Transport & Environment
Does the money match the targets?
Aligning EU investments in transport infrastructure with EU climate targets

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EIB: The EU Bank

- Independent institution founded by Treaty of Rome in 1958
- Shareholders: 28 EU Member States
- 90% of activity is within the EU
- Demand driven: Promoters request EIB investment
- Largest multilateral lender and borrower in the world
  - Raising funds on the international capital markets
  - Pass on favourable borrowing conditions to clients
Long-term finance promoting European objectives

Board of Governors
28 members

Board of Directors
29 directors
18 alternates
+6 experts

Management Committee
President
8 Vice-Presidents

Audit Committee

European Investment Bank Group
EIB lending in 2015:
EUR 78bn

- European Union: EUR 69.7bn
- Outside EU:
  - EFTA & Enlargement Countries: EUR 2.7bn
  - Eastern Neighbours: EUR 1.5bn
  - Africa, Caribbean, Pacific, South Africa: EUR 1.1bn
  - Asia and Latin America: EUR 1.1bn
  - Southern Neighbours: EUR 1.4bn

Total: EUR 77.5bn
## Our products

**We help catalyse investment**

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<td>Combining EIB finance with EU or MS budget funds – <em>(cofinancing)</em></td>
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Attracting FUNDING for long-term growth
1. Transport Investment and EIB Lending

2. EIB Project Cycle and Appraisal

3. Examples

4. Trends and Conclusions
Implement EU Policy objectives:

- Growth and employment
- Economic and social cohesion
- Environmental sustainability & Climate Action

Long-term lending
Transport approximately 20–25% of total lending
EIB Transport Lending Policy (2011)

- Multimodal approach to optimise interventions
- Prioritise environmentally sustainable transport solutions
- Air and road sectors: Restricted & high economic returns required
- Specific requirements
- Compliance with EU Directives

EIB’s transport lending policy approved in 2011 after public consultation
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We support sound and sustainable projects

- Identification of a project opportunity
- Project appraisal: Financial, Economic, Social, Environmental, Technical
- Management Committee Review / Approval
- Board of Directors’ Approval
- Loan approved
- Repayment
- Physical & financial monitoring
- Disbursement
- Contract signed
- Negotiation
EIB’s Value Added Methodology for operations in EU countries

3 Pillar assessment

Pillar 1: Quality and contribution of the project to sustainable growth and employment

Pillar 2: Consistency of the project with, and contribution to, EU and EIB policy objectives

Pillar 3: EIB’s contribution to the project

Ex post assessment

Results monitoring indicators

Core impacts

Outputs

Outcomes
Climate Action Lending

- Carbon Footprint Methodologies applied to project appraisal work to measure absolute greenhouse gas emissions generated by projects.

- EIB climate strategy (2015) in support of Paris agreement ensures that at least 25% of lending supports climate-related investment.

- In 2015, EUR 10.3bn was lent to finance lower carbon and climate-friendly transport.
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EFSI Case Study: Riga Transport Company (LV)

Example of blending CEF grant and EIB/EFSI finance:

- **Borrower:** Riga Transport Company (RTC), public transport operator owned by Municipality of Riga

- **EIB EUR 75m loan (with EFSI guarantee) to:**
  - Upgrade the tram system (new rolling stock and infrastructure)
  - Modernise existing tramway depot
  - Purchase 10 new hydrogen fuel cell buses, 10 new trolleybuses with hydrogen fuel cell range extenders and associated refueling infrastructure

- **EUR 8m CEF grant to co-finance installation of hydrogen fuel production and charging facilities**

- **Environmental, noise, safety and accessibility benefits**

- **Support deployment of alternative fuel public transport**

Example of electric bus testing in Riga (2016)

Source: Latvian Information Agency (2016), Leta/delfi.lv
EFSI: Trenitalia Regional Rolling Stock

- **Description:** Acquisition of new rolling stock to operate in Lazio, Liguria, Piedmont, Tuscany and Veneto
  - 5 regions, concentrating 50% of the service supply and 60% of the entire Trenitalia’s patronage.

- **Structure:** Innovative financing structure (bond scheme) under EFSI for the acquisition of 49 five-car articulated EMUs and 250 double-deck passenger coaches:
  - EIB will buy bonds issued by Ferrovie dello Stato, the Italian state railway company
  - Ferrovie dello Stato will pass the proceeds of the sale to its subsidiary Trenitalia, which will buy the trains

- **Project Investment cost:** € 708 m
- **Loan Amount:** € 300 m
  - 42% of cost financed by EIB, remainder by FS Group’s resources and private funds
- **Term:** 10 years bullet.
- **Delivery of rolling stock:** 2014 – 2016
Trends and Conclusions

• Lending in transport sector aims to support the deployment of alternative fuels to support sustainable transport.

• Lending to transport sector is also increasingly green:
  • 2015 was the first year in which the majority of transport projects financed by EIB fell under the sustainable transport policy objective category (50.2% of transport projects were ‘sustainable’ compared to 38.8% in 2014).
  • Sustainable transport accounted for EUR 5.8bn of EIB’s new lending volume in 2015, split across different transport modes.
Thank you for your attention!