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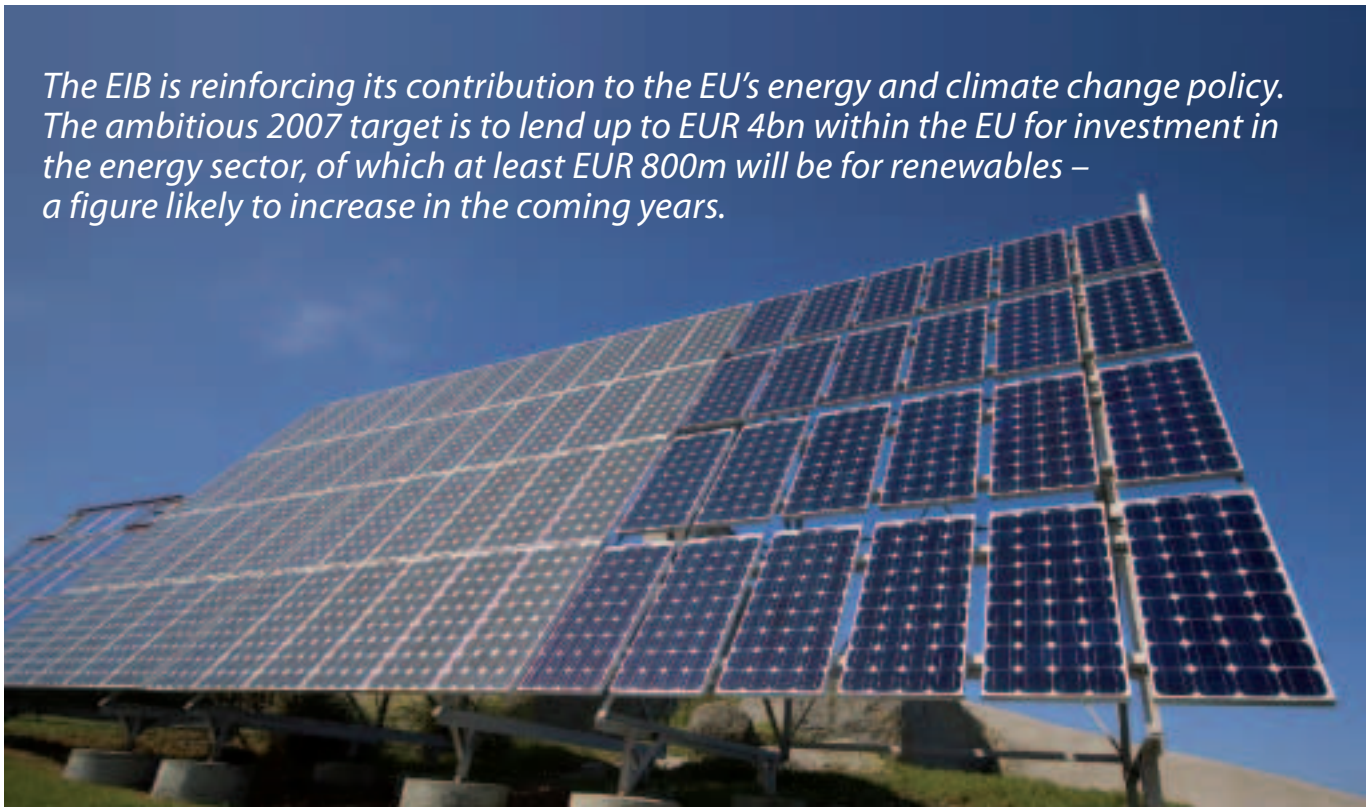
EIB steps up its support for clean energy

The EIB is reinforcing its contribution to the EU's energy and climate change policy. The ambitious 2007 target is to lend up to EUR 4bn within the EU for investment in the energy sector, of which at least EUR 800m will be for renewables – a figure likely to increase in the coming years.



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The Board of Governors of the EIB, comprising the EU's Economy and Finance Ministers, endorsed measures on 5 June to reinforce the Bank's support for the EU's energy and climate change policy.

Energy has recently ranked very high on the EIB's agenda. The Bank has made "sustainable, competitive and secure energy" one of its priority objectives[1]; it issued a new EUR bond focused on climate awareness in late May[2]; and it will devote its annual Forum in September 2007[3] to energy financing and climate change.

The EIB has also established carbon funds with the EBRD, the World Bank and KfW[4]. The overwhelmingly positive response by the Member States and private sector companies shows that these facilities address real market failures, and the Bank is now developing a second-generation fund to promote the long-term carbon market after the Kyoto Protocol expires in 2012.

The EU policy framework

The Brussels European Council of 8/9 March 2007 adopted an Action Plan for energy policy in 2007–2009, committing the EU to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990. The Council also set a binding target of a 20% share of renewable energies in overall EU energy consumption by 2020.

This new target will require a substantial increase in Renewable Energy (RE) investment.

In line with EU policy orientations, five areas have been defined for EIB energy lending: renewable energy; energy efficiency (EE); research, development and innovation (RDI) in energy; security and diversification of internal supply (including trans-European energy networks); and of external supply (Neighbourhood and Partner Countries).

The EIB's Management Committee at the Board of Governors' meeting.

Right to left: P. Oresharski, Finance Minister for Bulgaria, P. Steinbruck, Finance Minister for Germany, J. Almunia, EU Commissioner.

Renewable energy

In 2006, the EIB signed loans totalling nearly EUR 3bn for projects within the EU in the energy sector, and the aim now is to raise this to up to EUR 4bn. Outside the EU, about EUR 1bn last year went to energy projects in Turkey, the Mediterranean and ACP partner countries.

Renewable energy projects signed in the EU totalled EUR 456m in 2006, bringing the total amount for EIB-financed renewable energy projects in the last five years to over EUR 2.2bn. Under the new measures, half of EIB lending in electricity generation will be earmarked for renewable technologies, with a minimum annual target of EUR 800m.

Special emphasis will be placed on emerging renewable technologies: the possible share of EIB financing will be increased to up to 75% of the cost of RE projects from the current 50% ceiling. The concentrating solar power industry is one example that the EIB is already actively supporting[5].

The Governors also endorsed a set of screening criteria for the financing of coal/lignite power stations, to ensure that the use of carbon-intensive fuels is still compatible with the overall targets for emissions.

In addition, the EIB plans to develop financial instruments specifically for the RE sector, including framework facilities for smaller-scale investments, and to increasingly use structured finance (through the Structured Finance Facility and the new Risk-Sharing Finance Facility (see box)) and equity funds.

Energy efficiency

Energy efficiency considerations will be introduced into all projects financed by the Bank, with the aim of promoting the most energy-efficient solutions. In appraising projects, preferential treatment will be granted to those that display the highest energy efficiency. The customary share of EIB financing will be increased to up to 75% of total cost for projects resulting in a reduction of energy consumption by at least 20%.

The Bank will also expand the financing of energy efficiency projects, in particular those of the public sector and of small and medium-sized enterprises, as well as buildings and combined heat and power projects. It will continue to support the modernisation of existing power generation and transmission networks, together with other investments promoting the rational use of energy and increased energy efficiency in transport and industry.

RDI

RDI in energy will be pursued, among other ways, under the Risk-Sharing Finance Facility (RSFF), a new EIB/Commission instrument that will finance the higher-risk investment needs of innovative companies (see box and article on p. 4).

The EIB will support the European Technology Platforms devoted to energy and research infrastructures, financing high-risk research, development and innovation promoters who may previously not have had access to EIB finance.

In addition, the Bank will support RDI in carbon capture and storage (CCS) and demonstration plants, as well as large European research infrastructures in the energy sector. The process of capturing, transporting and storing carbon is an expensive, technically challenging exercise, which is not compensated for by the market. Viable technologies exist, but on a pilot scale. Very significant investment in large-scale demonstration plants will be required to introduce CCS technology widely and to bring the process down to a cost level that could realistically be introduced in the developing world. The EIB intends to finance these demonstration plants.

Security and diversification of internal supply

The EIB will support projects contributing to diversification at an EU level, in particular electricity and gas grids, gas/oil storage facilities and power stations. More selectivity will be applied in financing coal/lignite-fired electricity generation projects while future national energy plans are being developed and endorsed at EU level, also taking into consideration the security of energy supply.

"In pursuing security and diversification of internal supply, the Bank will carefully balance security and environmental considerations when it comes to coal technology," EIB President Philippe Maystadt told the Board of Governors. "Special emphasis will continue to be placed on financing trans-european energy networks, a traditional line of work for the Bank".

Security and diversification of external supply

The Board of Governors endorsed the establishment of a multi-annual EUR 3bn facility to support projects (approved individually by the EIB's Board of Directors[6]) that contribute to energy sustainability and security of EU energy supply in Neighbourhood Countries[7], ACP, South Africa and ALA until end-2013. This facility will be used when the Bank does not need the support of the EC guarantee to mitigate sovereign or political risk to protect its own credit standing (i.e. in investment grade countries or when appropriate security can be provided).

The proposed facility would thereby help to optimise the use of the relatively scarce resources that benefit from the Community Guarantee, while enhancing the profile of EU action to address climate change and security of supply. The main types of projects eligible are renewable energy, energy efficiency, carbon capture, transportation and storage and projects contributing substantially to the security of EU energy supply. A mid-term review of this facility is foreseen by 2010.

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[1] See article on Corporate Operational Plan 2007-2009, p. 5.
[2] See article on EPOS II, p. 11.
[3] See article on Forum, p. 33.
[4] See EIB Information 126, pp. 17-19 and article on p. 9.
[5] See article on Andasol, p. 8.
[6] The EIB's Board of Directors consists of 28 Directors nominated by each Member State and the European Commission. It takes decisions in respect of loans, guarantees and borrowings.
[7] In the terminology concerning the external relations of the EU, the eligible Neighbourhood Countries are Algeria, Armenia, Azerbaijan, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine.

RSFF: focus on research and innovation*

During the Governors' meeting, the EIB and the Commission signed a cooperation agreement establishing a new EUR 2bn Risk-Sharing Finance Facility (RSFF) to support research and innovation in Europe.

RSFF combines EUR 1bn from the EU budget (through Research Framework Programme 7) with another EUR 1bn from the EIB surplus to leverage loans for research, development and innovation in Europe, notably in the energy sector.

RSFF extends EIB lending under the Lisbon Agenda – the EU's strategy to meet increasing world competition and globalisation – into the crucial but difficult range of sub- or low investment grade loans. Apart from the financial value added provided by the EIB, it can also play an important catalytic role in providing confidence and sharing risks with other fund suppliers, including the commercial banks.

"The Risk-Sharing Finance Facility is one of the most exciting new ideas in the EU's 7th Research Framework Programme," European Science and Research Commissioner Janez Potočnik told the Governors in a video link from Hamburg. "Through co-operation with the EIB, it will unlock billions of new investment for research, development and innovation in Europe."

* See article, p. 6

"The EIB plays a key role in the neighbourhood policy of the EU," the Commissioner for Economic and Financial Affairs, Joaquin Almunia, told the Board of Governors' meeting.

Looking beyond Europe

EIB lending to support EU enlargement amounted to EUR 3.2bn in 2006, while EIB backing for EU development aid and cooperation policies accounted for EUR 2.7bn. Half of this latter figure came under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and over one quarter was directed to ACP countries under the Cotonou Investment Facility.

In 2007 the new EIB external lending mandate for 2007-2013 has come into force[8], and a new protocol for the ACP countries will come into effect in 2008.

"The external mandate is confirming the role of the EIB as the bank of the European Union, driven by the policies of the European Union, and called on to implement such policies in collaboration with the European Commission and other IFIs," Mr Maystadt said. "A number of implementation steps are under way, the most promising of which are those based on a well-coordinated combination of grant instruments from the Commission and Member States and loans from the EIB, as in the case of the EU-Africa Infrastructure Trust Fund." □

by Daniela Sacchi-Cremmer Communication Department

[8] See EIB Information 126, pp. 6-7

Energy added to lending priorities for 2007 - 2009

Activity will also focus on economic and social cohesion; fostering innovation; support for SMEs; development of trans-European networks; and environmental sustainability.

