

027404/EU XXIV.GP  
Eingelangt am 04/03/10

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EUROPEAN COMMISSION

Brussels, 4.3.2010  
SEC(2010) 186 final

**COMMISSION STAFF WORKING DOCUMENT**

**Accompanying the**

**THE REPORT FROM THE COMMISSION TO THE COUNCIL AND TO THE  
EUROPEAN PARLIAMENT ON OPERATIONS CARRIED OUT UNDER THE EIB  
EXTERNAL MANDATE IN 2008**

COM(2010)74 final

# COMMISSION STAFF WORKING DOCUMENT

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## THE REPORT FROM THE COMMISSION TO THE COUNCIL AND TO THE EUROPEAN PARLIAMENT ON OPERATIONS CARRIED OUT UNDER THE EIB EXTERNAL MANDATE IN 2008

### TABLE OF CONTENTS

1.	Contribution of EIB lending activity per geographical region.....	3
1.1.	Pre-Accession Countries .....	3
1.2.	Mediterranean Partner Countries .....	6
1.3.	Eastern Europe, the Southern Caucasus and Russia .....	9
1.4.	Asia and Latin America .....	11
1.5.	South Africa .....	13
2.	List of loans signed under the Community-supported mandate in 2008 .....	15
3.	List of operations co-financed with other IFIs and the Commission .....	19

## 1. CONTRIBUTION OF EIB LENDING ACTIVITY PER GEOGRAPHICAL REGION

This report reviews the implementation of the current EIB external mandate at regional and country level as well as the contribution of EIB financing operations to the fulfilment of external policy objectives, taking into account the operational objectives of the EIB. It is recalled that, until 31 July 2007, EIB lending continued under the previous 2000-2007 mandate and that those operations are not reflected in the tables that follow.

### 1.1. Pre-Accession Countries

#### 1.1.1. Activity by Country

Table 1: Summary of lending signatures by Country

Country	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Albania	1	23	-	-	1	23
Bosnia and Herzegovina	-	-	5	260	5	260
FYROM	-	-	1	10	1	10
Montenegro	-	-	6	50	6	50
Serbia	1	60	3	170	4	230
Turkey	1	305	7	1519	8	1824
<b>TOTAL</b>	<b>3</b>	<b>388</b>	<b>22</b>	<b>2,009</b>	<b>25</b>	<b>2,397</b>

In 2008, total EIB lending under the mandate in Pre-Accession Countries totalled EUR 2 billions; Turkey accounted for 75,6% of lending while 24,4% was assigned to Western Balkans Countries. The breakdown of EIB activity under mandate by lending objectives is provided in section 1.1.2. below.

In addition to EIB lending under mandate, a total of EUR 1.4bn of financing was signed in 2008 at the EIB's own risk without recourse to the Community guarantee under the **Pre-Accession Facility**. The largest part (EUR 920m) was directed towards the SMEs in Turkey and Croatia in the form of credit lines and lease financing. Infrastructures (namely energy, including renewable energy, transport and telecommunications) in Turkey and Serbia benefited from EIB loans totalling EUR 322m while industrial projects in Turkey received EUR 203m.

### 1.1.2. Activity by Objective

Table 2: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Knowledge economy (RTD, ICT, Education)	-	0	1	70	1	70
Extension of Trans-European Networks (TENs)	2	83	3	86	5	169
Support for SMEs	-	0	7	315	7	315
Environmental Protection and Sustainable Communities	1	305	9	1,504	10	1,809
Support to Sustainable, Competitive and Secure Energy	-	0	2	103	2	103
<b>TOTAL</b>	<b>3</b>	<b>388</b>	<b>21*</b>	<b>2,009*</b>	<b>24*</b>	<b>2,397*</b>

\* The above numbers cannot be added as a single operation may contribute to several objectives

EIB financing in Pre-Accession countries reflects the priorities established in the Accession and European Partnerships, in the Stabilisation and Association Agreements and in EU accession negotiations. The lending priorities are also in line with EIB lending within the EU.

Support for the **protection of environment and sustainable communities** comprised 9 projects and accounted for three quarters (EUR 1.5bn) of total signatures under mandate in Pre-Accession countries in 2008. The majority of EIB investments under this heading was in support of public transport infrastructures and urban renewal.

