



EIB Support to Cleaner Bus Fleet

Per Als, Projects Directorate, EIB

EIB products

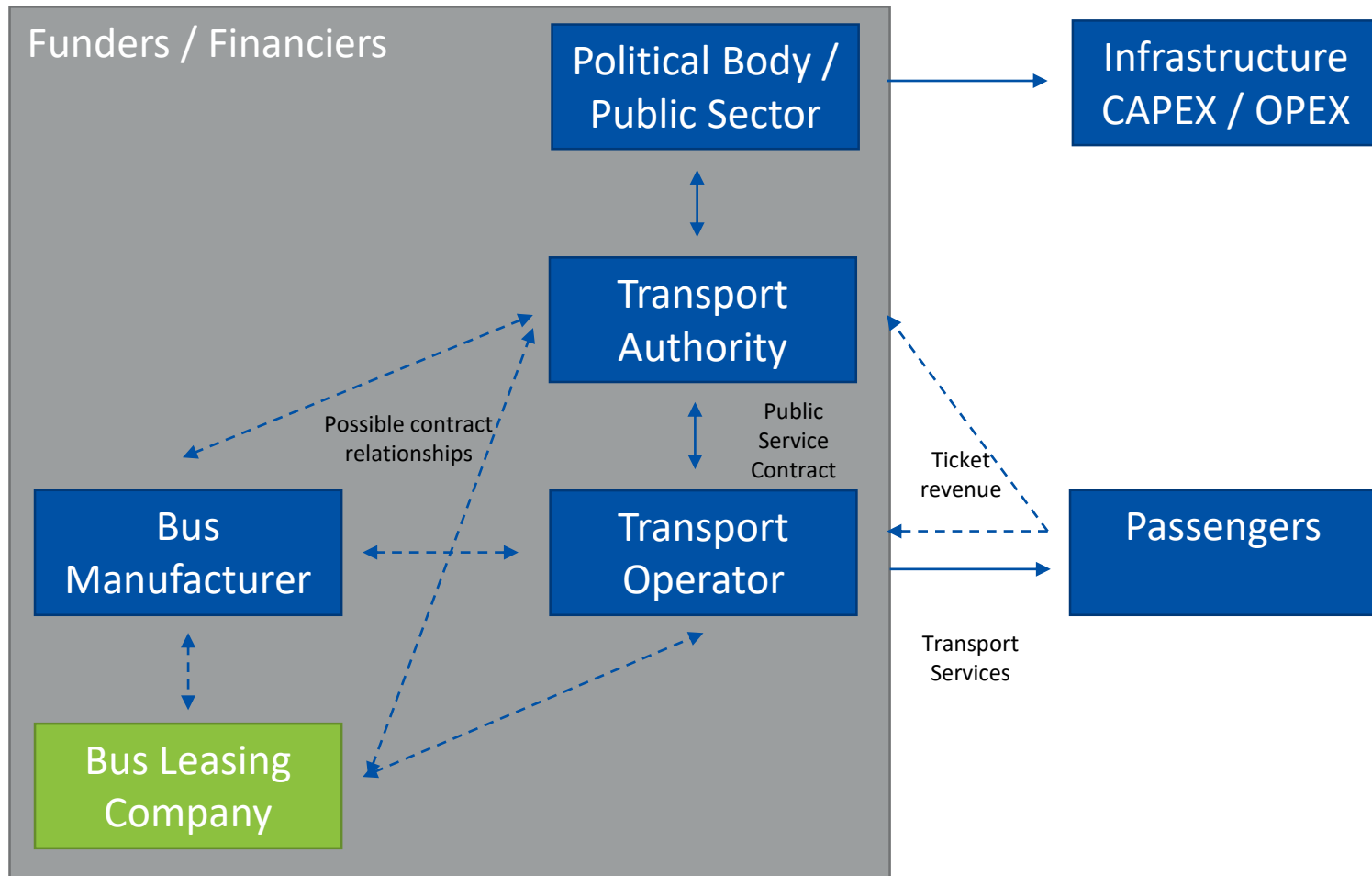
We help catalyse investment

LENDING	BLENDING	ADVISING
<ul style="list-style-type: none">• Loans (direct/intermediated) (investment/framework) But also:• Guarantees• Equity participation	<ul style="list-style-type: none">• EU backed financial instruments (EFSI; CEF Debt Instrument)• Higher risk projects for innovation (InnovFin)• External EU blending facilities	<ul style="list-style-type: none">• Umbrella initiative: EIAH• Prepare, evaluate and support the implementation of projects (JASPERS, ELENA)• Support for public/private partnerships (EPEC)• Enhance use of EU funds (financial instruments advisory; fi-compass)• Enhance access to finance (InnovFin Advisory)

