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Contacts with member countries: European Investment Bank - Correspondence

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EUROPEAN INVEST. BANK

EUROPEAN INVESTMENT BANK

1. 10/1/68 Yves Le Portz, Vice President, European Investment Bank,  
Luxembourg
2. 9/19/70 " " " " " " "  
9/28/72 " " " " " " "
3. 9/27/78 Yves Le Portz, " " " " "  
Annual Meeting



## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 1, 1968

FROM: Arthur Karasz *Karasz*SUBJECT: Visit by Mr. Yves Le Portz, Vice-President - European Investment Bank

The European Investment Bank was created in the Rome Treaty on March 25, 1957, which established the European Common Market. Its president is Mr. Formentini (Italian). The head office was recently moved from Brussels to Luxembourg.

The subscribed capital of the Bank is one billion unit of account (each unit equal to US\$1.00). The respective capital subscriptions are the following:

|             |   |                               |
|-------------|---|-------------------------------|
| France      | - | 300 million unit of account.  |
| Germany     | - | 300 million unit of account.  |
| Italy       | - | 240 million unit of account.  |
| Belgium     | - | 86.5 million unit of account. |
| Netherlands | - | 71.5 million unit of account. |
| Luxembourg  | - | 2.0 million unit of account.  |

The Bank's Board of Management consists of the ministers of finance of the six countries. At present, it is only authorized to make loan transactions. There is a proposal pending before the Board authorizing the Bank to also include into its policy equity investments similar to IFC. The Bank began its operations in 1958. In the first period, it extended loans and guarantees to its member states, particularly less developed areas in France and Italy. Later, the Bank extended its activities to Greece and Turkey, as well as associated territories of Africa (17 African states, as well as Madagascar).

The World Bank family is in quite close cooperation with EIB. The following IFC operations are worth mentioning:

- a) A fertilizer plant in Senegal (SIES). Total amount \$12 million - of which IFC \$3.5 million, EIB \$2.5 million.
- b) Copper mine at Akjoujt in Mauritius. Total amount \$60 million - of which IFC \$20 million, EIB \$11 million.
- c) IFC and EIB financed together the Industrial Development Bank in Turkey.

Important Bank operations are the following:

- a) Congo Brazzaville potash plant - IBRD \$30 million, EIB \$9 million.
- b) Keban at the Euphrates River in Turkey is being financed by a syndicate of which the European Investment Bank is also a member. The World Bank will finance, independently of the syndicate, the transmission line for a total amount of \$25 million. According to latest news, the cost of the dam itself will be considerably above the original estimated amount.

*President Lee*



## OFFICE MEMORANDUM

TO: Files

DATE: October 29 1970

FROM: M.P. Benjenk *MW*SUBJECT: EUROPEAN INVESTMENT BANK - Mr. McNamara's meeting with President  
Yves Le Portz in Copenhagen

Mr. McNamara received Mr. Yves Le Portz, President of the European Investment Bank, on Saturday September 19. Mr. Le Portz outlined for Mr. McNamara the forthcoming activities of his bank in Africa and in Europe. With regard to the associated African states the European Communities would be spending \$918 million in the next five years of which \$748 million would be in grants and the remainder in loans. \$90 million would be loans from EIB's own funds, the rest being provided through F.E.D. With regard to Europe, Mr. Le Portz said that EIB activities in Greece were now dormant since the previous agreement between the European Community and Greece had not been renewed. On the other hand a new agreement had just been concluded with Turkey under which the EEC would provide \$210 million to Turkey in the next five years, of which \$25 million would be from EIB's own funds. He expected the EIB to be very active in Turkey now that Turkey had proceeded with devaluation and they hoped to work closely with the Bank in this connection. Mr. Le Portz said that EIB did not yet have authority to invest in North Africa, although Morocco and Tunisia had concluded a negotiation with the European Communities. He expected that EIB might become involved in North Africa in due course.

With regard to Africa, Mr. Le Portz felt that it would be much easier to spend the grant funds than the much smaller EIB loan funds. One of the difficulties was that the EIB preferred to lend to the private sector and such opportunities were limited in Africa.

Mr. McNamara told Mr. Le Portz that the Bank would be happy to cooperate with EIB both in Africa and in Europe. There should be full exchange of information on economic matters and also with regard to projects. Cases might arise where the Bank might yield to EIB if a good project arose in the private sector which might be suitable for EIB, since the Bank felt free to engage in the public sector and finance projects not eligible for EIB financing.

cc: Mr. McNamara ✓  
Mr. Chaufournier

*President has seen*





OFFICE OF THE PRESIDENT

Meeting with European Investment Bank Delegation, September 27, 1978

Present: Messrs. McNamara, Le Portz, Ross

Mr. Le Portz reported that collaboration between the Bank and the EIB was excellent. Four of the EIB's Department Directors were former Bank staff members. EIB was lending \$2.5 billion this year, mostly to Ireland, southern Italy and Wales. About 12% of this amount was loaned outside the EC. In coming years, he expected to lend \$500-\$600 million a year to LDCs, mainly Egypt, Morocco, Tunisia, Greece and Portugal, but also to the ACP countries.

Mr. McNamara enquired about the EIB's cofinancing activities with commercial banks. Mr. Le Portz replied that EIB financing was mostly for infrastructure projects where cofinancing took place with government budgets. In LDCs, cofinancing with commercial banks was of great importance and the EIB tried to be as flexible as possible, by agreeing to longer maturities for the EIB and shorter maturities for the commercial banks. The EIB accepted cross-default clauses. Mr. McNamara said that the international agencies should do more cofinancing with commercial banks in LDCs. In the case of the Bank, most cofinancing was presently done with public agencies.

Mr. Le Portz enquired about the Bank's policy viz-a-viz Greece. Mr. McNamara said that Greece had reached the point of graduation. One major difference between the Bank and the EIB was the policy of graduation. However, there would be a need for non-commercial financing of countries graduating from the Bank. He urged Mr. Le Portz to look at the private financing requirement projections contained in his annual speech and to let him know whether he thought these projections were reasonable.

CKW  
October 17, 1978