The EIB is a forward-looking bank and its aspirations and ambitions for the future can be glimpsed by consulting the Bank's Corporate Operational Plan 2007-2009. The Corporate Operational Plan is the EIB's main planning document. It is a three-year rolling medium-term programme, which is approved by the Board of Directors. As a transparent institution, the EIB publishes the Corporate Operational Plan on its website (http://www.eib.org/about/objectives/index.htm).

Energy gets high priority

Energy has become a key item on the European Union's policy agenda and for the Bank. As a result, energy has been classed as one of the EIB's priority objectives in the Corporate Operational Plan 2007-2009. EIB lending in the energy sector is not new, but raising it to priority level implies increased allocation of high-level staff and financial resources.

The new priority objective has been labelled "Sustainable, competitive and secure energy", all three elements being equally important. Quantified minimum lending targets are set at EUR 4bn annually in loan signatures, with a sub-target of EUR 600-800m for renewable energy.

Energy investments are now one of six priority areas for the EIB in the European Union, the others being economic and social cohesion, support for innovation, development of trans-European networks, environmental sustainability, and support for small and medium-sized enterprises.

Priorities outside the EU

Outside the European Union, the EIB will be active under a series of new mandates in the years to come. The funds available have been increased. Under the new external mandates the EIB can lend up to EUR 27.8bn over the period 2007-2013, compared to EUR 20.7bn under the 2000-2006 mandates.

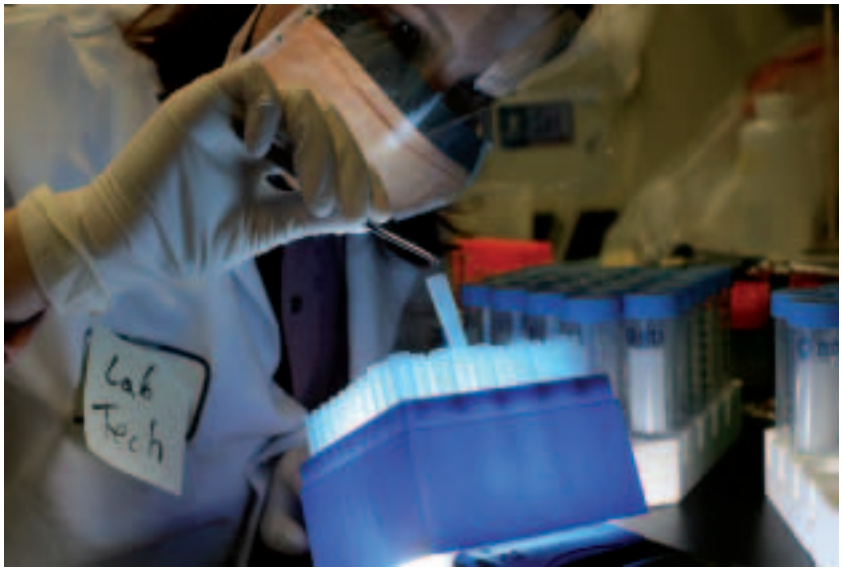
For the Accession, Candidate and potential Candidate Countries EUR 8.7bn is provided. Under the European Neighbourhood Policy, which drives the EIB's lending in the countries bordering Europe to the south and east, EUR 12.4bn in loans will be made available, making it the EIB's biggest mandate ever outside the Union. This will make it possible for the Bank to meet the high level of expectations in the Mediterranean and, at the same time, to start operations in the east – in Russia, Ukraine and Moldova, as well as in Armenia, Azerbaijan and Georgia.

New mandates also govern activities in Asia and Latin America, and South Africa. The countries of Africa, the Caribbean and the Pacific are covered by the Cotonou Partnership Agreement, which was concluded in 2000 for a 20-year period.

Cooperation with the Commission

And yet more news. The Corporate Operational Plan 2007-2009 also details new vehicles of cooperation with the European Commission: JASPERS to provide technical assistance in the twelve newest Member States; JEREMIE to improve access to finance for small enterprises, including start-ups and micro-credit; and JESSICA to promote sustainable urban renewal in the context of EU regional policy. New risk-sharing financial instruments will support innovative and trans-European transport projects. □

by Cees Post
Communication Department



by Thomas C. Barrett
Action for Growth
Instruments Department

RSFF – European Commission and EIB launch new instrument to finance research and innovation

The European Commission and the European Investment Bank signed on 5 June a cooperation agreement establishing the new Risk-Sharing Finance Facility (RSFF) to support research and innovation in Europe. This new instrument will help to make more financing available for promoters of research and innovation projects, which often face more difficulties than traditional business sectors in accessing finance due to the relatively high levels of uncertainty and risk inherent in their activity. RSFF, part of the EU's 7th Research Framework Programme (FP7) and the EIB's programme for research and innovation, will partially cover the financial risks borne by the EIB when financing this type of activity. The capital contribution of EUR 1bn each from FP7 and the EIB is intended to leverage EUR 10bn of additional financing by the EIB for the research and innovation sectors.

"Europe needs to find ways to boost investment in research, particularly from private companies," said European Science and Research Commissioner Janez Potočnik. "The Risk-Sharing Finance Facility is one of the most exciting new ideas in the EU's 7th Research Framework Programme, and through cooperation with the EIB will unlock billions of new investment for research, development and innovation in Europe."

"RSFF is another demonstration of very effective cooperation between two EU institutions to support European competitiveness," said EIB President Philippe Maystadt. "By targeting higher risk financing in support of research and innovation projects, the facility will complement the existing support instruments including national and EU grants as well as market debt and equity funding. RSFF is a key part of the EIB's strategy of creating greater value added and will also enable the EIB to expand considerably the range of RDI projects it finances under the Lisbon Agenda".

This major initiative was launched simultaneously in Hamburg and Luxembourg. The agreement was signed in parallel by Commissioner Potočnik in Hamburg during the 4th European Conference on Research Infrastructures (ECRI 2007) and by EIB President, Philippe Maystadt, during the annual meeting of the EIB's Board of Governors in Luxembourg.

RSFF – the Risk-Sharing Finance Facility

If the EU is to reach its target of investing 3% of its GDP in research, it is vitally important to boost private sector investment in R&D. An important pre-condition to achieving this is mobilising financial markets. However, financial institutions and companies are often reluctant to back research-intensive investments due to the relatively high levels of uncertainty and risk inherent in this activity compared to more traditional business areas. The Risk-Sharing Finance Facility is a direct answer to these challenges and will provide opportunities for new and innovative EIB financing solutions through loans or guarantees for research-intensive companies and institutions. Its objective is to improve access to senior, mezzanine and structured debt financing for promoters of research and innovation investments by sharing the underlying risks between the promoters and the EU/EIB. Under RSFF, the EIB can accept exposure to higher risks than under its normal lending activities, either in the form of counterparts with a higher risk profile or through transaction structures involving higher financial risks. RSFF finance can be provided to low or sub-investment grade companies including the vast number of typically unlisted and unrated midcap as well as small and medium-sized companies in Europe. Sub-investment grade financing refers to credit risks equivalent to "BB" or "B" on the rating scale of leading international rating agencies.

RSFF can finance promoters of projects in a wide range of RDI (research; technological development; demonstration and innovation) activities – including: fundamental research; applied research; pre-competitive development; pilot and demonstration projects as well as innovation – provided that these investments contribute to European RDI policy objectives.

RSFF financing is available for promoters of research-intensive projects being implemented by private and public entities of all sizes and ownership, including: corporates; midcaps; small and medium-sized enterprises (SMEs); special purpose companies; PPPs and joint ventures; research institutes; universities; science and technology parks. RSFF will also be available to finance the six highly innovative Joint Technology Initiatives (JTI) being developed under the European Technology Platforms (ETPs) – in biosciences, advanced medicines, microelectronics and nanotechnology – as well as companies eligible under the Eureka Programme.

Projects eligible for RSFF financing can be located in EU Member States, the European Free Trade Area (Switzerland, Norway, Iceland and Liechtenstein) and Israel, Turkey, Croatia and Serbia.

The scope of investments eligible for RSFF is wide and extends from traditional "bricks and mortar" investments to equipment and intangible investments such as R&D operating costs, salaries of researchers, management and support staff as well as the acquisition of intellectual property rights and the commissioning of research by corporates from public research institutions.

Projects with minimum EIB financing of EUR 7.5m can be financed directly by the EIB. For small and medium-sized enterprises and projects with an investment cost of up to EUR 25m the EIB is in the process of developing risk-sharing credit facilities to be made available to its partner banks in the EU and associated countries.

European research infrastructures

RSFF will also be used to finance research infrastructures, which play a crucial role in the promotion of knowledge and technology in Europe, bringing together a wide variety of scientists and disciplines. In 2006, ESFRI (European Strategy Forum for Research Infrastructures) published its roadmap identifying 35 priority EU-scale infrastructures required in key scientific areas at an estimated investment cost of EUR 14bn. XFEL, the European X-ray Free-Electron Laser (a facility for the production of intense, short pulses of X-rays for scientific research promoted by Germany and supported by 13 partner countries), was the first ESFRI project to be launched in Hamburg this month.

Significant progress has already been made by the Bank in approving a series of bioscience, renewable energy, automotive and SME projects in Germany, Spain, Italy and Austria that will be financed under RSFF, a first list of which will be announced by the Bank in July. □

by Teresa Calvete and Joaquin José Cervino, Operations Support Department

Andasol awarded European Renewables Deal of the Year 2006

Andasol Solar Thermal Power Project[9] has been awarded the European Renewables Solar Deal of the Year 2006 by Project Finance, the magazine for project and infrastructure finance news and analysis.

Andasol is the first of two identical concentrating solar thermal power generation plants (Andasol I and II), each with a capacity of 50 MWe, to be developed in a wide valley north of the Sierra Nevada, some 60 km south-east of Granada, in Spain. This is the largest thermal solar project to date in Europe and the first to be project financed. It is also the world's second largest solar plant after the SEGS facility in the Mojave desert in Southern California.

The Promoters are ACS/Cobra and Solar Millennium AG, respectively the largest civil works and industrial services company in Spain, and an innovative and globally oriented German technology and services company specialising in large-scale solar thermal power plants.

The technology of Andasol I and II is tried and tested – a parabolic trough solar generator combined with a salt tank storage facility giving 19 hours of output per day – and has been in use for 20 years in California. The parabolic trough plants produce 50MW and will feed 157GWh per year of solar electricity into the Spanish grid, corresponding to the annual energy demand of a large city with 45 000 households. Included in the project's scope is a thermal storage facility enabling the plants to operate for several hours without solar radiation and therefore to meet daytime power demand more adequately.

Due to their lower technology efficiency and higher costs, solar thermal plants are unable to compete in the power market on a commercial basis and need a regulatory framework with special incentives for such developments. In Spain, both Andasol deals benefit from tariff incentives to encourage the development of up to 400MW of solar power (200MW for solar thermal and 200MW for photovoltaic). Furthermore, the direct off-taker will not be a local incumbent but the national grid.

The key issue for the financing institutions was the plant's ability to service debt, and over what period, given that the construction cost per MW of a solar project is roughly EUR 6m – six times that of a wind project. BNP Paribas, Sabadell, WestLB and Dexia arranged the financing, with the EIB and ICO (the Spanish Official Credit Agency) coming in as lead arrangers in primary syndication. The EIB loan authorisation for Andasol I is for EUR 222m, of which EUR 60m takes full project risk under the Bank's Structured Finance Facility[10] (SFF) and EUR 162m is available for intermediation or guarantees by the co-financing banks. The loan authorisation for Andasol II is for EUR 147m,of which EUR 60m under the SFF and EUR 80m available for intermediation or guarantees by the co-financing banks.

This project is also noteworthy in contractual terms because, under the building agreement, the builder "UTE" (unincorporated joint venture), organised by Cobra and the Spanish engineering firm Sener, assumed many of the risks inherent in the building stage, restricting recourse to the partners' equity.

The contractual structure has made it possible to provide substantial value added to the borrower through lower overall pricing, including two significant pricing step-downs at predetermined dates in the future if the results are in compliance with the business plan. □

[9] See EIB Information 124, p. 8.

