

European
Investment
Bank

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In President Maystadt's introduction to the Forum, he suggested our looking at the practical steps to advance economic development in S.E. Europe. I hope to show what can be done by a partnership between EIB, local and regional players as well as with the EU Commission and EBRD.

Earlier this month, colleagues and I were in Brussels discussing EIB's contribution to Enlargement. We were told frankly that political issues were heading the Agenda, that is Governance, Justice, Integrity, Transparency - issues to which Commissioner Rehn referred yesterday. All of us would agree that they are absolutely vital in the Region - as indeed everywhere in Europe. So as agents of economic development, we from the EIB felt put firmly in our place. But listening to the interventions yesterday and today, it's a relief to be reassured that, apart from their intrinsic merits, applying EU standards in our projects can be a practical exercise in the Acquis.

The Bank has been present in all successive enlargements, helping implement EU policies, facilitating the adoption of the Acquis, providing finance for projects and programmes that help reduce economic disparities, promote economic development, create employment: Investments in infrastructure, notably TENs, Investments in Research and Development, and in Human Uapital; Environmental investments; Invest-



South-East Europe - A Region on the Move

ments promoted by SMEs. In short, extending to the candidate countries and the new Member States the same support provided to older Member States, applying the same principles, using the same instruments, serving the objective of Integration and Convergence.

Highlights of current activity

- Greece is the Doyenne Member State of the region. Since 1981, the Bank has lent some EUR 16.8 billion, of which approximately EUR 8 billion during the last 5 years. The EIB has targeted its loans to major public infrastructure and private sector initiatives across the economy. If I say a bit more about Greece, it is partly in recognition of our host country, but above all because what we've achieved with our Greek partners is emblematic of the success to be repeated across the Region.

- The focus has been on the country's transport infrastructure (57%) reflecting Greece's needs in the various modes (roads, light rail and ports). All three recent flagship PPPs (Spata Airport, Attiki Odos, Rio-Antirrio Bridge), have benefited from the Bank's expertise and finance. EIB also supported other transport projects through traditional finance: Egnatia Odos, crossing Greece from East to West, the Athens Tramway, the Athens Metro and its extensions, the Metro of Thessaloniki. Recognising Greece's seafaring tradition, first operations were concluded for investments in the ports of Piraeus and more recently Thessaloniki.

- Any recent account of investment in Greece would be incomplete without mentioning the 2004 Olympic Games and its transformational impact on urban environment and quality of life, the focus of EIB's lending, and an area of primary importance for Europe and its citizens. Future EIB lending in areas such as urban rehabilitation and the environment will most likely be in favour of municipalities. Municipal authorities play a key role in the development of smaller scale infrastructure including through private finance initiatives, for water and waste management, education, health and renewable energy.

- Investments in energy comprise some 10% of signatures concerning projects in transmission and distribution, renewable energy as well as natural gas investments, notably the Turkey-Greece gas inter-connector, a priority Energy scheme in the Trans-European Network for energy.

- To help achieve Lisbon Agenda's objective in Greece, the Bank has supported projects in the education sector with 5% of total signatures (National and Kapodistrian University in Athens, the Computer Academic Research Institute in Patras, and upgrading of old school buildings and construction of new ones). A small but fast growing part of our business is our support to SMEs (including tourism and services), which are financed through the EIB's local partner banks.

Prospects

- EIB financing will surely continue for traditional infrastructure investments. However, the Bank expects to play a role in the development of smaller scale private finance initiatives in areas such as water and waste management, education, and health as part of financing of larger scale PPPs. The Bank participates in the financing of the Thessaloniki Submerged Tunnel, the first operation in the Government's strategy for the motorway pro-

gramme and main urban transport infrastructure networks, in partnership with the private sector.

- To enhance its value-added, EIB is developing new risk-sharing arrangements and financial products available to SPVs and Corporates. These new instruments along with adjustments in our credit risk policy should help cooperation in the private sector and with Municipalities. Mr Carpenter will refer in detail on JEREMIE, an initiative to promote activity of SMEs and microenterprises. JESSICA, another initiative currently under development with the Commission, is to support urban regeneration projects and other urban renewal schemes.

