



European Bank
for Reconstruction and Development

Introducing the European Bank for Reconstruction and Development

Global Infrastructure Cooperation Conference 2018
2018.9.18. Seoul, Korea
Philip ter Woort

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Introduction to EBRD



Korea-EBRD joint investments



Business opportunities with EBRD



EBRD project cycle

An international financial institution supporting the development of sustainable well-functioning market economies

Highest credit rating
(AAA/Aaa)

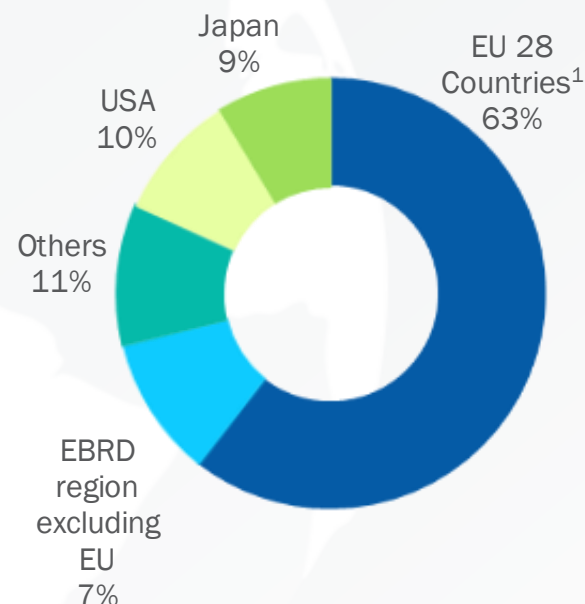
Owned by 66 countries and 2 inter-governmental institutions
(the EU and EIB)

Korea : A founding member of the EBRD, with a 1.00 per cent of capital share

Capital base of €30 billion

- 1991** Established
- 1992** Russia and 11 other members of the former Soviet Union join
- 2007** The Czech Republic becomes the first country to “graduate” from the EBRD
- 2012** Starts investing in Egypt, Jordan, Morocco and Tunisia
- 2016** 25th anniversary; China becomes 67th member
- 2017** Lebanon and the West Bank and Gaza become countries of operations

Shareholding structure



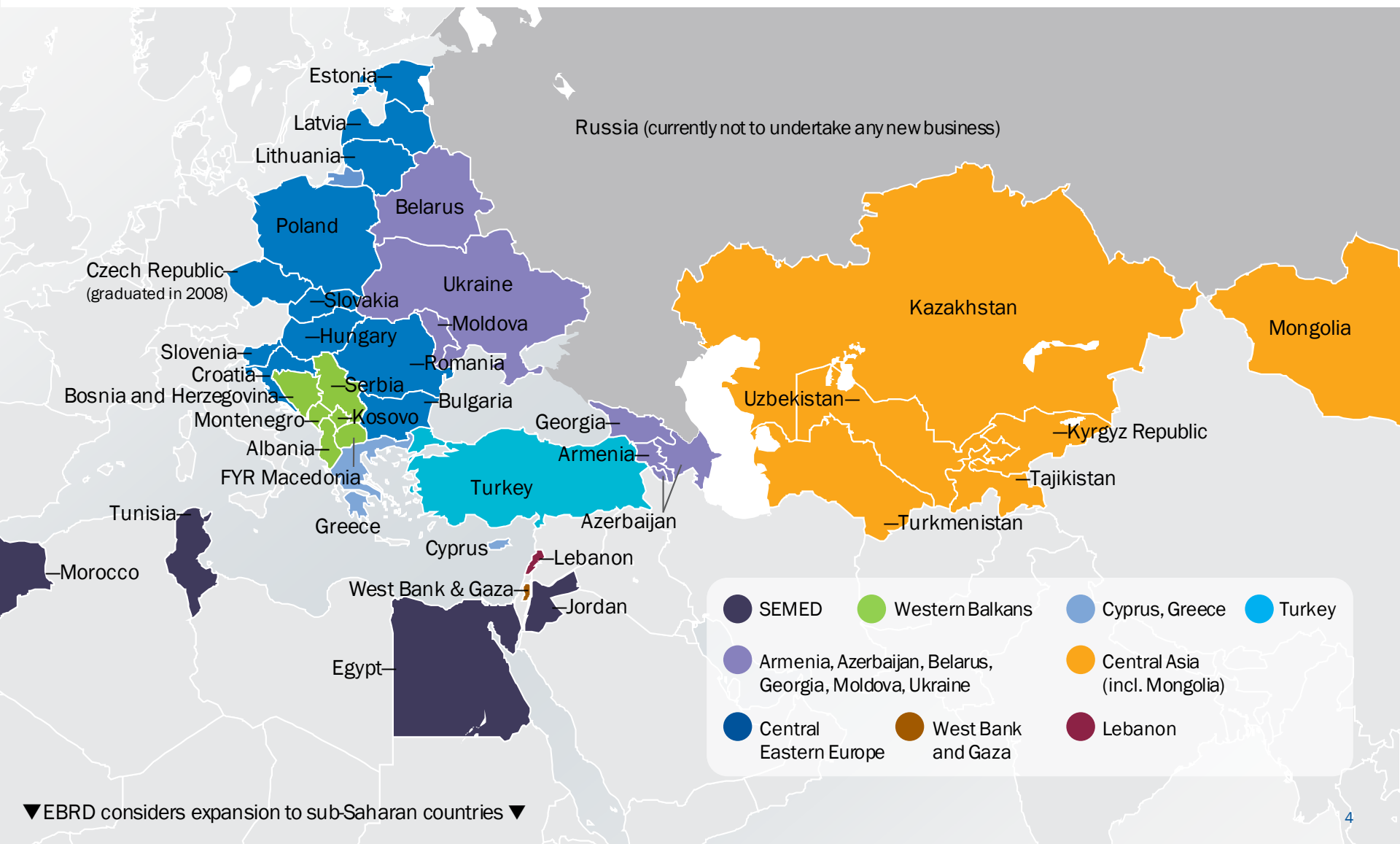
1. Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%

