



# EIB activity and instruments outside the EU – Part II

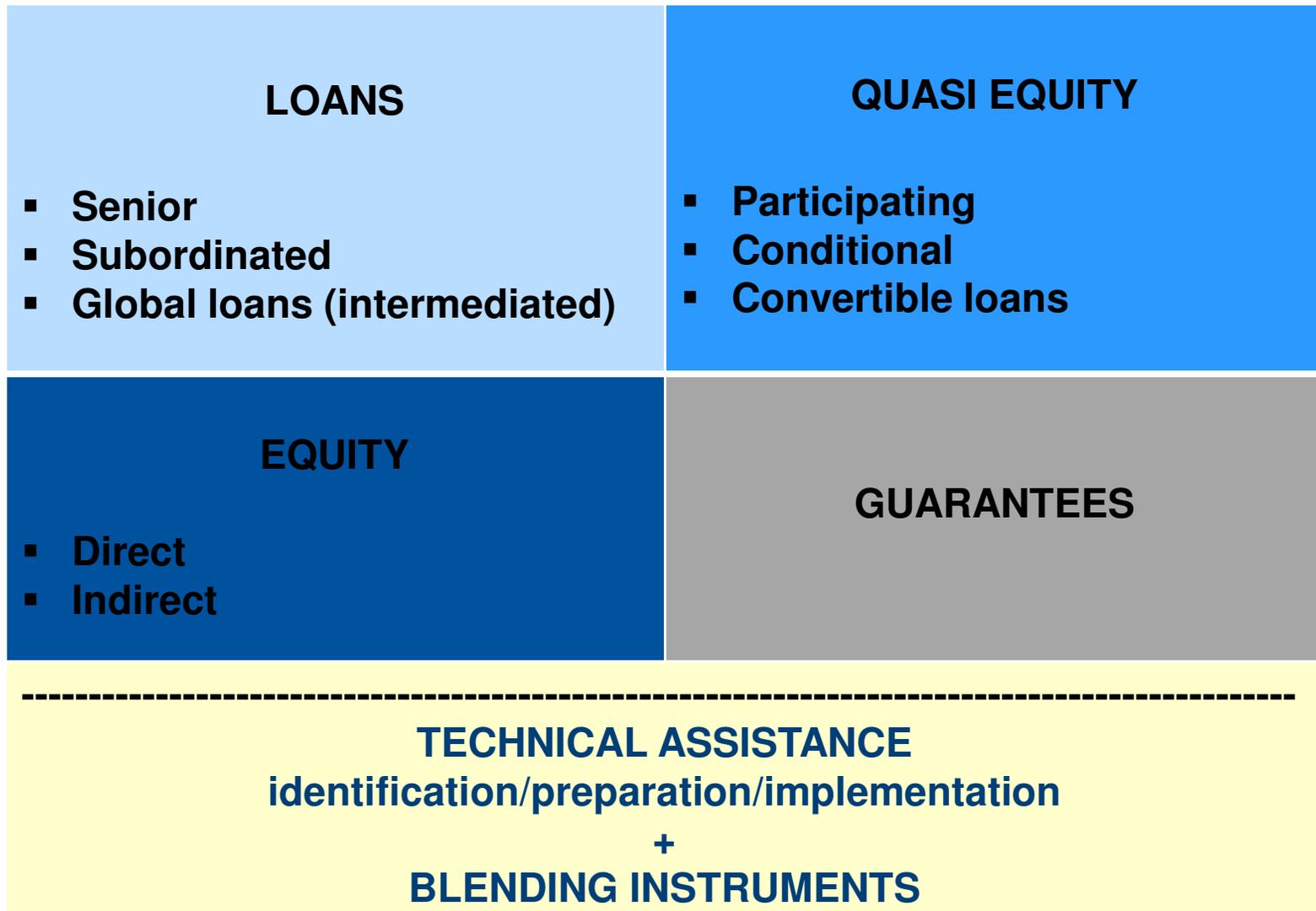
Rome, 24 June 2013



# The European Investment Bank

- ✓ Who
- ✓ Why
- What - Products
- How:
  - Who can benefit from EIB
  - What procedures to follow

