



EIB opens
Regional Office
for the Pacific



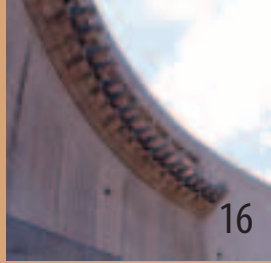
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A renewed policy
for EIB lending
to the transport
sector



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EIB committed
to development in
South Africa



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The 50th anniversary of the EIB

When this issue of EIB-Information reaches you, it will be fifty years ago that the EIB took up its work. On 1 January 1958 the Treaties of Rome came into force, creating a Parliamentary Assembly, a Ministerial Council, a Commission, and also a European Investment Bank. The then six Member States of the European Economic Community were the shareholders of the Bank: France, Germany, Italy and the Benelux countries, which together subscribed to a capital of 1 billion units of account, a unit of account being equivalent to 0.88867088 grams of fine gold (which was also the value of the US dollar). Acting for the first time as the Board of Governors of the EIB, the Finance Ministers of the Six started up the Bank on 25 January 1958 and the rest is history.





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Fiftieth anniversaries call for special celebrations. The most visible manifestation will be the EIB's new building, which is being constructed next to the existing headquarters on the Kirchberg plateau of Luxembourg City. The new building will be inaugurated in June 2008. Its architecture is innovative and, in line with some of the Bank's priority objectives, the building will be noteworthy for its transparency, environmental friendliness and energy efficiency. It will house up to 750 members of staff.

Another important 50th anniversary event will be the publication of an academic history of the EIB in book format. A team of researchers from several European universities, led by the Université catholique de Louvain, is exploring the Bank's archives and conducting interviews with key players in the Bank's history. Publication is scheduled for the autumn of 2008.

EIB-Information No 130, the spring 2008 issue, will include more details on the 50th anniversary. ■

*by Cees Post
Communication Department*

1958: Brussels, Mont des Arts



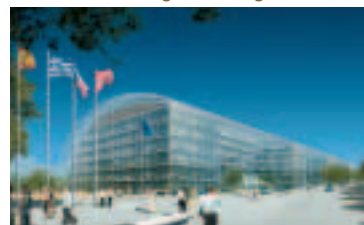
1968: Luxembourg, 2, Place de Metz



1980: Luxembourg, Kirchberg



2008: Luxembourg, Kirchberg



EIB Information is published periodically by the Communication Department of the European Investment Bank.

Editor in charge: Daniela Sacchi-Cremmer.

Layout: EIB graphics workshop, Sabine Tissot.

Photos: EIB photographic library, Rolls-Royce plc 2006.

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EIB opens Regional Office for the Pacific



The EIB's Regional Office for the Pacific, located in Sydney, Australia, was inaugurated on 26 November by Jean-Louis Biancarelli, Director General for Operations outside the EU. The office will be headed by Jean-Philippe de Jong. The opening marks the completion of a series of five EIB external offices in the African, Caribbean and Pacific (ACP)¹ countries, where the Bank provides financial and technical assistance with the European Commission.

The principal role of the Sydney Office will be to help develop EIB operational activities in fifteen countries and four Overseas Countries and Territories (OCTs) in which it has a mandate to operate. This will enable the EIB to strengthen and deepen the strategic role it plays in contributing to sustainable economic growth in the region.

The positioning of the office in Sydney will facilitate communication and coordination links with potential project promoters and other donors based in the area. Such links were previously limited by travel distances and time differences in relation to EIB headquarters in Luxembourg.

Along with Mr Biancarelli, the EIB's Sydney Office was inaugurated by the Honourable

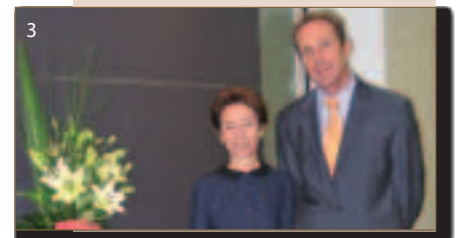
John Joseph Aquilina, Member of the New South Wales Parliament, Leader of the House and EU adviser. Also present were the Honourable Misa Retzlaff Telefoni, President of the ACP Council of Ministers and Deputy Prime Minister of Samoa, as well as the EU Ambassador to Australia, Bruno Julien.

A further 55 guests joined the EIB in celebrating the opening at a reception in the evening, which was attended by a wide

range of EIB stakeholders in the Pacific, including ambassadors, government officials, representatives from local aid agencies, customers and members of the regional press. ■

¹ The Dakar Office, serving West Africa; the Nairobi Office, serving East and Central Africa; the Pretoria Office, serving Southern Africa; the Fort de France Office, serving the Caribbean region; and the Sydney Office, serving the Pacific region.