Where we invest

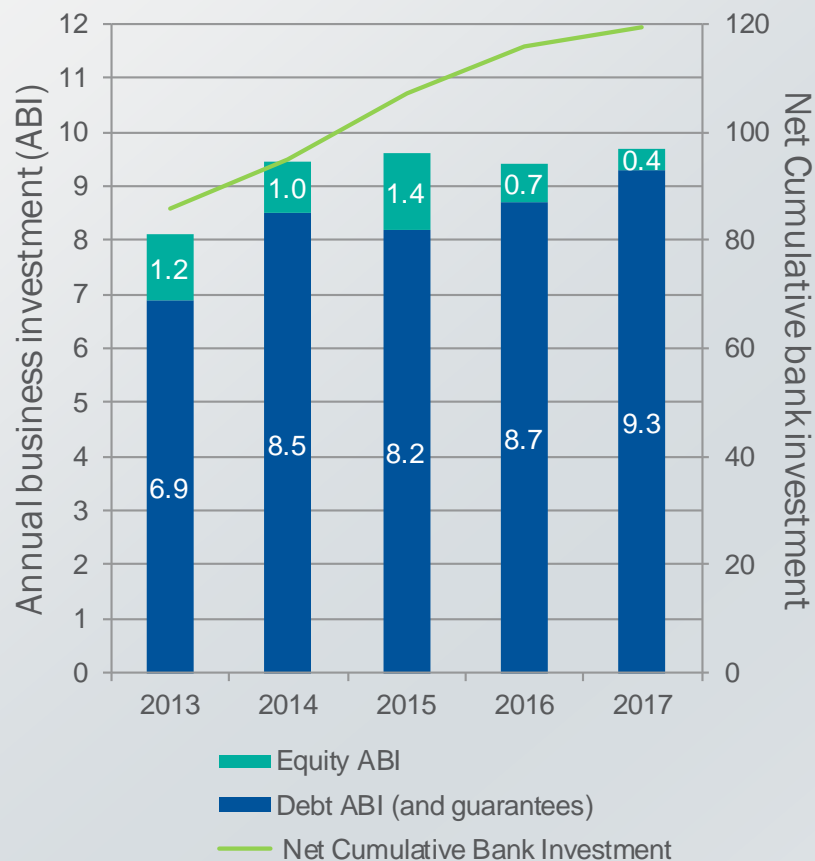
Increasing footprint



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Since 1991, EBRD invested over **€119 billion** in around **5,035 projects**



