

Helping to green the African continent • A business view on human rights • Amsterdam Airport luggage arrives on time • Europe's cinemas go digital • Nobel flair for Stockholm hospital PPP • Public-private partnership expertise gets a boost • The Mediterranean's biggest infrastructure fund • Mediterranean Solar Plan for energy security and green development • Spotlight on water and development

# Promoting **low-carbon growth** in the developing world



The EIB's role in financing regional infrastructure projects received fresh impetus under a renewed mandate for the Bank's operations in the African, Pacific and Caribbean countries. During an official visit to Burkina Faso, EIB President Philippe Maystadt underscored the Bank's commitment to projects that help fight climate change as well as adapt to its effects where they are felt most.



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by Sabine Kayser, Communication Department

**A**frica's weather conditions already pose challenges to the continent's people and economies, which often suffer from floods, droughts and heat waves. Ongoing climate change is set to intensify the problem and the poorest developing economies face especially difficult challenges both in addressing their current climate risks and adapting to new ones.

"The EIB stands ready to tackle the challenge of climate change in developing countries," EIB President Philippe Maystadt stressed at the last EU-ACP Council in Ouagadougou (Burkina Faso). "Together with our partners in the ACP countries, as well as the EU Member States and the Commission, we can help to promote low-carbon growth in the developing world and make a difference where the effects of a changing climate are felt most."

In fact, the EU-ACP Council was the occasion for Philippe Maystadt to welcome the revision of the so-called Cotonou agreement, which has provided a framework for the Bank's operations in the region since 2003. The renewed mandate not only allows the EIB to extend its activities in Sub-Saharan Africa, but also for the first time recognises climate change as a key issue for the EU-ACP partnership.

The Bank has been a development partner in the ACP region for more than four decades, lending some EUR 11.8bn to support more than 1 000 projects in 70 countries. The EIB links climate responses with the EU's development goals by actively pursuing projects that help mitigate the effects of, and adapt to, a changing climate.

The EIB typically supports initiatives that encourage private sector development, such as SME investments, but also puts an emphasis on large productive infrastructure, including renewable energy projects, energy efficiency initiatives and other projects that respond to climate change considerations. In the midst of the economic and financial crisis, the EIB is looking to secure sound investments that benefit the poorest and support sustainable development.



EIB President Philippe Maystadt on his official visit to Burkina Faso



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## Working together for sustainable development

During his visit, President Maystadt signed a EUR 1.5m technical assistance agreement with the West African Power Pool (WAPP) for the preparation of the so-called Mount Coffee hydropower rehabilitation project in Liberia. The Bank often supports its investments in Africa with technical assistance, in order to help shape and implement the projects it funds. This hydropower rehabilitation project will enable Liberia to respond to its power needs as well as those of the region through the WAPP interconnected grid, a pre-condition for economic development.

“The West African Power Pool is a key partner for us. Through this instrument, the EU and Africa are working together to promote viable regional infrastructure schemes that foster wider African development,” President Maystadt underlined at the signing ceremony.

The EIB is a long-standing partner of the WAPP and has helped to finance a number of its priority projects. The aim is to establish a regional electricity market in West Africa and promote exchanges in order to avoid power shortages and secure access to affordable energy. The Bank has financed a range of pre-investment studies for WAPP interconnection projects, either with its own funds or through the EU-Africa Infrastructure Trust Fund. Under this initiative the Bank is working hand in hand with others, blending grants from the European Commission and EU Member States with the lending and technical capacities of the EIB and other EU development financiers to support large-scale infrastructure projects. ■

*To learn more about the EIB's activities outside the EU, please consult the INFO Special Edition 'Partnering with the world' available from our website ([www.eib.org](http://www.eib.org)).*



## Renewable energies in the spotlight

The Bank supported the first public-private partnership project in Cape Verde.

This involves the installation of 27MW of wind turbines on four islands of the archipelago, co-financed with the African Development Bank. This project will bring the share of Cape Verde's electricity generation from renewables to 30% from 2012.



The EIB is helping to extend the Olkaria II geothermal power plant in Kenya. This investment supports the provision of clean, safe and sustainable energy for the country. In addition, a dedicated technical assistance grant will complement the project.

# Helping to green the African continent

Interview with Louise Paulsen, Strategist, and Lumkile Mondi, Chief Economist, at the Industrial Development Corporation (IDC) in South Africa. The IDC is a self-financing, state-owned national development finance institution that provides financing to entrepreneurs and businesses engaged in competitive industries.

## *What kind of companies do you typically fund?*

**Louise Paulsen:** We work in different sectors of the economy, always with a focus on projects that will increase the industrial capacity of South Africa. We also support entrepreneurs and SMEs. A special emphasis is on projects that reduce inequalities in our society and help unskilled individuals to fit into the economy.

**Lumkile Mondi:** South Africa is facing high levels of unemployment, underdevelopment and inequalities that still exist in its society. Together with its funding partners such as the EIB, the IDC is well positioned to support companies and assist them in creating jobs and fighting poverty in our country.

Therefore the IDC not only develops projects: we also assist clients that walk through our door. We work with them on their proposal and assess its viability before we decide to fund a project. Some entrepreneurs that approach the IDC are already established in the market place and require additional funding, others are looking to set up a business and require a greenfield type of investment.

## *How has the crisis been felt in your operations?*

**LM:** The crisis came as a shock, bringing a time of unprecedented growth to an abrupt end. The subsequent power outages suffered during that period hit SMEs particularly hard. For example, those in the franchising



Lumkile Mondi, Chief Economist



Louise Paulsen, Strategist

business saw their food stocks spoil, which led to some of them losing a lot of revenue. When they turned to us for help, we knew we had to act fast. We provided many of them with funding to buy generators just to make sure that they were able to carry on. In some cases we were able to suspend the repayment period, to make sure they could make their businesses secure. We also tried to play a countercyclical role by providing a tailored package for SMEs at a time when lending conditions became more difficult for such businesses.

