
European Investment Bank

# The Ambitions of Europe in Space

## Brussels, 15 October 2009

Financing the space services' applications

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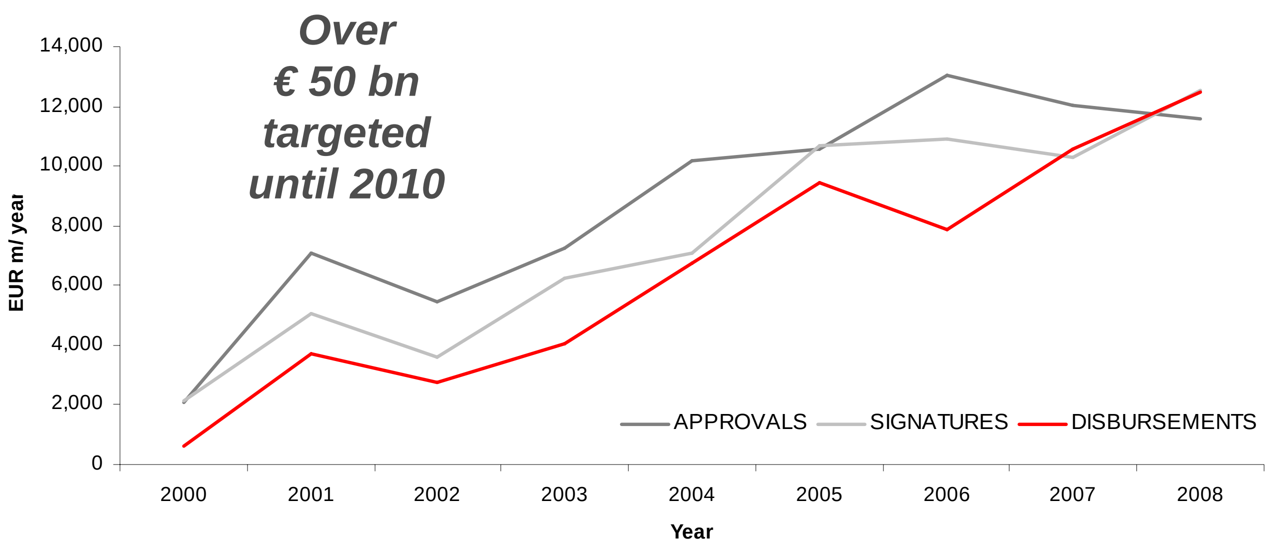
The **European Investment Bank** is the European Union's long-term financing institution. The Bank **acts as an autonomous body** set up to finance capital investment furthering European integration by **promoting EU policies.**


- EIB has been created by the Treaty of Rome in 1958
- EIB is a **policy driven institution**
- EIB is owned by the 27 EU member states
- EIB has subscribed capital of EUR 232.4 bn (at 01.04.2009)
- EIB funds itself on the capital markets (2008: EUR 59.5 bn)
- EIB signed loans amounting to EUR 57.6 bn in 2008

Detailed information on the Bank's activities can be found on our website: http://www.eib.org/about/publications/annual-report-2007.htm

# EIB's support of Lisbon agenda – Knowledge Economy (ex - Innovation 2010 Initiative)



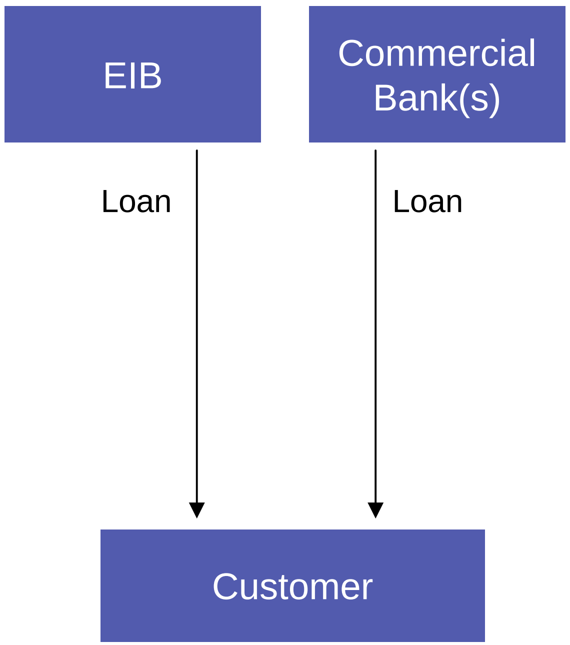

- Eligible sectors / activities
  - Education and Training
  - Research & Development
  - Innovation - including Information Communication Technology networks and access
- The EIB financing of Knowledge Economy (i2i) investment exceeds EUR 70 bn since 2000
- Development of SMEs and entrepreneurship

