

Supporting the EU's external action

China: Supporting Sichuan's post-earthquake reconstruction

A USD 160 m loan from the EIB has helped realise the reconstruction for the areas hit by the disaster. In 2008, an earthquake of magnitude 8.0 according to Richter scale hit

the Wenchuan area in West Sichuan, taking 90 000 lives and affecting 4.6 million peo-

ple. The loan was used to restore pre-existing forestry ecosystems destroyed by land-

slides, affecting some 330 000 hectares of forest. A third would be restored with the

EIB funds. The loan also financed consolidation works in irrigation and drinking water

reservoirs, with a project scoping 530 dams or a quarter of all reservoirs hard-hit by the

earthquake. Today, all repairs of reservoirs are completed and more than half a million

people (650 000 persons) are now able to get proper supply of drinking water. 160 000

ha are irrigated again allowing the farmers to get their income back. On this project,

European Investment Bank

FYROM: Helping small businesses think big

A first loan for small and medium size enterprises in the former Yugoslav Republic of Macedonia (FYROM) together with the Macedonian Bank for Development Promotion (MBDP), helped to support over 260 businesses and create more than 1 800 jobs. The MBDP works closely with local commercial banks to allocate the much-needed funds. Rimes, a family business near Skopje, the country's capital and largest city, received a EUR 375 000 loan channelled through a local bank, which made it possible to expand the business. "We built a new factory with modern facilities and bought new equipment," explains Risto Shehtanski, sales manager at Rimes. "The loan we received has helped us to be ambitious in developing the company. We also hired new people and more than doubled our staff to more than 50 people," he adds.



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the EIB joined forces with the European Commission and other multilateral institutions, such as the World Bank, the Asian Development Bank and the International Fund for Agricultural Development.



Turkey: EIB gives boost to renewable energy

Supporting the construction of one of the largest wind farms in south-eastern Turkey, the EIB helps to meet growing electricity demand using sources that are both economically viable and environmentally sustainable. The 135MW wind farm in Osmaniye province consists of 54 turbines, each with a capacity of 2.5MW. Annual electricity generation is at 300GWh, expected to increase to 363GWh. Annual CO2 emission savings are estimated to reach more than 300 000 tonnes. The EIB contributed with a EUR 30m loan to a joint facility implemented in cooperation with the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), with support from DenizBank and HSBC. The EUR 130m deal was a first in terms of multilateral cooperation, as well as in terms of commercial lenders taking risk in the midst of the credit crunch and took the 'European Onshore Wind Deal of the Year 2009' prize awarded by the Project Finance Magazine.



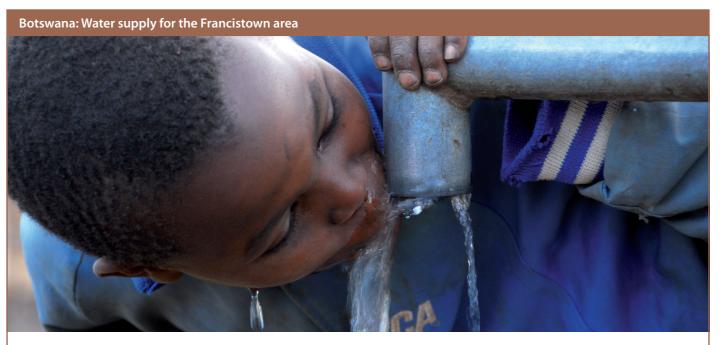
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The EIB is the largest supranational borrower and lender in the world. As the bank of the European Union, it mainly operates in the 27 Member States. Nevertheless, roughly 10% of its lending goes to projects

outside the Union. In 2011 this amounted to some EUR 7bn.

Most of the Bank's financing operations outside the Union are carried out under an EU budget guarantee, set out in the external mandates for EIB activities in different regions of the world: Pre-Accession countries, Southern and Eastern neighbours and Partnership countries in Asia, Latin America and South Africa. As part of a regular mid-term review, EU policymakers last year renewed the mandates for EIB operations in these regions until 2013 and extended its geographic scope to cover Iceland, Libya, Iraq and Cambodia. In all these countries, the Bank supports projects that contribute to increasing the growth and employment potential. It does so by providing finance and technical assistance for local private sector development, social and economic infrastructure, as well as climate change mitigation and adaptation projects. To allow the Bank to keep its level of operations, the general mandate ceiling was increased last year by EUR 1.6bn to more than EUR 29bn (2007-2013). This includes additional EUR 2bn in lending for climate action, as well as support for Southern Mediterranean countries to reward political reforms in the wake of the Arab Spring.

