

Basic information	
<p>1996/0278(CNS)</p> <p>CNS - Consultation procedure Decision</p>	Procedure completed
<p>EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses</p> <p>Amended by 1998/0006(CNS) Amended by 1998/0175(CNS) Amended by 2000/0111(CNS)</p> <p>Subject</p> <p>6.30.04 Loans to third-countries, Guarantee Fund</p>	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	BUDG Budgets		TOMLINSON The Lord John E. (PSE)	26/02/1997
	Committee for opinion		Rapporteur for opinion	Appointed
	RELA External Economic Relations		VALDIVIELSO DE CUÉ Jaime (PPE)	18/12/1996
	CONT Budgetary Control			
Council of the European Union	Council configuration		Meetings	Date
	Economic and Financial Affairs ECOFIN		1986	1997-01-27
	Fisheries		1998	1997-04-14

Key events			
Date	Event	Reference	Summary
13/11/1996	Legislative proposal published	COM(1996)0586 	Summary
17/01/1997	Committee referral announced in Parliament		
27/01/1997	Resolution/conclusions adopted by Council		
10/03/1997	Vote in committee		
10/03/1997	Committee report tabled for plenary, 1st reading/single reading	A4-0078/1997	



14/03/1997	Debate in Parliament		
14/04/1997	Act adopted by Council after consultation of Parliament		
14/04/1997	End of procedure in Parliament		
19/04/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1996/0278(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Amended by 1998/0006(CNS) Amended by 1998/0175(CNS) Amended by 2000/0111(CNS)
Legal basis	EC Treaty (before Amsterdam) E 235
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/08567

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0078/1997 OJ C 115 14.04.1997, p. 0014	10/03/1997	
Text adopted by Parliament, 1st reading/single reading		T4-0135/1997 OJ C 115 14.04.1997, p. 0224-0233	14/03/1997	Summary
European Commission				
Document type		Reference	Date	Summary
Legislative proposal		COM(1996)0586  OJ C 013 14.01.1997, p. 0009	13/11/1996	Summary
Follow-up document		COM(2000)0524 	06/09/2000	Summary
Follow-up document		COM(2002)0685 	03/12/2002	Summary
Follow-up document		SEC(2004)1073 	03/09/2004	Summary
Follow-up document		COM(2005)0385 	23/08/2005	Summary
		SEC(2005)1053		

Follow-up document		23/08/2005	
Follow-up document	COM(2006)0597 	17/10/2006	Summary
Follow-up document	COM(2007)0486 	30/08/2007	Summary
Follow-up document	SEC(2007)1079 	30/08/2007	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Decision 1997/0256 OJ L 102 19.04.1997, p. 0033	Summary

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 14/03/1997 - Text adopted by Parliament, 1st reading/single reading

In adopting the report by Mr John TOMLINSON (PSE, UK) Parliament approved this proposal for a decision with the following amendments: - the Community should grant a total bank guarantee (100% instead of 65%) to cover political risk on loans granted by the EIB to the countries concerned, with an overall ceiling of ECU 7 105 million. By political risk Parliament understands currency non-transfer, expropriation, war and civil disturbance. For each loan granted the Commission and the EIB should indicate whether political risks exist (the Bank may secure cover for its risks with third parties); - the break down of the bank guarantee is modified for the Mediterranean countries and the Latin American and Asian countries: Parliament calls for ECU 2 310 m for the Mediterranean countries (instead of ECU 2 100 m) and ECU 970 m for Latin America and Asia (instead of ECU 900 m); - the Commission should inform Parliament and the Council of the operation of the scheme established and its economic and social impact on the recipient countries. It should also ensure the high profile of the Union's financial operations. Parliament also called on the EIB to increase its involvement in the funding of model cross-border projects supporting cooperation between EU Member States and Mediterranean countries and the development of 'south-south' projects.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 13/11/1996 - Legislative proposal

