

High time for climate action

A green valley
in Midi-Pyrénées

Bringing
new forests
to Uganda

Local sustainable energy
plans get lift from ELENA Facility

INFO

140



The EIB – The EU bank

December 2010

Editorial

Climate change is a major threat to sustainable development across the world. It has become an issue that does not merely concern scientists and experts, but is now present in our daily lives. Fighting climate change begins with the choices we make by buying energy-saving products or preferring public transport to our beloved car.

For the European Investment Bank climate action is a top priority. In 2009 alone, the Bank increased its lending for climate action by 73%. 20% of all lending already goes to climate action projects and the target is 25% by 2012. Projects are evaluated to ensure compliance with EU and international climate policy best practice. CO₂ emissions are reduced by helping both public and private sector promoters to prepare and finance low-carbon projects. The Bank has also started to calculate the carbon footprint of EIB projects, using a methodology developed in a pilot trial.

The Bank's strategy is in line with the 'green growth' objective at the core of the Europe 2020 strategy and the post-Copenhagen climate action needs.

But how does it work in practice? What is done concretely to help fight climate change? This edition of EIB INFO seeks to put the spotlight on some recent projects that contribute to climate action and aim to preserve the environment. This is merely a snapshot. But it will give a taste of the range of projects that are already today endeavouring to make a valuable contribution to the low-carbon growth of tomorrow.

Last but not least, this is the first issue of a new EIB INFO. Based on your answers to the readership survey, but also on the new image we want to convey, we have changed the layout and content of the EIB's quarterly magazine. We hope you enjoy the new version and wish you pleasant reading!



20% of all EIB lending goes to climate action projects

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High time for **climate action**

Global climate talks are taking place this year in the Mexican city of Cancún. But while experts are lowering their expectations for a new climate deal, the EIB is stepping up its climate action operations to sustain the momentum.



The Mexican city of Cancún is hosting this year's global climate talks

The European Investment Bank will be an observer at the so-called COP 16 – the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) – meeting. Whatever the outcome of the climate talks, the EIB, as the long-term lending institution of the European Union, can already build on its expertise and a wide range of financial instruments to support the EU's leadership role. In 2009 alone, the Bank lent almost EUR 17bn for climate change initiatives, a sharp 73% increase from 2008. The scale, diverse geographic involvement and broad sector interest of the Bank's climate-change related lending entails a responsibility to contribute to this global challenge. The EIB is taking on this

task in two complementary ways: setting specific lending targets and embedding climate action in all EIB-financed projects.

Lending for innovative climate solutions

EIB lending for climate action supports projects in areas such as renewable energy, energy efficiency, R&D for cleaner transport and investment in urban transport (see box). This also covers support for innovation through investments that accelerate the development, commercialisation and diffusion of cost-effective, early-stage low-carbon technologies. One of the many examples are the Solucar and

EUR 17bn

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Andasol projects, both the first of their kind in using special technology to create concentrated solar power and photovoltaic systems in Spain. The Mediterranean Solar Plan, which aims to develop 20 GW of additional renewable energy capacity in the region by 2020 is another one (see EIB INFO 139). Other sectors include second generation biofuels and carbon capture and storage.

But new technologies – wind turbines, solar energy parks and electric vehicles – are not yet the most cost-effective way of reducing greenhouse gas emissions. Energy efficiency comes first, along with the additional benefit of improving the security of energy supply. One aspect is developing more energy-efficient cars and planes. Here the Bank's EUR 4bn European Clean Transport Facility supports engine and fuel technology that reduces car and aeroplane emissions. The EIB sought to ensure that crucial climate action research did not get cut back as car producers dealt with the slump in demand in 2009.

As a catalyst for private sector involvement, the EIB makes long-term and large-scale projects possible, even at times when commercial banks struggle to support the schemes. In addition to its traditional direct lending, the Bank is also offering innovative financing solutions to accommodate specific needs.

Embedding climate action in all projects

The second element of the EIB's strategy is to make sure that climate action is taken into account in all schemes that the Bank finances. Projects with climate-change implications are screened to ensure that they are in line with EU and international policy requirements, employ the best available technology and therefore support low-carbon and climate-resilient growth. Relevant consideration is also given to possible climate risks. For example, the expansion of the Port of Rotterdam, flood risk management in the Czech Republic and reconstruction in Poland following floods are all designed to prepare for the challenges posed by increasingly uncertain climate trends. This approach ensures that specialist experts examine possible climate risks at an early stage in the project design cycle. All projects' carbon footprint is also taken into account as well as the EIB's own carbon footprint.

As a bank, the EIB can ease the interest burden and give a boost where the private sector markets are less active. The Bank is committed to stronger engagement with public and private bodies within and outside the EU as the Europe's leading finan-

Major investment programme in innovative low-carbon technologies

The EIB is collaborating with the Commission in the implementation of the world's largest programme of investment in low-carbon and renewable energy demonstration projects. The initiative, known as NER300, will provide substantial financial support for at least eight projects involving carbon capture and storage (CCS) technologies and at least 34 projects involving innovative renewable energy technologies. The aim is to drive low-carbon economic development in Europe, creating new 'green' jobs and contributing to the achievement of the EU's ambitious climate change goals.

The first call for proposals, issued in early November, signals the start of implementation of the NER300 initiative. The initiative is so named because it will be funded from the sale of 300 million emission allowances in the New Entrants Reserve (NER) of the EU Emissions Trading System. At current market prices for emission allowances, the initiative is worth around EUR 4.5bn, making it the biggest such programme in the world. The programme will leverage investments of more than EUR 9bn in total.

NER300

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cial partner for supporting sustainable low-carbon, climate-resilient growth.

The EIB also participates in innovative financial schemes such as those underpinning the carbon credit market (see box). All projects financed by the Bank are screened for their potential to generate carbon market credits. Stepping up climate-action finance is crucial to act globally in the fight against climate change. The EIB is ready to support more effective intervention and increased climate action with a strong emphasis on financing research, development and innovation for new technologies that can help combat climate change in a smart way.

Partnering on climate action

But the EIB does not do this alone – it works in close cooperation with other EU institutions, the governments of EU and partner countries, and other international or bilateral financing institutions. As climate and financial expert Nicholas Stern

wrote: "The problem is global and the response must be collaboration on a global scale". The EIB acts as a catalyst and an experienced partner in supporting climate investments in and outside Europe. The Bank co-finances low-carbon and climate-resilient projects with private sector companies and the public sector, and can help leverage finance. Such projects can further benefit from technical assistance that encourages best practice, provides policy guidance and ensures beneficial capacity building.

With ELENA (European Local Energy Assistance) the Bank and the European Commission are helping to prepare large sustainable energy investments in cities and regions. The Dasos Timberlain Fund, the Marguerite Fund and the DIF Renewable Energy Fund are examples of a series of funds set up with other institutions and the private sector to provide equity investment in renewable energy, energy efficiency and forestry. The Global Energy Efficiency and Renewable Ener-



Tackling the challenge of climate change

The EIB has made the fight against climate change a top priority. The EIB specifically supports investments in:

- energy efficiency and renewable energy,
- low-carbon technologies,
- afforestation and sustainable forest management,
- adaptation to climate change, such as flood control and drought management,
- technical assistance initiatives, and,
- the development of carbon markets.



gy Fund (GEEREF) targets investments in renewable energy and energy efficiency through sustainable energy infrastructure funds in developing countries and economies in transition. It is advised by the EIB Group and supported by the EU, Germany and Norway, as well as emerging market investors. Moreover, all EIB carbon funds – six to date – have been set up in cooperation with other national or international financing institutions (see box). These are just a few examples of the EIB's climate action initiatives together with its European and international partners.