- Sustainable communities received support in particular in Turkey, where the EIB contributed to the financing of three large **public transport infrastructure** projects, namely for the construction and rehabilitation of rail infrastructure. The largest project, Istanbul Urban Transport II comprises EUR 700m EIB financing to extend the existing metro system and to integrate the city's various public transport networks (light rail, tram and bus). By cutting road traffic, the urban environment will be improved in terms of congestion and pollution. The two other projects in Turkey concerned public transport (light rail) networks in Bursa and Antalya respectively.
- **Urban renewal and regeneration** was supported by two EIB financed operations. The first is a EUR 300m loan which aims at strengthening public buildings in Istanbul in order to increase their resistance to major earthquakes. Earthquake risk mitigation measures are rather important given considering Istanbul's location on the North Anatolian fault-line as well as its population size and density. The project promoter will furthermore benefit from a close cooperation with a specialised "disaster" group within the World Bank. Another

operation supporting urban renewal in Serbia benefits from EUR 50m EIB loan for the improvement and upgrading of municipal infrastructures mainly covering transport and local/regional roads, education, cultural and historical heritage and public buildings rehabilitation. The expected benefits include in particular improved quality of public facilities, increased traffic safety and reduction of congestion on the road network.

- **Healthcare infrastructure** in Serbia received in 2008 a second tranche of EUR 70m (from a total EIB financing of EUR 200m) foreseen for the modernisation, redevelopment and extension of four tertiary care hospitals in major Serbian cities. The project represents an integral and critical part of Serbia's healthcare reform which has also benefited from a capacity building study commissioned by the European Agency for Reconstruction (EAR) in 2005 and a study commissioned by the World Bank in 2006 for the sector reconfiguration strategy. A dedicated Project Implementation Unit will be in charge of following the project implementation with the support of technical assistance financed by the EAR.
- **Water and sanitation** investments received EIB financing in Bosnia-Herzegovina and Montenegro. In Montenegro, the project concerns water supply and urgent investment schemes for collecting and treating municipal wastewaters. It will help bring the country's infrastructure closer to the EU environmental standards, following the lines established by master plans funded by the EU and completed under the supervision of the EAR. Some project components form part of the Commission's Priority Environmental Investment Programme for the Balkan region.
- **Environment and energy** received EUR 200m support through two financial intermediaries in Turkey for on-lending to finance small and medium, as well as potentially larger scale environment and energy investments, including renewable energy (wind, solar, biomass, biofuels, etc.), pollution abatement, natural gas distribution and energy efficiency (including fuel switching, district heating, plant modernisation) investments. The possibility of providing long-term funds also in the local currency (TRY) is envisaged.

**Support for SMEs** and private sector was supported by 7 operations signed under mandate for a total of EUR 315m<sup>1</sup> financing to small and medium scale projects provided through local financial intermediaries in Bosnia-Herzegovina, Turkey, Serbia, Montenegro and FYROM. The expected benefits of most of the credit lines include support for the development of the countries' financial system and of the SME sector, improved competitiveness of the industry, contribution to environmental protection and to the rational use of energy, improvement of infrastructure of local and regional interest. Given the prevailing financial crisis and its impact in terms of reduced liquidity in the financial markets of the Pre-Accession countries, the Bank already started to step up its lending in favour of SMEs via financial intermediaries in 2008. This effort is being reinforced in 2009.

The provision of sustainable and competitive **energy** was supported by two direct operations. In Turkey a EUR 100m loan was signed for the upgrade and extension of the national electricity distribution networks as well as for investment in measurement and tele-information systems. The project will help to cope with the growing electricity demand and

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<sup>1</sup> An additional EUR 920m in credit lines for SMEs in Turkey and Croatia was signed under the EIB own risk Pre-Accession Facility (PAF) in 2008.

contribute to safer, more efficient and rational use of the energy supply system. In Montenegro, the EIB co-financed the rehabilitation and upgrading of electricity infrastructure, comprising primarily transmission substations but also hydropower plants in Montenegro. The project represents a good example of EIB cooperation with the main IFIs and donors active in the region; parallel financing to the project is provided i.a. by the EBRD and EAR. Through the inclusion of particular undertakings by the promoters, the project will underscore the energy policy reforms of the country towards the creation of a liberalised and competition-based energy market in line with EU regulations and best practice.