# EIB Financing Solutions

## Typical EIB financing modes

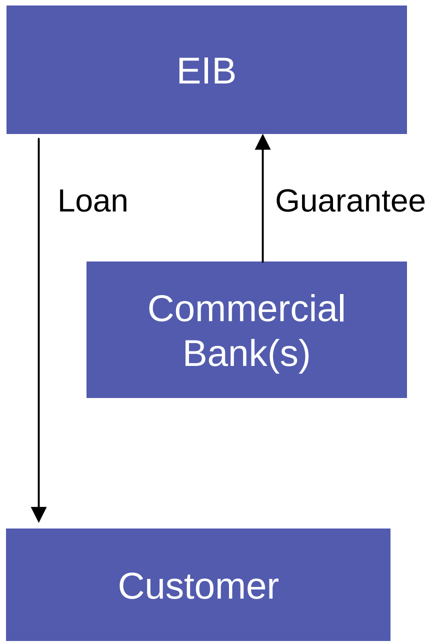
### Direct Loan

EIB provides financing directly to the customer alongside other lenders as appropriate. Credit risk is shared on an equal basis with other bank(s).



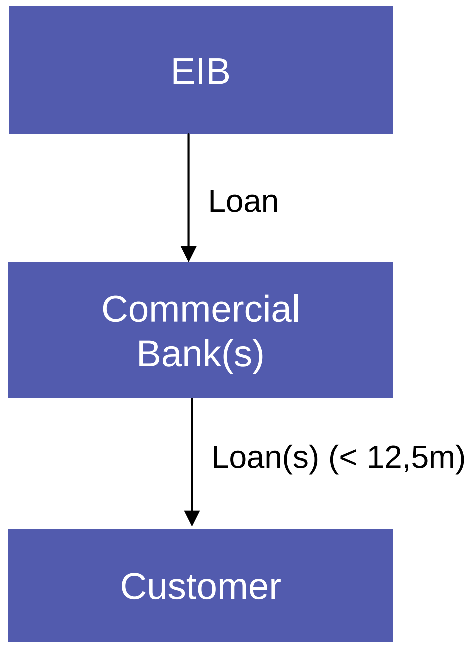

### Bank Guaranteed Loan

EIB provides financing directly to the customer alongside other lenders as appropriate. Credit risk is born by the guarantor.




### Bank Intermediated Loans

EIB lends to client's house bank(s) passing through its low funding cost. Credit risk is born by the com. bank.




e.g. Global Loan, Framework Loan

# Risk Sharing Finance Facility
## Overview: Sources & Uses of Funds

European Investment Bank
Own Resources

**EUR 1 bn** →

**RSFF**
[up to EUR 10 bn assuming leverage of 5.0x ]

← **EUR 1 bn**

European Commission

## Direct Lending

1 **Corporate Lending**
- *Senior Secured*
- *Second Lien*
- *Senior Unsecured*
- *Junior Unsecured*
- *PIK loans*
- *Mezzanine, etc.*

