Financing efficient and sustainable transport networks
EBRD experience in promoting transport solutions
1. The EBRD
2. EBRD in the Transport Sector
3. Case studies
The European Bank for Reconstruction and Development:

- An international financial institution promoting transition to market economies by investing mainly in private sector development and entrepreneurship
- Established in 1991. Headquartered in London, the Bank has 36 regional offices.
- Owned by 64 countries and two intergovernmental institutions (AAA rated)
- Largest single investor in the region (34 countries from Central Europe to Central Asia): €81.7bn in more than 3,748 projects since 1991
Mission and Vision
Three Key Principles

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

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

Invests in financially viable projects, together with the private sector

Focused on triple bottom-line benefits: Economic, Social and Environmental
Countries of Operation
Since May 2012

Countries of prospective EBRD operations
Southern and eastern Mediterranean
31 Egypt
32 Jordan
33 Morocco
34 Tunisia

In 2011 the EBRD launched donor-funded activities in the southern and eastern Mediterranean (SEMED) region, in support of the countries which are undergoing important political and economic reforms.

EBRD countries of operations

Central Europe and the Baltic states
01 Croatia
02 Czech Republic*
03 Estonia
04 Hungary
05 Latvia
06 Lithuania
07 Poland
08 Slovak Republic
09 Slovenia

South-eastern Europe
10 Albania
11 Bosnia and Herzegovina
12 Bulgaria
13 FYR Macedonia
14 Montenegro
15 Romania
16 Serbia

Eastern Europe and the Caucasus
17 Armenia
18 Azerbaijan
19 Belarus
20 Georgia
21 Moldova
22 Ukraine

Central Asia
23 Kazakhstan
24 Kyrgyz Republic
25 Mongolia
26 Tajikistan
27 Turkmenistan
28 Uzbekistan
29 Russia
30 Turkey

*as of the end of 2007, the EBRD no longer makes investments in the Czech Republic.
Projects in all key business sectors

- Transport
- Municipal & Environmental Infrastructure
- Property & Tourism
- Financial Institutions
- Natural Resources
- Telecommunications, Informatics & Media
- Manufacturing & Services
- Power & Energy
- Industry, Commerce & Agribusiness
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
- Privatization and initial public offering (IPO)
- **Mezzanine equity** and subordinated debt
- Infrastructure funds
- PPP

**Technical Cooperation**
As a Multilateral Development Bank, EBRD brings in additional financial capital and technical assistance (TC) to economically viable projects
Benefits of Working with Us

EBRD’s Value-Added: a unique offering

- Strong, internationally recognized partner with long term perspective
- Higher risk appetite than other lenders.
- Long established policy dialogue with Government and Regulators
- Unparalleled presence in the region provides mitigation of political and regulatory risks
- Preferred creditor status in all countries of operations
- Catalysts to access additional finance (every €1 financed by EBRD leads to mobilize €2 from other sources\(^1\))
- Flexible deal structure and product matching services
- Dedicated team with expertise in a variety of sectors and countries
- Donor-funded technical assistance available for economically viable sustainable development projects

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1. EBRD Annual Report 2012
1. The EBRD
2. EBRD in the Transport Sector
3. Case studies
The Transport Team at EBRD

- Transport Team is part of EBRD Infrastructure Business Group with over 30 banking and sector professionals.
- Dedicated in-team specialists to support project needs including procurement, sustainable strategies and monitoring.
- EBRD offers banking services (debt and equity) to clients across every transport mode: railways, maritime, aviation and roads.
- More info at www.ebrd.com/transport

Transport at a glance
- € 10.3 billion invested
- Total project value: € 42.1 billion
- 230 projects
- 29 of the EBRD’s countries of operation

1- Urban Transport is competence of the Municipal & Environmental Infrastructure Team
2- Data at end June 2013
Awards and Recognition 2012/2013 include…

**WHSD, Russia**
- €200m deal signed in 2011 with the Northern Capital Highway Consortium.
- Proceeds to be used for the construction of the central section of the Western High Speed Diameter Road in St Petersburg.
- **PFI:** Road Deal of the Year 2012.
- **Euromoney:** European Real Toll Deal of the Year 2012.
- **World Finance:** EBRD Best Project Financier.

**Brunswick Rail, Russia**
- Brunswick Rail’s $600m Eurobond debut. EBRD $25m Eurobond subscription.
- Proceeds will be used to finance acquisition of new generation railcards as well as to support Brunswick to simplify its capital structure.
- **Euromoney:** Deal the Year Central and Eastern Europe.