The extension and development of **Trans-European transport Networks** in the region was supported by three operations for a total EIB lending of EUR 86m. In Bosnia-Herzegovina, EUR 75m was provided for the construction of a new motorway section enabling the country to connect with the international transit corridors (Corridor Vc extending from the Croatian coast to Budapest through Bosnia-Herzegovina and through Croatia again by crossing Corridor X). Main benefits of the project derive from time savings and vehicle operating cost savings relative to the current trunk road in poor condition. In Montenegro, two transport projects linking to TENs concerned the rehabilitation of a central railway axis as well as parts of the national road network. Both projects are co-financed by other IFIs and benefit from technical assistance financed by the EAR. The railway is also part of the Core Strategic Network identified by the EC in the context of planning the continuation of TEN routes in European neighbouring states.

## 1.2. Mediterranean Partner Countries

### 1.2.1. Activity by Country

Table 3: Summary of lending signatures by Country

Country	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Egypt	1	130	1	250	2	380
Israel	1	120	-	0	1	120
Jordan	1	50	1	37	2	87
Lebanon	2	295	1	52	3	347
Morocco	2	330	3	270	5	600
Syrian Arab Republic	1	80	1	275	2	355
Tunisia	1	200	4	311	5	511
<b>TOTAL</b>	<b>9</b>	<b>1,205</b>	<b>11</b>	<b>1,195</b>	<b>20</b>	<b>2,400</b>

Table 3 shows that Tunisia, Syria, Morocco and Egypt, with respectively 26%, 23%, 22% and 20%, accounted for some 91% of lending while the remaining 9% was assigned to Jordan and Lebanon.

Lending under mandate was complemented by risk capital operations funded by the Community budget as well as by two loans signed under the Mediterranean Partnership Facility II at EIB's own risk. Including these operations, the volume of 2008 signatures in the Mediterranean region reached some EUR 1.3bn.

### 1.2.2. Activity by Objective

Table 4: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Support for enabling environment for private sector through strengthening of economic and social infrastructure	6	905	10	1,143	16	2,018
Direct support for private sector, SMEs or micro-finance	6	745	2	107	8	852
<b>TOTAL</b>	<b>9*</b>	<b>1,205*</b>	<b>11*</b>	<b>1,195*</b>	<b>20*</b>	<b>2,400*</b>

\* The above numbers cannot be added as a single operation may contribute to several objectives

As one of the main financing instruments of the Euro-Mediterranean partnership, FEMIP continued its support to the Barcelona Process, which was reinforced at the summit of Heads of State and Government in Paris in July 2008, by the launch of the Union for the Mediterranean. The summit also agreed on the following priority initiatives within the mission of FEMIP:

- De-pollution of the Mediterranean Sea (Horizon 2020)
- Investment in terrestrial and maritime highways
- Renewable energy (Mediterranean solar plan)

Since 2008, FEMIP also stepped up the Euro-Mediterranean partnership via conferences on specific issues, most recently on tourism, microfinance, climate change, and human capital.

The bulk of FEMIP lending activities in 2008 addressed the creation of an investment-friendly environment through the establishment of efficient **infrastructure**. In particular, 70% of lending volume signed under mandate in 2008 contributed to the economic development of the region through investments in the **energy** infrastructure.

The Mediterranean partner countries are experiencing a huge increase in energy demand, especially for electricity, owing in particular to economic development and the needs of a growing population. Three areas for action continue to be the focus of FEMIP activity in this sector:

- Improved access to energy sources for the local population,
- Integration of the Euro-Mediterranean energy markets and



- Diversification of sources of supply, notably through the use of renewable energy.
- In Syria and Tunisia, the EIB co-financed the construction of gas-fired dual-cycle power plants which, besides catering for the growing electricity demand, will also improve the power sectors' fuel efficiency and environmental performance.
- In Egypt and Morocco, the projects comprise developments to the national power transmission networks. In Egypt, the extension of the gas transmission system to new areas will allow replacing the use of fuel oil and LPG and reduce the cost of energy supply with resulting benefits for the consumers and the environment. The project will also increase the country's capacity for gas exports to Jordan, Syria, Lebanon and Israel. The export component supports the East Mediterranean Gas Ring, falling under one of the TEN-E priorities.

