

EIB Climate Action in the ETC and SEEMED Regions

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EIB Group Representative in Turkey

**IEA-EBRD Workshop in Low-carbon Technologies
15 June 2015, Istanbul**



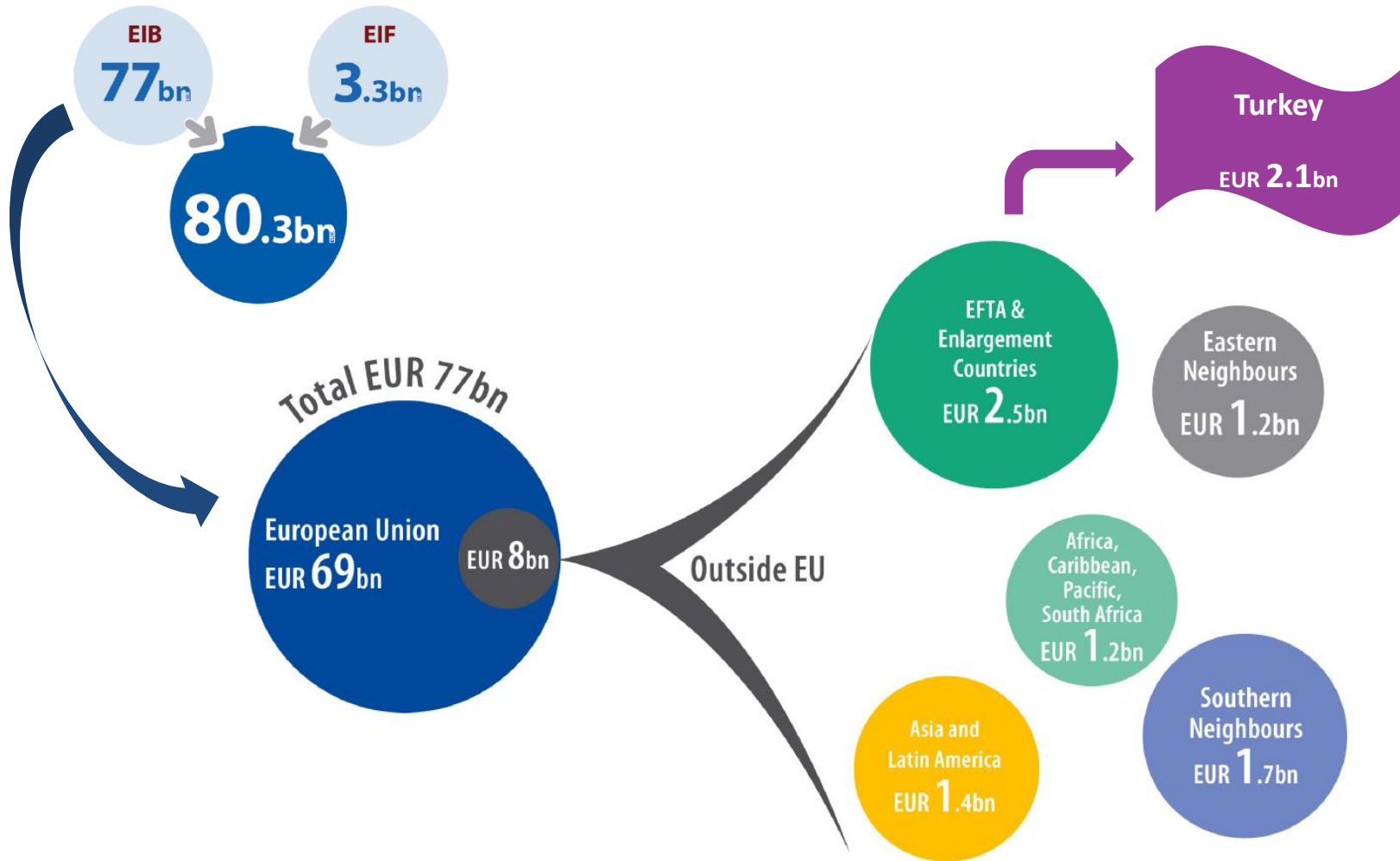
- **Presentation of EIB**
- **EIB and Climate Action**
- **EIB in Turkey**



- **Presentation of EIB**



EIB Lending in and outside the EU over 2014



Enlargement Countries include:

Candidate Countries: Iceland, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.
Potential Candidate Countries: Albania, Bosnia and Herzegovina, Kosovo.