The EIB is also working in close cooperation with the Commission to develop a new programme supporting demonstration plants in the areas of carbon capture and storage, and innovative renewable technologies. This will provide an opportunity to assist long-term innovation in biofuels, concentrating solar power, photovoltaics, geothermal, wind, ocean and hydropower. ■

Shaping carbon markets

Climate change ignores national borders and its effects are felt everywhere – in industrialised, emerging or developing countries. In 1997, the industrialised countries signed up to the Kyoto Protocol and thereby committed to reducing their greenhouse gas (GHG) emissions. However, they are allowed to keep to their targets by financing GHG savings elsewhere in the world. This has led to the creation of the carbon credit markets, where GHG emission rights can be traded, and to the setting-up by the EU in 2005 of a European Emissions Trading System (ETS). Moreover, in 2008 the EU committed to cutting GHG emissions by 20% (compared to 1990 levels) by 2020. The EU has even offered to increase emission reductions by as much as 30% if other major emitting countries commit to their fair share.

The EIB is already actively shaping the carbon markets with the setting-up of six carbon funds together with other financial institutions. These funds buy up the carbon credits generated by ecological investments in order to sell them on to countries and companies that need them to reach their targets.

The EIB has also created a special 'Post-2012' fund to cater for carbon markets once the Kyoto Protocol expires. This is designed to give confidence to markets that carbon trading will continue beyond 2012 even if no international agreement is concluded by then.

Sustainability takes centre stage at EIB mining seminar

The widely-reported images of the Copiapó mine collapse in Chile are still vivid in people's minds. Although not an EIB project, the Copiapó mine incident serves as a reminder of the social and environmental threats, including the infamous 'resource curse', that exist in countries not using their natural endowments wisely.

It was in this context that on 6 October 2010, the EIB held a seminar on the developmental, environmental and social impacts of three EIB-financed mining projects, bringing together industry experts from Lumwana (Zambia), Kenmare (Mozambique) and Ambatovy (Madagascar), as well as specialised NGOs, EU Member State and European Commission representatives.

The EIB has a long record of supporting mining projects in African, Caribbean and Pacific countries, with EUR 650m signed to date. The Bank is keen to address stakeholder concerns about the sustainability of mining projects, so speakers were encouraged to describe what is happening on the ground and show where the continuing challenges are.

"We didn't want a valuable mine with poverty sitting outside," an industry representative explained. The three mines put a strong focus on employment with hundreds if not thousands of jobs created by each mine. Efforts are made to ensure that the majority of these jobs go to local people. Some of these jobs will eventually disappear, but planning for sustainability will ensure that the communities diversify well in time for the eventual mine closure and can continue to benefit from the upgrades in infrastructure, skills and the local economy. Perhaps most importantly for the quality of life of affected peoples, all mines had introduced comprehensive

health programmes to benefit the workers, their families and impacted communities. Malaria programmes run alongside HIV/AIDS prevention clinics, while local hospitals are upgraded or built by the mining companies.

The protection of the environment is another crucial aspect. "We did not want to leave a scar on the earth," the industry stressed, emphasising the importance of good compliance, monitoring programmes, environmental management systems, water management, carbon footprint measurement and the use of electric trucks and renewable energy sources to name but a few. Moreover, it was underlined that without the financial support and know-how of multilateral lending institutions such as the EIB, it would have been extremely difficult, if not impossible to raise the long-term project finance needed to build the

mines, which often take more than ten years to develop.

Civil society representatives applauded the social programmes of the mining companies and noted that sustainability was gaining traction. One NGO representative commented that "these successes are in contrast to a bad reputation. Telling a better story of what the industry does is the challenge" and that "the EIB's principle of lending selectively contributes to society and the environment and, eventually, to sustainable development".

Participants' takeaway impressions were that although challenges remain, "we have come a long way together and learned how to do things better". If managed in a modern and sustainable manner, mines can help preserve the environment and create wealth for both states and the local people in Africa. ■

"The EIB's principle of lending selectively contributes to society, the environment and sustainable development".





Andrew Cooke, manager of the environmental department at the Ambatovy project in Madagascar

Raising the game on biodiversity

Ambatovy is a nickel-cobalt mining and processing project located on the island of Madagascar. Construction on the site began in 2007 and is expected to be completed in 2011. The EIB is supporting the project with a EUR 260m loan.

Environmental issues are increasingly the focus of discussions about the industry. How do you at Ambatovy try to ensure environmental sustainability?

In Madagascar, the key dimension of the environment is biodiversity. Ambatovy's mine is situated within an area known for its sensitive biodiversity. Right from the beginning, we undertook the commitment to ensure the project would have no net negative effect on biodiversity and would even strive to achieve gains if possible. In addition to various stringent mitigation practices to minimise our impact on biodiversity, such as saving animals and plants and relocating them to safe havens to ensure that there is no loss of any endangered population or rare species, we also decided to develop additional areas or "offsets" around the mine site where we would ensure long-term conservation of habitats. To further compensate, we invested in an offset away from the mine site – a large forest area with similar characteristics to the one that we are impacting. Overall, the total area that we will conserve of about 15 000 ha is about ten times the size of the mine footprint. Given that Madagascar is subject to high rates of deforestation, we expect a net gain in biodiversity over projections within about ten years.

How has the EIB supported your environmental efforts?

The EIB encourages the application of sustainability principles, such as those of the International Finance Corporation (part of the World Bank Group), in particular on biodiversity. The EIB has certainly been supportive of our measures and we are currently working together to establish a satellite imagery surveillance system for the mine forests and the offset. We are committed to best environmental practices and a key element of that is monitoring, and a key element of monitoring is using modern technologies to do so.

How do you try to contribute to Madagascar's environmental record?

I think it's fair to say that we've raised the game in terms of the contribution that can be made by investors to biodiversity conservation in Madagascar. We are not the first company to do this, but we are the first to introduce offsets as an additional contribution. The Malagasy authorities have supported our initiatives and I believe it has made them more confident to insist on similar contributions from other mining investments. We hope that our actions will eventually encourage the government

to legislate the offsets. In addition, our species monitoring and mitigation programmes – such as our lemur programme – are at the cutting edge. We believe they will contribute significantly to scientific knowledge on Madagascar's biodiversity and conservation management. We have already begun presenting our work at international research conferences.

Ambatovy has made a lot of upfront environmental investments. How did you convince your management without having made any money with the mine?

