

## Helsinki region

on track for more growth  
with big rail projects

Helping London go green

Cleaning up pollution  
in a coastal city

# INFO

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## Editorial

Europe's cities are where it happens. Whether it is growth, traffic or urban development, the pace of life is somewhat accelerated. Today, some 75% of Europeans live in urban areas and around 85% of the EU's GDP is generated in cities. But there is more to city life. For Europe's cities to be more livable, they need to provide basic urban infrastructure but also to offer more to remain attractive, such as adequate housing, green spaces, cultural facilities and quality education that will help ensure competitiveness in the future. In other words, they must allow people to work where they want to live.

The need for investment is enormous. In 2010 alone the EIB provided finance totalling more than EUR 8bn for urban projects. In this edition we shall be highlighting different projects that can help cities shape a more sustainable future.

The faster pace of life in urban areas accentuates the challenges we are facing. Europe's cities account for 80% of our energy use, and 80% of greenhouse gas emissions originate in cities. This means that cities also need to provide answers to some of today's key challenges, such as pollution, emissions and making sure that the infrastructure keeps up with urban development. Often cities prove to be part of the answer. Innovative solutions found in cities are often later applied across the board. Energy-efficient buildings, low-carbon transport or resource-efficient recycling techniques are just a few examples. In this way, cities can act as catalysts for sustainable development.



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# Board of Governors praises EIB achievements and supports future strategy



At the EIB's annual meeting on 17 May in Brussels, the 27 EU Finance Ministers (who make up the EIB's Board of Governors) praised the Bank for its results for 2010 and backed its contribution to the Europe 2020 strategy and its emphasis on climate action and support for the EU's external policy goals.

“There is no doubt that the EU now needs to be set firmly on an upward path of smart, sustainable and inclusive growth and job creation. To this end the EU has launched its Europe 2020 strategy and the implementation of this strategy is, along with climate action and supporting the EU's external policy, one of the three main dimensions of the Bank's activities for the years ahead”, EIB President Philippe Maystadt said, addressing Finance Ministers at the meeting in Brussels. Composed of the 27 EU Finance Ministers and assisted by the European Commission, the EIB Board of Governors meets once a year to agree on the Bank's strategic direction. The EIB President also gave an overview of the Bank's activities and main orientations for the years ahead.

In response, the Finance Ministers gave broad support to the Bank's plan to reduce lending volumes to EUR 63bn for 2011, thus edging closer to pre-crisis levels, and at the same time encouraged the EIB to carefully choose instruments with which to support Europe's competitiveness and climate action.

“This reflects our plan to gradually reduce lending volumes to pre-crisis levels, as our

crisis response package was always designed as a targeted and temporary measure for 2009 and 2010”, President Maystadt explained. German Finance State Secretary Jörg Asmussen welcomed the reduction in lending volumes, saying “This means the EIB will be able to select and provide genuine added value”.

**“There is no doubt that the EU now needs to be set firmly on an upward path of smart, sustainable and inclusive growth and job creation.”**

The 27 Ministers gave their full backing to the EIB's efforts to address, together with the European Commission, the financing gap currently existing for infrastructure, and for research, innovation and development projects. “A good policy mix is something you need to maintain,” said Austria's new Finance Minister Maria Fekter, adding that “Research, innovation and development are three areas absolutely central to creating a modern economy”. The Italian Minister Giulio Tremonti insisted that

the Bank should continue to finance infrastructure, notably through equity funds and project bonds.

The Ministers also appreciated the increase in loan signatures for renewable energy and energy efficiency projects. In 2010, the EIB invested some EUR 6.2bn in renewable energy, mainly wind and solar power, and EUR 2.3bn in energy efficiency, a figure that is set to increase in the years ahead as there is still enormous potential for energy savings, especially in public buildings and housing.

The Board expressed a clear view that the bulk of the EIB's activities should remain within the EU and that outside the Union – currently representing 12.5% of all lending – the Bank should continue to focus efforts on pre-accession and Neighbourhood countries. Ministers voiced support for the EUR 1bn lending increase for the Mediterranean region for the period 2011-2013 envisaged in the Bank's revised external mandate, which is currently under negotiation between the European Parliament and Council. ■





## Consultation discusses future of EIB transport lending

Where does the EIB's transport sector financing have the biggest impact? How can it best contribute to making transport meet tomorrow's mobility needs? What are the solutions for truly sustainable transport systems and infrastructure in the EU? These were some of the key questions asked at a public consultation meeting that the Bank organised last month in Brussels.

**T**ransport has traditionally been a key sector for EIB lending. Over the period 2006-2010, almost 30% of the EUR 266bn of loans provided by the Bank within the EU went to the transport sector.

But the needs are huge. The European Commission expects the EU's infrastructure investment requirement to reach some EUR 1.5 trillion for the period 2010-2030. Another EUR 1 trillion for vehicles, equipment and charging infrastructure will be needed to meet the EU's ambitious emissions reduction targets. By 2050, greenhouse gas emissions in the transport sector have to be reduced by 60% compared to 1990 levels and conventionally fuelled cars should be completely phased out in cities.

To get answers, ideas and perspectives on these questions, the EIB brought together 65 participants from business and industry organisations from all transport sectors, representatives from European, national and regional authorities as well as

environmental organisations, stakeholders and experts from the transport sector to discuss these issues with EIB experts in Brussels on 6 June.

The meeting was part of a wider consultation process on the EIB's transport lending policy launched last year to review the Bank's policy that dates back to 2007. EIB activity is driven primarily by EU policy, but it also follows specific guiding principles and project selection criteria.