OBJECTIVE: the proposal aims, first, to enable the EIB to continue its lending operations to assist investment projects carried out in certain third countries and, second, to grant a Community guarantee to the EIB against partial losses under such loans. SUBSTANCE : The Community will grant the EIB (European Investment Bank) a 65% guarantee in respect of any payments not received by it but due under loans granted, in accordance with its usual criteria, for investment projects carried out in Central and Eastern Europe, in Mediterranean non-member countries, in Latin American and Asian (LAA) countries, and in South Africa, up to the end of 1999, with an overall loan ceiling of ECU 6 825 million. The guarantee is broken down as follows: Central and Eastern Europe ECU 3 450 million, - Mediterranean non-member countries ECU 2 100 million, - Latin America and Asia ECU 900 million, - South Africa ECU 375 million. If, on expiry of the above period, the loans granted by the Bank have not attained the overall amounts referred to above, the period will be automatically extended by six months. The Commission and the EIB will ensure appropriate coordination between EIB operations in the eligible third countries and the implementation of the Community's other financial instruments. The Commission will regularly inform the EP and the Council of the situation regarding loans signed.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 17/10/2006

Each year the European Commission is obliged, in accordance with the Council Decisions establishing the various lending instruments of the European Communities, to inform both the Council and the European Parliament, on how these instruments are being used. Similarly, the Commission is obliged to annually prepare a report on lending activities outside of the EU through EIB loans guaranteed by the EU budget to: i) the EU's South Eastern Neighbours; ii) the Mediterranean countries; iii) Latin America and Asia and iv) South Africa.

Not only does this Report describe the operations for each of the areas concerned it also gives a brief summary of the macro-financial assistance provided by the Community to third countries and of the interest subsidies and guarantees associated with Community loans. Additional information is provided on Euratom's lending activities.

Borrowing activities: total borrowing by the European Communities and by the EIB increased in 2006 by 6% to EUR 52.9 billion as compared to EUR 49.9 billion the previous year. Most of this increase can be attributed to EIB borrowing. The total amount of outstanding borrowing on 31 December 2005 was 15.5 % - higher than in 2004 and stood at EUR 250.1 billion.

The breakdown of borrowings by currency indicate a decrease in the share of EUR-denominated borrowings in 2005 to 37.5% from 44.9% in 2004 of all issues, while issues in other Community currencies increased from 13.0% to 23.0%. Non-Community currencies took a smaller share of borrowing, decreasing from 42.0% to 39.5% of the total. Issues in USD were down from 41.6% to 27.9%. In 2005, after swaps, 97.3% of the loans were on a variable-rate as compared to 100% in 2004.

Lending activities: in both the acceding and the accession States, namely Bulgaria, Romania, Croatia and Turkey (referred to as the EU's **South Eastern Neighbours**) the Bank has been very visible. It has continued to support investment initiatives in the Western Balkans; priority being given to the infrastructure, health, education and SME's.

Particular attention is given to upgrading, modernising and developing the communications and energy sectors, through the Trans-European Networks (TENs). Funding is based on the road and rail corridors as defined by the Pan-European Conference of Transport Ministers. Other priorities include environmental considerations.

EIB lending was also particularly active in North-Western Russia, Russia, the Ukraine, Moldova and Belarus. The Commission, the EIB and the European Bank for Reconstruction and Development have been working on a tripartite Memorandum of Understanding concerning the next Mandate covering 2007-2013.

In the **Mediterranean region**, the Bank's lending mandate takes place mainly through the Euro-Mediterranean Partnership. EIB lending supports both individual investment projects as well as smaller, SME's programmes. Another important element of lending focuses on strengthening the financial sector of the region as a whole. In order to complement the remaining amount under the existing mandate (EUR 248 million), an interim EIB facility will be launched in the course of 2006, which will allow the Bank to pursue an appropriate level of operations in the Mediterranean countries before the entry into force of a future mandate.

In **Asia**, as well as in Latin America, the Bank finances projects that are of interest to both the Community and the countries concerned – i.e. technology transfer, energy co-operation and environmental protection programmes. Tsunami reconstruction efforts are also eligible for EIB support.

The Bank's objectives in the **Republic of South Africa** are to contribute to the successful implementation of the country's reconstruction efforts and to its development programmes. The EIB has provided management support to the EU Commission for its Risk Capital Facility.

Total EIB lending in the ACP/OCT countries amounted to EUR 537 million in 2005, of which EUR 151 million is derived from the Bank's own resources and EUR 386 million from risk capital.

