

**Annual Press Conference 2007****Briefing Note No 01****The Bank promoting European objectives**

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Promoting Economic and Social Cohesion

In 2006, two thirds of EIB lending within European Union supported regional development objectives with an aggregate amount of EUR 26.7bn.

In line with the renewed Cohesion Policy for 2007-2013, the Bank will concentrate its regional development actions on convergence lending. While remaining a key priority for the Bank, the nominal figures could substantially decrease because the targets up to 2006 encompassed a much wider area and population.

In addition to convergence lending, the Bank, in close cooperation with the Commission, will provide new advisory services as Joint Assistance to Support Projects in European Regions (JASPERS), primarily for projects located in the new Member States and financial engineering as part of the initiative for Joint European Support for Sustainable Investment in City Areas (JESSICA).

Over the seven-year period, EUR 308bn in grants from the structural funds will be allocated to EU convergence and regional competitiveness policy objectives.

Aligning to the Convergence Objective

In order to reflect the new orientations at EU level, the Bank will focus its future lending activities towards the convergence objective. Convergence regions are 113 regions with a population of 190 million in EU-27. Temporary transitional measures will be introduced up to end-2007 to cover operations already in the project pipeline and falling outside the new convergence objective. The two other objectives of the EU Structural Funds - regional competitiveness and employment, will be supported through operations under other lending priorities (research and innovation, trans-European networks, SMEs, energy and environment).

Highlights

Constant focus and prioritisation of projects benefiting assisted areas allowed the 2006 objectives to be achieved. Particularly, activity specifically in the New Member States continued to grow, while activity in Romania and Bulgaria, who joined the EU in January 2007, remained at sustained levels (lending amounted, respectively, to EUR 679m and EUR 60m).

2 new initiatives with European Commission: Technical Assistance for new Member States (JASPERS) and support to investment in European urban areas (JESSICA).

The JASPERS (Joint Assistance to Support Projects in European Regions) programme is a technical assistance partnership between the European Commission, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The main objective of this programme is to provide technical expertise to the Member States with a view to developing high-quality infrastructure projects, mainly in the transport and environmental sectors, with the help of EIB and EBRD experts.

In 2006, over 100 Technical Assistance or Project Preparation actions (relating to both individual investments and "horizontal" activities of interest across the New Member States) were identified, with a total investment cost of some EUR 24bn, mostly in the areas of transport (including urban transport), environment (water, wastewater and decontamination projects) and renewable energy. Also noteworthy was demand in sectors such as large energy projects, broadband telecommunications and tourism.

Work on over 80 different project preparation operations commenced in all 12 Beneficiary countries by end-2006. Regional Offices for JASPERS are being opened in Warsaw, Vienna and Bucharest.

JESSICA (Joint European Support for Sustainable Investment in City Areas) is a new initiative of the European Commission and the European Investment Bank (EIB). It has been designed to help the authorities in all the Member States of the EU to exploit financial engineering mechanisms to support investment in sustainable urban development in the context of cohesion policy. Other International Financial Institutions, as well as the European banking and private sector, could contribute to this initiative.

JESSICA responds to the request by several Member States and the European Parliament to give special attention to the need for renewal and/or regeneration of certain urban areas, and is based on a perceived market failure in the urban sector or, more specifically, on the lack of investment funds to finance integrated urban renewal and regeneration projects in pursuit of more sustainable urban communities.

Key projects

Spain: EIB lending for social and economic cohesion amounted to EUR 5.9bn in 2006. Particularly significant projects were the construction of a high-speed train line linking Madrid and Barcelona to the French border (EUR 600m), the upgrading of the motorway infrastructure in the Biscaye Province (EUR 620m) and the financing of R&D activities in the telecommunications sector (EUR 400m).

Portugal: IHRU Reabilitação Urbana – EUR 200m to support the financing of the first phase of a multi-year programme for infrastructure and public space renewal in dilapidated urban areas where urban regeneration corporations have been created to implement integrated urban plans. The project will also support the rehabilitation of degraded units of social housing stock owned by the State across Portugal.

Poland: EIB operations increasing the competitiveness of Poland have grown to a total of more than EUR 13bn, with some EUR 2bn signed in 2006. In January 2006, in close co-operation with the EIF, the EIB signed the first securitisation transaction in a New Member State with Raiffeisen Leasing Polska. Given the strong demand for SME financing in Poland, it is expected that this innovative financing instrument will be used for future transactions in support of this key sector of the Polish economy. Other significant projects in which the EIB was involved in 2006 were: a EUR 500m loan for capital investments in science and technology infrastructure and research activities of public scientific institutions and accredited universities; a EUR 300m loan for the extension of the Polish motorway network along TEN T corridors; a EUR 200m loan for road modernization and a EUR 350m for priority road rehabilitation.

Italy: three loans for a total of EUR 470m to the two provinces of the Basilicata Region (Matera – EUR 30m – and Potenza – EUR 40m) and to the Sicily Region (EUR 400m). The projects to the Provinces of Matera and of Potenza will finance the European interest components of public work programmes.

Hungary: A loan of EUR 100m will co-finance the Hungarian State's contribution to projects benefiting from EU grant support under the Cohesion Fund 2007-2013. The loan targets projects relating to transport development, energy (mainly efficiency and renewable) and environmental protection.

Slovakia: two loans to regional administrations in Slovakia for a total of EUR 73m to part-finance priority projects (mainly in the transport area) of the 2005-2009 investment programmes of the Prešov and Košice self-governing regions.

For further information on the EIB, visit its website www.eib.org.

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