"EIB financing for clean and efficient transport can make a difference to meeting Europe's ambitious environmental targets," said representatives across all transport sectors. One of the main challenges is finding the optimal mix of modes of transport that satisfies both environmental and mobility requirements. Better connections between major airports and high-speed rail, for example, are just as important as providing smart transport solutions in urban areas.

"We need to make an extra effort to meet the EU's emission reduction targets," stated a representative from an environmental organisation. Stepping up lending in research, development and the deployment of infrastructure was seen as a key factor for the development of cleaner vehicles.

The consultation meeting provided valuable food for thought, as well as some hands-on recommendations that will feed into the review of the EIB's transport lending policy. The Bank expects to adopt a revised lending policy by the end of the year. ■

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**"EIB financing for clean and efficient transport can make a difference to meeting Europe's ambitious environmental targets."**

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# In brief

## G8 leaders back EIB's increased lending in Mediterranean region



Leaders from the world's leading industrialised countries on 27 May agreed to mobilise additional funds for Tunisia and Egypt at an annual meeting in the French seaside resort of Deauville. International financial institutions are to provide some USD 20bn (EUR 14bn) by 2013, with EUR 3.5bn earmarked as loans from the EIB. The Bank welcomed the so-called Deauville Partnership, which will back both democratic and economic transition in the region. "We particularly recognise the importance of immediate support and will accelerate projects that foster inclusive growth," said EIB President Philippe Maystadt.



## EIB talks PPP in Casablanca

More than 300 participants came to follow discussions on infrastructure challenges and the potential of public-private partnerships (PPPs) in the Mediterranean. The Conference held in Casablanca on 30 May was jointly organised by the EIB, the Moroccan Ministry of Economy and Finance and the Association of Mediterranean Chambers of Commerce and Industry (ASCAME). At a time when investment of over EUR 300bn will be required by 2030 to modernise infrastructure and public services, the Conference helped to publicise current projects, encourage partner countries and support a common PPP initiative in the Mediterranean on the basis of the EIB's experience in the region. The event also saw the publication of a new regional study on legal and financial frameworks for PPPs in the Mediterranean partner countries.



## First loan to Tajikistan

On 10 June the EIB signed its first project in Tajikistan. The EUR 7m loan will help to rehabilitate the low and medium-voltage distribution networks in the Sugd region. The project will reduce distribution network losses and increase energy efficiency. The loan was signed on the occasion of the visit of the President of the Republic of Tajikistan, Emomali Rahmon, to the EIB.

## EIB gets an electric vehicle

The Bank's car fleet now includes an electric vehicle – one of the first in Luxembourg. The new Citroën Czero will be used by EIB staff on short administrative trips within the city. The new vehicle will help to reduce the Bank's carbon footprint and cut spending on taxis. This is also a symbolic gesture to underline the EIB's commitment to climate action and clean transport – two key lending areas for the Bank.



The high-speed infrastructure of the 177.5 km Ave Madrid Alicante high-speed railway line connects the Spanish cities of Albacete and Alicante. Estimated CO<sub>2</sub> savings are 228 175 tonnes a year.



The EIB has helped to finance **27** metros, **5** urban railways, **33** tramways, **52** railways and **17** high-speed railways over the last five years

The Hanoi Metro line will cater for some 200 000 passengers a day by 2016. It will help to alleviate the city's traffic woes and save up to 12 000 tonnes of CO<sub>2</sub> emissions a year.



**134** public transport projects have received EIB financing in the last five years



**EUR 32 billion**  
is the total lending  
for public transport  
over the last  
five years

Around **10%**  
of EIB lending  
goes to public  
transport  
projects

The Athen's metro currently carries 650 000 passengers a day, effectively taking 200 000 cars off the road. Estimated CO<sub>2</sub> savings are over 20 000 tonnes a year.



London's Crossrail is an urban rail link that connects central London with some of its main outskirts, as well as Heathrow airport, and Paddington and Stratford railway stations. Estimated CO<sub>2</sub> emissions savings total: 20 000 tonnes a year.



**5%** of  
EU citizens  
use an EIB-  
financed  
public mode  
of transport  
every day

# Helsinki region on track

## for more growth with big rail projects



Trains and metros are in. Cars and buses out. This is the strategic shift that two major infrastructure projects will bring to the Helsinki region's transport system from 2015, with substantial EIB financing.

**G**reater Helsinki generates about one third of Finland's GDP and has for several years been one of Europe's most dynamic regions. It is home to a number of leading technology and natural resource companies and a vital hub for intercontinental air traffic. But the Finnish capital is located on the Baltic Sea, which is frozen for many months of the year, and some parts of the city are built on islands with limited road links. In other words, urban transport is a challenging proposition.

This is why two major rail projects have been launched, with strong support from the European Investment Bank. The EIB is lending up to EUR 450m for the Westmetro link and EUR 45m for the Helsinki airport Ring Rail Line.

### Convenient, efficient and environmentally friendly

"The EIB is pleased to support these significant projects, which will greatly improve urban transport links in the Greater Helsinki region," said EIB Vice-President Eva Srejber.

"Securing long-term financing from international financial institutions, like the EIB, is key to the realisation of the metro project", according to Matti Kokkinen, Managing Director of Länsimetro Oy, the project company that is overseeing the building of the new metro line. "The metro is convenient, efficient and environmentally friendly. This will attract people to use it", Mr Kokkinen added.

