

# EIB Transport Lending

D4 Project - Slovakia

15th February 2016

- **EIB: the EU bank**

- EIB Transport Lending
- D4 Project

# The European Investment Bank at a glance

## The Bank of European Union...

- Set-up by the Treaty of Rome (1958)
- **The 28 Member States as shareholders**
- Governance reflecting best practices and political role of EIB
  - Board of Governors (EU Finance Ministers)
  - Board of Directors (rep. Members States, EC and EEAS)
  - Management Committee
- >2,000 staffs
- Headquarter in Luxembourg / 30 local offices



## ... to support EU projects

- **Long term lending** / borrowing
- **Pass on favorable borrowing conditions to clients**
- **>400 projects financed each year**  
(90% in EU)
- More than 50 years of experience

# The EIB supports EU policy goals including Environmental Sustainability

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## Types of Project supported by EIB within EU policy goals

<b>Sustainable growth and jobs in Europe</b>	<ul style="list-style-type: none"><li>▪ Innovation and skills</li><li>▪ Trans-European Networks</li><li>▪ Sustainable, competitive and secured energy</li><li>▪ Financing smaller businesses</li></ul>
<b>Economic and social cohesion</b>	<ul style="list-style-type: none"><li>▪ Special support for economically weaker regions</li><li>▪ Helping regions absorb EU funds</li></ul>
<b>Environmental sustainability</b>	<ul style="list-style-type: none"><li>▪ Climate action</li><li>▪ Sustainable transport</li></ul>

# EIB passes through its low funding costs and LT financings to eligible projects

## Eligibility and benefits

### Eligible project

If cumulative conditions are fulfilled

- **Meets at least one of the EIB's objectives**
- Is technically sound
- Is financially viable
- Shows an **acceptable economic return** (which can differ from financial return)
- Complies inter alia with environmental protection and procurement regulation



### Benefits of EIB financings

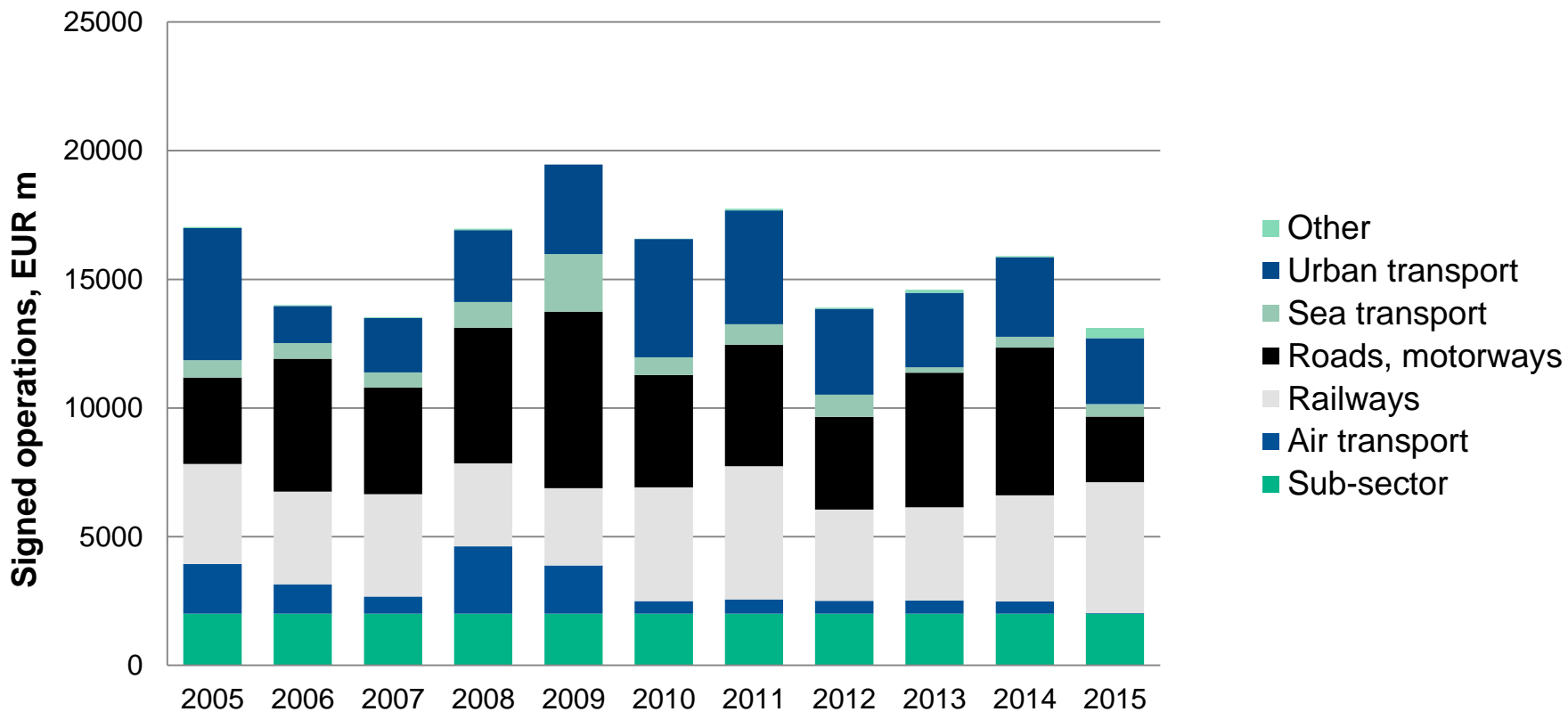
EIB Financings provide to eligible project

