Financing efficient and sustainable transport networks
EBRD experience in promoting transport solutions

July 2018
Established in 1991

Owned by 67 countries from five continents, as well as the European Union and the European Investment Bank

Largest single investor in the region of operations (38 countries from Central Europe to Central Asia and the SEMED)

Capital base of €30 billion

Triple-A rating from all three main rating agencies (S&P, Moody’s and Fitch)

At a glance ¹

Net cumulative Bank investment €124.8 billion (since 1991)

Number of projects 5,139 (since 1991)

Cumulative disbursements €95.5 billion (since 1991)

¹ Data at end June 2018
Mission and Vision: Three Key Principles

Promotes transition to market economies, private ownership and good governance with respect for people and environment.

Invests in financially viable projects, together with the private sector.

Supports, but does not replace, private investment. Provides financing otherwise not available, at reasonable terms.
Where the EBRD invests

[Map of Europe showing investment areas]

Central Europe and the Baltic states
- Croatia
- Estonia
- Hungary
- Latvia
- Lithuania
- Poland
- Slovak Republic
- Slovenia

South-eastern Europe
- Albania
- Bosnia and Herzegovina
- Bulgaria
- FYR Macedonia
- Kosovo
- Montenegro
- Romania
- Serbia

Eastern Europe and the Caucasus
- Armenia
- Azerbaijan
- Belarus
- Georgia
- Moldova
- Ukraine

Central Asia
- Kazakhstan
- Kyrgyz Republic
- Mongolia
- Tajikistan
- Turkmenistan
- Uzbekistan

Southern and eastern Mediterranean
- Egypt
- Jordan
- Lebanon

Additional notes:
- Cyprus
- Greece
- Turkey
EBRD sectors and topics

- Transport
- Municipal and Environmental Infrastructure (MEI)
- Agribusiness
- Equity Funds
- Financial Institutions
- Information and Communication Technologies (ICT)
- Legal Reforms
- Manufacturing and Services
- Natural Resources
- Nuclear Energy
- Power and Energy
- Property and Tourism
EBRD key strengths

**Operational**

- Extensive knowledge of local economy, business environment and practices, local presence
- Engaged minority partner for business
- A business partner who shares risks, including political
- Catalyst to access additional equity, debt and trade finance
- Provides finance to both private and public sector clients
- High standards for corporate governance and compliance

**Institutional**

- Strong, internationally recognised financial partner with long-term perspective
- Close working relationships with governments and shareholders
- Political leverage due to EBRD’s unique mandate and shareholder structure
- Preferred Creditor Status
- Triple-A credit rating
- Works closely with market sources of capital to fill “market gaps”
EBRD provides flexible financing solutions

- Sovereign backed debt to SOEs
  - For financially viable operations saves sovereign headroom

- Commercial debt to SOEs
  - EBRD up to 35% + Syndication / Parallel lending

- Commercial debt to private companies
  - EBRD up to 20%

- Debt Capital Market
  - EBRD Credit Enhancement
    - EBRD up to 20%
    - Blended finance
    - First Loss
    - Construction support
    - Revenue Support

- Equity EBRD up to 25%
  - IPO/ Private placement
  - Infra Funds
  - Mezzanine

- TC project preparation support, including PPPs
- TC Reform-related and implementation support, including ‘soft measures’
Transport Team at the EBRD

Over 30 dedicated sector coverage bankers in London HQ and EBRD resident offices

Dedicated in-team specialists to support project needs including procurement, sustainable strategies and monitoring

Debt and equity services to clients across every transport mode: roads\(^1\), railways, maritime, aviation, logistics and postal services

\(^1\) Urban Transport is competence of the Municipal & Environmental Infrastructure (MEI) Team
Transport at a glance

- **€15.6 billion** invested
- Total project value: **€59.1 billion**
- **314 projects**
- **36** of the EBRD’s countries of operation

Number of projects per sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road</td>
<td>95</td>
</tr>
<tr>
<td>Rail</td>
<td>85</td>
</tr>
<tr>
<td>Ports and Shipping</td>
<td>62</td>
</tr>
<tr>
<td>Aviation</td>
<td>47</td>
</tr>
<tr>
<td>Intermodal</td>
<td>25</td>
</tr>
</tbody>
</table>