### Ensuring connectivity

More than 100 000 passengers a day are expected to use the new Westmetro line, where automated trains will run at two-and-a-half-minute intervals at peak times, with an option to shorten this to 90 seconds later. Westmetro comprises a double track and seven new stations and will connect to the existing network in Central and Eastern Helsinki. It integrates the capital with the rapidly growing suburban city of Espoo, replacing existing bus services and encouraging commuters to switch from road transport. Westmetro is being constructed by Länsimetro, a project company owned by the cities of

"Securing long-term financing from international financial institutions, like the EIB, is key to the realisation of the metro project"

Helsinki (population 573 000) and Espoo (240 000).

The Ring Rail Line will connect the capital and suburbs to Helsinki airport and the Aviapolis business park. A leading transfer hub for East-West intercontinental flights, Helsinki is the only airport in the EU enabling airlines to operate roundtrip flights between Europe and Asia within the same 24-hour cycle. Direct routes also link Helsinki to the United States and many European destinations.

The new rail link includes four new stations and 18 km of track. Trains will run at 10-minute intervals and speeds of up to 120 km/hour, offering an attractive alternative to today's road links, which are often congested. The EIB is financing the share of the investment in the Ring Rail Line for which Finavia, the state-owned airport operating company, is responsible. ■





Europe has enormous potential to save energy but municipalities and local authorities often lack capacity and access to finance to develop their plans. A new fund is set to provide assistance by investing in sustainable energy projects developed at local or regional level. The EIB will invest up to EUR 75m in this new European Energy Efficiency Fund.

## Energy saving projects get boost from new fund

**T**he new fund is expected to start operations in the second half of 2012. It will put unallocated money from the European Union's European Energy Programme for Recovery to work by investing in energy efficiency and renewables projects, especially in urban areas. Energy-saving measures in public and private buildings, investment in efficient combined heat and power, or in decentralised renewable energy sources, clean urban transport, the modernisation of infrastructure, such as street lighting and smart grids, and sustainable forms of energy with potential for innovation and growth are among the projects the fund could finance. The final beneficiaries will be public or private entities acting on behalf of the municipalities or local authorities, such as energy service com-

panies (ESCOs) or district heating companies. These investments could act as a springboard for more green energy projects to follow.

### More than EUR 260m

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The EIB will top up the EUR 125m of the European Energy Programme for Recovery funding with EUR 75m in junior and senior debt. Other launch investors include Italy's Cassa Depositi e Prestiti (CDP),

bringing the initial fund volume to at least EUR 260m. Apart from the Commission and the EIB, the Fund is also open to other investors, both public and private. It will provide loans, guarantees and equity participations and will be accompanied by a technical assistance facility, providing grants for project development services related to the technical and financial preparation of projects.

This innovative fund fits in with the Europe 2020 strategy for smart, sustainable and inclusive growth, with a strong focus on resource efficiency, and will provide concrete support for the EU's energy and climate change objectives. ■

# Upgrading Brussels' wastewater system

The EIB is financing an upgrade of the Brussels sewerage system. Much-needed improvements are set to make the wastewater and stormwater system safer and improve service levels for around 1 million consumers in the Greater Brussels area.



**T**he renovation of Brussels' sewerage system has been a concern for the Region for a number of years now. The state of the network, which was constructed in the late 19th century, has already resulted in roads collapsing. "In the end repeated repairs would become more costly than a forward-looking long-term investment programme," said Minister-President Charles Picqué at the loan signing ceremony.

## 2 000 km

The Brussels Region's sewerage network currently has some 2 000 km of sewers carrying wastewater and stormwater

### More than 2 000 km of sewers

The Brussels Region's sewerage network currently has some 2 000 km of sewers carrying wastewater and stormwater to the two treatment plants located in the south and north of Brussels. Around 500 km of the network is in need of renovation and to minimise disruption within the city, the upgrading work will be spread over the next 20 years at a rate of around 25 km a year. Renovation work is currently under way and the techniques used will aim to achieve optimal efficiency.

"The upgrading of sewers will have multiple positive effects for residents – hygiene, prevention of flooding, pollution management, etc. I am delighted with the fruitful cooperation with the EIB, which will also have a positive impact on consumers' bills," Mr Picqué continued.

### Improving people's daily lives in Brussels

"This investment is essential for the Region and especially for the daily lives of the people of Brussels," EIB President Philippe Maystadt added. The favourable terms of the EUR 168m EIB loan will minimise the knock-on effect for Brussels households' water bills.

The EIB is among the biggest lenders to the water sector in Europe and beyond and has already financed a number of distribution and sewerage projects in Flanders and Wallonia. ■



# Helping **London go green**

The new London Green Fund is set to invest in recycling and energy efficiency to help the city cut its carbon emissions. The EIB is providing its technical and financial expertise to ensure that the fund attains its goals.

*“World cities are crucial to moving to a low-carbon economy.”*

“A century ago London was cashing in on carbon, but I am determined that we will now harness the wealth of investment opportunities coming from the shift away from the use of increasingly costly fossil fuels,” said the Mayor of London, Boris Johnson.

This innovative fund, totalling some GBP 100m, is part of the Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative, developed by the European Commission and the EIB. It brings together resources from the European Regional Development Fund, the London Development Authority, and the London Waste and Recycling Board. The funding of projects is expected to create around 600 jobs in London and save at least 168 000 tonnes of carbon emissions a year. Investments will target two key areas:

low-carbon waste and recycling infrastructure, and energy efficiency projects.