1. The Honourable John Aquilina MP, Leader of the House, New South Wales Parliament and Jean-Louis Biancarelli, Director General Ops-B
2. The Honourable John Aquilina MP, Leader of the House, New South Wales Parliament, Nigel Hall, Technical Adviser EIB Regional Office for the Pacific and Mrs Aquilina
3. Jean-Philippe de Jong, Head of the EIB Regional Office for the Pacific and Lucie Burton, Administrative Assistant



A renewed policy for EIB lending to the transport sector

by Maj Theander

Deputy Economic Adviser in the Transport and Energy Department

Challenging facts and figures

Did you know that the average European citizen travels 36 km daily, and 27 of these are by car; that freight transport has grown by 30% in the EU over the past decade; that more than 40 000 people are killed on European roads every year; that the cost of congestion on European roads has been estimated at between 0.5% and 1% of total GDP; that the average speed of a freight train in Europe is 18km/h; that roughly one-third of total EIB lending goes to the transport sector; and that transport accounts for 30% of all energy consumption in the EU?

The ever-increasing mobility of citizens and the exchange of goods is today part of everyday life but also a challenge to our economy and our environment.

Increased focus on energy and climate change

Earlier this year the EU reinforced its leading role on environmental sustainability, notably with respect to climate change. The EU has among other things committed itself to a 20% reduction of greenhouse gas emissions by 2020 compared to 1990. The Bank has been closely associated with these developments. A first concrete result was the translation of the new developments into the Bank's energy policy. The second policy review was of its transport lending. The renewed transport lending policy was approved by the Board of Directors on 27 September 2007.

Support for a range of EU policies

The Bank is an important player in financing the European transport sector. There are good reasons for this. Effective transportation systems are essential to Europe's prosperity and have a significant impact on economic growth, social development and the environment. The transport sector is an important industry in its own right and makes a major contribution to the functioning of the European economy as a whole. Mobility of goods and persons is an essential component of the competitiveness of European industry and services. The long-term perspective and the truly European dimension of major transport projects have made the Bank a natural financier.

A number of EU policies provide the basis for the Bank's transport lending: the development of the trans-European transport networks (TENs), cohesion policy, sustainable transport development and support for research, development and innovation (RDI). In all cases the Bank's lending policy for this sector is multi-dimensional and integrates environmental concerns at all stages of the Bank's due diligence. Moreover, the Bank supports a range of transport projects where the explicit project aim is to achieve environmentally friendly and sustainable transport systems leading to a substantial reduction in emissions of CO₂ and other pollutants. Lending to such projects has steadily increased over the last few years in both absolute and relative terms. This includes

lending for urban transport systems as well as projects in the field of research and development aimed at reducing exhaust gas emissions, enhancing fuel efficiency and improving safety. Furthermore, relative to the aggregate underlying investments made in the road and rail sectors, the Bank has demonstrated a clear preference towards funding projects in the railway sector.

A new policy context of constant change

While the range of traditional policy objectives for the Bank's lending in the transport sector remains valid, the new and complex policy context due to the need to combat global warming is evolving rapidly.

It is evident that the construction of a modern transport system in the 21st century requires a sophisticated combination of all available modes of transport. Transport needs are met in different ways in different situations, ranging from passenger transport in local communities to the long-distance haulage of industrial goods. The requirements are not the same in sparsely populated peripheral areas as they are in the EU's major conurbations.

The challenge for EIB support for the transport sector is therefore not to discard one or other type of operation, one or other mode of transport, but rather to seek to optimise the strategy for action and to strive for an appropriate mix of operations to serve the complex set of policy objectives. Meeting

future transport demand in the EU requires the combined effort of all modes and means of transport.

Rapid growth in transport, congestion, and safety concerns – the facts and figures mentioned at the beginning of this article – puts into perspective some of the future challenges facing Europe's transport system both in terms of (lack of) economic efficiency and future sustainability. Investments are needed in all transport sectors to support RDI and address existing bottlenecks and congestion but should be balanced with a need to promote environmentally friendly modes of transport.

The renewed EIB transport lending strategy ensures that the Bank will continue to support key EU growth policies while at the same time responding to the new climate change policy. This requires a multidimensional strategy. The approach is based on guiding principles for Bank projects as well as a set of operational selection criteria that ranks projects in the individual sectors according to priority.

It should be underlined that the new policy environment will be dynamic. The Bank welcomes comments on the renewed lending policy, and the policies presented will be subject to periodic review.

For further information please consult: www.eib.org, where the full policy document is available. ■



Highlights covering some of the main principles for future EIB transport lending:

Mobility is essential for the free movement of people and economic growth. In this context, the EIB will pursue an approach that strives for the most efficient, most economic and most sustainable way of satisfying transport demand. This will require a mix of transport solutions, covering all modes, though carefully planned to control the negative environmental impacts of transport.

The EIB will continue its strong commitment to the funding of TENs. The long-term nature of these investments and their essential role in achieving an efficient and cohesive Community-wide transport system continue to make them the backbone of transport investment in the EU and essential for the functioning of the internal market. The relationship between the stock of infrastructure capital and greenhouse gas emissions is complex, but this does not in itself call into question this continued EU commitment to TENs.

Funding railways, inland waterways and maritime projects (in particular Motorways of the Sea) will continue to be a priority as these are intrinsically the most promising in terms of reducing greenhouse gas emissions per transport unit. The same applies to urban transport and intermodal hubs.