## *How has working with the EIB helped to raise awareness of sustainability issues?*

**LP:** The EIB has also been an excellent partner in terms of restructuring the economy and working towards a greening of the Af-

rican continent. We first engaged on the issue of sustainability at the time of the Johannesburg World Summit in 2002, which coincided with a visit from the EIB to the IDC. This definitely served as a catalyst to help us move in the right direction in terms of sustainability reporting and starting to tackle the issues around our sphere of influence. This has improved over time as the IDC took up the challenge to become a better corporate citizen.

Today we have an environmental health and safety department with a dedicated team, as well as a group of in-house socioeconomic experts. We have developed the necessary environmental policies and risk management tools to look at environmental health and safety issues. Our team of experts works with our clients to assess their businesses' impact on the en-

vironment. Once they have received IDC funding, we also go back to monitor how it works in practice. Sometimes we can help to suggest ways in which their businesses can become greener. We try to lead by example by greening our IDC building and calculating our carbon footprint and looking at ways to achieve a carbon-neutral environment.

**LM:** Nevertheless, we are still developing our policies with regard to human rights issues. That is where we are going to continue the conversation with the EIB, because we want to 'steal' some ideas. We hope to launch a stand-alone human rights policy in time for International Human Rights Day on 10 December.

### *How are these developments reflected in the businesses you are funding?*

**LM:** Change is happening, but at a very slow pace. It is a process where we have to educate people. We also rely on the governmental organisations as well as civil society movements working to ensure people's rights are adhered to. Institutional dialogue is taking place, but it's a slow process given our history of inequality. To borrow the words of Nelson Mandela: 'it is a long walk'. While Mandela was referring to freedom, it is going to be a long walk to achieve economic empowerment of the historically disadvantaged majority of the population in our country.

### *The World Cup brought a lot of media attention. Has it made a difference for your country?*

**LP:** The football World Cup has been a positive boost for South Africa. It happened at a crucial time for this country and for the tourism sector in particular there will be an enormous impact looking forward. Not only for South Africa but also for our neighbouring countries, because typically when we receive primarily European tourists, they will do a tour around the region. So there will definitely be a positive spin-off seen for many years to come. Moreover, the downstream effects for economic development are huge and I think a lot of people were positively surprised when they came to South Africa. ■

The football World Cup has been a positive boost for South Africa



# A business view on human rights

As the debate on business and human rights increasingly takes centre stage for businesses and civil society alike, the Bank is engaging with key stakeholders to help bring the issue forward.

by Oliver Cusworth, Communication Department



Johannesburg round table

Human rights used to be an issue mainly dealt with at state level. After all, it was statesmen, not business leaders, who put their names to the Universal Declaration of Human Rights and later the European Convention on Human Rights. However, as many companies today operate on an increasingly global scale, they need to adapt to different cultural and legal environments. This motivates companies to develop Corporate Social Responsibility (CSR) policies – including human rights – that are valid throughout their operations.

Central to moving this process forward will be the United Nations framework on business and human rights (“protect, respect and remedy”), proposed by UN Special Representative Professor John Ruggie of Harvard University.

The EIB has facilitated the ongoing discussions on business and human rights by organising two tailor-made events. In the first meeting of its kind for the Bank, a London seminar on 4 June brought together EIB President Maystadt, Professor Ruggie and over 80 representatives of business, civil society, trade unions and academia to exchange views.

This was followed up by a roundtable in Johannesburg on 20 July, with a further 40 stakeholders from South Africa and across the continent. The Johannesburg seminar was designed to give a platform to viewpoints from the developing world as well as to increase the EIB’s understanding of the Ruggie framework and the wider business and human rights debate.

While the EIB applies its social standards, it is not directly involved in shaping the human rights framework for businesses. However, it seeks to facilitate the related debate together with its partners in business and civil society. This enables the Bank to be an early mover when decisions are adopted. Because of the Bank’s unique status, it is well-placed to bring together business and civil society on the human rights debate. The two events showed that the UN’s ‘respect, protect and remedy’ framework is already influencing stakeholders and has become a key international reference point in relation to business and human rights.

When Professor Ruggie presents his final report to the UN Human Rights Council next year, the principles proposed are likely to give clarity on the role of governments and business with regard to human rights. Some countries are already looking at how best to integrate the Ruggie framework into national law and practice, especially with regard to the impact beyond the home territory. The principles could constitute a key reference point and a responsibility for businesses in the years ahead.

A report on the series of seminars will be issued by the end of 2010. ■



EIB President Philippe Maystadt speaking at the London seminar

## EIB INFO survey results

94% of its readers have a high (49%) or medium (45%) interest in EIB INFO according to the results of the first readership survey.

A majority of those who answered (49%) read EIB INFO regularly and results show a keen interest in the EIB's projects both inside and outside the EU. Topics of particular interest include SME financing, joint operations, environmental sustainability and case studies, to name but a few. 79.8% of the readers want to keep the current quarterly circulation.

We received more than 500 replies from various recipient groups, including EU and international institutions, as well as national and local administrations, business and academia. Thank you to all of you who took time to participate. We will follow up your comments to continuously improve EIB INFO.

## Barroso highlights EIB's role in landmark speech

In his first "State of the Union" address to the European Parliament on 7 September, European Commission President José Manuel Barroso proposed developing "project bonds" in cooperation with the EIB. This will help to finance major European infrastructure projects in the future.