Highlights of current activity

- Cyprus, Romania, Bulgaria (together with Greece and Turkey) are part of the same administrative unit in the Bank - just confirming what I said on identical treatment of Member States and Candidate or Accession Countries and also strengthening regional synergies in FDI and cross-border links. Activity, in terms of sectors, structures and amounts, depends of course very much on the particular needs of individual countries. In Cyprus, for example, the Bank's activity focuses on environmental projects, with significant investments in waste water infrastructure already supported or under consideration for the main cities of the Republic of Cyprus (some € 300 million). This afternoon we're signing a EUR 70 mio loan for that purpose for the City of Limassol. Another EIB operation of wider interest is the Bank's Framework Facility of € 80 million, a flexible instrument for Cyprus to cover co-financing requirements under the Community Support Framework and accelerate the implementation of Cohesion Fund projects.

- Activity also depends on the policies applied by individual countries. Such policies determine the investment climate and are carefully reviewed by potential private sector promoters, particularly Foreign Direct Investors.

- The banking sector has seen new strategic owners from abroad drawn by the substantial growth opportunities. Many investors are long-standing EIB partners, thus enabling us to be more flexible in our terms as we can look to the global relationship. Energy and telecoms liberalisation has also opened investment from European and other operators keen to take advantage of long-term developments and Trans-European networks. At the same time, there has been growing green-field activity bringing new investment but also expertise in management, marketing and product and extending international supply chains to the two about-to-be Member States.

- The EIB has worked closely with both of them since the early 199's, giving loans for investment priorities in a wide range of public and private fields including transport, environment, energy, industry, health, education and SME's with total financing of EUR 1.2 billion in Bulgaria and EUR 3.4 billion in Romania.

- The Bank's activity has focused on infrastructure, notably transport but also energy and investments in the cities. The loan agreement that Minister Vladescu and President Maystadt are signing today for the financing of the Bucharest Metro is the 3rd operation that the Bank concludes for this important investment in the Capital.

- Also important are a number of road operations, both in Bulgaria and in Romania, for rehabilitation, upgrading and completing vital transport infrastructure. Of particular inter-

est is the SME sector and small infrastructure promoted by Municipalities. The Bank's Global Loans to a number of suitable financial intermediaries serve this purpose. We have just signed another one today, with Bankpost Romania - subsidiary of EFG Eurobank Greece (with whom we also signed a loan on Wednesday) and one very recently, on 5th October, with DSK Bank of Bulgaria, a subsidiary of OTP Hungary. Regional integration in action!

Prospects

- Past experience with other enlargements underlines the positive growth in investment activity post-membership and the link to rising living standards due to FDI. A key role will be played by the modernisation and development of infrastructure in both countries where needs remain high to continue attracting foreign investment. Indeed this is an important constraint and is thus a priority for national investment and EU funds supported by the EIB.

- The successful accession of both countries and absorption of EU funds are key priorities for the EIB in the years ahead. This includes not only offering long-term financing but also working closely with our public sector and other partners in project preparation and implementation of EU projects. A key initiative is the JASPERS programme for assistance in project preparation between the Commission, the EIB and EBRD.

- Underlining this commitment, we'll be signing today a Memorandum of Understanding with the Romanian government on EIB support for investment priorities in the period 2007-13. This foresees not only financing and assistance in EU-funded and other projects but also in areas such as PPP's. This follows signature earlier this month of a similar Memorandum with the Bulgarian government linked to the country's investment priorities in the period 2006-15. In both countries, priorities will remain transport and environment infrastructure but also other sectors important for future growth such as energy, telecommunications, education, research and development and innovation. The EPEC initiative (European PPP Expertise Centre) which EIB is leading with the support of the Commission and EBRD is meant to be a dynamic information network to disseminate PPP best practice among Member States, as described yesterday by Minister Alogoskoufis.

TURKEY

Highlights of current activity

- The Bank's activity in Turkey dates back to the early 60s but it has never before reached its present level. Growth in volumes has been impressive and 2006 is expected to increase by some 70% compared to 2005, with planned signatures of around € 1.5 - 1.7 billion (against € 930m in 2005).

