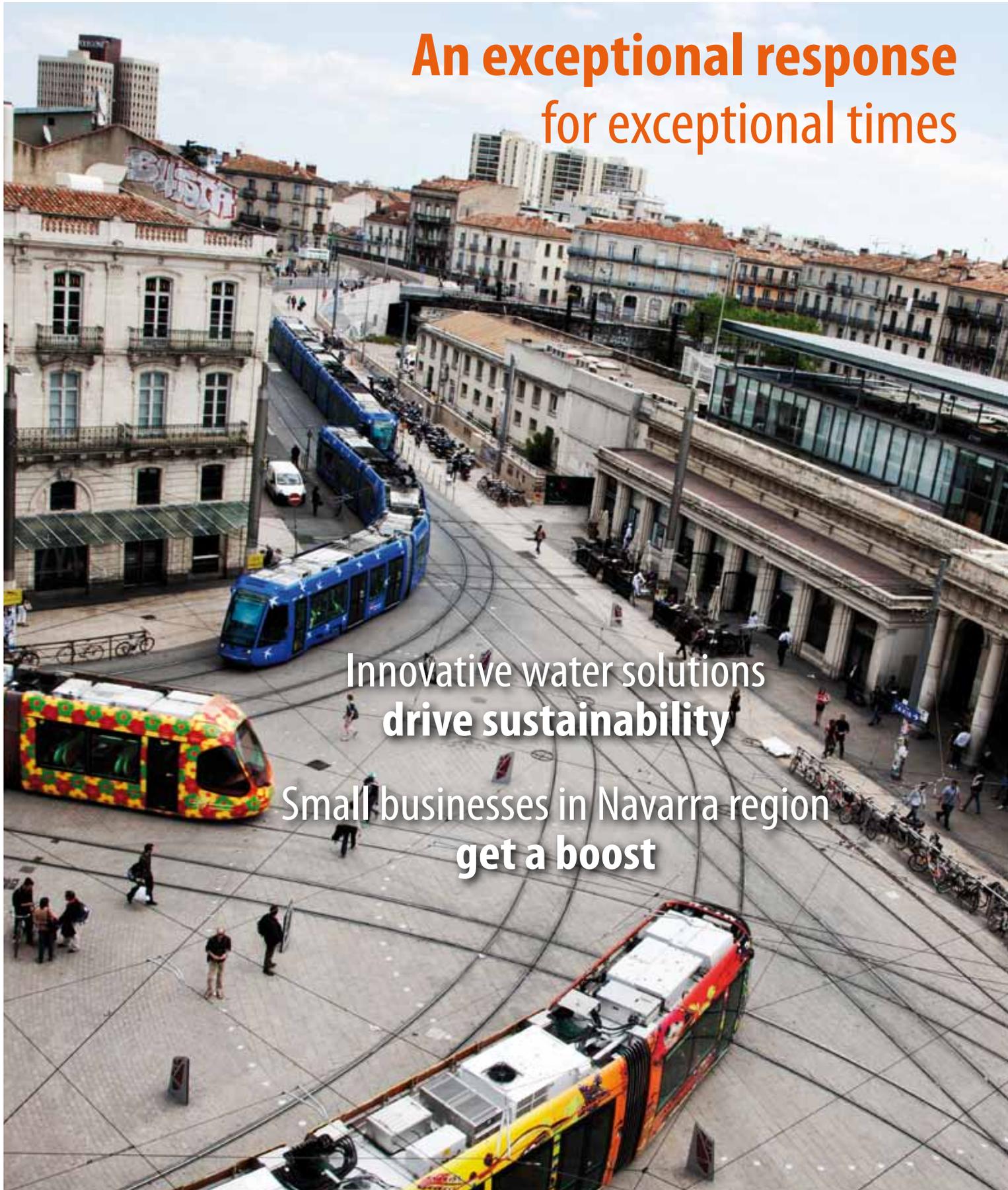


An exceptional response for exceptional times

Innovative water solutions
drive sustainability

Small businesses in Navarra region
get a boost



INFO

149



The EIB – The EU bank

May 2013

Editorial

The EU growth engine is sputtering and rising unemployment is having dramatic consequences for our societies and above all for young people. It is clear that exceptional times call for exceptional measures and require a coordinated European response.

The EIB, as the EU bank, has a crucial role to play in ensuring investment in projects that support growth and jobs. That is why our shareholders, the 27 EU Member States, asked us to significantly step up lending to reach some EUR 65-70bn a year over the next three years until 2015. The focus will be on financing innovation and skills, SME lending, resource efficiency and strategic infrastructure. These are areas where access to finance has been most difficult and where EIB financing will unlock additional private sector funding to maximise growth and job creation. And by blending our EIB financing with EU budget resources, we can achieve yet more effective results.

The EIB will continue to respond to the specific needs of the regions hit hardest by the crisis. In 2012, our bank financed some 400 projects in 60 countries for an amount of EUR 52bn. As the EU bank, we will continue to play a countercyclical role and act as a reliable partner for sound projects throughout the Union and beyond.

The projects we finance make a difference, whether by securing jobs with hundreds of thousands of small businesses, by making sure important growth-driving infrastructure projects can go ahead, or by keeping up support for cutting-edge innovation and clean energy that help Europe retain its competitive edge on a global scale.



Putting finance at the service of the real economy, the EIB signed finance contracts worth EUR 52bn in 2012, focusing on projects with the greatest impact on growth and job creation.

Contents

EIB IN FOCUS

- 03 An exceptional response for exceptional times
- 06 Keeping up the dialogue with civil society
- 07 News in brief

EIB IN ACTION

- 08 Support for growth and jobs in Europe 2012 highlights
- 10 Innovative water solutions drive sustainability
- 12 In Antwerp, life is like a box of chocolates
- 13 Investing in people and ideas for innovation in healthcare
- 14 Small businesses in Navarra region get a boost
- 16 Northwind: backing green energy and fostering technology leadership
- 18 Funding and reassurance for Europe's largest on-shore wind farm
- 19 Montpellier transport goes green in style
- 20 Helping the creation of sustainable cities with an upgrade for Stockholm's metro
- 22 Bringing clean and safe water to Kampala

NEW@EIB

- 23 Ben Knapen is new EIB Brussels Representative
- 23 People at the EIB
- 23 New EIB publications
- 23 Events at the EIB

An exceptional response

for exceptional times

At the EIB's annual press conference in Brussels, President Werner Hoyer presented plans to significantly increase lending to support the recovery of growth in Europe. A recent capital increase puts the Bank on a renewed counter-cyclical course.



“We managed to turn this big EIB tanker around, which means that we are able to act counter-cyclically,” he told some 50 journalists who attended the Bank’s annual press event in the European Council building on 28 February. “We are now prepared to deliver on boosting our lending activities by 40% per year from 2013-2015, thus making an extraordinary effort in these exceptional times for Europe,” he added. Mr Hoyer outlined how the additional lending would target the areas of innovation, SMEs’ access to finance, resource efficiency and strategic infrastructure.

“There is no doubt that the EIB has a well-defined role to support investment crucial

for growth and employment. We are not a bail-out bank, we are not the bank of the programme countries or the bank of the eurozone, but we are the bank of all 27 – soon to be 28 – EU Member States,” President Hoyer emphasised.

Economic conditions and the investment environment vary from country to country. The EIB is adapting its instruments to ensure the maximum impact of EIB activity, be it lending, combining EU budgetary funds with our loans or providing technical advice.