**Yerevan Airport, Armenia**
- USD40 million loan signed in 2009 alongside the ADB and DEG
- Proceeds used to finance the second phase, following on from EBRD engagement under the first phase, of the Airport’s development
- **2\(^{nd}\) Annual Emerging Airports Conference:** Best CIS Airport.

For Eurasia Tunnel industry recognition please see refer to relevant Case Study (page 25).
EBRD’s regional presence in Transport Sector

The Bank supports the development of efficient multimodal networks, investing a total of €10.3 billion as of end June 2013 across all sectors and regions to support 230 projects.
The Bank invests in a broad range of Transport projects including, but not limited to…

<table>
<thead>
<tr>
<th><strong>Road</strong></th>
<th>Road rehabilitation and construction of new highways, secondary and rural roads, by-passes, maintenance equipment and contracting, toll-motorway construction and operation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rail</strong></td>
<td>Rehabilitation, maintenance and construction of rail infrastructure (track, signaling, power supply, civil structures), rolling stock, maintenance and ancillary facilities</td>
</tr>
<tr>
<td><strong>Ports &amp; Shipping</strong></td>
<td>Rehabilitation and construction of port infrastructure (berths, quays, land access), superstructure (warehouses, gantries), inland waterways, and vessels (acquisition and retrofitting)</td>
</tr>
<tr>
<td><strong>Logistics &amp; Intermodal</strong></td>
<td>Construction of intermodal terminals &amp; logistic centres, fleet and equipment, support to intermodal operators</td>
</tr>
<tr>
<td><strong>Aviation</strong></td>
<td>Rehabilitation and construction of airport infrastructure and terminals for passenger &amp; cargo, airline finance, air navigation services (ANS)</td>
</tr>
</tbody>
</table>
EBRD in the Road sector

- Investing in key road projects with a positive balance of social, environmental and economic impact in the region.

- EBRD targets investments to:
  - Address bottlenecks
  - Reduce transport costs and emissions
  - Integrate rural regions and facilitate trade
  - Upgrade road safety standards
  - Support regional integration and key corridors (TEN, CAREC, etc.).

- Promotion of the introduction of commercial principles and PPP in the management of road infrastructure

- Capacity building on road safety and outreach activities in the context of the Decade of Action for Road Safety

- Implementation of ITS technologies to improve traffic management

At a Glance
- No. projects: 75
- No. Countries: 23
- EBRD Finance/Project value: €5.1bn / €24.9bn
- Total portfolio projects: 33%
Some references in the road sector

- Removal of bottlenecks and reduction of traffic congestion through financing key road infrastructure (WHSD, St Petersburg/Eurasia Tunnel, Istanbul, etc).

- Involvement of private sector in PPP revenue generating projects that meet economic and financial criteria (R1, Slovakia/M6, Hungary, etc).

- Introduction of commercial criteria in the management of road infrastructure (Albania, Bosnia & Herzegovina, Macedonia, etc).

- Road Construction and rehabilitation to ensure an efficient network and road safety (Kyrgyz Republic, Kazakhstan, Azerbaijan, Ukraine, etc).

- Construction of rural roads to improve accessibility in rural areas (Albania, Tajikistan, etc).

- Provision of donor funding to support corporate reform, road safety and the introduction of new technologies.
EBRD in the Rail sector

- EBRD supports rail development throughout the region:
  - Rehabilitation or construction of new track, signaling, power supply and maintenance to develop a more competitive system
  - Rolling stock and maintenance facilities
  - Station rehabilitation and management, traction energy and telecommunications.
  - Balance Sheet restructuring and corporate finance

- Financing rail reform through different players: Long term sovereign and non-sovereign debt to state-owned companies, in addition to debt to private and intermodal operators.

- Focussed on bringing infrastructure to international standards of safety, security and environmental compliance.

- Promoting the rail system as an environmentally sustainable transport mode, whilst encouraging energy efficiency technologies to keep its competitive advantage

At a Glance

- No. projects: 65
- No. Countries: 21
- EBRD Finance/project value: €3.5bn / €11.9bn
- Total portfolio of projects: 28%
Some references in the rail sector

- Renewal of the rolling stock: acquisition of wagons by private operators (Russia, Ukraine, Kazakhstan, etc) EMUs and modern locomotives (Croatia, Serbia, Macedonia, Montenegro, etc)

- Investments in energy efficient technologies in ancillary infrastructure (Russia, Serbia, Macedonia, etc). Capacity building support with regards energy efficiency.

- Expanding capacity through new rail infrastructure and major rehabilitation works (Serbia, Macedonia, Montenegro)

- Promotion of rail competitiveness along the Trans-European Strategic Corridors (Corridor X, Corridor VIII, etc.)