- Support in favour of FDI and the private sector in general covers both SMEs, mainly through Global Loans to selected intermediaries and, increasingly more, bigger corporates, both Turkish and International. The Bank's new Instrument, the Structured Finance Facility, has allowed us to reach such corporates taking full credit risk and thus increasing availability of funds for Sisecam Glass Manufacturing or Turk Otomobil Fabrikasi (Tofas - in cooperation with FIAT and Peugeot-Citroen - and with Giorgio Tellini's Sace). Turkey's

share of FDI that has jumped to 9.7bn USD in 2005 (from some 1bn p.a. during the 1990s and early 2000s). This created new opportunities for the EIB to support Turkey's partners.

Prospects - future financing needs

- In supporting EU policies, the EIB is guided in its lending activities by EU priorities supported by EU instruments. In areas where the EIB is active as well, the Instrument for Pre-Accession (IPA) will focus funds on environment, transport, regional competitiveness and human resource development (comprising education, social inclusion and employment).

- One major contributor is investment in the environmental sector where total costs of some EUR 70bn have been indicated. While implementation might be slow, the needs are ever more pressing. Equally high are the needs for transport infrastructure investments, accounting already for 30% of our lending. In line with other Accession Countries the Commission conducts an Assessment of the Needs for Transport Infrastructure (TINA) in Turkey to be completed end of 2006. A good example of the EIB support for these priority projects and access connections is the Bosphorus Tunnel crossing, for which the Bank did provide EUR 1,05bn of financing.

CROATIA

- A similarly successful development may be noted for Croatia, with a total of EUR 701 million lent over the last 4-5 years. A lot of the Bank's financing has been directed to transport notably the transport corridors that cross Croatia. Equally important, EIB funds have supported private sector development, particularly SMEs.

EIB ACTIVITIES IN THE WESTERN BALKANS

The context

- In December 2002, the EU Thessaloniki Summit brought in the perspective of a growing integration of Europe and broadened the focus also to recognise the EU future of the Western Balkan countries. Since then, the target to foster economic and social cohesion was extended to areas of urgent need not yet inside the European Union but geographically positioned between several member countries, anticipating Minister Alogoskoufis's remarks.

Highlights of current activity

- After an initial focus on urgent reconstruction to repair damages caused by war and years of poor maintenance, the accent of EIB activities has been recently shifted on the modernisation and upgrading of the infrastructure network.

- The Bank, over the past few years, has co-financed key operations in infrastructure and energy sectors that are essential to stimulate economic activities. Transport projects (mainly in roads, but also railways, aviation and air traffic facilities), accounted for more than 50% of total loans, underlining the need for improving basic infrastructure. Energy projects represented some 20% of total lending over the past few years.

- More recently, EIB diversified into relatively new sectors such as health and education; in addition, the Bank expanded its activity in favour of environment projects (water, urban renewal). Support to SMEs and small scale infrastructure projects through global

loans, developed significantly, representing a key sector for EIB operations in the region, with satisfactory results in terms of job creation and economic benefits. Since 2004 several global loan operations have been signed with subsidiaries of international banking groups for the financing of SMEs and small-scale infrastructure investments promoted by municipalities.

- Over the past years, the Bank has progressively increased and diversified its long-term lending activities, becoming one of the largest lenders in the region. Close cooperation with Commission and its European Agency for Reconstruction (EAR), with IFIs active in the area (including in particular WB, EBRD and CoEDB) and bilateral cooperation institutions, represents a key feature for EIB activities in the region.

Prospects

- The Bank is ready to develop operations notably in transport infrastructure, in order to contribute to the upgrading of the national network as well as the balanced development of the Pan-European corridors crossing the region (V, VII, VII and X). Among the projects that may be singled out, of particular importance at regional level are the completion of the Southern section of corridor X motorway and the investments aimed at developing navigation on the Danube (corridor VII).

- Significant investment opportunities will arise in the energy sector, notably in electricity generation and transmission, following the signature of the Athens Treaty in 2005 aiming at the establishment of an energy common market in Southern Eastern Europe. Human Capital, environment and Municipal Infrastructure sectors also offer significant co-financing opportunities.

- Recognising the sovereign borrowing limitations of most countries in the region, the increasing need for financing and the involvement of private sector in the development of South East Europe Western Balkans, the Bank considers possible contributions in favour of risk-taking financial structures (PPPs, municipal risk, and corporate risk).