- **Large amount** (up to 50% of eligible costs)
- **Long maturities** (in connection with economic life)
- **Attractive interest rates** (fix and floating)
- Broad range of currencies
- Catalyst for participation of other banking or financial partners

Ability to **lend directly** and to **take risk**

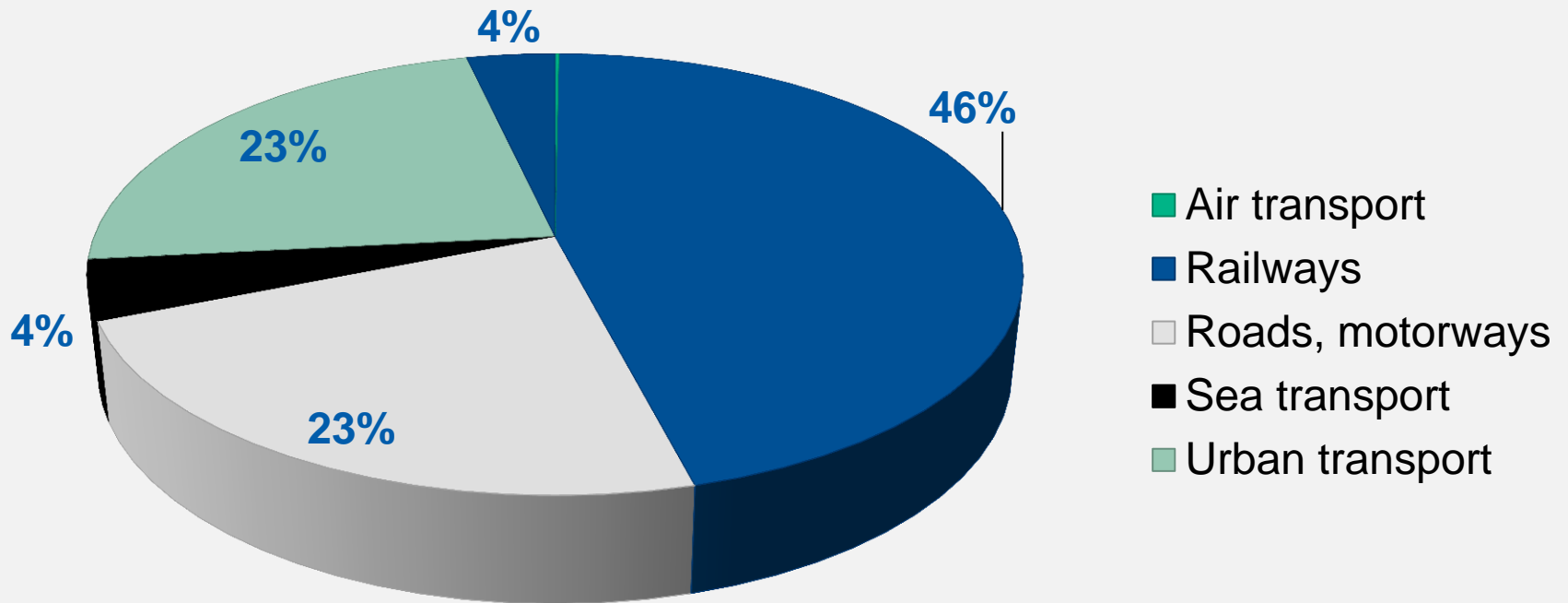
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## Transport lending 2005-2015 EUR 140 bn