Road and airport projects must demonstrate high economic value to be funded in the future. Support will focus on improvements in safety, efficiency and reduced environmental impacts.

In the rail, shipping, and urban transport sectors, financing the purchase of vehicles is consistent with climate change goals. The financing of aircraft purchase will be limited to exceptional circumstances where very strong value added can be demonstrated. Examples could be connections to convergence regions if air transport is essential to secure the territorial integrity of the EU and fuel efficiency is improved.

Further emphasis will be given to RDI activities with vehicle manufacturers, whatever the sector involved. This should focus primarily on ensuring energy efficiency, emissions reduction and safety enhancement. Support for automotive manufacturing should, however, be selective and limited to projects in convergence regions, where their contribution to employment and innovation diffusion, including through their links with the local mid-cap and SME network, is important. In all cases, the projects supported should be fully in line with the orientations of EU environmental and energy efficiency policies, achieving higher environmental standards and accelerating the achievement of the goal of reducing CO₂ emissions (as, for example, through the development of energy-efficient smaller cars and renewably fuelled vehicles).

Financing sustainable modes of transport: Madrid's underground system



by Angel Ferrero & Luca Lazzaroli
Spain – Infrastructure and PPPs

Over the last decade the Madrid region has made a significant effort to improve mobility in the metropolitan area, giving priority to investment in the underground system. The public authorities have invested around EUR 8.0bn to improve, expand and modernise the city's metro network. With more than 150 km of new lines, 95 new stations and the introduction of some 200 new train units, Madrid's underground today ranks as the world's fourth-largest metro system, after New York, Paris and London.

This sustainable public transport policy has brought important economic and environmental benefits to the Madrid region, as people have switched from buses and private vehicles to a more environmentally friendly mode of transport. Madrid's underground network has also significantly increased its access to those living in deprived areas (formerly identified as Objective 2 areas). Today the metro system is one of the main means of public transport in the Madrid region, accounting for more than 600 million journeys a year.

The EIB has made a substantial contribution to the expansion and modernisation of the Madrid underground with the signature of more than EUR 3.0bn of long-term debt over this period. The Bank's financing has covered both the construction of new infrastructure and the acquisition of rolling stock.

In this context, the Bank has recently participated with some EUR 350m in the financing of two Special Purpose Vehicles (SPVs), FERROMOVIL 3000 & 9000, S.L. The project, consisting in the acquisition of 142 new trains for the new metro lines (Metro Norte, Metro Este and five extensions of

existing lines) and the replacement of obsolete train units on existing lines, is being implemented through an operating lease agreement structure, with a duration of 17 years. New train units will be operated by Metro de Madrid, while the maintenance will be carried out by the SPVs.

The new rolling stock is being built using the most advanced technology and will therefore benefit from significant savings in service and maintenance costs, as well as improvements in safety and comfort for passengers. The new train units are expected to serve an additional 200 million or so trips a year. Most of the new traffic will come from public bus and private car users.

This type of project can be regarded as one of the core areas where the Bank can play a major role because of the very long life of the assets to be financed and the correspondingly long term of the financing needs, reducing the cost for the final users of the Madrid metro system. ■

EIB publishes guidelines on environmental and social practices

In July this year the Management Committee approved the Bank's new "Environmental and Social Practices Handbook (ESPH)", which describes the internal processes and practices of the Bank, particularly the work carried out by its Projects Directorate (PJ), to ensure that all financing activities are consistent with the EIB's environmental policy. It was prepared by the Sustainable Development Unit, in consultation with ENVAG (the Environmental Assessment Group) in particular.

The EIB applies a broad definition of the term "environment", which includes protection of the natural environment and improvement of the built environment. It also recognises the need to consider a number of related social issues in their own right, with the aim of achieving an integrated environmental and social assessment.

This philosophy is reflected in the approach described in the Handbook, which is targeted at PJ but is also aimed at other internal services, to help with their own work and improve their understanding of the requirements of the Bank. The Handbook refers to the variety of financing instruments deployed by the Bank and its role at various stages in the project cycle, though the focus is on the appraisal of traditional "investment loans".

The protection and improvement of the natural and built environment are mainstream issues of importance to the EIB when considering the financing of a particular operation. In addition, a number of specific issues (e.g. climate change, biodiversity and

labour conditions), sectors (e.g. waste management) and types of projects (e.g. large dams and mining projects) may require particular attention. These are the subject of a variety of additional internal guidance initiatives to help staff identify and provide an appropriate response to environmental and social issues and risks in accordance with international best practice.

The Handbook is subject to periodic review, revision and approval by the Bank's Governing Bodies. The Handbook and its accompanying Annexes are "live" documents that undergo continuous improvement with increasing knowledge and experience and with changes in policy.

The Handbook describes an important part – but only part – of the environmental and social approach of the EIB. The Sustainable Development Unit (SDU) is also currently working on a review and revision of the Bank's environmental policy, which is set out in the 2004 Environmental Statement. In line with the Bank's Transparency Policy, the process will include public consultation as well as Bank-wide internal consultation.

This will allow stakeholders to provide suggestions and comments on the draft revised Statement. The external consultative process will be launched in 2008.

