



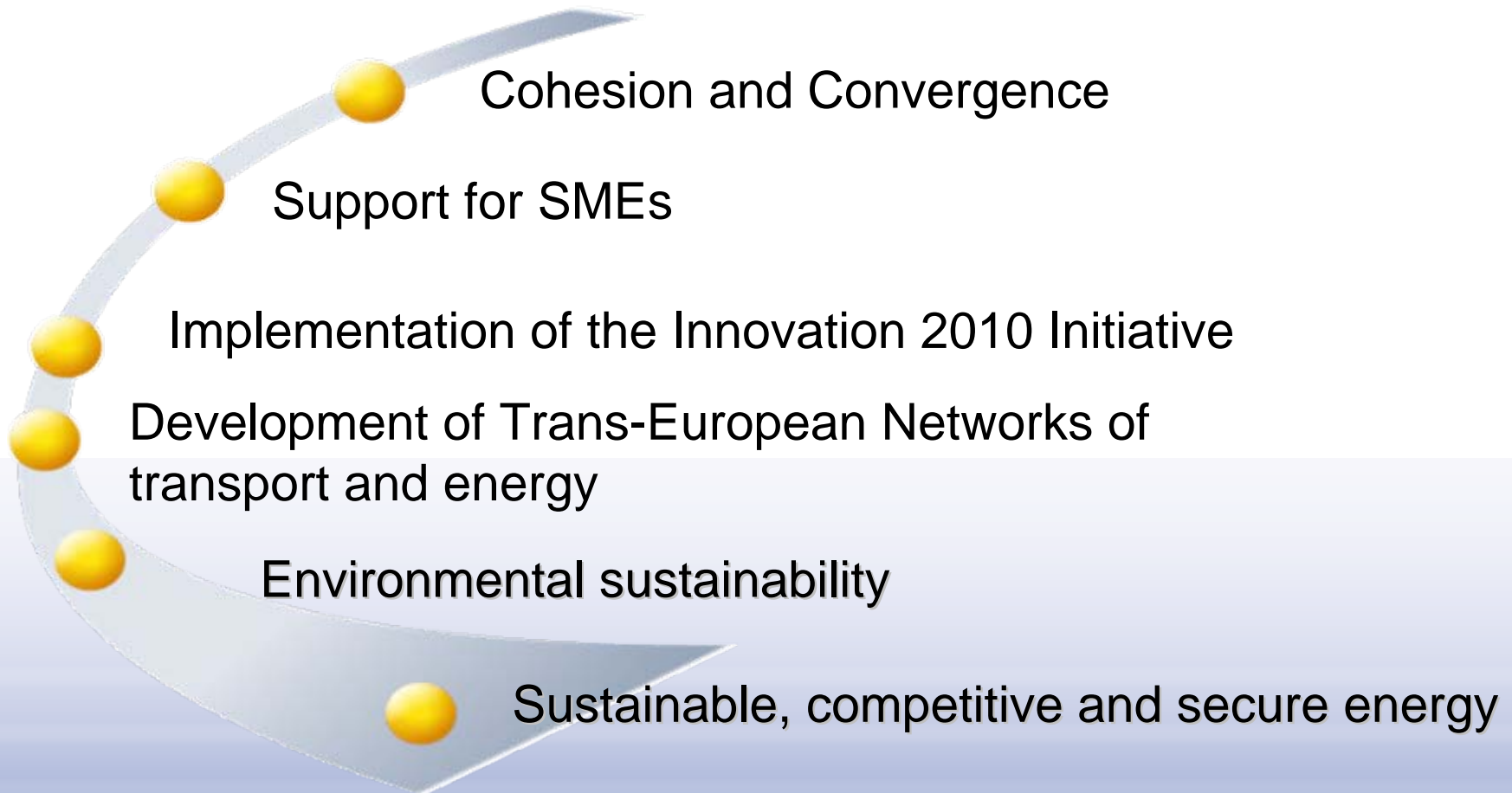
EIB's Financing Opportunities for the HELCOM Baltic Sea Action Plan

