

# Financing efficient and sustainable transport networks

## EBRD experience in promoting transport solutions

March 2018



OFFICIAL USE

# European Bank for Reconstruction and Development



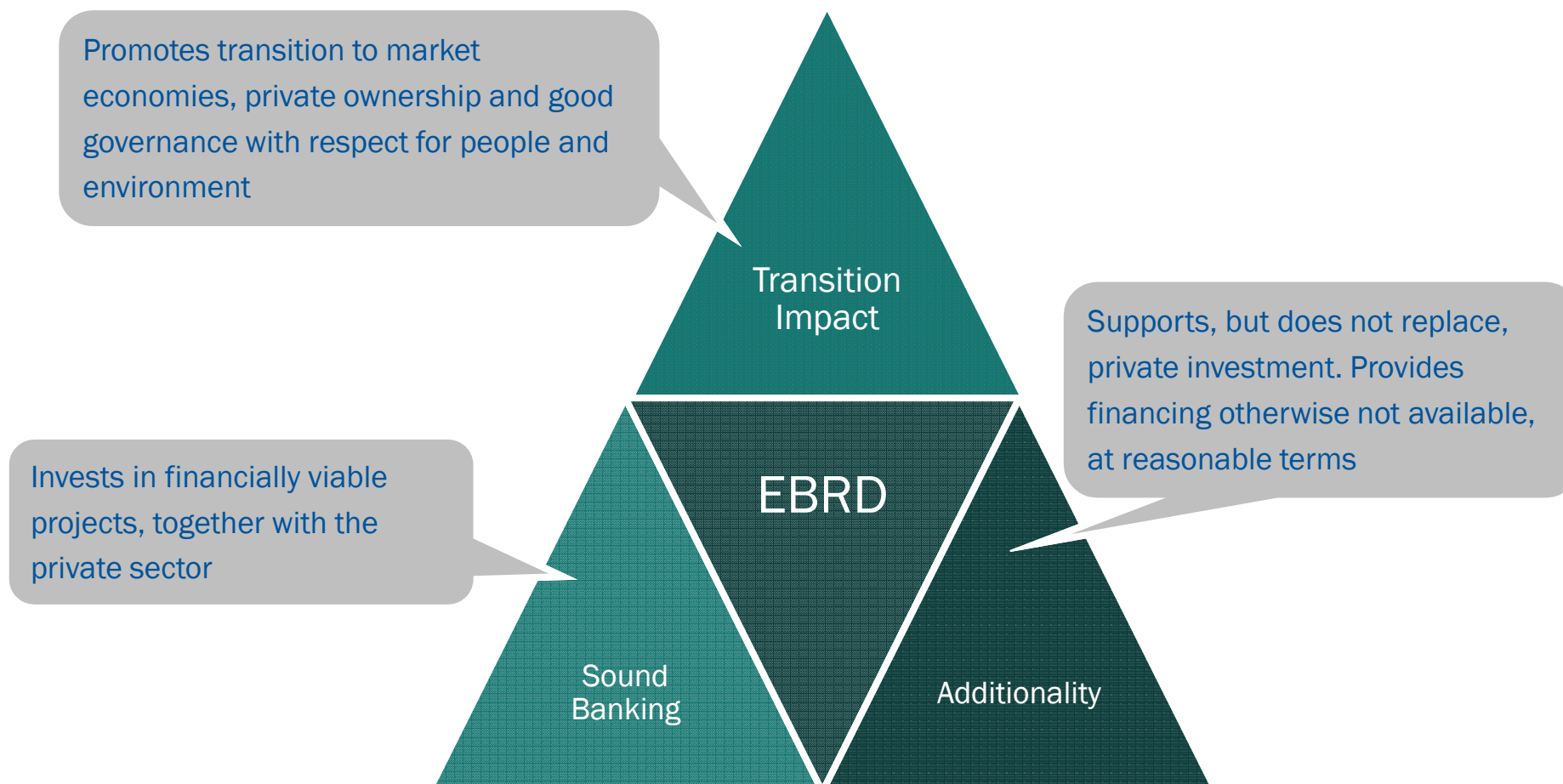
- International financial institution, promoting **transition to market economies** by investing mainly in **private sector development** and entrepreneurship
- Owned by **66** countries and two intergovernmental institutions
- **Largest single investor** in the region of operations (38 countries from central Europe to central Asia and the southern and eastern Mediterranean)

## EBRD at a glance

- Established in **1991**
- **43** resident offices, **6** regional offices, HQ in London
- **AAA-rated** (S&P, Moody's, Fitch)
- Capital base of **EUR 30 billion**
- **EUR 120 billion** invested in more than **5,000** projects since 1991

