



EUROPEAN INVESTMENT BANK

Promoting European Objectives



The European Investment Bank (EIB)

Long-term Finance Promoting European Objectives








- ❖ European Union's long-term lending bank set up in 1958 by the Treaty of Rome.
- ❖ Shareholders: 27 EU Member States
- ❖ Governance
 - ❖ Board of Governors – EU Finance Ministers
 - ❖ Board of Directors - Member States & European Commission
 - ❖ Management Committee –EIB's executive body
 - ❖ Audit Committee – independent, non-resident

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European Priority Objectives



- ❖ Within the Union:
 - ❖ Cohesion and convergence 
 - ❖ Small and medium enterprises (SMEs) 
 - ❖ Environmental sustainability 
 - ❖ Innovation 2010 Initiative (i2i) 
 - ❖ Trans-European Networks (TENs) 
 - ❖ Sustainable, competitive and secure energy



Under EU Mandates:

- ❖ Pre-Accession 
 - ❖ Accession Countries – Croatia and Turkey
 - ❖ Candidate Country – FYROM
 - ❖ Potential Candidate Countries – Western Balkans
- ❖ European Neighbourhood
 - ❖ Mediterranean Partner Countries 
 - ❖ Russia and Eastern Neighbours
- ❖ Development
 - ❖ Africa, Caribbean and Pacific 
 - ❖ Asia and Latin America 

The European Investment Bank (EIB)

2006 Key Figures*



- ❖ European Union: EUR 39.8bn
- ❖ Partner countries: EUR 5.9bn
- ❖ Total lending: EUR 45.8bn

- ❖ Borrowings: EUR 48bn

- ❖ Subscribed capital EUR 164.8bn
(at 01/01/2007)

❖ *Figures subject to change



- ❖ Value-Added of the Bank's lending activities:
 - ❖ Support for EU priority objectives
 - ❖ Project quality and soundness
 - ❖ Financial benefits of EIB funds
 - ❖ Technical assistance
 - ❖ Project assessment



OBJECTIVES

*European objectives
within and outside the Union*

Cohesion and Convergence



- ❖ Lending for convergence regions, phasing-out/in regions
- ❖ Promoting competitiveness and employment and European cooperation

- ❖ Loans of EUR 20.2bn in 2006 in all major economic sectors:
 - ❖ Health and education infrastructure
 - ❖ SMEs
 - ❖ Transport and telecommunications infrastructure
 - ❖ Industry and the services sector
 - ❖ Urban infrastructure

- ❖ Total loans of EUR 101.8bn 2002-2006

Environmental Sustainability



- ❖ Climate change initiatives, sustainable development and social welfare
- ❖ Minimising adverse environmental impact in all projects

Direct loans of EUR 9.6bn in 2006 for:

- ❖ mitigating climate change
- ❖ promoting waste management and sustainable use of natural resources
- ❖ improving the urban environment
- ❖ reducing pollution
- ❖ protecting biodiversity
- ❖ Total loans of EUR 52.9bn 2002-2006

Trans-European Networks (TENs)