Four operations representing 21% of total lending under mandate contributed to develop the **transport** infrastructure. FEMIP's commitment to help set up an integrated and effective Euro-Mediterranean transport system will help to boost trade both to the EU and within the Mediterranean region, a pre-requisite for the region's long-term economic development.

- In Tunisia, EUR 110m was extended to improve the urban road infrastructure. The project forms part of the programme of priority actions established under Tunisia's 11<sup>th</sup> Economic and Social Development plan and will lead to improvement of the population's quality of life.
- In Morocco, one project focuses on upgrade and reconstruction of 15 000 km of rural roads, with a significant impact on the economic and social development of rural areas, on road traffic and the reduction in vehicle maintenance costs. The project is co-financed with several other IFIs and lenders and benefits from subsidy and technical assistance grant from the NIF.
- Another loan in Morocco finances the construction of a second container terminal at Tanger-Med port, a major infrastructure at the crossroads of the East - West and North - South maritime roads. The project will substantially improve Morocco's infrastructure and maritime links for international trade.
- In Jordan, the EIB granted alongside other IFIs an increase to the loan in favour of Amman Ring Road project, the construction works of which started in 2006 and are ongoing. The project forms part of a broad package of developments proposed by the Government of Jordan to improve transport provision and promote economic development in the Greater Amman area. Two FEMIP technical assistance operations are in place and contribute to project preparation as well as elaboration of a Strategic Master Plan for the Amman Development Corridor.

The proportion of financing in support of the **private sector**, including risk capital operations and EIB own risk lending, represented 20% in terms of total volume and 60% in terms of number of operations (reflecting the smaller average size of private sector operations in contrast to public sector typically consisting of large scale infrastructure projects).

**Credit lines for SMEs** were provided through three private Lebanese banks for a total of EUR 52m. This financing is part of the EIB pledge made at the Paris III conference to underpin the Lebanese recovery and reconstruction programme and represents a continuation

of direct cooperation with leading Lebanese financial institutions in the form of “stand-alone” credit lines, in contrast to the traditional state-guaranteed form of operations. The operation is structured under the Special FEMIP Envelope under which the EIB bears more risk.

Finally, EUR 55m loan was made to a Tunisian private **industrial** enterprise, to finance the environmental upgrading of a number of large phosphate production facilities. Mining and downstream mineral processing plays an important socio-economic role in Tunisia, hence the importance of accompanying environmental initiatives to ensure minimising pollution. The project will result in a positive effect on the environment through significant reduction of SO<sub>2</sub> and fluor emissions. An interest subsidy for the project has been earmarked within the National Indicative Programme (NIP) for Tunisia.

In 2008, **outside the Community guarantee**, the EIB financed 9 **risk capital** operations in several Mediterranean Partner Countries for the amount of EUR 95m. Two loans totalling EUR 33m in favour of projects in the pharmaceutical industry in Israel were signed under the **EIB own risk Mediterranean Partnership Facility II**.

### 1.3. Eastern Europe, the Southern Caucasus and Russia

#### 1.3.1. Activity by Country

Table 5: Summary of lending signatures by Country

Country	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Republic of Moldova	-	0	1	20	1	20
Ukraine	-	0	1	150	1	150
<b>TOTAL</b>	-	<b>0</b>	<b>2</b>	<b>170</b>	<b>2</b>	<b>170</b>

EIB financing operations in Eastern Europe, the Southern Caucasus and Russia are carried out in close cooperation with the EBRD according to the terms set out in a tripartite Memorandum of Understanding between the Commission, the EIB and the EBRD, which aims to bring together the expertise, capacity and comparative advantages of each participant for the successful implementation of the European Neighbourhood Policy and the EU-Russia Strategic Partnership.

The 2007-2013 mandate expanded the EIB’s activities to include the Southern Caucasus. Consequently, Framework Agreements were signed with Georgia (in 2007) and Armenia in early 2008 (entered into force in December 2008). Negotiations with Azerbaijan are still ongoing.

The global financial and economic crisis had direct consequences on EIB activity in Eastern Neighbourhood and Russia. Moreover, the conflict with Russia in Georgia and the political/economic instability in Ukraine prevented certain projects from being pursued. The EIB participated, together with the Commission, EBRD, ADB and IFC in the post-conflict joint needs assessment in Georgia lead by the World Bank and the United Nations. The

conclusions of the joint needs assessment were presented at the Donors' Conference of October 2008 in Brussels, together with funding proposals from the donors.