In 2017

€9.7
billion

412
projects

Private sector accounted
for share of
71%

Debt
84%

Equity
5%

Guarantee
11%

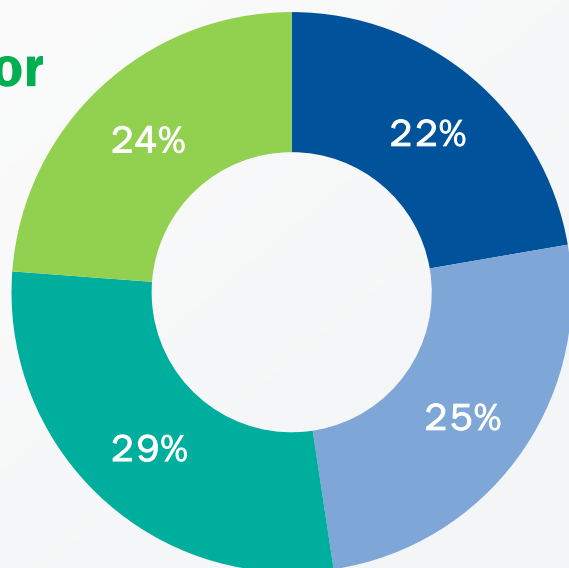
EBRD Top 10 investee countries in 2017 (€m)

1	Turkey	1,540
2	Egypt	1,413
3	Ukraine	740
4	Poland	659
5	Greece	614
6	Kazakhstan	586
7	Romania	546
8	Azerbaijan	456
9	Serbia	382
10	Tunisia	324

Portfolio distribution by sector and region

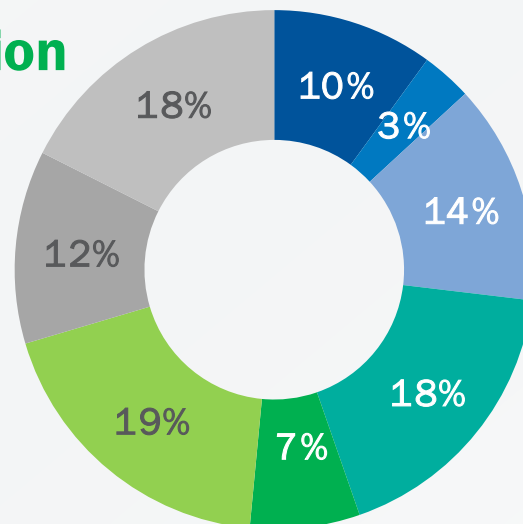
EBRD Portfolio (at 31 December 2017): € 41,435 million

Sector



- Financial Institutions 22%
- Corporate 25%
- Infrastructure 29%
- Energy 24%

Region



- Central Asia 10%
- Central Europe & Baltics 3%
- Cyprus & Greece 14%
- Eastern Europe & Caucasus 18%
- Russia 7%
- South-Eastern Europe 19%
- Southern Eastern Mediterranean 12%
- Turkey 18%

Projects in all key business sectors



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Transport



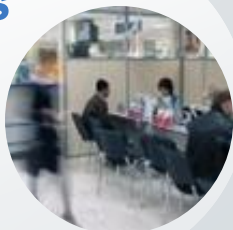
Municipal & Environmental Infrastructure



Property & Tourism



Financial Institutions



Natural Resources



Information and Communication Technologies



Manufacturing & Services



Power & Energy



Industry, Commerce & Agribusiness



The EBRD

Its key strengths and objectives

Key strengths

Long-term
perspective

Commercial
basis

Regional
integration

Policy
dialogue

Work with
governments and
shareholders

25 years
experience

Local presence
in 36 countries

Structuring
expertise

Catalyst to mobilise finance for
both private and public sector clients

Objectives

Invest both in the
private and state
sectors

Commercial
basis

Improve people's
lives

Private sector
development

Innovate

Foreign direct
investment

The EBRD

- ➔ **does not compete** with commercial investors
- ➔ **does not lend** or invest when commercial banks or private investors can do it alone
- ➔ **invites other banks** to participate in its operations
- ➔ **leads the market** with innovative products and longer tenors
- ➔ **cooperates with other investors** (supporting strategic equity investors)
investment of €1 **“mobilises”** another €3 for the project
- ➔ **provides assistance** in structuring and executing investments with significant energy and resources efficiency gains
- ➔ **employs donor grant funds** to complement some of its projects

Working with the EBRD



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What the EBRD can and cannot finance

What we finance

Projects may be considered for EBRD assistance if they:

- ✓ are located in an country where the EBRD works (but flexibility)
- ✓ are bankable projects
- ✓ Meet satisfactory integrity & operational standards
- ✓ would benefit the local economy
- ✓ satisfy the EBRDs environmental standards as well as those of the host country

And each project must achieve two or more of our six transition qualities: competitive; inclusive; well-governed; resilient; integrated and green

Exclusion list:

- ✗ Defence-related activities
- ✗ Tobacco industry
- ✗ Substances banned by international law
- ✗ Gambling facilities
- ✗ Environmental harmful projects (or if adverse impact cannot be adequately mitigated)
- ✗ Nuclear energy