*HELCOM Baltic Sea Action Plan Stakeholder Conference 2008
4 March 2008*



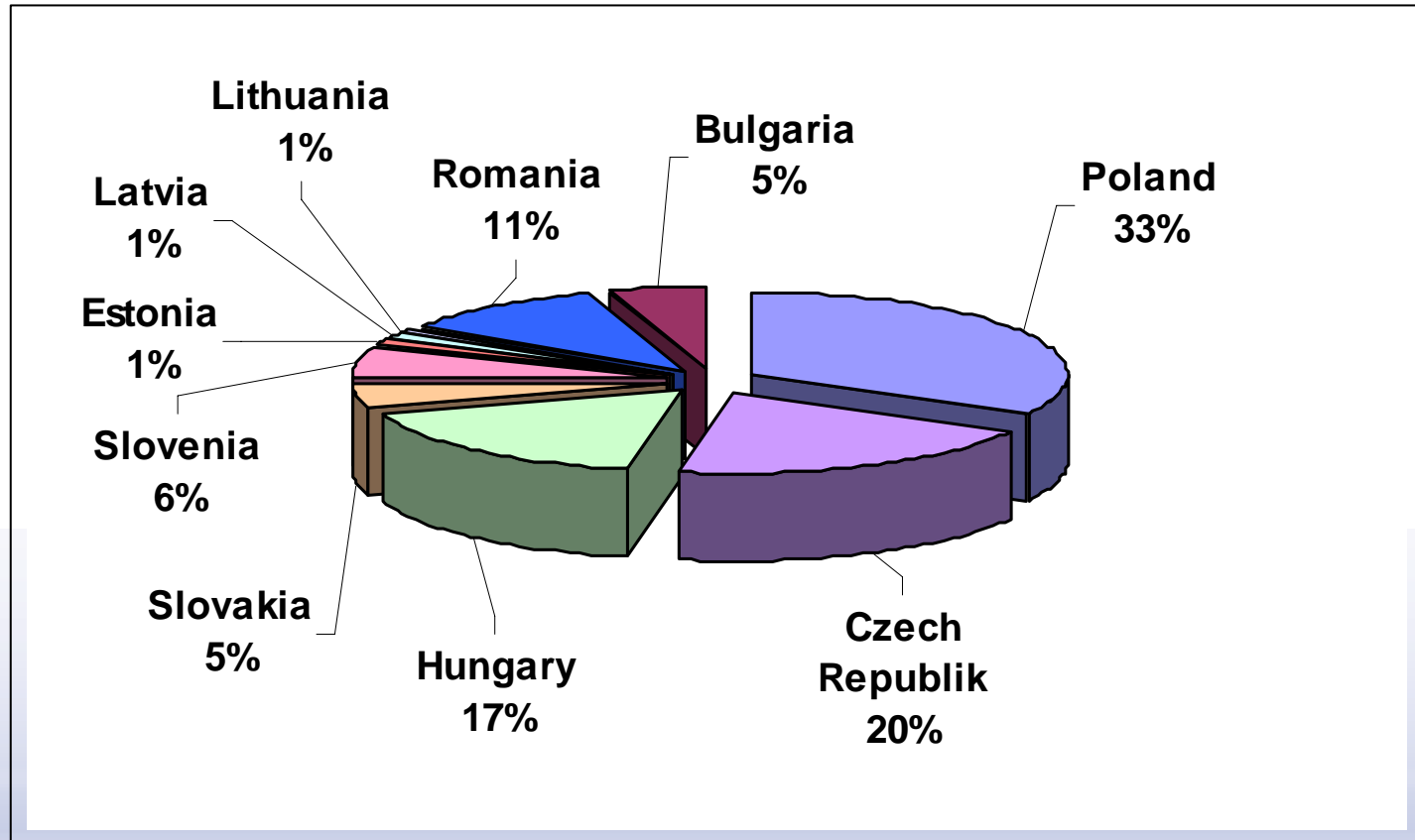
The European Union's financing institution:

- Created by the Treaty of Rome in 1958, to provide long-term finance for projects promoting European integration
- EIB shareholders: 27 Member States of the European Union
- Lending in 2007: EUR 52 bn (*EUR 46 bn in 2006*)
EUR 48 bn within the EU (*EUR 40 bn in 2006*)
- Borrowing in 2007: EUR 55 bn, through 236 bond issues in 23 currencies



**EIB implements EU policies;
a policy driven Bank**

EIB Lending to Central and Eastern European Countries in 1990-2007: EUR 47 billion