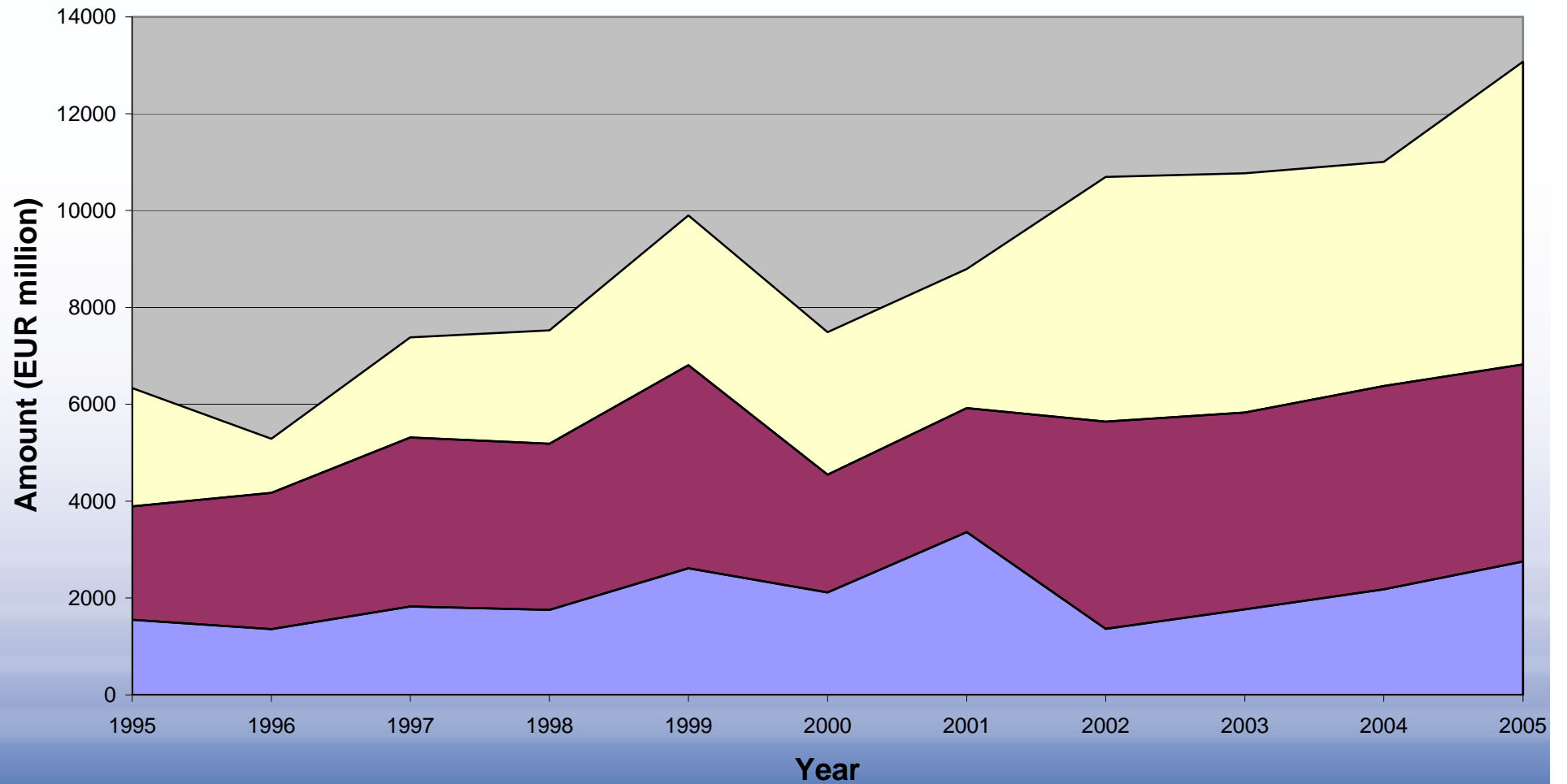
- ❖ Large transport and energy infrastructure networks
- ❖ Transport supporting developmental and integration
- ❖ Security and diversification of internal energy supply

- ❖ Loans of EUR 7.9bn in 2006 for:
 - ❖ EUR 7.6bn for TEN Transport
 - ❖ EUR 0.3bn for TEN Energy
- ❖ Total loans of EUR 35.8bn 2002-2006
 - ❖ EUR 32.7bn for TEN Transport
 - ❖ EUR 3.1bn for TEN Energy