“We are playing a significant role with regard to the real economy,” Mr Hoyer stressed. EUR 10bn of extra paid-in capi-

“We are now prepared to deliver on boosting our lending activities by 40% per year from 2013-2015, thus making an extraordinary effort in these exceptional times for Europe”

tal will be translated into EUR 60bn of extra lending. Taking into account that the EIB traditionally finances a third of a total investment, this could under ideal circumstances support total additional investments of EUR 180bn.

So, alongside the European Central Bank and the European Stability Mechanism, the EIB plays a role in Europe's coherent approach to overcoming this crisis. The Bank has proven its ability to support innovation, fund large-scale infrastructure and provide access to finance for small businesses in a highly efficient and sustainable manner.

Solid results in 2012

President Hoyer presented the Bank's 2012 results, highlighting the outstanding efforts that were made to support growth and jobs in Europe. "Our people in the Bank did an extraordinary job", he said.

In response to the tough economic challenges facing certain EU countries, the EIB provided targeted support for key growth and employment drivers, such as innovation, transport and energy networks and small businesses in Europe. More than 200 000 SMEs received direct or indirect support through the EIB Group's activity in 2012.

Some 50 journalists attended the Bank's annual press event in the European Council building on 28 February



The European Investment Fund, the EIB Group's specialist arm which provides risk financing to the benefit of SMEs, achieved a record volume of equity commitments of EUR 1.4bn, which catalysed over EUR 7bn from further investors. "In 2013, the EIB Group will strive to expand its support for SMEs in Europe even further and to broaden the range of its distribution channels and products", President Hoyer announced.

Recovery-focused investment

President Hoyer underlined how countries and regions facing limited access to capital markets will receive special support by leveraging existing resources. "The blending and advising capacity enabled us to remain active in countries where other investors have already left the markets or are heavily reducing their business," President Hoyer explained to journalists who were keen to know about



the EIB's lending in so-called programme countries, namely Greece, Portugal and Ireland, where the crisis has hit particularly hard.

Lending to economically weaker regions helps to strengthen the social and economic fabric of the Union. The Bank contributes to maximising the use of public funding to bridge shortages in times of austerity. In 2012, the EIB lent over EUR 15bn to support projects that will spur growth in the economically less advanced regions of the EU.

Boosting innovation for smart growth

"Investing in innovation and skills is crucial for Europe's productivity and will help secure competitiveness and jobs in the future," President Hoyer said. Europe's future wealth will depend on how successful we are as innovators – that means how fast we convert ideas into products and services. To achieve this, innovation needs to be accelerated.

"We believe that in Europe the present investment volume for research and development (R&D) and innovation is far from being sufficient to keep up with other leading economies," President Hoyer stressed, adding that "we have therefore decided to step up our lending to knowledge economy projects by about 25%, to EUR 11.5bn this year. The increase is entirely earmarked for investments in innovation and skills across the EU".

The EIB is no newcomer in this area and has a long history of supporting R&D and innovation in Europe. Currently, with EUR 100bn in loans, the EIB is one of the biggest lenders for R&D in the EU. Last year alone, the Bank lent almost EUR 8bn to projects in this area – more or less evenly split between basic research, product development and the commercialisation of new products. Another EUR 1.5bn went to education projects – the “skills” component. Traditionally, with a share of 80%, industry is the Bank’s main customer, especially the automotive, industrial engineering, IT and telecommunications sectors. One fifth of lending supports R&D in universities and research institutions.

One issue is the lack of long-term funding, which has increased with the economic crisis. This is where the EIB comes into play. “The focus is and will continue to be on alleviating the financial constraints on investments that are crucial to restarting growth and creating jobs.”

The EIB is working closely with the European Commission to boost funding for innovative projects in Europe and EIB Vice-President Philippe de Fontaine Vive, in charge of innovation, announced an “innovation turnaround” for the EIB with concrete proposals to follow in the coming months.

Underpinning the EU’s external priorities

Philippe de Fontaine Vive also underlined the important role the Bank has to play abroad. “Outside the Union, we are the biggest supporter of the EU’s policies,” he stressed.

President Hoyer commented: “With its large network of corporate clients in Europe, the EIB effectively supports the internationalisation of the EU economy to foster productivity, growth and jobs. Through its extensive sector expertise the EIB brings substantial benefits to the partner countries and the EU at the same time.”

Around 10% of the EIB’s lending goes to projects outside the EU, mainly in pre-accession and neighbouring countries to the

east and south, but also the African, Caribbean and Pacific countries, as well as Latin America and Asia.

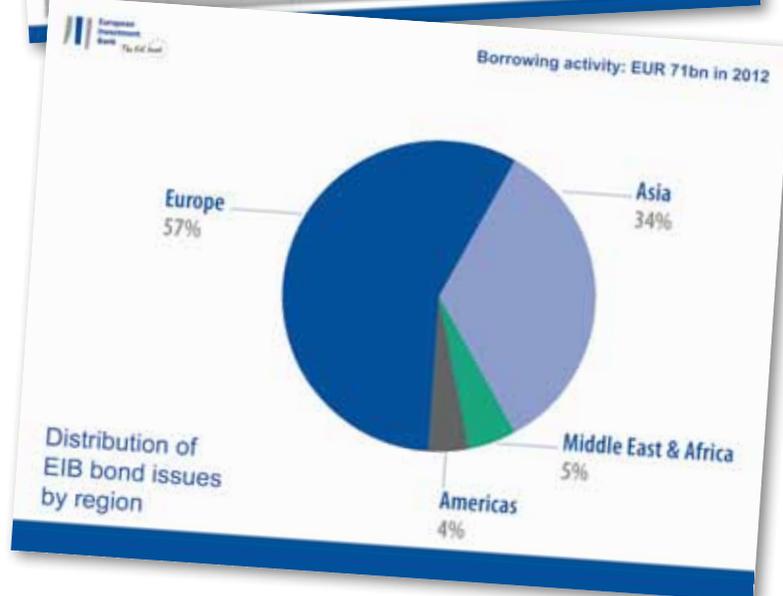
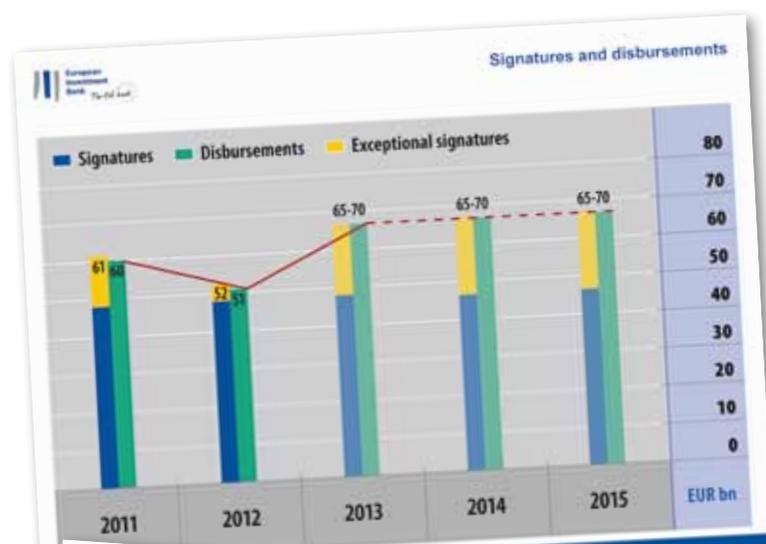
Climate and energy remain priority

Journalists also showed a keen interest in the EIB’s lending for climate action and the Bank’s energy lending policy, especially its support for renewables. Renewable sources of energy make up the lion’s share of lending for power generation. The Bank expects to adopt a revised lending policy in the summer of 2013, following a public consultation launched in 2012, which will feed into the new policy.