- Innovative PPP schemes including the refurbishment and commercial operations of rail stations in the Czech Republic
EBRD in the Maritime sector

- As the most energy efficient mode of mass transport, carrying 90% of world trade, the Bank supports capacity development to meet growing demand efficiently:
  - Active support of private sector involvement in greenfield projects
  - Terminal and port structures and development of state-owned infrastructure
  - Finance of fleet modernisation and retrofitting in a market dominated by over-aged vessels.
  - Introduction of EE best practices (port environment and vessel operators) and compliance with IMO regulations
  - Promotion of short sea shipping operators

- Long established policy dialogue with regional governments on the commercialisation of port infrastructure and the separation of port infrastructure management from the state

At a Glance
- No. projects: 46
- No. Countries: 15
- EBRD Finance/project value: €0.7bn / €2.3bn
- Total portfolio of projects: 20%
Some references in the maritime sector

- Pre and post delivery financing of **Fleet modernization** and capacity development (Fesco, VBTH, BSSM, Circle Maritime Invest, etc)

- Partnering with IMO to build capacity about environmental protection in the shipping industry (ballast water management)

- **Expanding port infrastructure** (Albania, Romania, Lithuania, etc) contributing to more efficient and sustainable transport routes.

- Support to greenfield projects under **concession terminal and port structures**

- Contributing to **greening port activity** in Russia through capacity building in equity participation (Globalports) or the introduction of innovative technologies (Klaipeda)

- Supporting a more efficient **maritime navigation System** in the Gulf of Finland
A Sustainable transport system requires the development of a multimodal network to facilitate intermodal services.

The Bank assists private operators to structure their investments efficiently to take advantage of new opportunities:

- Fleet renewal of private and state-owned companies on a commercial basis
- Freight infrastructure, logistic centres, etc.
- IPO participation and in the private placement of logistic operators
- Development of intermodal services and green logistics

The Bank is able to support privatisation alongside a strategic investor as a debt or equity partner.

At a Glance*

- No. projects: 6
- No. Countries: 4
- EBRD Finance/project value: €0.3bn / €0.3bn
- Total portfolio of projects: 3%

* Excludes those projects already accounted for under other subsectors
Some references in logistics

- **Intermodal operations** – multipurpose logistics hubs, marshalling yards, diversified transportation network connections (Arkas, Danube Logistics, Fesco, etc)

- **Fleet acquisition** (Globaltrans, Transcontainer, JN Nurinem, etc)

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

- **Port infrastructure** – Container handling operations, inland infrastructure (Euroterminal Odessa, Poti Port, etc)

- **Capital markets** – Eurobonds, Initial Public Offerings, Secondary Share Offering, Private Placement (Global Ports Investments, Fesco, Brunswick Rail, Globaltrans, etc)

- Provision of donor funding to enhance corporate governance and environmental standards

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Some clients in the logistics sector
EBRD in the Aviation sector

- Regional specialist, increasing private sector engagement through PPPs and the provision of outsourced services
- Financing to airports, air navigation providers and airlines to improve passenger comfort and safety
- Promotion of modern air navigation systems facilitating efficient route management and landing operations. Actively supports affiliation with international organisations such as Eurocontrol
- Enhancing aviation safety and environmental standards by promoting international best practice
- Promoters of energy efficiency in the sector, including governance standards, emission reduction and improvements to the built environment

### At a Glance
- No. projects: 38
- No. Countries: 18
- EBRD Finance/project value: €0.7bn / €2.8bn
- Total portfolio of projects: 17%
Some references on the aviation sector

- Regional Specialist delivering PPP schemes at key international airports in the region (Tirana, Tbilisi St Petersburg, Yerevan, etc)

- Modernization of air navigation systems, allowing shorter routes and significant fuel savings (Serbia, Croatia, Ukraine, etc)

- Enhancement of the safety of commercial aviation and development of civil aviation in general.

- Replacement of the oldest aircraft in Ukraine or Tajikistan, contributing to the development of a safer and more energy efficient sector.

- Introduction of the highest energy efficiency standards in the design of airport terminals in St. Petersburg and Izmir.
1. The EBRD
2. EBRD in the Transport Sector
3. Case studies
Case Study
Landmark road PPP, Turkey

- Client: ATAS, a joint stock company incorporated in Turkey
- EBRD finance: $150 million
- Type of finance: Senior Loan
- Total Project cost: $1.2 billion
- Year: 2012
- Project description: Design, finance, build, operate and transfer concession for the Eurasia road tunnel under the Bosphorus (Istanbul Strait Road Tube Crossing)

Impact
- Fostering expansion of private sector participation in the development, management and operation in the transportation sector in Turkey
- Relieving traffic congestion within the city of Istanbul and adjacent region by reducing journey time and distance between Kazlıçeşme and Göztepe significantly, with the subsequent positive impact on the climate change and local environment

The project forms part of a larger PPP transport sector programme under consideration by the Turkish authorities aimed at upgrading and modernising the transport network using private sector funding.