Country presence per sector

- Aviation: 22
- Intermodal: 10
- Ports and Shipping: 20
- Rail: 25
- Road: 26

Data at end June 2018
Transport within Infrastructure Business Group

INFRASTRUCTURE Business Group

TRANSPORT
South & Central Europe, SEMED

MEI
South & Central Europe, SEMED

INFRASTRUCTURE
Russia & Central Asia

Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Egypt, Estonia, FYR Macedonia, Georgia, Greece, Hungary, Jordan, Kosovo, Latvia, Lebanon, Lithuania, Moldova, Montenegro, Morocco, Poland, Romania, Serbia, Slovak Republic, Slovenia, Tunisia, Turkey, Ukraine, West Bank and Gaza

Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan, Russian Federation
The Bank invests in a broad range of Transport projects in...
EBRD investment by Transport Sector

INVESTMENT BY SECTOR

- Road: 49%
- Rail: 31%
- Intermodal: 5%
- Aviation: 7%
- Ports and Shipping: 8%

TOTAL PROJECT VALUE (€ 59.1 billion)

<table>
<thead>
<tr>
<th>Sector</th>
<th>EBRD Investment (in € billion)</th>
<th>Total Project Value (in € billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>1.1</td>
<td>6.7</td>
</tr>
<tr>
<td>Intermodal</td>
<td>0.7</td>
<td>1.8</td>
</tr>
<tr>
<td>Ports and Shipping</td>
<td>1.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Rail</td>
<td>4.8</td>
<td>15.2</td>
</tr>
<tr>
<td>Road</td>
<td>11.8</td>
<td>30.8</td>
</tr>
</tbody>
</table>

1 Data at end June 2018
## Recent awards and recognitions

<table>
<thead>
<tr>
<th>Budapest Airport Financing, Hungary</th>
<th>Greek Airport Privatisation, Greece</th>
<th>Albanian Railways, Albania</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBRD senior note of EUR 100 million</strong> as part of an overall financing package of EUR 1,320 million</td>
<td><strong>EBRD senior loan of EUR 186.7 million</strong> as part of a wider debt package of EUR 1,985.6 million</td>
<td><strong>EBRD senior loan of EUR 36.9 million</strong> as part of a wider finance of EUR 92.0 million</td>
</tr>
<tr>
<td>The proceeds will be used to finance balance sheet restructuring of the holding company of Budapest Airport Zrt</td>
<td>The proceeds will be used to finance the concession for upgrade, maintenance, operation and management of 14 regional airports in Greece</td>
<td>The proceeds will be used to finance rehabilitation of the railway line between the cities of Tirana and Durres including the construction of a branch to connect to the Tirana International Airport</td>
</tr>
</tbody>
</table>

**IJGlobal Awards 2017: Europe Refinancing Deal of the Year**
**Global Transport Finance Awards 2017: Airport Finance Deal of the Year (Europe)**
**EMEA Finance Awards 2017: Best Repricing in EMEA**

**IJGlobal Awards 2017: Europe Airport Deal of the Year**
**EMEA Finance Awards 2017 – Central and Eastern Europe: Best Transport Infrastructure Deal**

**EMEA Finance Awards 2017: Best Rail Deal**
## Recent awards and recognitions

<table>
<thead>
<tr>
<th>Project</th>
<th>Award</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalaman Airport, Turkey</td>
<td>Turkey Bonds &amp; Loans Awards Turkey 2015: Transport Finance Deal of the Year</td>
<td>EUR 162 million EBRD loan syndicated to commercial lenders, while the total project size is EUR 372.6 million. The proceeds were used for construction of a new domestic terminal for Dalaman Airport</td>
</tr>
<tr>
<td>Klaipedos Smelte, Lithuania</td>
<td>Lithuania Investors’ Forum 2014: Investor of the Year</td>
<td>EUR 81 million projects, partially financed by EBRD senior loan of EUR 27.5 million and a parallel SEB loan. The proceeds were used to expand container terminal at Klaipeda Port</td>
</tr>
<tr>
<td>DCT Gdansk, Poland</td>
<td>IJGlobal Europe &amp; Africa Awards 2014: European Port Deal of the Year</td>
<td>EBRD EUR 31 million senior loan, co-financed by a syndicate of commercial lenders providing the remaining EUR 259 million of the debt facility. The proceeds were used to for the capital investment to construct a second container terminal at the Port of Gdansk</td>
</tr>
</tbody>
</table>
EBRD in the Road Sector

• Supporting regional integration and trade facilitation through investment in key corridors (TEN-T, Pan-European Corridors, CAREC, etc.)

