

ELEC's Black Sea Conference

**Renewable energy and transport infrastructure:
a new challenge for EU-Black Sea cooperation**

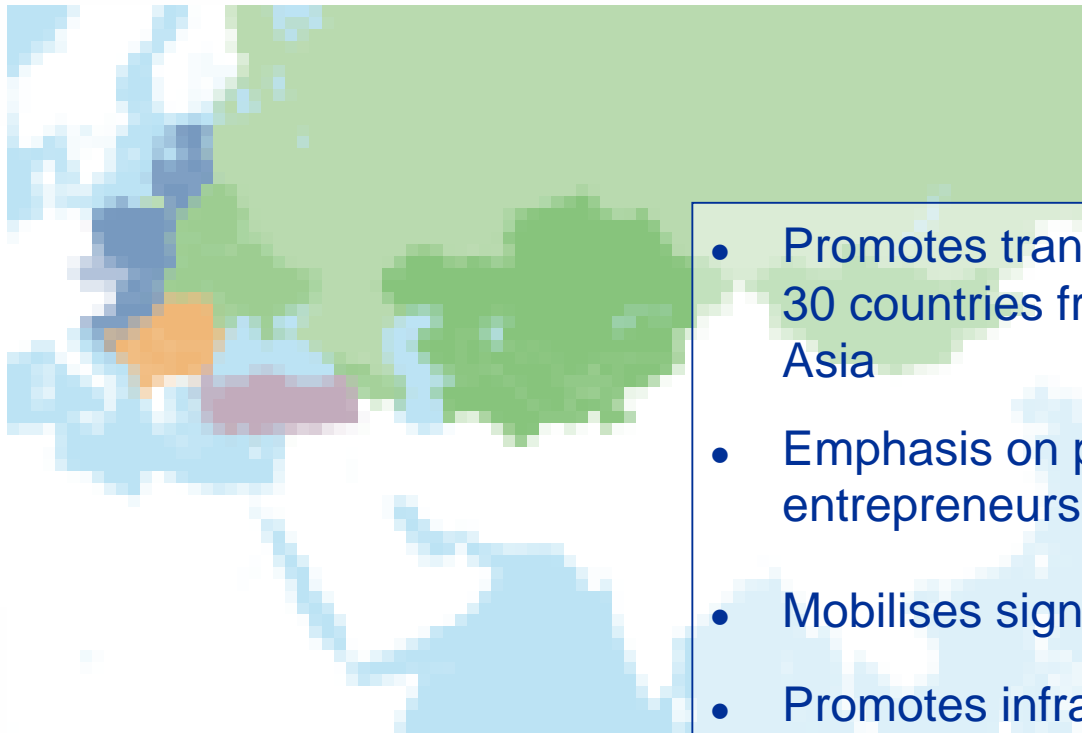
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***Project financing in the Black Sea Region:
the EBRD experience***

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The EBRD is an IFI which invests in projects promoting transition to market based economies



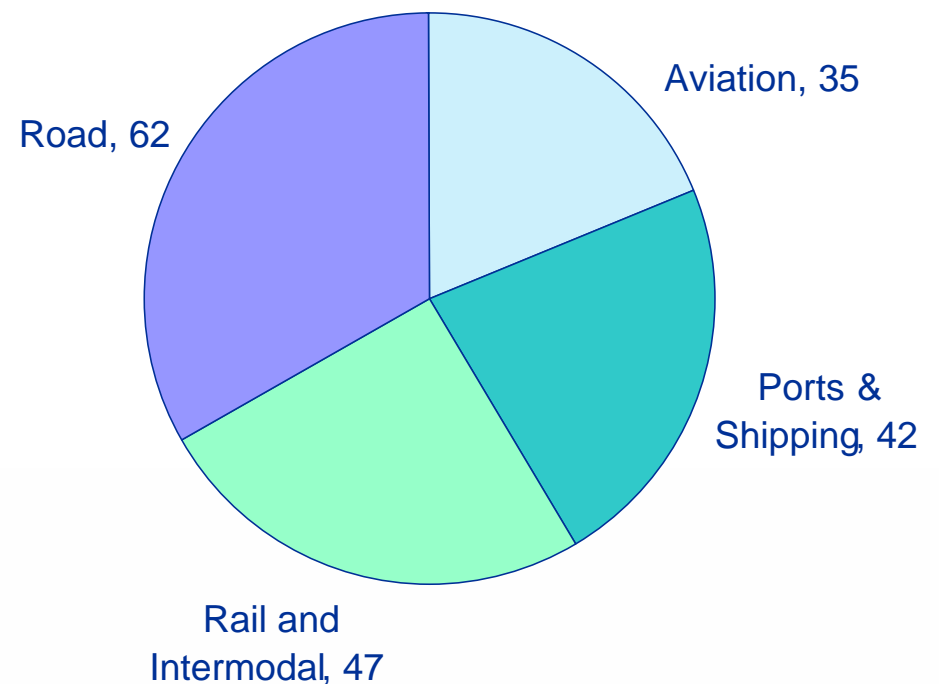
- Promotes transition to market economies in 30 countries from central Europe to central Asia
- Emphasis on private sector development and entrepreneurship
- Mobilises significant foreign direct investment
- Promotes infrastructure development
- Promotes environmentally sound and sustainable development



The EBRD has a dedicated Transport Team which works across all modes

- EBRD has provided a total of EUR 8.2 billion in financing for Transport projects
- The Transport Team has a portfolio of around 200 projects, across all modes
- Over 30 transport sector professionals working out of London and in local offices
- Dedicated in-team Procurement Specialists to support infrastructure procurement and ensure competition

EBRD Projects by Mode



As of January 2011



We offer a range of financing products to meet client needs

Debt

We can directly finance up to 35% of long term capital (or project costs for greenfield projects). We offer debt finance to both the **public and private** sector, both **secured and unsecured**.