Continued financial strength

“What gets lent must be funded,” as President Hoyer put it. Being able to fund itself at favourable rates on the capital markets is of crucial importance to the EIB in order for it to be able to pass those benefits on to the real economy. The Bank has managed to keep its excellent credit standing thanks to prudent policies, well-prepared projects and a solid reputation. This helped the EIB to raise EUR 72bn in 2012 – almost half of it from non-European investors.

“This is a clear sign of Europe’s persisting attractiveness, and it is a clear indication of confidence in the EIB and in the EU brand in general,” the President added. ■



Keeping up the dialogue

with civil society

Members of the EIB's Board of Directors and Management Committee have met representatives of civil society to discuss the Bank's strategy and operations. 36 organisations articulated their views at this second meeting held at the Bank's headquarters in Luxembourg on 4 February, helping all parties achieve better mutual understanding.



Discussions focused on the issues of growth and jobs, climate action and development, followed by a lively debate with Board members to conclude the day.

Balancing short and long-term priorities

Civil society groups stressed that despite the urgency of the economic situation, the Bank should not lose sight of the environmental and social dimensions of the projects it finances.

"I'd like to know how the Bank aims to achieve both growth and creation of jobs in Europe, and at the same time achieve deep drastic emissions cuts," one participant asked. NGOs welcomed the EIB's

achievements in the area of climate action but pushed for the Bank to be even more ambitious and act as an agent of change driving EU policy goals. A sensitive issue in this context is the financing of energy projects relying on fossil fuels. The EIB has already limited its funding in this area in recent years. A call was made to go further and ban the financing of coal-fired projects altogether.

Making sure impact is felt on the ground

"We talk about inclusive finance in terms of gender, we are talking about youth, and recently a new dimension of financial inclusion of persons with disabilities," a discussant stated, putting the spotlight on inclusiveness in development financing. Civil society representatives were particularly interested to learn more about how the EIB measures its impact. The Bank has recently introduced strengthened measurement systems to provide better insight into the results of the projects that are financed.

The EIB Board, staff and civil society participants who took part in the discussions agreed that this type of dialogue helps all parties achieve better mutual understanding. There were substantial discussions on how the EIB's Board makes decisions and guides the Bank's operations. "You've got options, and what we're asking for is courage and vision. This is what you can do as the Board: saying these are the policy areas where we can make the best contribution to benefit Europe," NGOs urged the Board members.

Deepening civil society engagement

The event again demonstrated the importance of constructive criticism from civil society organisations. Key points to take away from the seminar included plans to continue and deepen engagement with civil society at all levels of EIB operations. Smaller, more focused workshops are being organised throughout the year on areas of specific interest. The EIB also took note of several requests for increased transparency on its website and through the planned register of documents. Another Board seminar with civil society is planned for 2014. ■



In brief

EU Member States call for enhanced EIB action



In its successive European Council conclusions in February and March, the Member States called for EIB involvement to be “enhanced” especially by using its technical assistance expertise in appraising certain large projects. This expertise is already blended with EU resources in order to maximise support for projects, and EU leaders are seeking to build on this. They also called for a “particular emphasis on measures aimed at creating jobs and on boosting the financing of the economy for fast-acting growth measures”. The European Commission, together with the EIB, will report in June on the possibilities and on the targeted priorities, in particular as regards infrastructure, energy and resource efficiency, the digital economy, research and innovation and SMEs.

Jean-Claude Trichet on structural reform and recovery in Europe

“We are experiencing a structural adaptation episode” was how Jean-Claude Trichet summarised the challenges facing the world economy in his visit to the EIB in March. In the European context, the former President of the European Central Bank said the EIB is doing a “very good job” helping the European economy adapt to new realities. He also underlined the support we have given to small and medium-sized businesses during the crisis. Mr Trichet added that creating a strong institutional framework was an important part of reforming the way economies are managed. A short video is available on www.eib.org.

EIB receives award for its work in Africa



The Bank received the award for Infrastructure Bank of the Year in Africa from Infrastructure Investor. The magazine’s readers recognised the Bank’s role in the financing of Morocco’s Ouarzazate solar complex, one of the region’s biggest solar projects. The EIB is lending EUR 100m out of the EUR 345m European blending contribution to the project (EIB, Germany’s KfW, France’s AFD and the Neighbourhood Investment Facility) with the EIB as lead institution. The cost of the project is approximately EUR 650m.



EIB-IDB: a decade of cooperation

The EIB has been working with the Interamerican Development Bank (IDB) since 2003 to finance sound, sustainable projects worth USD 5.2bn supporting regional integration and infrastructure modernisation in Latin America and the Caribbean. One example is the expansion of the Panama Canal in accordance with strict environmental and social standards. For this and other project examples, go to www.eib.org for a short film on EIB-IDB cooperation.

Support for growth and jobs in Europe

2012 highlights

Some EUR 9bn
invested in innovation



Funding for the EU
regions hardest hit
by the economic and
financial crisis reached
EUR 15bn



200 000 small and medium-
sized enterprises received
EIB Group financing totalling
EUR 13bn



EUR 10bn capital increase approved, facilitating an additional EUR 60bn of lending for projects in the EU between 2013 and 2015



Nearly EUR 7bn in lending for transport and energy networks that link up Europe



Climate action lending:
EUR 13bn



- Total lending reached **EUR 52bn**, supporting growth and jobs in the EU and beyond
- 400 projects financed in over 60 countries

Innovative water solutions drive sustainability

At Xylem, sustainability means business: its technologies help its clients use less water, save and even generate new energy. Backed by an EIB loan, the company is developing new improved applications across Europe. Johan Groen, Chief Technology Officer at Xylem, talks to EIB INFO about sustainability and innovation in the water sector.

What role does innovation play in your business?

As an engineering and technology company, innovation is a key area for us. Our technologies cover the whole water cycle: we are moving water, in treatment of water and in testing of water. The testing part is really the glue that connects the technologies in a system. This could be in an industrial application like in the mining, paper or food industries, or on the public utility side, water or wastewater treatment.

Water and energy are very closely connected. Every time you deal with water, you are using energy. For example around 20% of a big city's energy costs are related to water. Until now, many of the innovations have been focused on single components, but it's getting increasingly important to connect the dots of the technologies that are linked to the water cycle. You can't talk about water supply without taking the source as well as the use into consideration. The innovation is larger than only the product itself.

Most people turn on the tap or use wastewater systems without imagining that there is so much high-tech behind this everyday resource. How does it work?

The availability of water is putting more and more pressure on industry. If an industry does not have access to water, it will restrict the output. That's why we are increasingly integrating smart and energy-efficient technologies into the whole water cycle. The word wastewater is getting a bit obsolete, because there is really no water to waste; it is rather reused in some fashion with proper treatment. And when you're reusing it you're also generating substances that can be used again or used for energy production.

Throughout this process there are different technologies used to extract solids out of the water, starting with larger objects down to very small-scale ones and even down to taking viruses, bacteria or pharmaceutical residues out of the water so that it's safe to reuse the water. Almost

everything that is taken out of the water stream can be reused, like nutrients for example in the agricultural or forestry areas.

Generating reliable data throughout the process is very important for tuning the process and ensuring that you have optimal energy consumption. This means that the analytical part plays an important role in delivering data around the state of the process steps. This is naturally expanded to cover the whole water cycle, where you need to also look at the water source, whether it's a lake, a river or an ocean. Depending on the availability and quality, there will then be different ways of dealing with water from various sources.

Becoming more resource efficient also means dealing with this valuable resource – water – in a more sustainable way. What role does sustainability play at Xylem?