[10] In order to match the types of funding to the requirements of projects with a high-risk profile and to pursue its equity financing and guarantee operations in favour of large-scale infrastructure schemes, the EIB has established a Structured Finance Facility (SFF). See EIB Information 122, p. 7, "EIB adapts its European lending operations structure to meet the challenges of its new strategy".

by Juan Manuel Sterlin Balenciaga
Communication Department

EIB launches new Carbon Funds with World Bank and KfW

Partnerships helping the world to move towards a low carbon economy and achieve sustainable development

Only a few days after the European Council underlined the need to tackle the challenges of climate change effectively and urgently, and committed the EU to a major reduction of greenhouse gas emissions by 2020, the European Investment Bank launched two new joint facilities with other financial institutions in order to finance the trading of carbon rights under the European Union's Emissions Trading Scheme (EU ETS). These initiatives follow on from the Multilateral Carbon Credit Fund that the EIB recently established with the European Bank for Reconstruction and Development (EBRD) (see previous EIB Info).

The Carbon Fund for Europe

The Carbon Fund for Europe (CFE) was launched in Brussels on 20 March 2007. The CFE, a trust fund established by the World Bank in cooperation with the EIB, is designed to help European countries meet their commitments under the Kyoto Protocol and the EU ETS.

Four governments and one company make up the capital of the fund's first tranche of EUR 50m. These are: Ireland, Luxembourg, Portugal, the Flemish Region and Statkraft Carbon Invest AS (Norway). The first tranche is fully funded and no additional participation is envisaged.

While the World Bank brings its expertise and experience of the carbon market to the CFE, the EIB brings its intimate knowledge of the European economy and a rich project pipeline in developing countries. Through the CFE, the two institutions will complement private sector development in the emerging carbon market and seek ways to support essential private carbon market development. The CFE is linked to World Bank and EIB instruments that assist projects financially and technically with respect to investment needs, project develop-

The Carbon Fund for Europe (CFE) was launched in Brussels on 20 March 2007. Right to left: J. Delbeke, Director DG Environment, European Commission; S. Brooks, EIB Vice-President; J. Chassard, Manager of the World Bank Carbon Finance Unit.

ment and documentation and registration requirements.

The CFE will be the 10th carbon fund managed by the World Bank. Together these funds total more than USD 2bn.

How the CFE works

The fund will purchase greenhouse gas emission reductions through the Kyoto Protocol's Clean Development Mechanism (CDM) and Joint Implementation (JI) schemes from climate-friendly investment projects from either bank's portfolio as well as self-standing projects. The CDM and JI are flexible mechanisms of the Protocol that, under strict conditions, allow industrialised countries to fulfill some of their greenhouse gas emission-reduction commitments via projects in the developing world and in countries with economies in transition.

In addition, the fund can purchase carbon credits generated by a project beyond 2012, after the expiry of the current Kyoto Protocol – up to a limit of 40%.

Projects are prepared, appraised and financed either by the World Bank or the EIB directly or through implementing entities. Implementing entities include private sector companies that will be selected through public procurement processes. European banks and financial institutions will also be invited to collaborate with the fund. The CFE is interested in projects that already have clear implementation plans and a defined operational start date. It will consider all types of emission-reduction or removal projects. Anyone can submit projects to the CFE, as long as projects are credible and financially sound. Projects should be able to offer a minimum annual emission reductions volume of 100 000 tonnes of carbon dioxide equivalent.

The EIB-KfW Carbon Programme

The EIB-KfW Carbon Programme was launched at the Carbon Expo in Cologne in May 2007. Established as a purchasing programme for project-based emission certificates according to the flexible mechanisms of the Kyoto Protocol, the EIB-KfW Carbon Programme is designed to meet in particular the needs of the EU's smaller companies (with a minimum contribution level of only EUR 500 000) not wishing to purchase certificates directly from a project developer. Participating companies acquire additional alternatives to fulfill their commitments under the EU ETS.

At the same time, the purchase of project-based emission certificates generates additional cash flow for these projects. This encourages investment in climate protection, promoting the transfer of modern technologies and supporting sustainable development in developing and industrialising countries. By providing greater liquidity and offering additional risk sharing and credit products not currently widely available in the market, the EIB-KfW Carbon Programme supports the ongoing development of the EU ETS and the emerging market in Carbon Credits in general.

Benefits for companies

It is estimated that around 12 000 facilities in the EU will have to adhere to individual caps on emissions under the EU ETS. The EIB-KfW Carbon Programme offers companies wishing to use the flexible mechanisms of the Kyoto Protocol in their future CO_2 strategy important advantages such as:

- Risk diversification through the portfolio approach
- Utilisation of the EIB and KfW's international experience and access to attractive projects
- No need to build up own capacities within the company
- Low cost due to standardised procedures and efficient management
- Participation even with small amounts
- Delivery guarantee possible for SME participants.

The Carbon Programme only acquires approved certificates that can be utilised in the EU ETS.

New opportunities for projects

The emission certificates will be acquired at competitive and market-oriented prices by means of a transparent procedure based on the principles of risk and return.

Generally, the following types can be purchased:

- CERs (from CDM projects in developing and industrialising countries)
- ERUs (from JI projects within and outside the EU)

All projects – except industrial gas projects – are eligible provided they do not fall under the exclusion criteria defined by the Kyoto Protocol and the EU Emissions Trading Directive (nuclear power plants, forestry and

land use projects, or "CO_2 sinks", large hydropower projects). It is understood that all projects must fulfill internationally accepted environmental standards.

In order to keep transaction costs low, the total transaction volume should normally be a minimum of 150,000 t CO_2e . The selection of projects also depends on the approval of the host country as well as of the German Federal Government.

Other advantages for project promoters worldwide include:

- Long-term contracts at market-based prices
- Contracts meeting international standards
- AAA off-taker
- Additional cashflow, better bankability
- Guidance through the Kyoto process
- Advance payment possible

Post-2012 Carbon Fund

One of the most important initiatives now under way is the EIB's leadership, in collaboration with a number of other EU financial institutions, in planning for the establishment of a "Post-2012 Carbon Fund", which will underpin the market value of current and future projects that will produce Carbon Emission Rights after the expiry of the current Kyoto Protocol in 2012.

The purpose of this fund is to encourage and facilitate investment in projects that give rise to carbon credits but are constrained in their implementation as a result of the existing inability to monetise their carbon cash stream post-2012. The fund will improve the bankability of such projects by investing "patient and catalytic public sector funds" particularly during this period of high uncertainty in the EU, as well as internationally, as to what will follow the Kyoto Protocol.

Against this background, the EIB is continuing to work intensively on the financing of projects that generate carbon credits throughout all countries in which it has a mandate. In particular, the EIB Climate Change Technical Assistance Facility (CCTAF) provides upfront funding for activities associated with the development of such projects.

Additional information on these initiatives is available from the dedicated website: www.eib/environment. □

EIB stand at Carbon Expo 2007

EPOS 2: The Climate Awareness Bond (CAB)

by Aldo Romani and Mike Majewski
Capital Markets Department

Energy is the main factor in climate change, accounting for some 80% of the EU's greenhouse emissions. The European Council has therefore adopted an ambitious action plan that aims to protect the climate via a "sustainable integrated European Climate and Energy Policy". Key to this plan are sizeable investments in renewable energies/energy efficiency and substantial reductions in EU carbon emissions.

In addition to continued and growing lending activity in these areas, the EIB is now also promoting the EU's objectives via an innovative capital market transaction: the "Climate Awareness Bond". This issue, announced on May 22, offers a new investment opportunity of both environmental and financial value with an unprecedented reach of distribution.

Environmental components

- Use of funds for cleaner energy. The proceeds will be lent by the EIB exclusively to future projects within the fields of renewable energy and energy efficiency (the EIB's Corporate Operational Plan 2007-2009 targets a minimum lending volume of EUR 600-800m per year for renewable energies alone). This will be reflected in the EIB's audited financial statements, allowing public monitoring of actual disbursements from the issue.

- Return linked to the performance of a new equity index with emphasis on European corporates' environmental responsibility. The index, expressly created for this transaction, consists of the largest among the European corporates that score best in an environmental rating of their management practices. Ratings and index calculations are independently performed by FTSE, the index company jointly owned by the London Stock Exchange and the Financial Times, on the basis of publicly available criteria. All (i.e. not only "green") industries are considered, with two main objectives: first, to limit the impact of volatility and risk in the determination of the investors' return; and, second, to draw attention to, and thereby help foster, virtuous behaviour in all European corporate sectors, particularly those with the greatest environmental impact (a "best-in-class" approach).

- Investor option at maturity to buy and cancel European Carbon Allowances ("EUAs") under the EU Emissions Trading Scheme. If the return, which is paid once at matur ity in five years, exceeds 25% (roughly equivalent, at present, to the capitalised average yield of five-year conventional Eurozone government bonds), investors have the option – but not the obligation – to use all or part of the excess to purchase and cancel EUAs (excluding carbon credits from outside the EU) with the help of one of the arrangers. This is the first time that an issuer is placing the expertise of a professional carbon trader as well as a new settlement infrastructure at the disposal of all categories of capital market investors for a direct contribution to EU compliance with the Kyoto Protocol targets. A higher EU carbon price, in fact, encourages the development and use of low carbon technologies within the EU.

Financial components

From a financial point of view, the bonds are primarily conceived for risk-averse investors with a medium-term investment horizon (including small retail investors) that want to be able to profit from future equity market performance without the risk of a direct equity investment and with the certainty of a minimum return. Another target are socially responsible investors that wish to diversify portfolios of "green" equities, which often provide high potential return but also above average volatility and risk. This has led to:

- Small denomination, intermediate maturity, capital protection, guaranteed minimum return and still a high participation in future equity-index performance. The bonds are available in denominations of 100 euros, permitting even small investments. In five years, they will be redeemed at 100% of face value. The investors will not receive coupons but rather a single payment at maturity equal to roughly 80% of the five-year performance of the reference index, with a minimum payment of 5%. Simulations have shown a high correlation of the reference index with overall equity market development. Additional performance vis-à-vis broader indices may result from the increasing market preference for the companies that pay more attention to the environment versus peers.

Distribution components

- Passporting of the prospectus throughout the EU. Following the success of its first European Public Offering of Securities ("EPOS") within the Eurozone last year[11], the EIB has again "opted in" under the EU Prospectus Directive, extending its use to the whole EU for the first time. The Luxembourg regulator has approved and "passported" the prospectus with all the competent national authorities, making the bonds available for sales to all categories of investors in each of the 27 domestic markets of the Union. This has made it possible to syndicate the issue among 15 banks of different nationalities (some of which are already truly trans-national, such as the UniCredit group), securing distribution via several retail networks at the same time. This feature is unusual in this market segment and allows for larger issue size, easier investor access to the bonds, higher transparency and visibility. This contributes to service improvements for investors in the secondary market, highlighting the potential advantages of greater financial integration in the EU.

Overall, the CAB extends climate awareness to capital markets, demonstrating that public benefits can be pursued without renouncing economic returns and that European capital markets are more dynamic than others in this field, thanks to the initiatives of the EU. In the words of Bertrand de Mazières, Director General of Finance at the EIB: "The EU has taken a leading role in tackling climate change. With this bond the EIB is inviting investors and the banking community to join that endeavour, further highlighting the EIB's commitment to promoting EU objectives". □

[11] See A.M. Romani, EPOS: E pluribus unum, EIB Info no. 124, 3-2006, p. 20.

Size:	EPOS benchmark size
Maturity Date:	28 June 2012 (5-year)
Price:	100%
Coupon:	None
Redemption amount:	100% (capital protected)
Additional redemption amount:	Index-linked Index: FTSE4Good Environmental Leaders Europe 40 Index participation: around 80%, as determined on 25/6
Minimum additional redemption amount:	5%
CO_2 option:	At maturity, investors have the option of using any additional redemption amount in excess of 25% to purchase and cancel EU Allowances (EUAs) allocated and traded in accordance with the EU Emissions Trading Scheme referred to under EU Directive 2003/87/EC
Documentation:	Prospectus prepared in European Public Offering of Securities (EPOS) format, in compliance with the EU Prospectus Directive (prospectus approved and passported by CSSF - Luxembourg into all countries of the EU)
Public offering:	in all 27 countries of the EU
Offering period:	29 May to 22 June 2007
Denomination:	EUR 100
Settlement:	28 June 2007
Listing:	Luxembourg and possibly other EU stock exchanges
Arrangers and joint bookrunners:	Dresdner Kleinwort, Merrill Lynch International and UniCredit Markets & Investment Banking
Syndicate:	Co-lead managers: BBVA, Barclays Capital, NBG, Natixis Co-managers: Dexia Capital Markets, ING Wholesale Banking, UBS Investment Bank Selling Group: Banca Comerciala HVB Tiriac SA, Bank Austria Creditanstalt d.d. Ljubljana, HVB Bank Czech Republic A.s., Rasbank S.p.A., UniCredit Bank Slovakia a.s.