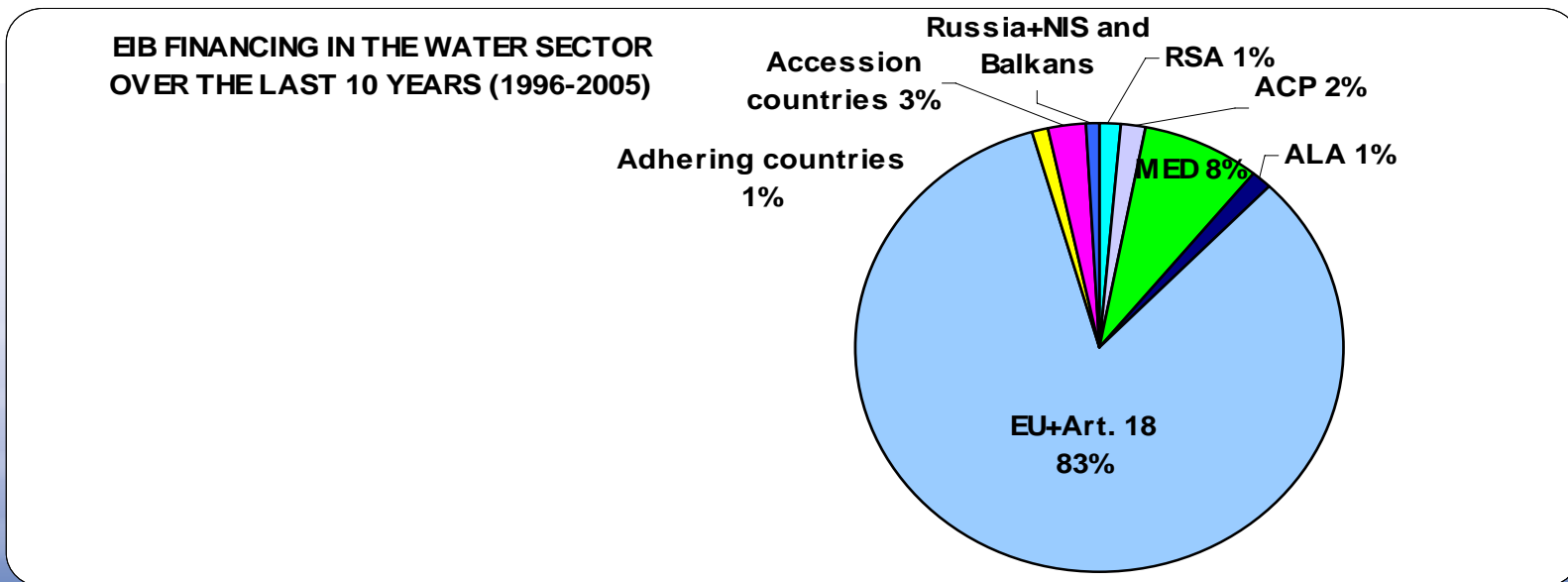
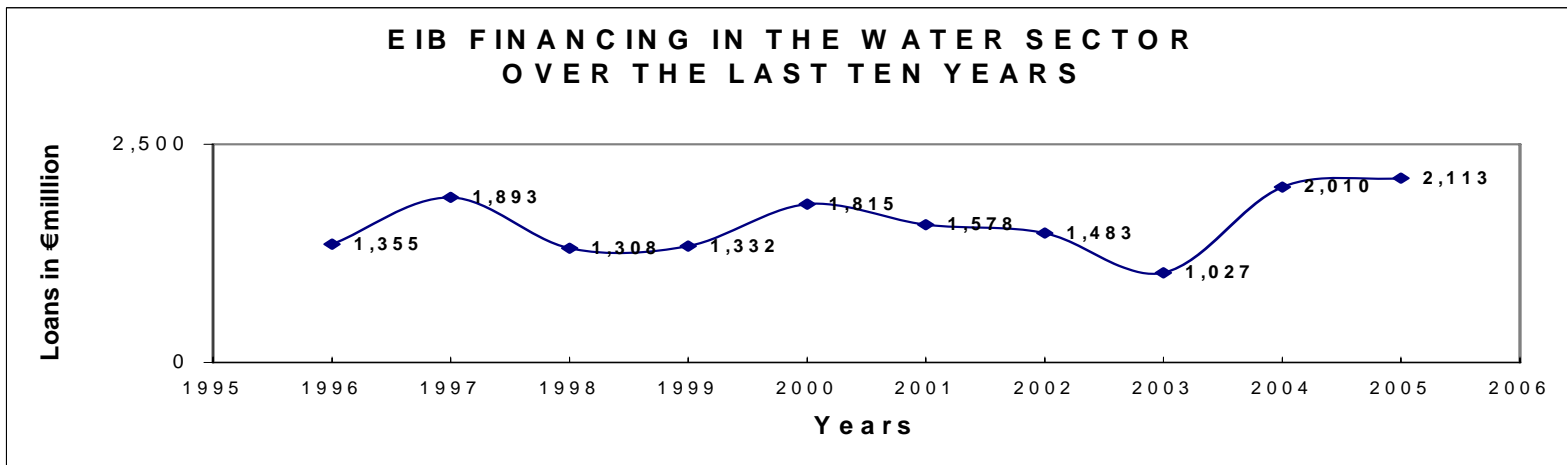