Sustainability is all over our company. We are dealing with a very valuable resource, water. That reflects in all our activities from



Interview

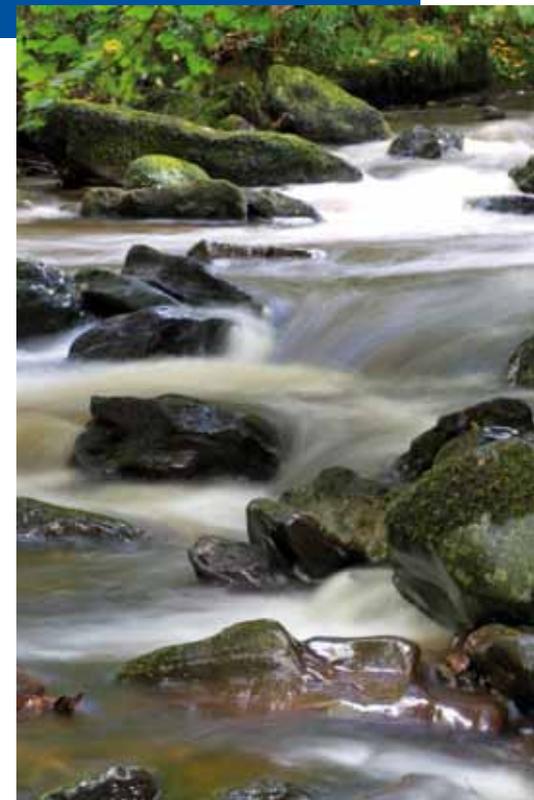


Johan Groen,
Chief Technology
Officer at Xylem

Xylem's UV technology can be used to disinfect drinking water, wastewater, process water, ultrapure water and swimming pools. It's the chemical-free, environmentally friendly alternative to chlorine disinfection – using rays of UV light to kill dangerous micro-organisms preventing them from multiplying.

Reducing water and energy footprints together

The EIB is backing Xylem's research, development and innovation activities in the water industry with a EUR 120m loan. The company is a leading provider of global water technology. The project supported will be mainly carried out at the company's R&D centres in Sweden but also in Germany, Italy, the UK, Austria, Norway and Hungary. Activities will focus on developing innovative, sustainable products and services which enhance energy efficiency but also further promote the recovery of bio-fuel as a by-product of the wastewater treatment process.



improving energy efficiency, choice of raw materials used in our products, usage of water in our production processes, to the system solutions we provide to our customers. These are sustainable in terms of energy use, dealing with the water and cleaning it, through to taking care of the solids that we're extracting from water and reusing them to produce energy or bring them back into the industrial process again. We have to take the whole product life cycle and also the water cycle into account!

How does the EIB support help you further develop?

The cooperation with the EIB will support our growth strategy, to be able to invest and maybe accelerate the plans that we've laid out for the coming years. The financial part is extremely important, but when you look at the type of investments that the EIB has been doing over the years, it's very well aligned with what we are doing with respect to the sustainability area. It's also one of the largest investors in the water cycle.

Partnering up with a very well-known financier with an extremely good reputation in that area can only be of benefit to us. We are focusing on sustainability, on bringing good to the world with respect to scarce resources, and you are doing the same in a different way.

How do you see your business in Europe developing?

Europe is extremely important to us. About 35% of our revenue is generated in North America, another 35-40% is generated in Europe and the rest is spread across the world. More than 50% of our research and development (R&D) is located in Europe, so that's where we are generating a lot of our intellectual property. What we see is a trend towards more energy-efficient solutions, intelligent products, resource reuse, that is a special interest for the EIB and also for us. We have committed to a certain growth of our company over the next few years, which will have an implication on R&D spending.

What we also need are people with a cross-disciplinary education. This is a very people-intensive industry because you need the necessary skills to tune the technology to different environments. You could say it's a global business with local demands ■



In Antwerp, life is like a **box of chocolates**

Often, they become successful, pay their loans back and hopefully go on to create jobs. But sometimes they don't, making banks wary of lending altogether. This is where the European Investment Fund and the European Commission come in with the Competitiveness and Innovation Programme (CIP). The goal is not to let fear and lack of finance block Europe's talent and growth potential. How is it done with a limited budget and staff? Financial engineering!

Unlocking the multiplying effect

Concretely, the Commission has entrusted the EIF with EUR 550 million. This is used to work with banks and financial institutions all over Europe. By providing guarantees on their portfolios of loans to small companies, the EIF takes some of the risk in their place. This gives them oxygen to lend to more people and on better terms, to make their business dreams come true. So far this has been very successful. Since 2007, guarantees have helped over 200 000 small companies get a total of EUR 8.6bn of loans in 25 countries. This is using only EUR 225m of the original envelope, and plans are to double our impact with the rest. This way, every euro triggers about

They say that life is like a box of chocolates. You never know what you're going to get. Well, it is the same for small businesses in Europe and in turn, for the banks who lend them money.

38 euros in loans on average. This multiplying effect is the main advantage of financial engineering.

From jewellery to chocolate, Karen is a young lady from Antwerp who trained as a jewellery maker but could not find a job. So she decided to follow evening classes to become a chocolate confectioner, while working in a local shop to make a living. She planned very carefully how to start her own business but her local bank would not lend her money as she had no savings and no collateral to provide.

So she went to the Belgian financial intermediary "Fonds de Participation", one of our partners, and left with EUR 12 000, "feeling like a kid in a sweet shop", she said! She opened her chocolate boutique in Antwerp and has kept it afloat through hard work and passion ever since. It's

Karen opened her chocolate boutique in Antwerp and has kept it afloat through hard work and passion ever since. It's called Karelicious. Look out for it the next time you are in the city

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For more information about the CIP programme – and a brochure with further SME case studies – please have a look at: http://www.eif.org/what_we_do/guarantees/cip_portfolio_guarantees/index.htm ■

Investing in people and ideas

for innovation in healthcare

Many companies rely on innovation for their competitive edge. A family-owned company in Parma is among Europe's top innovators and seeks to make a difference with its pharmaceutical research backed by an EIB loan.

Chiesi's research contributes to providing innovative treatment alternatives for diseases with a high unmet medical need.

A EUR 80m loan to the mid-sized pharma company Chiesi in Italy illustrates the EIB's commitment to support innovative companies. Europe's investment gap in research, development and innovation is particularly pressing where small and medium-sized enterprises lack access to competitive finance. The EIB loan has helped this family-owned company to build a state-of-the-art research centre for the development of innovative drugs.



Scoring high on innovation

Only recently, Chiesi came first among Italian pharmaceutical companies on an EU Industrial R&D Scorecard drawn up by the European Commission. "Our ranking confirms the value that the Chiesi Group attributes to innovation as an engine for growth in the current economic climate," said Paolo Chiesi, Vice President and Research & Development Director, adding that "our company is going against the tide, thanks to its capacity to create value through R&D and the world leadership achieved by our products for respiratory pathologies, neonatology and cystic fibrosis. This success is the result of our internal research". The company invests more than 17% of revenues in R&D.

Chiesi's research contributes to providing innovative treatment alternatives for diseases with a high unmet medical need. For example, the company intends to become a leader in the respiratory therapeutic area. In addition to improving asthma

treatment, the Group is currently engaged in identifying effective new treatments for chronic obstructive pulmonary disease, a condition for which a number of therapeutic needs are still unresolved.

Teaming up to make a difference

The new R&D site has provided an opportunity for increased integration among all the partners of the different disciplines contributing to drug development. The R&D team today features a group of local and international talents that Chiesi has been able to attract from different countries to achieve more innovative thinking and improved efficiency.

