



1986-2006: 20 years of the EIB in Portugal

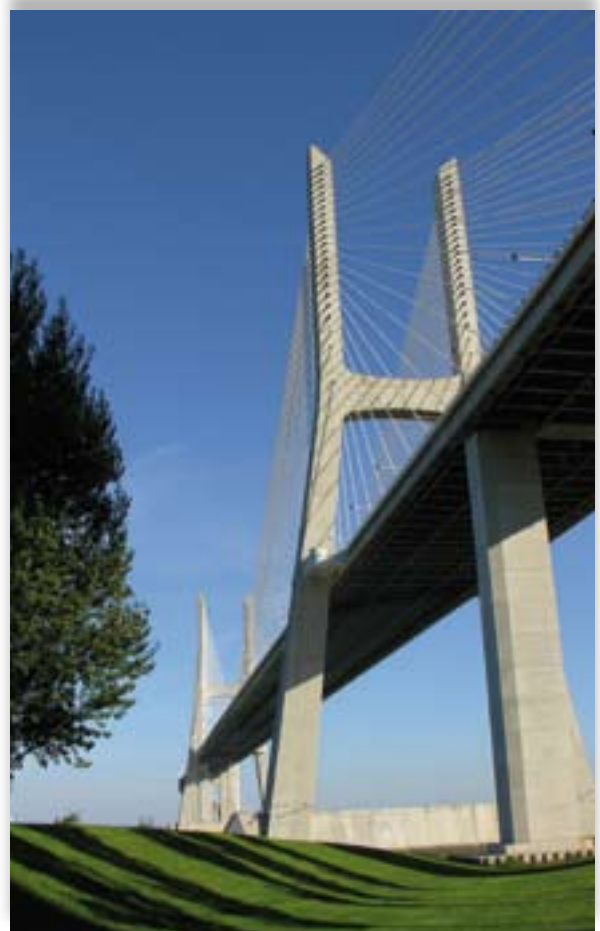
A forward-looking partnership

The European Investment Bank (EIB), the multilateral credit institution of the European Union, granted its first loans in Portugal in 1976. In the ten years before Portugal joined the EU (1976-1985), the EIB provided loans worth between EUR 50m and EUR 100m a year in the country, mainly for capital projects in the transport, energy and SME sectors. The experience gained with these first operations and the relationships forged during that initial period contributed greatly to the subsequent growth of the EIB's activity in Portugal.

Portugal's accession to the European Union in 1986 opened the doors to EU financial support in the form of grants from the Community budget and long-term loans from the EIB.

In the past 20 years, the EIB has granted loans worth more than **EUR 26bn¹** for projects in Portugal. The sectors and projects targeted by the Bank reflect the priorities of the economic development and cohesion support policies defined by the European Union and the national authorities in regional development plans as well as the financing needs of the business sector.

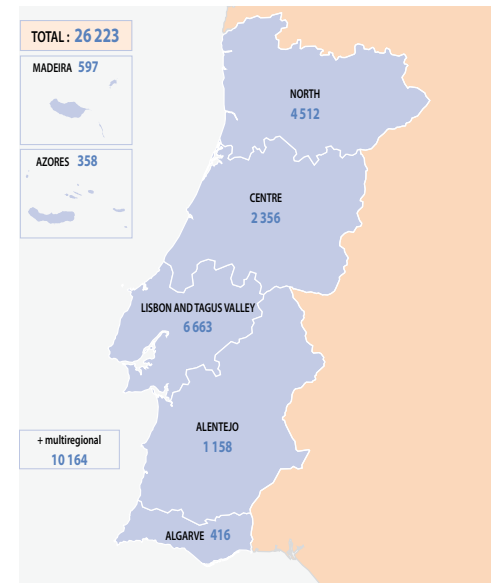
In relative terms, Portugal is now one of the biggest recipients of EIB loans in the European Union (around EUR 160 a head per year). This is due to the excellent cooperation between the Bank, the Portuguese authorities, the European Commission and public and private sector promoters.