Bond Market Innovation

Enhancing potential for future lending in New Member and Partner Countries

EIB is not only one of the largest and most frequent borrowers in the international capital markets, it is also among the most innovative, with local currencies of new and future EU Member States and EU Partner Countries as a key focus of innovation.
In these markets the Bank's borrowing strategy aims to both assist capital market evolution and, where possible and appropriate, support lending activities. Where funding and on-lending can be combined, borrowing in local currencies can offer important value added for loan customers by eliminating currency risk, quite apart from the other advantages of EIB loan products.

by Peter Munro and Christian Kyster
Investor Relations Division

While the vast majority of EIB issuance volume continues to be achieved in the three core currencies – EUR, GBP and USD (which accounted for 83% of the EUR 48bn raised last year), the Bank issued in no less than 24 currencies in 2006.

In 2006 and early 2007, the Bank raised funds for the first time in seven currencies of new and future EU Member States and EU Partner Countries. These were the Romanian leu (RON) in the domestic market, the Russian rouble (RUB) in the international market, and in synthetic format, the Botswana pula (BWP), Egyptian pound (EGP), Indonesian rupee (IDR), Mauritian rupee (MUR) and Namibian dollar (NAD). Highlights of the debut transactions in Romanian leu and Mauritian rupee are described below. The Bank also achieved important developmental milestones through repeat issuance in certain currencies, notably Turkish lira (TRY), profiled below. Since 2004, the Bank has issued bonds in currencies of 17 new/future Member States and EU Partner Countries, raising a combined total of over EUR 7.7bn equivalent.

Development of a solid presence in the capital market of a given local currency is a platform that may open the way for local currency lending. Examples of currencies

where such borrowing and on-lending has taken place in recent years include Czech koruna (CZK), Hungarian forint (HUF), Polish zloty (PLN), Slovakian koruna (SKK) and South African rand (ZAR).

New Member State case study – First issue in Romanian leu

Following extensive preparatory work over the past year, the Bank launched its first bond denominated in Romanian leu in early May. This bond was launched on the domestic market, with a view to accessing the local investor base and helping diversify the range of alternatives available to those investors.

The issue also reflected a request from the Romanian Government for EIB to launch an issue on the domestic market at the longest possible maturity. With a maturity of seven years, this bond is noteworthy for being the longest-dated issue in the market.

The issue was originally announced for a minimum benchmark size of RON 150m but, due to the favourable reception, it was increased to a final size of RON 300m (approx. EUR 90m).

Philippe Maystadt, President of EIB, will lead a bell-ringing ceremony at the stock exchange in Bucharest to mark the start of trading for this bond on 8 June.

Issuance in currencies of new/future Member States and selected EU partner countries (2004-2007*)

[in EUR million equivalent]

Currency	Total
Bulgarian lev (BGN)	153
Brazilian real (BRL)	784
Botswana pula (BWP)	115
Czech koruna (CZK)	18
Egyptian pound (EGP)	107
Hungarian forint (HUF)	1 282
Indonesian rupee (IDR)	22
Maltese lira (MTL)	23
Mauritian rupee (MUR)	23
Mexican peso (MXN)	183
Namibian dollar (NAD)	33
Polish zloty (PLN)	308
Romanian leu (RON)	90
Russian rouble (RUB)	125
Slovenian tolar (SIT)	17
Turkish lira (TRY)	3 341
South African rand (ZAR)	1 058
Total	**7 683**

* As of 9 May 2007

EU Accession Country case study – Record size in Turkish lira

The strong role in this market reflects not only a strategic response to market demand, but has equally been motivated by the Bank's wider policy towards the EU Partner Countries and, more recently, in October 2005, by the EU-Accession status granted to Turkey.

The Bank has built a strong track record of complementing Turkish government bond issuance with innovative alternatives, since the Bank's debut in the Turkish lira market in early 2004. The first issue was in synthetic format, overcoming the fact that the Turkish currency was not at that time used as an international settlement currency. In 2005, the introduction of the new Turkish lira (TRY) and international settlement for bonds in TRY were followed by strong growth in the international TRY market. In 2006, about EUR 3.9bn equivalent was raised by the international market in TRY, with EIB accounting for almost one third of 2006 issuance (EUR 1.1bn).

The Bank has systematically built a TRY yield curve, giving investors new alternatives in terms of maturity, including on three occasions the then longest-dated coupon-bearing issues in the market (maturing 2010, 2015 and 2016). Enhancing liquidity has also been a priority. Hence, existing issues have been increased and, early this year, the Bank launched a TRY 1bn 2009 issue, which was the Eurobond market's largest Turkish lira-denominated issue in a single tranche.

Investors internationally have welcomed the Bank's strategic approach resulting in an exceptionally comprehensive yield curve, which now offers over 17 bonds with outstandings of over TRY 5.6bn/EUR 3.2bn.

EU Partner Country case study – First international Mauritian rupee bond

The EIB extended Euromarket bond issuance in African currencies with the launch of the first ever Mauritian rupee issue in the international market (MUR), with an issue size of

The complex path to innovation

The overall approach to capital market development, notably in New Member and Partner Countries, is set out in the Bank's Corporate Operational Plan, and can be summarised as follows:

Where market conditions permit, the Bank aims to improve liquidity, yield curve development and product diversification. In new Member States, the Corporate Operational Plan sets out additional specific objectives: where the prospect of adopting the euro constrains liquidity and issuance, the Bank may provide local currency via swaps. Also, where possible, the Bank seeks to contribute to increased efficiency of secondary markets by building up EIB issues towards benchmark size, and improving secondary market-making by local and international banks. In terms of product, there are special efforts to pioneer longer maturities and introduce new structured products in response to local institutional demand. However, the Bank aims to cater to both domestic and international demand.

EIB is often the first foreign or AAA-rated issuer to access such markets, and this is reflected in the frequently long and resource-intensive developmental process to prepare issuance in such a currency, in particular the debut issue.

The avenues available to EIB as an issuer vary. In case a currency is not designated as an international settlement currency, issuance is sought in the domestic market. Domestic issuance has further advantages including facilitation of issuance in a currency that is not fully convertible or enhancing penetration of the local investor base. Alternatively, issuance in synthetic format (denominated in a local currency but settled in a major convertible currency) facilitates international issuance in a currency that is not fully convertible. This can be a stepping stone towards issuance in the international and/or domestic markets in non-synthetic format, and may also be relevant in some lending operations.

MUR 1bn (approx. EUR 23m). This issue was in synthetic format with payments made in euro, reflecting the fact that MUR was not yet an international settlement currency.

Going forward this provides a platform for potential future issuance to complement EIB lending activities, thereby serving the Bank's development mandate in the region. Under the successive Yaoundé/Lomé/Cotonou Conventions, EIB has already signed loans for a total amount of over EUR 273m for projects in Mauritius.

EIB breaks new ground in Commercial Paper

EIB broke new ground in the Short-Term Euro Debt Market, by becoming the first issuer to adopt the Short-Term European Paper (STEP) Market Convention (in March 2007) along with the New Global Note (NGN) format (since June 2006), for its issues of Euro Commercial Paper.

The Short-Term European Paper (STEP) initiative, supported by the European Central Bank (ECB), aims to increase liquidity and reduce transaction costs in the market for short-term debt securities by promoting the STEP Market Convention. In September 2006 the ECB announced its intention to accept the STEP market as an approved non-regulated market for collateral purposes in Eurosystem credit operations. In addition it stipulated that bearer securities issued through the International Central Securities Depositories under STEP programmes would need to be issued in so-called New Global Note (NGN) format in order to meet Eurosystem collateral eligibility criteria.

The Global Commercial Paper Programme forms one of the Bank's main liquidity management instruments. During 2006, the volume of paper outstanding under EIB's programme averaged EUR 8.25bn. Its global format helps ensure that the Bank can raise large amounts of short-term funds to cover its financing needs. Commercial paper issuance on both sides of the Atlantic in the Euro Commercial Paper (ECP) and the US Commercial Paper markets in a full range of currencies offers investors an attractive short-term investment product. □

Carl Zeiss:
small is beautiful – and successful

EIB funding has contributed to the R&D for this Starlith™ 1250 system, which enables a resolution of 80 nanometres and below.

The Bank is increasingly supporting projects on the technological frontiers, and Europe is well placed to compete in many of them at a worldwide level with several world-class companies. A good example is Carl Zeiss SMT AG based in Oberkochen (Baden-Württemberg), which operates at the frontier intersection of nanoelectronics and photonics producing optical systems for wafer steppers – the key lithographic equipment for etching patterns on semiconductor chips.

Carl Zeiss SMT is a success story of European cooperation. Jointly with the Dutch wafer stepper producer ASML, in 20 years it became world market leader in lithographic equipment, now accounting for about 50% of the world market.

The name of the game is miniaturisation – making the design of these patterns as small as possible. This downsizing is a fairly regular process, summarised by the so-called Moore's Law, according to which the performance of chips doubles every 18 months. Nowadays the design norm is in the range of around 100 nanometres (for comparison, the diameter of a human hair is about 500 times as large). At this range, traditional projection technologies using light and lenses have reached their limits, and new technologies have to be developed requiring substantial R&D resources.

A pioneer of new technology

Carl Zeiss SMT pioneered immersion technology in 2003. In this process, a liquid is placed between the wafer and the lens. In 2005, Carl Zeiss SMT first developed a lithographic system using both lenses and mirrors.

Together, Carl Zeiss and ASML have overtaken the erstwhile leaders Canon and Nikon, which share the remainder of the world market.

When Dutch/German cooperation started back in 1985, ASML was a subsidiary of Philips and Carl Zeiss SMT was a small division in the Carl Zeiss Group. Today Carl Zeiss SMT is the largest revenue contributor in the Carl Zeiss Group, with revenue of EUR 656m in 2006 and 1 900 employees.

EIB support

In line with its priority objective of financing innovation in support of the Lisbon Agenda, the EIB has financed an R&D programme for developing a new generation of optical systems, employed in sub-micron lithography for producing semiconductor wafers, and the construction of a new factory for manufacturing these optical systems.

This new plant provides 47 000 m^2 of usable area for a total investment cost of EUR 450m, of which a third was spent on machines and equipment. The Bank's loan was used to part-finance this plant and equipment as well as the ongoing R&D activity for lithographic systems. The plant was completed and officially inaugurated in 2006.

Before that, Carl Zeiss SMT's R&D and production facilities were scattered over five different locations around the Carl Zeiss Group's headquarters in Oberkochen. This resulted in a loss of effectiveness, particularly in the fine adjustments of optic system components that are made during the final set-up. The new plant is large enough to cater for the wide fluctuations in the business cycle in this industry and also hosts the R&D facilities. □

by Harald Gruber
ICT Division,
Projects Directorate

Lisbon Conference

Portugal: twenty years of EIB support for economic growth

Bridge over the Tagus

Caramulo wind farm

Porto metro

To mark the twenty years of EIB activity in Portugal since the country's accession to the European Community, the Bank held a two-day programme of events in Lisbon on 15/16 March whose high point was a conference dedicated to investment in infrastructure and RDI – research, development and innovation.


1986-2006: 20 years of the EIB in Portugal
A forward-looking partnership

The Brochure on the EIB in Portugal is available on the EIB's website

The conference – "EIB, 20 years in Portugal: perspectives for the future" – attracted considerable interest in local business and government circles and was attended by some three hundred people from the corporate and banking sectors, industry associations and government, with wide press coverage.

In his opening speech, President Maystadt highlighted the EIB's strong record in Portugal during the last twenty years (EUR 26bn in loans and an impressive portfolio of projects) and outlined the Bank's priorities for the coming years.