The European Investment Bank

- Providing finance and expertise for sound and sustainable investment projects. Total assets of EUR 542 billion at the end of 2013
- Largest multilateral lender and borrower in the world
 - Raise our funds on the international capital markets
 - Pass on favourable borrowing conditions to clients
- AAA-rated and strong capital base
- Some 440 projects each year in over 160 countries
- Key products:

Loans

Guarantees

Equity

Risk-sharing
facility

Advisory
services



EIB has a special focus on TEN projects and security of energy



Project supported by EIB within EU policy goals

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



EIB passes through its low funding costs and long term 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
- Complies inter alia with environmental protection and procurement regulation



Benefits of EIB financings

EIB Financings provide to eligible project

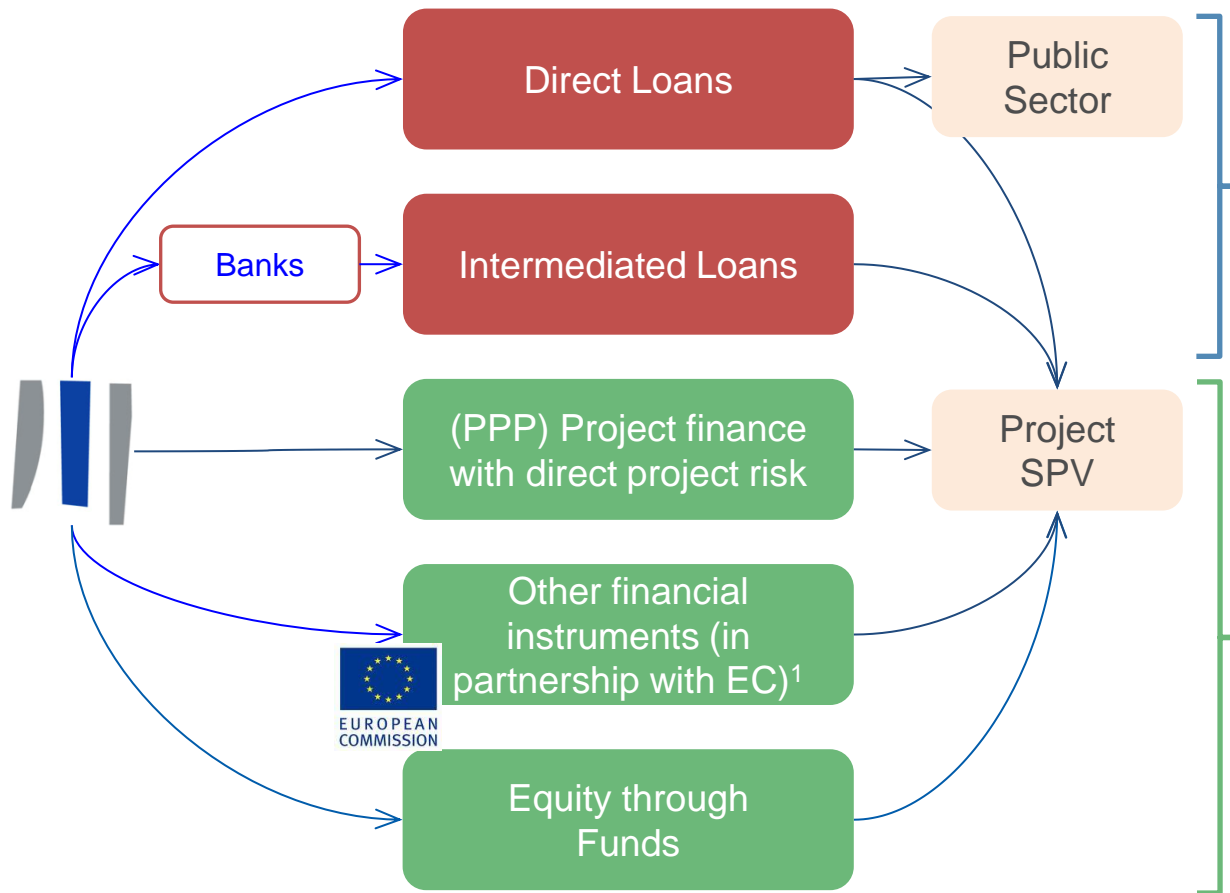
- **Large amount** (up to 50% of eligible costs)
- **Long maturities** (in connection with economic life)
- **Attractive interest rates** (fix and floating)
- Catalyst for participation of other banking or financial partners
- Broad range of currencies



EIB provides Structured Finance Facilities in addition to Standard Loans



Types of financing provided by EIB



- Standard Loans**
- “Traditional” EIB lending instrument
 - Guaranteed basis
 - Bulk of EIB’s lending volumes

- Structured Finance Facility (SFF)**
- Established in 2001...
 - ... to expand EIB ability to provide financing
 - ... to lend to projects with higher risk (PPP’s)
 - ... to provide more flexible financing solutions