## Waste as an opportunity

London produces 2.6m tonnes of organic waste each year, which could generate revenues of GBP 170m if diverted to composting and energy generation. Most of the estimated 280 000 tonnes of plastic produced each year usually ends up in landfill. But many forms of plastic are of high commercial value – potentially worth GBP 140m a year. Taking advantage of this unique opportunity, the London Green Fund will invest in infrastructure, such as power plants to convert waste biomass to clean energy and facilities for recycling waste products such as food and plastics. A number of projects have

already been identified and will receive finance shortly.

“World cities are crucial to moving to a low-carbon economy. Using waste to generate clean energy can be an important element of their contribution to climate action. The EIB, as the world’s largest investor in clean energy, is pleased to support this impressive initiative through the London Green Fund,” said EIB Vice-President Simon Brooks.

## Improving quality of life in cities

Energy efficiency projects supported by the Fund will include the adaptation and refurbishment of existing public and voluntary sector buildings to make them more sustainable and environmentally friendly, as well as energy efficiency improvements to existing social housing. The projects will promote sustainable economic growth and help the capital to reduce emissions. “The move towards energy-efficient transport, homes and workplaces will deliver a better quality of life,” added Boris Johnson.

The EIB manages further JESSICA funds in North-West England and Scotland. Its model enables returns to be reinvested and is designed to attract private sector investment alongside European Structural Fund resources. It has already been successfully applied to 19 funds in 11 EU countries totalling EUR 1.49bn. Many of these funds support energy efficiency investments, in countries such as Lithuania and Bulgaria or regions such as Sicily and Pomerania. ■







# Reviving Hamburg's district of Wilhelmsburg

Hamburg is known for its spectacular 'Hafencity' project, which has transformed the port area and brought a new chic to a former industrial site. Another major urban project is less well known, but of no less importance. In a 'leap across the Elbe', a deprived area of the city is being integrated and upgraded.

**S**ituated on the banks of the river Elbe, Germany's second largest city, with its 1.7 million inhabitants, faces numerous cosmopolitan challenges. Although Hamburg is among the country's most wealthy cities, the district of Wilhelmsburg, a former industrial area, has not benefited from the same development as elsewhere. Separated from the rest of the city by the Elbe's north and south arms, Wilhelmsburg is also itself divided by various transit lines. In addition, the district has a high rate of unemployment, associated social problems and a large young and migrant population.

The EIB is supporting a number of urban projects as part of a larger integrated urban development plan to upgrade and

improve the district by 2013. The Internationale Bauausstellung Hamburg and internationale gartenschau, two companies set up to support the city of Hamburg in implementing the plan, are taking the lead in what is known as the 'leap across the Elbe' to bridge the physical and social divide.

## Better schools for a better chance

In Hamburg, twice as many children with an immigrant background leave school without a formal qualification (20.4%) than in the rest of the country (9.4%). A comprehensive education reform programme is seeking to improve education standards and reduce early school leaving. As part

of the plan, the city is promoting 'all-day' schools, which requires major adaptations to the existing schools estate. The EIB is supporting these efforts with a EUR 150m loan to help finance the construction, re-modelling and refurbishment of schools as part of the efforts to improve education standards and living conditions in some of Hamburg's most deprived areas.

Unlike traditional German half-day schools, all-day schools allow for additional teaching and contact hours and make it possible to introduce new subjects and a range of extracurricular activities in the afternoons. A prerequisite is the provision of school lunches – hence schools must be equipped with kitchens and canteens.

"Our educational projects have created a certain dynamic in the quarters located on the Elbe islands. We see ourselves as a catalyst for urban development," explains Jürgen Dege-Rüger, who leads the educational reform programme. "We want to contribute to ending the large dependence of educational success on social back-



*“Our educational projects have created a certain dynamic in the quarters located on the Elbe islands. We see ourselves as a catalyst for urban development.”*

ground. This new school model is helping to improve social equality and inclusiveness, particularly among children with immigrant backgrounds, but is also raising schools’ effectiveness and leading to better learning outcomes,” he adds.

The 32 primary and secondary schools that volunteered to participate are located in less affluent southern districts of the city of

*“With innovation and commitment, cities have the potential to contribute to the solution of environmental issues.”*

Hamburg, including Wilhelmsburg. Three of the schools included in the project are part of the international design competition ‘IBA-Hamburg: Solutions for Cities of the 21st Century’ and are therefore expected to reinforce future requirements for sustainable development and energy efficiency in the city.

### Affordable and energy-efficient housing

In order to help make the ‘inner outskirts’ more attractive, the EIB has also helped to finance the upgrading and new construction of social and affordable housing together with its associated urban and social infrastructure. The investment will bring the units up to decent housing quality standards, in terms of both reasonably modern sanitary facilities and energy efficiency, with a EUR 200m loan.

The housing sub-projects are located in the city’s most deprived neighbourhoods, including Wilhelmsburg. Characterised by high unemployment, associated social problems and a large young and migrant population, these neighbourhoods are due to benefit from more sustainable community development as part of the city’s broader urban development and housing strategy.

### Shaping a green capital

Hamburg is a signatory to the Covenant of Mayors initiative and currently also ‘European Green Capital 2011’ due to its pro-active stance on climate change. The energy performance of buildings and existing housing in particular play an important role.

“Succeeding in protecting the environment largely depends on how cities manage their resources, energy and climate. With innovation and commitment, cities have the potential to contribute to the solution of environmental issues,” Hamburg mayor Olaf Scholz said at the EU Green Week in May.

Overall, Hamburg has set itself ambitious climate protection goals, such as reducing its CO<sub>2</sub> emissions by 40% by 2020 and by 80% by 2050. CO<sub>2</sub> emissions per person have already been reduced by about 15% compared to 1990 levels, with annual energy savings of some 46,000 MWh, a major achievement for a big city.