Two operations, in Ukraine and Republic of Moldova, were signed in the region in 2008.

### 1.3.2. Activity by Objective

Table 6: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Transport	-	0	1	20	1	20
Energy	-	0	1	150	1	150
Telecommunications	-	0	-	0	-	0
Environmental infrastructure	-	0	-	0	-	0
<b>TOTAL</b>	-	<b>0</b>	<b>2</b>	<b>170</b>	<b>2</b>	<b>170</b>

Both loans signed in 2008 contribute to the development of **infrastructure**, namely energy transmission and airport modernisation.

- In Ukraine, EUR 150m was extended for the construction of electricity transmission line between Kiev area and western Ukraine, enabling connections in the medium term to the Trans-European Energy Networks (TEN-E). The project will reinforce the transmission network, support a more economic use of generation capacity, improve Ukraine's participation in the European energy markets, reduce losses, thereby lowering the amount of greenhouse gas emissions and other harmful emissions in Ukraine, improve the security of supply to the Kiev city area and facilitate the closure of the Chernobyl 750 kV substation, which is in a radioactively contaminated area.
- In the Republic of Moldova, EUR 20m loan will finance investments in airside infrastructure at Chisinau Airport, which is the sole airport serving the Republic of Moldova. The investments comprise the rehabilitation of the airport's runway and taxiways, reconstruction and extension of the passenger apron and expansion of the arrival and departure halls of the passenger terminal. Technical assistance is foreseen from the Neighbourhood Investment Facility (NIF) to support all stages of the project from feasibility study to the preparation of an airport master plan to implementation assistance and works supervision, which are key to project success.

## 1.4. Asia and Latin America

### 1.4.1. Activity by Country

Table 7: Summary of lending signatures by Country

Country	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Brazil	1	250	1	200	2	450
India	-	0	1	150	1	150
Mexico	-	0	1	50	1	50
Panama	1	27	-	0	1	27
Paraguay	-	0	1	69	1	69
Uruguay	1	28	-	0	1	28
<b>TOTAL</b>	<b>3</b>	<b>305</b>	<b>4</b>	<b>469</b>	<b>7</b>	<b>774</b>

In November 2008 the Council adopted the decision on the eligibility of 5 Central Asian countries for EIB financing under the Community Guarantee, which has been confirmed under the Decision of the European Parliament and the Council of 13 July 2009. A first Framework Agreement governing EIB activities in Central Asia was signed with Tajikistan in early 2009. The focus of EIB in this region will be on major energy supply and energy transport projects with cross-border implications. Like in Eastern Europe, Southern Caucasus and Russia, EIB activity in Central Asia will be carried out in close cooperation with the EBRD, pursuant to the EC-EBRD-EIB tripartite MoU.

In 2008 four operations totalling EUR 469m were signed in the ALA region with Brazil receiving 42.6% of the total lending amount. A first loan of EUR 150m was signed under the Asia envelope<sup>2</sup>.

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<sup>2</sup> In addition to the total EIB financing under mandate, the EIB Board of Directors approved the allocation of EUR 220m for three projects that contribute to the mitigation of climate change within the EUR 500m China Climate Change Framework Loan, which was signed in 2007 under the EIB own risk Facility for Energy Sustainability and Security.

### 1.4.2. Activity by Objective

Table 8: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Support for EU presence in ALA (European FDI, transfer of European technology)	2	278	4	469	6	747
Support of environmental sustainability (including climate change mitigation)	1	27	2	200	3	227
<b>TOTAL</b>	<b>3</b>	<b>305</b>	<b>4*</b>	<b>469*</b>	<b>7*</b>	<b>774</b>

\* The above numbers cannot be added as a single operation may contribute to several objectives

The 2007-2013 mandate introduced as new focus areas for EIB activity in ALA, namely investments contributing to environmental sustainability, including climate change mitigation, or to the energy security of the EU. The EIB also continues to support the EU's presence in the countries concerned through foreign direct investment and the transfer of technology and know-how. Moreover, the Council invited the Bank to progressively expand its activities across a larger number of countries in ALA, including in less prosperous countries.

In 2008, lending activity in Latin America in support of European foreign direct investment was affected by the downward revision of investments planned in the region by some European companies. Four operations, all of which supported **EU presence in ALA** region, were signed in 2008. Two of these are indirect operations (through local financial intermediaries) and additionally contribute to the **environmental sustainability** objective, by supporting a series of investments by private and public sector operators.