# What : EIB products



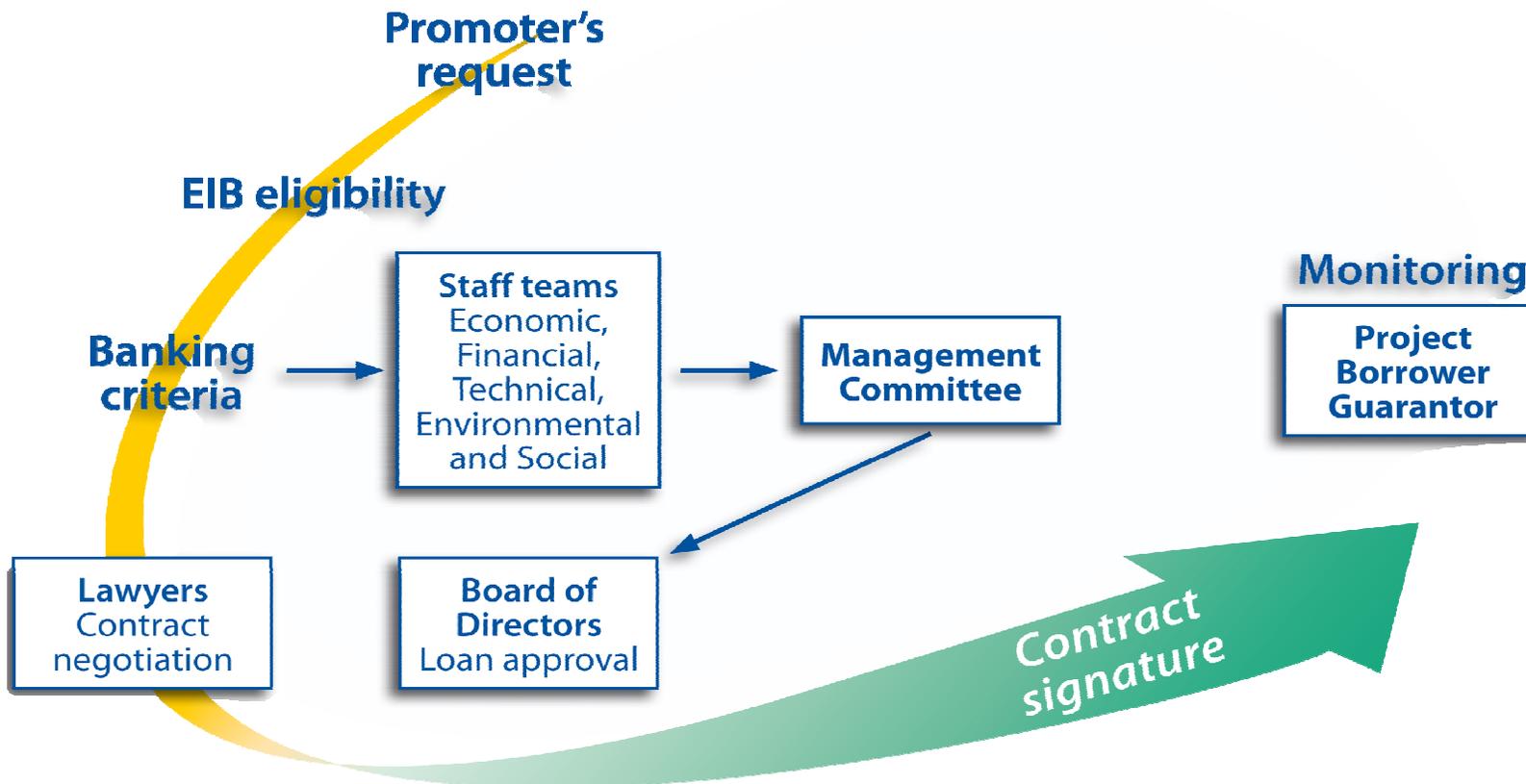


## How : Who can benefit from EIB

- Public sector
- Private sector
  - ✓ Direct Finance
    - “corporate finance”
    - “project finance”
  - ✓ Indirect Finance - e.g. Global Loans for SMEs
    - Corporates
    - SME
    - Microfinance
      - Good suppliers
      - Service suppliers - consultants



# How : procedures to follow The EIB project cycle





- ❖ Starting point = the project promoter's request
- ❖ *EIB does not create projects*, but EIB can support promoters,
- ❖ if needed, EIB can help to develop projects to make them bankable with help of TA
- ❖ Selection on eligible, high priority, profitable projects - in close dialogue with promoters



## Projects must:

- ❖ Correspond to at least one of the EIB objectives
- ❖ Eligible sector
- ❖ Be technically sound
- ❖ Be financially viable
- ❖ Show an acceptable economic rate of return
- ❖ Comply with social and environmental EU standards
- ❖ Apply best-practice international procurement regulation (fair, transparent, economic)