While the Bank will continue to support large-scale infrastructure projects, he said, there will be a difference in focus and approach: "The EIB is actively committed to financing projects aimed at improving energy efficiency and security, increasing the use of renewable sources and mitigating compliance burdens deriving from climate change policies, as well as projects fostering research, innovation, education and information technologies". "The Bank", Mr Maystadt added, "will also take more risk on individual operations and will provide new financial instruments responding to financial gaps felt in the market." The Portuguese Prime Minister José Socrates picked up much the same issues when addressing the current challenges Portugal faces and called on the EIB to support the priority investments outlined in the "national reference framework" for the period 2007-13, notably in the area of i2i.

The infrastructure session – "Public infrastructure and regional development: priorities and challenges" – gave further insight into those priorities, which are in line with the Bank's own lending objectives, drawing on the contributions of speakers from the public and private sectors, including Mario Lino, the Minister for Public Works and Transport, Pedro Serra, Chief Executive of the water group ADP, and Antonio Mota, Chief Executive of Mota-Engil, a construction group. Topics covered included the priority projects in transport infrastructure, urban rehabilitation, water and sanitation, and the role of public-private partnerships. Christopher Hurst, Director of the Transport and Energy Department in the EIB's Projects Directorate, closed this session with a speech in which he gave an account of the EIB's experience in the financing of public infrastructure projects throughout Europe and sought to draw lessons, notably from the Portuguese experience, about key issues and factors of success in this type of project. He also gave a short briefing on the new guarantee facility for transport TEN projects that the Bank is launching in cooperation with the Commission.

The session on RDI – "Research, development and innovation: preparing Portugal for the future" – also benefited from lively speeches by high-profile figures in Portugal, such as Guy Villax, Chief Executive of Hovione, a successful family-owned Portuguese chemical-pharmaceutical company and an EIB borrower, Carlos Pimenta, Chief Executive of SIIF Energies Portugal (a major player in the domestic wind power sector), and Mariano Gago, the Minister for Science and Higher Education. Minister Gago underlined the role of the financial sector in fostering the links between scientific research, innovation and entrepreneurship and highlighted successful experiences of cooperation between universities and industry in Portugal. The RDI session was closed with a speech by Thomas Hackett, Director General of the EIB's Directorate for Lending Operations in Europe, who gave an overview of the Bank's track record in the financing of i2i projects and commented on the risk-sharing financing facility, the new instrument designed to reinforce EIB support for research, development and innovation through loans or guarantees with a sub-investment grade risk profile.

In the closing address, Vice-President Carlos Costa reiterated the EIB's commitment to helping the country face the challenges of competitiveness and sustainable development in the years ahead. □

by C. Guille and R. Martins
Directorate for Lending Operations in Europe, Spain and Portugal Department

EIB inaugurates offices in Vienna and Bucharest;

JASPERS network completed

by Dušan Ondrejička
Communication Department

The EIB and the new EIB/EBRD/Commission joint initiative for European regions, JASPERS, recently inaugurated their respective offices in Vienna and Bucharest.

Ribbon cutting ceremony inaugurating the EIB and JASPERS regional offices in Vienna

Official opening of the EIB and JASPERS regional offices in Bucharest

JASPERS (Joint Assistance to Support Projects in European Regions)

To facilitate the implementation of EU regional policies, the European Commission has joined forces with the European Investment Bank and the European Bank for Reconstruction and Development, which have a long record of successful cooperation in financing projects in central and eastern Europe, to develop a new technical assistance initiative designed to improve the preparation of projects proposed for financing by EU funds and help the Member States to use the grant finances provided by the Union more rapidly and more effectively.

These offices will enhance the network of the JASPERS regional offices that now serve all the new Member States in central and eastern Europe on a regional basis, in an effort to help them use EU funding in the most effective and economical way. The Warsaw office, which helps to prepare projects in Poland and in the Baltic States, was the first to open in this region, in January this year[12].

The Bucharest and Vienna JASPERS offices are fully staffed with 19 professionals and four support staff (14 people in Bucharest and 9 in Vienna). Both will also complement two other important initiatives which the Bank and the Commission are developing in the region – JEREMIE, focused on support to SMEs; and JESSICA, which will assist sustainable investment and urban regeneration.

The JASPERS office in Vienna, inaugurated on 3 May and headed by Axel Hörhager, will provide easy access to four beneficiary countries: the Czech Republic, Hungary, Slovakia and Slovenia.

"In nearly fifty years of existence, the EIB has gained valuable expertise in financing projects in priority areas for EU regional policies. In the new Member States the Bank has provided support to projects contributing to the balanced development of the enlarged Union totalling some EUR 40bn", said EIB Vice-President Matthias Kollatz-Ahnen at the opening ceremony in Vienna. "The JASPERS office in Vienna," he added, "is expected to be a significant tool in sharing this expertise, together with our partners from the Commission and the EBRD."

The EIB Vienna office, which has been operational since the beginning of 2006, has now also moved to its final location with JASPERS in Vienna.

The Bucharest JASPERS office, inaugurated on 7 June, will help to provide support to projects co-financed by European funds in Bulgaria and Romania.

In its first two years of operation, JASPERS has already assisted projects that could help to accelerate or catalyse capital investment of over EUR 32bn in the coming years across a wide range of strategic sectors, with a focus on the environment and transport and energy infrastructure.

At the same time, a new EIB office was inaugurated in Bucharest and will be headed by Goetz von Thadden. This office will improve the EIB's responsiveness to the financing needs of public and private clients and strengthen cooperation with local institutions and partners in Romania.

"The EIB is seeking to extend and deepen its lending portfolio in Romania and to expand progressively into other priority areas, such as education and research, development and innovation as well as developing new financing arrangements such as public-private partnerships, which will be essential for future growth and prosperity", said EIB President Philippe Maystadt at the opening of the Bucharest office. □

[12] See EIB Information 126.

7th FEMIP Ministerial Council meeting:

drawing on achievements to give the Euro-Mediterranean partnership renewed impetus

by Joyce Liyan and Alain Nadeau
Directorate for Lending Operations outside Europe, FEMIP Department

FEMIP Ministerial Council, Cyprus

On 13 and 14 May 2007 the Ministerial Council of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) met for the seventh time in Limassol (Cyprus). This Council is made up of the Finance Ministers of the EU Member States and Mediterranean partner countries or their representatives. It is therefore the highest level forum for the dialogue promoted by FEMIP. At the meeting, the participants unanimously hailed the achievements in 2006 and set the objectives for the coming years within the renewed framework of the European Neighbourhood Policy (ENP).

2006: a landmark year crowned by further strengthening of FEMIP

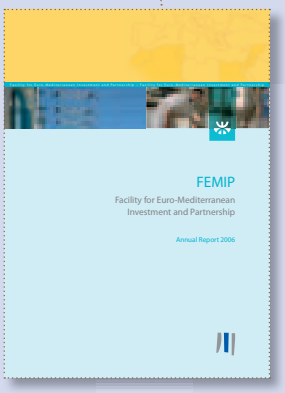
First of all, the Ministerial Council congratulated FEMIP on its activities in 2006, in particular its total new financing of EUR 1.3bn across a broad range of sectors (see box). FEMIP thus made full use of the lending mandate entrusted to the EIB for the period 2000-2006 and increased to some EUR 6bn the amount of its contribution towards the economic development of the nine Mediterranean partner countries since its launch in October 2002.

The Ministerial Council also underlined the role played by FEMIP in fostering institutional and economic dialogue in the Euro-Mediterranean area, especially through its organisation of thematic conferences (such as the Paris conference described on page 25 of this issue) and promotion of an active policy of cooperation with the other institutions active in the region (with which nearly a third of FEMIP's operations were co-financed in 2006) and with the university networks.

For its part, the EIB welcomed the fact that the Ministerial Council's debate in Tunis in June 2006 on the future of FEMIP had led to a twofold decision being taken by the Ecofin Council at its meeting in Brussels in November 2006. The first was to increase the EIB's new lending mandate in the Mediterranean to EUR 8.7bn for the period 2007-2013. This mandate will be supplemented by a sum of EUR 2bn deployed by the EIB at

FEMIP Annual Report: the year in review

In 2006, FEMIP recorded very good operating results thanks to the deployment of a range of complementary instruments. These results are examined in the new edition of the FEMIP annual report.



Energy (almost EUR 594m), private sector development (foreign direct investment; large corporate, SME and microcredit investment: EUR 380m) and environmental protection (EUR 325m) were the priority sectors for financing, with the remainder going to sectors fostering human capital development, such as health.

The number of private equity operations grew in comparison to 2005, emphasising the increased interest in this type of operation. With a portfolio totalling over EUR 380m, the EIB is currently the most active risk capital investor in the region.

As regards technical assistance, 22 new operations amounting to EUR 12.3m were signed in 2006 with the aim of improving the quality of lending and private equity operations by aiding promoters at all stages of the project cycle.

FEMIP also helped to provide greater understanding of the economic and financial challenges faced by the region by financing, via its Trust Fund, a series of studies focusing inter alia on SMEs' access to finance, the development of savings instruments and renewable energy and energy efficiency in the Mediterranean area. (For further details, FEMIP's annual report can be downloaded from www.eib.org/femip)

The FEMIP Committee
A new forum for guidance and ideas

The FEMIP Committee is the main institutional innovation introduced at the Ecofin Council meeting of November 2006. This body, which can be defined as FEMIP's "steering committee", is designed to strengthen the involvement and sense of ownership of the partner countries.

The FEMIP Committee will bring together representatives of the Member States, the partner countries and the European Commission two to four times a year. In particular, it will examine FEMIP's three-year activity programme, which will then be submitted to the Ministers. It will also give its opinion on sectoral strategies and the development of new financial products and discuss ways of facilitating the expansion of FEMIP lending to the private sector.

The first meeting of the FEMIP Committee was held at the EIB's headquarters in February 2007 and focused on the Committee's operating rules and procedures. The second meeting in April 2007 mainly concentrated on preparing for the Ministerial meeting in Cyprus. The next meeting is scheduled for November 2007.

its own risk. Overall, on a like-for-like basis, this represents a doubling of the resources allocated to the region.

The second decision reaffirmed FEMIP's remit by inviting it to step up its efforts in support of private sector development and the creation of an investment-friendly environment.

2007 and beyond: towards the development of new financial products and enhancement of the Euro-Mediterranean dialogue

To meet these objectives, the FEMIP Ministerial Council set out the strategy that it wished to see implemented in the coming years:

Firstly, to promote investment and job creation, it called on FEMIP to introduce a broader range of financial instruments: local currency loans and guarantee funds to mitigate the risks borne by SMEs; increased and diversified risk capital operations to boost the potential of high-tech or high-growth firms in order to encourage the emergence of "regional champions" in the partner countries; greater technical assistance to modernise the legal and financial systems in order to improve the business climate.

Secondly, it urged the continuation of the policy of involving all economic players in the process of discussing and raising awareness of the need for social and economic reforms, particularly through the FEMIP Committee set up at the beginning of 2007 (see box). Also with a view to enhancing dialogue within the partnership, the Ministers selected tourism and microfinance as the themes for the FEMIP conferences to be held in 2008.

Duly strengthened, FEMIP will continue to work as the financial instrument of the European Neighbourhood Policy in the countries on the southern and eastern shores of the Mediterranean. On the strength of its experience and success with fostering the modernisation of the emerging Mediterranean countries, FEMIP can even provide a model for future action in Europe's new "eastern neighbours", where the EIB is also active. □

2007 FEMIP Conference

Financial transfers from migrants in the Euro-Mediterranean area: a lever for development

The EIB and the European Banking Federation (EBF) joined forces to organise in Paris, on 22 and 23 March 2007, the 2007 FEMIP Conference on the issue of financial transfers from migrant workers in the Euro-Mediterranean area, aimed at facilitating the economic conditions governing these transfers and making better use of migrants' savings to finance development in their countries of origin.

by Henry Marty-Gauquié, EIB Group representative in Paris

To reduce costs, the most effective driving force is transparent competition: this involves creating an open market for remittances that is capable of offering a variety of products and promoting transnational banking cooperation.

This event was characterised by the fact that it involved the Euro-Mediterranean banking sector in the discussions on this subject: over the two days, the Conference provided a forum for 25 speakers and around 350 participants, including the chairmen of some 15 European and Mediterranean banks, representatives of five central banks (the ECB and the central banks of France, Lebanon, Algeria and Turkey), international organisations (OECD, IADB, AfDB), development agencies (AFD, DFID, KfW), money transfer operators, microfinance institutions and migrant communities.