• Providing finance which balances economic, environmental and social components to develop sustainable transport systems

• Focusing on road safety and upgrade of road safety standards in the region

• Promoting commercial principles and Public Private Partnerships (PPPs) in the management of road infrastructure

• Increasing involvement of the private sector in PPP revenue generating projects

• Supporting innovative technologies linked to energy and resource efficiency to reduce transport costs and carbon emissions
Some references in the Road Sector

- Investing in key road infrastructure to reduce bottlenecks and traffic congestion (i.e. WHSD in St. Petersburg, Russia; Eurasia Tunnel in Istanbul, Turkey)
- Financing construction and rehabilitation of strategic routes in the region (i.e. Corridor Vc sections in Republika Srpska, Bosnia and Herzegovina and Croatia)
- Increasing involvement of the private sector in PPP revenue generating projects which meet economic and financial criteria (i.e. D4/R7 Highway in Slovakia, M6 Motorway in Hungary)
- Improving road safety and road safety measures in the region (i.e. Flood Repair and Upgrade Project in Bosnia and Herzegovina, Kijeve – Zahaq Highway in Kosovo)
- Enhancing operational efficiency and transparency of the road sector management (i.e. Main Roads Reconstruction Project in Montenegro, Shtip - Radovish Road Section in FYR Macedonia)
- Facilitating economic development and regional integration (i.e. Minsk Second Ring Road in Belarus, Main Roads Reconstruction in Montenegro)
EBRD in the Rail Sector

- Financing rehabilitation, upgrade and construction of railway infrastructure, rolling stock renewal, financial and labour restructuring and related investments in infrastructure and rolling stock support services, energy efficiency and rail station development
- Facilitating private sector participation through supporting private ownership and enhancing market competition
- Promoting rail competitiveness along the Trans-European Transport Network (Corridors VII, X, etc.)
- Providing capacity building support in regards to compliance with safety, security and environmental standards
- Promoting rail as an environmentally sustainable transport mode and providing investment in energy efficient and sustainable technologies
- Supporting ongoing reforms in the region
- Co-financing and cooperating with other IFIs
Some references in the Rail Sector

- Financing renewal of rolling stock - acquisition of wagons by private operators (i.e. in Russia, Ukraine, Kazakhstan), Electric Multiple Units (EMUs) and modern locomotives (i.e. in Croatia, Serbia, FYR Macedonia, Montenegro, Egypt)
- Investing in energy efficient technologies in ancillary infrastructure (i.e. in Ukraine, Serbia, FYR Macedonia)
- Expanding sector capacity through financing of new rail infrastructure and major rehabilitation works (i.e. in Serbia, FYR Macedonia, Montenegro, Kosovo)
- Promoting rail competitiveness along the Trans-European Transport Network (TEN-T), i.e. rehabilitation of parts of Corridors VIII and X in FYR Macedonia
- Supporting innovative PPP schemes including refurbishment and commercial operations of rail operators (Grandi Stazioni in Czech Republic)
EBRD in the Maritime Sector

- Investing in pre-and post-delivery financing of fleet modernisation and retrofitting as well as conversion and retrofitting of existing vessels to promote competition and energy efficiency

- Financing terminal and port infrastructure and development of state-owned infrastructure

- Engaging in policy dialogue with regional governments in regards to commercialisation of port infrastructure and separation of its management from the state

- Supporting private sector involvement in greenfield projects

- Promoting international best practices in regards to environmental and energy efficiency and compliance with International Maritime Organization (IMO) regulations to promote sustainable maritime transport
Some references in the Maritime Sector

- Investing in pre- and post-delivery financing of fleet modernisation and renewal (i.e. Maridive in Egypt, Ekol in Turkey, Circle Maritime Invest in Kazakhstan)

- Financing expansion of port infrastructure (i.e. Nador West Med in Morocco, Deep-Water Container Terminal in Poland, Transhipment Hub in Lithuania) to contribute to more efficient and sustainable transport routes

- Participating in port privatization to support development of the local capital market (Port of Tallinn in Estonia) and in Initial Public Offering (IPO) to increase private sector involvement (Port of Bar in Montenegro)

- Supporting introduction of innovative technologies to promote environmental and energy efficiency best practices (i.e. Tersan Floating Dock in Turkey, Ukrelevatortrans in Ukraine)