CONCLUSION

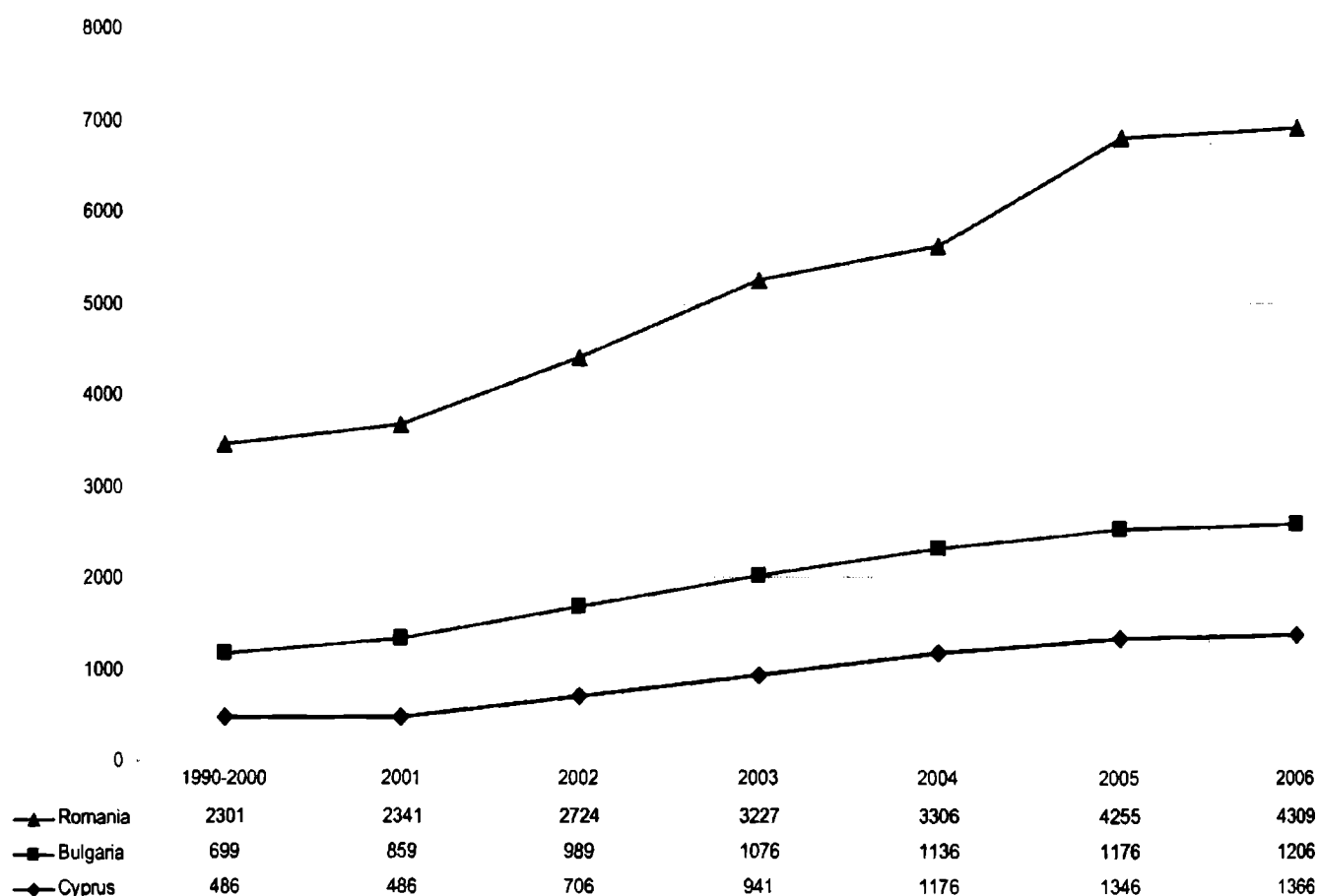
The Bank is ready to increase its activities in the region, in close co-operation with the EU Commission and the other donors active in the area, thereby supporting in a concrete way the countries of the region in their efforts towards their integration in a wider European context, during this crucial period of the New Financial Perspectives 2007-2013. Appropriate investments to be developed in cooperation with the Commission under the new IPA instrument would normally help boost activity for the benefit of the Western Balkans and the wider SEE.