## Nabucco takes important step

The Nabucco gas pipeline project took an important step on 6 September when the EIB, the European Bank for Reconstruction and Development (EBRD), and the IFC – a member of the World Bank Group – signed up to start the appraisal process of the project. This is an important step towards a potential financing package of up to EUR 4bn for this European flagship project seeking to secure and diversify future EU gas supplies.

## ACP ambassadors meet in Luxembourg



On 22 July the EIB welcomed the representatives of the African, Caribbean and Pacific countries to its headquarters in Luxembourg.

## Fund set to boost rural microfinance

The EUR 100m Rural Impulse II fund seeks to reach out to the rural poor in developing countries by investing in microfinance intermediaries, NGOs, credit unions, microfinance banks and institutions, targeting small businesses. Backed by leading public and private financial institutions and investors, the new fund builds on the success of Rural Impulse Fund I.

## Film on New Caledonia's first solar plant

Some 10 000 solar panels cover the sun-drenched hills between the Montagnès peninsula and Saint Vincent bay. The panels provide up to 3 million KWh per year, enough to supply up to 1 000 households with electricity and offset 1 710 tonnes of CO<sub>2</sub> emissions a year. A short film about the Helios Bay solar plant is now available on our website ([www.eib.org](http://www.eib.org)).



# Amsterdam Airport

## luggage arrives on time

Amsterdam Airport (Schiphol), one of Europe's top transfer airports, has entered a new phase of its ambitious project to extend luggage-handling capacity while improving processing time and quality – a project that was started some years ago. With the support of the European Investment Bank, this new phase is expected to be finished in 2013.

by Cees Post, Communication Department

**A**t Schiphol, where hundreds of thousands of people change planes every day, more than 40 million pieces of luggage are handled a year and almost half of all suitcases and bags are transfer luggage. It is a well-known fact that international flights or flights with connections are more likely to see luggage delays. This, together with the expected growth in the medium term from fewer than 40 million to as many as 60 million passengers passing through Schiphol annually, led the airport to embark on the 70MB project – a sophisticated investment project to extend luggage-handling capacity to 70 million bags (70MB) a year.

as road traffic is increasingly being organised today: with hard shoulders and parking areas – buffers – and separate lanes for fast or urgent traffic and slow traffic (as with lorries in the slow lane on the motorway). Traffic lights will regulate the flow of cars, while baggage flows will be separated or combined as required.

For Amsterdam Airport the bottom line, of course, is to improve passenger service. For the EIB, as the bank of the European Union, what counts is that the investment will improve an important link within Europe's air transport network and with the rest of the world. ■

The European Investment Bank is supporting the investment with a EUR 350m 20-year loan. According to Peter Verboom, Member of the Management Board and CFO of Schiphol Group: "This finance agreement with the EIB is advantageous and important in the light of large ongoing infrastructure investment at Amsterdam Airport Schiphol. Having the best and most innovative baggage systems in the airport sector will contribute enormously to strengthening our Mainport function".

The EIB loan will be used for a modern electromechanical luggage system that will replace diesel baggage vehicles, with clear environmental benefits. New technologies will make this a smart system. Baggage flow will be handled in much the same way



Smart baggage system at Schiphol Airport

# Europe's cinemas go digital

The EIB is providing finance of up to EUR 65m to a small Belgian company to help Europe's cinemas go digital and support the development of cutting-edge technology.

by Marc D'hooge, EIB RSFF Programme Manager, New Products and Special Transactions Department



Despite still being small (with only about 65 employees), XDC has managed to establish itself as a leading cinema service company in Europe. An EIB loan – part of a larger financing package with BNP Paribas Fortis and KBC – will help XDC to convert European cinemas over to digital technologies and to further strengthen its research and development (R&D) activities. With almost 30% of its staff working in R&D, XDC is a true innovator.

“Only two years ago we signed significant agreements with the major Hollywood studios says XDC CEO Serge Plasch. Today we are rolling out digital systems in Europe, providing several screens every week with the necessary know-how and equipment to enable [the cinemas] to ‘go digital’. With this loan we will be able to finance more than 2 000 screens across Europe,” he added.

Especially during this time when credit for niche sectors is in short supply, supporting long-term investment in successful young SMEs with good potential is a key priority for the EIB. The Bank's first investment in European digital cinema is expected to have a signalling effect for the whole industry. Indeed, since the finance contract was signed in February, XDC has been able

to conclude a number of major digitalisation deals. Competitiveness in this creative industry depends very much on the use of new technologies.

## Advancing innovation in digital cinema technologies

While the ‘digital revolution’ has already taken place in many homes, most cinema screens still use 35 mm motion picture reels, costing considerably more than a more flexible digital version, which can be distributed via hard drive or even by satellite. But this digital conversion is very costly for cinemas (which are often SMEs), while the lion's share of the benefits goes to the studios that produce and distribute the films. Translating these savings into incentives to help cinemas to convert, by making the studios pay the bulk of the investment cost over time while also providing a number of high-

value added services to the cinemas, is at the core of XDC's business model.

“With each new digital release the film studios pay us a fee, which is used to pay off the digital equipment. This is the Virtual Print Fee (VPF) business model. Within 7 to 8 years the cinema becomes the owner and the producers can use the equipment as long as it lasts for free. Of course there are a lot of technology issues behind that, because we have to make sure that the system works perfectly. That's the challenge in this kind of industry,” concludes Plasch. ■



XDC develops cutting-edge technologies

# Nobel flair for Stockholm hospital PPP

A new hospital that features the latest technology and the best staff, and where doctors come to patients rather than the other way around. Add to that the research institute next door which awards the Nobel Medicine Prizes and you have a winning combination. Construction starts this autumn and the European Investment Bank is helping out by lending EUR 300m.

by Pär Isaksson, Communication Department

**T**he Karolinska university hospital is one of Europe's largest where thousands of doctors, nurses and other staff provide first-class care for patients from the Stockholm area and beyond. However, they do so in dozens of separate buildings, mainly dating from the 1940s and 1950s, that are spread out over an area of almost one square kilometre. Although the structure has been continuously upgraded, this is not an efficient way of delivering care today and in the future.

