



**European Bank**  
for Reconstruction and Development



# Infra-Europe Presentation

## Working with EBRD Finance at a municipal level



**SIG strong track record of GET investments, which represented in 2019:**

**71% of SIG investment**

**New ambitions, aiming for EBRD GET investment to reach**

**50% of investments by 2025**

**Objective to align with**

**Paris Agreement**

**by prioritising investments on green pathways, scaling up renewables and build climate resilience.**

## **SIG Focus**

- Expansion of the electrification of the infrastructure sector;
- Support to the decarbonisation of electricity systems;
- Green a wide array of public services across transport and municipal sectors.

## **Thematic areas of investments**

- Energy systems – renewable energy, grids, cross-over investments, etc.
- Sustainable cities & environmental infrastructure – Green Cities, Smart cities, green buildings, circular economy, etc.
- Sustainable connectivity – electrification, hydrogen-based transport, digital and smart solutions, etc.

# Infra-Europe Fact Sheet

Infra Europe with 29 bankers supports the delivery of **quality, sustainable, market-based and demand-driven infrastructure both in municipal infrastructure and transport systems** across countries in South Eastern Europe, Central Europe, Baltics, Ukraine, Cyprus and Greece.

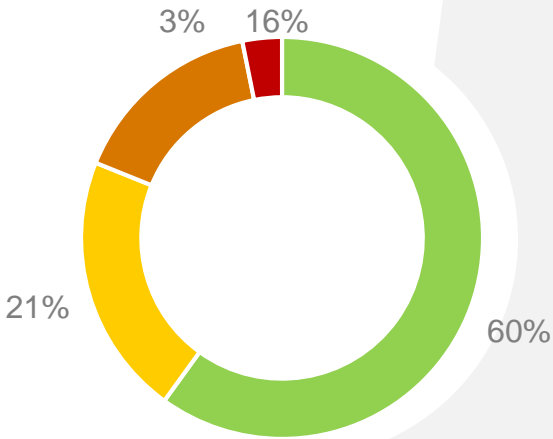
## Infra-Europe investments

Since 1991\*  
**€13.9 billion**  
**480 projects**

In 2020  
**~€800 million**  
**32 projects**

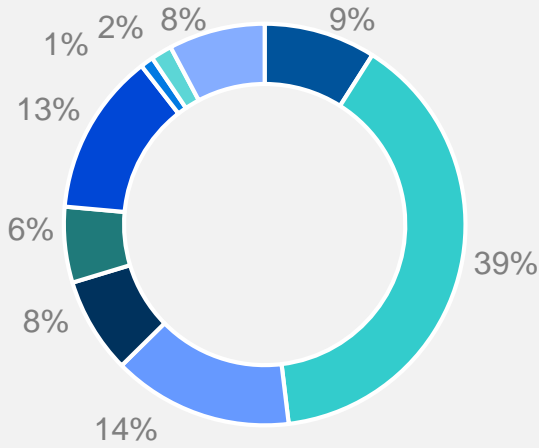
**Portfolio**  
**€6.3 billion**  
**254 projects**

Portfolio Regional Allocation



- S.E. Europe
- E. Europe and Caucasus
- Central Europe and Baltics

Portfolio Sector Allocation



- Air
- Rail
- Other transport
- District Heating
- Water
- Roads
- Municipal services
- Urban transport
- Waste

\* as of end of November 2020, including restructurings

# EBRD additionality in the Czech Republic

EBRD can support the Czech municipal sector in tackling major challenges posed by the **Covid-19 pandemic & climate change**.

## Financing Green and Sustainability linked Bonds

- Currencies: EUR/USD/LCY
- Aligned with Green Bond Principles
- Uses of proceeds: green infra projects or refinancing of green bonds/loans
- External review
- Tenor: Up to 10y
- Bullet repayment

## Supporting private sector and PPPs

- Finance to private and PPP companies – operational concessions (DBOM), PPPs based on DBFO to full privatisation.
- A PPP Advisory team that: i) supports public sector clients and assists with technical, legal and financial challenges; ii) provides expertise, funds and direct advisory.

## Financing Innovative technologies

- Development of Smart City Strategies with client municipalities to be turned into practical project investment plans.
- Full technical cooperation support for feasibility studies, tender documentation and strategies, procurement and implementation support, institutional strengthening.
- Market-rate finance to municipalities and their public/private solution providers.

However, predominant focus of EBRD will be on **private sector** support.