The EIB in Greece

- Total EIB loans of EUR 16.8 billion since Greece joined the EU in 1981; 2000-2005: EUR 7.9 billion

- Primary focus on transport (57% of total)
- Important TEN operations in both transport and energy
- Rising Global Loan activity and support to SMEs
- New risk sharing arrangements and financial products expected to increase support to private sector

Cumulative Lending Operations
Romania - Bulgaria - Cyprus
2000-30 Sept. 2006



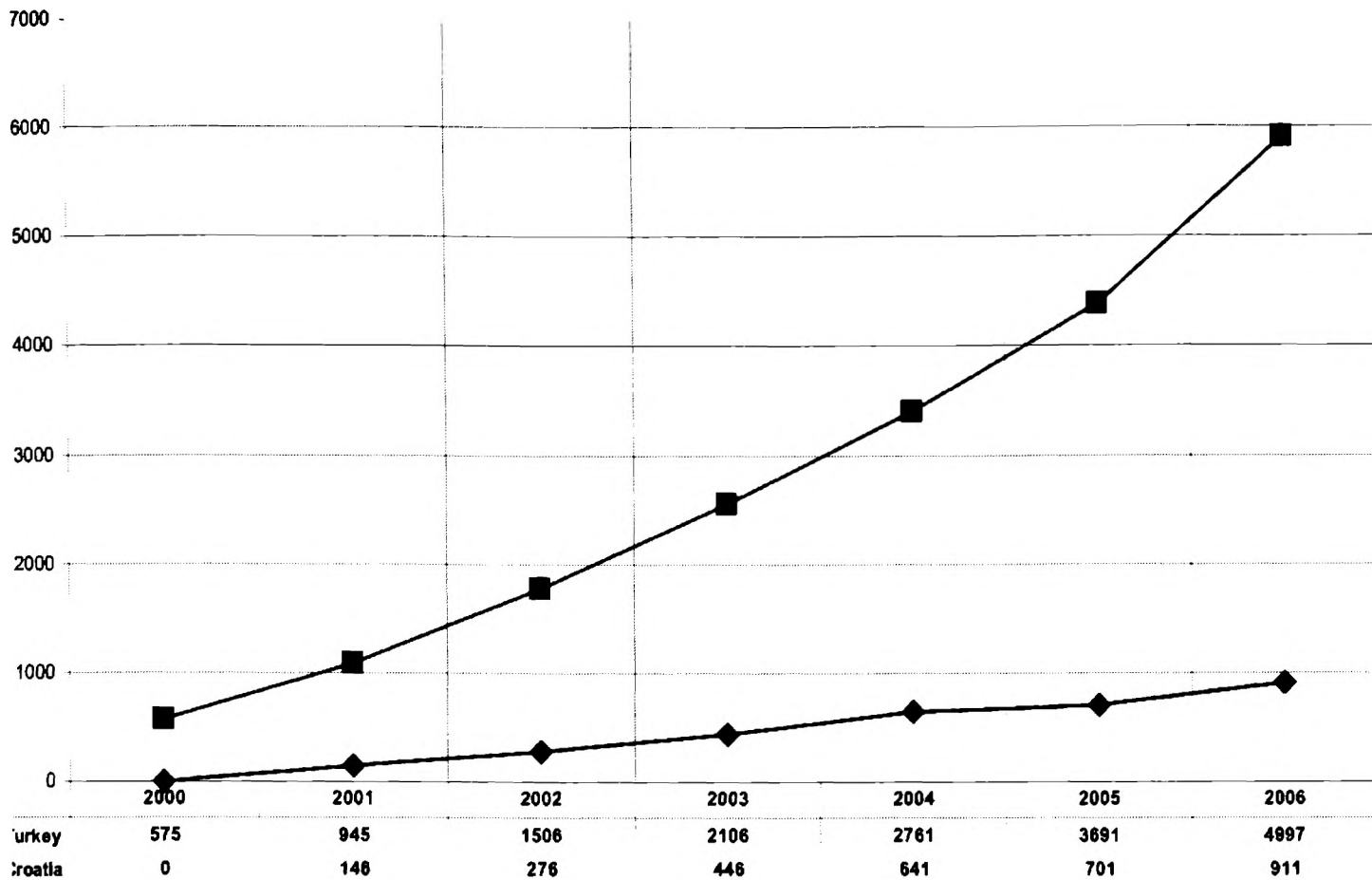
The EIB in the new Member States

- Important needs in infrastructure including for adoption of the acquis.
- Significant inflows and potential for FDI.
- Strong EIB support to infrastructure but widening to environment, human capital and SMEs.
- Important inflow of EU grants; JASPERS (EIB, EBRD, Commission).
- EIB's instruments for co-financing/accelerating implementation of priority investments.
