

Infrastructure Financing by the EIB



Regional conference on Infrastructure Financing in Central Africa Yaoundé, 10 March 2014

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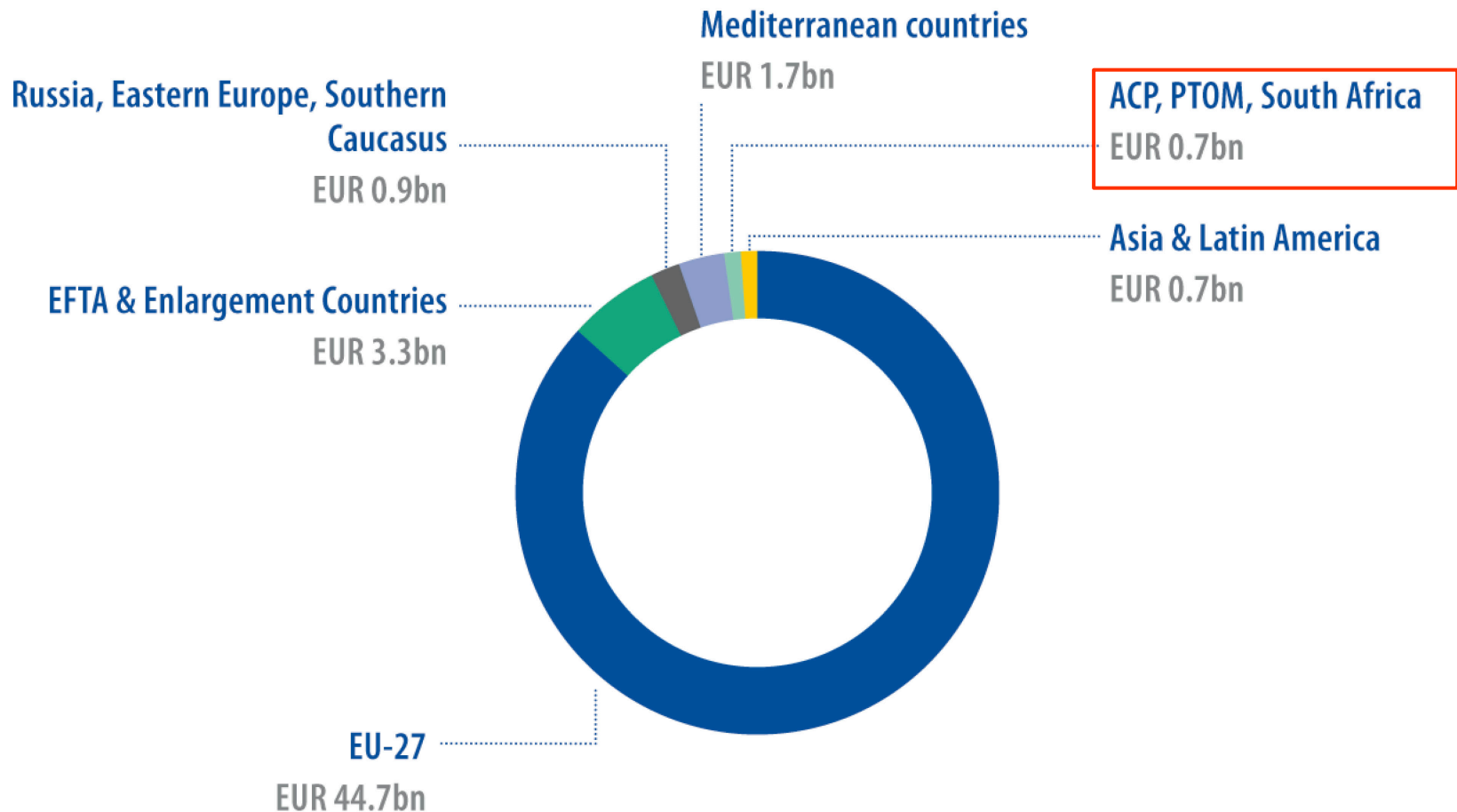


I – who is the EIB ?