In 2005 (the sixth year of the new mandate) the EIB signed loan agreements totalling EUR 3 618 million. This brings total lending under the new mandate to EUR 17 238 million or corresponding to 89% of the ceiling, with risk-sharing equivalent to 17% of the loans signed.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 03/12/2002

The Commission has presented its report on the borrowing and lending activities of the Community in 2001. This report describes these operations for each of the areas concerned. To complete the picture of lending activities, it also gives a brief summary of the macrofinancial assistance provided by the Community to the countries of Central and Eastern Europe and of the interest subsidies and guarantees associated with Community loans. In order to finance the lending activities decided on by the Council, the Commission is empowered to borrow funds on the capital market. However, given that the NCI ceilings have been fully used up, and in view of the moratorium on Euratom activities within the EU and the approaching expiry in 2002 of the ECSC Treaty, no funds were raised on the basis of these instruments in 2001. The only borrowings last year were for macrofinancial assistance to the western Balkan countries, loans to the African, Caribbean and Pacific (ACP) countries, measures adopted pursuant to the Mediterranean protocols (MEDA), and the EIB's activities inside and outside the Union in the areas mentioned above. Despite the above-mentioned factors, borrowings by the European institutions increased in 2001 by 11.3% to EUR 32.5 billion, against EUR 29.2 billion the previous year. 1) The Community's macrofinancial

assistance : Macrofinancial assistance in the form of loans is, by its very nature, exceptional and forms part of the efforts of the international community to provide, in conjunction with the Bretton Woods institutions, balance-of-payments support to certain countries grappling with transitional difficulties. The Community's assistance focuses on neighbouring regions, such as Central and Eastern Europe, the western Balkans, the NISs of Europe, Central Asia and the Caucasus and the countries of the southern Mediterranean. Disbursements are themselves linked to the beneficiary countries' meeting objectives in terms of macroeconomic stabilisation and structural reforms. In these circumstances, the number of operations effected each year is limited, and it is difficult to make valid comparisons for the assistance given from one year to the next. However, as the candidate countries make significant progress toward macroeconomic adjustment, there is less need for macrofinancial assistance. In contrast, the Balkan region is currently in receipt of considerable Community macrofinancial assistance, which also includes a significant grant component. In 2001 the Council approved macrofinancial assistance in the form of a loan totalling EUR 225 million to the Federal Republic of Yugoslavia, accompanied by a grant of EUR 120 million. Furthermore, the macro-financial assistance in the form of grants to the former Yugoslav Republic of Macedonia was increased by EUR 18 million, and for Kosovo macro-financial assistance of up to EUR 30 million was approved in the form of budget support. With regard to disbursements, macrofinancial assistance in the form of loans totalled EUR 305 million in 2001. It breaks down as follows for the Balkan countries: EUR 225 million for the Federal Republic of Yugoslavia, EUR 10 million for the FYROM and EUR 10 million for Bosnia-Herzegovina. As for the Newly Independent States, a loan of EUR 60 million was disbursed to Tajikistan. 2) Lending Activity : in 2001, the Bank signed 21 loan contracts in Central and Eastern Europe in the framework of the Council Decisions for an aggregate amount of EUR 693 million in 10 countries. Lending was reasonably spread throughout the region, with approximately 40% being taken up by Croatia and Bulgaria. - in the Mediterranean region, the Bank signed 15 loans in 6 countries in 2001 and, in addition, one loan for region-wide lending. Loans for projects in Turkey accounted for some 26% of overall lending, while Algeria, Morocco and Tunisia together absorbed a further 52%; - the Bank signed 11 loans for an overall amount of EUR 542 million in 7 countries of Asia and Latin America; - in 2001, the Bank signed three loan contracts in the Republic of South Africa for an aggregate amount of EUR 150 million; - total EIB lending in the ACP/OCT amounted to EUR 520 million, of which EUR 188 million from the Bank's own resources and EUR 332 million from risk capital.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 23/08/2005

The Council decisions establishing the various lending instruments of the European Communities require the Commission to inform the Council and Parliament each year of the use made of these instruments. As for lending activities outside the Community, the Commission is required to inform the Council and Parliament on an annual basis of the situation regarding European Investment Bank (EIB) loans guaranteed by the Union budget in Central and Eastern Europe, in the Mediterranean countries, in Latin America and Asia and in South Africa.

In order to meet these information requirements, this report describes the operations for each of the areas concerned. To complete the picture of lending activities, it also gives a brief summary of the macro-financial assistance provided by the Community to third countries and of the interest subsidies and guarantees associated with Community loans. In addition, it provides information on Euratom's lending activities.