### More in the making

Another urban renewal project in the Wilhelmsburg neighbourhood is already in the making. It comprises the construction of space to accommodate the regional authority for urban development and the environment. This project, to be signed later this year, is yet another piece of the plan to upgrade the Wilhelmsburg district and help it to finally achieve the leap across the Elbe. ■



# Curtain raised on Pilsen's new cultural scene



The EIB is supporting Pilsen's efforts to revamp its city centre as it prepares for its turn as European Capital of Culture in 2015. Its lively cultural scene shows that the Czech city has more to offer than just beer.

**//** Pilsen is not a very big town, but it is a very important one from a cultural point of view, with a strong multicultural tradition," says Jan Burian, director of the J. K. Tyl theatre in Pilsen. In May, the city, which has more than 180 000 inhabitants, was officially designated European Capital of Culture 2015. This marked a historic moment for Pilsen, but changes to the urban environment have already been initiated independently of the official event.

A CZK 2bn (almost EUR 75m) loan from the EIB will help to promote sustainable urban development by improving municipal infrastructure and facilities in Pilsen, part of which will be for investment in preparation for the 2015 event. The loan will be augmented by grants from EU Structural Fund resources. The construction of a new theatre is part of the preparations for 2015.

## 'Theatre is an important form of expression in our country'

"Theatre is very closely related to our history," adds Burian. "From the time of the

Austrian monarchy – when it was a way to revive the Czech language and culture – to the velvet revolution in 1989, which started on the stages, it has always been an important form of expression." After all, it was a dissident playwright – Vaclav Havel – who led the peaceful revolution.

And the people of Pilsen are indeed attached to the theatre. "We now have some 186 000 inhabitants in Pilsen and sell around 200 000 tickets a year, with more than 10 000 subscribers," Burian explains. "Each year, we stage more than 500 performances. We have on our programme more than 45 different types of performance, 15 premières, and we organise the most important theatre festival in the Czech Republic and also host a choreography competition and other international projects."

"The current theatre is in very poor condition. Reconstruction would have worked out more expensive and would not have enabled the theatre to add new uses. So

we decided to build a new one," Burian says. "The big advantage is that we will not only have a new building, but two stages for 500 people, plus a black box, a studio for holding all sorts of contemporary performances."

## Opening season 2014/2015

The construction of the new theatre will undoubtedly be the city's biggest cultural infrastructure investment for the European Capital of Culture. The new building will stage opera, drama, operetta and musical performances, as well as hosting concerts and exhibitions and housing studios. The number of performances is expected to grow, as the theatre will be able to cater for the ballet school, non-professional theatre performances and teaching. The work will begin later this year and the theatre is scheduled to open for the 2014/15 season "because we want to have it up and running for the 2015 Capital of Culture," Burian adds. ■



The city's biggest cultural infrastructure investment for the European Capital of Culture.



# Scottish innovation hub gets a boost

Creating a leading-edge innovation hub where business meets science. That is the vision behind an ambitious GBP 300m investment plan to upgrade the Strathclyde University campus in the heart of Glasgow. The EIB is supporting the investment, which will also further research in renewable energy technologies.

**“** I am delighted that the EIB is sharing in our vision for the future,” said Professor Jim McDonald, Principal of the University of Strathclyde.

“What interests us about this project is that it is focused on energy research and has a strong engineering base, so it’s a double win as far as we are concerned,” explained EIB Vice-President Simon Brooks. “Not only is it a way to help boost the European knowledge economy, but by helping to boost Strathclyde’s academic interest in clean energy it helps our aim to mitigate the effects of climate change,” Mr Brooks added.

The GBP 90m (EUR 103.6m) loan from the EIB will be used to fund the Technology and Innovation Centre (TIC) and refurbish a number of key campus locations.

“The Technology and Innovation Centre will help transform Glasgow and Scotland by putting the graduates and research produced by higher education at the heart of economic growth and creating job opportunities for many of our citizens. By capitalising on our leading, industry-relevant research, TIC will attract millions of pounds of inward investment to the city, drive global businesses and support the development of our highly-qualified grad-

uates and postgraduates”, Professor McDonald underlined.

The Technology and Information Centre will bring together 850 academics, researchers and project managers from the university and its leading industrial partners to work side by side in a state-of-the-art building in the heart of Glasgow. TIC will become the cornerstone of Scottish Enterprise’s new International Technology and Renewable Energy Zone – a global economic hub bringing innovative businesses to Glasgow to work alongside the university. With a population of around 588 000, Glasgow is Scotland’s largest city and its commercial capital.

Work on TIC’s high-spec building is expected to begin at the start of next year, with the official opening taking place in early 2014. At 22 000 square metres, the landmark building will house specialist, shared and flexible laboratory facilities, enabling world-class researchers to respond

to real problems in partnership with industry, government agencies and other organisations.

“Refurbishment of the University of Strathclyde campus will improve teaching, learning and academic research for future generations. The EIB is committed to the development of the knowledge economy across Europe and is pleased to support this crucial investment in one of Scotland’s leading academic institutions”, EIB Vice-President Simon Brooks stated.

The Strathclyde project is a flagship operation in the EIB’s funding of the knowledge economy and education investment across the United Kingdom. Over the last five years the EIB has provided GBP 1.3bn for education investment in the UK. Between 1997, when the EIB started financing investment in education, and the end of 2010, loans worth EUR 20.4bn went to more than 175 projects in the Union. ■



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# Preserving the architectural heritage in the buffer zone of Cyprus's Walled City



For almost 40 years, the Green Line, a United Nations buffer zone, has divided Cyprus's Greek and Turkish communities. The line passes through the capital Nicosia, where the EIB is supporting efforts to revitalise the historic centre and unite the population of the island by restoring the beauty of an ancient city.