Chiesi is actively contributing to the knowledge cross-over resulting from joint R&D collaboration with private companies and

universities. It continues to partner with academia and other outside experts with the aim of expanding its capacity for innovation. For example, a partnership with the University of Florence fosters the sharing of laboratories and scientists and participation in a large public-private initiative helps to address research inefficiencies and bottlenecks. Such joint projects have delivered a wealth of new information that enables the company to jump-start new approaches to drug development.

The EIB funding benefits in particular R&D in the area of respiratory and special care diseases. Chiesi also has a focus on neonatology, more specifically the treatment of the respiratory distress syndrome affecting premature babies whose lungs have not yet fully developed. One of its life saving drugs has already been used to treat nearly two million newborns around the world. ■

Small businesses in Navarra region get a boost

Small and medium-sized enterprises in southern Europe are increasingly feeling the crunch and struggling to find funding for their businesses. An EIB-backed scheme is helping to bridge this gap as part of the regional economic strategy set to revolutionise Navarra's growth model.

MODERNA is the acronym of the new Model of Economic Development of Navarra, but also signifies "modern", and is considered to be an exemplary Research & Innovation Smart Specialisation Strategy. "Our goal is to place Navarra among the top 20 European regions in terms of GDP per capita," Cernin Martínez, the General Director of the Foundation that is carrying out the plan, states, adding: "This may sound very ambitious, but since launching our plan to promote a knowledge-based economy, with a focus on green, health and talent economics, we have already managed to change the business climate in our region."

To this end, the plan lists some 500 actions to be taken in the different strategic sectors and cross-cutting factors underpinning the competitiveness of Navarra's economy. The region has set itself clear

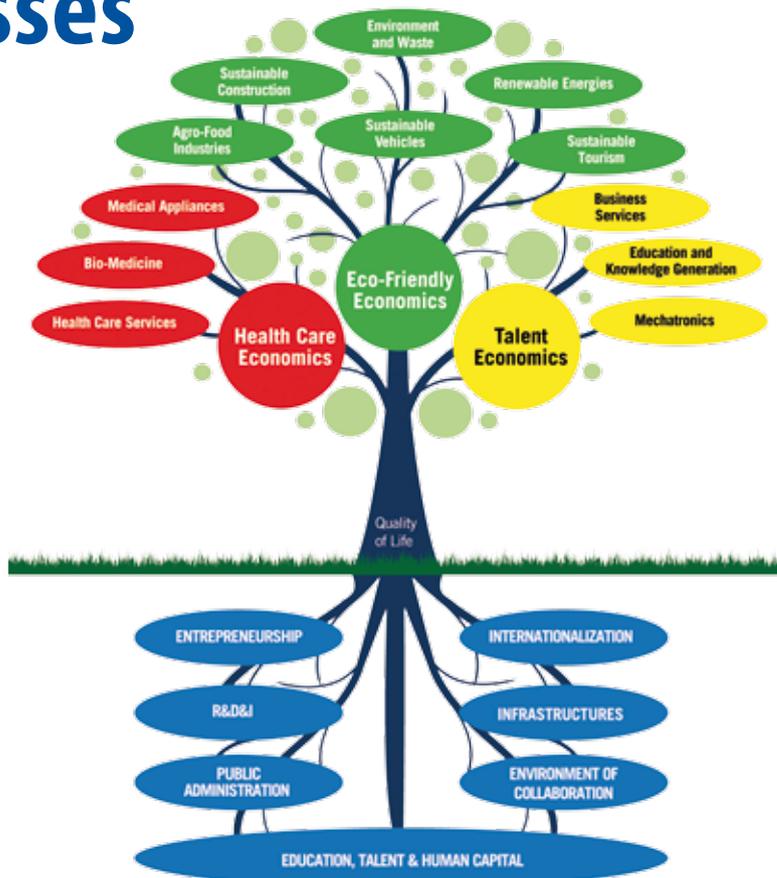
targets covering five areas of economic and social development: education, innovation, internationalisation, business and employment and prosperity, also including human development indicators and environmental sustainability goals.

Even in the midst of the biggest crisis in recent years, indicators such as PISA points (for educational achievements), GDP per capita, investment in R&D or business exports have improved since the action plan was launched in late 2010. On the downside, unemployment indicators are on the rise despite Navarra faring relatively well in comparison with the rest of the country. It currently has the second lowest unemployment rate in Spain.

As part of the Navarra Moderna plan, the EIB is providing a total loan of EUR 250m to finance projects in the industry and services sectors, as well as research, development and innovation undertaken mostly by small and medium-sized enterprises with fewer than 250 workers.

"Smaller businesses with up to 10 employees are the backbone of our productive fabric in Navarra, representing 84% of all companies. With the help of the EIB financing, we can go further in stimulating entrepreneurship and job creation by SMEs in the region", Mr Martínez underlines. "This represents a major boost to new business projects in Navarra, and we expect that the overall EIB finance will generate more than EUR 550m in investment."

Under the cooperation, Sociedad de Desarrollo de Navarra, S.L. (SODENA) passes on the funds to national and regional intermediary banks, which then onlend them to the final beneficiaries. To be eligible, projects have to bear the "Moderna" stamp granted by the Moderna Foundation, which recognises that the project is aligned with one of the strategic facets of the plan. This stamp allows the company to access other financing tools like venture capital or public guarantees, and participate in cluster-oriented services and networking.



At the signing ceremony in 2012, EIB Vice-President Magdalena Álvarez Arza stressed “the EIB’s firm commitment to supporting projects that foster the knowledge economy – the key to improving the economy’s competitiveness and promoting quality growth”. She went on to underline “the importance of this operation as a tool for stimulating job creation by small and medium-sized businesses”.

This loan comes under the EIB’s policy of assisting small businesses in the current economic climate by facilitating their access to capital or investment finance with long maturities, flexible disbursement schedules and low interest rates. In return the EIB requires greater transparency from the intermediary banks, which must clearly inform their customers of the improvements to the terms of their loans made possible by the EIB funding.

SMEs can apply for funding by contacting the Moderna Foundation directly. “So far more than 86 businesses have benefited from this financing scheme and we expect the number to reach 300 by 2015”, says Cernin Martínez. The total amount lent up until now is EUR 26m, with loans ranging from EUR 12 300 to EUR 2.3m, to a great variety of businesses in terms of size and sector, generating estimated total investments of EUR 58.2m and with 820 new jobs created in the medium term.

Green Economics: BONOPARK is a small local business with seven employees. Thanks to the innovative financing scheme, it was able to get access to funding on favourable terms to finance its project of designing, manufacturing and selling electric bicycles and setting up public bike-sharing programmes for municipalities.



Health Economics: 3P BIOPHARMACEUTICALS is a biotech company with 56 employees specialising in the development and manufacture of biologics and cell therapy products, from proof of concept to the commercial phase. It received EIB-MODERNA funds to invest in new state-of-the-art technologies and equipment for its facilities to carry out its research, development and innovation activities.

Talent Economics: PLAYING FOR LEARNING is a technology start-up with 11 workers that has developed PULITZER ENGLISH with an EIB-MODERNA loan: an innovative video game to learn English through the adventures of Joe Pulitzer, a journalist who travels around the world, investigating mysteries and writing articles.

This multifaceted and hopeful group of innovative and entrepreneurial people and companies is steering the region towards the new economy and a more sustainable and cohesive society. “Each project brings us a step closer to the Navarra that the plan envisages for our future,” Mr Martínez explains, adding that “The EIB SME loan scheme has therefore been a milestone and a huge support in launching our regional economic strategy”.