Syndication & Cofinancing

We work with, or alongside, other commercial banks or international financial institutions to ensure the most appropriate debt package - including the ability to syndicate, under preferred credit status

Equity

Typically we take stakes of below 25%, reducing the equity burden and adding value through partnership. We are active in pre-privatisation support

Strategic Investors

We position ourselves as a neutral party whilst promoting sound corporate governance and providing sector expertise often through Board positions

Other Value Added

We are catalysts for commercial investment. For every EUR1 invested or lent by the EBRD, we mobilise EUR3 from other sources



We finance a broad range of transport assets, both infrastructure and operations

Road

Road rehabilitation and new construction of highways, secondary and tertiary roads, by-passes, maintenance equipment and contracting, toll-motorway construction and operation

Rail

Rail infrastructure - rehabilitation / construction of track, signalling, power, civil structures, maintenance, Rail operations (rolling stock, maintenance facilities)

Ports & Shipping

Rehabilitation / construction of port infrastructure (berths, quays, land access), superstructure (warehouses, gantries), inland waterways, and vessels

Logistics & Intermodal

Terminals & Logistic Centres including greenfield projects, support to intermodal operators and logistics providers for investments in infrastructure and mobile assets

Aviation

Rehabilitation / construction of airport infrastructure and terminals for passenger / cargo, airline finance, air navigation services



The Bank has financed a number of transport projects in the Black Sea region



Ukraine

Odessa Terminal Holdco

Ukraine

Illichivsk Sea Commercial

Ukraine

Black Sea Shipping Mngmt.

Georgia

Poti Port

Romania

Constantza Port Development

- The Bank has also financed inland infrastructure supporting Black Sea development, including rail projects in Georgia and road rehabilitation and construction projects in Ukraine and Romania



Black Sea Shipping Management (BSSM), Ukraine

- A USD 20 million loan to Black Sea Shipping Management Company for the construction of five dry cargo vessels
- Privately owned BSSM manages a fleet of shallow draft dry cargo vessels out of its Odessa offices, providing freight services in the Black Sea, Azov Sea and the Mediterranean
- The project is part of the company's fleet modernisation programme and will allow it to increase the efficiency of its operations
- The new vessels will emit 13-42% less CO₂ than a typical vessel in the company's fleet
- The Bank is supporting the implementation of modern management, safety and environmental standards in line with international best practice



Port of Constantza, Romania

- The EBRD's first corporate loan to a state owned enterprise in the port sector - MPAC (the National Company Maritime Ports Administration Constantza S.A.)
- EUR16m was provided for the improvement of major infrastructure, fostering regional trade in the Black Sea region
- Proceeds financed the construction of a barge terminal and streamlining operations so as to achieve higher efficiency
- Involvement of EBRD allowed MPAC to diversity its funding sources by borrowing on a non-sovereign basis and enhances its self-financing capability by introducing new dues.
- Technical Cooperation funding was mobilised to support detailed engineering design, procurement assistance and management support for business planning



Euroterminal Odessa Project, Ukraine

- A USD 27 million loan to Euroterminal LLC, the private operator of the container logistics centre
- Proceeds finance on-shore container logistics facilities, including truck parking, container storage depot and custom terminal dry port
- The Project is the first integrated logistics centre in Ukraine, built specifically for the purpose of processing containers on shore, thus linking container service in the area of Odessa Commercial Seaport
- EBRD funding contributes to improvements in the efficiency of container handling operations and promotes the development of the inland infrastructure in the Port of Odessa.



Transport is a key target in climate change mitigation and energy efficiency

- Worldwide transport is one of the major contributors to climate change, accounting for 23% of global CO₂ emissions (IEA 2007)
- Transport's share of emissions is growing in line with socio-economic development and increased individual mobility, which is manifested in growing car ownership
- Transport is the greatest user of oil-based fuels, the global transport industry currently uses 2,200 MTOE (Metric Tonne of Oil Equivalent) of energy per year – 60% of the world's oil production (WEF 2010)
- Climate change mitigation in the transport sector needs transformation in both energy *supply* and energy *use*



The Bank supports mode-specific energy efficiency measures...

- To address climate change, the Bank seeks to improve Energy Efficiency, the rate at which energy is consumed per unit (e.g. per passenger or tonne kilometre)
- This can be achieved within a mode, for example...
 - RAIL: Regenerative braking, Electricity distribution modernisation, Energy Management Information Systems (EMIS), Rolling Stock modernisation,
 - PORTS: Building improvements (insulation, lighting, building system management, optimisation of heat and hot water production), shore-side electricity supply
 - SHIPPING: Slow-steaming, introduction of IMO standards
 - AVIATION: fleet modernisation, optimised lighting and control systems



... and the development of sustainable transport networks

- Each mode of transport has a role of play in the economy
- The Bank encourages the development of integrated transport networks where the relative strengths of each mode are exploited
- The Bank supports modal shift through financing lower emission modes, including rail and shipping
- The investments needs to be supported with appropriate policy measures, seeking to internalise external costs of transport over the longer term
- The EBRD addresses challenge of climate change and energy efficiency through its Sustainable Energy Initiative (SEI)



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