



TEN-E and EIB

2nd TEN-E Information Day

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The European Investment Bank (EIB)

Long-term Finance Promoting European Objectives



- ❖ Created by the Treaty of Rome in 1958, to provide long-term finance for projects promoting European integration.
- ❖ Shareholders: 27 EU Member States
- ❖ Subscribed capital EUR 164.8bn
- ❖ Lending in 2007: EUR 47.8bn
- ❖ Borrowing in 2007: EUR 55bn



The European Investment Bank (EIB)

European Priority Objectives



- ❖ Priority Objectives for the EU:
 - ❖ Cohesion and convergence
 - ❖ Small and medium enterprises (SMEs)
 - ❖ Environmental sustainability
 - ❖ Innovation 2010 Initiative (i2i)
 - ❖ Trans-European Networks (TENs)
 - ❖ Sustainable, competitive and secure energy



Sustainable, Competitive and Secure Energy



- Five priority areas:
 - Renewable energy
 - Energy efficiency
 - Research, development and innovation
 - Diversification and security of internal supply (including TEN-E)
 - External energy security and economic development

- Loans of EUR **5.9bn** within EU in 2007:
 - EUR 1.4bn to renewable energy projects
 - EUR **1.3bn** to TEN-E projects

- Total loans of EUR **21.7bn** within EU 2002-2007
 - EUR 3.4bn to renewable energy projects
 - EUR **4.3bn** to TEN-E projects



TEN-E Loans signed in 2007



Project Name/Company	Country	Priority axis	Annex 3 N°	Priority*	2007
Electricity:					698
RED ELECTRICA DE ESPANA	SPAIN	EL3	1.11;2.8;3.2;3.18/23	1,2,3	75
NORNED CABLE	NL/NORWAY	EL7	4.14	2	280
EDA POWER	PORTUGAL		1.3	3	46
NATIONAL GRID TRANSMISSION	UK			4	297
Natural Gas:					600
TRANSMED PIPELINE EXPANSION	TUNISIA/ITALY	NG2		1	185
SAGUNTO LNG TERMINAL 1st EXPANSION	SPAIN	NG4		2	75
FLUXYS LNG TERMINAL EXPANSION	BELGIUM	NG4	8.17	2	85
PLINACRO ZAGREB-SPLIT PIPELINE	CROATIA		7.15	3	190
HELLENIC NATURAL GAS	GREECE		6.8;6.9	3	65
* 1= TEN-E of European Interest, 2 = TEN-E Priority project, 3 = TEN-E of Common Interest, 4= Other TEN-E					



Loans amounting to

- EUR 4.1 billion for Gas Networks & LNG
- EUR 1.3 billion for Electricity Networks

in support of:

- Large cross border projects (electricity interconnectors, gas supply pipelines)
- Expansion/reinforcement of transmission networks including storage
- LNG terminals



Some insights from recent internal evaluation

- ❖ Financing of transport and energy infrastructures in Europe one of EIB's core activities since its foundation.
- ❖ Since the start of TEN initiative in 1990's, TEN is important lending priority for EIB. Total loans for TEN projects amounted to EUR 86.8 bn between 1995 and 2005.
- ❖ EIB provided significant financial value added to the projects by providing the required, often very large, financial resources in line with the needs of the promoter and at competitive rates and terms.
- ❖ Transport and energy TEN infrastructure financing is well established within EIB. EIB has developed specific knowledge from cross-border mega-projects. This knowledge is increasingly requested for project preparation.



CHANGING/CHALLENGING ENVIRONMENT



- Full opening of the energy markets in 2007
- Enlarged EU
- Integration of renewable energy
- Growing dependence on import
- Turbulent global energy markets
- Environmental sustainability



Benefits of an EIB Loan to TEN-E



- ❖ Benefits of low cost of funding by AAA-rated bank passed on to clients:
 - ❖ Large amounts
 - ❖ Broad range of currencies
 - ❖ Long maturities
 - ❖ Attractive interest rates
 - ❖ Catalytic effect on participation of other banking or financial partners



HOW EIB CAN CONTRIBUTE TO TEN-E FUNDING

Risk/guarantee schemes



EIB transactions priced to cover the cost of funding, administrative costs and pricing for loss risk.

In addition, EIB seeks adequate security such as from:

- a bank or banking Syndicate
- a financial institution
- a parent company with good credit rating



Financing of Trans-European Networks (TEN)



- ❖ In addition to normal EIB loans to TENs projects:
 - ❖ **Structured Finance Facility** : to fund projects with a higher-risk profile and enable equity financing and guarantee operations for large-scale infrastructure schemes



PROJECT REQUIREMENTS:



Projects should:

- Be technically sound
- Be financially viable
- Add value and show an acceptable economic return
- Comply with EU environmental protection standards
- Comply with EU procurement regulations
- Have adequate security

A project assessment with many facets



The EIB project cycle





For more information...



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