Navarra Moderna has already been recognised as best practice in regional development by the European Commission, and it is having a signalling effect by encouraging an entrepreneurial spirit throughout the country and providing an example for other European regions that might be looking for an innovative model of economic growth. As the main slogan of MODERNA says: “join us” in building the future! ■



“With the help of the EIB financing, we can go further in stimulating entrepreneurship and job creation by SMEs in the region”



“This represents a major boost to new business projects in Navarra, and we expect that the overall EIB finance will generate more than EUR 550m in investment.”



Northwind: backing green energy and fostering technology leadership

The dream of harnessing power from strong, frequent off-shore sea breezes has become reality partly with EIB help. Not only is this generating low-carbon energy but it is building technology leadership for European firms. Thus the Belgian Northwind project fits perfectly with the EIB's goal of supporting sustainable growth and job creation.

When glimpsed from an aeroplane, offshore wind farms have an air of serenity as they calmly generate clean energy. This fleeting impression belies the substantial technical challenges which need to be overcome. Weighing hundreds of tonnes and over 100 metres in height, each unit has to be sunk into the sea bed with sufficient depth to resist the stresses of wind, waves and tide. What is more, this cutting-edge technology is constantly being perfected, so each new wind farm is an exercise in innovation.

Enabling innovation

This is the case with the Northwind power plant off the Belgian coast on which work has just begun. Although building on the experience of the neighbouring Belwind project completed in 2010, this new wind farm features state-of-the-art technology with larger rotor blades that will generate up to 30% more electricity. There is every reason to expect that this technology will work given the strong track record of both the manufacturer and promoter, but teething troubles could occur.

This doubt can have an impact on private investors. As Frank Coenen, CEO of both projects, commented: "Europe was going through an economic and financial crisis, making the financing of Belwind in 2009 very challenging." The EIB was able to step in to help Belwind come on stream in 2010 and then lend over a third of the nearly EUR 900m cost of Northwind.

Transforming energy production

Northwind will provide clean energy for around 230 000 households from 2014. This will represent around 1% of Belgian electricity consumption and will help the country meet its national and EU targets for renewable energy generation. It will also contribute to environmental and energy security objectives. These are all priorities for the EIB. Belgium is planning to increase its share of renewable energy in



“The EIB is pleased to play a part in these challenging projects contributing to climate action and to economic growth.”

gross final energy consumption from 7% in 2010 to 13% by 2020. Offshore wind will be the largest contributor. And the project will employ around 50 people full-time.

The promoter Northwind NV is two-thirds owned by the retail group Colruyt, which is investing both for commercial reasons and as part of its corporate responsibility policy. The other shareholder is owned by a consortium of around 100 Belgian local authorities. Colruyt was also a major investor in Belwind.

Tailored support for green RDI

Pim Van Ballekom, EIB Vice-President with responsibility for Belgium commented on Northwind: “the EIB is pleased to play a part in these challenging projects contributing to climate action and to economic growth.” The EIB provides tailored

support for research, development and innovation involving renewable energy. The aim is to strengthen Europe’s competitiveness in the growing low-carbon technology sector. We are backing Northwind with funding from a European Commission-supported scheme, the Risk Sharing Finance Facility, targeted at innovative technical projects.

This latest project brings to more than EUR 1bn the amount we have lent to offshore wind projects in Belgium in recent years. Overall, our lending for renewable energy reached EUR 3.3bn in 2012, with most of this supporting wind and solar power generation. More than 30% of our energy lending last year went to renewables projects. By investing in renewable energy we are supporting the European Union’s climate policy of 20% of overall EU energy consumption being met from renewable energy sources by 2020. ■

Northwind: the technical challenges

- 72 turbines will be located in an area of 14.5 km², 37 km from the port of Ostend
- Turbines are 112 metres in diameter, with the hub 82 metres above the sea
- Pylons will sit in a sea depth of 16-29 metres
- The turbines will be connected in eight strings of up to ten turbines with 48 km of underwater cable

Funding and reinsurance for Europe's largest on-shore wind farm

1 million

"Four years on... the wind parks in Fântânele, Cogeaalac and Grădina can annually supply electricity to more than one million households."



Completing Europe's largest land-based wind farm has helped Romania take a major stride towards its renewable energy goals. No fewer than 240 turbines are now harnessing strong Black Sea breezes, dramatically improving the country's sustainable electricity output. EIB finance accounts for nearly one-fifth of the cost of this mammoth project.

When we started to construct the wind farm in 2008 the overall installed capacity from wind turbines in Romania was only 14 MW," said Daniel Radut, Director of the Energy Generation Division. "Four years on... the wind parks in Fântânele, Cogeaalac and Grădina, north of the town Constanța, 17 km from the Black Sea coast, can annually supply electricity to more than one million households." The total installed capacity of the wind farm in Cogeaalac, Fântânele and Grădina, financed by the EIB, amounts to some 600 MW.

A technical challenge

Romania was already a leader in hydro-power, which accounted for more than one-quarter of total energy output in 2008. Yet the country has ambitions to dramatically increase its output of green,

domestically produced power. It is targeting 38% renewable energy generation by 2020.

The wind farm is in one of Europe's most windy areas and ranges over an area of 12 by 6 km. "Neither ČEZ nor Romania had experience with wind production or, moreover, with a project of such a big size," remarked Daniel Rădu. "We were facing a lot of unpredictable incidents," he added. The technical challenge can be understood by the fact that each turbine requires foundations driven up to 24 metres into the ground. These are supported with 40 tonnes of steel and 400 cubic metres of concrete.

Experience supporting ambition

The EIB has decades of experience with backing ambitious plans such as these. It

is lending EUR 200m over 17 years to the Fântânele section of this project, which is run by the Czech energy utility ČEZ Group. As well as the favourable terms, the EIB's support offers reinsurance to the promoter and the four European commercial banks which complete the financing consortium.

The new wind farm is an important climate action project. It will help Romania to reduce pollution and greenhouse gas emissions and meet national targets for electricity generation from renewable energy sources and contribute to the diversification of the energy supply. The EIB estimates that the Fântânele section will help to avoid up to 300 000 tonnes of CO₂ equivalent emissions per year, which would otherwise be produced by fossil-fuel powered plants. ■

Montpellier transport goes green in style

As part of its efforts to shape sustainable cities, the EIB has backed several extensions of the tramway network in Montpellier, which recently went from two to four lines.



A tourist hotspot in the south of France, the city of Montpellier has become a talking point in recent times as an innovative centre of modern architecture and urban development. Its tramway has become the latest attraction. It is the longest tramway line in France and without doubt one of the most stylish with rolling stock design by Christian Lacroix, the French fashion creator.

Hi-tech, high speed and ... haute couture

Montpellier's two new tramway lines, opened in April 2012, are showing off contemporary designs. This means you can conveniently tell by its colour where a tram is going. Line 4, which circulates around the centre of town, is painted in two different liveries in gold and black. Line 3 features a maritime design in warm and dreamy summer colours – “a friendly maritime monster” as the designer calls it. The vehicles for line 2 are colourfully decorated in flower-power and those for line 1 are blue and decorated with white swallows. With more than 120 000 trips per day, line 1, which crosses right through the heart of the old town, is one of the busiest tramway lines in the whole of France

All four lines intersect at Gare Saint-Roch. At Place de la Gare several trams that have all been supported by EIB funding meet. In total the Bank has provided some EUR 500m in loans for consecutive extensions of Montpellier's tramway system.

“Sustainable urban transport is an EU priority and a crucial component of economic development and social cohesion that contributes directly towards improving people's daily quality of life,” EIB Vice-President Philippe de Fontaine Vive stated at the signing of the loan agreement in 2011.

The EIB is one of the biggest investors in France's sustainable public transport sector and makes all its technical and financial expertise available on attractive lending terms to local authorities. The EIB has financed over 24 tramways throughout France.