## Transport lending 2005-2015 by sector EUR 140 bn





## Transport Lending Policy:

EIB seeks to focus on activities that are likely to have greatest impact on  
**furthering EU policy goals**

In financing the transport sector, the **EIB prioritises its support to technologies and infrastructures with the objective of developing a more efficient and sustainable European transport system** with a further use of renewable sources, contributing to reducing oil dependency and enhancing the competitiveness of the European industry.

## Project Appraisal: 3 Pillar Approach

Transport project selection and appraisal is performed via a **multi-stage and multi-dimensional approach** designed to maximize the value added of the Bank's lending so as to best contribute to further EU policy

### Pillar 1

- Consistency of the project with, and contribution to, EU and EIB policy objectives

### Pillar 2

- Quality and soundness of project (economic and environmental sustainability of project)

### Pillar 3

- EIB's contribution to the project

## Roads – Consistency with objectives

EIB financing of the roads sector is restricted to three areas:

1. Financing road projects **forming part of TEN-T**
2. Financing road **projects in Convergence regions** and outside the EU where it has been given an external mandate
3. EIB will consider financing certain types of road improvement projects on existing network that can be shown to be of **common interest to several Member States** even when such project is not located on the TEN-T or in a Convergence region.

## Roads – Other considerations

- *Road Projects shall demonstrate high forecast economic returns*
- *Road Projects on the TEN-T shall remain subject to a Road Safety Audit*

<sup>1</sup><http://www.eib.org/infocentre/publications/all/eib-transport-lending-policy.htm>

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## Timing of EIB Appraisal Process

Start of Tender Process – 30 Jan 2015

Initial Discussions with Public Authority thereafter

EIB Management Committee Approval – 19 Sept 2015

EIB Board of Directors Approval – 21 Oct 2015

EIB provided support to BaFO Bidders – Early Nov 2015

Preferred Bidder Appointment – February 2016

## Results of EIB Appraisal Process – D4

- D4 motorway is located on the trans-European transport Network (TEN-T)
- In line with its transport lending policy, EIB determined that the D4 component of the project can be supported by the Bank.
- Whilst the initial estimated cost of the D4 was high, it was assessed to be consistent with our Transport Lending Policy.
- During appraisal, the Bank Services recommended technical design optimisation and value engineering.
- These recommendations were included by the contracting authority.
- The bidding consortia have included technical optimisations in order to lower the project costs as a part of the competitive procurement process.

## Results of EIB Appraisal Process – R7

- The R7 expressway component is not part of the TEN-T and a significant section of the road is located in the more developed Bratislava region as defined under Cohesion Policy 2014-2020.
- Therefore, the R7 expressway component was not considered to be consistent with the objectives of the EIB Transport Lending Policy concerning the roads sector.



## Results of EIB Appraisal Process – Conclusions

- EIB Support will be restricted to the D4 Component
- EIB can lend up to 50% of D4 Project Costs but no more than EUR 500m
- By offering support to all bidders during the competitive bid phase, EIB can expect that the benefit of its Financial Terms will be passed through to the public sector.

# Thank you for your attention



**Peter Jeffreys**  
**European Investment Bank**

Tel: +352 43 79 1  
[www.eib.org](http://www.eib.org)