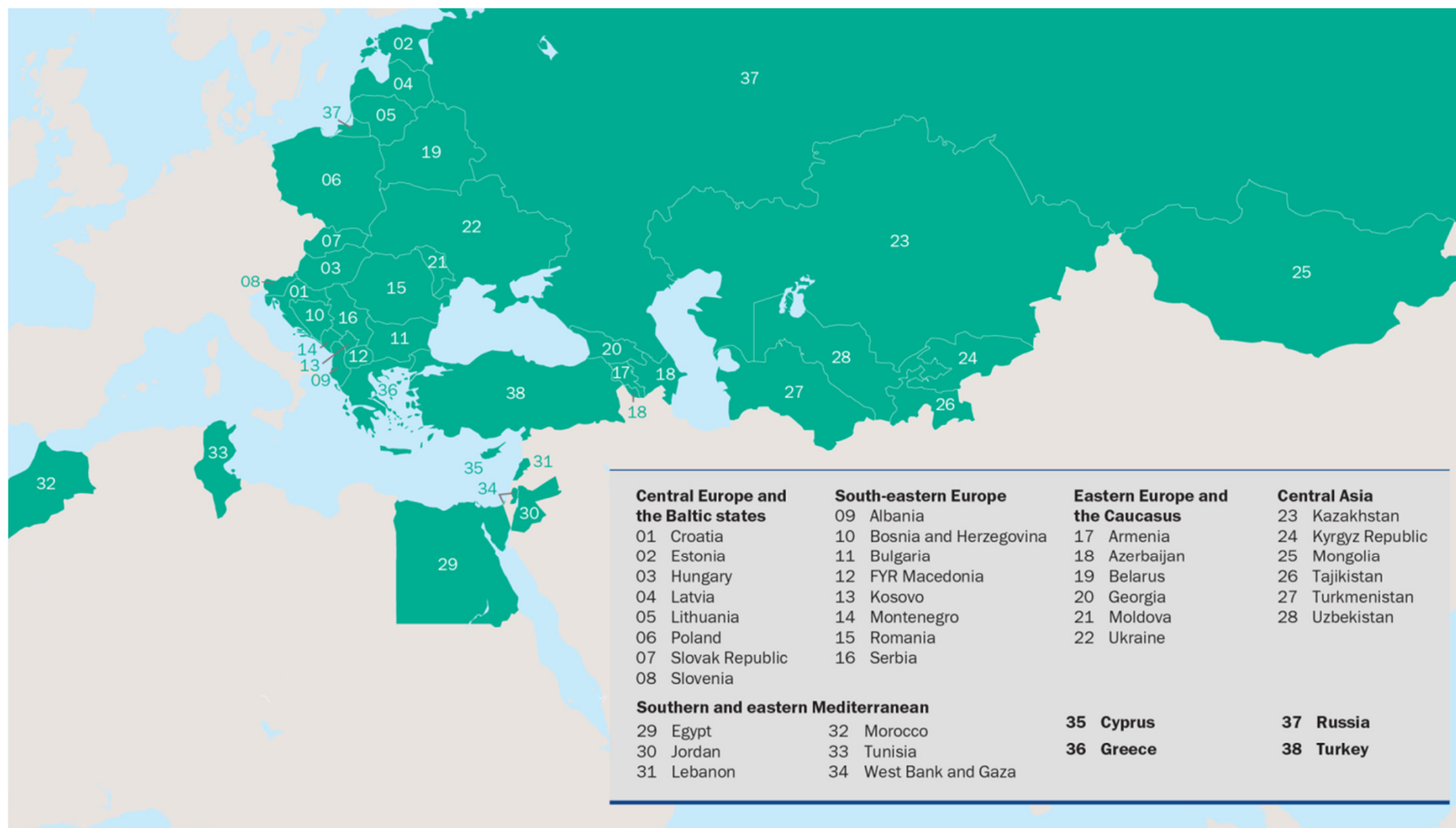
# Mission and Vision

## Three Key Principles





# Where the EBRD invests



# Projects in all key business sectors



Transport



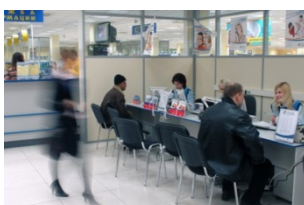
Municipal & Environmental  
Infrastructure



