

# Developing Policies Encouraging Sustainable Transportation and Participation: a possible EIB contribution

Lara Tassan Zanin  
EIB Representative in Ankara

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# Outline

1. EIB – Who we are/How we work
2. EIB – What we do in Turkey
3. EIB and Urban Sustainable Mobility  
*Bonus: Smart City investments*

# 1. EIB – Who we are/How we work

- **Providing finance and expertise for sound and sustainable investment projects. Total assets of EUR 512 billion at end 2013.**
- **Natural financing partner for the EU institutions**
- **Shareholders: 28 EU Member States**
- **Largest multilateral lender and borrower in the world**
  - Raise our funds on the international capital markets
  - Pass on favourable borrowing conditions to clients
- **AAA-rated and strong capital base**
- **Projects in over 160 countries in some 30 countries (offices in Ankara and Istanbul)**
- **Key products:**

Loans

Guarantees

Equity

Risk-  
sharing  
facility

Advisory  
services

# The EIB: Supporting EU policy goals

- Sustainable growth and jobs in Europe
  - Innovation and skills
  - Trans-European Networks
  - Sustainable, competitive and secure energy
  - Financing smaller businesses
- Economic and social cohesion
  - Special support for economically weaker regions
  - Helping regions absorb EU funds
- Environmental sustainability
  - Climate action
  - Sustainable transport

## EIB and sustainability

- **We are policy takers !** (vs policy makers)
- We do not develop policies directly, **we support policies through our projects**

## Corporate responsibility is part of all of our activities

- Promoting sustainable and inclusive growth
- Committed to:
  - Integrating high environmental and social standards into our business activities
  - Ensuring strong governance, transparency and accountability, for us and our counterparts
  - Minimising our own environmental footprint

# We support bankable projects

Bankable=sound and sustainable project requires to:

- Be eligible for EIB finance (EU policy)
- Be technically sound and financially viable
- Show at least an acceptable economic return
- Comply with EIB social & environmental standards
- Comply with EIB Guide to Procurement
- Have adequate security