First, the project and its partners have always been completely committed to high environmental standards. It is clearly stated in Ambatovy's vision and values statements. We have support for, rather than opposition to, these initiatives. We are also bound by our lending covenants that adhere to the Equator Principles and IFC Standards, which have clear requirements on environmental management and sustainability. I would also say that this is a sign of the times. Publicly traded mining companies looking to make billion-dollar investments in building a world-class operation are becoming more progressive with regards to investing in environmental management, as a form of risk management, good governance and corporate reputation building. Doing so makes good business sense. ■

High-level conference highlights infrastructure investment challenges

Europe is facing growing infrastructure investment needs against the backdrop of tight government budgets and the high cost of new infrastructure. A recent EIB conference in Luxembourg gave the floor to a timely debate on past trends and future perspectives.

Infrastructure investment is of vital importance for sustained prosperity in Europe, said EIB President Philippe Maystadt at the opening of the conference, organised by the EIB's Economic and Financial Studies department. The event brought together academics, policymakers and companies to discuss key infrastructure financing issues in the post-crisis environment. EIB senior economist Rien Wagenvoort set the scene by illustrating how the crisis has reversed the longer-term trend of more private and less public financing of infrastructure, thereby placing a question mark over the roles of the private and public sectors in financing the large infrastructure needs going forward. Since the crisis began in 2007, public infrastructure finance has increased at an annual growth rate of more than 3% per year. In contrast, private infrastructure finance fell by 4% in 2008, and another 13% in 2009.

Professor Eduardo Engel (Yale University) talked about the economics of infrastructure finance, illustrating how public-private partnership (PPP) finance moves from equity to debt during the project's life and explaining why the cost of PPP finance exceeds that of government debt, namely faulty contract design and the need to give PPP owners incentives for cost savings.

Private infrastructure investments are said to have distinct characteristics and thus qualify as an own asset class. However, independent expert Georg Inderst suggested it made more sense to first consider



Vice-President Sakellaris, President Maystadt, Vice-President Brooks

broad financing vehicles, such as shares, bonds and private equity funds, and view infrastructure as a sector within each vehicle. In a similar vein, Professor Christoph Kaserer (Technische Universität München) showed that a number of characteristics ascribed to infrastructure funds – especially the claim of lower, longer-lasting, more stable and inflation-protected returns than for other private equity funds – did not stand up to rigorous scrutiny.

"Business as usual won't solve the problem." Dieter Helm (Oxford University)

Dieter Helm (Oxford University) argued that private finance for new infrastructure assets would get a much-needed boost if regulatory best practice were applied to more types of infrastructure than today and throughout Europe. New intermediary institutions such as the Green Investment Bank proposed in the UK would help a smooth transition from equity to debt finance for new infrastructure assets. Nicolás Merigó, adviser to one of the prime equity vehicles for financing infrastructure, the so-called 2020 European Fund for Energy, Climate Change and Infrastructure – also

"Too many funds are chasing too few good projects in developing countries." Marianne Fay (World Bank)

known as the Marguerite Fund – offered a practitioner's view of private infrastructure finance.

Going forward, there is a need for better long-term planning, as pointed out by James Stewart (UK Treasury), and for the "greening" of infrastructure, as highlighted by Marianne Fay (World Bank). Professor Antonio Estache of Brussels' ULB University took stock of two decades of private infrastructure finance in developing countries. Due to poverty, he argued, user fees can only cover a small part of infrastructure costs and governments are often unable to commit to paying the necessary additional subsidies allowing private promoters to recoup their costs. In this context, loans and guarantees from international financing institutions help to close the financing gap and protect private investors.

A compilation of the conference proceedings will be published as Volume 15 of the EIB Papers by the end of the year. ■

EU project bonds stir debate



The idea of launching new so-called EU project bonds has sparked a debate in EU circles. EIB President Philippe Maystadt explained what shape this possible new instrument could take at a meeting with Members of the European Parliament in Brussels in September. EU project bonds could be in the form of a special purpose vehicle, subscribed by banks and other

institutional investors, with the backing of a sort of guarantee by the EIB and the Commission.

This would be a way to attract and make better use of institutional investors' money for long-term investments without recourse to the EU budget for infrastructure projects. While the EU

Member States currently face budgetary constraints, such bonds could help raise new sources of finance for the enormous investment needs for infrastructure over the next decade – from power grids to urban transport systems. The project bonds are one of the financial products being discussed in the context of the Europe 2020 strategy.

In brief

Istanbul hosts **EIB Forum**



For the first time the EIB held its regional forum and its Board of Directors meeting in the Turkish metropolis. On this occasion, the EIB signed new financing agreements worth some EUR 850m. The event, held last October, centred on 'smart growth' for Turkey and gave the Turkish Finance Minister, Mehmet Simsek, an opportunity to express his gratitude for the strong support provided by the EIB to his country. Between 2004 and 2009 the EIB made available EUR 10.3bn in loans to Turkey.

One of the keynote speakers was Mohan Munasinghe, co-winner with Al Gore of the Nobel Prize for Peace in 2007 for his work on climate change. Professor Munasinghe presented his "sustainomics" theory according to which making development sustainable creates positive business opportunities.



Mediterranean leaders launch regional **climate initiative**

EIB President Philippe Maystadt joined policy-makers from around the Mediterranean gathered in Athens on 22 October to take joint action on climate change in the region. The initiative, proposed by Greek Prime Minister George Papandreou, aims to strengthen environmental cooperation and facilitate investment in low-carbon development projects throughout the region.

New **China climate action project** in the pipeline

A new climate action framework loan to China is in the pipeline following the success of the first one, signed in 2007, as the EIB is continuing to assist the country in its fight against climate change. The first EUR 500m loan has helped to realise a number of projects, including forestation programmes, wind farms, small hydropower schemes, and energy efficiency and pollution reduction investments in the industrial sectors. This operation ranks among the EIB's most efficient loans in terms of GHG emissions with an estimated 2 million tonnes of CO₂ savings every year, once all sub-projects are up and running.



Green award for EIB building

Ingenhoven Architects received a 'green good design' award from the European Centre for Architecture Art Design and Urban Studies and the Chicago Athenaeum for their work on the EIB's new building. Green good design 2010 represents the world's most important manufacturers, design firms and 'Fortune 500' companies with an emphasis on more sustainable design and environment worldwide. The Bank's new building has won a number of prizes since its inauguration in 2008.

Local sustainable energy plans get lift from ELENA Facility

A joint EIB-European Commission initiative to help local authorities prepare energy efficiency or renewable energy projects is on track to mobilise more than EUR 2bn in investments in the next couple of years.

Urban areas account for around 70% of the energy consumption of the EU, yet the potential for sustainable energy-related investments has until now remained largely untapped. The European Local Energy Assistance (ELENA) facility aims to help public authorities harvest this “low hanging fruit” by improving the chances that their plans can attract external finance.

“ELENA is a good example of how limited budget money can be leveraged with loans to support EU policy objectives. The response has shown that there is real interest from cities and regions in this kind of assistance,” EIB President Philippe Maystadt said.

Many cities and regions are already thinking hard about sustainable energy: more than 2 100 have now signed the Covenant of Mayors initiative (www.eumayors.eu), under which they commit to going beyond

the EU’s planned 20% cut in CO₂ emissions by 2020.

When it comes to implementation, the problem is not so much availability of finance but lack of know-how or capacity to implement large-scale projects. ELENA aims to encourage authorities to think ambitiously and showcase energy efficiency and renewable projects that can be replicated across the EU.