That is why the New Karolinska Solna hospital represents a radical new departure. The project – the first ever healthcare public-private partnership (PPP) in the Nordic countries – is innovative in many respects. A single, compact structure will replace the old premises. Patients will all have large single rooms where treatment will be delivered regardless of speciality. In most cases except emergency, surgery and post-operative, specialists will come to the patient rather than the contrary. "New Karolinska Solna will be a hospital with fully integrated patient care, research and education, which will help us compete with all high-quality hospitals in the world," says Amelie Liljegren, the hospital's medical director.

Located right across the street from the new hospital is the Karolinska Institute medical university, founded in 1810 and since 1901 the body that awards the Nobel

Prize for Medicine. Linking the brand new hospital with the renowned teaching and research establishment will hugely benefit Stockholm as a life science cluster. Bengt Nielsen of GE Healthcare says such clusters need to combine "very good basic research, world class clinical research and access to different types of diseases." All these conditions are met in the Swedish capital. "The relationship with the hospital is very important to us. When we have discoveries and new results, we need to transfer them to health care," emphasizes Harriet Wallberg-Henriksson, head of the Karolinska Institute.

The new hospital is not just important to patients and research, but also to the wider community. Situated along the interface of Solna and Stockholm municipalities, it will redevelop a neglected urban area. Catharina Elmsäter Svärd, finance commissioner at Stockholm county council, stresses that the hospital will contribute to better medical care for residents in the city, the region and neighbouring countries. By supporting education, R&D and innovation, the project will contribute to the Europe 2020 goals for smart, sustainable and inclusive growth. The project also ties in well with the EU strategy for the Baltic Sea Region, which aims to make it more environmentally sustainable, competitive, accessible, safe and secure. Since 2007, the EIB has lent more than EUR 20bn for projects in the region, where it is by far the largest international long-term lender financing projects that range from broadband networks, wastewater treatment plants, bridges, tunnels, port facilities, energy projects to R&D and innovation. ■



- ↳ 600-800 beds
- ↳ 6 000 staff plus 1 000 scientists and medical students
- ↳ Scheduled opening: 2015/2016

# Public-private partnership expertise gets a boost

In only two years since it was set up, the European PPP Expertise Centre (EPEC) has established itself as a key partner, helping public authorities across Europe to develop public-private partnerships (PPPs). Under a renewed mandate, EPEC is set to further its activities.

by Sean Fitzpatrick, European PPP Expertise Centre

Created in 2008 as a joint initiative between the European Investment Bank, the European Commission and EU Member and Candidate Countries, the European PPP Expertise Centre (EPEC) now boasts members from over 30 countries and regions. Recent support from the EIB and Commission to renew and expand its mandate reflects the increasing demand for expert advice in this area, a factor heightened by the current economic environment.

Public-private partnerships refer to forms of cooperation between public authorities and the private sector on the funding, construction, renovation, management and maintenance of infrastructure projects. Over the past two decades more than 1 400 public-private partnerships have been signed in the EU, representing a capital value of nearly EUR 260bn. However, since the onset of the financial crisis estimates suggest that the number of PPP arrangements has fallen by 30%.

Many governments have come to rely on PPPs as an important additional means of delivering long-term infrastructure assets and related services. In these times of distressed public finances, PPPs have an even

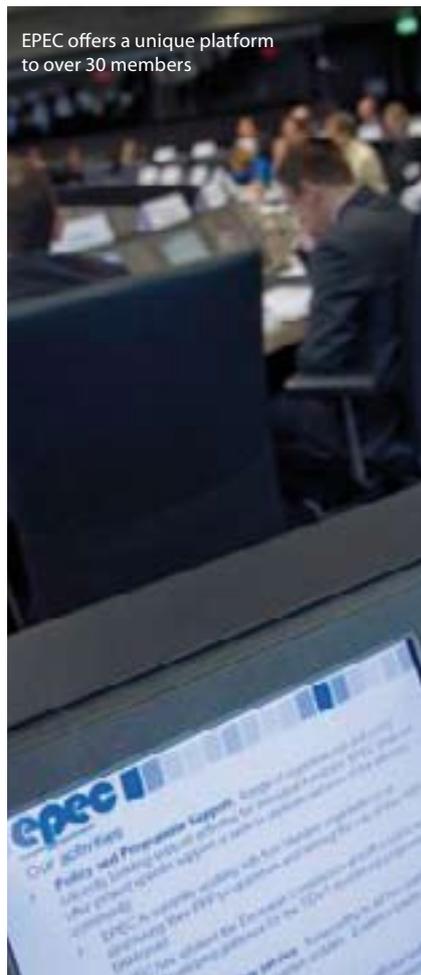
more important role to play in maintaining economic activity.

## A knowledge bank for PPP task forces

EPEC offers a unique platform for discussing the key problems and bottlenecks faced by the authorities when developing and implementing PPPs. This enables its members to share problems, discuss current and future policy and learn from one another. Members are drawn from several ministries of finance, as well as central PPP units and other public sector bodies involved in developing and implementing PPP policy and conducting transactions.