The Handbook was made public for the first time earlier this autumn. It is now available on the homepage of the Bank's website and can be downloaded by any member of the public. It is to be hoped that this will lead to increased transparency and a greater understanding of the EIB's internal practices and how the Bank is dealing with environmental and social assessment in its day-to-day financing activities. ■

*by Roland Randefelt
Sustainable
Development Unit*

EIB's first joint evaluation: St Petersburg waste- water treatment plant

Over the last two years, Operations Evaluation has actively pursued the possibility of performing joint evaluations with other international financial institutions (IFIs). General interest in joint evaluation work has been growing in recent years, but despite the importance attached to it by many agencies, the actual number of such operations has been relatively limited.



*by Werner Schmidt,
Evaluator Expert
in Operations
Evaluation*

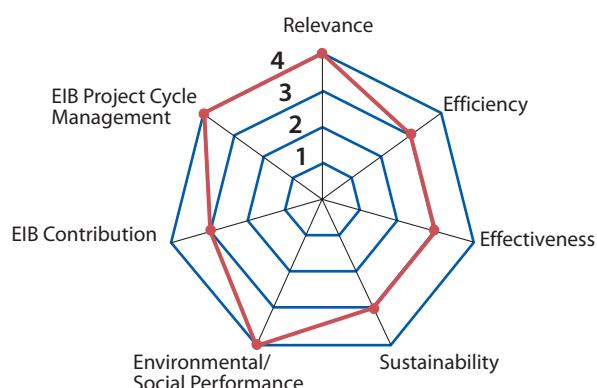
The first joint evaluation was conducted in 2007 between the evaluation teams of the European Bank for Reconstruction and Development (EBRD) and the EIB. The purpose of this exercise was (a) to evaluate efficiently and cooperatively the results and impact of the wastewater treatment plant project in St Petersburg, Russia, and (b) to reinforce cooperation and share approaches/experiences to increase learning from each other in the field of evaluation.

The project - St Petersburg wastewater treatment plant

The construction of the wastewater treatment plant started in the 1980s, but was abandoned when further funding dried up. About 40 per cent of the physical works had been completed. Ten years later construction resumed when new financing became available from a number of different sources. The project was the EIB's first operation in the country, in a very difficult environment and with a complex guarantee set-up. Dealing with untreated city sewage entering the nearby sea was one of the priority objectives of the regional envi-

ronmental organisation involved. Finishing off the wastewater treatment plant was therefore regarded as an important mitigating factor in reducing the level of pollutant discharges into the sea. The purpose of the project was to complete the existing unfinished facilities and then bring the plant into operation, as well as to construct an incinerator and undertake associated works.

The overall rating of the project is "**SATISFACTORY**", owing to the high relevance of the operation and the achievement of the overall (physical) and, in particular, environmental objectives of the project (see spider graph for detailed sub-ratings). The genuine commitment of the promoter and all other partners involved was instrumental in making this project a success. Political support was certainly an enabling factor in the project set-up, but does not guarantee successful project preparation and implementation. The project is achieving its overall (physical) and, in particular, environmental objectives. In fact, the level of untreated wastewater entering the sea has been significantly reduced. While certain aspects of the EIB project could have been better (incinerator



4 – Good
3 – Satisfactory
2 – Unsatisfactory
1 – Poor
EIB rating - High/Significant/Moderate/Low

implementation delays, cost increases), it should be noted that the plant is performing in accordance with most of the targeted environmental standards.

EIB Operations Evaluation will actively pursue further joint evaluation work and more collaboration is under way with bilateral and multilateral development institutions. ■

EIB signs Approach Statement on Corporate Governance in emerging markets

In October, EIB Vice-President **Philippe de Fontaine Vive Curtaz** and the leaders of 31 Development Finance Institutions (DFIs) signed a joint statement in Washington that puts corporate governance at the forefront of their sustainable development agenda in emerging markets.

The statement is based on the OECD Principles of Corporate Governance, which provide a framework identifying the key practical aspects: the rights and equitable treatment of shareholders, the role of stakeholders, disclo-

sure and transparency, and the responsibilities of the Board of Directors.

The EIB recognises the importance of good corporate governance practices for sustainable economic development and the critical role that DFIs can play in promoting such practices in emerging markets at both the private and public sector level.

“We welcome the signature of the Approach Statement on Corporate Governance”, said Mr de Fontaine Vive. “It represents the Bank’s

strong commitment to supporting a new generation of entrepreneurs that want to be part of a transparent global business community”, he added.

Corporate governance involves a set of relationships between a company’s management, board, shareholders and other stakeholders and is a key element in improving economic efficiency and growth as well as enhancing investor confidence. ■

Enhancing European

The European Commission has mandated EIF to manage a EUR 1.1bn facility within the CIP (Competitiveness and Innovation Framework Programme), which will be split between venture capital and guarantees and cover the period 2007-2013.

The CIP is a European Commission programme which aims to encourage the competitiveness of European enterprises, support innovation and provide better access to finance for SMEs.