Raising awareness to accelerate change

The study published by FEMIP in March 2006 (see box) highlighted the extent of the costs incurred by migrants when making transfers, their low level of bank usage – both in Europe and in their countries of origin – and the opportunity presented by providing banking services to migrants and their families to promote the modernisation of banking systems in their countries of origin.

The initiative taken by the EIB in bringing the issue of migrants' financial flows to the forefront of Euro-Mediterranean issues attracted the interest of the FEMIP Council of Ministers which met in Tunis in June 2006 and triggered a series of positive

initiatives both by banks – which began to offer products tailored for migrants – and by international institutions and development agencies, which increased the amount of information aimed at the communities concerned.

It was only natural that the EIB should want to follow up on these developments in a practical manner by organising this two-day forum. As it has established itself de facto as the Euro-Mediterranean development bank, FEMIP is also responsible for facilitating a deeper knowledge of development instruments in order to speed up the modernisation of the partner countries' economies.

In this respect, the Conference stressed the need to rapidly develop concerted strategies in the light of three facts, on which there was unanimous agreement:

- as far as migrants' financial transfers are concerned, the Euro-Mediterranean region is lagging behind developments that have been taking place in the rest of the world, especially in Latin America and Asia;
- although there have been a number of initiatives to encourage wider use of banking services and some North-South banking partnerships have been established, migrants and their families are not being offered a continuous range of banking services everywhere that meet their requirements in terms of both reasonable transfer costs and investment opportunities;
- contrary to what has happened in other parts of the world (with the exception of Turkey), no active link has yet been established between migrants' financial flows and financing of development in the Mediterranean countries of origin.

Transparency and competition

On the basis of these observations, the Conference identified three priority areas for action. The first concerns transparent competition and involves diversifying the channels used in order to create an open market for transfers, capable of offering migrants a wider variety of financial products. This is aimed in particular at setting up electronic platforms for migrant communities to provide them with information about the costs of the transfer facilities available and the services offered. This initiative must also focus on diversifying the money transfer methods. With this in mind, the Conference called for the postal networks and services in the countries of origin to be opened up to banking cooperation, in both the North and the South.

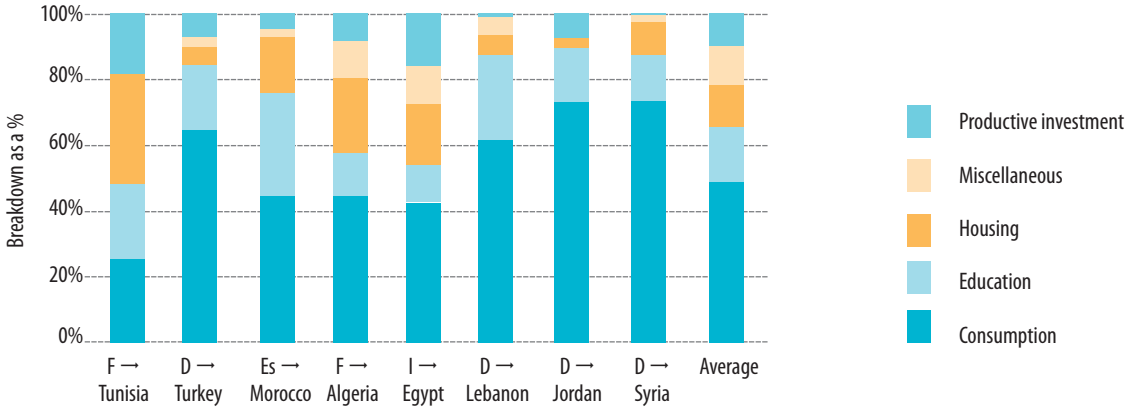
Banking cooperation and modernisation

The second priority is to modernise the banking system in the partner countries and systematically develop North-South banking partnerships. The aim is to make "mirror financial services" available to migrants and promote mutual recognition of the banking and economic background of customers on both sides of the Mediterranean. However, beyond this key objective of improving the economic conditions of migrants, such cross-border cooperation – expressed through the sharing of customers and networks, the exchange of know-how and the provision of products jointly – is a powerful vehicle for modernising banks in the Southern countries, whose ability to transform savings into productive investment, i.e. to support development, will thus be increased.

The participants were unanimous in recognising the validity of this "virtuous circle" that is beginning to take shape and must be developed. That is why discussion of the appropriate regulatory framework and the linking up of payment systems, in accordance with common international standards that take into account anti-money laundering requirements while not promoting the use of informal channels, should be encouraged.

The third area for action involves strengthening the link between financial transfers and investment in the countries of origin. In this connection, the Conference examined two courses of action: (i) refinancing of banks on the international markets via securitisation schemes (like the Turkish banking community, whose securitisation programmes' outstandings since 1991 total over USD 13 billion); and (ii) the development of cooperative financing facilities, first and foremost microfinance.

Use made of remittances to the MPCs in 2003 from migrant workers who have emigrated to the European Union by host country-country of origin corridor



FEMIP study on financial flows from migrant workers

In March 2006, the first benchmark study was published on remittances made by Mediterranean migrant workers in Europe to their country of origin.

The full text of the study is available on the EIB's website at: http://www.eib.org/publications/study-on-improving-the efficiency-of workers-remittances-in-mediterranean-countries.htm. For a french summary of the study, go to: http://www.eib.org/cms/htm/en/eib.org/attachments/general/femip_conference_2007otherdocument_11_fr.pdf.

FEMIP's value added

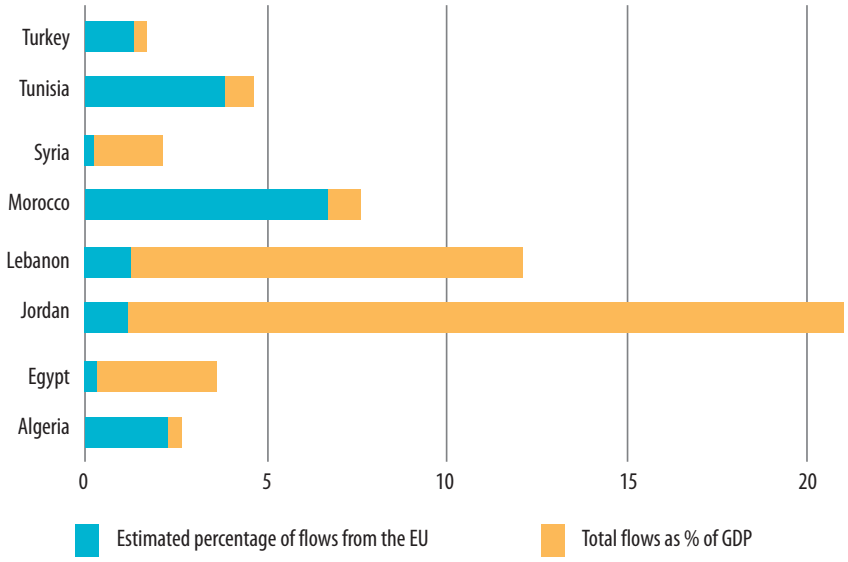
FEMIP is already working towards achieving these priority objectives. It made its Ministerial Council aware of these issues at its meeting held on 13 and 14 May in Cyprus, so making it possible to outline decisions in principle falling within the economic governance of the Euro-Mediterranean region in terms of managing the financial flows generated by migrants.

Through its financing operations and technical assistance, FEMIP will continue to work towards strengthening the capacity of the partner countries' banking systems, with a view to facilitating closer links with their EU counterparts for the provision of banking services to migrants. With regard to securitisation FEMIP, which is supporting an initial experiment of this type in Lebanon, will be able to help to extend this facility to other countries in the region.

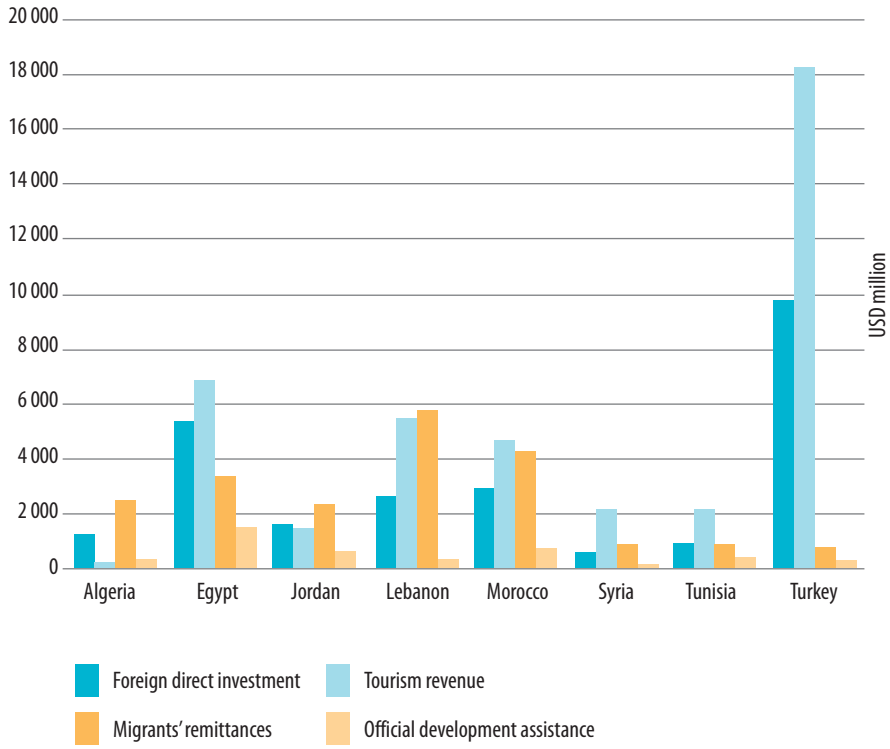
At a wider level FEMIP can, through its actions, promote the mobilisation of locals' and migrants' savings in favour of investment contributing to the economic development of the partner countries. In these areas, and to encourage the creation of tailored banking products, FEMIP also intends to tap the analytical capacity of the university networks with which it has entered into partnership agreements.

The speakers' profiles, their contributions, the reference documents and the list of participants are available on the Conference website: http://www.eib.org/femip/conference/. □

"Official" remittances to the MPCs from workers who have emigrated to the EU: impact on GDP and source



Principal external revenue sources in MEDA countries



Source: IBRD, UNCTAD, ILO

EIB activity surges in the African, Caribbean and Pacific regions in 2006

by Catherine Collin
Directorate for Lending Operations outside Europe, ACP-Investment Facility Department

With a EUR 570m record level of signed commitments, 2006 proved to be an exceptional year for the Investment Facility. Including EUR 167m worth of lending from the EIB's own resources, total commitments in the framework of the Cotonou Partnership Agreement after four years of activity amount to EUR 1 784m for 90 projects in some 30 different ACP countries.

Since April 2003, the Bank has operated in the ACP regions under the ACP-EU Cotonou Partnership Agreement[13]. It manages the Investment Facility (IF), a EUR 2 037m risk-bearing[14], revolving instrument funded by EU Member State resources – the so-called European Development Fund (EDF), which is supplemented by lending from the Bank's own resources.

Enriched by the experience and knowledge gained during over 40 years of activity in the African, Caribbean and Pacific regions, the Bank has succeeded in building up a diversified portfolio of investments in all sub-regions, with a marked focus on supporting private sector development – a core element of the Cotonou Agreement – which now accounts for some 80% of the IF portfolio.

More than half of the finance contracts signed to date are under active disbursement or fully disbursed, with cumulative disbursements reaching EUR 502m by the end of 2006 for both IF and own resources lending.

Value added of the IF

A key source of the IF's value added is its nature as a risk-bearing facility, i.e. its ability to offer an extended range of flexible financial instruments denominated in EUR, other widely traded currencies or even local currencies that can be used to support the financing of development projects. Project financing operations are structured using those instruments which are felt to be most appropriate, whether plain vanilla or senior loans, mezzanine-type financing, guarantees or equity.

The Bank provides significant support to the development of local financial sectors as well as the promotion of investments by micro, small and medium-sized enterprises through participation in investment funds (8% of the portfolio) and lines of credit in favour of local financial intermediaries (20% of the portfolio).