## REGIONAL EXPERTISE

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- ✓ Our **dedicated teams** are **present on the ground** in all of our Countries of Operations
- ✓ We are internationally recognised partner with **long-term perspective**

## POLICY ENGAGEMENT

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- ✓ Well-established **policy dialogue** with governments and regulators
- ✓ **Mitigation of political and regulatory risks** from extensive presence in the region
- ✓ **Donor-funded technical assistance** available for economically viable sustainable development projects

## PRODUCTS

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- ✓ **Preferred creditor status** in all countries of operations
- ✓ Catalyst to access **additional finance**
- ✓ **Flexible deal structures** and product matching services
- ✓ **Higher risk appetite** than other lenders

# Our Products and Beyond

Our products are designed to reflect a country's state of transition.

We offer full spectrum of financial solutions ranging from **senior debt** to **straight equity** and **hybrids**.

The Bank, acting as an anchor investor, can support **capital market transactions**.

Beyond this, we provide **Technical Cooperation Funds**, engage in **Policy Dialogue** and raise **Donor Funds**.

Our **Preferred Creditor Status** helps international investors tap into new regions.

## Loans

- ✓ Senior, subordinated
- ✓ Floating / fixed rates
- ✓ Reserve currencies (USD, EUR) but also local currencies (KZT, PLN, TRY)
- ✓ Long tenors for corporates (7+ years), project finance (13+ years) and sovereign (17+ years)

## Equity & Hybrids

- ✓ Convertible, mezzanine, straight equity
- ✓ Minority stakes (up to 35%) only
- ✓ Long term investment horizon (7+ years exits)
- ✓ Strategic investor with sizeable resources

Our Mission is to “**develop open and sustainable market economies** in countries committed to, and applying, democratic principles”.

The EBRD offers **financial products tailored** to each client.

We believe that our high **environmental, social, governance and integrity standards** support sustainable development.

## Key terms of EBRD Finance

- **Market based pricing**
- Objective to **co-finance** larger projects with commercial banks (A/B structure, syndication)
- **Grace period and tenor** linked to project’s needs, typical infrastructure tenors up to 15 years

## EBRD policies & standards

- The Bank’s **Procurement Policies and Rules (PP&R)**
- **Governance** and **integrity** standards
- **Environmental** and **social** standards

## EBRD approval processes





## Strategic objective

- Support to the orderly close of Vinca landfill and construction of a **new landfill** and of a **waste-to-energy facility**, which will turn this huge environmental hazard into **modern and EU compliant facilities** for waste treatment.
- **Stimulation of private sector investment** in the waste and RE sectors and **demonstrating the business case for sustainable investments** in the region.



## Results

- **First and largest PPP in environmental infrastructure** in Serbia, introducing a **new form of financing of public service**.
- Joint investment by **international lenders**, including **IFC<sup>2</sup>** and **OeEB<sup>3</sup>**
- GHG reduction of **129,000 ton CO2 eq/yr**.



## Project

- **Client:** “Beo Cista Energija d.o.o Beograd”, newly established SPV to operate and finance the **Belgrade Solid Waste PPP project** under a **DBFOT scheme**.
- **Sponsors:** Suez, Itochu, Marguerite Fund.
- **Project:** Financing the construction of a waste-to-energy plant, of a new municipal landfill, of the rehabilitation of the existing non-sanitary landfill, and of associated waste management facilities.
- EBRD loan of up to **EUR 72.25 million**, completed by B-loan of **EUR 35 million** and EBRD Green Energy Special Fund (“GESF”) loan of **EUR 21 million**.
- Total project cost of **EUR 361.4 million** was **co-financed of IFC and OeEB**.
- Tenor of **18 years**, incl. 3.5-year grace.
- Donors include **EBRD GESF**.
- Signed in **2019**.



# Bucharest Bond Issue – Project Dawn Romania



## Strategic objective

- Rationalisation of the City's balance sheet and improvement of its asset/liability management capabilities,
- Strengthened investor confidence through early dialogue and market stimulation thanks to the Bank's investment in longer tenors



## Results

- Development of the domestic municipal bond market.
- Demonstration of new replicable behaviour (e.g. new ways of financing and marketable publicly traded instrument);
- Setting of new standards through policy dialogue to promote re-eligibility and Euroclearability



## Project

- Client: The City of Bucharest
- Project: Refinancing of the City's existing EUR ~500 million Eurobond through a local currency bond listed on the Bucharest Stock Exchange.
- EBRD Investment in Bond programme of up to of EUR ~70 million with maturities of 7 & 10 years.
- Donors include EBRD Shareholder Special Fund which provided funding for a capacity building TC.
- Signed in 2015.





### Strategic objective

Rehabilitation and extension of water and wastewater infrastructure to increase the Company's coverage, in compliance with EU directives.



### Results

- **Setting standards for governance and performance** through the support of the physical implementation and operational efficiency of the newly regionalised water operator in Iasi
- **Promotion of environmental standards** in compliance with EU directives
- **Demonstration effect of successful restructuring** (the Company was transformed in a commercial company and regional operator in 2008).