- ❖ The Bank of the European Union
- ❖ European Union's long-term lending bank set up in 1958 by the Treaty of Rome
- ❖ Shareholders: 28 EU Member States
- ❖ Outside the Union: development mandate, focusing on private sector development and social and economic infrastructure



EIB Signatures 2012 (in EUR)



The EIB is the world's largest multilateral borrower and lender. In 2012 EUR 71bn raised and EUR 52bn lent



II – Examples of infrastructure projects in the EU and candidate countries

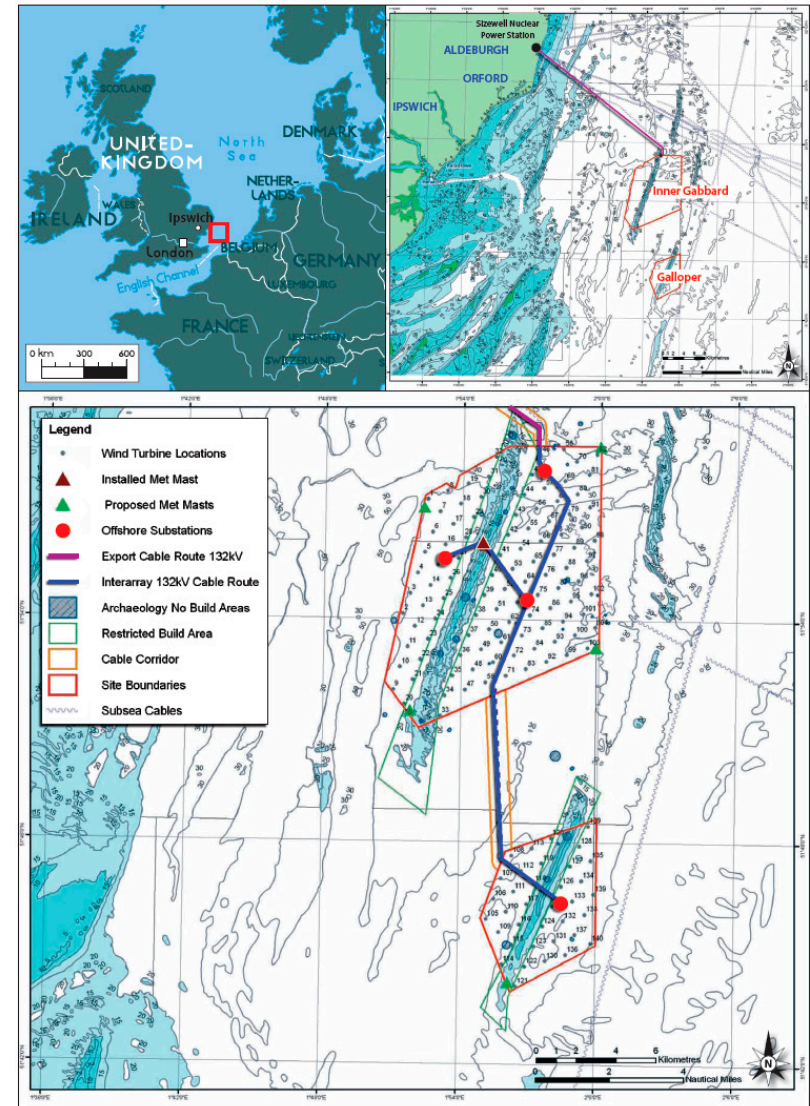


Example 1 : Project Bond



Project: GREATER GABBARD OFFSHORE WINDFARM - United Kingdom

The Greater Gabbard Offshore transmission link, UK



N° 20100228

European Investment Bank - GraphicTeam - 1453 DR02689 04/2010



Example 1 – Project Bond

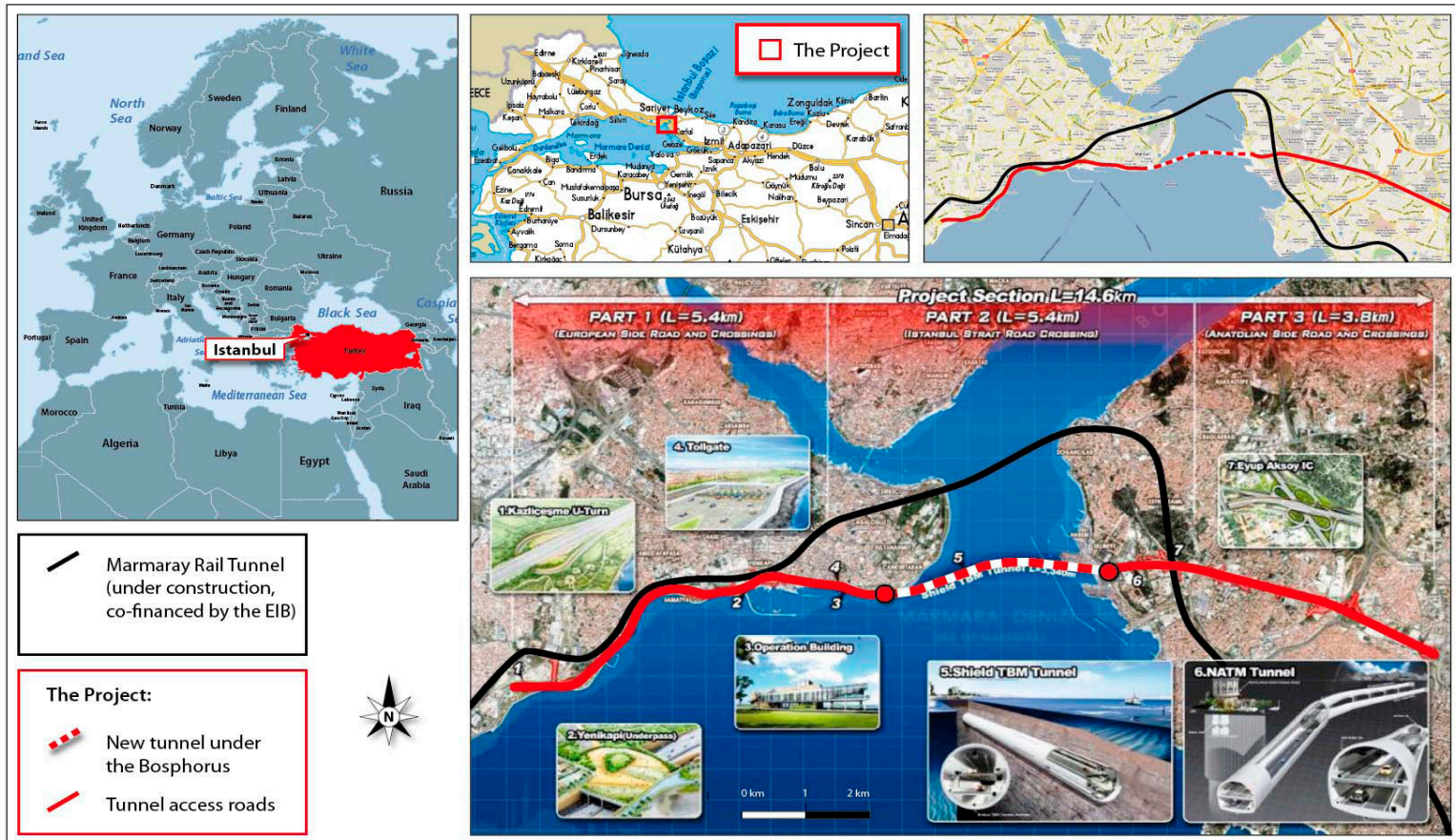
The Greater Gabbard offshore transmission link, UK

Key facts	
Project	New transmission link connecting the 140 turbine wind farm offshore (Suffolk coast) with the UK mainland electricity network
Sector	Energy - transmission
Borrower/ Bond issuer	Offshore Transmission Owner (OFTO), SPV
Location	United Kingdom
Cost	GBP 305 M