EBRD Financing Instruments

Product Flexibility : tailored to project needs

Exact terms depend on specific needs and market conditions

	Loans (€1-300m)	Equity (€1-100m)	Guarantees
Typical size	€10mln +	€5-7mln + (less in less advanced countries)	Typically €50k – €50mln
Term	5-7 years (up to 10-15 years in case of infrastructure investments)	Typically from 3-7 years	1.5-2 (up to 3) years
Currency	Major foreign currencies as well as local currency		
Approach	Finance up to 35% of the project (60% with syndication) for the company	Minority stake (up to 35%)	Mainly through Trade Facilitation Programme
Structures	<ul style="list-style-type: none"> • Senior, subordinated or convertible bonds • Project finance • Floating or fixed rates 	<ul style="list-style-type: none"> • Risk equity • Portage equity finance 	<ul style="list-style-type: none"> • Trade finance guarantees & cash advances
Applications	<ul style="list-style-type: none"> • Greenfield/Brownfield, JVs, • Capex for expansion/modernization, including resource efficiency improvements • Ownership change: acquisition, consolidation, privatisation • PPPs, etc. • Working capital 		<ul style="list-style-type: none"> • Support to issuing banks in countries of operations

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EBRD financing with Korean Companies

VALUE OF JOINT KOREA-EBRD INVESTMENT

€1.66 billion

- €1.08 billion from EBRD
- €0.58 billion from Korea

Dominant investment sectors:

- Energy : €0.65 billion
- Infrastructure : €0.50 billion
- Industry, Commerce and Agribusiness : €0.41 billion
- Financial Institutions : €0.11 billion

Major countries:

- Turkey : €0.52 billion
- Hungary : €0.27 billion
- Egypt : €0.18 billion

Case study: Gaziantep Hospital PPP Turkey

SAMSUNG SAMSUNG C&T

Turkish SPV owned by Samsung C&T Corporation, Kayi Insaat Sanayi ve Ticaret A.S., Salini Impregilo S.p.A. and a private equity investment fund subscribed by Korean and Turkish investors.

EBRD finance

€80mn loan

The EBRD financing will be in parallel with facilities from export credit agencies, other international financing institutions, commercial banks and institutional investors.

Use of funds

Design and Construction of an integrated health campus in the province of Gaziantep in the Southeast Anatolia region of Turkey under an infrastructure facilities management PPP.

EBRD added value/impact

- Demonstration effect for commercial financing for privately financed, procured and operated hospital infrastructure;
- Implementation of value for money assessment and strengthening of the monitoring function for hospital facilities management PPP projects
- Demonstration effect of new ways of financing by promoting the participation of untapped investor classes (institutional investors, strategic investors) in the Programme



Case study: Shinhan Bank Kazakhstan



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Financial Institution

Shinhan Bank Kazakhstan (SBK), a 100% subsidiary of Shinhan Bank Korea, one of the largest financial institutions in South Korea.

EBRD finance

Two medium-term senior loans in the amount of:

- **USD 15 million**
in KZT equivalent for on-lending to eligible private micro, small and medium sized enterprises (MSMEs) in Kazakhstan (MSME loan); and
- **USD 5 million**
in KZT equivalent for on-lending to eligible women-led MSMEs in Kazakhstan (WiB loan).

EBRD value added / impact

The proposed projects will improve an access to much needed long-term local currency funding for MSMEs in the country. The projects will also effectively support SBK entering new to it market segment of MSME lending in Kazakhstan, and facilitate diversification of SBK's portfolio.

The aim of the WiB loan is to promote women's entrepreneurship and women's participation in the economy through the development of a strong small business sector in Kazakhstan. For this purpose the WiB loan will also be complemented by the development of sustainable credit mechanisms targeted at women-led MSMEs through technical assistance to SBK and technical support for women-led SMEs in accessing know-how, non-financial business development services and networking opportunities.



Case study: Kirikkale CCGT Turkey



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ACWA POWER SAMSUNG C&T

Power & Energy

A SPV fully owned by ACWA Power, which is a developer, owner and operator of independent water and power projects in the Middle East, North African region and Turkey.

Samsung C&T is the EPC Contractor.

EBRD finance

USD250mn

A+B senior secured loan, sculpted semi-annual repayments to maintain a minimum ADSCR.

Co-financers

USD164 million IFCA+B /
USD150 million Korea Exim Bank

EBRD value added / impact

The first truly limited recourse project financing in the power sector in Turkey.

The loan, signed in 2014, will be used in constructing one of the most efficient base load power plants in Turkey with gross efficiency of more than 59%.



