (2)
1975	FIH	1.4	3	1.4 (2)
1976	ICIPU A	3.7	5	3.7 (2)
1976	ISVEIMER IV	15.7	0	0.0
1976	CIS IV	5.2	0	0.0
1976	IRFIS III	10.4	0	0.0
1976	SNCI A	17.9	10	8.4
1976	Danish Government II A	3.1	0	0.0
1976	Friuli A	5.2	0	0.0
Total		404.0	553	262.4

(1) Istituto per lo Sviluppo Economico dell'Italia Meridionale, Naples (ISVEIMER)
Credito Industriale Sardo, Cagliari (CIS)
Industriekreditbank AG, Düsseldorf (IKB)
Société Alsacienne de Développement et d'Expansion, Strasbourg (SADE)
Istituto Regionale per il Finanziamento alle Industrie in Sicilia, Palermo (IRFIS)
Société de Développement Régional de l'Ouest, Nantes (SODERO)
Société Lorraine de Développement et d'Expansion, Nancy (LORDEX)
Landesbank und Girozentrale Schleswig-Holstein, Kiel (LGSH)
Istituto Mobiliare Italiano, Rome (IMI)
Crédit National, Paris
Industrial and Commercial Finance Corporation Ltd, London (ICFC)
Caisse Centrale de Crédit Hôtelier, Commercial et Industriel Paris (CCCHCI)
Industrial Credit Company Limited, Dublin (ICC)
Bayerische Vereinsbank, Munich
Banca Nazionale del Lavoro, "Sezione Speciale per il Credito Industriale", Rome (BNL)
Agricultural Credit Corporation Limited, Dublin (ACC)
Crédit Naval-CMAF, Paris

Société de Développement Régional de la Bretagne, Rennes (SDR Bretagne)
Finansieringsinstituttet for Industri og Håndvaerk A/S, Copenhagen (FIH)
Istituto di Credito per le Imprese di Pubblica Utilità, Rome (ICIPU)
Société Nationale de Crédit à l'Industrie, Brussels (SNCI)
Mediocredito per le Piccole e Medie Imprese del Friuli-Venezia Giulia, Udine.

(2) Global loan terminated. 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.

(3) Global loan terminated as a result of cancellation of unallocated credit.

Table 11: Allocations from global loans within the Community in 1976 and from 1969 to 1976