Its objectives will remain comparable to those of its predecessor MAP (the Multiannual Programme for Enterprise and Entrepreneurship 2001-2006), namely to generate economic growth and create more jobs as well as boost productivity, competitiveness and innovation in the EU. It is anticipated that the CIP will have similarly high leverage effects as MAP, optimising the use of the European Union budget to support SMEs' access to finance.

Looking forward

The CIP, however, has been designed as a more ambitious programme compared to its predecessor. It should cover a larger geographical area and will extend the range

of instruments to include new market segments and products.

Venture capital, for instance, will emphasise technology transfer and significant resources will be devoted to clean-tech activities, which will give EIF the opportunity to support emerging teams in sectors of high policy additionality.

The CIP SME Guarantee Facility will comprise four main business lines: loan guarantees, micro-credit guarantees, equity guarantees and securitisation, all of which are financial instruments designed to allow for more precise tailoring of financial products to the needs of SMEs.

Achievements of MAP

During the period spanning 2001 to 2006, EIF managed venture capital and SME guarantees for MAP. The mandate was a very successful tool for assisting SMEs in accessing finance. By the end of 2006, EIF had entered into 73 guarantee agreements in 28 countries for a total commitment of EUR 7.3bn and had provided support to 352 360 SMEs. During the same period MAP venture capital proved equally successful with a cumulative portfolio totalling EUR 265m, invested in 35 funds by the end of 2006. The leverage involved an estimated 350 to 400 investee companies.

Current state of play of the CIP

EIF is currently receiving the first applications from financial intermediaries for guarantees; as for venture capital, EIF currently has a strong pipeline of potential investments.

Thanks to renewed financial backing from the European Commission, EIF can continue to fulfil its mission to enhance SME finance for innovation, entrepreneurship and growth.

Istanbul Venture Capital Initiative ("iVCI")

EIF began risk capital operations in Turkey in February 2006*. For the last 20 months, EIF has met stakeholders from the financial, industrial, governmental and regulatory sectors. It immediately realised the potential role that risk capital can play in providing access to finance to the country's private sector. Specifically, Turkey is characterised by an environment that is conducive at both the macro and micro level to the development of this asset class.

At a macro level, Turkey continues to show the strong economic growth achieved over the past five years, combined with a positive trend in its macroeconomic fundamentals thanks to the implementation of two consecutive IMF reform programmes following the 2001 financial crisis. At a micro level, the people's strong entrepreneurial culture and business acumen, the diversified nature of Turkish conglomerates (leading to potential deal flow) and the surge in foreign direct investment (leading to increased exit strategy opportunities) all contribute to a dynamic private sector. Note that Turkey also has one of the largest and youngest populations in ageing Europe (average age below 30). Furthermore, the long-term EU conversion process, despite the expected short-term hiccups, is also set to continue to "deliver the goods" with respect to convergence to European standards.

competitiveness

Against this backdrop, EIF closed two major investments in 2007, investing EUR 44m in Actera Partners and EUR 10m in Turkven II. Most importantly, and with the vision that Istanbul can become a cross roads for VC/PE in 2020, EIF brainstormed the possibility of creating a dedicated investment programme that would serve as a catalyst for the development of VC/PE in Turkey.

Having experience in designing similar programmes in other European countries, EIF has launched the Istanbul Venture Capital Initiative (iVCI), a EUR 200m dedicated fund of funds programme for Turkey.

Advised by EIF, iVCI held its first closing at EUR 150m in November 2007. Cornerstone investors included the SME Development Organisation of Turkey (KOSGEB) (EUR 50m), the Technology Foundation of Turkey (EUR 40m), the public Turkish Development Bank (EUR 10m) and EIF (EUR 50m). EIF is proud to have joined forces with these local partners, who have not only made such significant commitments but also bring a strong local network and know-how.

iVCI is the first programme of its kind in Turkey to put EIF at the forefront of risk capital activities in the region. With iVCI, EIF is embarking upon what is expected to be a long-term relationship with a key partner country for the EIB Group. ■

by Delphine Munro
Head of Marketing Communications, EIF



Overall, 2007 has been an eventful year, with further developments at EIF.

EIF commitments for the year have so far totalled over EUR 375m in 29 venture funds and EUR 695m in 16 guarantee operations funded by EIF's own resources as well as by resources under mandate. EIF's recognised achievements in SME finance have been backed by strong shareholder support, in particular from its main shareholders, the EIB and the European Commission, as exemplified by the mid-year capital increase. EIF has recently finalised negotiations with the European Commission for the financial instruments for the Entrepreneurship and Innovation Programme (CIP). Also, EIF is entering new markets with the signature of a fund of funds in Turkey.

* The EIB made a previous investment of EUR 3m in Turkven I in 2001.

Technical assistance: a major plus for Mediterranean operations

by Joyce LIYAN
FEMIP Department

Since it was introduced in 2003, technical assistance has formed an integral part of the process of appraising and implementing FEMIP projects. In the view of a large number of promoters and officials, it contributes clear value added to the Bank's operations on the ground.