Property & Tourism



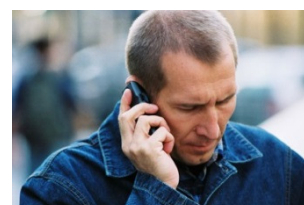
Nuclear Safety



Financial Institutions



Natural Resources



Telecommunications,  
Informatics & Media



Climate Finance



Manufacturing &  
Services



Power & Energy



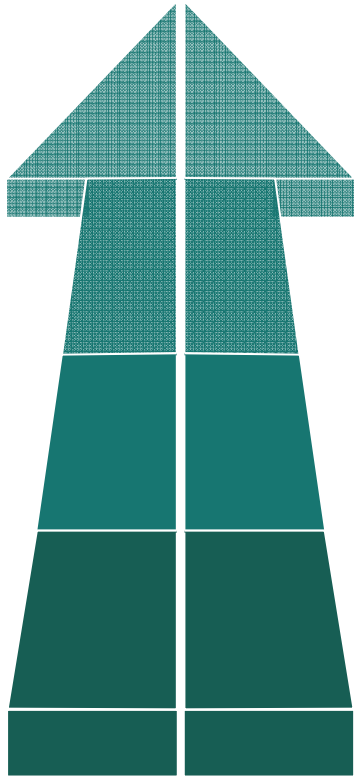
Agribusiness



Equity Funds

# Benefits of working with us

## EBRD's Value-Added: a unique offering



### EXPERTISE

- Strong, internationally recognised partner with **long-term perspective**
- Dedicated team with **expertise in a variety of sectors and countries**

### POLICY ENGAGEMENT

- 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

### PRODUCT OFFERING

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

# Extensive offer of tailored financial products

## Debt

- Loans to the private sector (up to 35% syndicating the rest), including SME
- Sovereign, sovereign guaranteed and loans to state owned companies
- Debt co-financing, working with commercial banks and IFIs
- Project finance loans (incl. PPP)
- Hard/local currency. Fixed/floating rates
- Syndication under preferred creditor status
- Access to capital markets

## Equity

- Investing with majority sponsor to reduce equity burden and add partnership value. No more than 25%
- Common or preferred stock
- Privatisation and initial public offering (IPO)
- Mezzanine equity and subordinated debt
- Infrastructure funds
- PPP

## Technical Cooperation

EBRD brings in additional financial capital and technical assistance (TC) to economically viable projects

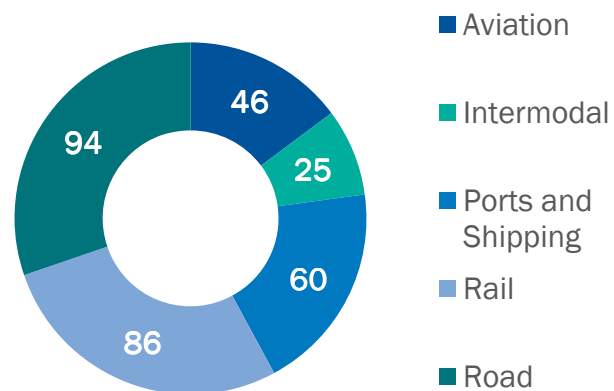
# Transport at a glance<sup>1</sup>



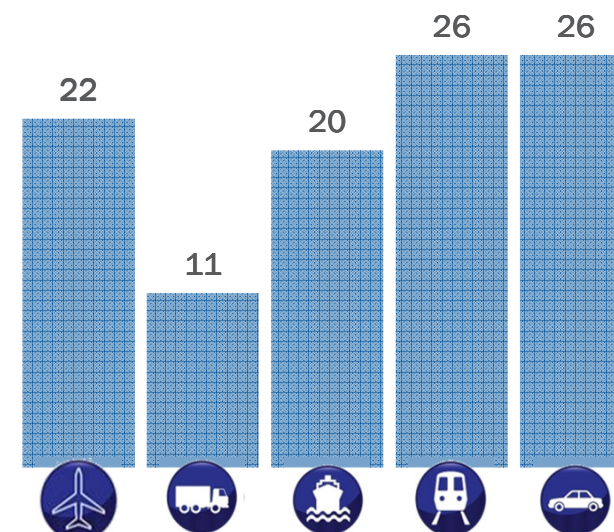
1. Data at end December 2017

- **€15.0 billion** invested
- Total project value: **€58.4 billion**
- **311 projects**
- **36** of the EBRD's countries of operation