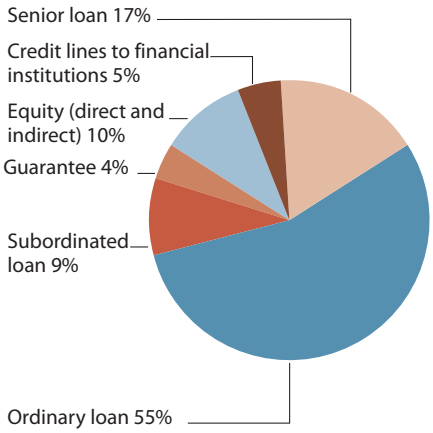
Focus on infrastructure financing

Infrastructure – now firmly back on the agenda of the international development community – is another major sector of Bank activity in the ACP regions. It often requires specific financial engineering, notably when dealing with public sector operators in countries subject to restrictive borrowing conditions linked to debt sustainability programmes or with projects that have limited revenue-generating capacity (e.g. water supply) but are essential for a given country's economic development and social welfare.

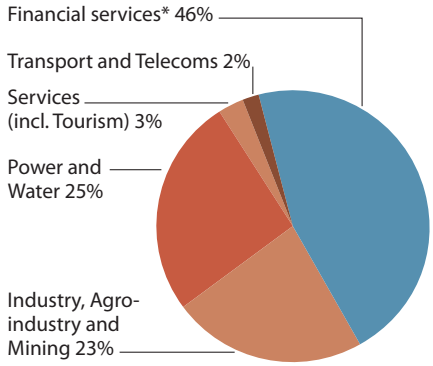
Partnership with the Commission

Besides the use of the interest subsidy mechanism provided for by the Cotonou Agreement, partnerships with grant donors, notably the European Commission, are being sought in order to blend grant resources with IF or Bank funds. The EIB actively contributed at both the design and implementation stages to the ACP-EU Water Facility, with a total of nine proposals supported by the EIB having been approved. The recently signed EU-Africa Infrastructure Trust Fund, which will be managed by the Bank, also rests on the pooling of the Bank, the European Commission and European bilateral donors' expertise in regional and cross-border infrastructure projects in the energy, water, transport and communication sectors. The first allocations of funds are expected shortly. □

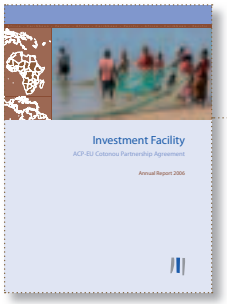
Cumulative signatures (01/04/2003 - 31/12/2006) Breakdown by financial instrument



Cumulative signatures (01/04/2003 - 31/12/2006) Breakdown by sector



* including financial intermediation through equity funds, agency agreements, global loans, etc.



The Investment Facility Annual Report is now available

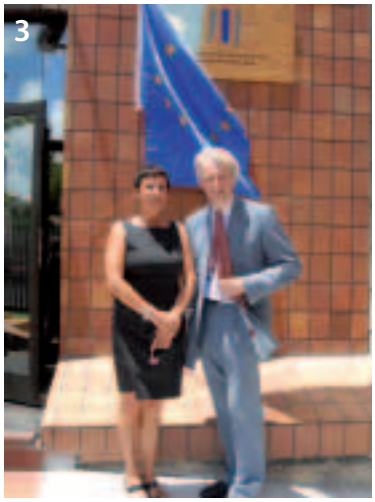
[13] The Cotonou Partnership Agreement is the successor to the former Yaoundé and then Lomé Conventions between the EU Member States and the 79 ACP States and was concluded in June 2000 for a 20-year period, with separate protocols defining the aggregate amount of Community aid to the ACP states for each successive financial protocol. The Bank's activities in South Africa are carried out under a separate mandate.

[14] The IF will receive a further capital endowment of EUR 1 100m under the Cotonou Agreement's Second Financial Protocol covering the period 2008 – 2013, which will come into force upon completion of the process of ratifying the revised Cotonou Agreement.

EIB inaugurates office in the Caribbean

On 21 May the EIB inaugurated a regional representative office for the Caribbean in Fort-de-France, Martinique. The inaugural plaque was unveiled by EIB President Philippe Maystadt at the end of a five day visit to the Caribbean in which he met government officials and representatives of industry in Jamaica and Barbados.

1. P. Maystadt inaugurates the new office.
2. P. Marie, Director, CARIFORUM, and Assistant Secretary General of CARICOM.
3. A. Whitehouse, Head of Office and P. Labatut, assistant.



The new EIB regional office, located in the building of the Agence française de Développement and headed by Tony Whitehouse, is designed to play a key role in the EIB's commitment to building closer ties with its customers and expanding operations in the Caribbean region. By facilitating frequent travel in the region, the new representation will help to develop stronger links with government authorities as well as with the Caribbean business community in both the public and private sectors. At present the EIB has a portfolio of some EUR 294m worth of outstanding loans and investments in the ACP Caribbean States.

Just a few days before the official opening of the Fort-de-France office, EIB Vice-President Philippe de Fontaine Vive signed a new global loan of EUR 50m to be made available through Caisse d'Epargne, Paris, to Banque des Antilles Françaises. Small and medium-sized enterprises in the French Caribbean Departments should also benefit from the proceeds of this loan.

The inauguration ceremony for the Bank's new regional representative office was attended by more than 70 guests and included representatives from a variety of Caribbean countries. □

Social assessment in ACP countries

Like other international financial institutions, the EIB is centrally engaged in debates about how its interventions in ACP countries can better support the achievement of sustainable development outcomes and the ambitious goals set by the Millennium Development Goals (MDGs). This focuses on the central role that social considerations play in determining investment priorities. It also revolves around the place of such considerations in the work of the professionals employed by the Bank – be they environmental and social specialists or economists and engineers operating in a constantly changing environment.

In 2006 the Bank made considerable progress in pursuit of more sustainable development outcomes.

Firstly, the Bank approved a set of internal Guidance Notes on Social Assessment. These give overall guidance on dealing with a variety of social concerns – involuntary resettlement and the effects of population movements, vulnerable groups, labour standards, occupational and community health and safety, and consultation and participation. These are works in progress and provide Bank staff with resources to address both the mitigation of negative impacts and the encouragement of good practice. The guidelines that are applied by the EIB in social assessment work are based on established good international practices, with particular reference to those developed by other international financial institutions, as well as the requirements of relevant EU principles, practices and standards.

Secondly, the Bank approved the use of the Development Impact Assessment Framework. This seeks to ensure that project officers adequately address social, governance and institutional capacity issues. There is a particular emphasis on the ways in which project goals seek to achieve the MDGs.

Thirdly, the Bank launched a series of awareness-raising workshops that drew on external and internal expertise to familiarise Bank staff with the various evolving approaches and practices to social and governance issues. These drew on internal case studies and on external experts to address core labour standards, human rights issues and enhancing consultation and participation with key stakeholders.

These efforts to raise internal awareness and to give more attention to social concerns reflect the changing external context in which the Bank operates. They are also reflected in the changing focus of Bank professionals. Given on-going awareness-raising efforts, routine due diligence for a majority of operations is undertaken by engineers and economists. These are supported by the efforts of a specialist group drawn from all areas of Bank activity. A small group of specialists provide additional advice for sensitive undertakings where social risks are deemed significant. These efforts to ensure good practice parallel the wider efforts in the Bank to address Corporate Responsibility both internally and externally. □

by David Marsden
Sustainable Development Unit, Projects Directorate

EIB Forum 2007

Investing in energy, mastering climate change

*With energy security and climate change at the very top of the political agenda, the EIB is hosting its annual Forum on "**Financing Energy – Mastering Climate Change**" on 27 and 28 September in Ljubljana (Slovenia).*

Energy has been at the core of the European cooperation and integration process for more than 50 years and much has been achieved. Today we are facing new challenging times for the world's energy sector and for mankind. Global demand for energy is set to increase by more than 50% by 2030, and the global population is expected to grow from 6.6 billion to more than 9 billion.

In March, the European Council took an unprecedented step by tabling a comprehensive package of ambitious proposals for a "New Energy Policy for Europe". This integrated climate and energy policy is backed up by a detailed action plan and aims to respond to the challenges of competitiveness, security of supply and sustainability.

The package contains a strategic policy objective: an independent EU commitment to reduce greenhouse gases by at least 20% by 2020, compared to 1990 levels. This commitment will be extended to a 30% reduction if other developed countries commit themselves to comparable emissions reductions. The stakes are high, and we must together rise to the challenges we face and seize the opportunities that arise.

This sets the scene for the EIB Forum in September to address as one of the key issues Europe's new energy policy and the diversification of energy supply routes to Europe. The conference will tackle further concerns on the supply side, examining the full spectrum of energy sources from fossil and nuclear to renewable energy. Special attention will be paid to renewables and their economic viability as well as energy efficiency. It will then take a look at the consumer side, featuring expert speakers from world players such as Mittal Steel, Toyota and Philips. Building on the growing consensus that determined action is necessary to address cli-

mate change concerns, the event also aims to identify the specific measures required to significantly increase the financial flows from public and private sources in order to shift to a lower carbon economy.

EU Commissioners Andris Piebalgs, expert speakers from the International Energy Agency, WWF, key industries, think tanks and research institutes, as well as representatives at the highest level from the EU-27 and beyond will meet at the Ljubljana Forum to discuss concrete initiatives in critical energy-related sectors and identify practical ways to finance clean energy and address global climate change.

For further information please contact forum@eib.org or click on www.eib.org/forum to view the detailed conference agenda. ☐

by Hellen Stoffels
Communication Department

If business continues as usual, a dramatic increase in energy demand will pose a threat to the global economy and the climate, as energy consumption will be accompanied by a related rise in CO_2 emissions. By 2030, this could mean a 110% increase in CO_2 emissions.

New Energy Policy for Europe

The action plan included in the energy package contains clear indications about the steps to undertake:

1	*a 20% increase in energy efficiency by 2020 by means of a number of concrete measures*
2	*a binding target of 20% for renewable energy in the EU energy mix by 2020*
3	*boosting development of low-carbon technology*
4	*agreement to further develop a fully integrated single energy market. The aim is to open the way for new investment, new entrants and new choices for customers*
5	*a set of concrete measures strengthening solidarity between the Member States*
6	*developing the external dimension of EU energy policy*

EIB Forum 2007 Programme

Welcome address: Philippe Maystadt, President of the EIB
Opening address: Janez Janša, Prime Minister, Slovenia

SESSION I – ENERGY FUTURES

Chairman:

- **Dominic Waughray,** Director of Environmental Initiatives, World Economic Forum

Possible speakers:

- **Noé Van Hulst,** Director of Long-Term Cooperation Office, International Energy Agency – *World Energy trends and the impact of recent policy developments*
- **Dr Stefan Singer,** Head European Climate and Energy Unit, WWF *Mastering Climate Change*
- **Monique Barbut,** Chief Executive Officer and Chairman, Global Environment Facility
- **Andris Piebalgs,** Member of the EU Commission responsible for Energy – *The challenge of synergy*

SESSION II – ENERGY SUPPLY

Possible speakers:

- **Anthony Hayward,** Chairman of the Management Committee, BP, UK
- **Aleksander Medvedev,** Deputy Chairman of the Management Board, Gazprom – *Secure oil and gas supplies*
- **Johannes Heithoff,** RWE Power Research and Development, Germany – *Clean coal technology*
- **Dr Helmut Engelbrecht,** Chief Executive Officer, URENCO, UK *Nuclear energy*
- **Arthouros Zervos,** President European Renewable Energy Council and Chairman of Global Wind Energy Council *Renewable energy sources: future outlook*

SESSION III - ENERGY DEMAND

Chairman:

- **Christian Egenhofer,** Senior Fellow, Centre for European Policy Studies, CEPS

Possible speakers:

- **Peter Hennicke,** President and Chief Research Executive, Wuppertal Institute for Climate, Environment and Energy, Germany – *Energy policies and regulations to support cleaner energy*
- **Tadashi Arashima,** President and Chief Executive Officer for European operations, Toyota – *The car industry responding to climate change*
- **Roland Verstappen,** Vice-President Government Relations and International Affairs, Arcelor Mittal – *How to achieve a clean and competitive industry*
- **Prof. Dr. Uwe Wullkopf,** IWV Darmstadt – *Green buildings and energy efficiency*
- **Rens van den Nieuwenhof,** Chief Executive Officer, Philips Lighting, The Netherlands – *Electronic goods – energy efficiency pays off*

SESSION IV – FINANCING ENERGY

Possible speakers:

- **Dr France Krizanic,** Director, Economic Institute of the Law School, Slovenia – *Investment needs in the energy sector*
- **James Cameron,** Vice Chairman, Climate Change Capital, UK *The carbon credits market*
- **Seb Walhain,** Director Environmental Products, FORTIS *Financial products to meet energy finance needs*
- **Michael Liebreich,** Chief Executive Officer, New Energy Finance, UK *Energy technology financing*
- **Maud Olofsson,** Minister for Enterprise and Energy, Sweden *Public finance perspectives*

Closing Remarks

Andrej Bajuk, Minister of Finance, Slovenia
Philippe de Fontaine Vive, Vice-President, EIB

Dinner Guest speaker

Drago Jancar, Writer and author, Slovenia

Moderators

- **Adam Kirkman,** Programme Manager, Energy and Climate, World Business Council for Sustainable Development

Situation at 29 June 2007

Updated programme and more information at www.eib.org/forum

Countdown to opening of the new office complex

Work on the "new building" project, a building of high environmental quality is going well and all those involved are aiming to deliver the building in the spring of 2008.