Borrowing activities :

One borrowing for macro-financial assistance in 2004 was raised to grant a loan to Bosnia and Herzegovina. There were two borrowings under the Euratom loans instrument to finance loans to a nuclear plant in Bulgaria.

Total borrowing by the European Communities and the EIB increased in 2004 by 18.8% to EUR 49.9 billion, against EUR 42.1 billion the previous year, mainly due to an increase in borrowing by the EIB. Taking into account repayments, cancellations and exchange-rate fluctuations, the total amount of borrowing outstanding at 31 December 2004 was EUR 216.6 billion, 10.3% up on 2003

The breakdown of borrowing by currency shows a decrease in the share of Euro borrowings in 2004 to 44.9% from 54.9% in 2003 of all issues, while issues in other Community currencies decreased from 19.1% to 13.0%. Non-Community currencies took a greater share of borrowing, increasing from 26.0% to 42.0% of the total. Issues in USD were up from 23.0% to 41.6% on strong market demand and supported by very low interest rates and a weakening of the USD/Euro exchange rate.

Lending activities :

In **Central and Eastern Europe**, the Bank has again been active in 2004 although the number of countries eligible for financing under the pre-Accession agreements diminished following enlargement on May 1st. After that date, the Bank continued activities in the remaining acceding and candidate States (Bulgaria, Romania, Croatia and Turkey) as well as continuing to support investments in the countries of the Western Balkans in various sectors (infrastructure, SMEs / micro-finance, etc.).

In 2004, the Bank continued operations under the Special Lending action for selected environmental projects in Baltic Sea basin of Russia while continuing to prepare for a new mandate covering operations in Russia and, for the first time, extended to Belarus, Moldova and Ukraine⁵.

The EIB gives priority to upgrading, modernising and developing the communications and energy sectors, with particular emphasis on Trans-European Networks (TENs) on the basis of the road and rail corridors defined by the Pan-European Conference of Transport Ministers as development priorities for the medium term.

Environmental issues related to EIB projects, as well as environmental projects per se, are given priority in the framework of the gradual adaptation of the legislation of the countries concerned to that of the EU. The EIB also supports SMEs and other industrial initiatives, in particular FDI (Foreign Direct Investment), either directly or through its global loan instrument, in particular when involving EU partners.

In the **Mediterranean region**, the Bank's lending under mandate is carried out by the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and takes place mainly within the framework of the Euro-Mediterranean Partnership, in support of the economic development of the countries concerned. EIB lending supports individual investment projects and, through the global loan mechanism, smaller projects and SMEs, while at the same time strengthening the financial sector in the various countries.

In 2004, FEMIP was reinforced by the creation of a special envelope to allow for extended risk-sharing operations and a trust fund, modelled on the special cofinancing funds of other International Financial Institutions (IFIs). Lending continued under the Turkey Special Action Programme and the available funds have now been fully utilised.

In **Asia and Latin America**, the Bank finances projects that are of interest to both the Community and the countries concerned – cofinancing with EU promoters, transfer of technology and cooperation in the fields of energy and environmental protection.

In the **Republic of South Africa**, the Bank's objective is to contribute to the successful implementation of the country's reconstruction and development programme.

-Total EIB lending in the ACP/OCT amounted to EUR 440 million in 2004, of which EUR 62 million from the Bank's own resources and EUR 378 million from risk capital.

-During 2004 (the fifth year of the new mandate) the EIB signed loan agreements for a total of EUR 2,844 million, bringing total lending under the new mandate to EUR 13, 620 million corresponding to 70% of the ceiling, with risk-sharing equivalent to 20.8% of the loans signed.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 30/08/2007 - Follow-up document

This report describes the lending operations for South-Eastern Neighbours (SEN), in the Mediterranean countries (MED), in Asia and Latin America (ALA) and in the Republic of South Africa (RSA). It also gives a brief summary of the borrowing activities undertaken in order to finance the lending activities, of the macro-financial assistance provided by the Community to third countries and of the interest subsidies and guarantees associated with Community loans. In addition, it provides information on Euratom lending activities.

Borrowing activities in 2006: total borrowing by the EC and the EIB decreased in 2006 by 3.8% to EUR 48.1 billion, against EUR 50.0 billion the previous year. More than 99% of this amount has been borrowed by the EIB. The decrease in borrowing activities can be explained by a marginally reduced borrowing activity of EIB following a somewhat slower pattern of loan disbursements and treasury liquidity considerations as well as by the absence of new Decisions concerning Euratom, macrofinancial assistance and the balance of payments loans.