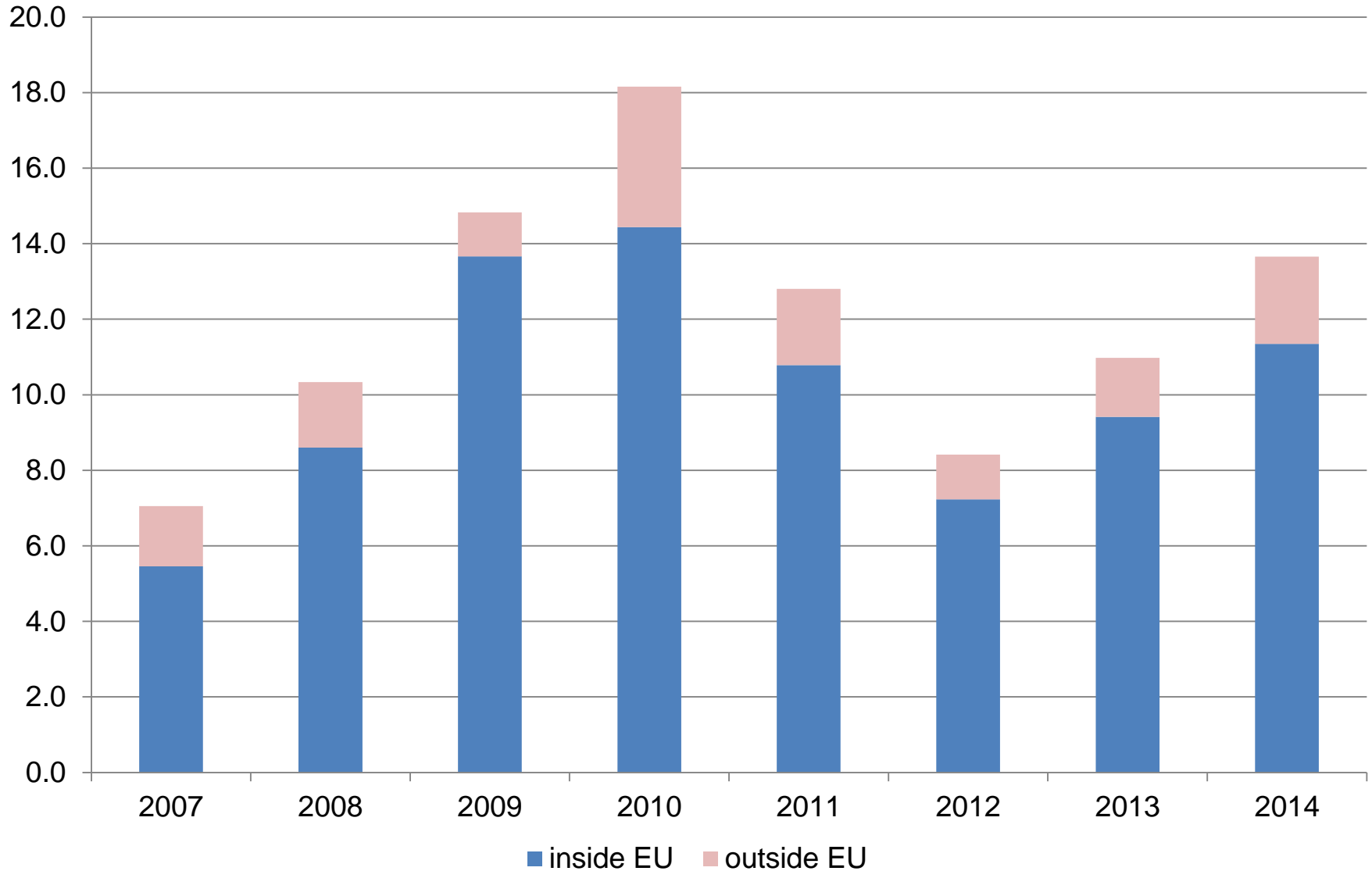
¹such as Project Bond Credit Enhancement (PBCE), subordinated loan or Loan Guarantee for TEN-T projects (LGTT)