- In India, the EUR 150m framework loan supports the financing of renewable energy and energy efficiency projects in line with the EU-India Strategic Partnership, which foresees i.a. cooperation in curbing climate change. It represents a direct follow-up on the Joint Statement issued at the EU-India summit of November 2007, which stated that “*India and the EU welcomed the steps taken by the EIB in India to establish loan-based project funding under its new Asia lending mandate, and in particular with reference to the financing instruments supporting projects in the fields of energy sustainability and climate change mitigation*”.
- In Mexico, EUR 50m was extended to one of the country's main public development bank, which will be managing the Mexican Carbon Fund in order to support environmental projects, in particular Clean Development Mechanism projects. The loan is consistent with the EU policy and strategy on climate change, which calls for the identification of new tools to strengthen developing country participation in global efforts to address the climate change. This is a pilot operation in a country that offers huge potential for projects tackling climate change.

The two other operations signed in 2008 supporting EU presence in ALA, are loans to the subsidiaries of European **telecommunications** companies for the expansion of mobile

telecommunications networks in Brazil and in Paraguay. Access to telecommunications is of key importance in promoting economic development and fighting poverty.

- In Brazil, the project will contribute to developing innovative IT infrastructure, as well as facilitating improved internet, multimedia and telecommunications services. The project has significant developmental potential as it will contribute to providing broadband telecom services where fixed networks have a relatively low level of diffusion and/or quality. The EIB loan (EUR 50m) will be allocated to investments in the regions of Brazil with an income considerably below the national average.
- In Paraguay, the operation meets to the Council's invitation to diversify EIB financing also to the less prosperous countries; the project is located in one of the poorest countries in the region, where EIB had not yet established a presence. The EUR 68.5m EIB financing will allow GSM network coverage of all cities with more than 5000 inhabitants and further increase the population coverage to about 83%. This is particularly important in a country with a very low fixed-line density (8 mobile phones for one fixed line). By migrating the local subscriber base to GSM, the project also supports the EU policy goal of promoting interoperable technologies.

## 1.5. South Africa

### 1.5.1. Signatures by Objective

Table 9: Summary of signatures by region-specific key lending objectives

Objective	2007		2008		Tot	
	N° ops	EURm	N° ops	EURm	N° ops	EURm
Support for infrastructure projects of public interest	-	0	1	150	1	150
Direct support for private sector, SMEs	-	0	3	203	3	203
<b>TOTAL</b>	-	<b>0</b>	<b>3*</b>	<b>203*</b>	<b>3*</b>	<b>203*</b>

\* The above numbers cannot be added as a single operation may contribute to several objectives

EIB financing in the Republic of South Africa (RSA) focuses on priority infrastructure investment programmes and the promotion of private sector growth. All 3 operations signed in 2008 provided **support for the private sector**. One of these also meets the other main objective of the RSA mandate as it supports urban infrastructure regeneration. This operation involves EUR 150m EIB financing provided through three private sector and two public sector financial intermediaries for funding the supply of affordable and social housing and associated urban infrastructure including social amenities, throughout RSA. The improvement of housing conditions for the low-income population plays an important role in the national development strategy of RSA and is in accordance with the EU-RSA Country Strategy which focuses on the reduction of poverty and inequality, as well as the creation of an enabling environment for economic growth and development. The operation complements EC actions (provision of technical assistance for capacity building for Social Housing Institutions) as well as Netherlands Development Finance Company and Agence Française de

Développement (provision of subsidised mortgage finance for commercial financial intermediaries and of funding for the supply of housing).

An innovative medium-sized private sector start-up project benefited from EUR 40m EIB financing under the Structured Finance Facility. The project involves the construction of a production facility for thin-film photo-voltaic (PV) modules, which represent an important component for the renewable energy sector. The production process involves an innovative locally-developed technology which is characterised by lower raw material costs than silicon-based modules and will contribute to the learning effect that is expected to gradually reduce the costs in the PV industry. The new plant will provide PV systems to schools and clinics in rural communities, where PV is already often more cost-effective than power grid development, as well as making micro-sized installations for individual homes.