Between 2004 and 2007, the EIB signed 85 technical assistance operations, totalling EUR 65 million, in support of the Mediterranean partner countries. This new instrument deployed under FEMIP² has met with great success among promoters. After four years of application, the results are as follows:

Transfer of experience

Improving the quality of lending operations and enhancing their development impact: these are the two main objectives of technical assistance. By helping the Mediterranean partner countries and promoters to prepare, manage and supervise their capital projects, it contributes, above all, to building up local expertise.

² Since October 2002, the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) has brought together under one roof the whole range of instruments deployed by the EIB in the Mediterranean partner countries.





Example of a project: clean-up of the Taparura site in Tunisia

A promoter's view

In 2004, the EIB signed a EUR 34 million loan in support of a capital project intended to clean up the Taparura site, near the city of Sfax. In this framework, the Bank mounted two technical assistance operations, totalling EUR 3.8 million, to assist the project management unit and supervise the decontamination work. The beneficiary of these two operations is Société d'Études et d'Aménagement de la Côte Nord de la Ville de Sfax (SEACNVS) Riadh Hentati, Chairman and CEO of SEACNVS, observes:

"The implementation of technical assistance operations by the EIB was a successful and beneficial experience for our project. On the one hand, the support for the management unit enabled us to organise ourselves better, to improve the town planning aspect of the project and manage more efficiently the deadlines set for us and our budget. The work is currently on schedule and we expect a substantial budget saving which will allow us to carry out other work. On the other hand, the supervision service constitutes a strong link, acting as an intermediary between ourselves and the company performing the work. It closely monitors the contractor's activities, ensuring quality control and compliance with the conditions of the contract. It manages efficiently any specific situations that may arise on site in close cooperation with SEACNVS and the management unit. I consider the combination of the two technical assistance operations mounted by the EIB to be an excellent idea; it is an experience that I would recommend for any project similar to ours."



Technical assistance operations are financed from the Community budget via the FEMIP Support Fund. They are managed by a dedicated technical assistance unit within the Directorate for Operations outside the European Union and the Candidate Countries. The operations are carried out by consultants selected in accordance with the procurement procedures established by the European Commission for external cooperation programmes. The beneficiaries are both public and private EIB borrowers, including governments, public service providers and financial sector operators and private promoters.³

Infrastructure and the environment

Technical assistance comes in several guises depending on the stage at which it is provided: a feasibility or pre-feasibility study in the project's preparatory phase; or support for the project management unit during the implementation phase. If it comes during the monitoring phase, it consists of an evaluation study aimed at learning lessons and making recommendations for improving the future management of the project.

A review of FEMIP technical assistance operations signed between 2004 and 2007 shows that the main beneficiaries are the infrastructure and environment sectors, which attracted a total of 75% of funds allocated. The financial sector absorbs 25% of the available resources. The Bank's objective is to increase in the medium term the proportion of operations that directly benefit the private sector.

As regards the geographical spread, signatures are divided equally between the Maghreb and the Near East. At the top of the list of recipient countries, Morocco, Syria and Tunisia took up more than two thirds of the resources of the FEMIP Support Fund.

Strategy and policy impact

An external evaluation of the Support Fund conducted in 2006 showed that it was de-

ployed satisfactorily, while underlining the need to improve the preparation and monitoring of technical assistance operations. Emphasis was also placed on better analysis of the requirements of the partner countries and the promoters, as well as a better definition of the specifications and the expected results, which would help to enhance project implementation even further.

The evaluation also confirmed that technical assistance, which requires close collaboration with other lenders, contributes to strengthening cooperation with the Euro-

pean Commission and other international finance institutions, such as the World Bank and the African Development Bank, as well as with bilateral agencies.

By enabling the EIB to act as a consultant as well as a finance provider, technical assistance reinforces the Bank's contribution to the modernisation of the economies of the Mediterranean partner countries. Since January 2007, technical assistance has also been made available to the African, Caribbean and Pacific (ACP) countries from the proceeds of the Cotonou Investment Facility. ■

The FEMIP Trust Fund

Technical assistance operations can also be financed via the FEMIP Trust Fund. This was established in 2004 to enable donors, if they so wish, to augment the resources made available to the Mediterranean partner countries under FEMIP. Unlike the operations financed by the FEMIP Support Fund, however, the initiatives supported by the Trust Fund are not necessarily linked to an EIB investment. In the interests of complementarity, the operations financed under the Trust Fund focus more on promoting legislative, regulatory and institutional reforms, as well as sector development strategies.



³ For additional information, please consult the EIB's website: <http://www.eib.org/projects/regions/med/instruments/technical-assistance/index.htm>.

EIB committed to supporting Angola's reconstruction

In October 2007 the Bank signed its first loan in over 15 years in Angola – a clear sign of its commitment to economic growth in the post-conflict country.

In Luanda, Angola's capital, the EIB finalised a EUR 15m finance contract with TVCabo, a partnership between Angola Telecom, the national telecommunication operator, and the Portuguese Visabeira Group established in 2002.

The Bank's operations in the Africa, Caribbean and Pacific (ACP) region contribute to poverty alleviation and sustainable social and economic growth. Both the development and reconstruction of infrastructure, as well as the promotion of the private sec-

tor, rank high on the list of EIB priority lending objectives in all ACP countries.