¹ Except where otherwise indicated, the figures in this brochure refer to the period 1 January 1986 to 31 December 2006.



EIB lending in Portugal, breakdown by region (EUR million)



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Transport and communications

A large part of the loans granted by the Bank in Portugal have served to finance large-scale projects in the transport and communications sector (EUR 14bn). These have helped to strengthen economic and social cohesion in the country by eliminating barriers to the free movement of people, goods and services and linking the different Portuguese regions to each other and to the rest of the EU.

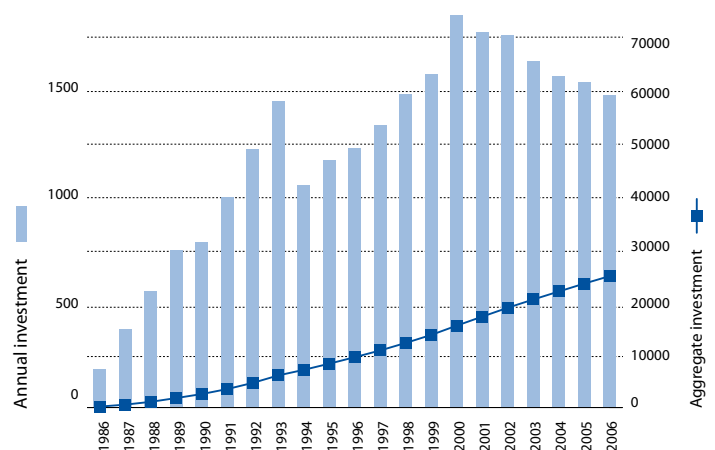
Especially important has been investment in the **roads sector** (EUR 6.6bn), where the EIB has helped to improve and develop much of the country's motorway and roads network. Many of these projects have been mounted in the form of public-private partnerships (PPPs). In the past 20 years, the EIB has granted more than EUR 3bn for financing PPP projects in Portugal. It has also financed a number of flagship projects in the transport and communications sector such as the bridge over the river Guadiana and the Vasco da Gama bridge over the river Tagus.

EIB loans have also financed **sustainable urban transport** schemes (EUR 2.3bn) such as the Lisbon and Porto underground systems, which, together with **urban renewal** projects in cities such as Lisbon, have made a significant contribution to enhancing people's quality of life.

In the **rail sector** (EUR 2bn), the Bank has provided loans to the Portuguese Railways Company (CP) for replacing its rolling stock and to the National Railways Network (REFER) for upgrading and modernising intercity and suburban lines throughout the country.

The EIB has also financed the modernisation and expansion of the country's main **airports**, such as Lisbon, Porto and Madeira, as well as the **ports** of Sines, Setúbal, Madeira and Aveiro.

EIB lending in Portugal (1986-2006) (EUR million)



Support for SMEs and local authorities

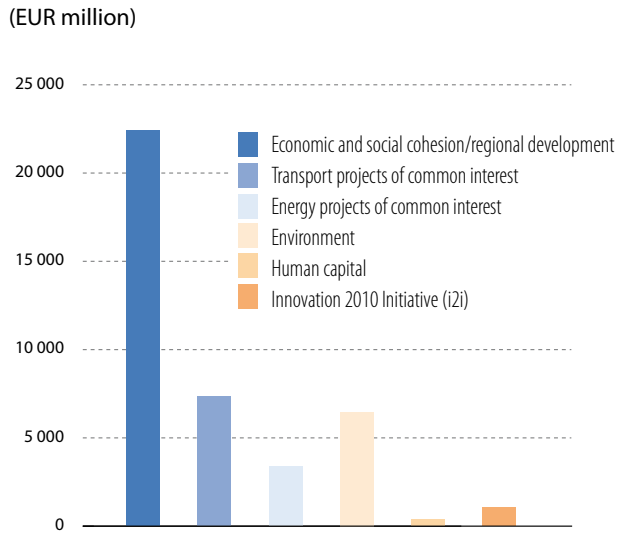
Credit lines, made available in cooperation with the national banking system, are an important field of EIB activity in Portugal, totalling some EUR 3.5bn. In the past five years (2002-2006), around 23% of EIB lending in the country has served to finance more than 1 400 small and medium-sized projects promoted by SMEs and local authorities via Portugal's main banks. This base of intermediaries has enabled the Bank to ensure ample geographical coverage of credit lines and facilitate SMEs' access to medium and long-term credit on very attractive terms. With this objective, the EIB also participated in the two SME loan securitisation operations carried out by Portuguese banks, helping to support innovative issues on the capital market.