Funding for ELENA comes from the European Commission’s Intelligent Energy Europe II (IEE) programme. Total commitments so far amount to EUR 30m, an amount that is likely to increase further in 2011. The money is used to provide technical assistance to local and regional authorities seeking to implement their energy plans. Since the facility was launched in December 2009 more than 200 cities or regions have expressed interest in getting support.

ELENA funds can be used for structuring programmes, business plans and energy audits, preparing tendering procedures and contracts, and paying for project implementation units. The EU contribution can cover up to 90% of eligible costs. Investment programmes can involve the improvement of energy efficiency in buildings or street lighting, the integration of renewable energy sources in buildings or the renovation or installation of district heating systems using combined heat and power or renewable sources. Urban

“ELENA is a good example of how limited budget money can be leveraged with loans to support EU policy objectives. The response has shown that there is real interest from cities and regions in this kind of assistance.”
EIB President Philippe Maystadt



Saving energy in some 660 schools in Paris



Installing solar panels on public buildings in Barcelona



Refurbishing public buildings in the Province of Milan



Improving the efficiency of Purmerend's district heating network

More than 200

Since the facility was launched in December 2009 more than 200 cities or regions have expressed interest in getting support.

transport programmes such as the introduction of energy-efficient buses or infrastructure for alternative fuel vehicles are also eligible.

The aim is to generate bankable investment projects that can attract outside finance, for example from local banks or other financial institutions, such as the EIB. These projects can also be implemented by Energy Service Companies (ESCOs), which are service providers who guarantee future savings made on energy bills and can fund projects upfront that are re-financed through the savings achieved.

The development of ESCOs in Europe is expected to help implement the EU's energy services directive, which obliges public authorities to improve energy efficiency and encourages the use of financial instruments for energy savings, such as third-party financing contracts and energy performance contracts.

A first ELENA agreement with the Province of Barcelona was signed in April. The province's EUR 500m project to install solar panels on public buildings and improve energy efficiency is forecast to save 280 GWh of energy each year and reduce CO₂ emissions annually by the equivalent of 170 000 to 200 000 tonnes.

A second project with the Dutch city of Purmerend was signed in October. This is being implemented by Stadsverwarming Purmerend BV and is expected to pro-

duce a 30% improvement in the efficiency of Purmerend's district heating network. Heat will in future also be generated from a mix of geothermal and biomass energy sources. In total, the project is expected to save an estimated 100 000 tonnes of CO₂ emissions a year.

The European Commission has also approved ELENA funding for a project to undertake energy efficiency refurbishment of public buildings in the Province of Milan and a programme to save energy in some 660 schools in Paris.

ELENA is part of the EIB's broader effort to support the EU's climate and energy policy objectives. To learn more about ELENA, please visit www.eib.org/elena. ■

Developing **cutting-edge solar power** in France and Italy

An innovative framework agreement for small and medium-sized solar plants, jointly put in place by French energy group EDF and the EIB, is set to boost renewable energy in Europe. Two pilot projects in France and Italy are leading the way on photovoltaic power plants.

90k tonnes of CO₂

The two pilot projects are expected to avoid some 90 k tonnes of CO₂ emissions per year.

"This innovative loan is helping to develop a more efficient and more diversified renewable energy industry in Europe."

An innovative financing deal, signed between the EIB and EDF Energies Nouvelles, a spin-off which is half owned by the French energy group, will help develop solar power plants in France and Italy over the next two years. The Gabardan ground-based solar farms at Losse in the Aquitaine region in the South-West of France and Loreo in the Veneto region in Italy have been chosen to be the first two pilot projects in the framework of this operation.

The two innovative pilots currently under construction will use so-called thin-film Cadmium Telluride technology provided by First Solar, the global leader in this technology. Thin-film solar panels are made by depositing a thin layer – thinner than a human hair – of photoreactive material between two layers of glass, which acts as a support for the solar cells. Thin film technology still represents only a small share of the photovoltaic market. Its further development will therefore contribute to the creation of alternatives to crystalline silicon technology, which currently dominates the photovoltaic market.

"Through this innovative loan, the EIB is helping to develop a more efficient and more diversified renewable energy industry in Europe", says EIB Vice-President Philippe de Fontaine Vive. Each project will be jointly financed with several commercial banks. The EIB will finance up to half of the cost of the projects undertaken by EDF Energies Nouvelles. For the pilot



"This financing structure will help EDF EN to step up the pace of completion of its numerous projects under development and will facilitate the achievement of our ambitious objectives."

projects and possible follow-up operations, the EIB can allocate a total amount of up to EUR 500m over the next 20 years. Depending on the size of the project, the EIB can take on a direct project risk or have recourse to guarantees provided by commercial banks.

"This financing structure will help EDF EN to step up the pace of completion of its numerous projects under development and will facilitate the achievement of our

ambitious objectives", says Pàris Mouratoglou, Chairman of EDF Energies Nouvelles' Board of Directors.

The project will also help to attain the ambitious targets the EU has set itself for promoting renewable energies and reducing greenhouse gas emissions. Once fully operational, the two pilot projects are expected to avoid some 90 k tonnes of CO₂ emissions per year. It will also contribute to the deployment of one of the priority technologies identified in the European Strategic Energy Technology Plan.

The EIB has made support for sustainable, competitive and secure energy one of its top priorities and has allocated more than EUR 10bn over the past year to fulfil this objective. ■

A green valley in Midi-Pyrénées

A European “green valley” is about to see the light of day in Midi-Pyrénées. The EIB is to help finance projects involving investment totalling more than EUR 1.5bn in renewable energy generation and energy-focused renovation of buildings in this region – the first operation of its kind in France.



EIB finance triggers major investments in renewable energy in the Midi-Pyrénées Region

“I hope that we shall be developing a European level green valley. Our region has the potential to do so”, said Martin Malvy, President of the Midi-Pyrénées Region, when the subsidised loan facility was launched. “This sends out a strong signal to investors”, he stated, as the agreement is the first in France in terms of the scale of the investment, the range of renewable energy sources involved and the variety of projects targeted. Midi-Pyrénées is the only region in France to encourage, via this partnership and the regional banks, the three types of energy (photovoltaic, wind and biogas) and improved energy performance.

In concrete terms the EIB has made EUR 350m in loans available to the regional banking network via three regional banks: Crédit Agricole, Banque Populaire and Caisse d’Épargne (the BPCE Group). These banks have undertaken to match the EIB’s contribution with a further EUR 350m,

which means that subsidised loans totalling EUR 700m are to be mobilised for the installation of renewable energy generation facilities (photovoltaic, wind-powered and methanisation) in Midi-Pyrénées and for renovating public and private buildings with a view to energy efficiency. The aim is to reduce energy consumption by at least 20%.

The Region will act as guarantor for 25% of the total amount of loans granted to very small, small and medium-sized businesses for renewable energy generation projects, to enable them to secure the most attractive subsidised loans.

Investment on an unprecedented scale

Over the past ten years or so, the Region has gradually been implementing poli-

cies to combat climate change and reduce greenhouse gas emissions. It naturally turned to the EIB in order to obtain a credit line for projects to generate renewable energy in the Midi-Pyrénées.