- Memoranda of Understanding - Support to public sector, PPPs and other private sector investments.

Preparing for Next Enlargements

- Important needs in infrastructure, including for adoption of the acquis.
- Rising FDI and private investment in general.
 - In Croatia, EIB focus on infrastructure
 - In Turkey, activity now split between public and private sectors and spread rather evenly among transport, industry, SMEs and others.
 - «Big tickets» this year - a trend?
 - Strong potential for energy projects.
 - More should be expected in services, notably tourism.

Cumulative Lending Operations
Turkey - Croatia
2000-30 Sept. 2006



Looking further ahead - the Western Balkans

- From initial focus on reconstruction to upgrading and modernising infrastructure and energy networks.

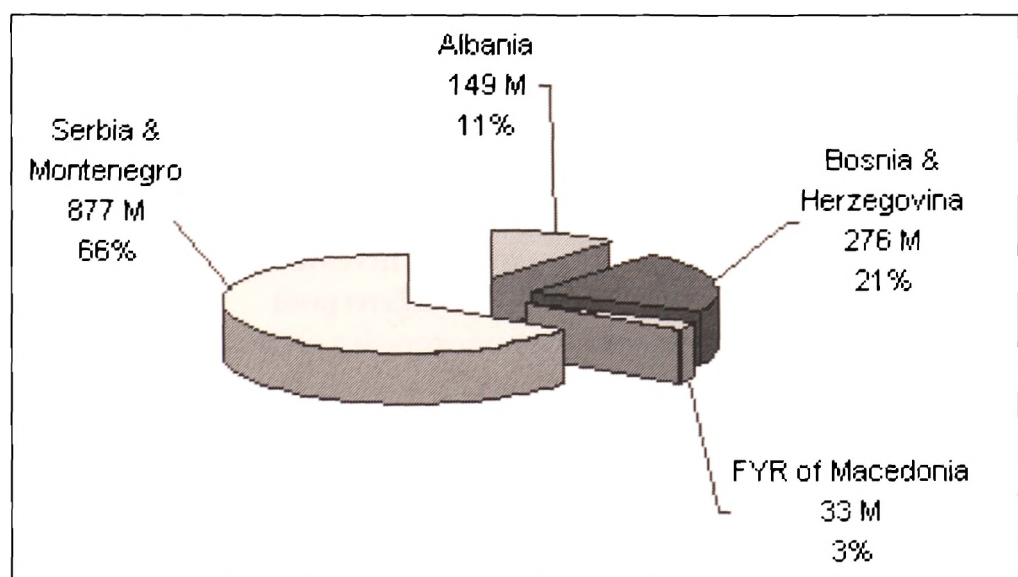
- Rising activity in SMEs and human capital.

- Intense cooperation with European Commission (and EAR), EBRD, World Bank, CEDB, NIB, KFW, others.