- Promoting increased efficiency and effectiveness of the sector operations through adoption of international best practices and certifications (i.e. Maridive in Egypt, Fast Crew Boat Financing in Azerbaijan)
EBRD in the Logistics & Intermodal Sector

- Financing fleet modernisation of private and state-owned companies to encourage competitive, cost-efficient and flexible transport services
- Providing financing for freight infrastructure (i.e. cargo and cold warehousing, machinery), port infrastructure (i.e. container handling operations, inland infrastructure) and intermodal operations (i.e. multipurpose logistics hubs, marshalling yards)
- Supporting private operators to increase competition and promote more widespread private ownership
- Promoting development of green logistics and sustainable transport systems through multimodal networks
- Facilitating integration and optimisation of freight network services to streamline operations, reduce fuel costs and emissions, and improve the quality of the services offered to the market
Some references in the Logistics & Intermodal Sector

• Supporting intermodal operations – multipurpose logistics hubs and terminals, diversified transportation network connections (i.e. Danube Logistics in Moldova, PIMK in Bulgaria, DLF Georgia Logistics Terminal in Georgia)

• Financing fleet acquisition and renewal to improve operational and resource efficiency (i.e. Arkas in Turkey, Globaltrans in Russia)

• Providing equity investment for IPOs to promote private sector participation (InPost in Poland)

• Supporting balance sheet restructuring (TLS Logistics in Turkey)

• Improving standards for corporate governance and business conduct (i.e. Akel Logistics in Turkey, Asya Port in Turkey)

• Enhancing automatization and competitiveness of the postal services in the region (i.e. Meest Logistics and Nova Poshta in Ukraine)

• Contributing to decarbonisation through increasing operational optimization (i.e. Meest Logistics in Ukraine, PIMK in Bulgaria)
EBRD in the Aviation Sector

- Financing innovative technologies, rehabilitation, modernisation and capacity enhancement of airports, operations and airlines to reduce its GHG emissions and improve passenger comfort and safety
- Enhancing management capacity through improved business planning, corporate governance and information systems, including systems for energy management and safety standards
- Facilitating efficient Air Traffic Management to provide more efficient procedures, shorter routes and significant emissions savings
- Engaging private sector through Public Private Partnerships (PPPs) and provision of outsourced services
- Encouraging affiliation with international organisations, such as EUROCONTROL, and supporting implementation of the Single European Sky programme
Some references in the Aviation Sector

- Providing finance in PPP schemes at key international airports in the region (i.e. Budapest Airport in Hungary, Greek Airports, Dalaman Airport in Turkey, Tbilisi International Airport in Georgia)

- Financing modernisation of air navigation systems to allow shorter routes and significant fuel savings (SMATSA Upgrade in Serbia);

- Facilitating introduction of high energy efficiency standards in the design of airport terminals (i.e. Pulkovo Airport Concession Finance in Russia, TAV Ege Terminal in Turkey)

- Supporting affiliation with international organisations such as EUROCONTROL (SMATSA Upgrade Project in Serbia) and implementation of the Single European Sky programme (Macedonian Air Navigation Service Project in Macedonia) to enhance cost efficiency and cost recovery
Case Studies
### Case Study

**Flood Repair and Upgrade, Bosnia and Herzegovina**

**Client:** Public Company Roads of the Federation of Bosnia and Herzegovina (the “FBIH Roads”) as the Implementing Entity, with the Federation of Bosnia and Herzegovina (FBH) as the Borrower

**EBRD finance:** EUR 65.0 million

**Type of finance:** Senior Loan

**Total Project cost:** EUR 192.5 million

**Year:** 2016

**Project description:** Finance repair of damages caused by floods and upgrade of selected sections of the FBIH trunk road network, reconstruction of bridges and a tunnel, and construction of bypasses

**Impact:**
- Stabilizing the debt service capacity of the FBIH Roads by supporting a fuel levy increase and, thereby, facilitating transformation of the Client into a commercially-oriented entity
- Contributing to an increased climate change resilience through integration of climate risk analysis and adaptation measures into the detailed design
- Enhancing the Client’s road safety management capacity through development of road safety auditing practices and transfer of skills and, ultimately, development of Road Safety Management System in line with ISO 39001

The Project won 1st Place in the 2017 EBRD Sustainability awards in the “Climate Change Adaptation” category.
**Case Study**  
Albanian Railways, Albania