3rd Mandate for Russia and Eastern Neighbours



- ❖ **Russia, Eastern Europe and Southern Caucasus (2007 - 2013) EURm 3700**
 - ❖ EIB's 3rd Mandate for Russia, Ukraine, Moldova, Belarus, Georgia, Armenia and Azerbaijan; all, except Belarus, are operational for EIB
 - ❖ “Projects of significant interest to the EU in transport, energy, telecommunications and environmental infrastructure. Priority should be given to projects on extended major Trans European Network axes, projects with cross-border implications for one or more Member States and major projects favouring regional integration through increased connectivity.”
 - ❖ Projects should be co-financed with the EBRD

EIB Support to Water Sector in > 80 Countries

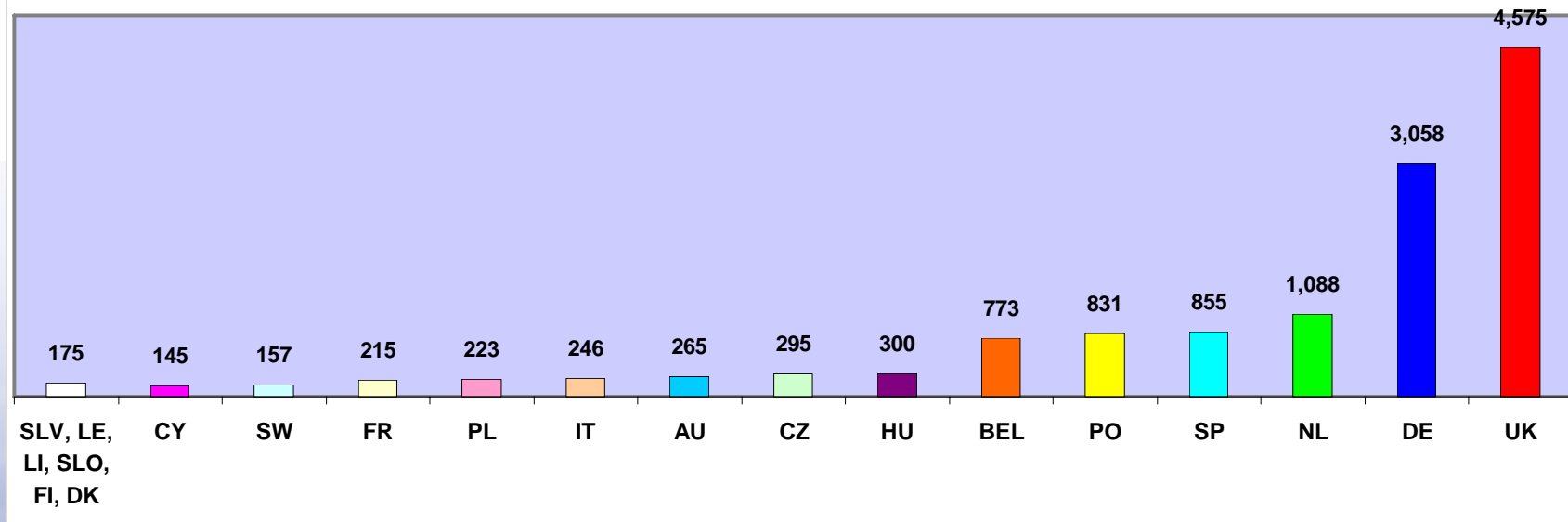


EIB Lending to the EU Water Sector



- Major lender in UK and Germany
- Strong presence in countries with regional companies