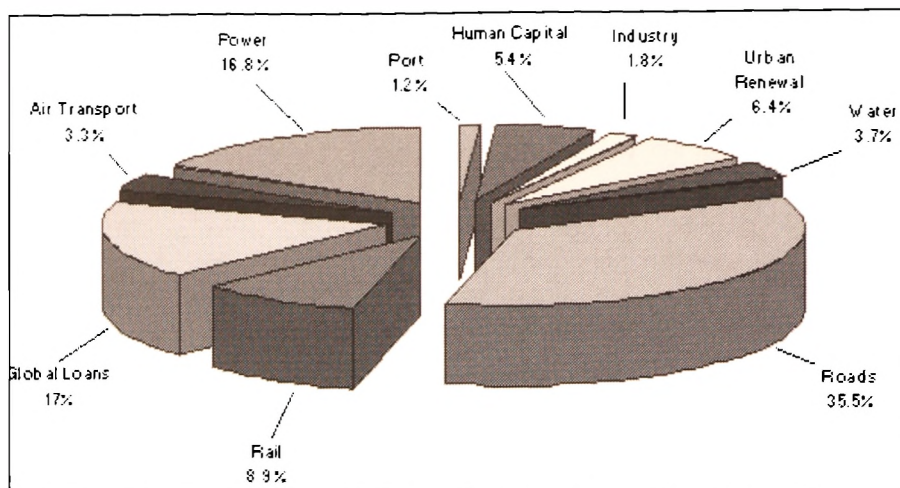
- Continuing emphasis on integrating transport and energy networks.

- Supporting SMEs and cross-border private investor activity.

Total end 2005



Total end 2005 - by sectors



Continuing Focus on Integration

- Increased EIB financing and wider range of instruments to support both public and private projects
- Emphasis on transport infrastructure for the development of Pan-European Corridors that cross the region and are key for integration
- Strong support to the development of energy links and networks
- Continuing support to SMEs and private initiatives, both domestic and cross-borders

ΙΔΡΥΜΑ ΓΕΩΡΓΙΟΥ ΚΑΙ ΒΙΚΤΩΡΙΑΣ ΚΑΡΕΛΙΑ

ΑΝΑΚΟΙΝΩΣΗ - ΠΡΟΣΚΛΗΣΗ

ΠΡΟΚΗΡΥΞΗ ΥΠΟΤΡΟΦΙΩΝ

ΜΕΤΑΠΤΥΧΙΑΚΩΝ ΣΠΟΥΔΩΝ ΣΤΗΝ ΕΛΛΑΔΑ ΚΑΙ ΣΤΟ ΕΞΩΤΕΡΙΚΟ ΓΙΑ ΤΟ ΑΚΑΔΗΜΑΪΚΟ ΕΤΟΣ 2007/2008

Το Ίδρυμα προκηρύσσει πρόγραμμα χορηγήσεως υποτροφιών για Μεταπτυχιακές σπουδές (πτυχία Masters και Διδακτορικό) σε (α) Ανώτατα Εκπαιδευτικά Ιδρύματα της Ελλάδος, (β) αναγνωρισμένα Πανεπιστήμια εξωτερικού.

(α) Μεταπτυχιακές Σπουδές στην Ελλάδα

Θα χορηγηθούν δέκα (10) υποτροφίες, ύψους 5.000,00 ευρώ (πέντε χιλιάδες ευρώ) εκάστη, για σπουδές στους κλάδους:

1. Οικονομική και Περιφερειακή Ανάπτυξη, 2. Βιομηχανική Οικονομική, 3. Ναυτιλιακές Σπουδές, 4. Διοίκηση Επιχειρήσεων, 5. Δημόσια Διοίκηση, 6. Περιβάλλον και Ανάπτυξη, 7. Business Administration (Οικονομικό Πανεπιστήμιο Αθηνών).

(β) Μεταπτυχιακές Σπουδές στο Εξωτερικό

Θα χορηγηθούν είκοσι (20) υποτροφίες, ύψους 20.000,00 ευρώ (είκοσι χιλιάδων ευρώ) εκάστη, για σπουδές στους κλάδους:

1. Regional Economics and Development, 2. Industrial Economics, 3. Shipping, Trade and Finance, 4. Business Administration.

Η διάρκεια της κάθε υποτροφίας είναι ένα ακαδημαϊκό έτος.

Για περισσότερες πληροφορίες και παραλαβή αιτήσεων, οι ενδιαφερόμενοι καλούνται να επικοινωνήσουν με τα γραφεία του Ιδρύματος, Βασ. Αμαλίας 32, 4ος όροφος, τηλ.: 210-3318074, Fax: 210-3318075, e-mail: gvkarfnd@otenet.gr.

ΗΜΕΡΟΜΗΝΙΑ ΛΗΞΕΩΣ ΥΠΟΒΟΛΗΣ ΑΙΤΗΣΕΩΝ 30/3/2007