Signed in 2014

Eurasia Tunnel Turkey



Borrower

Avrasya Tüneli
İşletme İnşaat
ve Yatırım A.Ş.

Sponsors

Yapi Merkezi and
SK E&C Group
Type of PPP contract: Build –
Operate – Transfer (BOT)
(30.5y concession including
55m construction period)

EBRD finance

Project finance:
€137.2mn
(equivalent of USD
150 million) senior
loan with a 18 year
tenor with a total
project cost of
€1,139.3mn

Use of proceeds and EBRD value added/impact

Design, finance-build-operation and transfer concession for the Istanbul Strait Road Tube Crossing. The investment provided for expansion of private sector participation in the provision of capital, as well as project management, construction and operational expertise in the country. The investment broadened and further consolidated the benefits of private sector involvement in the transfer of benefits in terms of cost efficiency and timely delivery of a large infrastructure investment.

It was an advanced BOT model developed for large infrastructure projects and this model has been used later on Gebze–İzmir highway and 3rd Bosphorus Bridge project.



Case study: LG Russia



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Manufacturing & Services

LG Electronics RUS,
subsidiary of LG Electronics
Inc, Korea

EBRD finance

USD 10mn

long term senior loan.
Total project cost:
USD 120 million

Use of proceeds and EBRD value added / impact

Construction and operation of a greenfield production facility for digital electronic equipment (TVs and audio equipment) and white goods (washing machines and refrigerators) in the Ruza region of Russia, 70 km from Moscow

Develop the domestic component manufacturing industry; skills transfer to local employees; greater competition and demonstration effect; foster market efficiency, innovation and higher standards; improve corporate governance and business standards.

Signed in 2006



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Opportunity 1 : Procurement

Public Procurement Statistics 2017

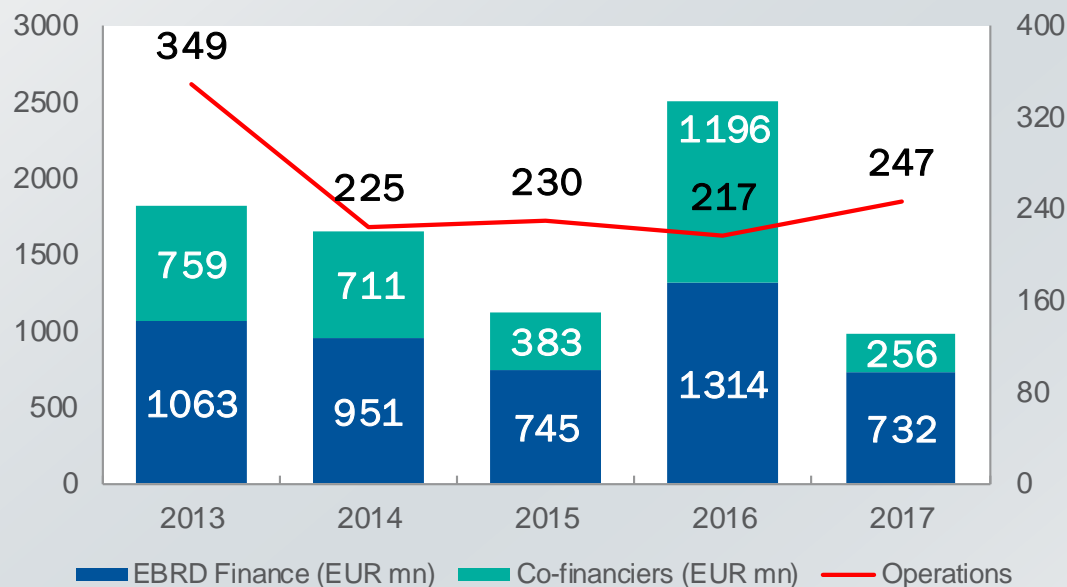
247
contracts

€1.0bn
in total

€ 0.4mm
On average

14%
winners not
from COOs

Public Procurement Contracts (13-17)



Top 5 countries of public procurements in 2017 (€m)

1	Ukraine	211
2	Romania	177
3	Kazakhstan	168
4	Russia	83
5	Serbia	69

Collaborating with Korean entities: Public Procurement (2013-2017)

Entities from Korea
participated in
20 tenders

And won
2 contracts
Worth €7.6 million

SUCCESSFUL KOREAN TENDERERS

Year 2016: **Iljin Electric Co. Ltd (South Korea)**, won a Supply and Installation contract for E 40006 Lot 1 for Power Transformers, under STEG Transmission Project, Tunisia, worth € 7.5 million.