Attracting FUNDING for long-term growth

Bus Transport Market

Typical stakeholders



(Low Emission) Bus Fleet Funding and Financing

Own resources / Revenues	Grants and subsidies	Loans (debt) and guarantees	Equity
<ul style="list-style-type: none">• Authority• Operator	<ul style="list-style-type: none">• National / public grants and subsidies• European grants (CF/ERDF; CEF)	<ul style="list-style-type: none">• Commercial• Regional / National• National Promotional Banks (NPBs)• Investment funds• EIB / other IFIs	<ul style="list-style-type: none">• Investment Funds

Key Considerations for Financing Bus Fleet Renewal (1)

- ▶ The Project
 - ▶ The scope: vehicles / operation / maintenance / financing
 - ▶ The business model
 - ▶ Linkage to wider urban transport strategy
 - ▶ Existence and adequacy of Public Service Contract (Regulation 1370/2007)
 - ▶ Technology risk (especially related to alternative fuel vehicles and infrastructure)
 - ▶ Procurement method (total cost of ownership considerations?)

Key Considerations for Financing Bus Fleet Renewal (2)

- ▶ Counterparty / borrower / promoter
 - ▶ Roles and relationships. Identity of counterpart / borrower / promoter (public or private)
 - ▶ Legal status, ownership and borrowing capacity (creditworthiness)
 - ▶ Public service operations (length of service contract)
 - ▶ Loan tenor vs asset economic life vs service contract duration
 - ▶ Guaranties (or not) from public authority / parent company
 - ▶ Finance contract mitigants, securities and remedies

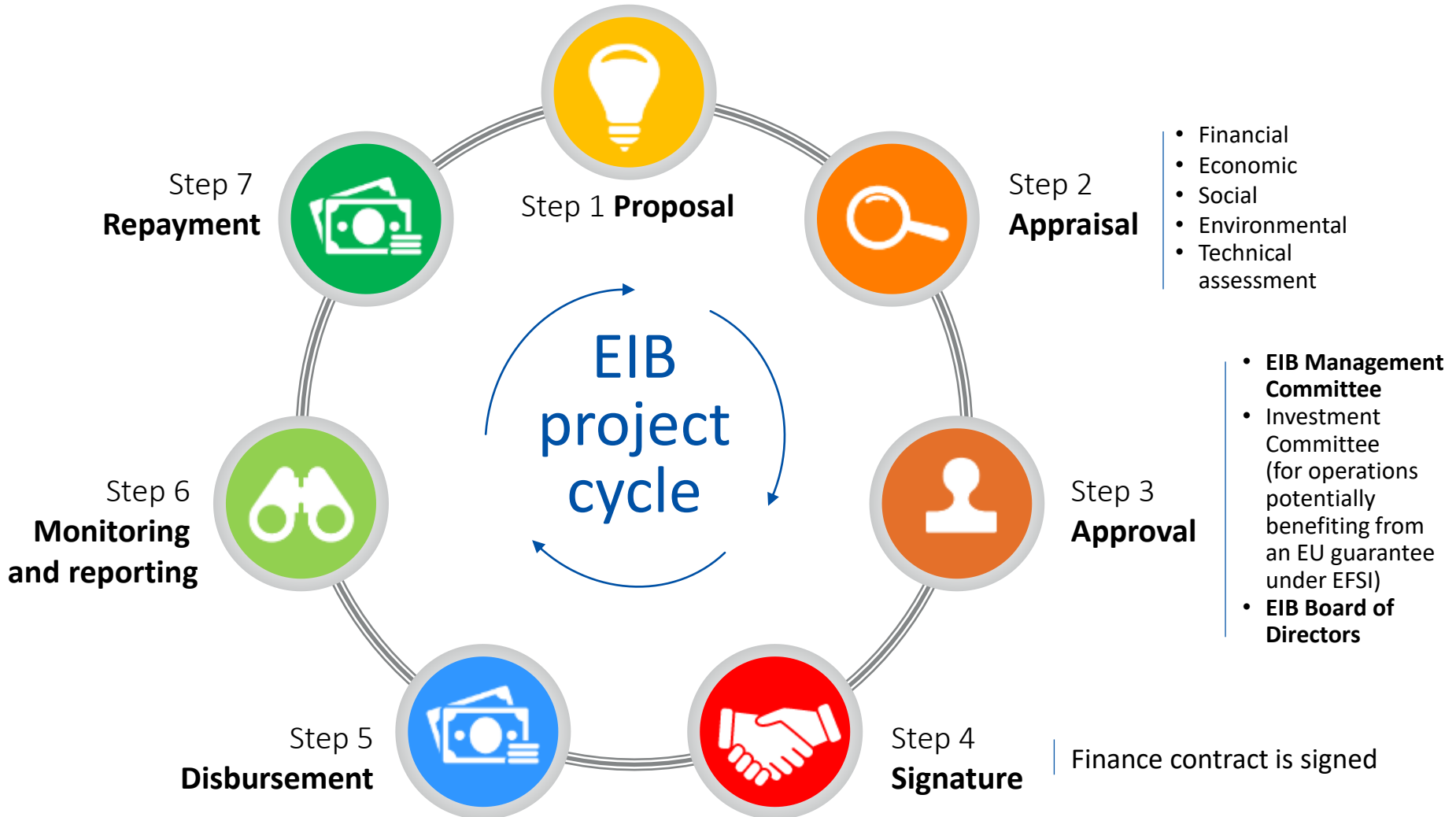
EIB Lending Products to Transport Sector