“Anyone visiting Nicosia is bound to notice a stark and painful contrast: on the one hand, they see the dynamic and thriving city centre; on the other hand, they cannot but notice the deserted neighbourhoods, dilapidated areas and ruined buildings along the so-called Green Line, which bear witness to the tragic events in our recent history”, says Eleni Mavrou, Mayor of Nicosia.

Since 1974, the Green Line has cut through the heart of one of Europe's oldest cities, running right through the historic centre. This situation has gradually resulted in the abandonment of the area adjacent to the buffer zone and uncontrolled development towards the outskirts of the

city. Nicosia Municipality has a population of about 48 000 inhabitants, while some 200 000 people live in Greater Nicosia.

## Preserving the cultural heritage

Deserted houses, ruins of historic buildings and visible scars of conflict mark the area, which dates back to the 15th and 16th centuries, a period when the Venetian walls that surround the core of the Cypriot capital were built. Its long, multicultural past has given Nicosia a rich cultural and architectural heritage, from religious buildings to monuments. But these landmarks have lost their social or economic attraction for the city's inhabitants.

“Given the conditions that have prevailed in the areas adjacent to the Green Line over the past few years, the implementation of comprehensive programmes for urban renewal is imperative,” the Mayor adds.

The EIB is supporting investment to revitalise the city's heart with a EUR 40m loan for urban infrastructure projects in the Walled City and nearby traditional areas. The Council of Europe Development Bank (with a EUR 40m loan) and the Cypriot Government (with EU grants from the Cohesion Fund of EUR 60m) are also contributing.

“Sustainable infrastructure is among our priorities in Cyprus,” EIB Vice-President Plutarchos Sakellaris explains. “This loan is of





particular importance in the current crisis as markets alone are unable to provide sufficient and appropriately priced finance for sustainable growth. We at the EIB address this market gap by increasing the volume of loans in this sector and broadening the scope of our financing”, he adds.

“It was clear from the first meetings that they would become part of our vision and aid us along the way. We found the people of the EIB helpful towards our work. The EIB has given us the opportunity to begin rejuvenating the environment,” Eleni Mavrou stresses.

### Beyond beautification

“The programmes that we are currently implementing are aimed at reversing the current conditions and offering the population a tangible reassurance that these areas are safe and provide modern infrastructure that will secure a better quality of life. We have been successful on various levels, enabling us to enrich green areas, squares and open spaces. In parallel, existing buildings and the architectural heritage they embody can be properly maintained, while public infrastructure is upgraded,” Mayor Mavrou explains.

The investments are included in Nicosia’s 2010-2012 Municipal Development Plan and consist of a large number of projects which together will foster urban renewal and regeneration.

Nicosia Municipality is seeking to attract new residents, create a sense of community and boost economic activity, notably through tourism. Much of the municipality’s efforts will be devoted to fixing the local road and street network. As property owners are responsible for paving the road in front of their property up to the centre line and many buildings are vacant, many streets in Nicosia currently have no pedestrian sidewalks and where pavements do exist they are in poor condition. Often, they are also not adequately designed or built and are frequently subject to flooding during the rainy season. New urban transport schemes encourage people to walk thanks to the provision of adequate public spaces and increase road safety. Newly-built sports facilities will not only contribute to the fitness of Nicosians, but should also bring a new sense of community to the centre.


“Quite a number of projects are already being carried out and in certain areas we can already see an increased interest, es-

“It was clear from the first meetings that they would become part of our vision and aid us along the way. We found the people of the EIB helpful towards our work”.

pecially among young people, in living there,” Mavrou points out. Revitalising the core of Nicosia and making it an attractive neighbourhood to entice people back, will help with confidence-building and, despite the buffer zone, make it a worthwhile place to live for generations to come.

“After all, such projects are designed to fulfil the needs of the area’s current residents as well as those who would like to live or work there. Ultimately, they are the driving force behind the sustainable, positive and further growth of these areas,” Mayor Mavrou concludes. ■





Located on the banks of the Porsuk river, Eskişehir has seen a dramatic turnaround in city life for its over 600 000 inhabitants. Endorsing its efforts to revive the city centre, the EIB has provided a EUR 110m loan to support the construction of a light rail urban transport system, the Porsuk river rehabilitation scheme and the upgrading of water and wastewater services. The mayor of Eskişehir, Prof. Dr Yılmaz Büyükerşen, speaks to us about urban change and city life.

# In step with the city's pulse –

## Interview with the Mayor of Eskişehir

### *How did you feel about working with the EIB to bring about change in the urban environment?*

When we took up office in 1999, Eskişehir's mass transportation system was in a pitiful state. Upgrading the rail system was on the agenda, but making the necessary investment with municipal funds was inconceivable. Moreover, the Porsuk river was a great risk and needed to be rehabilitated.

Turkey's resources were extremely limited. We had no chance of securing any domestic funding. At the same time, Tur-

key was going through an economic crisis. Under these circumstances, we applied for EIB funding with very little hope. However, our projects were found to be realistic and well prepared, so they were supported.

### *How have the projects backed by the EIB changed life in the city for the people?*

The light rail transportation system, despite facing opposition as construction proceeded, was completed in record-breaking time. Shortly after, it became a

part of the city that Eskişehir people are most proud of. Soon there were calls for it to be extended, for which work is under way over the coming months.