When the financial crisis erupted over two years ago, there was an immediate downturn as banks across Europe scaled back or in some cases discontinued their lending to the PPP market. In response, EPEC established a working group on the credit crisis, which included participants responsible for developing and implementing PPPs across Europe. This enabled members to exchange advice and discuss potential anti-crisis measures in the PPP market. Within two months, and following extensive dis-

EPEC offers a unique platform to over 30 members



cussions with members as well as banks, contractors and sponsors from the private sector, EPEC produced a paper outlining a range of potential strategies. This has helped a number of members to frame their responses to the crisis.

EPEC's working groups have produced analyses on a number of other important topics, including Eurostat's treatment of PPPs, value for money, competitive dialogue and the role of capital markets in funding PPPs. More recently, it has established working groups on PPP units, state guarantees, grant-loan blending and delivering broadband networks through PPPs. In addition, EPEC continues to assist several countries in developing their programmes and reviewing their institutional structures for supporting PPPs.

To learn more about EPEC, please visit [www.eib.org/epec](http://www.eib.org/epec) or send an email to [epec@eib.org](mailto:epec@eib.org). ■

# The Mediterranean's biggest infrastructure fund

With initial contributions of EUR 385m and a target size of EUR 1bn, InfraMed is the world's biggest fund investing in infrastructure in the southern and eastern Mediterranean.

by Soumaya Frigui, Europe's Neighbour and Partner Countries Department

**T**he EIB has teamed up with Caisse des dépôts and Cassa depositi e prestiti to launch the InfraMed Fund in partnership with financial institutions in the partner countries – Caisse de dépôt et de gestion du Maroc (CDG) and the Egyptian bank EFG Hermes.

The basic purpose of InfraMed – which was subscribed in Paris last May – is to contribute to the Union for the Mediterranean by providing the necessary finance to develop infrastructure with an exemplary low environmental impact.

It is designed to promote, in a market environment, investment in urban, energy and transport infrastructure projects, in a region where urban growth rates are among the highest in the world. It has a long-term approach aimed at generating a return for investors while fostering global economic stability.

InfraMed's strategy is based on direct or indirect equity or quasi-equity investment in companies whose principal business consists of the development, operation, construction and/or holding of infrastructure assets with a view to promoting sustainable development.

It will mainly invest in entirely new projects meeting basic environmental, social, transparency and procurement requirements with a longer term focus than traditional private infrastructure funds.

Through FEMIP, its Mediterranean financing arm, the EIB is contributing EUR 50m to the project. Caisse des dépôts and Cassa depositi e prestiti are providing EUR 150m each. Caisse de dépôt et de gestion du Maroc and EFG Hermes are contributing EUR 20m and EUR 15m respectively.

The partnership with CDG (Morocco) and EFG Hermes will take the form of advisory and coinvestment agreements with funds that these institutions will create in their respective countries ("InfraMaroc" and "InfraEgypte"). Their investment strategies will be similar to that of InfraMed. ■

Artist's impression of the tramway



The Rabat-Salé tramway under construction



# Mediterranean Solar Plan

## for energy security and green development

A flagship project of the Union for the Mediterranean, the Mediterranean Solar Plan (MSP) is designed to harness the region's vast renewable energy potential. The EIB is providing backing for this ambitious project by examining the financial mechanisms that need to be put in place and by supporting pilot projects.

by Joyce Liyan, Europe's Neighbour and Partner Countries Department

**T**he Mediterranean Solar Plan's aim is to provide the region with 20 GW of additional renewable energy capacity (particularly solar and wind) by 2020 in order to meet growing demand and restrict greenhouse gases. The southern and eastern Mediterranean countries are going to face enormous pressure on energy resources, with an increase in energy demand up to 2025 four times higher than in Europe owing to rapid growth of both the population and the economy.

Launched in July 2008 at the Paris Summit on the Mediterranean, the solar plan has triggered unprecedented mobilisation of the private sector within consortiums and attracted strong interest from the governments of partner countries such as Morocco, Tunisia and Egypt, which have devised action plans for developing renewable energies.

This dynamic activity is also expected to foster the establishment of new high-tech industries, leading to job creation and technology and knowledge transfer. Over and

above its energy-related and environmental importance, the solar plan is therefore destined to have an economic leverage effect by stimulating growth and integration in the Mediterranean region.

### The EIB, financial coordinator of the Mediterranean Solar Plan

The EIB's renewable energy know-how and energy lending record in the Mediterranean (EUR 3.7bn in the years 2002-2009) made it the obvious candidate for coordinating the financial side of the Mediterranean Solar Plan – a role that it was given at the 8th FEMIP Ministerial Meeting in October 2008.

FEMIP has launched its activity in two ways. On the operational front, the Bank is supporting the establishment of Morocco's first solar plan project, promoted by the Office National d'Électricité: the construction of 500 MW of solar energy capacity in Ouarzazate. This operation is the first under the Mediterranean Solar Plan and is being



Abdelkhalek Torres wind farm

mounted in cooperation with the European Commission, the World Bank and development agencies working in the region such as the Agence française de Développement and KfW. Other similar projects are being studied.