Taking into account repayments, cancellations and exchange-rate fluctuations, the total amount of borrowings outstanding at 31 December 2006 was EUR 248.4 billion, 0.7% down on 2005. The breakdown of borrowings by currency stays at the same level of 37.9% in the share of EUR-denominated borrowings in 2006 of all issues. Issues in other Community currencies decreased from 23.0% to 16.6%. Non-Community currencies took a higher share of borrowing, increasing from 39.5% to 45.4% of the total. Issues in USD were up from 27.9% to 30.4%. In 2006, after swaps, 94.5% of the loans were on a variable rate as compared to 97.3% in 2005.

Lending in non-Member States: financial support for non-member States that have concluded cooperation agreements with the Community generally takes the form of bilateral loans (macro-financial support or balance-of-payments support), where the Community helps to re-establish a country's macro-economic balance. The Commission administers these financial operations under decisions of the Council. In other cases loans are granted by EIB on its own resources either in the form of direct financing for individual projects or of global loans to banks, which then allocate funds to smaller-scale local projects. Some of these loans benefit from a guarantee of the Union budget.

Macro-financial assistance (MFA): the Community's assistance focuses on neighbouring regions, such as the Western Balkans and the Caucasus. Grants and loans disbursed under this instrument show that in 2006 an amount of EUR 19 million has been disbursed under existing MFA decisions. No new MFA decisions were taken in 2006.

With regard to **EIB Lending in 2006** in the **South-Eastern Neighbours**, the report states that the Bank was active in 2006 in both the acceding and candidate States to help these countries to prepare for accession, in particular by financing investment aimed at integrating their infrastructure with that of the EU and by assisting SMEs. The EIB continued also to support investments in the other countries of the Western Balkans (Albania, Bosnia and Herzegovina, Montenegro and Serbia) with the aim of facilitating their ongoing integration process into the EU. The EIB gives priority to upgrading, modernising and developing the communications and energy sectors, with particular emphasis on Trans-European Networks (TENs) on the basis of the road and rail corridors. Environmental issues related to EIB projects, as well as environmental projects, are given priority in the framework of the gradual adaptation of the legislation of the countries concerned to that of the EU. The EIB also supports private sector development (SMEs), in particular Foreign Direct Investment (FDI), either directly or through its global loan instrument, in particular when involving EU partners.

In the **Mediterranean region**, the Bank's lending is carried out under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) mainly within the framework of the Euro-Mediterranean Partnership. FEMIP focuses its activities on support for the private sector and on creating an investment-friendly environment, mainly by financing enabling infrastructure for economic development. Furthermore, FEMIP supports sustainable energy development, competitiveness and security of supply. In November 2006, the Ecofin Council decided to reinforce FEMIP and marked two specific priority areas: private sector development and reinforcement of partnerships.

In **Asia and Latin America**, the Bank finances projects that are of interest to both the Community and the countries concerned – co-financing with EU promoters, transfer of technology, cooperation in the fields of energy and environmental protection. The EIB also supported reconstruction efforts in the aftermath of the Tsunami disaster of 2004. In this context, the geographical scope of the ALA mandate was broadened to include the Maldives.

In **South Africa**, the Bank has been mandated to focus on infrastructure projects of public interest and private sector support, including SMEs. The Bank's operations have further to be complementary to the Community assistance policies, whose overriding objective is the reduction of poverty and inequality.

Risk sharing: at end-2006 the Bank had achieved a level of 18% of risk-sharing as a proportion of cumulative lending under mandate against the risk-sharing objective of 30%. This figure does not include the Community guarantee coverage under the Pre-Accession and Mediterranean Partnership Facilities. On a regional basis, the risk-sharing objective was met and exceeded in **Asia and Latin America**, where 72% of loans were signed under the risk-sharing regime. Both in **South Eastern Europe** and in the **Mediterranean**, risk-sharing operations represented 11% of lending under mandate. In accordance with the programming procedures of the countries concerned, most projects financed by the EIB under mandate are in the public sector and therefore outside the scope of risk-sharing. In **South Africa**, 10% of loans were risk-sharing. Under the First General Mandate, a level of 24% of risk-sharing of total lending was reached against a target of 25%. In terms of lending compared to the regional ceilings, the levels were 81% for ALA, 26% for Central and Eastern European Countries (CEEC) and 3% for the Mediterranean.