This flagship loan in Angola will help to finance the construction of a broadband and bi-directional digital network in and around Luanda. The consumer and corporate markets will feel the benefits of this information and communication technologies (ICT) project, which will tackle the problem of limited ADSL access resulting from poor quality fixed-line networks. In addition, TVCabo will be able to develop a wide range of ICT

services, amongst them high-speed internet, radio broadcasting, interactive TV and video-conferencing.

With this operation in Angola, the EIB is not only providing long-term finance that would not otherwise be readily available on such good terms to a country in need of economic development, but it also hopes to build confidence between Angola and the international finance community, contributing to the diversification of available funding sources. ■

*by Úna Clifford
Communication Department*



EIB committed to development in South Africa



The EIB is continuing its support for the implementation of development finance cooperation in South Africa. The Declaration of Intent signed on 10 October 2007 illustrates the commitment of both the Bank and South Africa to work together for the country's economic development.

and private sectors have so far jointly benefited from EIB investment of EUR 1.5bn.

In December 2006, the European Council paved the way for further lending in South Africa by approving a EUR 900m mandate for operations from 2007 to 2013. Moreover, given the demand for EIB loans in the Republic of South Africa, the mandate foresees a review in 2010 which includes the possibility of increasing this amount.

Serving EU external policies

In order to best serve the goals of EU external policies in the region, EIB loans over the course of the 2007-2013 period will focus on projects with a strong developmental impact, resulting in the creation of employment, social and environmental benefits and the transfer of knowledge and technologies. To date, over two thirds of EIB lending has been dedicated to the public sector, the remaining portion going to the private sector. With public sector investment being high on the list of priorities of the South African Government's current development strategy, it is expected that this split will remain constant.

In cooperation with the authorities, public agencies, private enterprise and the financial sector, the EIB will use its financial re-

sources and technical knowledge to lend support to infrastructure projects of public interest – including municipal infrastructure, power and water supply – as well as the private sector.

A policy of cooperation

Complementing the EUR 900m mandate for operations in the Republic of South Africa from EIB own resources, the Bank cooperates with the European Commission to manage, together with the Industrial Development Corporation of South Africa, a EUR 50m Risk Capital Facility (RCF). This Facility aims to provide equity and quasi-equity to SMEs owned by historically disadvantaged persons, in line with the South African Government's Black Economic Empowerment initiative. The 2007-2011 Risk Capital Facility was approved at the end of 2006 and is the second of its kind, following the successful completion of the first RCF (2002-2006).

Recent projects

Projects which have received EIB finance since 1995 cover a wide range of sectors, with the aims of improving basic infrastructure, supporting private enterprise, promoting the financial sector and providing access to social services.

The overriding objective of the European Union in South Africa is to contribute to the reduction of poverty and inequality within society. The EIB has an important role to play in achieving this goal by promoting economic growth, modernisation of the economy and integration of South Africa in the global marketplace.

Meeting increased demand

The EIB, the long-term investment institution of the European Union, operates in South Africa under a series of mandates within the framework of the EU-South Africa cooperation agreement. Since the start of operations in the country in 1995, the public

by Úna Clifford
Communication Department

Reliable access to clean water is a basic requirement for any society. With a growing population estimated at over 3.2 million at the time, Cape Town was unable to satisfy water demand with existing infrastructure. In 2004 the EIB granted a loan of EUR 100m to the City of Cape Town for the construction of a water storage dam and water conveyance system on the Berg River. This is one of the first dam projects worldwide to apply the recommendations of the World Commission on Dams, and in this regard represents pioneering best practice in the sector.

In January 2007, the Bank finalised a EUR 25m financing agreement with Sonae Novobord for the expansion of a panel board factory in White River in Mpumalanga Province. By increasing the capacity of the plant by up to 70%, the strong growth in domestic demand from the furniture and construction sectors can be met. As well as promoting the development of the private sector in the region and supporting the foreign direct investment of a European company in South Africa, the project has significant social benefits – providing jobs in an area of high unemployment, enhancing professional skills through training and encouraging good health care and HIV screening. The EIB's participation in this project has ensured access to long-term funding to the promoter that would not otherwise have been available at reasonable rates.

Finally, in October 2007 the EIB's Board of Directors approved a EUR 150m innovative line of credit to a series of well-established public and private financing institutions in South Africa funding the supply of affordable and social housing and related infrastructure across the whole of the country. The first loan of its kind, it will ensure better housing and living conditions for low-income households. All in all, the EIB loan will contribute to the country's main economic and social goals of poverty alleviation, job creation, crime reduction, social cohesion and empowerment of the poor, in line with the EU's own objectives in South Africa. ■





Art in Kirchberg: fostering corporate culture and creativity

by Pé Verhoeven, Internal Communication

An arena for reflection

For a company, an art collection offers many possibilities: it symbolises the commitment to its location, fosters corporate culture as well as creativity, and, finally, supports artists and shows a love of art. During the *Art in Kirchberg* initiative companies provide an opportunity to view private art collections. This year's version was held on 22 September when ten companies and institutions based in Kirchberg, including the European Investment Bank, invited the public to see their architecture and art collections. "Private Art Kirchberg" offers a chance to discover "hidden" treasures, to take a leisurely stroll, and to get a different view on a neighbourhood that is usually known as a business or shopping district. The reason for the initiative to open offices and show art collections is that art and life no longer belong to two different worlds. Art can be experienced day by day, and should maybe not be confined to special and private places.