⇒ **A project assessment with many facets**

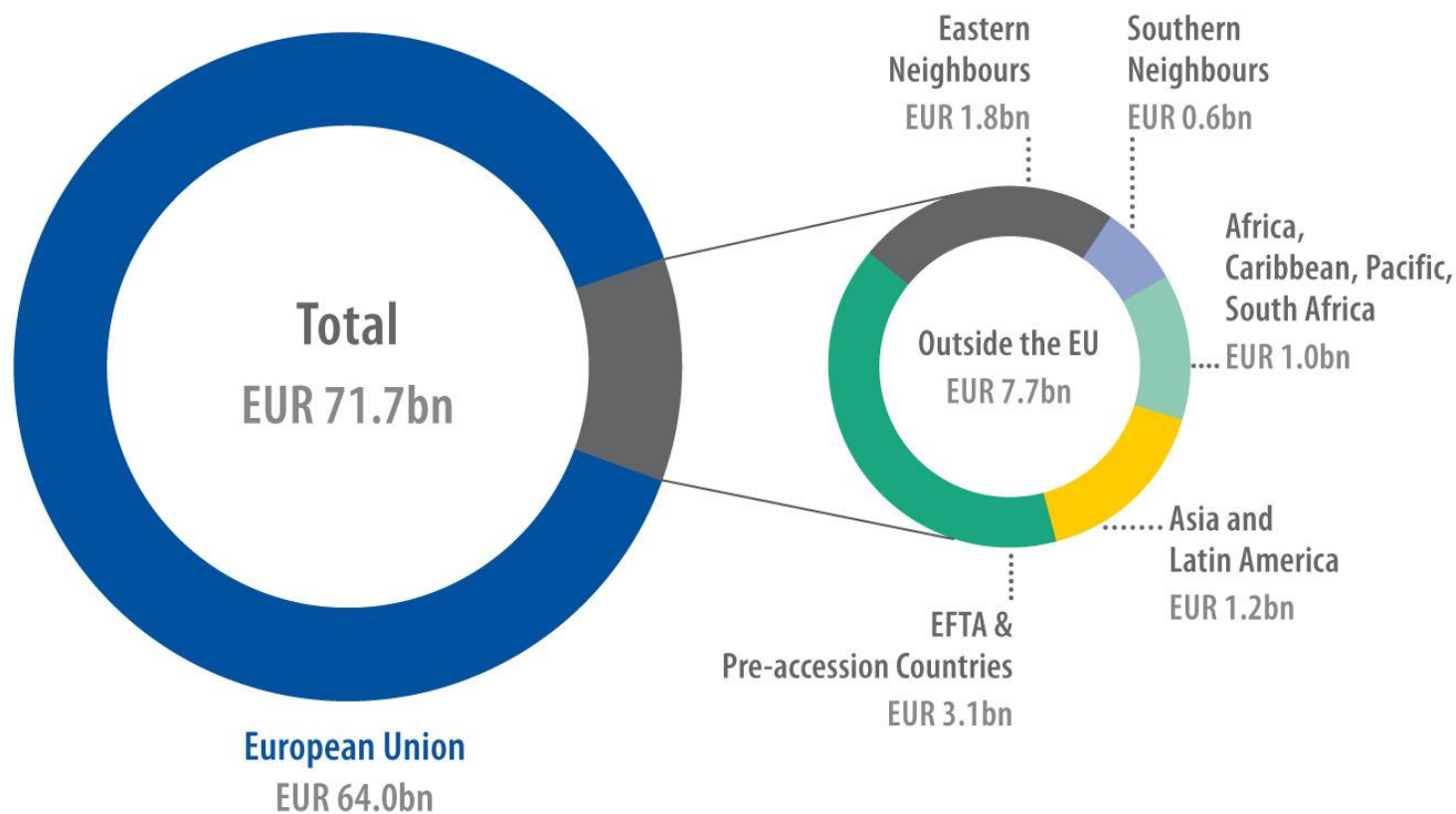
## Direct Loans

- Large-scale individual projects (more than EUR 25m)
- Multi-investment programmes
- Frameworks

## Intermediated Loans

- Small and medium-scale projects
- Particularly to SMEs, via national and regional intermediary banks
- Lending decision remains with the financial intermediary

## EIB Lending in and outside the EU over 2013



Pre-accession Countries include:

Candidate Countries: Iceland, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.  
 Potential Candidate Countries: Albania, Bosnia and Herzegovina, Kosovo\*.



## STRATEGIC INFRASTRUCTURE

**15.9bn** EUR

EIB investment in European strategic infrastructure

**4.2bn** EUR

to support smart European cities

Group finance for 230 000 SMEs and mid-caps

**2.8m** supporting **JOB**s in Europe

## ACCESS TO FINANCE

**21.9bn** EUR FOR SMEs AND MID-CAPS

Group support for SMEs and mid-caps in Europe

**9.1bn** EUR

committed to **youth skills** and **employment** in EU

**75.1bn** EUR

EIB Group financing focusing on projects with impact on **growth and jobs**

## INNOVATION AND SKILLS

**17.2bn** EUR

at Group level for **innovation and skills** in Europe

**856m**

for innovative SMEs via the EIF-managed Risk Sharing Instrument (RSI)