Total EIB **lending in the ACP/OCT** amounted to EUR 745 million in 2006, of which EUR 167 million from the Bank's own resources and EUR 578 million funded by the European Development Fund (EDF).

The **Community guarantee** is restricted to 65% of the aggregate amount of the credits opened, plus all related sums (compared with 70% under the First General Mandate). During 2006 (the seventh year of the Second General Mandate) the EIB signed loan agreements for a total of EUR 2 805 million, bringing total lending under this mandate to EUR 18 280 million corresponding to 96% of the ceiling.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 14/04/1997 - Final act

OBJECTIVE: to enable the EIB to continue its lending operations for investment projects in certain third countries and to grant it a Community budget guarantee of 70% to cover such lending. **COMMUNITY MEASURE:** Decision 97/256/EC granting a Community guarantee to the EIB against losses under loans for projects outside the Community (Central and Eastern European countries, Mediterranean countries, Latin American and Asian countries and South Africa). **SUBSTANCE:** The Community grants the EIB (European Investment Bank) a global guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria, for investment projects carried out in the Central and Eastern European countries, the Mediterranean countries, the Latin American and Asian (LAA) countries and South Africa. This guarantee is restricted to 70% of the aggregate amount of the credits opened, plus all related sums. The overall ceiling of the credits opened is equivalent to ECU 7105 million, broken down as follows: -Central and Eastern European countries ECU 3520 million, -Mediterranean countries ECU 2310 million, -Latin American and Asian countries ECU 900 million, -South Africa ECU 375 million. The guarantee is valid until 30 January 2000 for Central and Eastern European, Mediterranean and Latin American and Asian countries and until 30 June 2000 for South Africa. If, on the expiry of the two periods, the loans have not attained these amounts, the periods are automatically extended by six months. The decision recommends risk sharing. The EIB is thus invited, where possible, to obtain adequate third-party guarantees for commercial risks (the budget guarantee covering only political risks arising from currency non-transfer, expropriation, war and civil disturbance). The EIB is invited by the Council to aim to cover the commercial risk on 25% of its lending from non-sovereign guarantees to be expanded upon whenever possible where the market permits on an individual mandate basis. Every six months the Commission will inform Parliament and the Council of the situation as regards loans signed and progress made on risk sharing. The Council and Parliament will be informed each year of the general functioning of the scheme and of loan operations. The Council will evaluate the application of this decision on the basis of a report presented by the Commission and the EIB in June 1988. **ENTRY INTO FORCE:** 19 April 1997.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 06/09/2000 - Follow-up document

PURPOSE : Report on the borrowing and lending activities of the Community in 1999. **CONTENT :** In view of the moratorium on the construction of nuclear power stations within the EU, the fact that the appropriations allocated by the Council to the New Community Instrument (NCI) have been used up and the cassation of ECSC loans as the expiry of the ECSC Treaty in 2002 approaches, the Commission does not consider that there is any need to report on Community lending activities under the instruments applicable within the Community. Borrowings by the European institutions fell in 1999 by 6.7%; EIB borrowings fell by 5.8%. The total amount of issues was thus EUR 28.5 billion, against 30.5 billion in the previous year. Taking into account repayments, cancellations and exchange-rate fluctuations, the total amount of net borrowings outstanding as at 31 December 1999 was 154.7 billion, 18.2% up on 1998. Following the adoption of the single currency, euro borrowings virtually quadrupled as compared to 1998. As for lending activities outside the Community, a decision adopted in 1997 requires the Commission to report on EIB loans guaranteed by the Community budget in Central and Eastern Europe, the Mediterranean countries, in the Latin American and Asian countries and in South Africa. This report describes these operations for each of the areas concerned. It also gives a brief summary of macrofinancial assistance provided by the Community to Central and Eastern European countries. The total financing outside the Community in 1999 was EUR 4143 million.

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

1996/0278(CNS) - 03/09/2004

This report meets the requirement imposed on the Commission to inform the Council and the European Parliament on an annual basis of the borrowing and lending activities of the Community. The report therefore describes these operations for each of the areas concerned. To complete the picture of lending activities in 2003, it also gives a brief summary of the macro-financial assistance provided by the Community to the countries of Central and Eastern Europe and of the interest subsidies and guarantees associated with Community loans. It also provides information on Euratom's lending activities.

