EUROPEAN INVESTMENT BANK

EIB Operations in Eastern Partner Countries and Central Asia

14 April 2011

Long-term finance promoting European objectives

- **European Union's long-term lending bank set up in 1958 by the Treaty of Rome**
- **Owned by the 27 Member States of the European Union**
- **A policy-driven public bank**: in synergy with the other EU institutions, the EIB contributes to the realisation of investment projects that further the economic, social and political cooperation priorities of the EU
- A non-profit maximizing financial institution
- Supports investment projects both within the EU and outside the EU

European priority objectives

- Within the Union:
  - Cohesion and convergence
  - Knowledge Economy
  - Small and medium-sized enterprises (SMEs)
  - Environmental sustainability
  - Trans-European Networks (TENs)
  - Sustainable, competitive and secure energy
- Outside the Union
  - Support the EU's cooperation and development policies

EIB Mandates in Eastern Partner Countries

The mandates governing EIB activity in the East have broadened in size and scope since 2001.

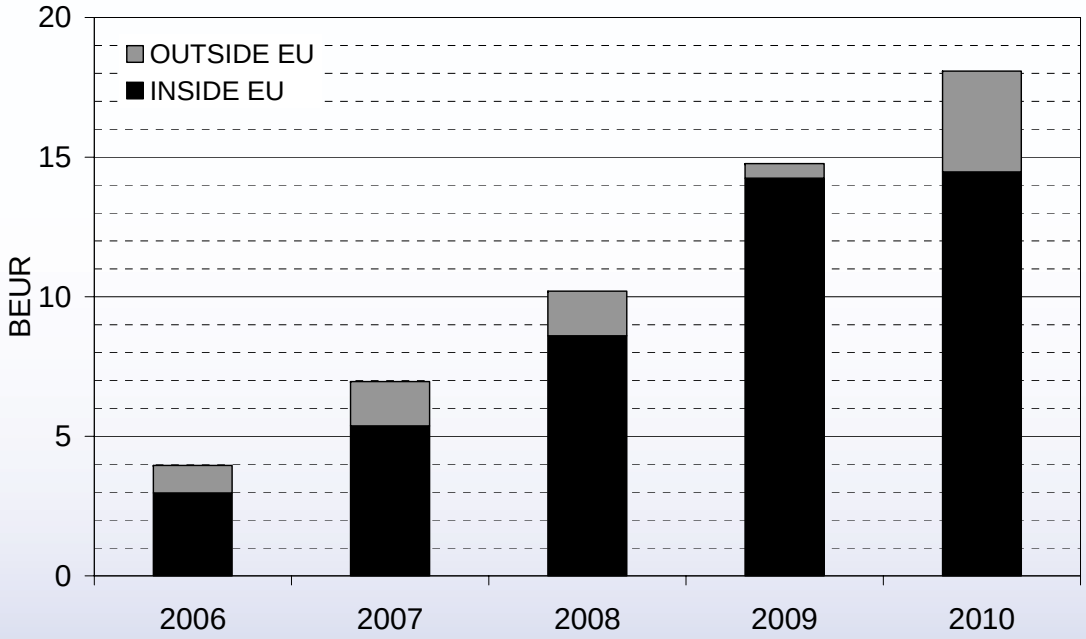
- **2001: EUR 100m for Russia** alone, focused on selected environmental projects in the Baltic Sea rim of Russia.
- **2005 - July 2007: EUR 500m for Russia, Belarus*, Moldova and Ukraine** for financing projects of key common interest for the EU/respective country in the areas of "environment", as well as "transport, telecommunications and energy infrastructure on priority Trans-European Network (TEN) axes having cross-border implications for a Member State" of the EU (*Belarus subject to future decision of the Commission, which however did not occur during that mandate's timeframe).
- **2007-2013: EUR 3.7bn for Russia, Eastern Europe (Ukraine, Moldova and – subject to future Council Agreement – Belarus) as well as Southern Caucasus (Armenia, Azerbaijan and Georgia).** This new mandate is for "projects of significant interest to the EU in transport, energy, telecommunications and environmental infrastructure.
- **2007-2013:** The five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) fall under a separate ceiling of EUR 1.0bn for Asia.

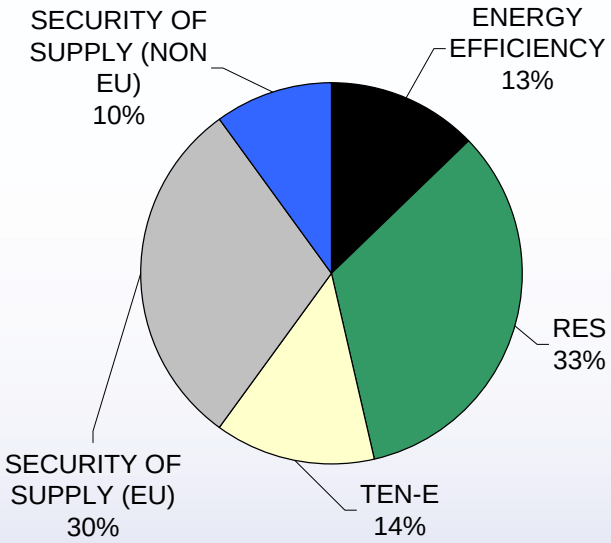
- Total signed loans as of today EUR 1,348 m EUR