The EIB also lent EUR 12.5m to support the establishment of a greenfield metal coating production facility in South Africa. The project will help to build commercial capacity in the South African steel industry. The metal coating sheets produced by the promoter are used extensively in the residential roofing market. Through increased availability of cheaper and more reliable roofing material for housing, the project will contribute to improving living conditions.

## 2. LIST OF LOANS SIGNED UNDER THE COMMUNITY-SUPPORTED MANDATE IN 2008

### Loans signed in the Pre-Accession countries

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee <sup>3</sup>
Bosnia and Herzegovina	Construction of 15 km motorway section between Drivusa and Kakanj in Corridor Vc	75.00	No
Bosnia and Herzegovina	Financing of small and medium-scale infrastructure projects	75.00	Yes
Bosnia and Herzegovina	Financing of small and medium-scale projects	50.00	Yes
Bosnia and Herzegovina	Rehabilitation and construction of water and sanitation facilities	60.00	No
FYROM	Financing for small and medium-scale ventures	10.00	Yes
Montenegro	Urgent rehabilitation and modernisation of Podgorica and Tivat airports	1.00	No
Montenegro	Financing of small and medium-scale projects	30.00	Yes
Montenegro	Rehabilitation of railway infrastructure on main line crossing Montenegro and acquisition of rolling stock	7.00	No
Montenegro	Rehabilitation and construction of municipal water and sanitation infrastructure	5.00	No
Montenegro	Rehabilitation and upgrading of electricity infrastructure in Serbia and Montenegro	2.98	No
Montenegro	Rehabilitation of roads and bridges throughout country	4.00	No
Serbia	Modernisation, redevelopment and extension of four tertiary care hospitals in Serbia (Belgrade, Niš, Novi Sad and Kragujevac)	70.00	No
Serbia	Lease financing of small and medium-scale projects	50.00	Yes
Serbia	Financing of small and medium-scale infrastructure projects	50.00	No
Turkey	Construction of first line of modern tramway system in Antalya	19.00	No
Turkey	Extension of light rail transit system in city of Bursa	100.00	No
Turkey	Framework loan for financing small and medium-scale infrastructure projects in the fields of environment and energy	200.00	No

<sup>3</sup> The Political Risk Guarantee column highlights the operations where, in contrast to sovereign or equivalent risk operations covered by the Comprehensive Guarantee, the Community assumes defined political risks while the EIB assumes all other risks.



Turkey	Strengthening of public buildings in Istanbul aimed at increasing city's resistance to major earthquakes	300.00	No
Turkey	Extension of Istanbul's public transport network	700.00	Yes
Turkey	Upgrading and extension of national electricity distribution networks	100.00	No
Turkey	Financing of small and medium-scale projects	100.00	No
		<b>2008.98</b>	

#### Loans signed in the Mediterranean countries

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
Egypt	Extension of national high-pressure gas transmission network	250.00	No
Jordan	Construction of Amman Ring Road	36.92	No
Lebanon	Financing of small and medium-scale projects	52.00	Yes
Morocco	Upgrading of power transmission network throughout Morocco	170.00	No
Morocco	Construction of second container terminal at Tanger-Med port	40.00	Yes
Morocco	Construction of around 15 500 km of rural roads over period 2005-2015	60.00	No
Syria	Construction of natural gas-fired combined-cycle power plant located 25 km south of Damascus	275.00	No
Tunisia	Upgrading of Groupe Chimique Tunisien's existing production facilities aimed at improving environmental protection in Skhira and M'Dhilla near Gabès	55.00	No
Tunisia	Construction and operation of dual-fired combined-cycle power plant in Ghannouch	86.00	No
Tunisia	Development of Tunisia's natural gas transmission and distribution network	60.00	No
Tunisia	Improvement of urban road infrastructure in Tunisia	110.00	No
		<b>1194.92</b>	

**Loans signed in the Eastern Europe, Southern Caucasus and Russia**

<b>Country</b>	<b>Project Description</b>	<b>Loan Amount (EUR m)</b>	<b>Political Risk Guarantee</b>
Moldova, Republic of	Modernisation of airside infrastructure and expansion of terminal at Chisinau airport	20.00	No
Ukraine	Construction of electricity transmission line between Rivne and Kiev	150.00	No
		<b>170.00</b>	