## FINANCE FOR CLIMATE ACTION

**19bn** EUR

finance to promote **climate action**

**1.4bn** EUR

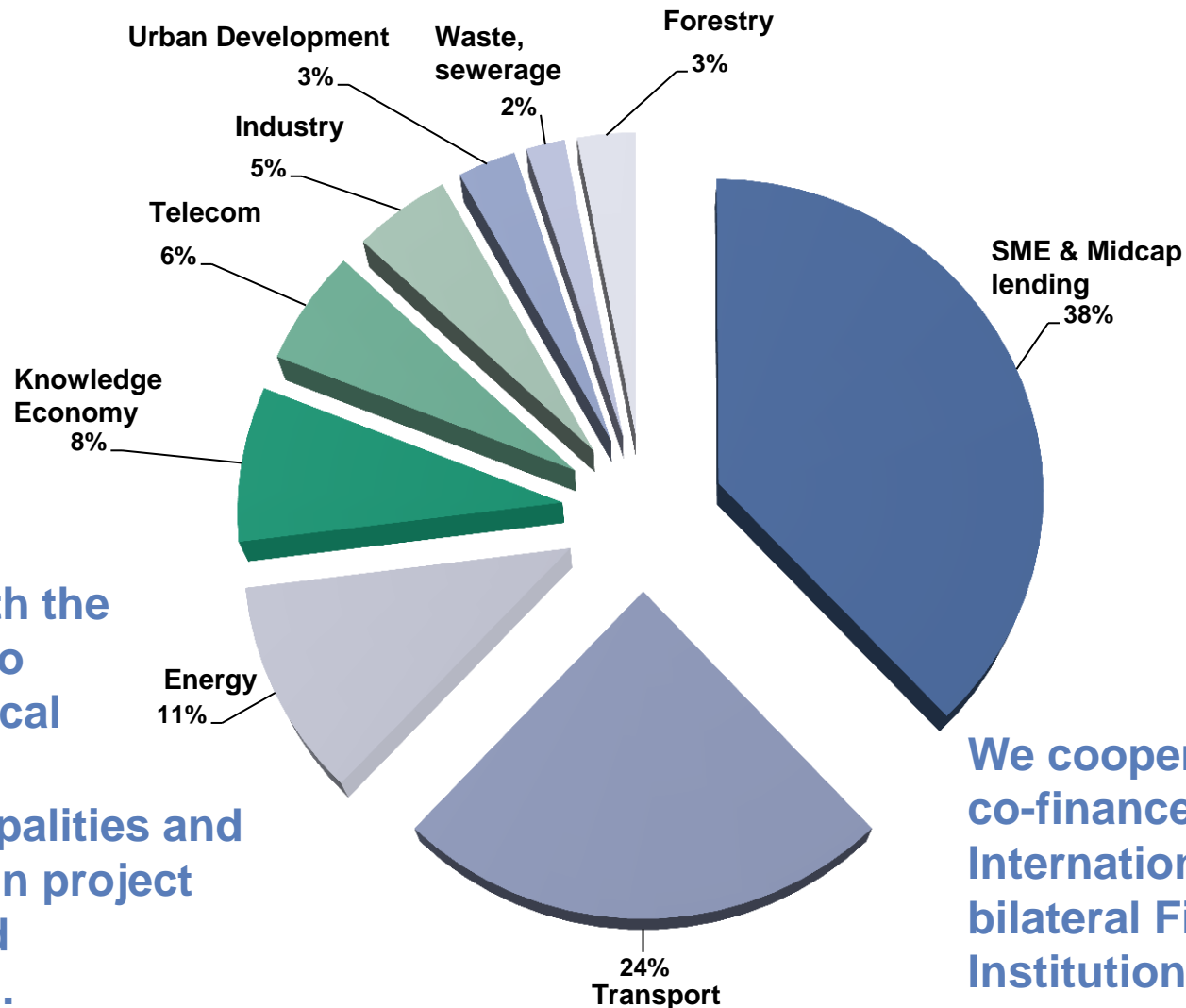
Record in EIB Climate Awareness Bonds

## 2. EIB – What we do in Turkey

## EIB lending to Turkey: a long-standing partnership

- EIB has been lending to Turkey since the mid 1960s; with an overall lending volume exceeding EUR 19bn over the last decade. Current lending level of +/- EUR 2bn/yr.
- Step change in lending activity since 2005, given the status of Turkey as Candidate Country for EU Accession.
- Turkey ranks first among EIB recipient countries outside the EU.
- EIB's role is to support the country's economic development and assist the country in its pre-accession phase to the EU.
- EIB stands for tangible contribution to priority projects that make a difference to the population of Turkey. Lending priorities are set in reflecting the national and EU priorities, in close consultation with the Turkish Treasury and EC.
- The EIB Group reacts swiftly, adapts its lending to the changing needs in the country.
- The significant action of EIB in Turkey complement the contribution of the European Union to the development of the country: sustainable development, both environmentally and financially, is ever more important particularly for municipalities (high impact on quality of life of citizens, indebtedness cap)