- **EIB and Climate Action**

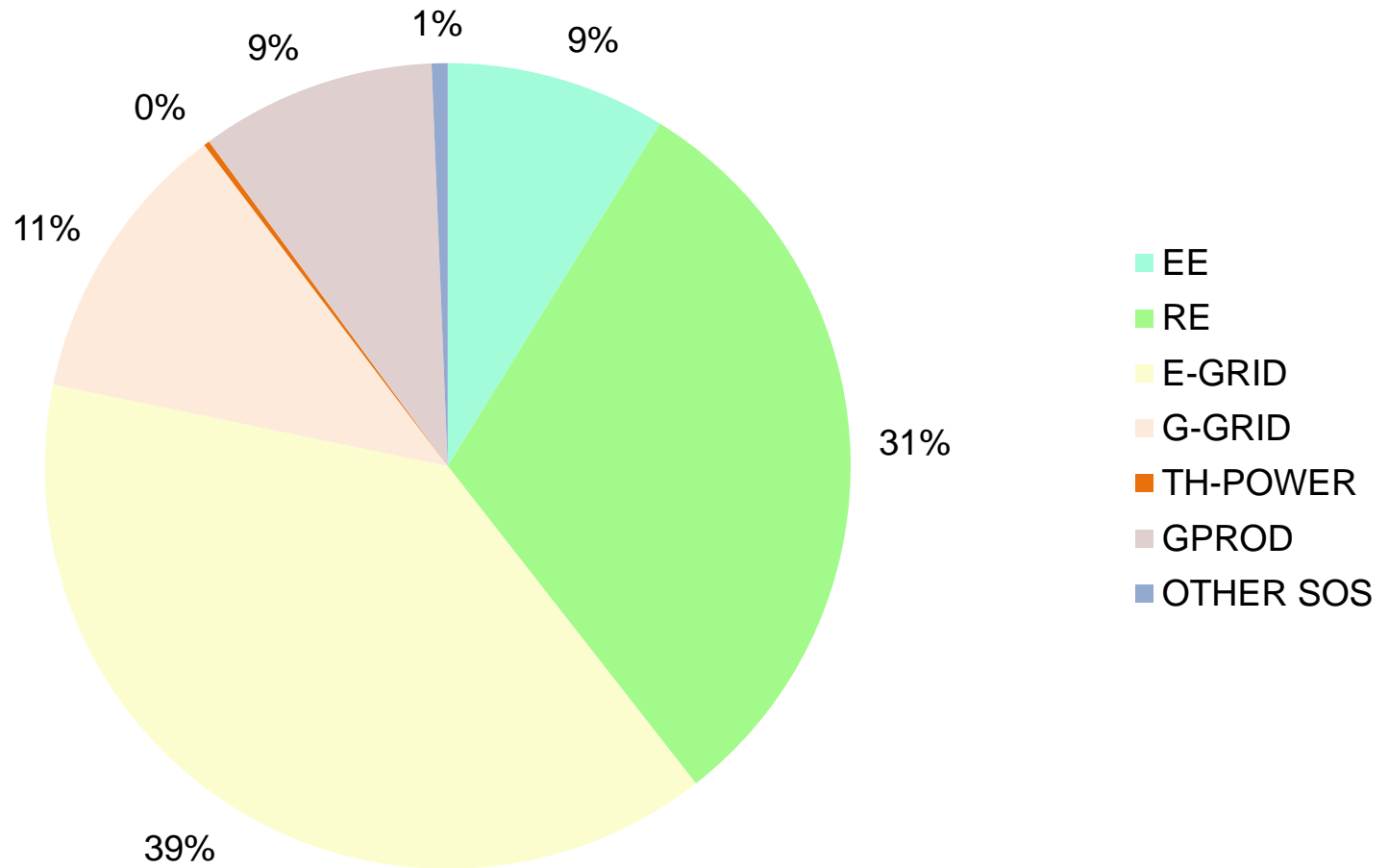


EIB lending to Energy (€ bn)