Our light rail system, which received an award from the International Association of Public Transport, meant that buses no longer needed to enter the city centre and has enabled new pedestrian areas to be created in the centre. Today Eskişehir's busy pedestrian areas are one of the city's biggest attractions as a meeting point for city dwellers and a place for community engagement.



Interview



Prof. Dr. Yılmaz  
Büyükerşen

The Porsuk river, once a huge source of problems, has revitalised the city and people have begun to use its banks again. The river regained its lively atmosphere and people are now fishing again. We have started to use the Porsuk for transport, which is a first in Turkey. We have built a beach on the cleaned and recovered banks of the Porsuk – another first for the country. All this work has turned the Porsuk river into the city's major artery again and helped to make Eskişehir a tourist attraction.

All these developments have changed the minds of people who, only a few years ago, could see no reason for their children to stay in Eskişehir. They began to see their own city in a new light. In fact, migration of skilled people from other regions of Turkey to Eskişehir gained momentum. All of these were things we dreamt of when we took office. They seemed impossible at the time. Even we thought that it was unlikely to become a reality in such a short time. However, Eskişehir is today one of the most popular centres in Turkey.

***What are the key elements to implementing change in city life?***

Cities are living organisms. Their pulses should be constantly monitored and the right action must be taken in the right place at the right time. What is good for one city, might be fatal for another, so there is no universal formula. ■

*"Eskişehir in the North West of Turkey has become a popular centre".*





# Cleaning up pollution in a coastal city in Tunisia

The reuse of industrially contaminated sites is a multi-faceted challenge. For the EIB and Belgian and French Governments, redeveloping the Tunisian city of Sfax was a worthwhile challenge. Today, Sfax has managed to recover its historical coastline and now looks at the opportunities ahead.

“Sfax has always been a coastal city and the seaside is still one of its greatest assets”, says Riadh Hentati, CEO of SEACNVS, the Tunisian promoter of the decontamination project on the Taparura site in Sfax, with roughly 860 000 inhabitants the second-largest city in Tunisia. “However, the course of events has left the city disconnected from its beaches and its inhabitants still feel nostalgic about taking a dip in Sfax bay,” Hentati adds. The city, once the proud owner of this jewel on the coast, in the 1960s became an export centre for phosphates. From there to filling the golden sands of its coastline with waste material (the toxic phosphogypsum) was a small but devastating step.

## A major coastal clean-up

Responding to the Tunisian calls for support, several financiers got together in 2004 and decided to launch a decontamination operation on the Taparura site.

The EIB, in concert with the French and Belgian Governments, provided the financial backing for the project. The Bank made a EUR 34m loan available, topped up by technical assistance amounting to EUR 4.8m, which helped with the management and supervision of the decontamination process, as well as providing essential urban planning expertise.

“The relationship of trust established between the Taparura project management team and the Bank’s experts enabled us to tackle the various obstacles and challenges we encountered,” Hentati explains. “The EIB’s support has been a determining factor for the success of this beautiful project,” he adds.

Part of the decontaminated site was transformed into a public beach along a six-kilometre stretch. This work enabled the city to restore its historic coastline to its former glory, to create the largest public green space in the Greater Sfax area and to bring

about a new zone of more than 450 ha of land for urban development projects.

Last May, the Taparura site hosted celebrations to mark the successful completion of the decontamination and reconstruction work in Sfax. After more than 30 years, Taparura beach was reopened for bathing.

## Reconnecting the historical city centre

Once the decontamination phase was completed, it was clear that the cleaned-up zone needed a new approach to urban planning. A master plan was drawn up for the site following an integrated transport and urban planning approach – the foundation of contemporary city development. The aim was to integrate the recently decontaminated zone into the existing urban fabric so as to harmoniously link it to the historical city centre (the medina), the port and other urban neighbourhoods.





"This new urban zone has lots to offer in terms of social, ecological and economic qualities – a city of the 21st century."



"This new urban zone has lots to offer in terms of social, ecological and economic qualities – a city of the 21st century. The future Taparura site will reveal a modern, avant-garde district," Hentati explains. The next steps for redeveloping the newly recovered waterfront area of Sfax are already in the making.

### Spurring investment in the region

This first operation should have a signalling effect on future projects. The Tunisian authorities have put in place a wider action plan aimed at eliminating the main pollution sources in the region, which is to be complemented by urban development projects. Their goal, as with the Sfax project, is to attract private investment in the region, create new jobs and contribute to sustainable urban development in the country. ■

### The 'Medinas 2030' initiative

By 2030, nearly 80% of Mediterranean partner countries' populations will be concentrated on 10% of the land – predominantly the coastline. This increasing urbanisation creates many social and economic challenges that need to be addressed. Chief among them is the realisation that the historical city centres, or medinas, have been undergoing a continuous process of social and economic deterioration.

In 2008 the EIB and the Center for Mediterranean Integration launched "Medinas 2030". This initiative unites international organisations, investors, town associations and experts to renew awareness of the importance of rehabilitating medinas for the sustainable development of Mediterranean cities. Another aim is to identify integrative strategies and mechanisms of urban rehabilitation and governance that address the issues of spatial, economic and social planning as well as public governance. Finally, the initiative seeks to propose an appropriate financial mechanism to deal with the issues that medinas typically face. A pilot project providing technical assistance for the rehabilitation of the Tizimi neighbourhood in the medina of Meknès, Morocco, is currently being implemented.