Industry Recognition 2012
Project Finance International – Turkish Infra Deal of the Year
Euromoney Project Finance – European Deal of the Year
## Case Study
### Delivering efficiency and competition in the rail sector, Ukraine

- **Client:** UNPK, Ukrainian New Forwarding Company, the Ukrainian subsidiary of Globaltrans Investment Plc. ("GTI Group")
- **EBRD finance:** $7 million
- **Type of finance:** Senior Loan
- **Total Project cost:** $33 million
- **Year:** 2012
- **Project description:** Participation in the financing of the railcar acquisition programme of the Ukrainian New Forwarding Company
- **Impact**
  - Supporting market entry of a strategic private sector player with strong potential for expansion
  - Providing financing for purchase of new railcars contributing to reducing transportation and distribution costs and providing higher quality of services.

The facility contributes towards improving the provision of local and cross-border transportation services in Ukraine and Russia.
Case Study
Transhipment hub for more efficient transport, Lithuania

- Client: LK AB Klaipedos Smelte, a subsidiary of Terminal Investment Ltd (Mediterranean Shipping Company Group)
- EBRD finance: €32.5 million
- Type of finance: Senior loan
- Total Project cost: €65 million
- Year: 2012
- Project description: Expansion of the container handling operations at Klaipeda Port will transform the terminal into a transhipment hub, reducing transport costs and enabling regional trade to expand further.
- Impact
  - Supporting competitive private sector activity in the port sector in the Baltics, including new transhipment activities and increase of container handling capacity
  - Reducing transport costs and increasing efficiency in the movement of goods; new transport routes are expected to save more than 50 ton CO2 p.a.
  - Introducing new products and technologies for the operation of the new terminal with the highest standards of energy efficiency

The transformation of Klaipeda into a major regional transhipment hub will reduce transport costs, facilitate trade and help to reduce carbon emissions.
Case Study
Modernization of sea-river fleet, Ukraine

- Client: Yugreftransflot JSC
- EBRD finance: $10 million
- Type of finance: Senior Loan
- Total Project cost: $16 million
- Year: 2012
- Project description: Post-delivery financing of two multi-purpose dry cargo vessels
- Impact
  - Improving energy efficiency and monitoring of greenhouse gas emissions in shipping operations
  - Demonstrating corporate governance improvement in the sector through adoption of local governance code and formalisation of executive board by the shipping company

The project supports modernization of the sea-river fleet, as such lowering greenhouse gas emissions, through the provision of debt financing to an experienced shipping company.
Case Study
Logistics Terminal, Georgia

- Client: Gebrüder Weiss (JV between GW International, Austrian transport and logistics company, and Tegeta Motors, Georgian auto parts retailer)
- EBRD finance: EUR 1.0 million
- Type of finance: Senior loan
- Total Project cost: EUR 12.0 million
- Year: 2013
- Project description: Construction of the intermodal logistics terminal

Impact
- Building the first logistics terminal of this type and scale (11,300 m²) in Georgia with state of the art warehousing facilities introducing new all-in-one service (the full spectrum of transport and logistics)
- Transferring international know-how and expertise, including efficient inventory management and bundle services, to the Company in Georgia

The project supports the development of an intermodal logistics terminal in Georgia – an ETC country – addressing the needs for quality warehousing infrastructure, modern supply chain management as well as cost-efficient and flexible transport services.
Case Study
Sustainable airport through PPPs

- Client: Northern Capital Gateway, a Project Company indirectly owned by VTB Capital, Fraport and the Copelouzos Group
- EBRD finance: €100 million
- Type of finance: Senior loan
- Total Project cost: €1,200 million
- Year: 2010
- Project description: Construction of a new terminal and refurbishment of the existing infrastructure of the airport facilities at St. Petersburg
- Impact
  - Demonstration effect of the first major PPP project in Russia to be financed without Government support.
  - Modernisation of airport infrastructure in Russia with very high standards on energy management.
  - Involvement of an international airport specialist company (Fraport) to enhance the efficiency of the airport.

The project design delivers infrastructure incorporating energy efficiency and management technologies which go substantially beyond what is required under current legislation. It is expected to contribute towards a saving of over 4,000 tonnes of carbon emissions per year.
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