Public / Corporate / Project Finance

Product	Description	Key criteria
Investment Loan	Loan to one borrower	Large. Minimum EUR 25m cost
Framework Loan (and Structural Programme Loans)	Multi-component investment programme; one borrower	Small and medium projects. Typically EUR 10-50m
Programme Loan	Investment programme; More than one borrower	Small and medium projects. Typically EUR 10-50m
Multiple Beneficiary Intermediated Loans	Intermediated lending	Small and medium projects. Typically < EUR 25m

EIB project cycle

We support sound projects with competent promoters



EIB Support to Urban Transport

- ▶ **EIB Transport Lending Policy (2011)** describes eligibility and quality requirements.
- ▶ Projects to be technically, economically, socially environmentally and financially sound.
- ▶ Urban transport projects to be linked to a urban transport strategy.
- ▶ In terms of technology, a combination of best available technology and least cost principles. **Typically at least EURO VI in EU.** Cleaner technology supported/encouraged where applicable.
- ▶ Urban projects expected to help in reducing congestion and environmental externalities:
 - ▶ modal shift from private cars to more sustainable transport modes; and/or
 - ▶ improvements in transport efficiency, including improved inter-modal connections.



Cleaner Transport Facility (CTF)

- ▶ Launched by EIB/EC in December 2016
- ▶ Support the **accelerated deployment** of new cleaner transport technology
- ▶ Full range of **available tools (financial/advisory)** from EIB and EC for public and private entities
- ▶ Development of new financial instruments (as applicable)
- ▶ **Focus:**
 - ▶ Public transport buses / public fleets
 - ▶ Alternative fuel infrastructure on strategic networks
 - ▶ Innovative technologies
 - ▶ *(safety and security investments)*