Number of projects per sector

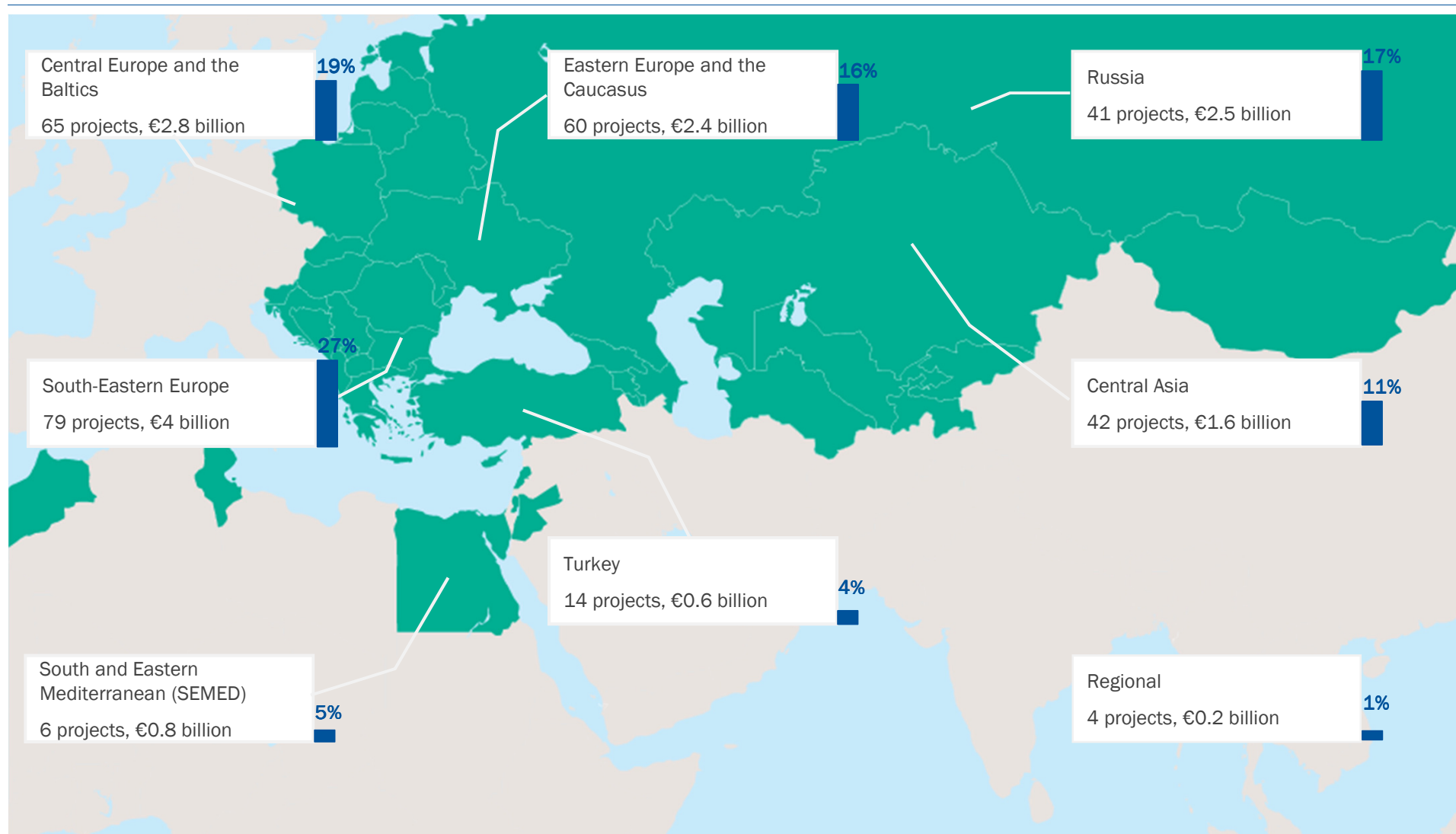


Country presence per sector





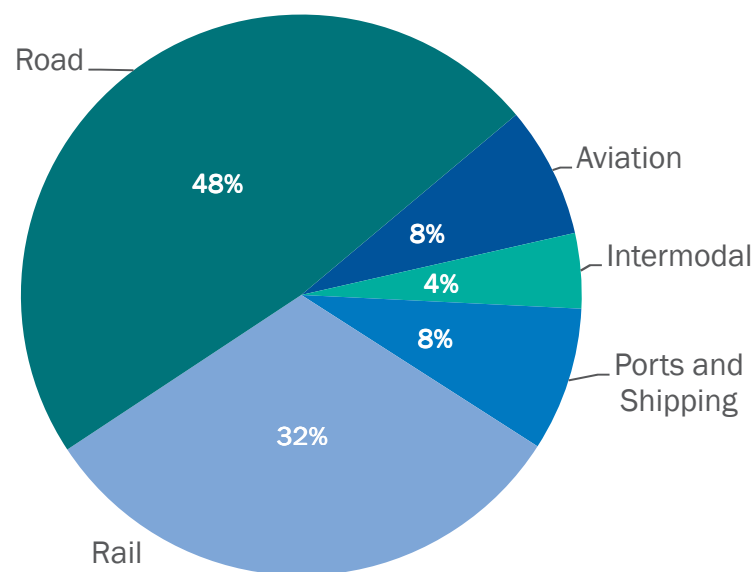
# The Bank invests in a broad range of Transport projects in<sup>1</sup>...