The agreement will serve to leverage the partners’ lending capacity. It forms part of the EIB’s ongoing priority action in France and throughout the EU to promote sustainable, competitive and secure energy – an objective for which the EIB lent EUR 1.3bn in France in 2009 alone.

“The finance provided by the EIB in the Midi-Pyrénées Region will trigger more than EUR 1.5bn in investment. What we are initiating in Toulouse is a mini regional and European recovery plan to help realise the 2020 vision of a competitive economy in Europe”, explained EIB Vice-President Philippe de Fontaine Vive. ■

Photovoltaic energy in Midi-Pyrénées:

- ➔ The first region to install its own photovoltaic solar power facility: some 300 m² of panels with a total capacity of 39 kWp have been fitted to the roofs of the Region’s headquarters.
- ➔ Installation of a photovoltaic solar power facility as part of the construction of a school in Gratens: 200 m² of solar panels with a capacity of 23 kWp. The Region has equipped a number of lycées (upper secondary schools) in Midi-Pyrénées with photovoltaic power facilities.

Energy-from-waste plant keeps Finnish city warm

High energy demand during long winters and tough environmental standards pose severe challenges for the city of Lahti's energy company. That is why it is building one of the world's most modern plants for converting waste into heat and electricity, with the support of the EIB.



The new facility will generate 90 megawatts of heat and 50 megawatts of power.

Finland is a world leader in CHP technology. About a third of all electricity is produced in such plants compared to 10% or less in Europe as a whole. And the city of Lahti is at the forefront.

50 megawatts of power. This is considerably more than in existing plants thanks to a new process of gasification and incineration at high temperatures and high steam pressure. The EIB is financing close to half the investment (EUR 75m) with the remainder being provided by the Nordic Investment Bank, the Finnish government and Lahti Energy.

"This is the world's first energy-from-waste power station to operate with gasification technology," said Lahti Energy's managing director Janne Savelainen, adding that it will curb emissions by partially replacing a coal-fired plant and sharply reduce landfill disposal in the region. "The amount of waste needs to be reduced and recycling and reutilisation of material needs to be maximised. From the materials left over, it is in everyone's interest to separate that part which can be burnt and use it as efficiently as possible in energy production, just like Lahti Energy does," Savelainen said.

The Lahti project, which will be completed in 2012, is contributing to the Europe 2020 goals for smart sustainable and inclusive growth by supporting energy efficiency, waste reduction, cuts in CO₂ emissions, R&D and innovation. Since 2007, the EIB has lent more than EUR 20bn to projects in the Baltic Sea 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 and energy projects to R&D and innovation. ■

Surrounded by vast forests, the city of Lahti shares an inland climate with eastern Finland's picturesque and sparsely populated thousand lakes region. Cold winters with abundant snowfall make the area a prime location for winter sports.

At the same time, Lahti is a modern, prosperous city with a population of 100 000 situated an hour's journey from the Greater Helsinki region. A centre for renewable energy research, Energon, forms the core of a strong environmental cluster. It is thus no surprise that municipal-owned Lahti Energy aims to provide a reliable supply of energy while continuously reducing emissions. What is more unusual is that, since the late 1990s, Lahti Energy has become an international centre of excellence in combined heat and power (CHP) technology. Conventional thermal plants release excess

heat from the power-generating process into rivers, lakes or the atmosphere. The CHP process works differently. It makes productive use of the heat by pumping it into district heating networks, which are common in the Nordic countries.

On a bright September day, Lahti Energy took a further step in CHP technology and launched the world's most advanced waste-driven CHP facility. "Finland is a world leader in CHP technology. About a third of all electricity is produced in such plants compared with 10% or less in Europe as a whole. And the city of Lahti is at the forefront," Finnish state radio announced on the occasion.

Using waste from businesses and households in Lahti and Helsinki as fuel, the new facility will process 250 000 tons annually, generating 90 megawatts of heat and

Cleaner water for Moldova's towns

The EIB's first water project in the country will contribute to upgrading the Republic of Moldova's water system, thus improving access to safe drinking water and helping to reduce the pollution of the region's waterways.



In the Republic of Moldova, only 45% of the population currently has access to clean drinking water, many people rely on bottled water for drinking purposes given the high pollution of wells, and wastewater is often discharged without treatment. Thanks to EIB-supported investment some 200 000 inhabitants of the towns of Ceadir-Lunga, Floresti, Hincesti, Leova, Orhei and Soroca, and neighbouring villages, are set to benefit from improved drinking water supply and sanitation systems. The EUR 10m loan for the country-wide water sector investment programme will also contribute to preserving the environment and reducing public health risks through adequate treatment and disposal of wastewater.

"The current state of the water supply and wastewater infrastructure in Moldova is extremely precarious and the government has asked international lenders to help address the problem by financing the modernisation of water services," said Veaceslav Negruta, Moldovan Minister of Finance. "The EIB is helping us to dramatically improve people's access to

clean water and combat pollution in the region."

Situated between Ukraine and Romania, most of Moldova is located between two rivers – the Prut and the Dniestr, the latter facing severe environmental problems. The issue takes on cross-frontier dimensions as the Prut forms the border with Romania and the Dniestr originates in Ukraine, flows through Moldova and then reaches the Black Sea south-west of the city of Odessa, again in Ukrainian territory.

The project is expected to substantially improve environmental conditions in the rivers Prut and Dniestr, as well as ultimately the Black Sea, by reducing the pollution of local ground and surface waters. In addition, it will increase energy efficiency by replacing outdated equipment such as water pumps. The project is also being cofinanced by the European Bank for Reconstruction and Development (EBRD) and the European Commission under its dedicated Neighbourhood Investment Facility (NIF). In order to enhance the affordability of investments, as well as help

"The EIB is helping us to dramatically improve people's access to clean water and combat pollution in the region."
Veaceslav Negruta, Moldovan Minister of Finance

avoid unaffordable increases in water tariffs for the local population, the Republic of Moldova, through the Ministry of Finance, will pass on the EIB funds in the form of a grant.

The EIB has been financing projects in Moldova since 2007, following the EU's political go-ahead at the end of 2006. Up to the end of October 2010, the Bank's commitments in Moldova totalled EUR 65m. In addition to the water project, this comprises support for the rehabilitation of roads linking Chisinau with the Romanian border (EUR 30m), the rehabilitation and capacity increase of Chisinau airport (EUR 20m) and the purchase of up to 90 new low-floor trolleybuses, spare parts and maintenance equipment (EUR 5m). ■

Syrian SME fund helps create jobs and raise environmental awareness

From solar power to furniture and... bananas, the EIB supports small Syrian entrepreneurs in realising their business ideas. But it also helps to raise environmental awareness with a tailored training programme.

With 320 days of bright sunshine per year, 10-14 hours each day, Syria possesses a vast potential for the use of solar power. Nevertheless, the production of solar power devices is still an immature industry in the country. However, in light of decreasing oil reserves, both locally and globally, support for projects fostering alternative and environmentally friendly energy sources is gaining ground.