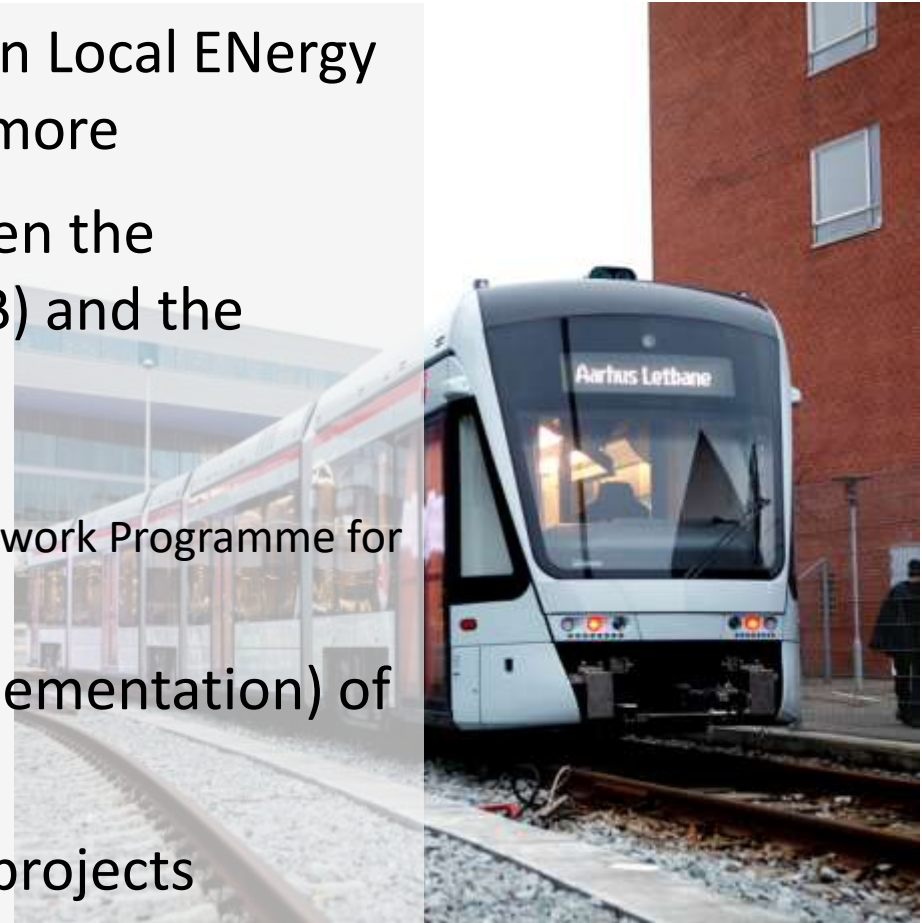


The alternative fuels and cleaner transport sector is gradually moving towards large-scale deployment across the EU. The European Investment Bank (EIB) is supporting this shift. The Cleaner Transport Facility (CTF) is a new initiative launched in December 2016 by the EIB and European Commission (EC) to assist investments, by both public and private entities, in cleaner transport projects through existing EIB products and new financial instruments.

The objective of the CTF is to support the accelerated deployment of cleaner transport vehicles and help meet their associated infrastructure needs. The CTF is an umbrella that deploys the EIB's technical and financial capacity to adapt its specific market needs in order to explore viable business models and invest opportunities to finance cleaner transport. The first projects were investments in cleaner public transport buses, and we are further exploring other markets. We want to hear from stakeholders in the cleaner transport and alternative fuels sector to work together to develop financial products and structures tailored to the industry's profiles and investment needs. Please contact us to work together to develop financing solutions that meet your needs.

What is ELENA?

- ▶ Established in 2009 as European Local ENergy Assistance – not only local anymore
- ▶ Based on an agreement between the European Investment Bank (EIB) and the European Commission
 - ▶ managed by the EIB
 - ▶ financed by the Horizon 2020 Framework Programme for Research & Innovation
- ▶ Grant for preparation (not implementation) of investment programmes
- ▶ Almost EUR 100m awarded to projects supporting approx. EUR 3.8 bn investments



Picture: Aarhus tram project

General rules

- ▶ Grant covers up to 90% of costs related to project development support
- ▶ Budget allocation: first come, first served principle; on average 15 MEUR per year;
- ▶ Required level of maturity: preparatory studies carried out and main decisions taken before ELENA support request (ELENA proposal should demonstrate high probability that project will be implemented)
- ▶ Obligation of investment implementation - leverage factor required:
 - ▶ 20 for sustainable energy projects
 - ▶ 10 for clean urban transport
- ▶ In case the leverage not achieved: grant may be clawed back
- ▶ Final beneficiary (applicant) doesn't have to be the one who is implementing the investment
- ▶ 3-year implementation period for EE projects, 4-year for urban transport

Example of ELENA support: MOVIA Copenhagen (DK)

- ▶ Beneficiary: MOVIA, public transport authority for East Denmark owned by two regions and 45 municipalities.
- ▶ ELENA TA of EUR 1.2m for:
 - ▶ Development of tender documents, separating procurement of bus services and of charging infrastructure deliverables
 - ▶ Finalisation of technology studies and analysis
 - ▶ Finalisation of business cases and lifecycle TCO models (Total Cost of Ownership)
- ▶ ELENA TA expected to assist in triggering an investment of EUR 56.6m over a four period, which will include some 80 buses and required infrastructure.
- ▶ First batch of bus services have been tendered and won by a private operator who will deploy buses manufactured by Yutong (China), and the first framework contract for charging infrastructure has been awarded to Siemens.



Thank you!

For further information:

p.als@eib.org

More Information

For info or further questions on this seminar and the activities of the JASPERS Networking Platform, please contact the JASPERS Networking and Competence Centre at the following email:

jaspersnetwork@eib.org

JASPERS Networking Platform:

www.jaspersnetwork.org

JASPERS Website:

jaspers.eib.org