**Client:** Republic of Albania, with an on-lending arrangement to Hekurudha Shqiptare (“Albanian Railways” or “HSH”)

**EBRD finance:** EUR 36.9 million  
**Type of finance:** Senior Loan  
**Total Project cost:** EUR 92 million  
**Year:** 2016  
**Project description:** Finance rehabilitation of the railway line between the cities of Tirana and Durres, including construction of a branch connecting to Tirana International Airport

**Impact:**
- Aligning track access charging methodology with the regional standards by ensuring correct cost allocation through a consultant-assisted track access regime review
- Strengthening standards of business conduct by assisting HSH to adopt a long-term approach to maintaining its assets, enhancing its accounting and reporting systems, and promoting improved international Human Resources practices, particularly in regards to presenting equal opportunities

The Project supports low carbon transport development in line with Green Economy Transition as well as rail sector reform and restructuring to enable transformation of a sovereign client into a commercially-oriented entity. It also supports expansion and rehabilitation of the regional transport infrastructure to facilitate cross-border links and lower transportation costs.

**EMEA Finance: Project Finance Best Rail Deal – 2017**
Case Study
CTGC (Port of Bar) Privatisation Project, Montenegro

Client: Port of Adria ("PoA"), formerly known as Container Terminal and General Cargo ("CTGC"), with Global Ports Holding PLC as the Sponsor

EBRD finance: USD 20.0 million
Type of finance: Senior Loan
Total Project cost: USD 30.0 million
Year: 2018

Project description: Finance capital investments and the social programme as foreseen by the Sponsor's privatization commitments, mostly retroactively

Impact:
- Promoting commercial solutions and private sector participation by supporting completion of PoA's privatization process
- Improving the country's connectivity and regional integration through development of Port of Adria which serves both Montenegro and its geographic hinterland in the Western Balkans
- Increasing Montenegro’s comparative advantage as a tourism destination by supporting construction and operation of a cruise terminal at what previously was only a freight oriented port

The Project capitalises on the success of the Bank’s pre-privatisation project with the Government of Montenegro, which transformed the state-owned CTGC into a commercially-oriented entity and will contribute to effective cost management. The Project also promotes corporate governance improvements through achievement of ISO certification.
Case Study  
DFF - Nova Poshta, Ukraine

Client: Nova Poshta LLC, the largest private postal operator in Ukraine
EBRD finance: USD 9.5 million
Type of finance: Senior Secured Loan
Total Project cost: USD 10.7 million
Year: 2018
Project description: Finance construction of a new automated parcel sorting terminal in the city of Khmelnytskyi in Western Ukraine
Impact: 
- Supporting innovation for the improvement of the postal logistics infrastructure in Ukraine through introduction of a state-of-the-art sorting terminal designed for 24-hour operation
- Improving fleet utilization by levelling the daily peaks in cargo flows, enabling better cargo consolidation, and optimizing truck space use through isolating off-size cargoes
- Contributing to lower CO2 emissions through reducing the number of trips and fuel required to move the same volume of goods

The Project benefits from a USD 225,000 incentive grant provided by FINTECC, a comprehensive climate technology transfer initiative supported with funds from Global Environment Facility (USD 7 million) and Neighbourhood Investment Facility (EUR 4 million).
Case Study
Greek Airports Privatisation, Greece

Client: Fraport Regional Airports of Greece “A” and Fraport Regional Airports of Greece “B” S.A., two concessionaire SPVs based in Greece

EBRD finance: EUR 186.7 million

Type of finance: Senior loan

Total Project cost: EUR 1,985.6 million

Year: 2017

Project description: Financing of the concession for upgrade, maintenance, operation and management of 14 regional airports in Greece

Impact:
- Demonstrating the viability of well-structured PPPs as a form of infrastructure provision in Greece, amidst challenging market and political conditions, and setting precedent for future PPP projects in Greece and the region
- Modernisation and upgrade of existing airport facilities through a significant (EUR 400 million) capex programme in order to improve efficiency, quality and safety of services as well as energy and water performance across the airports

The Project supports the Government’s privatisation programme in the airport sector, demonstrating successful outsourced infrastructure services to the private sector through the concession arrangements.

IJ Global: Europe Airport Deal of the Year – 2017
EMEA Finance: Project Finance Best Transport Infrastructure Deal – 2017
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