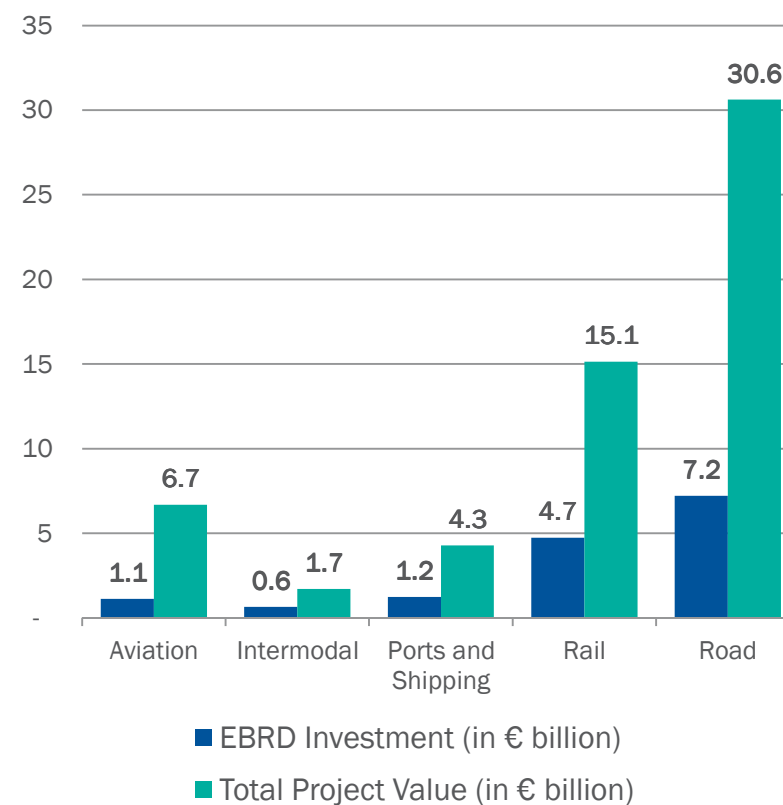
<sup>1</sup> Bar charts display the share of the Net Cumulative Bank Investment in the regions.

# EBRD investment by Transport Sector<sup>1</sup>

## INVESTMENT BY SECTOR

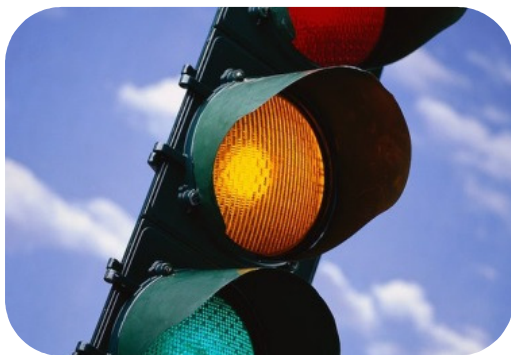


## TOTAL PROJECT VALUE (€ 58.4 billion)



<sup>1</sup> Data at end December 2017

# EBRD in the Road Sector



Upgrade of **road safety** standards  
Capacity building on outreach  
activities in context of the **Decade  
of Action for Road Safety**



Integration of rural regions and  
**facilitation of trade**  
Support of **regional integration** and  
key corridors (TEN, CAREC, etc.)



Promoting **commercial principles  
and PPP** in the management of  
road infrastructure  
**Involvement of private sector** in  
PPP revenue generating projects



Addressing **bottlenecks** and traffic  
**congestion**  
Reducing transport **costs** and  
**emissions**



Implementation of Intelligent  
Transport Systems technologies to  
improve **traffic management**

# EBRD in the Rail Sector



**Construction and rehabilitation** of new track, signalling, power supply and maintenance

**Rolling stock** and maintenance facilities  
Station rehabilitation and management, traction energy and telecommunications



Capacity building support for **safety**, security and environmental compliance standards

Promoting rail as environmentally sustainable transport mode through **energy efficiency technologies**



Promoting **rail competitiveness** along the Trans-European Strategic Corridors (VII, X, etc.)



Balance Sheet restructuring and corporate finance



# EBRD in the Maritime Sector



**Terminal and port structures** and development of state-owned infrastructure

Pre-and post-delivery financing of **fleet modernisation** and retrofitting

Promotion of short sea shipping



Policy dialogue with regional governments on the **commercialisation** of port infrastructure and the separation of its management from the state



Active encouragement of **private sector involvement** in greenfield projects



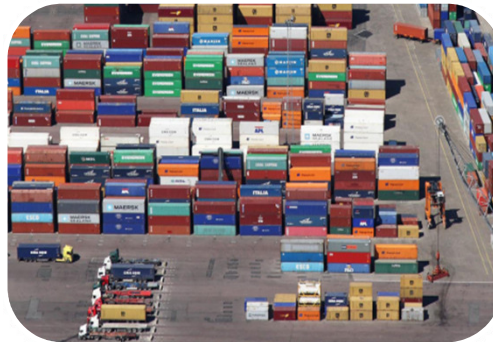
Introduction of environmental and **energy efficiency** best practices and compliance with IMO regulations