## Sectoral breakdown of EIB Lending to Turkey EUR 19.3bn over 2004-2013



**Important cooperation with the EU: EU funds to provide Technical Assistance to support municipalities and intermediaries in project preparation and implementation.**

**We cooperate and co-finance with other International and bilateral Financial Institutions (WB, EBRD, AFD, KfW)**

# EIB Lending in the Municipal Sector (1995-2012)

Year	Name of project	Description	Sector	EURm
1995	ANTALYA SEWERAGE	Construction of sewerage network and wastewater treatment plant in Antalya	Water, sewerage	35.00
	ASKI-ANKARA SEWERAGE	Construction of sewerage network in Ankara	Water, sewerage	45.00
1996	IZMIT INDUSTRIAL WASTEWATER	Collection and treatment of household and industrial effluent in Greater Municipality of Izmit	Water, sewerage	50.00
1997	ADANA WASTEWATER	Extension of sewer network and construction of two sewerage treatment plants in Adana	Water, sewerage	45.00
1998	DIYARBAKIR WASTEWATER	Expansion and rehabilitation of sewerage system in Diyarbakir	Water, sewerage	32.00
1999	TARSUS WASTEWATER	Expansion and rehabilitation of sewer network in Tarsus on south coast; construction of stormwater drainage network and biological wastewater treatment facility	Water, sewerage	38.00
2000	BURSA WASTEWATER	Extension and modernisation of sewerage network in Bursa, west of Ankara	Water, sewerage	80.00
2001	ESKISEHIR URBAN DEVELOPMENT	Urban development in Eskisehir: construction of light metro network, extension and improvement of water and sewerage services and rehabilitation of Porsuk river	Transports	71.50
	ESKISEHIR URBAN DEVELOPMENT	Urban development in Eskisehir: construction of light metro network, extension and improvement of water and sewerage services and rehabilitation of Porsuk river	Water, sewerage	38.50
	MERSIN SEWERAGE	Wastewater treatment and sewerage networks in the city of Mersin on the Mediterranean coast	Water, sewerage	60.00
2002	MUNICIPAL WATER INFRASTRUCTURE TURKEY	Improvement of water supply, wastewater treatment and drainage services	Water, sewerage	40.00
2004	BURSA LIGHT RAIL TRANSIT SYSTEM	First phase of construction of light rail transit system in Bursa, in south-east of Marmara region	Transports	55.00
2006	ISTANBUL URBAN TRANSPORT I	Extension of Istanbul's mass transport system through expansion of ferry fleet	Transports	41.65
	SAMSUN LIGHT RAIL TRANSIT SYSTEM	Implementation of first line of rail-based rapid transit system in conurbation of Samsun on Black Sea	Transports	65.00
2007	ANTALYA LIGHT RAIL TRAIN	Construction of first line of modern tramway system in Antalya	Transports	40.50
	IZMIR COMMUTER TRAIN	Upgrading of 80 km section of suburban railway network to surface metro linking Izmir centre to Aliaga (north) and Cumoavasi (south)	Transports	150.00
2008	ANTALYA LIGHT RAIL TRAIN	Construction of first line of modern tramway system in Antalya	Transports	19.00
	BURSA LIGHT RAIL TRANSIT SYSTEM II	Extension of light rail transit system in city of Bursa	Transports	100.00
	ISTANBUL URBAN TRANSPORT II	Extension of Istanbul's public transport network	Transports	700.00
2010	BURSA WASTEWATER II	Extension of water and wastewater system to serve entire Bursa metropolitan area	Water, sewerage	50.00
2012	ILLER BANK ENVIRONMENTAL LOAN	Financing of small and medium-scale projects carried out by local authorities	Water, sewerage	150.00
	<b>Total 20</b>			<b>1 906.15</b>