Year 2014: **Road International Co. Ltd, Korea** won a Goods contract for WS-5/3 Lot 3 Excavators – Procurement of vehicles and associated services, under Bishkek Water Supply Project, Kyrgyz Republic, worth €62,900.00.

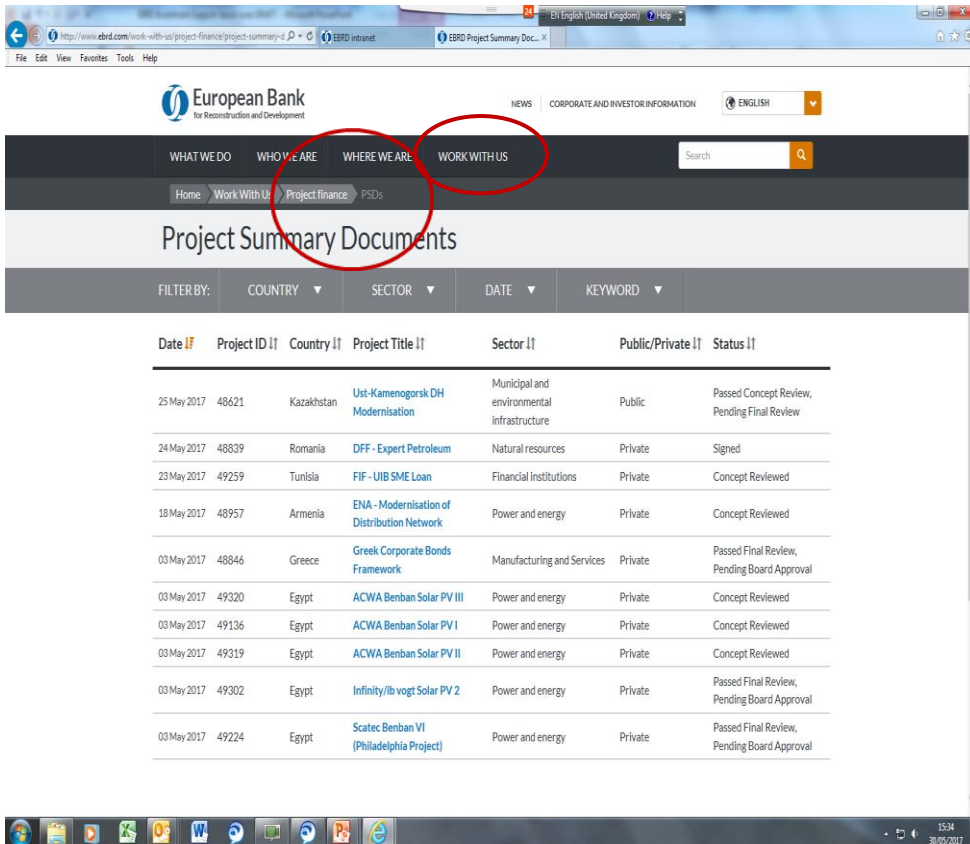
Where to find EBRD procurement opportunities

WHERE TO FIND INFORMATION ON OPPORTUNITIES

- www.ebrd.com
- UN Development of Business
- National newspaper of wide circulation
- EU Journal

WHAT TO LOOK FOR ON EBRD.COM

- Project Summary Documents
<http://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html>
- Project Pipeline
- General Procurement Notices
- Invitation for Prequalification or for tender