Recognising this potential, Adnan Akeel and Safaa Nouri decided to set up a solar power device factory in the Damascus countryside. Expected to be operational by the end of the year, the site will produce high quality solar power devices at a competitive price, hence making them affordable for a wide range of customers. Paired with slowly increasing public environmental awareness, renewable energies are set to become a real alternative to conventional energies. In fact, the solar power devices have manifold uses, such as heating water in households for bathing, cooking and swimming pools, as well as the possibility of operating central heating systems. In the industrial sector, specific areas of use include dehydrating agricultural products, condensing and cooling air, and desalinating salt water, to name but a few.

Given the rather limited capacity of existing companies, the project will help close the local demand gap, while furthering

clean energy production and use. The project is one of the first professional and modern production sites of solar power devices in Syria and also contributes to employment creation with an estimated 90 new jobs.

The EIB is supporting the EUR 6.5m project with a EUR 1.8m loan, provided through a local intermediary bank, under the so-called SME Fund II operation. This Fund is building on the successful take-up of its predecessor, the SME Fund I, which was signed in 2003 and has provided intermediated loans to a number of small and medium-sized enterprises. This has helped to boost employment creation in Syria – around 1 650 jobs have been generated in the projects financed under this Fund.

Training local banks on environmental issues

The SME Fund II is complemented by a strong technical assistance element – financed by EU budgetary resources – which provides tailored training to staff of the local partner banks in Syria that help channel the loans to SMEs. This enables lending officers to conduct assessments and identify the inherent environmental risk implications for the entrepreneurs, banks and the economy. Since December 2008, the Frankfurt School of Finance and Management has helped to train more than 130 participants from nine local banks



and the facility's fund management unit to independently conduct environmental risk assessments for lending purposes under the SME Credit Facility. For instance, they learn about the EIB's so-called Environmental Fiche, a mandatory document that accompanies every loan application handled by an intermediary. It provides an impact analysis on several environmental aspects, such as air, ground, nature, flora, etc., but also includes social elements like health, security, population and cultural heritage. Only loan applications that pass this assessment may receive funding from the Fund.

Al Shabab cool bananas and Rajha Mika Furniture

Khaled Salman is the proud owner of the newly established storage, preserving and cooling company Al Shabab, located in Dara, in the Damascus countryside. The company's main activity is the storing and fermentation of bananas which are imported from Lebanon, Egypt and Yemen. Al Shabab complies with the highest stand-

Solar power

With 320 days of bright sunshine per year, 10-14 hours each day, Syria possesses a vast potential for the use of solar power.



ards in Syria, using the sudden freezing method. It was created two years ago after Khaled Salman had realised the growing need for refrigerated food facilities in Syria. Mr Salman requested a loan for the co-financing of his company in early 2008.

An EIB loan of EUR 0.4m for the EUR 1.5m project made it possible to purchase the mechanical equipment and instruments necessary. Mr Salman's company is now working at full capacity and the business is developing at a quick pace – additional storage space of 1 100 m² is currently under construction to cater for demand. Mr Salman recently purchased a fruit and vegetable sorter and is now also expanding his business into foreign markets. "The EIB loan was a great opportunity for my business. I would certainly be interested in obtaining a second EIB loan for realising future project plans," affirms Khaled Salman.

Mr and Mrs Rajha have also benefited from the help of the EIB for the financing of a

furniture factory in the Damascus countryside. In 2007, the couple, who had years of experience in the business of wood and laminate trading, approached the intermediary, Real Estate Bank, to establish their own company for designing and producing furniture.

The EUR 2m project was allocated an EIB loan of more than EUR 0.5m. Two years later, Rajha Mika Trading & Industry opened its premises. The newly built 6 400 m² factory includes a production and painting section, a design section, storage, a clinic room, a marketing section, offices for the company's management and a show room. Paying close attention to the well-being of their employees, Mr and Mrs Rajha have also introduced a modern canteen on the factory premises where all workers can have a free lunch every day.

"The local market is responding very positively to our furniture and we have been able to start exporting to Saudi Arabia."

"The local market is responding very positively to our furniture and we have been able to start exporting to Saudi Arabia."

says Mr Rajha. Thanks to the EIB loan, the Rajhas have imported new machinery from Turkey and Italy for the new production line, which ranges from compact laminate, piston dressing panels, to office, restaurant, school, hospital and bedroom furniture. Rajha Mika is also the first company in Syria to produce furniture for children. Mr and Mrs Rajha provide special safeguard features in their children's furniture by using extra soft material and by designing the furniture with rounded edges, hence minimising the risk of injury.

To learn more about Syrian SME projects, visit: <http://www.syrianfund.com>.

Bringing **new forests** to Uganda



The EIB supports a sustainable commercial forestry plantation project in Uganda that helps promote biodiversity, but also brings social benefits to the local population.

One of the world's poorest countries, Uganda is suffering from a shortage of timber after years of deforestation and lack of investment. Planted forests are rare and up until now demand for timber has mainly been met by exploiting the country's natural forests. An additional 60 000 hectares of forest would have to be planted in order to satisfy the estimated demand in the year 2025.

Fighting climate change with forests

The EIB is supporting the sustainable commercial planting of eucalyptus and pines on degraded forest land in Uganda with a EUR 5m loan. This financing will go to a first plantation, located some 120 km northwest of the country's capital Kampala, covering 6 544 hectares. But this is

only a part of the broader programme to establish plantations comprising around 26 000 hectares by 2016.

Leading the ambitious project, the New Forests Company start-up has managed to rapidly establish itself as Uganda's biggest tree planter and is emerging as the country's pre-eminent sustainable forestry company. The first plantation is expected to be ready for harvesting in 2012. The timber will be sold mostly locally as transmission poles and round wood, thus helping to reduce the need to import sawn timber.

The company is not only planting commercial species on suitable soils, it is also committed to assisting in the regeneration of badly destroyed natural forests as part of its biodiversity conservation goals. Rehabilitation is taking place in environmentally sensitive areas between the planted areas.

This will also help to protect the heavily damaged water catchment areas.

Earlier this year, the project received certification from the Forest Stewardship Council, a renowned independent body that promotes global standards for responsible forest management. The certification testifies to responsible production in economic, environmental and social terms and entails concrete environmental protection obligations, such as regeneration of land, restricted use of pesticides and appropriate waste treatment, but also the requirement to ensure healthy working conditions.

Moreover, the project could also generate carbon credits through forestry-based carbon sequestration producing certified emissions reduction credits. These credits can be traded and sold, and used by industrialised countries.



An extensive community development programme is helping to alleviate poverty in the surrounding rural areas and build local support.

Supporting the local communities

As well as creating much-needed employment opportunities for the rural population, the New Forests Company has set up an extensive community development programme, partly financed by an EIB interest subsidy, to help alleviate poverty in the surrounding rural areas and build local support. The programme is widely recognised to be a considerable success.

Eight primary school classroom blocks have been built in order to improve access to adequate and safe primary education in the communities surrounding the plantations. This gives the pupils – previously packed with up to 90 other children in a classroom – the necessary space to learn.