# EBRD in the Logistics & Intermodal Sector



**Fleet** renewal of private and state-owned companies

**Freight infrastructure** – cargo and cold warehousing, machinery



**Port infrastructure** – container handling operations, inland infrastructure

**Intermodal** operations – multipurpose logistics hubs, marshalling yards



**Capital markets** participation – Eurobonds, IPO, secondary share offerings, private placement

Support of **privatisation** alongside a strategic investor as a debt or equity partner



Development of **green logistics**

Promotion of **sustainable** transport systems through multimodal networks

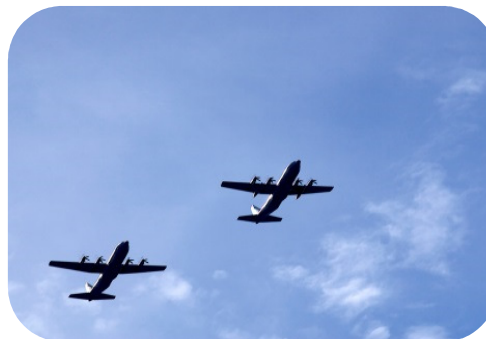
# EBRD in the Aviation Sector



Rehabilitation and expansion of **airport infrastructure** and construction of terminals

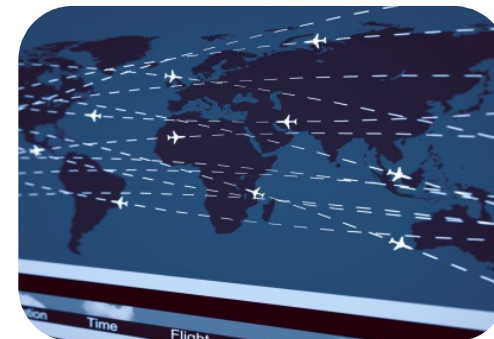
Replacement of old **aircraft**

Financing of airports and airlines to improve passenger comfort and **safety**



Engagement of **private sector** through PPP and the provision of outsourced services

Active support of affiliation with **international organisations** such as Eurocontrol



Modernisation of **air navigation systems** facilitating efficient route management and landing operations



Promotion of **energy efficiency**, including governance standards, emission reduction and improvements to the built environment

# Financial Products:

## Decarbonising Transport





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## Decarbonising Transport



### Green Logistics Program (funded by EBRD and GEF):

- Objective: Support modal shift and innovation in logistics sector in Mediterranean and Black Sea
- Concessional finance at L+75bps covering up to 15% of project costs (30% of EBRD loan) + TC for project preparation and implementation



### Green Energy Special Fund (funded by EBRD and ICDF of Taipei China)

- Objective: carbon reduction through introduction of new technologies “BAT”
- GESF can cover up to 50% of a loan (or 100% of a sub-component) at an interest rate proportional to carbon savings (ap. L+50bps) blended with market based EBRD loan (focus is currently public sector only)