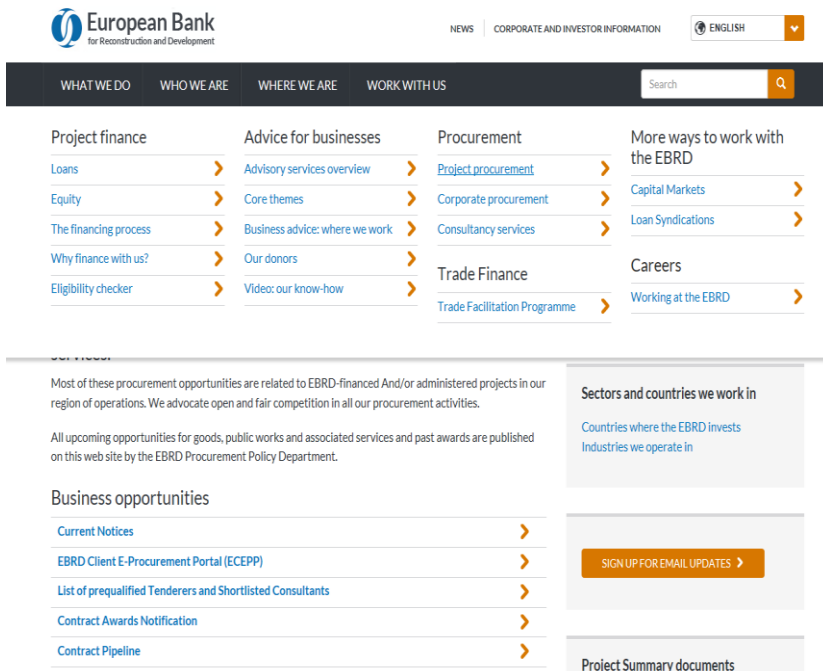


The screenshot shows the EBRD website with the 'Work With Us' link highlighted in the top navigation bar. Below it, the 'Project Summary Documents' section is visible, featuring a table with project details. The table has columns for Date, Project ID, Country, Project Title, Sector, Public/Private, and Status. The data is as follows:

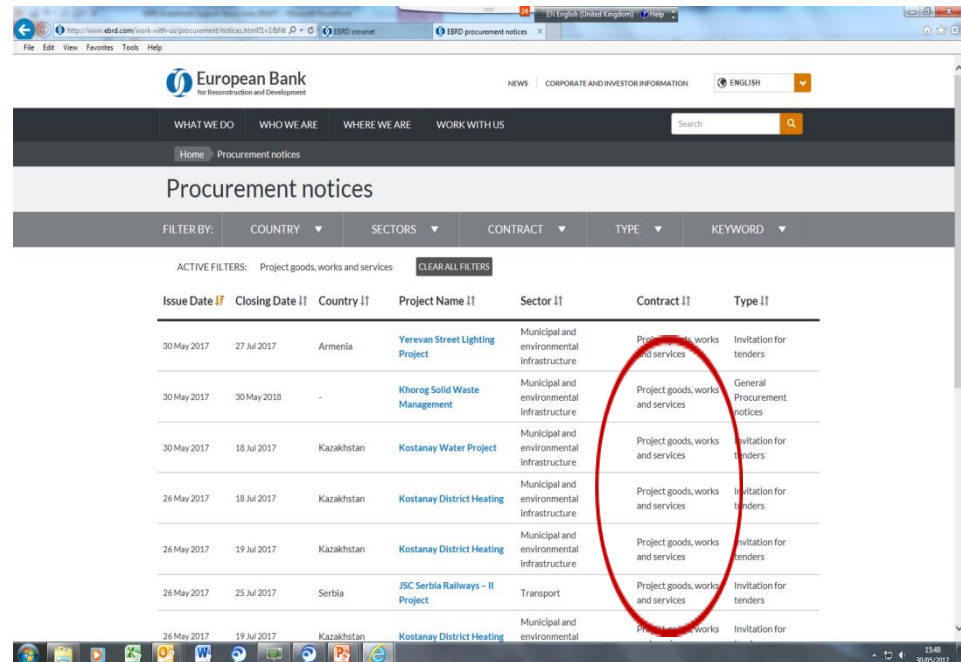
Date	Project ID	Country	Project Title	Sector	Public/Private	Status
25 May 2017	48621	Kazakhstan	Ust-Kamenogorsk DH Modernisation	Municipal and environmental infrastructure	Public	Passed Concept Review, Pending Final Review
24 May 2017	48839	Romania	DFF - Expert Petroleum	Natural resources	Private	Signed
23 May 2017	49259	Tunisia	FIF - UIB SME Loan	Financial Institutions	Private	Concept Reviewed
18 May 2017	48957	Armenia	ENA - Modernisation of Distribution Network	Power and energy	Private	Concept Reviewed
03 May 2017	48846	Greece	Greek Corporate Bonds Framework	Manufacturing and Services	Private	Passed Final Review, Pending Board Approval
03 May 2017	49320	Egypt	ACWA Benban Solar PV III	Power and energy	Private	Concept Reviewed
03 May 2017	49136	Egypt	ACWA Benban Solar PV I	Power and energy	Private	Concept Reviewed
03 May 2017	49319	Egypt	ACWA Benban Solar PV II	Power and energy	Private	Concept Reviewed
03 May 2017	49302	Egypt	Infinity/Ib vogt Solar PV 2	Power and energy	Private	Passed Final Review, Pending Board Approval
03 May 2017	49224	Egypt	Scatec Benban VI (Philadelphia Project)	Power and energy	Private	Passed Final Review, Pending Board Approval