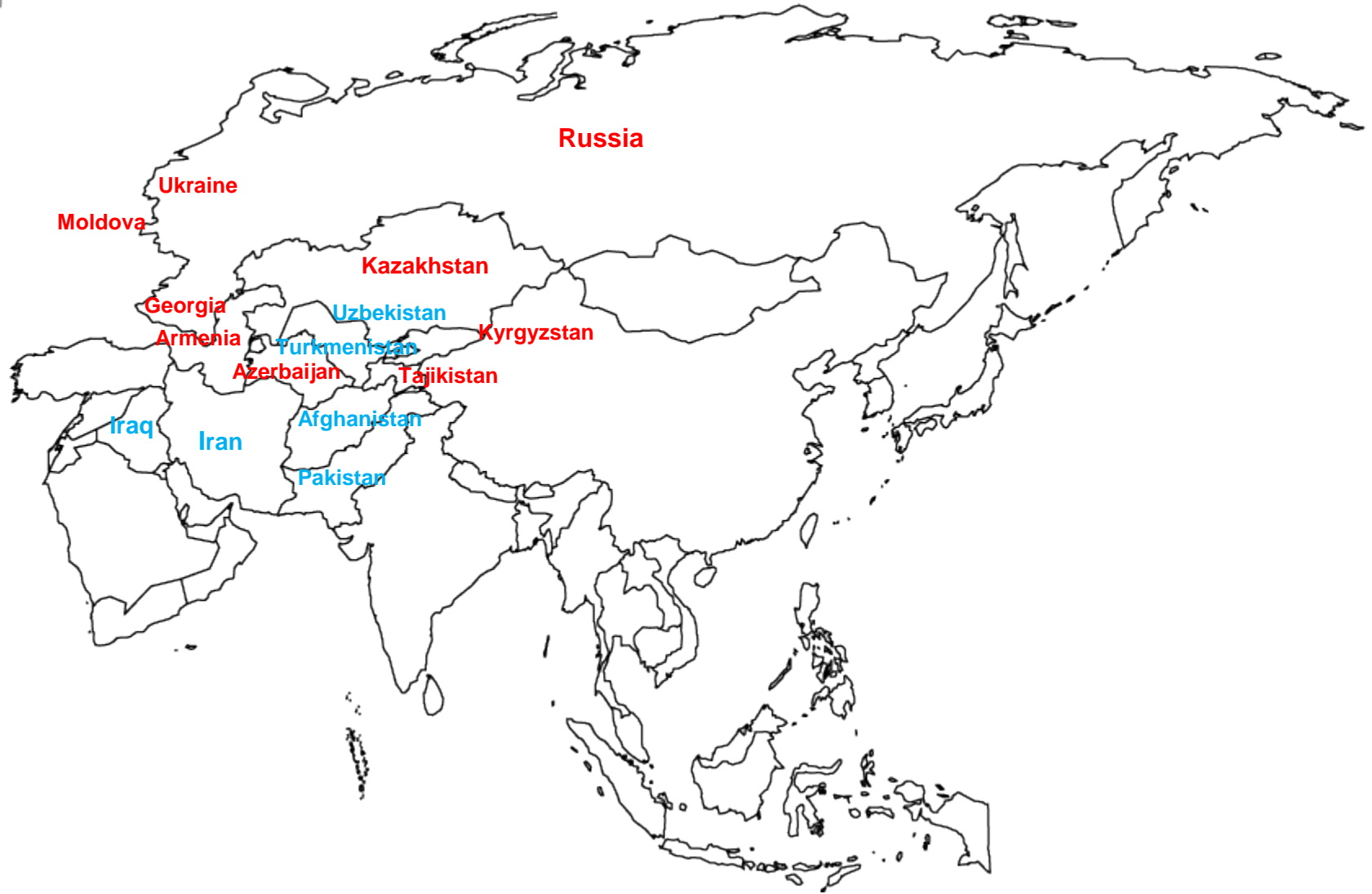


2014 EIB lending to Energy -13,5 € bn





Asia including Russia



■ EIB is operational ■ EIB is not present



Climate Action and Environment Facility Central Asia

- ❖ Funds available : Eur 1,5 billion

- ❖ Priorities of investment:
 - ❖ Climate change mitigation
 - ❖ Protection of Biodiversity
 - ❖ Drinking water production/distribution
 - ❖ Waste water treatment/sanitation



Sample climate action projects outside EU



Renewable Energy:
Lake Turkana Wind Project



EUR 200m financing structure for the largest wind farm that is currently being developed in Sub-Saharan Africa

Adaptation:
Caribbean Development Bank (CDB)



US\$ 65m dedicated lending and technical assistance programme for adaptation activities in the 18 CDB member countries

Energy Efficiency:
Banque du Liban



EUR 50m credit line for the financing of energy efficiency investments carried out by private companies in Lebanon