The idea behind the art collection of the European Investment Bank is similar. In the EIB's common spaces, paintings fill the walls and create a special and stimulating atmosphere for ideas

to emerge and create a 'creative' atmosphere. Art is made accessible to the employees and visitors. In the introduction brochure that the EIB made available to its guests during the art visit, it says that the Bank, by its very nature, attracts multicultural staff from all EU Member States. Accordingly, the idea behind the EIB's art collection is to showcase artistic creation in Europe, tracking the changes taking place today from their inception during the past twenty to thirty years. The collection therefore provides an arena for reflection and for a debate about art.

Works included in *Art in Kirchberg* were by Imi Knoebel (Germany), Simon Callery (UK), Pedro Cabrita Reis (Portugal), Claude Viallat (France) and Brigitte Kowanz (Austria). The rather visible giant chair by Magdalena Jetelova (Czechoslovakia) was the welcoming art object, as it is situated in front of the Bank's headquarters. Inside the atrium, the works of Olivier Debré and Gotthard Graubner dominate the view. The choice for the enormous canvasses by Debré and Graubner in the Bank's central area also has a symbolic mean-

ing as the EU has its origins in a French-German alliance.

Since then, the EIB's art collection has paid particular attention to what is taking shape and blossoming, whilst remaining faithful to the notion of a work of art. It is rooted in the last decades of the 20th century, which was also the era in which the EIB was born and grew up. As the art collection of an institution resolutely geared to the future and focused on the EU's neighbours, it now represents a retrospective on art in Europe. ■

Appointments to Senior Cadre



Derek Barwise has been appointed Director of the Information Technology Department within the Strategy and Corporate Centre (SCC) as from 16 February 2008.

Mr Barwise, a British national, joined the EIB in 1991 as a Systems Architect. Prior to coming to the Bank, Mr Barwise worked for British Telecom in London as an analyst/programmer, then as team leader responsible for the development and implementation of a mobile phone billing system. His first professional experience was with SA Mutual Insurance and Caltex Oil, Cape Town, as a mainframe systems engineer.

In 1993 he was appointed Head of the EIB's IT security unit and Year 2000 project leader.

Between 1993 and 1999 he developed and implemented a network security policy involving hands-on work in introducing new technologies and was responsible for running pilot projects, making recommendations and developing implementation programmes.

From 1997 Mr Barwise was appointed overall Year 2000 project leader for IT and was responsible for coordinating, planning and reporting all IT activities in this area.

In 1999 he became Head of the Financial Applications unit, a post he held until 2006. In this role he managed the development and ongoing maintenance of the core financial applications supporting treasury operations, borrowing, back office lending, financial reconciliation, liquidity planning and interest rate setting.

From 2001 he played a key role in the ISIS "Re" Project, which entailed the replacement of the Bank's core financial applications by an integrated package ("Finance Kit", later renamed "Wall Street Suite").

In 2006 he became Head of the Financial and Lending Applications Division. In so doing he took on additional responsibility for the Serapis application, thereby consolidating the overview of the lending and financial processes in one division.

Mr Barwise holds a BSc in Computer Science and Mathematics from the University of Cape Town, South Africa. ■

Visit of Austria's Chancellor to the EIB and EIF



The information magazine of the
European Investment Bank Group

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

Dates for the Diary...

- **28/02/08** – Annual Press Conference 2008. Brussels – Belgium
- **03/06/08** – Board of Governors Annual General Meeting 2008. Luxembourg
- **06/03/08** – FEMIP Conference on Tourism. Berlin – Germany
- **28-30/03/08** – Participation at the FORUM DE PARIS. Paris – France

Details and registration at www.eib.org/events

New EIB publications

October 2007

- Operations Evaluation Overview Report 2006
- Operations Evaluation – Evaluation of EIB Financing of Health Projects

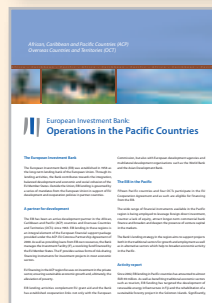
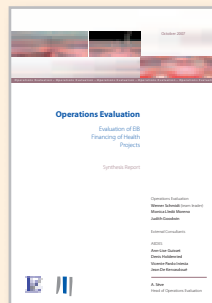
November 2007

- Operations Evaluation – Evaluation of Borrowing and Lending in Rand
- European Investment Bank: Operations in the Pacific Countries
- European Investment Bank in the Pacific

December 2007

- The EIB-Universities Research Action – Summary sheet

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



Change in telephone numbers on 1 January 2008!

As from 1 January 2008, the direct telephone numbers in our offices in Luxembourg will be changed to nine digits.

Please call our central switchboard on (+352) 43 79 -1 to reach the person you wish to contact.