Safe water harvesting sites and sanitation facilities have been set up, and twelve rain-

water tanks and another twelve protected shallow wells are now in place. This will contribute to reducing the prevalence of water-borne diseases. Primary health services around the plantations have historically left much to be desired, particularly in the areas of HIV/AIDS, malaria and tuberculosis, which still plague the country. Supported by local and NGO partners, the three new healthcare centres open to plantation workers and the neighbouring communities have been greeted with huge demand. To further enhance the livelihoods of rural farmers and entrepreneurs surrounding the plantations two income-generation projects have been launched, supporting the local bee-keeping and forestry outgrower plantations. These social investments have helped to forge sound relations with the local communities.

The project has sought to mobilise communities and stakeholders early in the

EUR 1bn

Forestry lending is expected to reach EUR 1bn in 2010, more than doubling the 2009 figure.

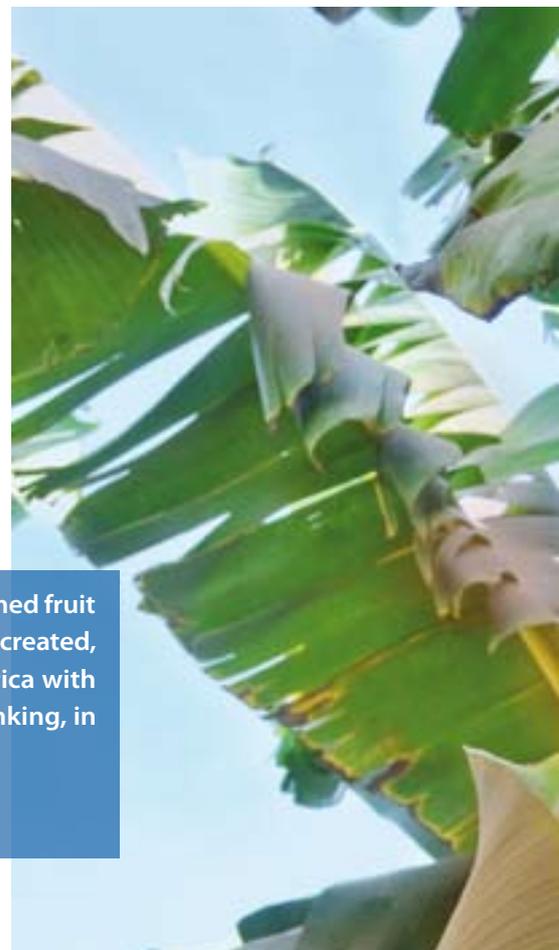
process in order to ensure acceptance of the project by the local population. This has not entirely prevented cases of illegal farming on the forest grounds. Since the beginning of the project, a substantial number of local community members and immigrants have illegally practised agriculture inside the area of the plantation – a widespread problem in Uganda. Supported by the local authorities, the New Forests Company embarked on rehabilitation activities, and earlier this year these so-called encroachers voluntarily abandoned the plantation. In addition a dedicated officer takes care of the relationships with local communities and the implementation of the forestry project, the community development programme and – if necessary – the mediation of conflicts. One example is Godfrey Sserubogo, a former encroacher on the plantation's grounds, now a contractor to the New Forests Company and private outgrower with his own eucalyptus plantation.

Building on a strong track record

The EIB is seeking to support forest plantation projects in developing countries, which are usually short of ways to improve and preserve their existing forests. Sustainable forest plantations can make a crucial contribution to climate change mitigation by managing these important carbon stocks, delivering lower emissions and providing a source of renewable energy. At the same time, forests can help adapt to the effects of climate change, such as soil erosion and increased flood risk. The EIB has over 30 years of experience with financing forestry projects inside the EU and around the world, having supported some 25 projects with direct loans and several thousand smaller projects through financial intermediaries. Forestry lending is expected to reach EUR 1bn in 2010, more than doubling the 2009 figure.

Biotropical realises its dream of organic farming in Africa

Biotropical's aim is to organise the production and export of organically farmed fruit from Cameroon. With a turnover of EUR 650 000 in 2009 and around 60 jobs created, the company has become one of the leading organic fruit exporters in Africa with the help of I&P Développement. It has high hopes for the future and is banking, in particular, on the emergence of an organic farming industry in Cameroon.



The consumption of exotic fruit on the European market (two thirds mangoes and pineapples) keeps on rising. This fruit is mostly imported from India and Latin America, however, due to the lack of a production and marketing network in Africa. Trained as an agronomist, Jean-Pierre Imelé set up Biotropical in 2000. His goal is to establish a production chain and export organically farmed fruit from Cameroon. Very active in organisations supporting the development of organic farming, Mr Imelé is also an expert at the FAO (Food and Agriculture Organization of the United Nations) and a director of the Europe-Africa-Caribbean-Pacific Liaison Committee for the promotion of horticultural exports.

Biotropical produces and markets mostly mangoes and pineapples in the form of dried fruit and pulp for the European market. It has ten production sites, the largest of which is in Nkombé, 45 km from Douala, where there is also a drying facility with a biomass oven.

I&P Développement acquired a stake in Biotropical in 2007 to support the company's efforts to achieve growth and secure supplies of raw materials. This backing

enabled Biotropical to finance the cultivation of orchards (400 hectares, mostly of mango trees) and the installation of a processing and packaging facility in new premises.

Thanks to this assistance, Biotropical was also able to hire a deputy managing director – an agribusiness expert – to develop the management tools and organise production, human resources and quality control. This recruitment has enabled Jean-Pierre Imelé to focus on his core skills, the agricultural and plantation aspects of the business: "Thanks to I&P, the company is receiving not only financial and management support but also benefits from access to an international network of specialists", he explains, adding that "their involvement has helped Biotropical to get off the ground and unleash its potential."

A turnover of EUR 650 000 in 2009

A loss-making company when I&P became a shareholder, Biotropical made a profit at the end of 2009. With a turnover of EUR 650 000, Biotropical is now one of Africa's leading exporters of Ecocert-certified fresh fruit and pulp (Ecocert is the most

important label in Europe for organic produce). To retain its certification, production methods, traceability and production procedures are checked at least twice a year.

Starting with 32 employees in 2006, Biotropical now has 65 full-time staff and 140 seasonal workers (compared to about 20 in 2006). Some have become shareholders and all are covered by a supplementary mutual health insurance scheme. Furthermore, Biotropical is the sole employer in the village of Nkombé, employing mostly women, who were previously out of work. A staff canteen on the main site and accommodation close to the plantations are currently being completed. Jean-Pierre Imelé also hopes to be able to develop an in-house programme leading to a qualification in organic farming, which is a weak link within the industry.

A bright outlook

With an eye to sustainable economic development, there is considerable scope. Priorities include expanding the area under production; developing the production plant, with the emphasis on alternative energy sources (photovoltaic,



biomass, biomethane, etc.); contributing to the emergence of a mango industry in Cameroon; seeking ethical, environmentally responsible finance; and promoting agricultural training for employees.



Biotropical is the sole employer in the village of Nkombé employing mostly women, who were previously out of work



About I&P Développement

In 2002, Patrice Hoppenot, the co-founder of BC Partners, one of Europe's leading financial investors, set up the investment company Investisseur & Partenaire pour le Développement (I&P Développement) to invest in West and Central French-speaking Africa alongside SMEs (generally small or start-ups) and microfinance institutions (MFIs). Its role is to support the development and fulfil the potential of enterprises, thereby contributing to the emergence of a sustainable private sector that creates jobs but also of an entrepreneurial spirit.