**Loans signed in Asia**

<b>Country</b>	<b>Project Description</b>	<b>Loan Amount (EUR m)</b>	<b>Political Risk Guarantee</b>
India	Framework loan for financing renewable energy and energy efficiency projects	150.00	No
		<b>150.00</b>	

**Loans signed in Latin America**

<b>Country</b>	<b>Project Description</b>	<b>Loan Amount (EUR m)</b>	<b>Political Risk Guarantee</b>
Brazil	Expansion and upgrading of digital mobile telecoms network	200.00	Yes
Mexico	Financing of small and medium-scale environmental infrastructure schemes	50.00	No
Paraguay	Expansion of GSM network	68.50	Yes
		<b>318.50</b>	

### Loans signed in South Africa

Country	Project Description	Loan Amount (EUR m)	Political Risk Guarantee
South Africa	Financing of affordable social housing and related urban infrastructure, including social amenities, throughout South Africa	150.00	Yes <sup>4</sup>
South Africa	Construction of production facility for thin-film photovoltaic modules in Paarl (Western Cape)	40.00	Yes
South Africa	The construction of a metal sheet roofing complex in South Africa	12.55	No
		<b>202.55</b>	

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<sup>4</sup> The facility is made available to five intermediaries, of which two are public (with comprehensive guarantee) and three are private (political risk guarantee only).

### 3. LIST OF OPERATIONS CO-FINANCED WITH OTHER IFIS AND THE COMMISSION

Mandate	Country	Contract name	Project cost (EURm)	EIB loan signed in 2008 (EURm)	Multilateral Financing Institutions	European Bilateral Institutions	EC contributions
<b>Co-financed operations under the external lending mandate</b>							
ENP-EAST	Republic of Moldova	MOLDOVA CHISINAU AIRPORT	48.90	20.00			
ENP-EAST	Ukraine	RIVNE-KYIV HIGH VOLTAGE LINE	300.00	150.00			
ENP-MED	Jordan	AMMAN RING ROAD B	287.40	36.92			
ENP-MED	Morocco	ROUTES RURALES III	396.80	60.00			
ENP-MED	Morocco	ONE - RESEAUX ELECTRIQUES II	587.00	170.00			
ENP-MED	Syria	DEIR ALI II POWER PLANT	722.70	275.00			
ENP-MED	Tunisia	STEG II	133.00	60.00			
ENP-MED	Tunisia	GCT MISE A NIVEAU ENVIRONNEMENTALE	149.50	55.00			
ENP-MED	Tunisia	STEG CENTRALE DE GHANNOUCH B	405.00	86.00			
Pre-Accession	Bosnia-Herzeg.	CORRIDOR VC - FIRST PHASE - NORTH	158.40	75.00			
Pre-Accession	Montenegro	POWER SECTOR RECONSTRUCTION B	140.00	2.98			
Pre-Accession	Montenegro	ROADS AND BRIDGES REHABILITATION A2	144.90	4.00			
Pre-Accession	Montenegro	MONTENEGRO RAILWAYS II	68.07	7.00			
Pre-Accession	Montenegro	MONTENEGRO WATER AND SANITATION B	114.00	5.00			

Pre-Accession	Serbia	CLINICAL CENTERS B	430.00	70.00			
Pre-Accession	Turkey	TEDAS ELECTRICITY DISTRIBUTION B	650.00	100.00			
Pre-Accession	Turkey	ISTANBUL URBAN TRANSPORT II	1551.00	700.00			
Pre-Accession	Turkey	ISTANBUL EARTHQUAKE RISK MITIGATION	875.00	300.00			
Pre-Accession	Turkey	TURKISH EXIMBANK SME GL	400.00	100.00			
RSA	South Africa	SAFAL STEEL PLANTS	159.02	12.55			
			<b>7720.69</b>	<b>2289.44</b>			
<b>Co-financed risk capital operations (Community budget, ENPI)</b>							
ENPI RC	Regional Med	ALTERMED B	75.00	3.00			
ENPI RC	Egypt	BELTONE MIDCAP FUND	80.00	12.50			
ENPI RC	Syria	FIRST MICROFINANCE INSTITUTION SYRIA	12.00	2.00			
ENPI RC	Egypt	SPHINX TOURNAROUND FUND	65.00	13.00			
ENPI RC	Morocco	FONDS CAPITAL CARBONE	26.00	6.50			
			<b>258.00</b>	<b>37.00</b>			