Further upstream, through its Trust Fund FEMIP is financing a study of the solar plan which lists the projects identified in the region and their state of technical and financial progress. The study's first conclusions were made public at the 8th FEMIP Conference, held on 10 May 2010 in Valencia, Spain. The full study will be presented at the first "Investors working for green development in the Mediterranean" Forum, which will take place on 23 October 2010 in Athens – the day after the launch of the "Climate change in the Mediterranean" initiative that is designed to feed into the workings of the UN Global Warming conference, to be held in Cancun, Mexico, in early December 2010. ■



Lagoon village on Lake Nokoué (Benin)

# Spotlight on **water and development**

Set up in a joint effort by the EIB and the European Commission, the Water Project Preparation Facility (WPPF) identifies and develops bankable water and sanitation projects in the African, Caribbean and Pacific (ACP) region that contribute to the Millennium Development Goals.

by Christoph Gleitsmann, Managerial Adviser on Water and Climate Change, and Sabine Kayser, Communication Department

**T**he supply of clean water and the provision of basic sanitation loom as one of the greatest global challenges of the 21st century. Many developing countries experience a significant gap between safe water supplies and increasing demand, caused by a rapid growth in population, extended irrigation and widespread pollution. Some 900 million people are still lacking clean drinking water and 2.6 billion do not dispose of adequate sanitation facilities. The situation is likely to get

worse as the effects of climate change are increasingly felt.

The United Nation's Millennium Development Goals have set a target to halve the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. Recent UN reports suggest that if efforts by countries, donors and NGOs continue, this target is likely to be globally met for water, but missed for sanitation. However, there are major disparities

between regions: projections show that sub-Saharan Africa and the Pacific will fail to meet both targets.

## The EU response: the Water Facility

Joining international efforts to co-finance water and sanitation infrastructure and improve water governance, the EU provided some EUR 500m in grants for a first Water Facility in 2004, which was recently followed by an envelope of EUR 200m for a second Facility. The first exercise resulted in grant co-financing of 175 projects that aim to give 14.5 million people access to safe water and provide sanitation infrastructure for 3.5 million people. A part of these EU grants have been blended with loans from the EIB and other financiers, so that seven EIB-led Water Facility projects throughout the African continent are currently being implemented.

Another outcome of the first Water Facility was the launch of the Water Project Preparation Facility (WPPF). The EIB started the WPPF in 2008 as a complement to its lending operations, in order to provide the necessary technical and financial expertise for enhanced project preparation. The EUR 3m facility is 75% co-financed by the European Commission. In practice this means that both institutions work closely together to identify and develop bankable water and sanitation projects in ACP countries.

### The challenge of project development

One of the main challenges is to identify the needs and project opportunities in ACP countries, each facing different problems and levels of water sector development. The first WPPF year was used mainly for information dissemination, demand analysis and consultation with governments, Commission experts and representatives of key co-donors like the World Bank, African Development Bank, KfW and AfD. Priority countries in Sub-Saharan Africa and the Pacific were selected according to operational, economic, technical, social and environmental criteria. In the WPPF's second year, water sector analysis and project identification studies for selected countries were conducted in order to explore opportunities to channel further funding in line with poverty reduction plans and sector investment strategies as agreed by governments and donors. Out of some 25 identified projects, the 12 most promising ones were chosen for more detailed preparation.

### Better use of scarce water resources

The loss of water in distribution networks is a key challenge. In the countries assessed by the WPPF, the level of water lost before reaching the consumer usually exceeds 50%. This can be due to physical leaks, insufficient metering or theft. In order to tackle this issue, major investments in the water production cycle are needed. In Zambia the WPPF identified an urban water supply project for the capital city of Lusaka that would reduce the water loss figure, which currently stands at 51% of overall production. Since demand for water by far exceeds supply, it is crucial to make better use of the resources in order to increase access to water for all residents, especially the poor, who often live in peri-urban areas.

### Fighting the nuisance of unsafe wastewater disposal

Many African countries struggle to improve access to urban sanitation owing to rapidly growing populations. The urban poor are particularly affected by low coverage because of dense habitats and unsanitary disposal conditions, causing major health problems. In Rwanda, where urban sanitation coverage is at 54%, the WPPF team identified a sewerage project that would improve wastewater collection and treatment for Kigali, the capital city. The project would support the government's plans to progressively build up a collective sewerage system by 2020 to help resolve the sanitary, health and environmental problems.

### Improving livelihoods on small islands

The island states in the Pacific are fighting to develop their countries in the face of increasing impacts of climate change that hit them first on the globe. These remote islands have small populations, travel constraints and weak communication links, so projects are developed in close collaboration with the EIB's local offices and Commission delegations. A project in the Cook Islands involves the upgrading of water and sanitation infrastructure for the benefit of 45% of the population. Complementing ongoing assistance by the Commission and other donors, the project will help to improve the health of the locals and increase the climate resilience of water infrastructure. It will also protect the lagoons that are of paramount importance to the tourism industry, one of the country's major income sources.

### Increasing aid effectiveness

By the end of 2011, the WPPF is set to deliver further essential analysis and documents to allow the selected projects to go forward. The fruitful exchange of information and advice between concerned stakeholders including governments, the Commission, and multi- and bilateral donors has proven to be the key to success. This will ensure an efficient division of labour for project development and raise the effectiveness of donors' assistance for the benefit of the people in developing countries. ■

Water plays a crucial role in the daily lives of people living in rural areas of Lindi (Tanzania) and Lake Nokoué (Benin)



# GENEMARK:

## helping Africa to take care of itself

Gisèle Étamé established GENEMARK, Cameroon's only generic drugs laboratory, in 2003 with the help of I&P Développement, an investment company in which the EIB is a shareholder. Bringing down the price of quality generic drugs on local markets and ensuring their immediate availability were the goals of Gisèle Étamé, a Cameroon pharmaceutical doctor.

by Perrine Pouget and Sabine Bernabè, Directorate for Operations outside the EU

**T**he drugs market in Africa is stymied by a number of handicaps: fraudulent imports, counterfeit drugs, the black market, weak distribution channels, etc. Generic drugs in Africa, which account for some 20% of the market, come mainly from India and China.