The lending mandate for African, Caribbean and Pacific (ACP) countries and Overseas Countries and Territories (OCT) is under the Cotonou Agreement that establishes the EU's relations with its partner countries in this region. The Agreement was renewed in 2010. Financing under this framework is provided from EU Member States' budgets through the European Development Fund, alongside EIB own resources.



In Botswana, the EIB helped to terminate water rationing for some 140,000 inhabitants of Francistown, the second biggest town in the country. The capacity of the new water treatment plant allows 24 hours supply for the city and eliminated prior supply restrictions. Together with new trunk mains and extension of primary networks the project brought about a long-awaited improvement in service quality and quantity for Francistown. It also removed a constraint on the water supply in the Francistown area, thereby allowing further economic development of the city and of the surrounding villages. The EUR 12.5m EIB loan, has contributed to better health and environment conditions in the region. The EIB's involvement and close interaction with the promoter Water Utility Corporation, and its collaboration with the co-financiers significantly contributed to the successful implementation.



external action

Partnering with others

Partnering with others is an important feature in the Bank's operations, particularly outside the EU. The Bank works with a network of trusted partners in the private sector, among public authorities and non-governmental organisations (NGOs), which make a valuable contribution to the EIB's activities. Under the renewed mandate EU grants are increasingly blended in with EIB lending to achieve the best outcome. An expert group is looking into the establishment of an EU Platform for External Cooperation and Development to further increase the impact of EU external cooperation activities. This would help leverage limited financial resources for the benefit of EU partner countries. Already, in the Eastern neighbourhood countries, the EIB and the European Bank for Reconstruction and Development (EBRD) regularly cooperate on projects to provide a combined financial support. This cooperation will be extended to activities in the Southern Mediterranean. The EIB also works closely with other European financial institutions under the 'mutual reliance' initiative, which allows one of the participating Institutions to take the lead on project assessment thus avoiding a duplication of paperwork for the project promoter and reducing the costs. The EIB has started off the mutual reliance initiative with the French development agency, Agence Francaise de Développement, and the German public bank Kreditanstalt für Wiederaufbau.

Smart bulbs brighten Lesotho's economic outlook

Lesotho - a small, landlocked country with a population of nearly 2 million people - suffers from frequent electricity shortages. With the help of a USD 5m ElB loan, Dutch giant Philips has set up a manufacturing plant to produce energy-saving compact fluorescent lamps in the city of Maseru. The Philips Maseru Lighting plant is helping to diversify the economy away from the wobbling textile industry and acts as an important engine of job creation. "We have been fully functional since 2010 and currently employ more than 500 local people," says Nitin Agrawal, General Manager of the plant. In Lesotho, where 40% of the population lives below the poverty line, this has a considerable impact on the livelihoods of households."We also see a lot of development happening around the company, people are building their own houses and small businesses are springing up around the factory," he adds. "Almost 10% of our staff are people with disabilities. This way we are giving opportunities to physically challenged people to build a career and a future for themselves," Agrawal points out. An EIB interest rate subsidy supports social improvements for the workers and their families, such as a health clinic and scholarship programme. The light bulbs produced in Maseru save approximately 80% in energy compared to incandescent lamps, translating into savings of 34 kg of CO2 per year per lamp.

Liberia: Access Bank Liberia fights poverty through microfinance

The EIB, alongside Access Microfinance Holding of Germany as well as the International Finance Corporation and the African Development Bank, has supported the start-up of Access Bank Liberia, which has been focusing on providing financial services to the country's micro and small businesses. In a country where less than 1% of the population has a bank account, Access Bank Liberia concentrates on providing financial services to the country's informal business sector. A wide clientèle of low-income retail shop owners, street vendors, craftsmen and farmers have already benefited from their services. The bank serves 50,000 customers with a team of 270 staff. Loans range from USD 200 to USD 7 000, with an average repayment period of between six and nine months. Since the launch of its operations in 2009, Access Bank has paid out over 20 000 loans with a total of USD 22.5m to local businesses and has opened over 60 000 accounts with deposits totalling up to USD 6.5m. Among those who received loans is Henry Wellington, who started his cement business 12 years ago. With a first loan of EUR 560 from AccessBank Liberia, Mr. Wellington was able to pre-finance his purchases and thus, increase his sales and income. He repayed the loan on time and obtained a second loan of EUR 980, which allowed Mr. Wellington to buy more shovels and wheelbarrows for his workforce, which increased from 10 to 35 people. He now offers a wider choice of products with better quality. "AccessBank Liberia", he says, "has helped me to grow my business and gave me the confidence to think larger."