**Project Financing**
**Universities**
**Other: SPVs, PPPs, JTIs …**

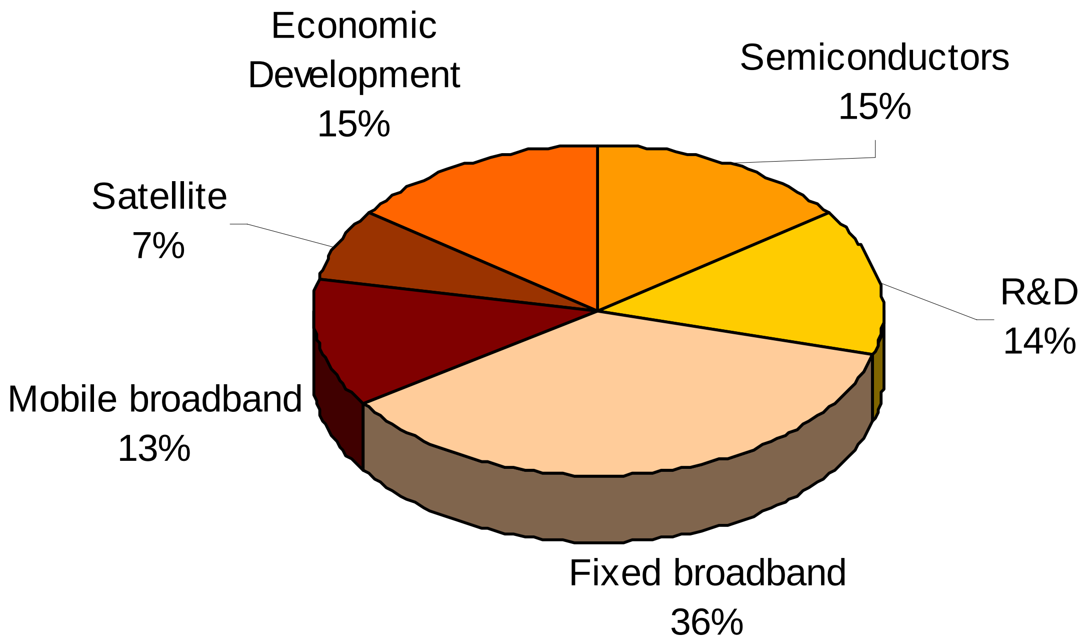
## Indirect Lending / Financing

2 **Financial Intermediaries**
(extend lending capacity)
- *Risk Sharing*
- *Co-financing*

3 **Investment Funds**
- *Renewable Energy*

4 **Collaboration with EIF**
- *Banks*
- *Funds*

# EIB's Lending to ICT sector

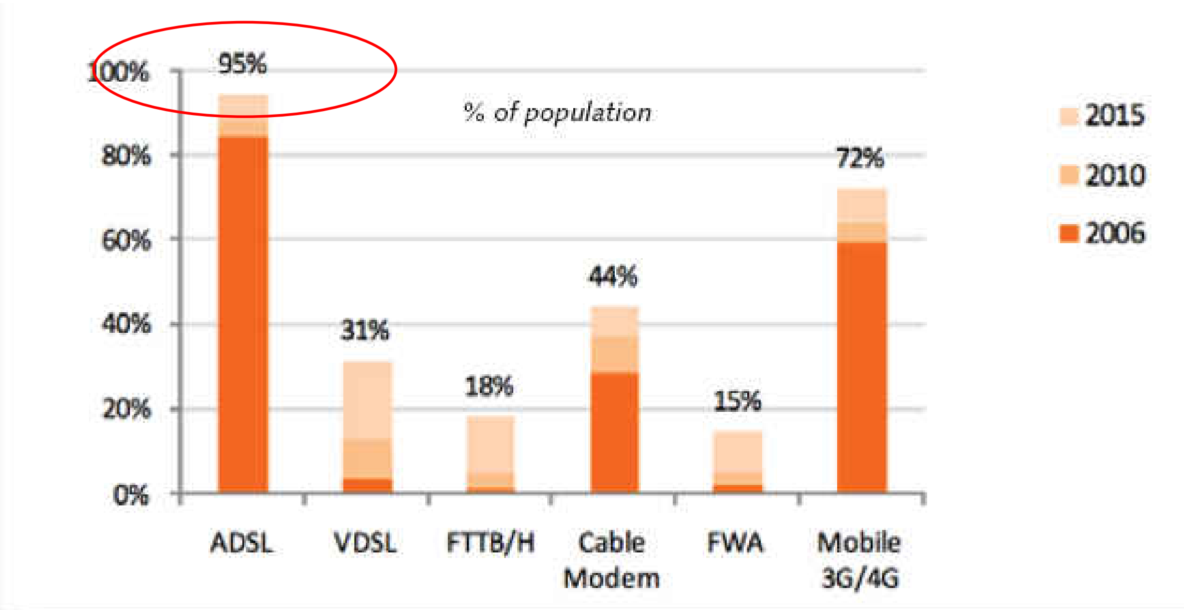



| | |
|---|---|
| **Total lending volume:** | **EUR 3.0 bn in 2008** |
| **Satellite sector:** | **about 7%** |

## Latest policy priorities regarding broadband coverage

- Work with a view to extending broadband networks should be promoted both at Member State and at European Union level with the aim of providing access to poorly served and high cost areas where the market cannot deliver, the common indicative goal being a 100 % coverage of broadband internet between 2010 and 2013 (*March Council 2009*)
- The first generation of national broadband strategies focused on making broadband available to 100% of the population; today the focus is on higher speeds, broadband as part of the universal service obligation or on bringing fibre infrastructure to homes. (*Digital Competitiveness Report 2009*)
- National broadband strategies:
  - Finland plans to have 1 Mbps as a universal service obligation by 2010 and 100 Mbps for all by 2015.
  - Germany plans full broadband coverage by 2010 and at least 50 Mbps to 75% of its households by 2014.
  - France aims to have full broadband coverage with a maximum monthly fee of €35 by 2012.