Financing structure	Issuance of bonds worth GBP 305 M EIB guarantee GBP 46 M (15% of overall value), under the Project Bond Credit Enhancement Initiative
Value added	✓ The project bond achieved an AAA rating ✓ Attracted strong interest of institutional investors ✓ Allows investing in large-scale infrastructure projects
Timetable	Signed en 2013

Example 2 : PPP

The Eurasia Tunnel, Turkey

Project: EURASIA TUNNEL PPP - Turkey



N° 20090678



Example 2 – PPP

The Eurasia Tunnel, Turkey



Key facts	
Project	✓ Private-public partnership for the design, building, financing, operation and maintenance of the Istanbul Strait “Eurasia” Tunnel
Sector	Transport – roads
Borrower	SPV incorporated for the project
Location	Istanbul
Cost	USD 1 bn
Financing structure	USD 350m EIB loans USD 351m Export Credit Agencies (ECAs) facilities USD 100m Commercial banks loans under ECA’s cover USD 50m EBRD loan Balance: equity from the SPV
Value added	✓ Financial engineering: structuration and documentation of the project as closely as possible to EIB and European market standards ✓ Long term funding permitting the involvement of the local banking sector ✓ Lower cost of the EIB funding strengthening the economics of the project
Timetable	Signed end 2012. Completion expected in 2016/2017