## What we finance/how we finance

- EIB has been financing municipalities **directly** with the Treasury guarantee. In order to scale up its intervention in the municipal sector, the EIB decided to establish a strategic partnership with **ILBANK**. We have also dedicated credit lines with commercial banks such as ISBank on **urban development/regeneration**.
- ILBANK is a partner of the EIB to support the required investments in the **water and waste sectors** (and potentially other sectors such as **urban transport and energy efficiency**), in particular with respect to accessing **small and medium scale projects** that would otherwise be difficult to reach for EIB.
- It remains a municipality's decision which source of fund to use (domestic, international, own resources). Depending on the international funding different requirements in terms of project preparation, procurement, environment. *Slight delay in the preparation > better planning > more integrated and sustainable project > less delays in the implementation!*
- The process of building a pipeline of sub-projects for the EIB-ILBANK Loan is on-going. **More sustainable mobility, smart and integrated urban development projects are needed!**

# 3. EIB and Urban Sustainable Mobility

## *Bonus: Smart City investments*

## EIB priority: finance for climate action

EIB financing climate actions in a major way: **€19 billion** lent worldwide => supporting EU commission's initiative on sustainable development





*For an accessible, efficient, financially sustainable,  
environmentally friendly and safe*

- EU Policy:
  - Action plan on urban mobility 2009 Communication
  - European White Paper 2011
  - DG Move 2014 communication on sustainable urban mobility plans
  - Horizon 2020 smart green & integrated transport
- Rio +20 commitment: 2013 MDB joint-statement on commitment to sustainable urban transport

- Clearly favours sustainable modes of transport:
  - High in our value added scale => high priority
  - > 25% of our loan volumes in favour of climate change mitigation or adaptation (incl. urban public transport & rail)
  - Estimate GHG impact of projects & inform Board
  - Can exceptionally finance up to 75% of the costs of projects (typically 50%)

## Operations signed by EIB in Transport Sector 2004-2013

Sector	Amount signed EUR M	%
Rail	37,802	27 %
<b>Urban</b>	<b>32,759</b>	<b>24 %</b>
Maritime	8,141	6 %
Air	12,663	9 %
Roads, Motorways	46,029	33 %
Other	417	0 %
Total	137,812	100 %