# Digital divide challenge
## Broadband coverage in EU27 until 2015

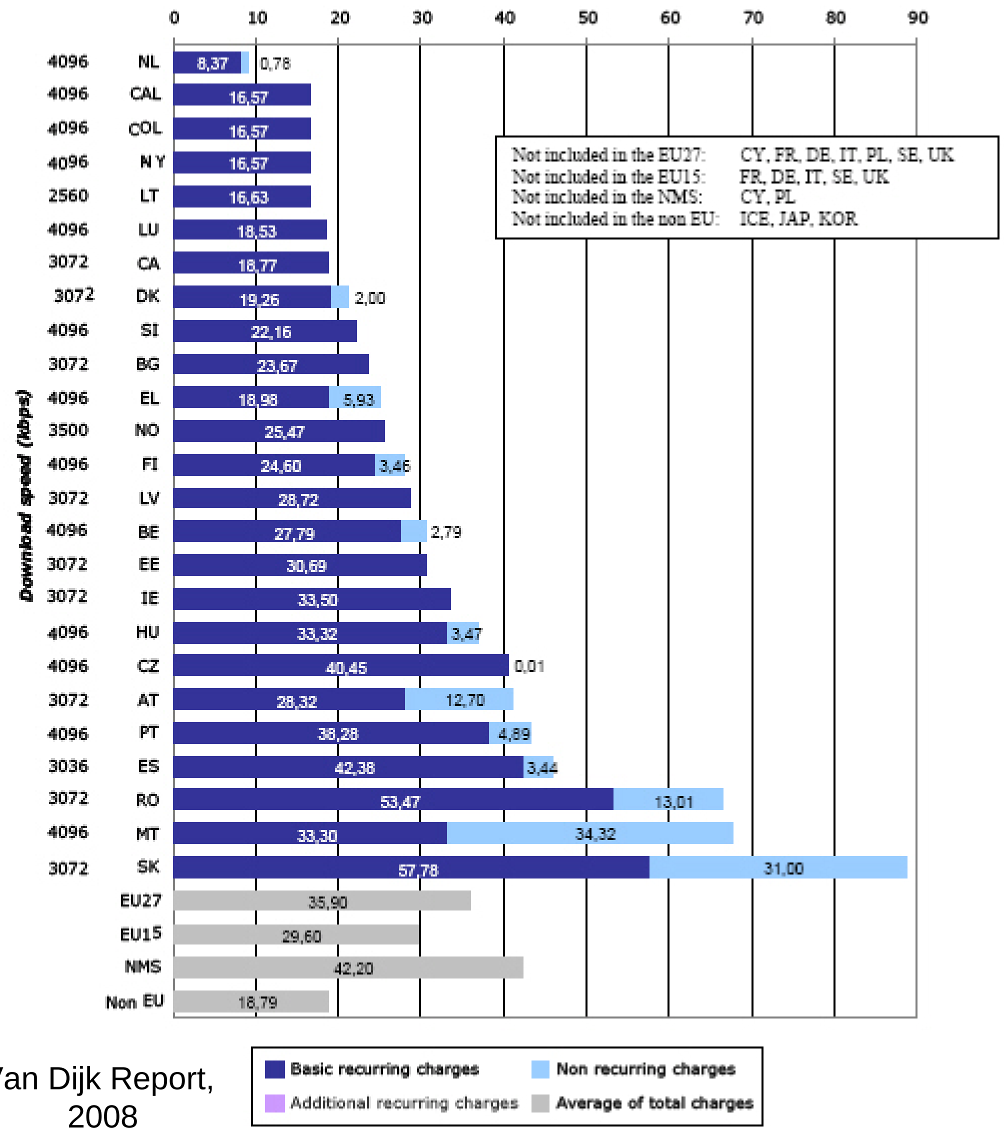



Impact of Broadband on Growth and Productivity (Micus report EU Commission, 2008)

- In Europe about 15m households are possibly without DSL based Internet access by 2010.
- In 2013 about 33m HH will seek in Europe BB services at 4 Mbit/s which can not be satisfied .

**Wireless technologies (digital dividend) and in particular satellite based services will be one of the most economic solutions to bring BB services to remote and very remote areas.**

# Challenges for satellite providers




Van Dijk Report, 2008

- Prices for such BB services have come considerably down to levels that are competitive with fixed line services.
- Still the initial fee for the receiver and the dish are very high and more complex to install compared to fixed and even more so compared to mobile / 3G solutions.
- Challenging will be the fast pace in which fixed and mobile technologies evolve and provide high bandwidth at lower costs.
- New technologies and satellites are under construction utilising Ka band technology, allowing for an even more aggressive pricing and much higher data rates