Energy, water and environmental protection

In the energy sector (EUR 3.5bn), EIB loans have been channelled into securing the energy supply, reducing harmful environmental impacts and fostering the development of new sustainable energy sources. Among the major projects financed in this sector are those relating to the programme to introduce natural gas, including the construction of regional gas transport and distribution networks and the Sines LNG terminal. Large loans have also been pumped into the upgrading and expansion of power grids throughout the country, notably in the Azores and Madeira, and the construction and operation of a number of thermo- and hydropower plants. The Bank has also financed renewable energy projects in Portugal, namely wind farms and geothermal facilities, so promoting national and EU objectives in the field of developing renewable energies and combating climate change.

In the water sector (EUR 1.6bn), projects financed by the EIB have covered the entire water cycle including the improvement of drinking water supply systems and the construction or upgrading of wastewater treatment plants. The EIB has also contributed to enhancing the urban and natural environments by financing municipal solid waste processing plants in various parts of the country.

EIB lending in Portugal, breakdown by objective (1986-2006)



*As certain loans meet various objectives, the different headings cannot be added together.

Industry and services

The EIB has made a major contribution to fostering the competitiveness of industry and services in Portugal (EUR 2.4bn). A large part of EIB loans have been directed towards supporting the efforts of Portuguese companies to innovate and modernise in sectors as diverse as paper and pulp, glass packaging, cement, electrical engineering and electronics, pharmaceuticals, carmaking, commerce and tourism.

The EIB has also financed a number of public and private projects in the telecoms sector (EUR 2bn), from the improvement of fixed telephone networks to, more recently, the creation of networks sup-





20 years of the EIB in Portugal

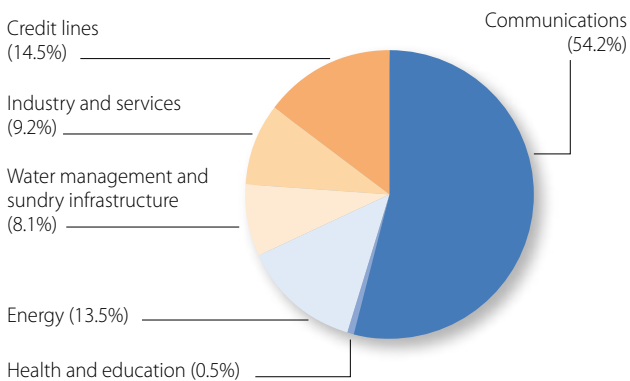
porting third generation mobile telecoms services (UMTS) and the upgrading of the GSM/GPRS network.

Lastly, the EIB has promoted the development of **human capital** (EUR 150m) by financing the construction or upgrading of university facilities in Portugal.

A forward-looking partnership

The EIB's activity in Portugal over the past 20 years is characterised by the strengthening of the Bank's contribution to the long-term development of Portugal's economy and support for the country's journey to convergence and interregional cohesion. Portugal's investment objectives, as defined in its National Strategic Reference Framework, are consistent with the priorities of the EIB's lending policy. In line with the Lisbon Strategy and the Action for Growth and in close cooperation with banking and business institutions and systems, the EIB will continue to provide financial support in Portugal for large-scale infrastructure in the areas of transport, network access, urban renewal, water, sanitation, energy and environmental sustainability. At the same time, it will give priority to assisting projects that make a significant contribution to human capital formation and innovative scientific and technological development.

EIB lending in Portugal, breakdown by sector (1986-2006)



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