Breakdown by region and sector

Regions	1976			1969-1976		
	Number	Amount of million u.a.	allocations %	Number	Amount of million u.a.	allocations %
Belgium	10	8.3	17.6	10	8.3	3.2
Antwerp	1	0.9	1.9	1	0.9	0.3
Hainaut	3	2.0	4.2	3	2.0	0.8
Liège	2	1.8	3.8	2	1.8	0.7
Namur	1	0.8	1.7	1	0.8	0.3
Western Flanders	3	2.8	6.0	3	2.8	1.1
Denmark	11	5.4	11.3	16	6.7	2.6
East of the Great Belt (excluding Copenhagen)	1	0.6	1.3	1	0.6	0.2
West of the Great Belt	10	4.8	10.0	15	6.1	2.3
Germany	—	—	—	88	36.1	13.7
Baden-Württemberg	—	—	—	2	0.5	0.2
Bavaria	—	—	—	16	4.3	1.6
Hessen	—	—	—	15	6.0	2.3
Lower Saxony	—	—	—	19	6.8	2.6
North Rhine-Westphalia	—	—	—	18	8.7	3.3
Rhineland-Palatinate	—	—	—	8	2.9	1.1
Schleswig-Holstein	—	—	—	10	6.8	2.6
France	—	—	—	170	70.5	26.8
Alsace	—	—	—	27	8.3	3.1
Aquitaine	—	—	—	9	3.8	1.4
Auvergne	—	—	—	4	3.2	1.2
Lower Normandy	—	—	—	2	0.6	0.2
Burgundy	—	—	—	3	2.3	0.9
Brittany	—	—	—	28	11.5	4.4
Centre	—	—	—	2	0.7	0.3
Champagne-Ardennes	—	—	—	2	0.6	0.2
Franche-Comité	—	—	—	2	0.4	0.1
Languedoc-Roussillon	—	—	—	2	0.6	0.2
Limousin	—	—	—	7	2.2	0.8
Lorraine	—	—	—	24	13.3	5.1
Midi-Pyrénées	—	—	—	18	7.9	3.0
Nord	—	—	—	6	2.5	0.9
Pays de la Loire	—	—	—	20	7.4	2.8
Picardy	—	—	—	2	1.1	0.4
Poitou-Charentes	—	—	—	5	1.6	0.6
Rhône-Alpes	—	—	—	7	2.5	1.0
Ireland	—	—	—	3	1.7	0.7
Italy	65	33.8	71.1	240	131.5	50.1
Abruzzi	12	6.4	13.5	24	13.3	5.1
Basilicata	2	1.5	3.1	4	2.8	1.0
Calabria	5	1.2	2.5	7	1.7	0.6
Campania	8	5.9	12.5	49	35.5	13.5
Latium	15	6.6	13.9	56	29.3	11.2
The Marches	2	1.9	4.0	5	4.0	1.5
Molise	2	1.0	2.1	5	4.1	1.6
Apulia	9	3.3	6.9	33	11.7	4.5
Sardinia	—	—	—	33	14.7	5.6
Sicily	10	6.0	12.6	24	14.4	5.5
United Kingdom	—	—	—	26	7.6	2.9
Scotland	—	—	—	14	4.2	1.6
North	—	—	—	5	1.5	0.6
North-West	—	—	—	1	0.4	0.2
Wales	—	—	—	5	1.3	0.5
Northern Ireland	—	—	—	1	0.3	0.1
Total	86	47.5	100.0	553	262.4	100.0
Sectors	—	—	—	—	—	—
Agriculture and fishing	—	—	—	4	2.0	0.8
Mining and quarrying	3	2.2	4.7	15	6.4	2.5
Metal production and semi-processing	11	8.3	17.5	31	22.5	8.6
Construction materials	7	3.6	7.5	39	20.1	7.7
Woodworking	3	1.4	2.9	37	13.2	5.0
Glass and ceramics	1	0.6	1.3	13	6.9	2.6
Chemicals	8	4.2	8.9	25	12.1	4.6
Metalworking and mechanical engineering	13	6.0	12.7	119	52.9	20.2
Motor vehicles, transport equipment	3	2.0	4.2	19	8.3	3.2
Electrical engineering, electronics	8	4.6	9.6	32	18.4	7.0
Foodstuffs	15	6.0	12.6	95	46.3	17.6
Textiles and leather	5	4.4	9.2	53	23.2	8.8
Paper and pulp	3	1.3	2.8	23	10.3	3.9
Rubber processing	4	2.1	4.5	30	12.7	4.9
Other industries	1	0.2	0.3	11	4.0	1.5
Building and civil engineering	1	0.6	1.3	4	1.7	0.6
Tourism	—	—	—	3	1.4	0.5
Total	86	47.5	100.0	553	262.4	100.0

Financing provided from 1964 to 1976 (1) in the African, Caribbean and Pacific States (AASMM-ACP) (2) and in the Overseas Countries and Territories (OCT)

Table 12: Sectoral breakdown

Sector	Number	Amount (million u.a.)	% of total
Infrastructure	35	144.6	43.3
Agricultural development	2	5.3	1.6
Water (supply and distribution)	2	6.8	2.0
Transport	23	88.0	26.4
Railways	7	43.7	13.1
Roads and bridges	7	24.7	7.4
Shipping	8	15.2	4.6
Airlines	1	4.4	1.3
Telecommunications	1	0.7	0.2
Energy	7	43.8	13.1
(Production)	(6)	(34.8)	(10.4)
Thermal power stations	2	3.8	1.1
Hydroelectric stations	4	31.0	9.3
(Transmission)	(1)	(9.0)	(2.7)
Power lines	1	9.0	2.7
Agriculture, industry and services	52	188.9	56.6
Agriculture	2	9.3	2.8
Industry	47	176.0	52.7
Mining and quarrying	4	52.6	15.8
Metal production and semi-processing	3	8.2	2.5
Construction materials	7	28.2	8.4
Chemicals	2	3.0	0.9
Motor vehicles, transport equipment	1	1.4	0.4
Foodstuffs	18	59.8	17.9
Textiles and leather	11	20.8	6.2
Global loans	1	2.0	0.6
Services	3	3.6	1.1
Tourism	2	2.6	0.8
Other	1	1.0	0.3
Grand Total	87	333.6	100.0

(1) See note 4 to Table 2, page 23.