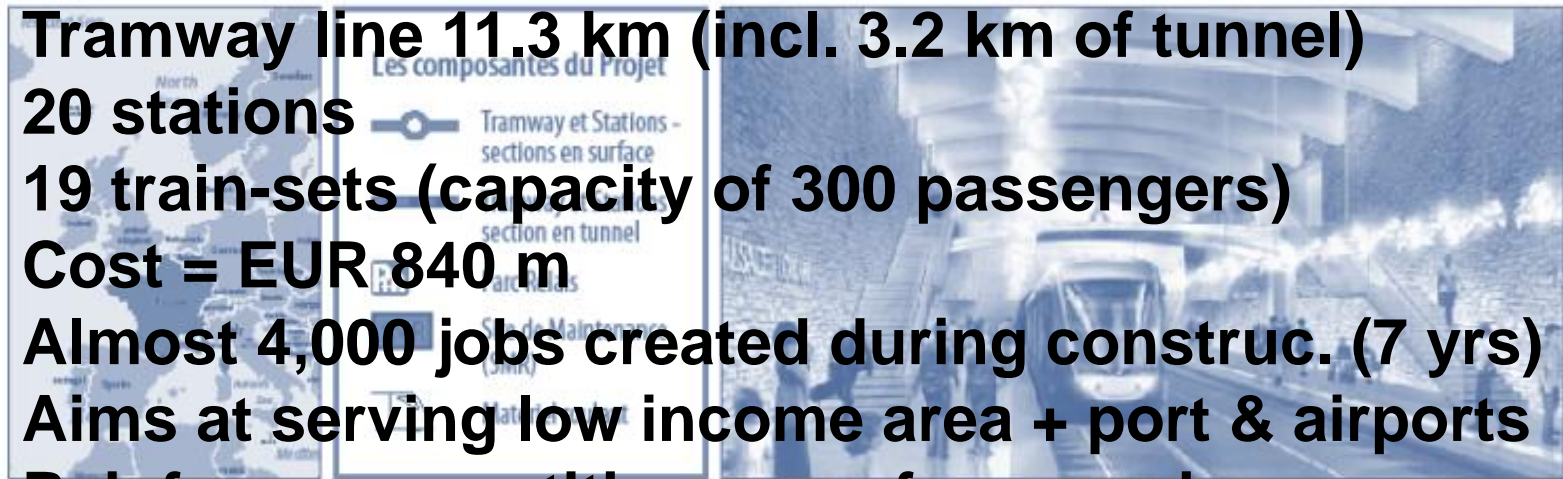
## Transport operations and initiatives

- EUR 12.6 bn p.a. of lending in mobility
- Incl. almost EUR 3 bn p.a. for sustainable urban transport
- Investments must be integrated into a suitable planning context – encouraging sustainable urban mobility plans
- ELENA programme: provides EU grant funding for energy efficiency projects & urban sustainable transport
- JASPERS assists project preparation in new Member States and recently in Accession candidate countries

- Must increase competitiveness of cities
- Are necessary for the quality of life in urban areas and the environment
- Entails:
  - Multi-faceted investments
  - Management systems / ITS
  - Integration of individual development plans

Le Projet: NICE TRANSPORT URBAIN II - France

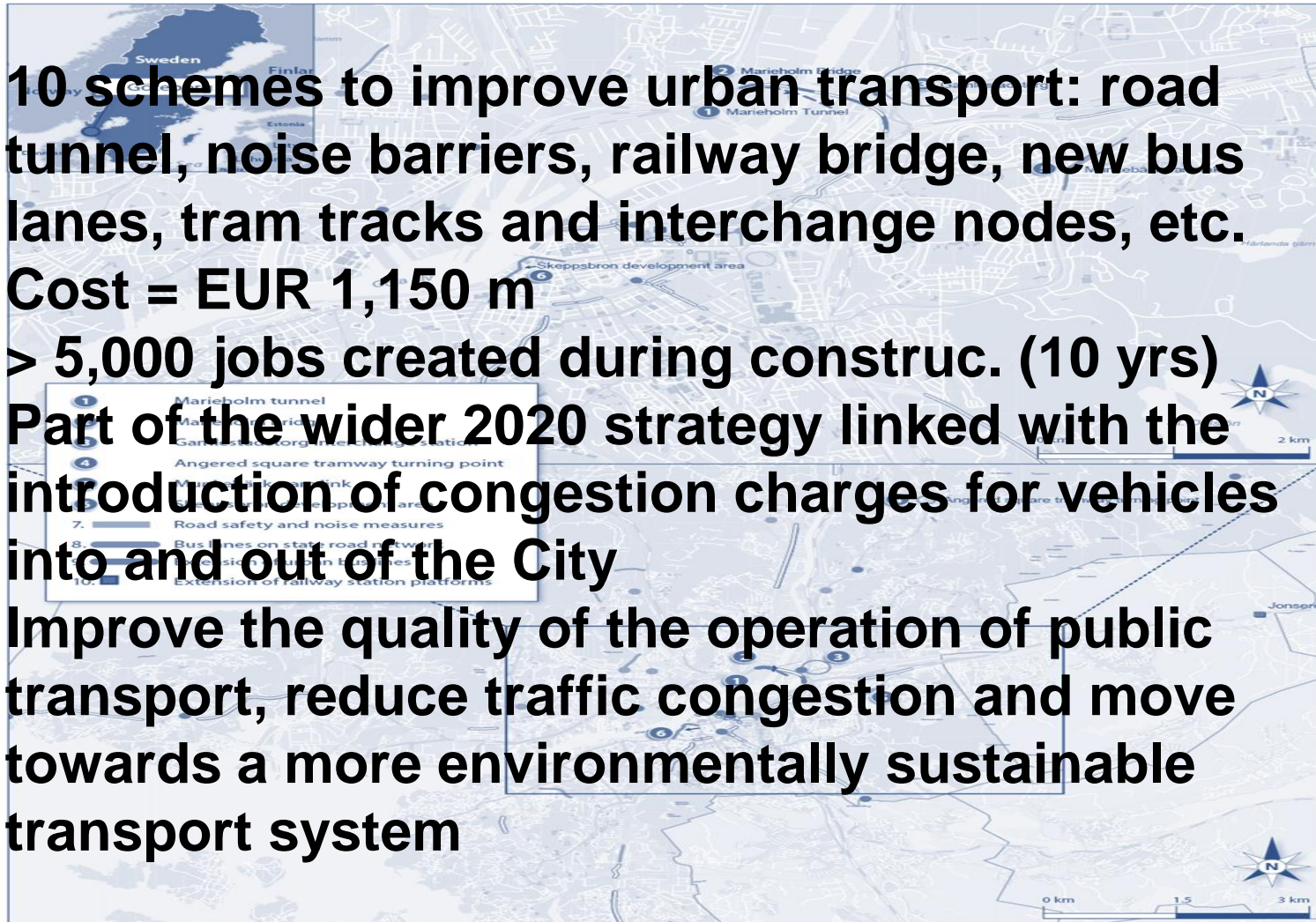
- Tramway line 11.3 km (incl. 3.2 km of tunnel)
- 20 stations
- 19 train-sets (capacity of 300 passengers)
- Cost = EUR 840 m
- Almost 4,000 jobs created during construc. (7 yrs)
- Aims at serving low income area + port & airports
- Reinforce competitiveness of economic zones
- Promote use of public transport at the expense of private cars