As a pharmaceutical doctor with 15 years' experience in a number of internationally renowned laboratories, 45-year old Gisèle Étamé wished to set up her own laboratory in the Yassa district of Douala. GENEMARK was founded in 2003 and produces four major generic drug families (anti-infectives, anti-parasitics, anti-inflammatories and food supplements) in the form of tablets and syrups.

The company's flagship product is quinine syrup. Compared to capsules, which must be broken to be administered and taken with water that is not always drinkable, syrup is better for treating children with malaria. Paracetamol and multivitamins are also produced in this form.

### Sales up by 40% in 2010

Since 2008, Investisseur & Partenaire pour le Développement (I&P)'s funding combined with that of a South African investment fund has helped to support the company's development by broadening the product range, increasing production ca-

capacity, improving quality and deploying a sales team.

Accordingly, the production unit has been enlarged and syrup production increased from 4 000 to 12 000 litres a day. In 2010, sales have grown by 40% compared to 2009. GENEMARK now offers 15 drug products compared to six four years ago. The company has 25 employees and around 15 temporary staff depending on the size of its order book. All belong to a private health insurance scheme.

The laboratories are inspected about three to four times a year by the Department of Pharmaceuticals and Medicines. Thanks to the WHO (World Health Organisation) training that it has received, GENEMARK has a charter of ethics governing drugs preparation.

The outlook is bright, both in geographic terms as Gisèle aims to serve a larger part of Cameroon and the sub-region and because she plans to diversify the product range by starting to produce antibiotics. "Demand is growing at a brisk pace and it is still difficult to satisfy all our orders. We must therefore increase our manufacturing capacity by enlarging the building and purchasing new machinery. I&P plays a key role in our growth, including in our search for additional funding from local banks or social investors", she concludes. ■



GENEMARK now offers 15 drug products compared to six four years ago



# EIB Forums

## in Istanbul and Warsaw

This year's EIB Forums will take place on 22 October in Istanbul and on 26 November in Warsaw. They will put the spotlight on investments that spur the development of an economy based on knowledge and innovation, as well as sustainable energy and transport diversity.

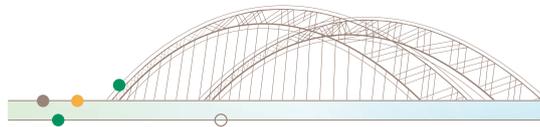
### Smart growth for Turkey

The Istanbul Forum will bring together a range of high-level speakers to discuss key aspects of strategic infrastructure investments, as well as the role of R&D investments in supporting a sustainable growth path. Keynote speakers will include Turkey's Minister of Finance Mehmet Şimşek, EU Commissioner for Enlargement Štefan Füle, EIB Vice-Presidents Matthias Kollatz-Ahnen and

Philippe de Fontaine Vive, and Nobel Peace Prize winner Mohan Munasinghe.

The EIB has been investing in Turkey for more than 45 years working closely with the EU and Turkish authorities to define investment priorities together. From 2004 to 2009 it made available a total of EUR 10.3bn in loans to Turkey. The EIB's activities are

built on three pillars: lending in support of infrastructure with a special emphasis on transport, energy and the environment, small and medium-sized enterprises (SMEs) and the corporate sector. Going forward, investments in infrastructure, especially water and waste treatment as well as energy and R&D are key to supporting smart growth in Turkey.



Investing in innovation – a snapshot of some projects achieved with TUBITAK

- ↳ Better control for hydropower
- ↳ Technology for cleaner cars
- ↳ Marine ecosystems in a changing environment



### Research and development for a sustainable future

Strengthening R&D is an important factor for Turkey's competitiveness and for securing high-wage, high-value-adding jobs for its rapidly growing young population. Development of a knowledge-based economy depends on the country's ability to innovate and bring researchers and entrepreneurs together. The EIB has already provided a first EUR 335m loan to the Turkish Scientific and Technological Research Council (TUBITAK). This has contributed to integrating Turkey into the EU's research programmes. In order to further strengthen Turkey's R&D and innovation capacity, the EIB is working on a follow-up project that is expected to support the R&D programmes set up by TUBITAK as well as the research undertaken at the national research institutes.



## Energy and transport in focus in Warsaw

The Warsaw Forum will provide a platform for exchange between those directly involved in the development of energy and transport networks in Central and Eastern Europe. European Parliament President Jerzy Buzek and EIB President Philippe Maystadt will be the keynote speakers. The Warsaw Forum will provide an opportunity to discuss key issues at the political level, alongside share information on financing needs and opportunities.

The security of energy supply is essential to sustaining economic development. Many Central and Eastern European countries face challenges in the energy sector, such as new capacity and modernisation needs, technological deployment, market liberalisation, fuel diversification and increasing energy prices to name but a few. With the region's energy mix being mostly based on fossil fuels and in view of increasing energy demand, it is crucial to integrate renewable energy and energy efficient projects into national and regional energy policies.



### High-efficiency energy supply

In Latvia, the EIB has supported the upgrading of Latvenergo's combined heat and power plants, as well as its transmission and distribution networks. The use of state-of-the-art technologies will ensure the highest energy-conversion efficiency available for thermal power plants today with the lowest possible environmental impact. Developing new capacities will also help the country to reduce its dependency on imported electricity and improve security of supply.

### Moving towards sustainable and clean energy

The EIB is supporting the financing of the Margonin Windfarm, the largest in Poland so far with a capacity of 120 MW and the first of a number of projects that the Bank is pursuing. It will help Poland reach its target of supplying 15% of its energy consumption from renewable sources by 2020. Wind power forms an integral part of this strategy and is expected to see continued growth in Poland.