# EIB Priority Objectives outside the EU



- ❖ Private sector development
  - Support for Foreign Direct Investment
  - Support of the Local Private Sector
  - Development of Local Financial Sector
  - Support for commercially viable public enterprises
- ❖ Infrastructure development
- ❖ Security of energy supply
- ❖ Environmental sustainability/Climate change
- ❖ (Support for EU presence in Asia and Latin America via Foreign Direct Investment -FDI)



## EIB's focus:

- ❖ Project justification / profitability (least-cost, EIRR, FIRR)
- ❖ Promoter's planning and decision making capacity
- ❖ Assessment of need for technical assistance
- ❖ Promoter's management capacity - and its independence
- ❖ Tariffs, adjustment mechanism, regulation
- ❖ System loss reduction – level, plans and priorities
- ❖ Efficiency of billing and collection systems
- ❖ Environmental and social policies, procedures and capacity
- ❖ Willingness and capacity to inform the public
- ❖ Transparent and fair procurement procedures

**Overall target: Adding Value**

# Environment & Social Policies Procurement



As international organisation and as EU public institution, the Bank's policy ensures EU policies applying principles of EU directives also for its outside EU lending i.e.

- Environmental and social impact assessments according EU principles
- works, goods and services to be procured of appropriate quality, at economic prices and in a timely manner



The principles of open international competition, non-discrimination of tenderers, fairness and transparency of the process, and selection of the economically most advantageous offer.

- ❖ within the EU / Candidate countries:
  - incorporated in relevant EU legislation / EU Directives on procurement
- ❖ countries outside the EU:
  - EU Directives with the necessary procedural adaptations

*Principles in accordance with EIB Guide to Procurement  
(<http://www.eib.org/projects/cycle/procurement/index.htm>)*



## Operations outside the EU – Public sector

- ❖ Open or restricted procedures advertised in OJEU is the rule for «larger» contracts (negotiated procedures can be used in very specific cases, if justified).
- ❖ Threshold for national procedures set for each project, maximum is (net of taxes):

Nature of the contract	Threshold in Euro
Works	5 million
Goods and Services except consultants	
In general	200'000
Electricity, gas, water and transport	400'000
Telecommunications	600'000



## Operations outside the EU – Consultancy services

- even if the contract amount is below the threshold, there are some minimum requirements for the tender process

Contract amount in EUR	Number of candidates	Number of nationalities
Above 300'000	Open or restricted procedures	
50'000 – 300'000	3 to 7	At least 2
Below 50'000	1	Not applicable



## Operations outside the EU – Private sector

- Fair and transparent procurement procedures ensuring an appropriate selection of works, goods and services offered with an appropriate quality, at competitive prices and in a timely manner. The selected offer must be economically the most advantageous. No discrimination on the basis of nationality.
- Established commercial practices (negotiated procedures with at least 3 qualified companies from at least 2 countries as far as possible).



## Operations outside the EU – Concessions

- Selection of the concessionaire / concession agreement after public tendering

alternatively

- Procurement of the project works, goods and services by the concessionaire after public tendering

*example*



## ❖ Technical assistance

- Linked to a project to be co-financed by EIB
- Promoter is in charge
- EIB is contractor

### Example 1

## ❖ CCTAF: Climate Change Technical Assistance Fund

- To help promoters prepare, register and validate a carbon credit project (CDM or JI)
- Linked to a project to be co-financed by EIB
- EUR 10m



# Financing of Technical Assistance/ Blending

Example 2

## EU-Africa Infrastructure Trust Fund

- ❖ Grant resources from the European Commission and 16 EU member states (pledged EUR 746 m of which EUR 417 m for Sustainable Energy for All Initiative)
- ❖ Grants for TA, Interest Rate Subsidies, social or environmental grants
- ❖ Lending and technical capacity of EIB and EU development financiers
- ❖ Purpose: to support infrastructure projects with cross-border/regional impact (energy, transport, water & sanitation, telecom)
- ❖ Managed by EIB



## ❖ **Benefits of low cost funding (AAA- rating) passed on to clients**

- ❖ Large amounts (typically > EUR 50m)
- ❖ Broad range of currencies
- ❖ Long maturities
- ❖ Attractive interest rates
- ❖ Catalytic effect on participation of other banking or financial partners
- ❖ Access to blending instruments



**Key question:**

**How can Italian companies be involved?**



## For more information

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*GRAZIE!*