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## Project: WEST SWEDISH INFRASTRUCTURE PROJECT - Sweden

- **10 schemes to improve urban transport: road tunnel, noise barriers, railway bridge, new bus lanes, tram tracks and interchange nodes, etc.**
- **Cost = EUR 1,150 m**
- **> 5,000 jobs created during construc. (10 yrs)**
- **Part of the wider 2020 strategy linked with the introduction of congestion charges for vehicles into and out of the City**
- **Improve the quality of the operation of public transport, reduce traffic congestion and move towards a more environmentally sustainable transport system**



## Barriers to increasing sustainable urban transport lending

- **Fiscal constraints:** Public authorities are receiving fewer grants and are borrowing more
- **Size of projects:** Many urban transport projects are relatively small. There is a need to group projects in coherent programmes
- **Promoter capability:** Preparing integrated transport plans requires resources and expertise



- EIB has a long experience of providing TA support (JASPERS, ELENA & SNAP-T)
- ***We perceive a need for such a facility***
- Aim to strengthen capacity of cities to prepare and coordinate (small) investment programmes
- This could cover:
  - Applying methodologies for urban mobility plans
  - Project preparation
  - Integrate smart & green modes of transport
- It complements EU efforts under IPA 2 Transport Operational Programme and Sustainable Cities project of World Bank and AFD.
- EIB discussing this initiative with EU Commission

- EU2020 strategy to foster smart, inclusive and sustainable growth
- European Commission Communication – Smart Cities and Communities European Innovation Partnership 2012
- Key EU legislation (eg. Energy Performance in Buildings Directive)
- Urban focus of EU Structural Funds
- European platforms and initiatives (eg. European Platform for Intelligent Cities, European Smart Cities Project)
- Sectoral initiatives (eg. Covenant of Mayors)
- Industry initiatives (eg. Agoria smart city ranking, Belgium)