Sustainable Transport:
Egypt Cairo Metro



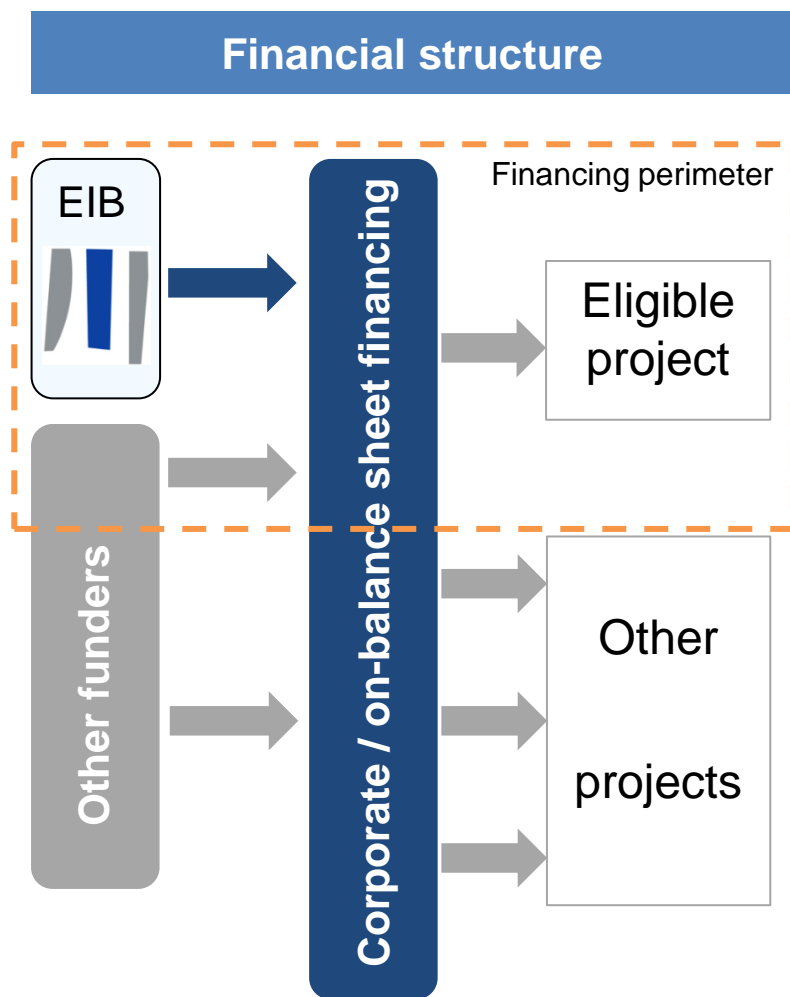
EUR 600m loan for extension of the Cairo Metro with 17 km to serve the main transportation corridors of urban greater Cairo




Example fund of funds: GEEREF

- GEEREF is a fund of funds and provides global risk capital to energy efficiency and renewable energy projects in developing countries and economies in transition (African, Caribbean and Pacific region, non-EU Eastern Europe, Latin America and Asia)
- Advised by the EIB Group, GEEREF was launched in 2008 with funding totaling EUR 112m from the European Union, Germany and Norway.
- To date, GEEREF committed EUR 74m to 7 funds.
- GEEREF is in the process to raise further private capital to leverage the contributions from the sponsors

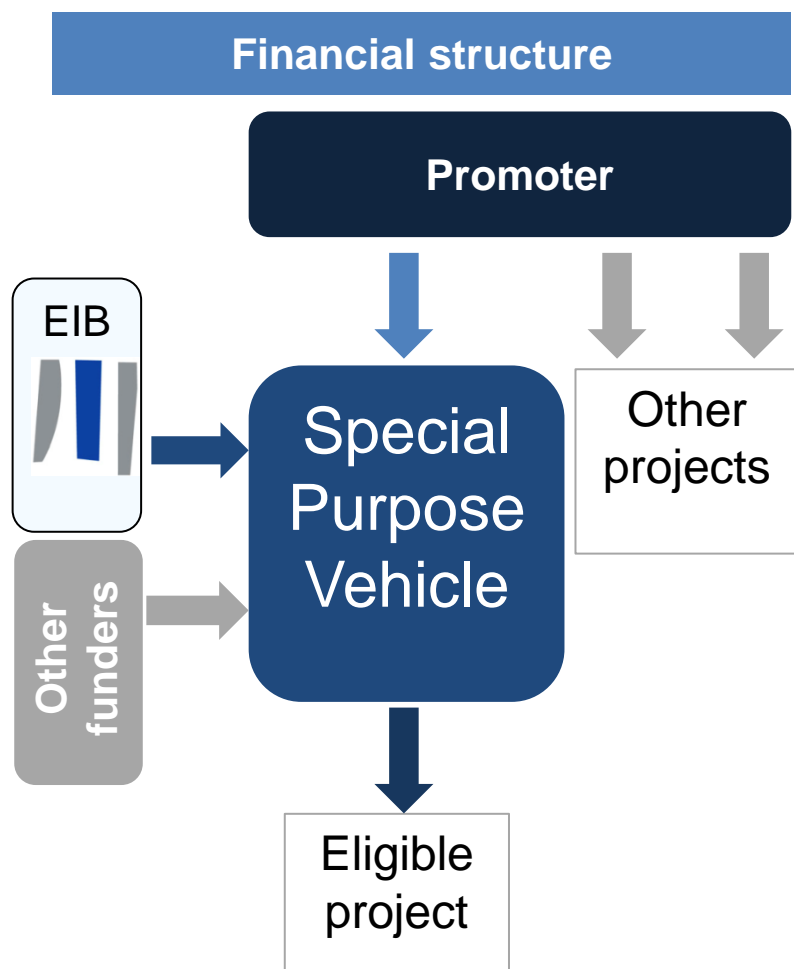
EIB provides direct loan to corporates to finance their projects



- Value-added**
- Long term debt (depending on economic life of assets)
 - Large amount (up to 50% of project costs)
 - Price competitive
 - Pari passu with other senior lenders
 - Fixed or floating rate

