



Kekava Bypass PPP, financed by EIB in 2021



# Bauska PPP Open Day

## EIB's presentation

All figures in this presentation are unaudited and provisional

# The EIB: the European Union bank

*Responding to today's challenge*



- The world's largest multilateral lender
- Long term lender
- Raising finance on debt capital markets



- Governed by the EU Member States
- Driven by EU policies
- Implementing InvestEU



- Leading provider of climate finance
- Instrumental in EU Green Deal
- Energy lending policy updated in 2019



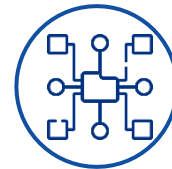
- Headquartered in Luxembourg
- More than 4,000 staff in 59 offices around the world

# What we can offer

---



**Up to 50% of the project financing**, with the remainder financed by other funders  
(commercial banks, investment funds, national promotional banks)



**Various types of possible structures** in alignment with other funders



**Visibility** and **quality mark**



**Crowd-in effect** of other funders



**Favourable pricing conditions**



Key player in **environmental** and **social** projects



**Possibility of adding a non-risk bearing intermediated loan** on top of the PF tranches

# EIB Project cycle

## Generic project cycle



# Appraisal process for PPP projects

---

- The previous slide describes the generic project cycle.
- In case of project finance / PPP's the process is divided in two stages:
  - Stage 1 / Technical, economical, social and environmental assessment and generic structural and financial framework – Board of Directors' or Management Committee (depending on delegation limits) approval
  - Stage 2 / Final terms and conditions of the loan – Management Committee decision
- Project appraisal is carried out by the EIB's teams of engineers, economists and financial analysts, in close cooperation with the promoter.
- Criteria for a typical EIB appraisal are tailored to each specific project. Results are included in the project report to the Board of Directors for a financing decision.
- Major criteria are eligibility (consistency with the EU's priority objectives) and overall quality and soundness of the project.

# Appraisal process for PPP projects

---



- Meeting/-s with Procurement Authority
- Appraisal mission and site visit of EIB's engineers/ economists
- Stage 1 appraisal and Board of Directors approval
- Promoter to inform all bidders of the potential EIB involvement

- Familiarising with the PPP agreement
- Discussions with all the pre-qualified bidders
- Engagement and providing early high level feedback on PPP agreement and other DD issues
- Providing the support letters and indicative term-sheets to pre-qualified bidders

- Full due diligence of the Project and project documentation
- Stage 2 approval: Management Committee decision
- Signing the Loan documentation (in reasonable time period after the Preferred Bidder announcement)

# Key considerations for PPP projects

---

- PPP Agreement must be bankable/ follow international standards:
  - Risk sharing (including uninsurable risk, change in law risk)
  - Availability based payment mechanism
  - Termination events and compensation on termination
  - Step-in rights (Tripartite / Direct agreement)
  - Relief events, compensation events
- Prequalified bidders: Acceptable credit/ performance risk of the Contractor and O&M provider/ experienced counterparties
- Experienced advisers (legal, financial, technical, insurance) to be used by the Contracting Authority and by the Bidders
- EIB cannot provide the committed financing offer before the Preferred Bidder is selected.
- Adequate time period after Preferred Bidder is selected until Financial Close



**Thank You**