III – Examples of infrastructure projects in Africa

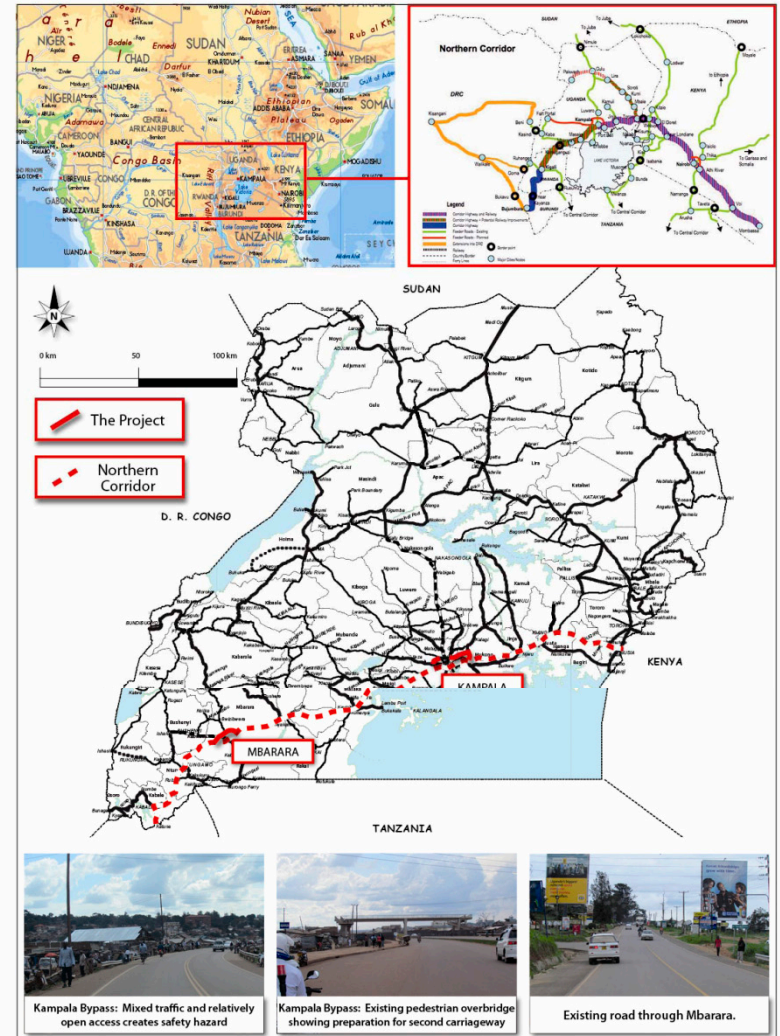


Example 1 – Blending loan/grant



The Eastern Africa Transport Corridor

Project: EASTERN AFRICA TRANSPORT CORRIDOR - Uganda



N° 20110361

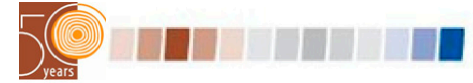
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Example 1 – Eastern Africa Transport Corridor