- Example**
-  **STOGIT**
- Financing of the construction of an underground gas storage facility in Bordalona (Lombardy region).
 - Providing flexibility and security to the gas system
 - EUR 300m (on a total of 600m project costs)

EIB also lends to special purpose vehicles which allows to ring fence projects



Value-added
<ul style="list-style-type: none">▪ Large amount (up to 50% of eligible costs)▪ Price Competitive for long term financing▪ Pari passu with senior lenders▪ Ring fenced structure to isolate higher risks (e.g HVDC connection)▪ USD-EUR and local currency (if available)

Example
<ul style="list-style-type: none">▪ Financing Gate terminal ('Gas Access To Europe'), the first independent LNG import terminal in the Netherlands▪ Initial annual throughput capacity of 12 billion cubic meters per year▪ EIB provided EUR 136m over the EUR 800m total costs



- EIB in Turkey



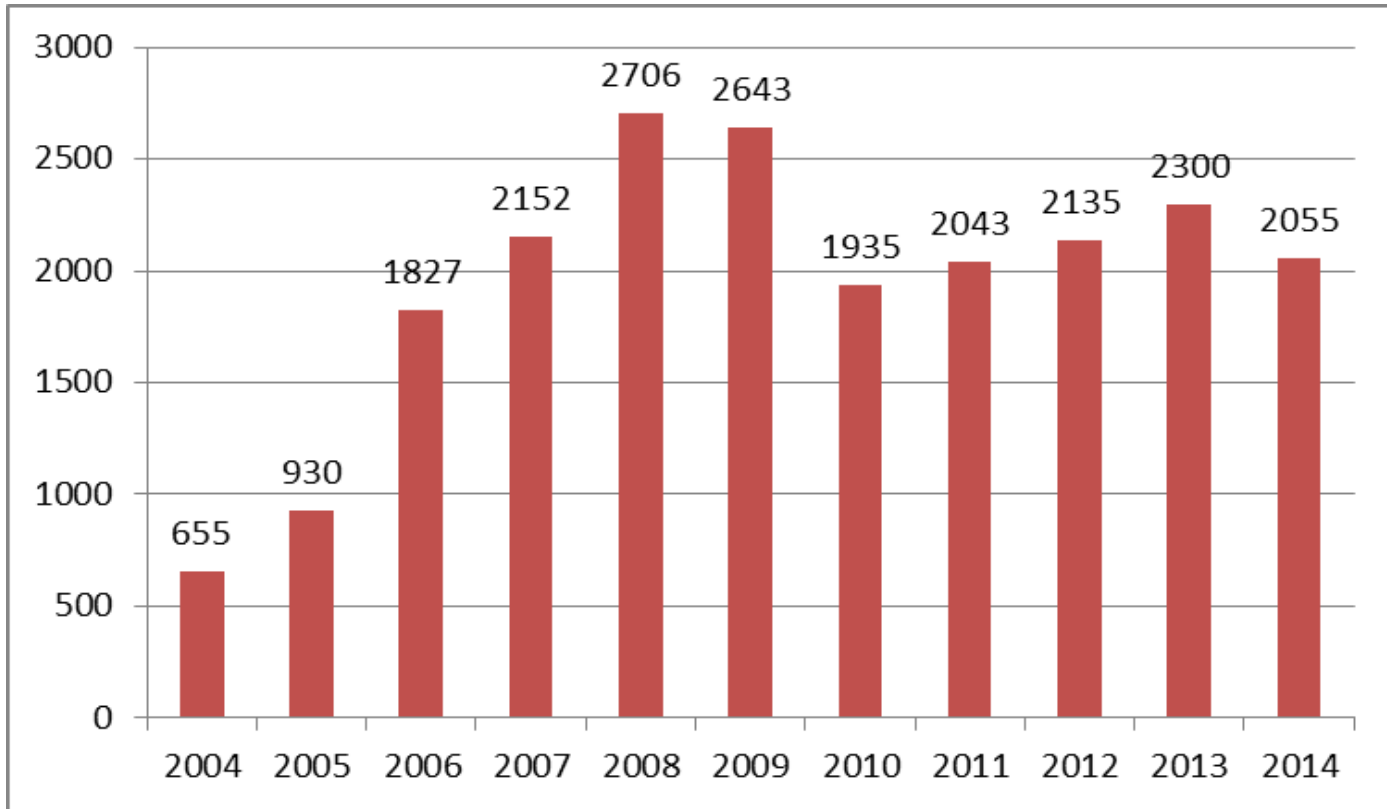
EIB lending to Turkey: a long-standing partnership



- ❖ EIB has been lending to Turkey since the mid 1960s; with an overall lending volume exceeding EUR 21 bn over the last decade. Current lending level of +/- EUR 2bn/yr.
- ❖ Step change in lending activity since 2005, given the status of Turkey as Candidate Country for EU Accession.
- ❖ Turkey ranks first among EIB recipient countries outside the EU.
- ❖ EIB Group's role is to support the country's economic development and assist the country in its pre-accession phase to the EU.
- ❖ EIB Group stands for tangible contribution to priority projects that make a difference to the population of Turkey. Lending priorities are set in reflecting the national and EU priorities, in close consultation with the Turkish Treasury and EC.
- ❖ EIB Group reacts swiftly, adapts its lending to the changing needs in the country.