EIB Transport Lending



EIB Transport Sector Lending EU25 '95-'05



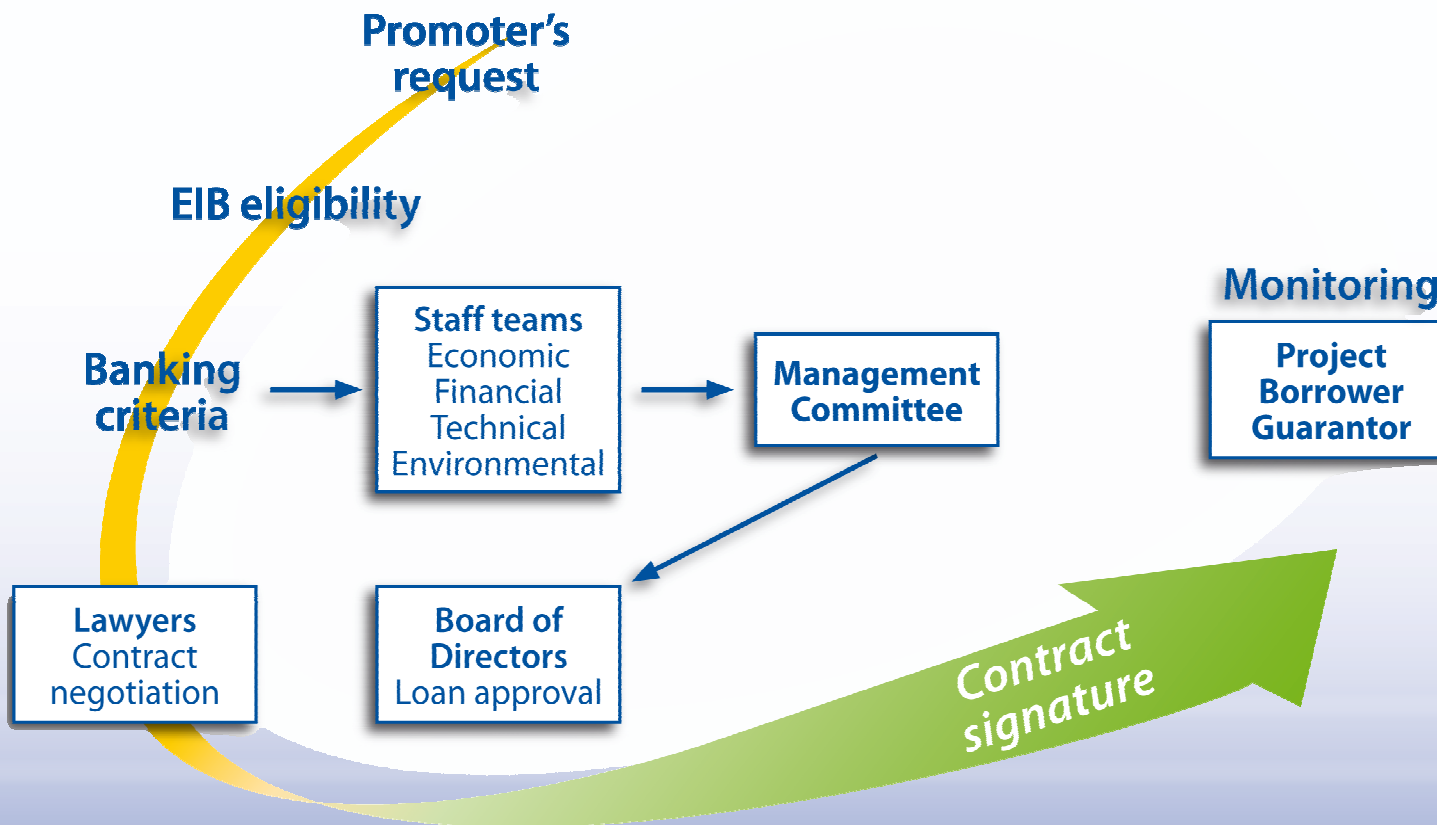


Benefits of an EIB Loan



- ❖ Benefits of low cost of funding passed on to clients:
 - ❖ Large amounts
 - ❖ Broad range of currencies
 - ❖ Long maturities
 - ❖ Attractive interest rates
 - ❖ Catalytic effect on participation of other banking or financial partners

The EIB project cycle



EIB project cycle



Projects must show an acceptable economic return ... but how is this assessed?

- ❖ Constraints on methodology
- ❖ Cost-benefit analysis (CBA)
- ❖ Typical structure of benefits



Some common problems with CBA

- Is the comparison fair?
- Do we fully understand costs?
- Are all benefits captured?
- How about spatial distribution?

Concluding remarks



- ❖ Transport costs are one factor of competitiveness
- ❖ Benefits of infrastructure investment often tend to be “more local” than costs
- ❖ Accessibility can help to spread economic development...
- ❖ ... but the link is not automatic

*Integrated policies and
the “catalytic” effect*



**Thank you for
your attention.**

<http://www.eib.org>