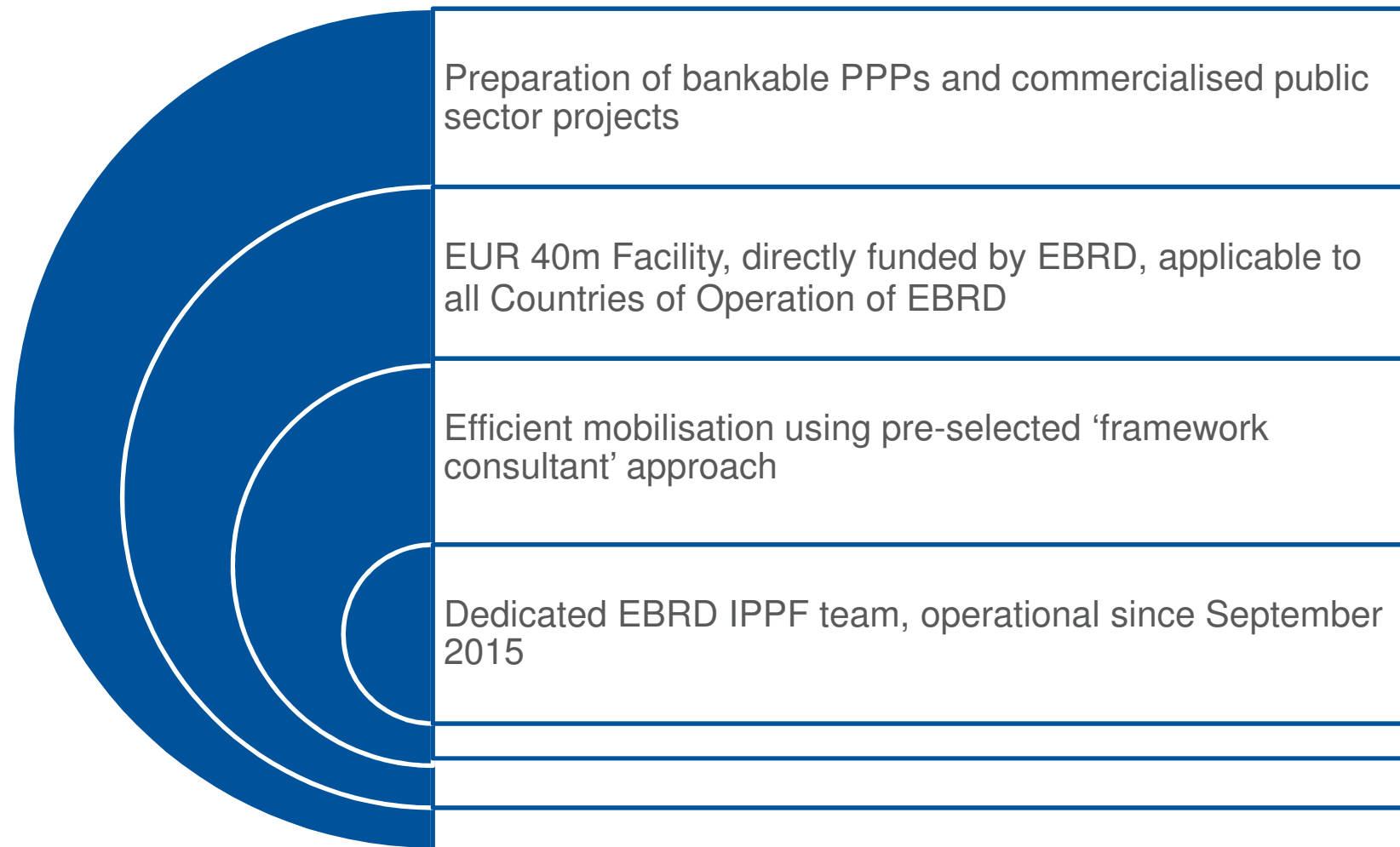
### Fintecc (Finance and Technology Transfer, funded by GEF and EU)

- Objective: Introduction of climate technologies with low penetration by private sector in KZ, UK, Central Asia and SEMED
- Provision of incentive fee up to 25% of eligible costs (capped at 0.5-1 mln EUR) + TC for project preparation and implementation

Individual ad-hoc project applications top donors are also possible

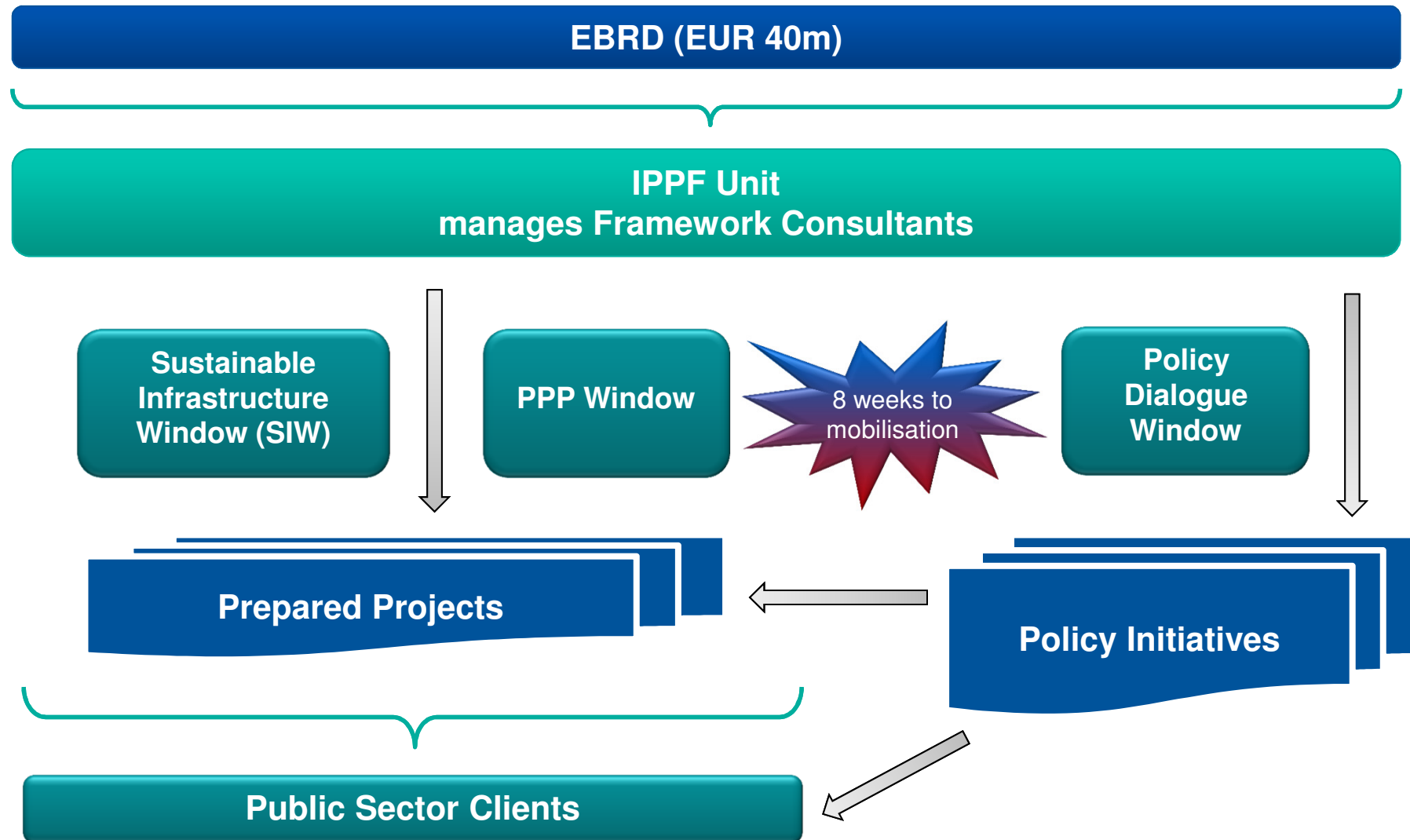
# Financial Products:

## Infrastructure Project Preparation Facility (IPPF) structure



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# Trends In Transport:

## Other Initiatives and final thoughts

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- Green finance is maturing - We are seeing an increased interest from climate funds and other donors on moving away from grants and towards concessional type funding and other instruments such as subordinated and guarantee type instruments.
- External Relationships – EBRD is leveraging relationships with UN organisations such as the IMO and FAO (Policy + Investment)
- Focus on Road Safety and climate adaptation in roads - heat maps for climate related risks, increase importance of funds such as the GRSF at the World bank.



# Case Study

## Tersan Floating Dock Project, Turkey



- Client:** Tersan Tersanecilik Taşımacılık Sanayi ve Ticaret A.Ş., a joint stock company incorporated in Turkey.
- EBRD finance:** USD 21 million, including USD 1.5 million under NØW programme
- Type of finance:** Senior Secured Loan
- Total Project cost:** USD 31.4 million
- Year:** 2017
- Project description:** Finance the construction of a new floating dock in Yalova for the servicing, retrofitting, and repairing of commercial maritime vessels.
- Impact:**
- Expanding the competitiveness of the Turkish vessel repair and maintenance sector by creating a purpose built, best in class floating dock which will be able to service Panamax sized vessels.
  - Optimising the flexibility and reliability of vessel repair services for both Turkish and Western European vessels given the strategic location of the new dock near the Marmara Sea, a high traffic area for container and other types of vessels.
  - Facilitating a healthier shipping industry in the region by eliminating the capacity and capability constraints of the existing shipyards by introducing a new dock offering the most sophisticated retrofits and repair services, including LNG retrofits.

The Project will be supported by the Near Zero Waste (“NØW”) programme to promote state-of-the-art waste minimisation technologies. The Project also supports the introduction of energy efficiency and other environmental protection measures in the shipping fleet.



# Case Study

## Ekol Ro-Ro Projects I and II, Turkey



**Client:** Alternative Tasimacilik AS, with Ekol Lojistik A.S (“Ekol”), one of the largest third party logistics providers operating in Turkey, as the guarantor.



**EBRD finance:** EUR 64.5 million (Project I) and EUR 18.5 million (Project II)



**Type of finance:** Senior Loan

**Total Project cost:** EUR 84 million (Project I) and EUR 46.5 million (Project II)

**Year:** 2014 (Project I) and 2017 (Project II)



**Project description:** Finance the acquisition of three modern Ro-Ro vessels (Project I) and an additional Ro-Ro vessel (Project II) to provide maritime logistic services between the ports of Haydarpasa, Turkey and Trieste, Italy.



**Impact:**

- Demonstrating the wider availability of financing to the logistics shipping industry in Turkey by employing an innovative “two-stage” financing model with an initial market-testing leasing stage followed by acquisition of the operating assets.
- Contributing to the development of “Motorways of the Sea” as an alternative to land transport between Turkey and Europe by expanding the Haydarpasa – Trieste corridor capacity and, thus, supporting a cleaner, safer and more efficient transport system.

The Project II will also be eligible for a junior facility of up to EUR 4.5 million under the EBRD Green Logistics Program (“GLP”), a special programme administered by the Bank and funded by the Global Environment Facility (“GEF”) to unlock investment opportunities supporting the decarbonisation of the logistics sector.



# Contacts

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