# Towards Smart City investment criteria

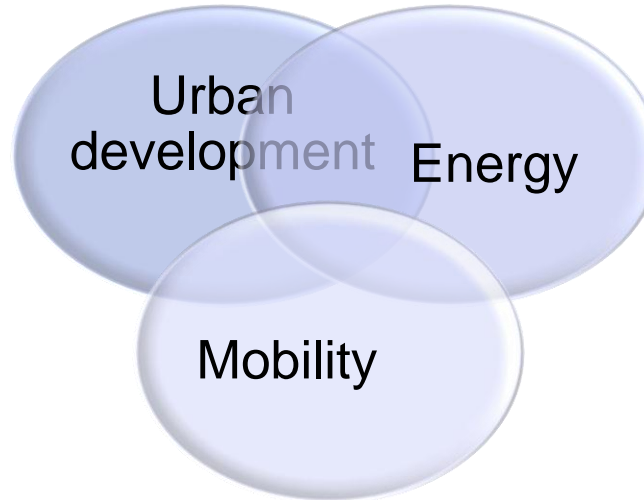
## Sustainable

### Sustainable Communities:

- Led by urban strategy, local development plan
- Promote employment and growth
- Alleviate social exclusion
- Brownfield redevelopment
- Public buildings
- Social and affordable housing
- Invest in heritage sites

### Sustainable Mobility:

- Fit into a mobility plan
- Public transport infra + rolling stock
- Road safety and energy efficiency improvements
- Intelligent transport systems
- Traffic control systems
- Intermodal transfer/Demand management measures



### Energy efficiency and renewables: (New EIB lending criteria 2013)

- New buildings – near energy neutral
- Existing buildings – cost-optimum approach
- Efficient lighting – energy savings stream > 50% of investment cost
- Support to meeting EU2020 and national RES targets
- Support to mature and emerging RES technologies

## Smart?

### Sustainable and ....

#### Integrated

- Smart strategy
- Two or more dimensions

#### Innovative

- Technology
- Approach

#### Inclusive

- Stakeholder participation
- Partnership government-business-universities
- Smart governance

## ***Smart Transport and Mobility***

- Bike schemes
- Real time travel information
- Electric vehicle car pools
- Congestion charging
- Traffic control systems
- Electric Vehicle Charging Point
- Apps

## ***Renewable energy & energy efficiency***

- Energy efficiency
- Renewables
- Combined Heat and Power
- Efficient Street lighting
- Smart grids

## ***Urban Development***

- E-government developments
- Brownfield redevelopment
- Eco-quartier development
- Innovative administrative buildings
- Smart cultural heritage investments
- Energy-efficient social and affordable housing

## ***Digital infrastructure***

- ICT infrastructure
- high speed broadband
- Sensors to monitor traffic, pollution, emissions
- fibre optic cables
- wireless technologies
- networked information systems

## ***Smart and Sustainable Buildings***

- Smart meters
- Energy efficiency measures: Insulation, low energy lighting, efficient boilers
- Building Integrated Renewables
- EV charging points
- Motion detectors
- Automatic weather forecasting

## Example: EIB Advisory Support to Smart Cities in the Mediterranean Region (ASCIMER)

- Research grant from the EIB Institute
- EUR 100,000/year for 3 years
- Components:
  - Review EU and international best practice
  - Develop a Smart City concept tailored to the Mediterranean south (FEMIP region)
  - Review regulatory, institutional and financing context for potential smart city projects

## EIB-Belfius Smart & Sustainable Cities – a € 400m facility

- Covers wide range of Smart investments and promoters in Belgium
- Aims to cover the whole country – Smart is not only for big cities!
- Stimulates best practice – integrated approach, innovative governance, use of tested smart technology, consultation
- Recognises Belgian certification schemes (eg. Referentiel Eco-quartier Wallonia, Flanders Duurzaamheidsmeter)
- Relies on an intermediary bank with technical capacity and market reach in the municipal market
- [Belfius film](http://www.youtube.com/watch?v=Km0Z8YCC5Os)  
<http://www.youtube.com/watch?v=Km0Z8YCC5Os>

# Thank you

Lara Tassan Zanin  
EIB Ankara Office  
[l.tassanzanin@eib.org](mailto:l.tassanzanin@eib.org)