Cleaning up pollution in Tunisia's second largest city

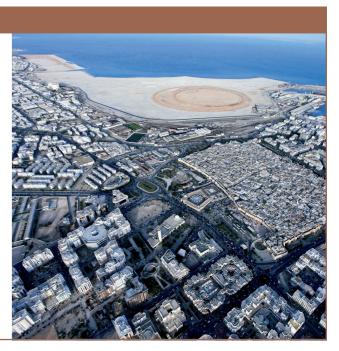
"Sfax has always been a coastal city and the seaside is still one of its greatest assets", says Riadh Hentati, CEO of SEACNVS, the promoter of the decontamination project on the Taparura site in Sfax, the second-largest city in Tunisia with 860 000 inhabitants. "However, the course of events has left the city disconnected from its beaches," Hentati adds. Together with the French and the Belgian governments, the EIB provided the financial backing for the decontamination of the site in a city that once was an export centre for phosphates. The Bank also contributed technical assistance which helped manage the decontamination process and provided essential urban planning expertise. "The relationship of trust established between the project management team and the Bank's experts enabled us to tackle the various obstacles and challenges we encountered," Hentati explains. "The EIB's support has been a determining factor for the success of this beautiful project," he adds. Part of the decontaminated site was transformed into a public beach along a six-kilometre stretch, which enabled the city to restore its historic coastline. The works were successfully completed in 2011 and after more than 30 years, Taparura beach was reopened for bathing.

Morocco: New tramway in Rabat-Salé

The new Rabat-Salé tramway helps to connect the two million people living in the twin cities and also contributes to reducing urban traffic and pollution. "This new transportation means is already proving to be a success," says Loubna Boutaleb, director of the Rabat-Salé tramway company."In September last year we introduced a new system of ticket prices in order to make it even more attractive to the citizens," she adds. More than a commercial project, the newly-inaugurated Rabat-Salé tramway marks a qualitative step forward for urban public transport in the Moroccan capital, Boutaleb explains. Two lines with a total length of almost 20 km and 31 stations are now operational. They serve the conurbation's key population and business hubs – the university district, hospitals, government offices, both city centres and the main bus and rail stations. Some 4 000 jobs were created during construction and another 1 000 for its operation. The two new lines carry some 180 000 passengers a day. Ultimately, 80% of the passengers are likely to comprise former bus and taxi users or pedestrians and a sizeable number of car users. To accommodate them, three car parks have been built close to the terminus of the lines. The EIB contributed with a EUR 15m loan to the project, which also received support from the Agence Française de Développement and the EU's Neighbourhood Investment Facility (NIF).



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Trolleybuses get rolling in Moldova

In Chisinau, over 300 trolleybuses run every day. The trolleybus service in Moldova's capital is the backbone of the public transport system, ensuring the mobility of its 800 000 citizens on all major corridors within the city. The EIB provided a EUR 5m loan for the purchase of around 100 new low-floor trolleybuses, spare parts and maintenance equipment. Last year, the first new trolleybuses appeared on the streets of Chisinau. "Before the new machines were purchased, over 90% of the vehicles were past their expiry date and would often break down," explains Gheorghe Morgoci, Director of Electric Transport Administration in Chisinau. "Now all has changed and people enjoy a trolleybus ride." The project improves the reliability, comfort and speed of the trolleybus service. Together with an expanded capacity, it alleviates passenger congestion and encourages the use of public transport. The new trolleybuses reduce energy consumption and noise. The expected switch to public transport will further improve air quality. This project is being co-financed by a loan from the European Bank for Reconstruction and Development (EBRD) and grants from the EU's Neighbourhood Investment Facility.