EIB INDIVIDUAL LOANS IN THE WATER SECTOR IN THE EU COUNTRIES
over the last ten years : EUR 13,200.6 million
1996-2005 - in EUR m





- ❖ Regionalisation of services/water utilities:
 - ❖ Local water resources not sufficient, need for regional integrated technical solutions
 - ❖ Local solutions more costly, need to scale up
 - ❖ Minimise cost of water production & transport
 - ❖ Technical complexity requiring skilled staff
 - ❖ Lower funding costs, more attractive to lenders
- ❖ Participation of private sector but no privatisation:
 - ❖ Need for more efficiency
 - ❖ Optimise staff recruitment by public bodies
 - ❖ Private capital if public funds are not enough



- European Commission
 - EU Structural / Cohesion Funds
- EIB Lending
 - EIB Investment Loans for projects with projects costs of EUR 20 million or above (EIB can finance up to 50% of project cost, i.e. minimum loan EUR 10 million)
 - Smaller projects can be combined under a framework loan facility concluded with a group of promoters
 - Structured Finance Facility enables EIB to engineer customised solutions and take lower graded risk than in the past
- Joint EIB - EU Funding
 - Combined EIB/EU funding can reach 90%+ of project cost
 - EIB has provided a number of loans in the New Member States to co-finance projects supported by the Structural and Cohesion Funds

➤ For viable projects, financing is available – what about project preparation?

EIB Investment Loans



Types of investment	All investments under EIB Priority Environmental Sustainability in EU Member States or under the Mandate for Russia and Eastern Neighbours.
Borrowers	Public promoters or private companies.
Financing framework	Normally up to a maximum of 50% of total investment cost.
Loan period	Usually from 10 to 20 years for infrastructure projects. The loan periods are tailored to the project's economic life.
Interest rate	Fixed interest rate (with or without revision clause) or variable interest rate with a fixed spread over EURIBOR/LIBOR.
Currencies	Loans can be provided in one or more currencies (Euro, US dollar, Swiss franc, Danish krona, Swedish krona, etc.).
Repayment	Usually fixed annual or semi-annual installments of principal. Tailored repayments, including grace period for repayment of principal or bullet loans, are assessed on a case-by-case basis.
Guarantees / security	Security requirements are assessed individually for each project. Possibility to secure loans by a pledge of the project's assets and revenues, pari passu with other senior lenders. Adequate financial covenants depending on project.



- ❖ Value-Added of the Bank's lending activities:
 - ❖ Support for EU priority objectives
 - ❖ Financial benefits of EIB funds
 - ❖ Technical assistance
 - ❖ Project assessment

‘**J**oint **A**ssistance to **S**upport **P**rojects in **E**uropean **R**egions’

- Context : more that EUR 300 billion of Cohesion and Structural Funds available for 12 new Member States 2007-2013

- ▣ **Objective:** increasing the capacity of the beneficiary countries to make the best use of EU funding by delivering high quality applications for Cohesion Fund

- ▣ A technical assistance partnership to prepare major projects for Cohesion Fund support between DG REGIO, EIB and EBRD

- ▣ **JASPERS** is managed within the EIB but separated from its lending activities

- ▣ **Value added:** draws on past experience and expertise of EIB and EBRD, including PPP’s

Most staff work locally in regional offices close to the needs of Member States (in Warsaw for the Baltic Sea Region).

What Does JASPERS Offer?



- ❖ Assistance as required from early stages of project through to the decision to grant assistance (by the Commission or the Member State depending on the size of project)
- ❖ Preparatory work required to deliver a mature project e.g. advice on
 - ❖ Conceptual development and project structuring including for PPPs
 - ❖ Project preparation e.g. cost-benefit analysis, financial analysis, environmental issues and procurement planning
 - ❖ Compliance with EU law (environmental, competition and others) and conformity with EU policies
 - ❖ Review of documentation : feasibility studies, technical design, tender documents
- ❖ Projects must be seeking Cohesion Fund support and nominated by Managing Agency of Member State for JASPERS support
- ❖ Detailed technical work for submission remains the responsibility of the beneficiary Member State

For more information...



<http://www.eib.org/>

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