(2) Ordinary loans (187.6 million) made from EIB resources and special operations (146.0 million) financed from EDF resources.

Table 13: Breakdown by project location

	Ordinary operations from EIB resources					Special operations (2)					Total financing			
	Yaoundé Conventions		Lomé Convention		Total amount	Yaoundé Conventions (3)		Lomé Convention (4)		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	1	13.5	30.8	6	23.9	1	2.3	26.2	17	57.0	41.2	15.8
Congo	1	9.0	—	—	9.0	3	6.7	—	—	6.7	4	15.7	15.7	—
Ivory Coast	10	51.2	—	—	51.2	10	35.6	1	2.0	37.6	21	88.8	86.8	2.0
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	9.5	4	10.0	5.5	4.4
Mauritius	1	1.7	1	2.0	3.7	—	—	—	—	—	2	3.7	1.7	2.0
Kenya	—	—	1	2.0	2.0	—	—	—	—	—	1	2.0	—	2.0
Madagascar	—	—	—	—	—	1	1.9	—	—	1.9	1	1.9	1.9	—
Mauritania	1	11.0	—	—	11.0	1	2.7	—	—	2.7	2	13.7	13.7	—
Senegal	2	3.9	—	—	3.9	3	6.5	—	—	6.5	5	10.4	10.4	—
Chad	—	—	—	—	—	1	1.2	1	7.5	8.7	2	8.7	1.2	7.5
Togo	1	5.9	1	14.0	19.9	—	—	1	2.0	2.0	3	21.9	5.9	16.0
Zaire	3	34.2	—	—	34.2	2	14.8	—	—	14.8	5	49.0	49.0	—
Netherlands Antilles	—	—	—	—	—	1	4.4	—	—	4.4	1	4.4	4.4	—
Surinam	—	—	—	—	—	1	1.9	—	—	1.9	1	1.9	1.9	—
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	—
Total	35	146.1	5	41.5	187.6	40	125.8	7	20.2	146.0	87	333.6	271.9	61.7

(1) See note 4 to Table 2, page 23.

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

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

(4) Risk capital assistance.

Table 14: Financing provided from 1963 to 1976 ⁽¹⁾ in Greece, Turkey and Portugal (including global loan allocations)
Sectoral breakdown

Sector	Number		Amount (million u.a.)		% of total
	Total	of which global loan allocations	Total	of which global loan allocations	
Infrastructure	26		374.7		63.0
Agricultural development	7		92.3		15.5
Transport	9		84.5		14.2
Railways	3		38.9		6.5
Roads and bridges	5		37.0		6.2
Airlines	1		8.6		1.5
Energy	10		197.9		33.3
(Production)	(8)		(184.3)		(31.0)
Thermal power stations	3		112.0		18.8
Hydroelectric power stations	5		72.3		12.2
(Transmission)	(2)		(13.6)		(2.3)
Power lines	2		13.6		2.3
Agriculture, industry and services	135	78	220.4	50.8	37.0
Industry	128	73	218.4	48.8	36.7
Mining and quarrying	1	1	0.8	0.8	0.1
Metal production and semi-processing	10	2	34.9	0.5	5.9
Construction materials	12	5	23.1	9.2	3.9
Woodworking	6	4	3.8	2.0	0.7
Glass and ceramics	5	3	5.8	2.6	1.0
Chemicals	19	8	42.3	3.4	7.1
Metalworking and mechanical engineering	14	14	6.0	6.0	1.0
Electrical engineering	8	6	7.8	2.6	1.3
Foodstuffs	17	17	10.7	10.7	1.8
Textiles and leather	17	10	13.2	8.0	2.2
Paper and pulp	8	2	54.2	2.8	9.1
Rubber processing	2	1	0.7	0.2	0.1
Global loans	9	—	15.1 ⁽²⁾	—	2.5
Services	7	5	2		0.3
Grand Total	161	78	595.1	50.8	100.0

(1) See note 4 to Table 2, page 23.

(2) Unallocated amount of global loans.

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

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Office for Operations in Italy
Via Sardegna, 38 – I-00187 Rome
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Rue Royale 60, Bte 1 – B-1000 Brussels
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