- Borrowing activities in 2003: given that the New Community Instrument ceilings have been fully used up and the ECSC Treaty expired in 2002, no funds were raised under these instruments in 2003. The borrowing for macro-financial assistance in 2003 was raised to grant loans to Serbia and Montenegro, the former Yugoslav Republic of Macedonia (FYROM) and Romania. There was only one borrowing under the Euratom loans instrument to Bulgaria. Despite these factors, total borrowing by the European Communities and the European Investment Bank (EIB) increased in 2003 by 10.5% to EUR 42.1 billion, against EUR 38.1 billion the previous year, mainly due to an increase in borrowings by the EIB. The total amount of borrowing outstanding as at 31 December 2003 was EUR 196.4 billion, 7.1% up on 2002. The breakdown of borrowing by currency shows a decrease in the share of euro borrowings in 2003 to 54.9% from 59.0% in 2002 of all issues, while issues in other Community currencies increased from 17.7% to 19.1%.

- The Community's macro-financial assistance in the form of loans: the Community's action, which is by its very nature exceptional, focuses on neighbouring regions, such as Central and Eastern Europe, the Western Balkans, the Caucasus and the countries of the southern Mediterranean. As the candidate countries have made significant progress towards macro-economic adjustment and 10 of these countries joined the European Union in 2004, macro-financial assistance is gradually being phased out. In contrast, the Western Balkans region has significantly benefited over recent years from Community macro-financial assistance, which also includes a significant grant component. In the Western Balkans, the Council approved in 2003 supplementary macro-financial assistance in the form of a loan of EUR 25 million to Serbia and Montenegro, accompanied by a grant of up to EUR 45 million. Loan disbursements for a total amount of EUR 118 million were completed in 2003 in favour of Serbia and Montenegro (EUR 40 million), the former Yugoslav Republic of Macedonia (EUR 28 million) and Romania (EUR 50 million). Assistance in the form of outright grants totalling EUR 85 million was also paid out in 2003, of which EUR 7 million went to Tajikistan, EUR 25 million to Bosnia and Herzegovina, EUR 35 million to Serbia and Montenegro and EUR 18 million to the former Yugoslav Republic of Macedonia.

- EIB lending in Central and Eastern Europe, the Mediterranean, Asia and Latin America and the Republic of South Africa: in Central and Eastern Europe, the Bank has again been active in the accession countries, helping them to progress with their preparations for accession and European integration. In addition, the Bank has developed a significant level of activity in the countries of the Western Balkans by supporting investment projects in Albania, Croatia, Serbia and Montenegro and the former Yugoslav Republic of Macedonia. In 2003 the Bank made its first investments in the health and education sectors in pursuit of one of its major new objectives. The EIB gave priority to upgrading, modernising and developing the communications and energy sectors, with particular emphasis on Trans-European Networks (TENs). Environmental issues related to EIB projects, as well as environmental projects per se, were given priority during the gradual adaptation of the legislation of the countries concerned to that of the EU.

In the Mediterranean region, the Bank's lending under mandate takes place mainly within the framework of the Euro-Mediterranean Partnership, in support of the economic development of the countries concerned. EIB lending supported individual investment projects and, through the global loan mechanism, smaller projects and SMEs, while at the same time strengthening the financial sector in the various countries. In addition to its lending under mandate, the Bank has continued with its programme of lending from its own resources, without budgetary guarantee, under its Facility for Euro-Mediterranean Investment and Partnership (FEMIP).

In Asia and Latin America, the Bank finances projects that are of interest to both the Community and the countries concerned – cofinancing with EU promoters, transfer of technology, cooperation in the fields of energy and environmental protection.

In the Republic of South Africa, the Bank's objective is to contribute to the successful implementation of the country's reconstruction and development programme.

The report finally notes that the cumulative total for risk-sharing projects since the start of lending activity under the Council Decisions established since 1 February 2000 was EUR 2 068 million at the end of 2003, i.e. 10.6% of the overall lending ceiling for these countries and 19.1% of lending to date.

- Lending activity of the Signatories of the Lomé/Cotonou Conventions: total EIB lending in the ACP/OCT amounted to EUR 463.2 million in 2003, of which EUR 177.6 million was from the Bank's own resources and EUR 285.6 million from risk capital. This includes the first loans under the Cotonou Agreement which came into force on 1 April 2003.