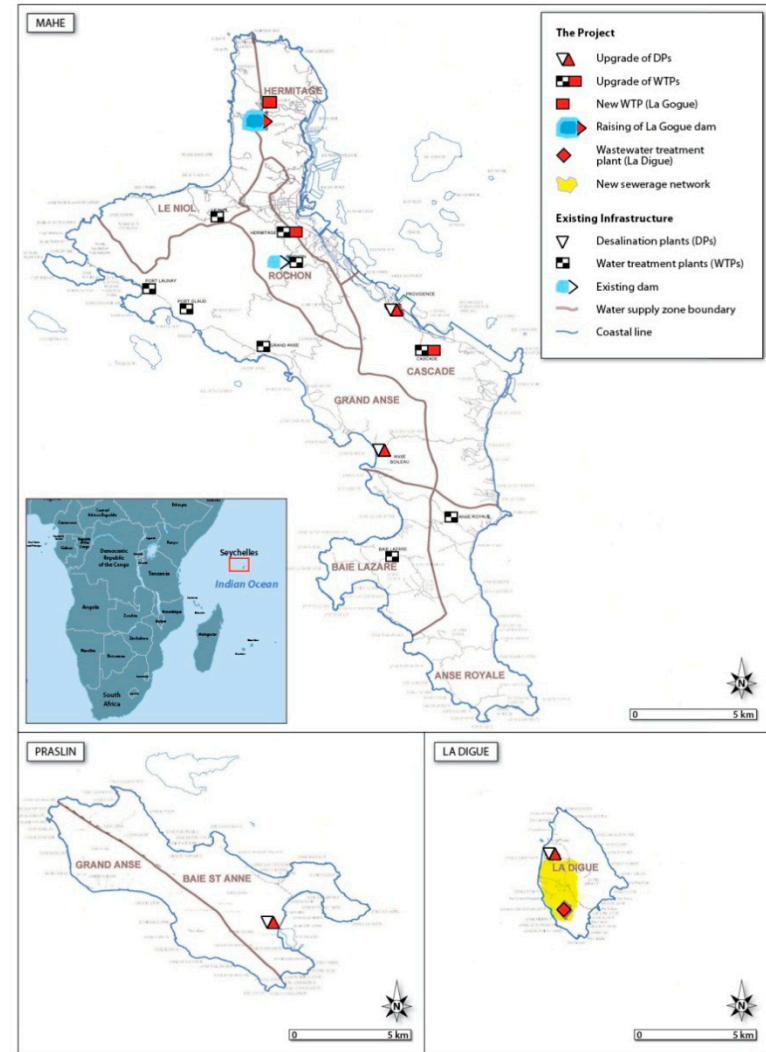
Key facts	
Project	Improvements of two separate road sections (58 km) of the Northern Multimodal Corridor Road in central and south west Uganda
Sector	Transport - Roads
Borrower	Republic of Uganda
Location	Uganda: Kampala & Mbarara
Cost	EUR 129 m
Financing structure	EUR 55 m EIB loan EUR 42 m European Commission grant EUR 32 m Borrower own funds
Subsidy	EUR 16,5 m interest rate subsidy provided by the EU-Africa Infrastructure Trust Fund for the regional development impact
Value added	✓ Long-term financing (20 years) benefiting regional transport infrastructure in East Africa ✓ Blending of EDF (European development fund) grant resources with an EIB loan enabling regional infrastructure development
Timetable	Under disbursement / completion expected end 2016

Example 2 – Technical assistance



Seychelles Water & Sanitation project

Project: SEYCHELLES WATER & SANITATION



Example 2 – Technical assistance Seychelles Water & Sanitation



Key facts	
Project	<ul style="list-style-type: none"> ✓ Renewal and expansion of the water supply systems on the 3 main islands of Seychelles ✓ Upgrading of sewerage system in Mahé and new sanitation facilities on La Digue
Sector	Water & sanitation
Borrower	Republic of Seychelles
Location	Seychelles: Mahé, La Digue
Cost	EUR 65 m
Financing structure	EUR 27 m EIB loan EUR 2 m EDF grant EUR 10 m AFD loan EUR 12 m AfDB loan EUR 14 m own resources
Subsidy	EUR 5 m IRS from the EDF justified by the high social and environmental benefits + strong focus on climate change action and adaptation
Value added	<ul style="list-style-type: none"> ✓ TA for project preparation and implementation (incl. capacity building) ✓ EDF grant for an energy efficiency audit as well as programmes for water demand management, water resource management and natural disaster contingency planning ✓ MRI (Mutual Reliance Initiative) with AFD
Timetable	Completion expected end 2017



Example 3 – PPP

Kribi gas fired power plant, Cameroon



Project: KRIBI GAS FIRED POWER PROJECT - Cameroon



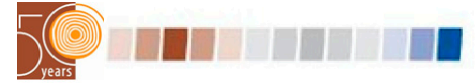
N° 20070015

Example 3 – PPP

Kribi gas fired power plant, Cameroon



Key facts	
Project	<ul style="list-style-type: none"> ✓ Construction of a 216MW gas fired power plant ✓ 100km transmission line in the southern coastal area of Cameroon
Sector	Energy
Borrower	<p>Kribi Power Development Company (KPDC), a SPV formed to develop, build, finance and operate the project</p> <p>Owned 56% by AES Kribi and 44% by the Republic of Cameroon</p>
Location	Cameroon
Cost	EUR 263 M
Financing structure	<p>EUR 138 M tranche from DFIs (IFC, EIB, AfDB, Proparco, FMO)</p> <p>EUR 60 M in FCFA from local commercial banks</p> <p>EUR 10 M in FCFA from BDEAC</p> <p>Balance: own funds</p>
Value added	<ul style="list-style-type: none"> ✓ DFIs had an important catalytic effect by mobilising a sizeable local commercial bank tranche ✓ Long term resources
Timetable	Project completed in May 2013



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

