



## Candidate and Potential Candidate Countries

The EIB provides loans and guarantees in the Candidate Countries (Croatia, Turkey and the Former Yugoslav Republic of Macedonia (FYROM)) and the Potential Candidate Countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under United Nations Security Council Resolution 1244), on the basis of a EUR 8.7bn external lending mandate granted by the European Union for the period 2007-2013 along with the Pre-Accession Facility at the Bank's own risk.

The Bank fosters through its financing in these countries the integration process with the EU, meeting of EU accession criteria and harmonisation with the economic developments of the EU with a view to their best possible preparation for EU membership once they are invited to join the Union. EIB lending in the candidate and potential candidate countries reached EUR 11.4bn in the past 5 years (2004 – 2008) and is clearly on an upward trend (e.g. EUR 3.5bn in 2008, EUR 2.9bn in 2007 and EUR 2.5bn in 2006).

### Croatia

In 2008 the EIB signed loan contracts in Croatia amounting to EUR 170m bringing the total lending provided in the country to some EUR 1.5bn since 2001. The EIB lending portfolio in Croatia is well balanced and focused on the development of transport, energy and communication infrastructure, implementation of EU environmental standards and support for SME and municipality investments.

Last year the Bank provided credit lines totalling EUR 170m to four EIB partner financing institutions to increase the access of SMEs to long-term financing. The Bank also progressed in discussions with the Croatian Government concerning additional financing for road and air transport and environmental infrastructure.

### Turkey

In Turkey, the EIB financed projects worth EUR 2.7bn in 2008, part-financing investment of some EUR 5bn across all the country's key economic sectors. The opening of two local offices in Ankara and Istanbul as well as tailor-made financial products for the local market enabled the EIB to reach a new record of annual lending in Turkey of EUR 2.7bn compared to EUR 2.1bn in 2007.

As an Accession Country, Turkey receives EU budgetary contributions provided by the new EU Instrument for Pre-Accession Assistance (IPA) for the period 2007-2013. The EIB complements these funds with its Pre-Accession Facility under which it provides loans and guarantees at its own risk. The EIB cooperates closely with the European Commission and the Turkish public bodies in defining priority investments in line with the national development plans and EU priorities.

In the face of the financial and economic crisis, small and medium-sized enterprises are particularly vulnerable and the EIB is eager to support Turkish entrepreneurs in these difficult times. It made available a total volume of EUR 850m in 2008 to the SME sector, improving the availability and accessibility of long-term funding and risk capital. In cooperation with an extensive network of some 22 local intermediary banks, the EIB has allocated more than EUR 2.6bn over the last 5 years in support of a vibrant SME market accounting for an important share of the country's GDP and employment.

Infrastructure investments also remained a lending priority in Turkey in 2008. To meet the twin challenges of sustainable mobility and sustainable cities Istanbul Metro as well as the light rail systems in Antalya and Bursa benefited from EIB financing. In addition, the EIB has filled a large financing gap by allocating some EUR 4m for financing utilities in smaller municipalities that have very limited access to long-term funding through credit lines.

The EIB is prepared to step up its contribution to energy projects and has signed an environment and energy framework loan worth EUR 200m dedicated to small and medium-sized energy projects with the Turkish Government. The Bank has also contributed financing to eight hydroelectric power plants in South East Turkey operated by Enerjisa Enerji Üretima as well as to the extension and upgrading of electricity distribution networks operated by Tedas bringing investments in the energy sector to EUR 435m in 2008. Increasing the energy efficiency of large and smaller industries and developing renewable energy facilities will play a crucial role and the EIB is committed to bringing in sector know-how and tailor-made funding. Turkey – located between big energy producers and the EU market – can make a substantial contribution to Europe's energy security; the EIB is therefore also looking into financing possibilities for large-scale projects such as the Nabucco pipeline.

In 2008, Turkey ranked first among recipient countries outside the EU, attracting a total lending volume of EUR 8.3bn for the 2004-2008 period. With the aim of maximising the benefits of EIB lending to the country and its people, the Bank aims to provide loans in the order of EUR 2.7bn of finance annually in the coming years, prioritising the following sectors: SMEs, infrastructure and transport, energy efficiency and renewable energy, and the financial institutions sector.

## Western Balkans

The EIB has intensified its very close cooperation with the European Commission and other IFIs, particularly the European Bank for Reconstruction and Development and the Council of Europe Development Bank, within the Western Balkans Investment Framework with the aim of strengthening the coherence of existing financing instruments for the region in order to pave the way for its integration into a wider European region and to facilitate its economic growth and stability underpinned by private and public investment.

In 2008 the EIB concluded in the Western Balkan countries loan contracts reaching an annual record level of EUR 577m bringing total EIB lending in the region to some EUR 3.1bn since 1995. This represents a substantial increase compared to EIB lending of EUR 443m in the region in 2007.

The largest portion of EIB loans in 2008 (EUR 215m or 37%) consisted of credit lines to EIB partner financing institutions to finance indirectly smaller projects in line with the EIB priority of strengthening its support for Europe's SMEs to help mitigate the effects of the current credit crisis (EUR 125m in Bosnia and Herzegovina, EUR 50m in Serbia, EUR 30m in Montenegro and EUR 10m in FYROM).

In the transport sector the Bank provided loans of EUR 60m to finance the construction of a 15 km motorway section on the transport Corridor Vc between Kakanj and Zenica in Bosnia and Herzegovina and EUR 12m for the development of railway and road infrastructure and airport modernisation in Montenegro.

In Serbia in 2008 the Bank granted a EUR 70m loan for the modernisation and extension of four tertiary care hospitals in the capital Belgrade and the cities of Kragujevac, Nis and Novi Sad, and a EUR 50m loan to help implement the investment programme of Serbia's Ministry of the National Investment Plan mainly in the areas of transport, education, cultural and historical heritage and public building rehabilitation. Furthermore, the Bank supported with an EUR 87m loan to a Slovenian promoter the development of a second GSM network covering the territory of Kosovo.

In addition, last year the Bank supported with EUR 60m the implementation of water and sanitation projects of municipalities and cantons in Bosnia and Herzegovina.

For further information on the EIB, visit its website [www.eib.org](http://www.eib.org).

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