A modern, leave-your-car-at-home tram

The new tram lines are expected to foster a modal shift from private to public transport and soft modes and improve the accessibility of certain districts and tourist areas through better transport management. More than 230 000 trips are made in the city's tramway system every day and numbers are rising, which means that more and more people will leave their car at home. The aim is to increase the share of alternative modes to the car to over 50% by 2020. In this way, the extended tramway system will help to significantly reduce urban pollution and lower CO₂ emis-

sions. The region has set itself the target of achieving a 20% emissions reduction by 2020. A fifth tramway line is currently under development. ■

“Sustainable urban transport is an EU priority and a crucial component of economic development and social cohesion that contributes directly towards improving people's daily quality of life”.



Helping the creation of sustainable cities with an upgrade for Stockholm's metro



A 50% population increase is expected for greater Stockholm by 2050 and the public transport system needs to adapt. Currently, over two-thirds of journeys in and around the Swedish capital are made using buses, rail and ferries and the local authority is keen to consolidate this. So they took out a SEK 3.5bn (EUR 400m) EIB loan over 20 years to help increase metro network capacity.

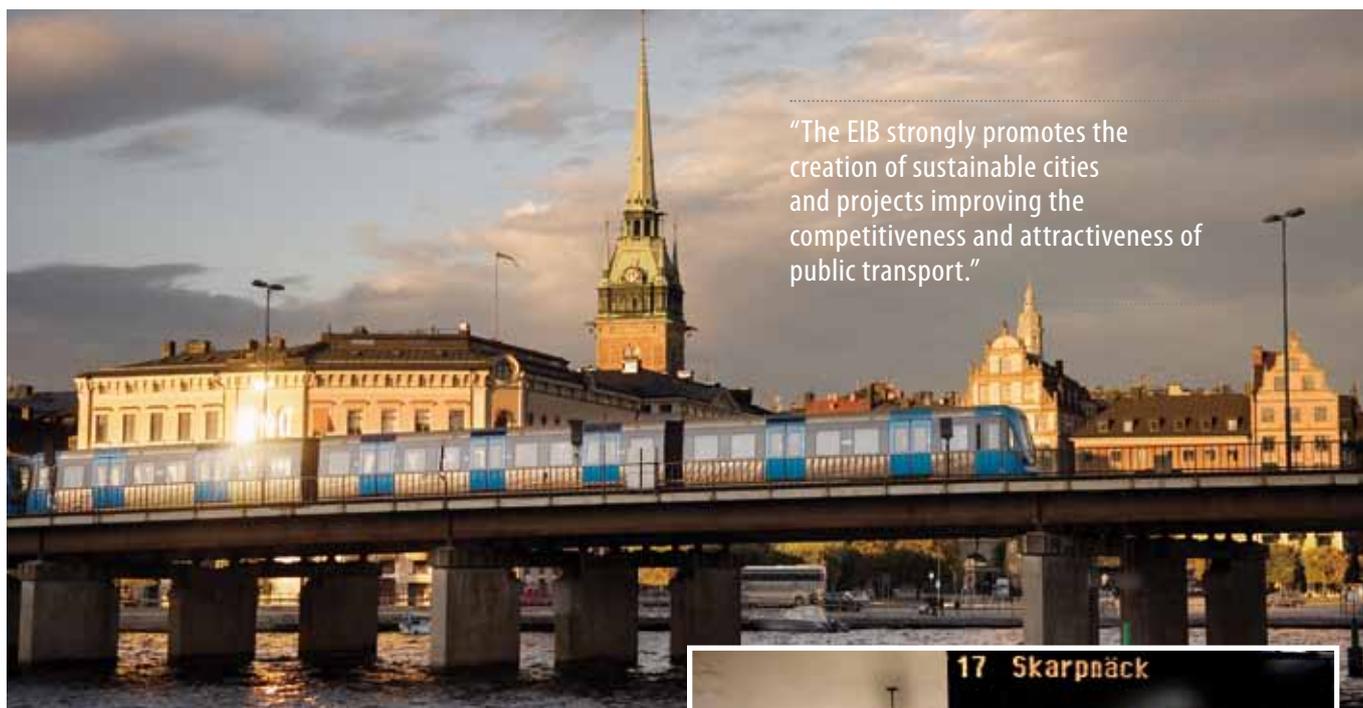
Around two million people live in the Stockholm region, but this could reach three million half way through this century. If Stockholm County Council is to sustain its residents' preference for public transport, capacity will need to increase and high levels of service quality will have to be maintained.

Planned upgrade

The metro system currently bears the heaviest load, carrying 1.1 million passengers per day on the network's red, blue and green lines. So the Council is upgrading the busiest of these, the red line which runs from Mörby and Ropsten to the north of the city centre to Fruängen and Norsborg to the south-west. The work began in 2011 and will run for ten years, making the following improvements:

Signalling upgrade: A maximum of 24 trains per hour can be served using the existing 50-year old signalling technology. A new communications-based control system will boost capacity. Infrastructure is being deployed and on-board equipment installed in existing trains, and this will allow partial automated train operation. Completion is expected for 2014.

New trains: 48 two-vehicle trains will be purchased, with delivery starting in 2016. Each of these 70 metre vehicles will be able to transport up to 700 people.



“The EIB strongly promotes the creation of sustainable cities and projects improving the competitiveness and attractiveness of public transport.”

25 million people

Around 25 million people in the EU use an EIB-financed public mode of transport every day.

Backing sustainable transport.

Over the last five years the EIB has helped to finance:

- 32 metro • 4 urban rail • 48 tramway • 48 rail, and
- 27 high-speed rail projects.



New servicing facilities: A depot featuring a workshop and three four-track tunnels in Norsborg will be completed by 2016. Scarcity of land requires this facility to be built partially underground. A progressive upgrade of the existing Nyboda depot will allow it to service the new rolling stock.

Cutting pollution, boosting growth

Enabling trains to run more frequently will substantially increase the transport capacity and reduce overcrowding on the trains. Comfort will be further increased with the new rolling stock. An efficient service should attract even more drivers out of their cars, so cutting pollution. Also, well maintained trains running at optimal speeds will minimise noise and energy use.

Efficient public transport is good news for business as it opens up markets and eases commuter stress. It also ensures that residents of outlying communities have access to the services they need, an important aspect of social cohesion. This investment will create 113 new jobs directly, mainly for train drivers.

Part of ongoing support

This loan to Stockholm County Council followed on from the EIB's EUR 400m support for sustainable transport projects in Sweden in 2012. This included the extension of the Tvärbanan light rail line between Alvik and Solna in Stockholm's western suburbs, the acquisition of associated new rolling stock and the construction of a new depot at Ulvsunda. Furthermore, the Bank grant-

ed a loan for the acquisition of 17 electric and three diesel trains improving passenger services in the Västra Götaland region in western Sweden. The EIB is also a major supporter of Stockholm's Citybanan commuter train project.

These projects are in line with several EU objectives: protecting and enhancing the urban environment; creating sustainable communities; acting against climate change. “The EIB strongly promotes the creation of sustainable cities and projects improving the competitiveness and attractiveness of public transport,” said EIB President Werner Hoyer at the signing of the Red Line finance contract in February 2013. He went on: “we particularly welcome the agreement with Stockholm County Council as this project will provide a reliable, efficient and fast public transport service.” ■

Bringing clean and safe water to Kampala

The EIB is the largest source of loan finance for the global water sector. To bring improved water services to the Ugandan capital's 2.5 million inhabitants, the EIB teamed up with AFD and KfW under the Mutual Reliance Initiative.