EIB products in Eastern Partner Countries

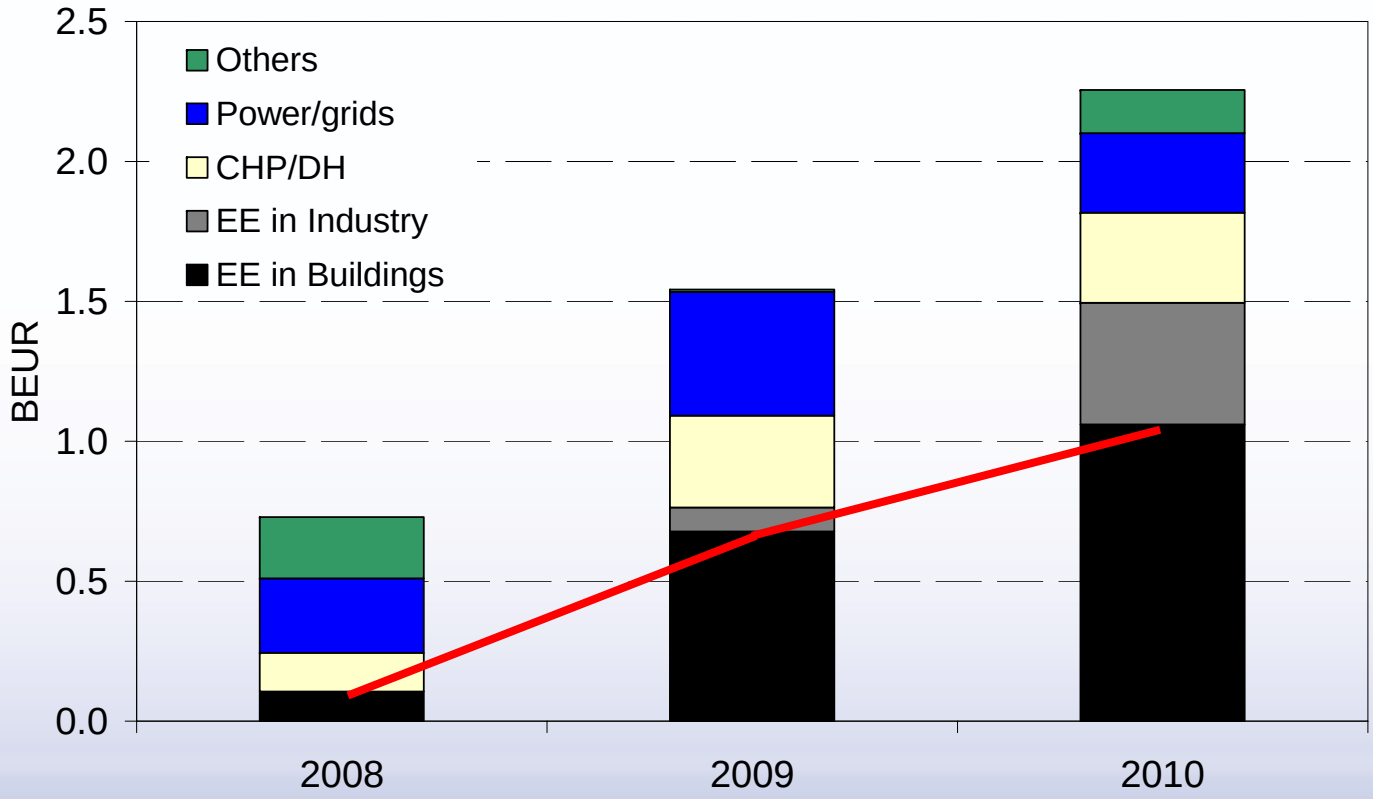
- Core product: **medium- and long term loans**
- Typical **direct loans** are in the order of **EUR 25-100 million;** larger amounts are possible
- **Intermediated loans**: For smaller projects, the EIB can lend indirectly through **credit lines** to local financial intermediaries (sub-loans of between EUR 0.1 and EUR 12.5 million)
- Potential for **extensive cooperation with other financial institutions** as financial intermediaries (credit lines), as guarantors, as partner in project identification and as financial arrangers
- Benefits of low cost of funding passed on to clients:
    - Large amounts
    - Broad range of currencies
    - Long maturities (up to 25 years and tailor-made grace periods)
    - Attractive interest rates
    - Low fees

EIB lending in energy





EIB lending in EE



EIB and EE in Eastern Europe

- The main energy efficiency potential is in buildings (including district heating) and industry
- In the last 3 years (2008-2010) the EIB has signed 25 loans of 1,400 MEUR in the region, having energy efficiency as objective. Some 60% of the lending corresponds to EU countries, while 4% to Western Balkans and 36% to Eastern Partner Countries. Around 37% of energy efficiency financing supported cogeneration, 23% buildings, 19% power grids and 1% industry. The residual part corresponds to loans with multiple energy efficiency objectives.
- In general energy savings of 20% or more, compared to conditions before the project, should be achieved. Where feasible, the EIB encourages promoters to go beyond the usual energy efficiency targets.

For more information

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