How will the new building fit into the EIB Group campus?

The new building is linked to the existing buildings by a cafeteria on the same level and some of the floors where the garages are located.

The common facilities of the future "EIB campus", such as the restaurant and the central cafeteria, together with a meeting room complex, will provide a link between the new premises under construction and the other two buildings – the main building (constructed in 1980) and the first extension (constructed in 1995).

The three buildings on the Kirchberg plateau will be identified by specific names, which are being selected following consultation of EIB Group staff.

Partners and procedures for awarding the contracts

In 2002, Ingenhoven Architects (Düsseldorf) won the international competition after being selected by the jury chaired by the Spanish architect Ricardo Bofill. Ingenhoven is working in conjunction with the following engineering consultants:

- Werner Sobek Ingenieure (Stuttgart), for the structure;
- DS-Plan (Stuttgart), for the plans for the façade and the building physics;
- HL Technik (Munich), IC-Consult (Frankfurt), Pbe-Beljuli Planungsgesellschaft mbH (Pulheim) and S+E Consult (Luxembourg), for the technical engineering.

The joint venture involving Jacobs (France) and Paul Wurth (Luxembourg) is acting as project manager.

Secolux (Luxembourg) is acting as building inspector.

The contract for the construction of the building as general contractor was awarded in 2005 to CFE/VINCI, a joint venture involving VINCI Grand Projets (France) and CFE (Belgium).

The invitations to tender for all the contracts were issued in accordance with EU directives and published in the Official Journal of the European Union. The contracts were awarded in accordance with selection criteria established beforehand by multidisciplinary panels consisting of representatives of various nationalities.

A special EIB "Task Force" has been supervising the project, with periodic oversight by the EIB Group's Internal Audit.

A transparent and environmentally sensitive building

The approach adopted for the new building can be summarised by two key concepts: environmental sensitivity and transparency.

Environmental sensitivity, because of the natural interaction that will exist between the structure of the building and its surroundings, including the natural aspects (wind, sun, vegetation and land).

Transparency, because the new building will boast a unique superstructure combining glass and steel and offering its occupants maximum natural light.

Designed and equipped to adapt to the working methods and communication requirements of new technologies, the building makes use of the latest techniques in order to face up to the challenges of the future and meet the needs of the staff of tomorrow.

Aerial photograph of the site, showing the EIB Group's three buildings.

Owing to its special design, the building's energy consumption will be optimal and comply with the standards of the most recent buildings constructed in Luxembourg. Thanks to its WW-shaped configuration, the building will feature north-facing winter gardens and south-facing summer gardens.

The winter gardens will not be heated or cooled, which means that they will act as a thermal buffer: the reduction in the variation between the outside temperatures and those of the offices will lower the demand for heating in winter and for air conditioning in the summer.

Furthermore, a thermal activation system for the structure of the building has been installed: cold-water pipes are fitted in the floors, which will lower the thermal inertia of the structure and enable energy savings to be made in cooling the building in the summer.

The whole building will be light and user-friendly. All construction materials have been chosen for their environmental footprint. The windows of the internal walls will have wooden frames. The external walls and the public and semi-public areas will also be equipped with wooden frames, giving them a warm and natural appearance. The office floors will be covered with new-generation fitted carpets, and all other surfaces (walls and ceilings) will be designed so as to make optimum use of daylight and enhance luminosity.

Environmental certification

From the environmental point of view the Bank opted for BREEAM (Building Research Establishment's Environmental Assessment Method) certification, with the environmental concept of the building being awarded a "very good" rating. An important first, this certification, which was recommended by the OECD, had to be adapted to Luxembourg law. Thus the EIB's new office complex will be the first building to obtain environmental certification in Luxembourg. It will also be the only building in mainland Europe to be awarded BREEAM BESPOKE certification.

Statistics on the building

The new building will have the following characteristics:

- it will be eight stories high, accommodating the main facilities, with a further three storeys underground;
- approximate dimensions: 170 metres long, 50 metres wide and 22 metres high;
- gross overall floor space: approximately 72 500 m^2, with 42 000 m^2 above ground;
- the main entrance will be on the fourth floor and there will be a link to the existing building on the third floor;
- a cafeteria and a central restaurant will be intended for the whole complex, serving the existing premises and the new building.

The inauguration of the new building is scheduled for the beginning of June 2008. □

by Enzo Unfer
New Building Task Force

SCC: a new approach to strategy, planning and communication

The creation of the new Strategy and Corporate Centre Directorate is a major step in the ongoing process of adapting the Bank's structure to the updated requirements of its mission.

As the European Union's bank, the EIB's mission is to support EU policies and to contribute towards the achievement of EU policy objectives in a global economic market, emphasising the political strategic responsibility for the Bank to use the right products to offer finance where it makes a difference. This responsibility is reflected in the new strategy of "taking more risk for more value added", the implementation of which must also be reconciled with the Bank's long-term sustainability objective and, at the same time, address the need for corporate social responsibility, accountability and transparency.

In short, the vision for SCC is "to facilitate changes to the way in which the Bank plans for the future and the way in which it communicates with the outside world". Such changes are necessary and timely; in 2007, the Bank substantially revised the definition and measurement of its performance targets due to the increasing level of demands and scrutiny under which it operates from its shareholders, lenders and borrowers and in wider 'public' arenas.

The SCC Directorate incorporates four core lines, each with particular objectives to optimise opportunities for working together where synergies exist:

1. a Strategy, Management and Financial Control (SMC) Department: coordinating the achievement of Bank-wide objectives by bringing together the macro and micro economic and planning functions in strategy formulation;

2. the IT Department: facilitating changes to the way the Bank is planning for the future and enhancing the responsiveness of IT to the strategic challenges of the Bank;

3. the Communication Department: a centre of excellence with substantial channels of communication to support all services of the Bank at an international level through a creative communication policy and dynamic, forward-thinking instruments and initiatives; and

4. Buildings, Logistics and Documentation services: continuing to ensure a comfortable working environment in which to work; with excellent facilities, purchasing and documentation management arrangements – which also take into account the ecological footprint of the Bank.

In leading the evolution of the Bank's strategy and its objectives, SCC will also direct the Bank's lean resource structure to further increase productivity via progressively challenging performance targets – with the emphasis on future prospects supported by substantial value-based information to give assurance on underlying systems.

The key benefit to be derived from such a structured approach to strategy and the reporting thereof will be the increased potential for informed dialogue with the Bank's stakeholders – being the Member States of the EU, its customers and other interested parties such as NGOs as well as Bank staff. □

by Janette Foster
Strategy, Management Control and Financial Control Department

EIB Senior Management Cadre Appointments

Gill Tudor has been appointed Director of the Communication and Information Department and spokesperson of the EIB, with effect from 1 June 2007.

Before joining the Bank, Ms Tudor, a British national, spent most of her career as a Reuters journalist, covering a wide range of news from politics and current affairs to economics and financial markets. She was Reuters bureau chief in Ankara, Turkey, and had several other overseas postings in South Africa, West Africa and India.

Ms Tudor is an experienced Training Editor, having run a wide range of courses for Reuters journalists, managed a graduate trainee programme and taught non-Reuters journalists from developing and transition countries through the Reuters Foundation.

A practised public speaker and author of a book on emerging markets, she has particular expertise in emerging and developing economies.

From 1994 to 1997, Ms Tudor was Regional Director for Africa at the Economist Intelligence Unit (EIU), producing quarterly reports on African countries and on broad regional and development issues, and frequently appearing on TV and radio as a commentator on African affairs (CNN, BBC, Sky News and Channel 4).

Her most recent role within Reuters was as a London-based Investment Correspondent covering international financial flows with a particular emphasis on political risk. She also recently represented Reuters at a European Union training seminar and ran a course for women journalists in Liberia, funded by the United Nations.

Ms Tudor has worked as a freelance consultant for the World Bank and contributed to the reference book 'Africa South of the Sahara' (Europe), and written features for a major regional Indian newspaper, The Deccan Herald.

Ms Tudor holds a first class degree from Cambridge University and an MA with distinction from the School of Oriental and African Studies at the University of London.

Xavier Coll has been appointed Director of Human Resources of the EIB with effect from 4 July 2007.

Before coming to the EIB, Mr Coll served for three years as Vice-President, Human Resources at the World Bank. He joined the Washington-based financial institution in 1987, where he held a number of operational positions including Sector Director for the Latin America and Caribbean Region. During 2001-2004, he was Director and Chief of Staff in the Office of the President, Mr James D. Wolfensohn.

Prior to joining the World Bank, Mr Coll worked for American Medical International (AMI), a multi-hospital firm based in Los Angeles, California.

Mr Coll holds a Masters degree in Business Administration from the University of Chicago, where he was a Fulbright Scholar. He also has a Masters degree in Public Health from Johns Hopkins University, and a medical degree from Universidad Central de Barcelona in Spain.

info

The information magazine of the
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(+212) 37 56 54 60 – (+212) 37 56 53 93

Senegal
3, rue du Docteur Roux – BP 6935, Dakar-Plateau
(+221) 889 43 00 – (+221) 842 97 12

South Africa
5, Greenpark Estates – 27 George Storrar Drive
Groenkloof – 0181 Tshwane (Pretoria)
(+27-12) 425 04 60 – (+27-12) 425 04 70

Tunisia
70, avenue Mohamed V – TN-1002 Tunis
(+216) 71 28 02 22 – (+216) 71 28 09 98

European Investment Fund
43, avenue J.F. Kennedy – L-2968 Luxembourg
(+352) 42 66 88-1 – (+352) 42 66 88-200
www.eif.org – info@eif.org

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

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Dates for the Diary...

- **27-28/09/07** – EIB Forum 2007, Ljubljana – Slovenia
- **08-11/10/07** – European Week of Regions and Cities, Brussels – Belgium

Details and registration at www.eib.org/events

New EIB publications

March 2007

- FEMIP and the Mediterranean partner countries
- EIB 2006 Corporate Responsibility Report
- 1986-2006: 20 years of the EIB in Portugal
- FEMIP for the Mediterranean: 2006 results

April 2007

- The Multilateral Carbon Credit Fund
- Climate Change Technical Assistance Facility
- Climate Change Financing Facility

May 2007

- Financing Europe's Future
- What is the EIB Group? (update)
- Operations Evaluation – Overview Report 2006
- FEMIP 2006 Annual Report
- European Investment Bank loans in Bulgaria
- Jaspers: Technical Assistance for Project Preparation for Bulgaria
- EIB financing in Romania
- Jaspers: Technical Assistance for Project Preparation for Romania

June 2007

- Annual Report 2006: Activity Report, Statistical Report and Financial Report
- Investment Facility – Annual Report 2006
- EIB Papers Volume 12. No1/2007 and No2/2007
- Study on the promotion of long-term private saving in Morocco
- Risk-Sharing Finance Facility (RSFF)
- Reinforced EIB contribution to EU energy policy

Coming soon:

- Corporate Responsibility – looking to the future

All brochures can be downloaded at www.eib.org/publications.