### Project

- **Client:** Water and Wastewater utility Regia Autonoma Judeteana ApaVital Iasi, which provides water and wastewater services in Iasi County.
- **Project:** co-financing of the company's EUR 136 million regional investment programme.
- **Loan of EUR 22.3 million**, co-financed by an EU Grant of **EUR 103 million**.
- **Tenor of 15 years**, incl. a 4-yr grace
- **Donors:** SSF financed Environmental Gap Analysis, and the Benchmarking and Financial and Operating Performance and Improvement Programme TC.
- Signed in 2011

# GrCF -Banja Luka District Heating Bosnia-Herzegovina



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## Strategic objective

- Conversion from expensive and polluting heavy fuel oil to a **cheaper and less polluting locally available wood biomass**
- Introduction of **private sector expertise** and **efficiency** in district heating services
- Commercialisation of the financial operations through application of **cost recovery tariffs**



## Results

- **First non-sovereign municipal project** in Bosnia and Herzegovina
- **GCAP preparation**
- Adoption of a **new tariff structure**
- Adhesion to **EBRD's environmental and social requirements**
- GHG reduction of **45,750 ton CO2 eq/yr**



## Project

- **Client: City of Banja Luka**
- **Project:** EBRD's loan financed the City's **equity investment** in a new district heating joint venture.
- EBRD loan of up to **EUR 8.35 million**.
- Tenor of **15 years**, incl. 3-year grace.
- **TC: Austria DRIVE fund** financed the GCAP<sup>1</sup> preparation.
- Signed in **2017**.



1) GCAP: Green City Action Plan.

# Lviv tramline extension Ukraine



## Strategic objective

- Support to a **sustainable public transport** in the City.
- Elaboration of a **public transport regulatory reform** based on the introduction of a **sustainable Public Service Contract** between the City and LET (the Client).
- **Corporate development** of LET.



## Results

- **Improved reliability and efficiency of electric modes of public transport, and improved road conditions.**
- **Reduced air emissions** from cars thanks to **increased capacity on the public transport network** and replacement of heating systems at the depots.
- Introduction of **competitive tendering** for standardised bus services in the city.



## Project

- **Client: LvivElectroTrans (LET) Public Transport Company, LvivAvtodor and City of Lviv.**
- **Project:** Municipal-guaranteed loan to finance the modernization of the tram depot and building of tram line to Sykhiv district.
- Loan of **EUR 17 million**, completed by a EUR 2.5 million concessional loan from the **Clean Technology Fund**
- TC: **EU MPSF<sup>1</sup>** financed the technical and financial due diligence; **SSF<sup>2</sup>** finances the Support TC; **Ukraine-MDA<sup>3</sup>** will finance the Regulatory TC.
- Signed in **2018.**



# Vinnytsia Automated Fare Collection Ukraine



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## Strategic objective

- Development and implementation of a **modern automated fare collection (“AFC”) system for public transport users** in the city.
- Increased **private sector participation** under the DBM contract.
- Demonstration effects – **new technologies** and new ways of doing business.



## Results

- Integration and commercialisation of transport sector through **Public Service Contract**.
- Overall **improvement of service quality and efficiency of the public transport sector**.
- Considerable **environmental benefits** (less paper and waste).
- GHG reduction of **1,000 CO2 eq/yr**.



## Project

- **Client: Municipal Enterprise ‘Vinnytsiacartservis’**, established to implement an AFC system for public transport in the City.
- **Project:** AFC system in the city, to be procured under a **design, build, management (“DBM”) contract**; e-cards proposed to be procured separately as goods contract.
- Loan of up to **EUR 8 million**.
- Tenor of **13 years**, incl. a 3 year grace.
- TC: **SSF<sup>1</sup>** financed the Procurement, Implementation Support and Contract Supervision, as well as support to strengthening the Public Transport Regulatory Framework in the City of Vinnytsia.
- Signed in **2015**.

1) SSF: EBRD Shareholders Special Fund

# Our Contacts



**Susan Goeransson**, Director, Infrastructure Europe

E: [goeranss@ebrd.com](mailto:goeranss@ebrd.com)

T: +44 7802510739



**Igor Storchak**, Associate Director, Infrastructure Europe

E: [storchai@ebrd.com](mailto:storchai@ebrd.com)

T: +44 7912717257



**Lukas Kuzmiak**, Associate Director, Bratislava

E: [kuzmiakl@ebrd.com](mailto:kuzmiakl@ebrd.com)

T: +421 904313648



**Damir Cengic**, Principal Banker, Infrastructure Europe

E: [cengicd@ebrd.com](mailto:cengicd@ebrd.com)

T: +387 62435335