Close to 800 million people in the world do not have access to clean water and 2.5 billion do not have access to adequate sanitation. This is an issue of particular concern in Africa and in Kampala, Uganda's capital, where up to 50% of the population live in absolute poverty and many suffer from insufficient water services.

The project ties in with previous activities to rehabilitate the distribution network and extend water treatment capacity in Kampala. It aims at increasing coverage, reliability and access to water supply services for the population of the Ugandan capital, in particular the urban poor living in informal settlements. It will bring improved water treatment and drinking water distribution to Kampala's 2.5 mil-

lion inhabitants, including access to clean and safe drinking water for an additional 400 000 people at affordable costs.

Partnering for better results

For this project, in 2012 the Bank teamed up with its partners Agence Française de Développement (AFD), and the German public bank, Kreditanstalt für Wiederaufbau (KfW) under the Mutual Reliance Initiative in which one of the participating institutions takes the lead on assessment and project follow-up for each co-financed project. This streamlines administrative procedures for the project promoter and reduces transaction costs. It also enhances the effectiveness of financing in support of EU policies and creates more visibility for EU investment.

Kampala Water is one of the pilot projects under this initiative. For the financing of the project the three partners are combining their respective strengths and expertise, with KfW and its local implementation team in the lead financier role. KfW has a long-standing presence in the water sector in Uganda. AFD and the EIB bring an in-depth knowledge of water quality issues and lengthy experience with water and sanitation projects in the region.

The works have started already and are expected to last for the next five years. Once completed, water production capacity in Kampala is set to increase from 150 000 m³/day to at least 350 000 m³/day.



In 2013 the EIB is celebrating 50 years of operations in sub-Saharan Africa.



Ben Knapen is new EIB Brussels Representative



The EIB has appointed Ben Knapen to a new role as the Bank's Brussels Representative to strengthen engagement with institutional and political partners. Prior to joining the EIB he was Dutch State Secretary for Foreign Affairs responsible for European cooperation and international development, a member of the

Dutch Scientific Council for Government Policy and a university professor. Ben Knapen has also been a foreign correspondent in Europe and South-East Asia, Foreign Editor and Editor-in-Chief of NRC Handelsblad, Corporate Communications Director of Philips and a board member of a publishing company.

People@EIB



Guido Bichisao

Guido Bichisao has been appointed Head of the Institutional Strategy Department within the Secretariat General.



José María Fernández Martín

José María Fernández Martín has been appointed Head of the Operations and Employee Relations Department within the Personnel Directorate.



Pierre Albouze

Pierre Albouze has been appointed Head of the Legal Department, Operations, within the Legal Directorate.



Barbara Balke

Barbara Balke has been appointed Head of the Legal Department, Corporate, within the Legal Directorate.

Agenda

- **14/05/2013**
Meeting of EIB Board of Governors, Brussels
- **13-15/05/2013**
European Economic Congress, Katowice, Poland
- **15-16/05/2013**
European Business Summit, Brussels
- **22/05/2013**
International Transport Forum, Leipzig
- **29/05/2013**
Baltic Development Forum, Riga

More @ www.eib.org/events

Publications

- Activity, Statistical and Financial Reports 2012
- An exceptional response for exceptional times: our 2013-2015 strategy
- The EIB in Africa, the Caribbean and Pacific and the overseas territories
- Banking in sub-Saharan Africa - Challenges and Opportunities
- Banking in Central and Eastern Europe and Turkey - Challenges and Opportunities
- ECON Note - PPPs and their financing in Europe

More @ www.eib.org/publications



Peggy Nylund Green

Peggy Nylund Green has been appointed Head of the Planning and Settlement of Operations Department within the Finance Directorate.



Flavia Palanza

Flavia Palanza has been appointed Head of the FEMIP Department within the Directorate for Lending Operations outside the EU.



98-100, boulevard Konrad Adenauer
L-2950 Luxembourg

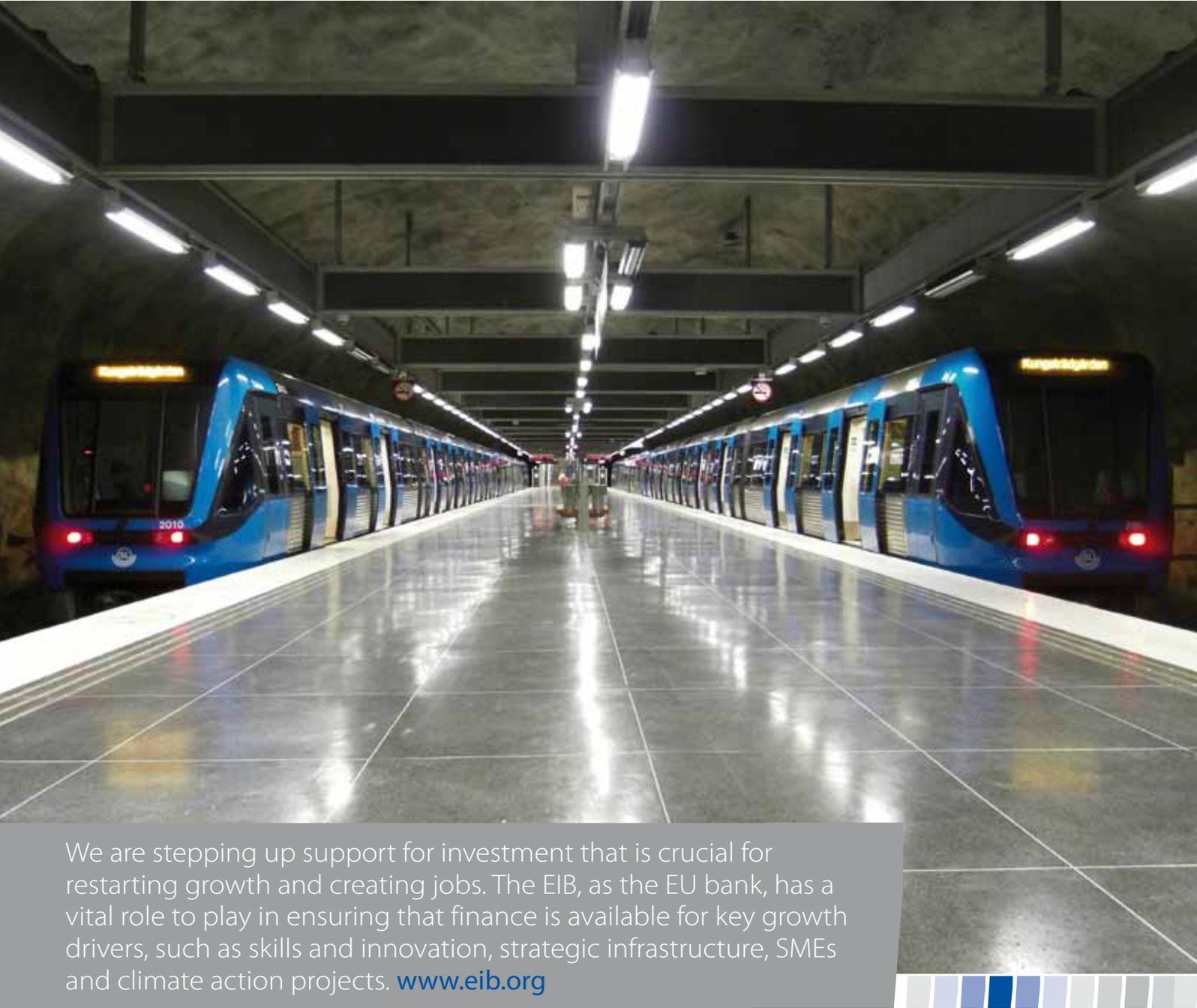
☎ (+352) 43 79 1

☎ (+352) 43 77 04

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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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