Apart from injecting capital into targets and a region that are generally neglected by investors, I&P Développement seeks to provide entrepreneurs with practical assistance in managing their enterprises and supports them in all their important strategic decisions. The company does this thanks to close monitoring by its experienced investment directors and the involvement of its network of experts in the companies in the portfolio on an ad hoc basis.

Since 2006, the EIB has invested in I&P Développement alongside Proparco (the investment subsidiary of Agence Française pour le Développement) and some 20 private investors. It has also made funds available for technical assistance to support companies in the portfolio via consultancy and capacity-building assignments.

As at June 2010, I&P Développement's portfolio, covering 27 companies and MFIs with a total workforce of 1 399, was worth EUR 10m. The MFIs supported by I&P have provided loans to 32 592 microenterprises.

Hanoi metro

puts urban transport solution on track

Vietnam's capital is about to undergo a landmark change in urban infrastructure. The construction of a prominent metro line will help alleviate the city's traffic woes and boost its urban transport system. This is the first metro line ever to be financed by the EIB in Asia and it should soon be followed by one for Ho Chi Minh City.

With its 6.2 million inhabitants, Hanoi is known for its challenging traffic and pollution. The poor state of the transportation system combined with a substantial level of congestion has led to an alarming air quality. The air is full of grey fumes and the buzzing sound of mopeds, bikes and cars that rush through the busy streets. Rapid economic development and unprecedented population growth – by 2020 the number of inhabitants is expected to grow to 15 million – have pushed the city's urban alleyway system to its limits. Hanoi's commuters embark on more than 6.3 million journeys per day, more than 60% of which cross the city by moped.

Located on the right bank of the Red River in the north of the country, the city, which recently celebrated its 1000th anniversary, now faces the challenge of having to reinvent its transport infrastructure. As a consequence, the government has embarked on an ambitious programme to step up infrastructure investment and has made the upgrading of its transport system a top priority.

The Hanoi Transport Master Plan provides for the construction of six new metro lines and two bus rapid transits, which would increase their share of public transport from 10% today to 35-45% by 2020. The new 12.5 km-long line between the outlying Nhon and downtown Hanoi stations will be served by 12 stations and cater for some 200 000 passengers per day by 2016.



More than 60% of commuters cross the city by moped

Reliable, fast and environmentally friendly

The new metro line will reinforce the public transport system by providing a reliable, fast and environmentally friendly rail-based service along corridors currently served only by road-based modes. This will limit reliance on private vehicles in the metropolitan area, but also reduce congestion and greenhouse gas emissions. This can help save up to 12 000 tonnes of CO₂ emissions per year.

The EIB's EUR 73m loan is backed up by co-financing from the Asian Development Bank (ADB), Agence Française de Développement (AFD) and the French Ministry of Finance. The project will not only comply with the EIB's environmental and so-

cial guidelines but also with those of the other lenders. It will also bolster the European Union's presence in Vietnam through the transfer of technology and know-how. The project is expected to generate some 44 000 jobs during the construction phase and create another 740 permanent positions to operate the line.

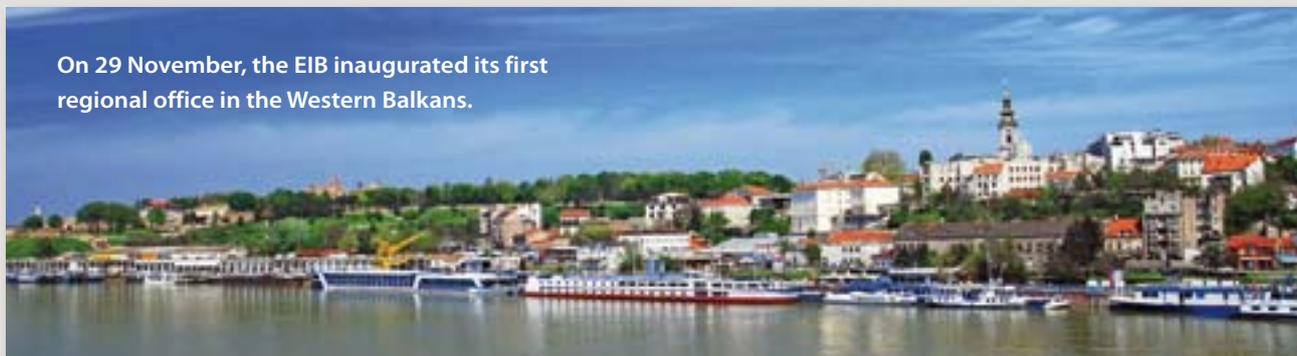
The new metro line is the first ever to be financed by the EIB in Asia. However, the EIB has a long history of financing and lending its expertise to high-quality metro and light rail projects, with investments totalling more than EUR 22bn for some 85 projects to date. Around 2 000 km south of Hanoi, the EIB will soon complete negotiations to finance another metro line in Ho Chi Minh City.



The new metro line will help save up to 12 000 tonnes of CO₂ emissions per year

EIB opens new office in Belgrade

On 29 November, the EIB inaugurated its first regional office in the Western Balkans.



On this occasion, a financing contract was signed for the construction of a 36 km motorway section on Pan-European Corridor X linking Salzburg and Thessaloniki via Ljubljana, Belgrade, Zagreb, Nis, Skopje and Veles. The extension and rehabilitation of trans-European transport networks is crucial for the successful integration of potential candidate countries like Serbia into the European Union.

The EIB has made available some EUR 2.7bn in loans to Serbia since it started operations in this country in 2001.

The new local office will strengthen the Bank's presence in the Western Balkans and help to continuously support their EU membership aspirations with sound investments throughout the region.

The EIB is today the largest international financier in the region, having financed projects totalling over EUR 6bn. The Belgrade office brings to 24 the number of EIB external offices in Europe and around the world.

Agenda

• 29/11/2010

JEREMIE & JESSICA: Towards Successful Implementation.
Brussels – Belgium

• 4-11/12/2010

United Nations Climate Change Conference. Cancún – Mexico

• 6-7/12/2010

European Development Days.

Brussels – Belgium

• 3-4/3/2011

Mediterranean SMEs FEMIP Conference. Tunis – Tunisia

Details at www.eib.org/events

Publications

Promoting Climate Action - The EIB's financing of climate action is one of the largest among international financial institutions: in 2009, the Bank invested almost EUR 17bn.

Promoting Renewable Energy and Energy Efficiency - Renewable energy and energy-efficiency projects are at the heart of the EIB's energy investment efforts. EIB lending for renewable energy has grown dramatically over the last few years to reach EUR 4.6bn in 2009.

Forestry and Climate Change - Forests are major carbon stores that regulate the global climate. The EIB has more than 30 years of experience of financing forestation schemes within the EU and around the world.



The European Investment Bank Promoting Climate Action



The EIB supports low-carbon and climate-resilient growth within and outside the EU. Acting as a catalyst, the EIB is committed to financing innovative clean and climate-resilient technologies. www.eib.org

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