An important EU policy objective is to promote environmentally friendly means of transport, interoperability and intermodality. Reliable infrastructure networks facilitate economic growth, regional competitiveness and territorial cohesion. However, in practice, budget constraints force countries to set priorities and balance out economically stronger areas and the weaker regions. Setting up the right infrastructure can help reduce the economic gap and increase overall competitiveness.



### Green transport firmly on track

The Letohrad-Lichkov railway line connects the Polish city of Wroclaw with the north-eastern part of the Pardubice region in the Czech Republic. The EIB is helping to finance the rehabilitation and electrification of the 23.7 km-long section of the line. As part of a larger framework loan of up to more than EUR 1bn, the EIB's co-financing complements EU grants provided under the Structural and Cohesion Funds for upgrading the Czech Republic's transport systems.

For more information on the Istanbul and Warsaw Forums, please visit our website at [www.eib.org](http://www.eib.org).

# Two new Vice-Presidents take office

Magdalena Álvarez from Spain and Anton Rop from Slovenia have joined the Management Committee as new Vice-Presidents. The EIB's executive body is composed of a President and eight Vice-Presidents. It oversees the day-to-day running of the Bank. The members of the Management Committee are appointed by the Board of Governors, usually composed of the Finance Ministers of the 27 EU Member States.



**Ms Magdalena Álvarez** took up her duties as EIB Vice-President on 16 July 2010. She replaces Dr Carlos da Silva Costa, who was recently appointed Governor of the Bank of Portugal. Ms Álvarez is responsible for financing operations in Spain, Portugal, Belgium, Luxembourg and the countries covered by the Asia and Latin America mandate. She is also in charge of funding and treasury matters.

Before taking up her current position Ms Álvarez was a member of the European Parliament. Prior to this, she held several

political posts in her home country Spain including Minister for Public Works and Transport (2004-2009) and Minister for Economic Affairs and Finance of the Regional Government of Andalusia (1994-2004). Earlier in her career Ms Álvarez focused on issues relating to tax and regional development policy, holding various positions in national and regional administrations. Her academic experience includes reading Economics and Law at the University of Málaga and at the National University of Distance Learning.

Ms Álvarez holds a Doctorate Cum Laude in Economic and Business Sciences and is an Inspector of State Finances.



**Mr Anton Rop** joined the Bank as Vice-President on 18 August 2010, succeeding Ms Marta Gajęcka. He is responsible for operations in Bulgaria, the Czech Republic, Hungary, Poland, Slovakia and Slovenia, as well as for the financing of the trans-European transport and energy networks (TENs). Mr Rop also serves as an Alternate Governor of the European Bank for Reconstruction and Development (EBRD), of which the EIB is a shareholder.

Before joining the Bank, Mr Rop was a member of the Slovenian National Assembly, chairing the Committee on Finance and Monetary Policy.

From 2002 to 2004, he was Prime Minister of Slovenia after having been Minister of Finance since 2000. From 1996 to 2000, he held the position of Minister of Labour, Family and Social Affairs.

Mr Anton Rop graduated from the Faculty of Economics in Ljubljana with a Master's degree in economics.

## Senior Cadre Appointments



**Ms Tamsyn Barton** has been appointed Head of the Directorate for Operations outside the EU and Candidate Countries with effect from 1 November 2010 to succeed Mr Martin Curwen.

Until 31 December 2010, when he will retire, Mr Curwen will act as Senior Advisor to the new Director General in order to facilitate a smooth handover of responsibilities.

Prior to this post, Ms Barton headed the Europe Department of the UK's Department for International Development (DFID), covering the EU and bilateral programmes in the Balkans and Moldova. Ms Barton, who holds a PhD from the University of Cambridge, served as an alternate member of the EIB's Board of Directors between 2007 and 2010. Before joining DFID in 2001, she worked for a number of development organisations, in both India and the UK.



**Mr Claudio Cortese** has been appointed Deputy Head of the Directorate for Operations outside the EU and Candidate Countries, with a special focus on Europe's Neighbour and Partner Countries, also with effect from 1 November.

Mr Cortese has headed the Europe's Neighbour and Partner Countries Department since 2004. From 1999 to 2003 he was Director for Asia and Latin America. Mr Cortese joined the EIB in 1981, working in various departments dealing with operations inside and outside the EU. He started his professional career at Banca di Roma and later moved to the private sector.

Mr Cortese holds a degree in Economics and International Affairs and a certificate of higher education in Economics.

## 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.

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## Dates for the diary...

- **21/10/2010** – Civil Society Meeting. Istanbul – Turkey
- **22/10/2010** – Regional forum on "Green Growth for Turkey". Istanbul – Turkey
- **26/11/2010** – Regional forum on "Energy and Transport Diversity". Warsaw – Poland
- **4-11/12/2010** – United Nations Climate Change Conference. Cancún – Mexico

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

## New EIB publications



### July 2010

- EU-Africa Infrastructure Trust Fund
- Evaluation of Activities under the Risk Sharing Finance Facility (RSFF)
- Innovation and productivity growth in the EU services sector
- Annual Report 2009 – "Financial" volume
- The FEMIP Internship Programme 2010
- EIB annual 18-K/A report 2009
- Corporate Responsibility Developments in 2009
- Economic and Financial Reports Volume 04/2010

### August 2010

- Unaudited Condensed Semi-Annual Financial Statements as at 30 June 2010
- Operations Evaluation Overview Report 2009

### September 2010

- Inspectorate General – Fraud Investigations: Annual Report 2009
- The European Investment Bank in the water sector: financing water supply and sanitation

Brochures are available in various languages according to audience and business requirements. They can be downloaded free of charge at [www.eib.org/publications](http://www.eib.org/publications).