# Providing affordable housing

## in South Africa

In Johannesburg affordable housing is scarce and the city is still scarred by the effects of years of apartheid. An EIB-supported housing scheme has already helped to construct some 17 000 social housing units.

**“**I used to be afraid of what might happen to my little girl,” says Maywell Notyke, former township inhabitant and affordable housing resident of the already completed Roodepoort inner-city housing development near Johannesburg. “Now I can build a future here, then my child is going to have her own future, a good one,” she adds. In the first operation of its kind, the EIB is providing EUR 150m to support social housing at affordable cost to low-income inhabitants of towns and cities across South Africa.

### Tackling the urban challenge

Most city dwellers in developing countries are poor, presenting governments with difficult challenges in providing adequate housing at affordable cost to the urban population. In South Africa, where the problem is complicated by the legacy of urban segregation from the apartheid era, 60% of the estimated 47 million population live in cities. The government estimates that there is a shortage of over 2 million housing units, with cities characterised by derelict inner-city housing and overcrowded townships.

So far, the construction of some 17 000 housing units has already been supported. A further 17 000 homes are expected to follow. Working closely with five public and private sector financial partners, the EIB funding is part of local integrated and inclusive sustainable urban development plans and housing policies. The schemes also aim to employ the local population and include educational programmes for low-skilled workers.

### Contributing to social integration

“Because we are able to access low-cost funding from the EIB, we then pass on that benefit to developers. They then rent the homes out for very low rents, making them affordable to previously disadvantaged people,” says Chris Moodley, Assistant Executive for Social Projects at the National Housing Finance Corporation, the government’s arm for financing low-cost housing. “They have running water, a sewer system, they have electricity, and added to that we generally create employment for people who have previously been unemployed,” he adds.

“The EIB recognises the unique and fundamental role of improving housing for low-income South Africans to achieve South



Africa’s economic and social integration objectives,” Vice-President Sakellaris said, addressing the project’s financing partners earlier this year. “We commend South African public and private sector partner institutions for their hard work in seeking to overcome historical obstacles to the availability of housing in South Africa,” he added.

Providing affordable housing, the EIB operation seeks to contribute to the reduction of poverty and alleviation of inequality – the legacy of apartheid. By promoting social inclusion and the regeneration of inner-city urban areas, the project also supports the UN’s Millennium Development Goals. ■

So far, the construction of some 17 000 housing units has already been supported.



## New Austrian Vice-President appointed



Wilhelm Molterer will join the EIB's Management Committee as a new Vice-President from 1 July. The Management Committee oversees the day-to-day running of the Bank. The EIB's executive body is composed of a President and eight Vice-Presidents.

**Mr Molterer** succeeds Swedish Vice-President Eva Srejber. Prior to joining the Bank, he was a member of the Austrian Parliament for many years, holding various national political posts, including that of Vice-Chancellor and Minister of Finance, in which capacity he was a member of the EIB's Board of Governors, which usually consists of the 27 EU Finance Ministers. Before this, Mr Molterer was Federal Minister of Agriculture, Forestry, Environment and Water Resource Management, and Federal Minister of Agriculture and Forestry. Mr Molterer has a degree and post-graduate qualifications in economics and social sciences from the University of Linz.

### Diary

- **04/07/2011**  
Meeting of ACP Ambassadors, Luxembourg
- **12/07/2011**  
FEMIP Ministerial meeting, Brussels, Belgium
- **21-27/08/2011**  
World Water Week, Stockholm, Sweden
- **06/10/2011**  
EIB Wind Energy Forum, Hamburg, Germany

Details at [www.eib.org/events](http://www.eib.org/events)

### People @ EIB



#### Eila Kreivi

Eila Kreivi has been appointed head of the Capital Markets Department. Previously she was Head of Funding for the Americas, Asia and the Pacific in the same department.



#### Maj Theander

Maj Theander has been appointed Director of the Mobility Department within the Projects Directorate. Previously she headed the Quality Management division in the same department.



#### Gunnar Muent

Gunnar Muent has been appointed Director of the Innovation and Competitiveness Department within the Projects Directorate, which carries out the technical, environmental and social appraisal and monitoring of projects. Before this, he was head of the research, development and innovation (RDI) division in this department.



#### Cheryl Fisher

Cheryl Fisher has been appointed Director of the Energy Department within the Projects Directorate as of 1 May. Prior to this she headed the division for Project Finance in Western Europe within the Directorate for Lending Operations in the European Union and Candidate Countries.



#### Luca Lazzaroli

Luca Lazzaroli has been appointed Director of the South East Europe Department within the Directorate for Lending Operations in the EU and Candidate Countries. Previously he headed the division for lending to infrastructure projects and PPPs in Spain.



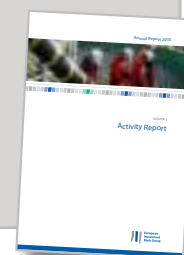
#### Mario Aymerich

Mario Aymerich has been appointed Director of Environment and Convergence within the Projects Directorate. Prior to this he headed the Urban Transport and Development division in the same department.

### Publications

- Annual Activity Report 2010
- Promoting Public-Private Partnerships in the Mediterranean
- The European Investment Bank in the Baltic Sea Region

Details at [www.eib.org/publications](http://www.eib.org/publications)



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Please consult the Bank's website for the updated list of existing offices and their contact details.



# The European Investment Bank

## Shaping sustainable cities



Cities are important actors in the social and economic life of EU citizens. Greening cities and making them sustainable are at the heart of the EIB's investments in urban areas. [www.eib.org](http://www.eib.org)

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