EIB lending to Turkey (EUR m)

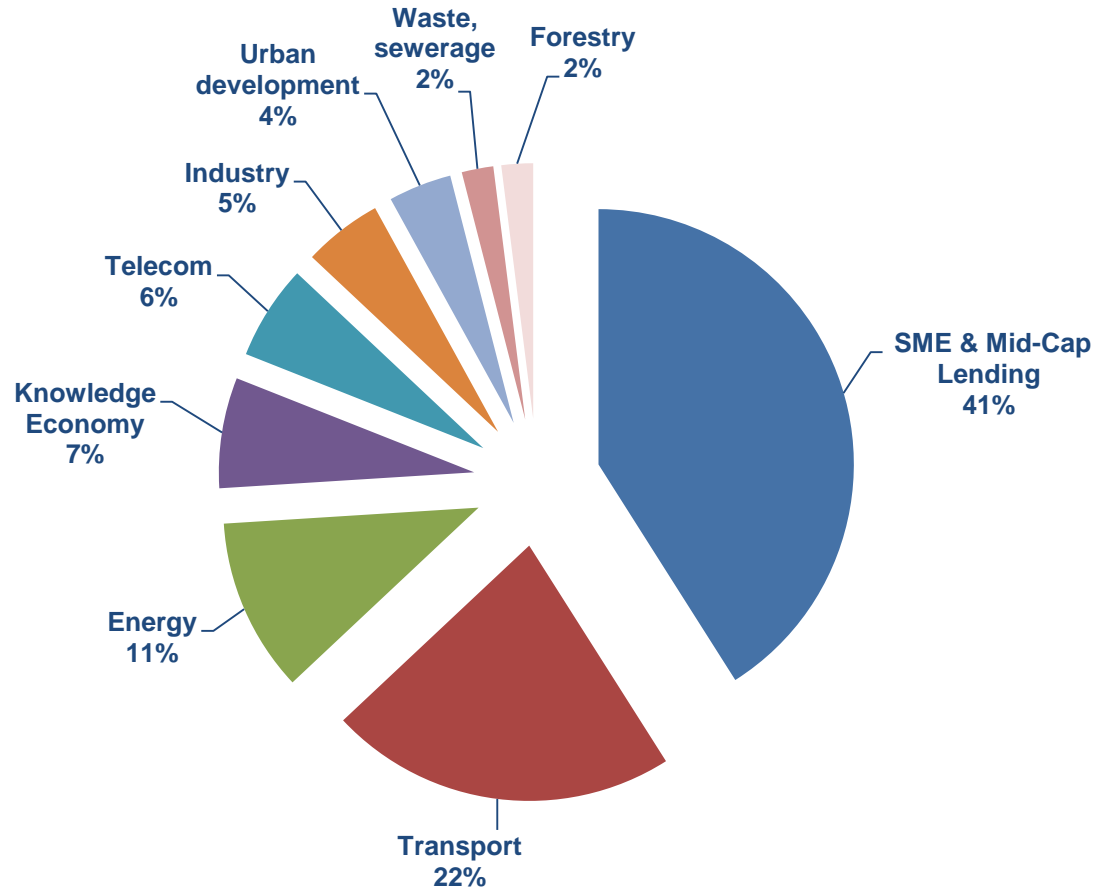


More than EUR 21 bn in lending during 2004- 2014



Sectoral breakdown of EIB Lending to Turkey

EUR 21.4 bn over 2004-2014





Financing the Energy Sector in Turkey 2008 – 2014: EUR 2,150m



- Direct Loans

- Upgrading of national distribution network (TEDAS) EUR 225m
- Large-scale combined cycle gas-fired plant (SAMSUN) EUR 300m
- Large-scale hydro and wind power plants
(EnerjiSA&Osmaniye) EUR 165m

- Intermediated Loans

- Small and medium-scale renewable and energy efficiency projects via 8 banking partners EUR 1,435m

- Indirect contribution through Equity Funds

- EIB is investor in the Crescent Clean Energy Fund for Turkey (CET), targeting renewable energy projects EUR 20m



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