Current procurement opportunities in EBRD Infrastructure projects

- Significant opportunities in the sector
- While EBRD closely monitors procurement, decisions are made by the client
- Public sector opportunities are at ebrd.com
- Invitation for Prequalification or for tender <http://www.ebrd.com/work-with-us/procurement/notices.html?1=1&filterContract=Project goods, works and services>
- Consultants: <https://eselection.ebrd.com/suite/apps>



The screenshot shows the EBRD website home page. The top navigation bar includes 'WHAT WE DO', 'WHO WE ARE', 'WHERE WE ARE', and 'WORK WITH US'. Below this, there are four main sections: 'Project finance', 'Advice for businesses', 'Procurement', and 'More ways to work with the EBRD'. Each section has several links. The 'Procurement' section is highlighted with a blue border. Below the main navigation, there is a section titled 'Business opportunities' with links to 'Current Notices', 'EBRD Client E-Procurement Portal (ECEPP)', 'List of prequalified Tenderers and Shortlisted Consultants', 'Contract Awards Notification', and 'Contract Pipeline'. On the right side, there is a section titled 'Sectors and countries we work in' with a link to 'Countries where the EBRD invests Industries we operate in'. At the bottom right, there is a 'SIGN UP FOR EMAIL UPDATES' button and a 'Project Summary documents' link.





The screenshot shows the EBRD Procurement notices page. The top navigation bar is the same as the home page. Below the navigation bar, there is a section titled 'Procurement notices'. Under this section, there is a 'FILTER BY:' dropdown menu with options for 'COUNTRY', 'SECTORS', 'CONTRACT', 'TYPE', and 'KEYWORD'. The 'CONTRACT' dropdown is selected, showing 'Project goods, works and services'. Below the filters, there is a table of procurement notices. The table has columns for 'Issue Date', 'Closing Date', 'Country', 'Project Name', 'Sector', 'Contract', and 'Type'. A red circle highlights the 'Contract' column, which contains the text 'Project goods, works and services' for all rows.

Issue Date	Closing Date	Country	Project Name	Sector	Contract	Type
30 May 2017	27 Jul 2017	Armenia	Yerevan Street Lighting Project	Municipal and environmental infrastructure	Project goods, works and services	Invitation for tenders
30 May 2017	30 May 2018	-	Khorog Solid Waste Management	Municipal and environmental infrastructure	Project goods, works and services	General Procurement notices
30 May 2017	18 Jul 2017	Kazakhstan	Kostanay Water Project	Municipal and environmental infrastructure	Project goods, works and services	Invitation for tenders
26 May 2017	18 Jul 2017	Kazakhstan	Kostanay District Heating	Municipal and environmental infrastructure	Project goods, works and services	Invitation for tenders
26 May 2017	19 Jul 2017	Kazakhstan	Kostanay District Heating	Municipal and environmental infrastructure	Project goods, works and services	Invitation for tenders
26 May 2017	25 Jul 2017	Serbia	JSC Serbia Railways - II Project	Transport	Project goods, works and services	Invitation for tenders
26 May 2017	19 Jul 2017	Kazakhstan	Kostanay District Heating	Municipal and environmental infrastructure	Project goods, works and services	Invitation for tenders

Procurement

EBRD Policies and Principles

-  Same principles as other IFIs
-  Aligned to principles of **WTO Government Procurement Agreement**
-  **Efficient procurement methods**, standard tender documents and contract forms
-  Decisions are made by the **client**
-  Based on fundamental principles of economy, efficiency and **fairness**

-  In principle **no eligibility restrictions**, no domestic/member state preference (exception: tied donor funds)
-  Main consideration is **capability to perform the contract**



Opportunity 2 : Consultancy services

The EBRD provides many opportunities for suppliers, contractors and consultants worldwide.
CONSULTANCY SERVICES REQUIRED (examples)

Consultancy services required for project preparation & implementation

- Market Demand Studies (*various*)
- Feasibility Study (*sector engineers, environmental, financial, legal experts*)
- Financial and Technical Due Diligence (*various*)
- Environmental Impact Assessment (*environmental experts*)
- Legal Due Diligence (*legal experts*)
- FOPIP - Financial and Operational Performance Improvement Programme (*financial, management information system, corporate restructuring experts*)
- Corporate Development Programme (*financial, legal, management, IT, business planning experts*)
- Project Implementation Unit (procurement assistance & supervision of works (*procurement experts, engineers*))

Opportunities for individual experts -EBRD expert registers

- Local Currency Financing and Local Capital Markets Initiative - Framework - Register of Capital Market Development Experts
- External Supervisory Board Nominees - Register of Experts
- Trade Facilitation Programme - Factoring: Training/Advisory - Register of Experts

Consultants to support the Bank's other activities (non-investment related)

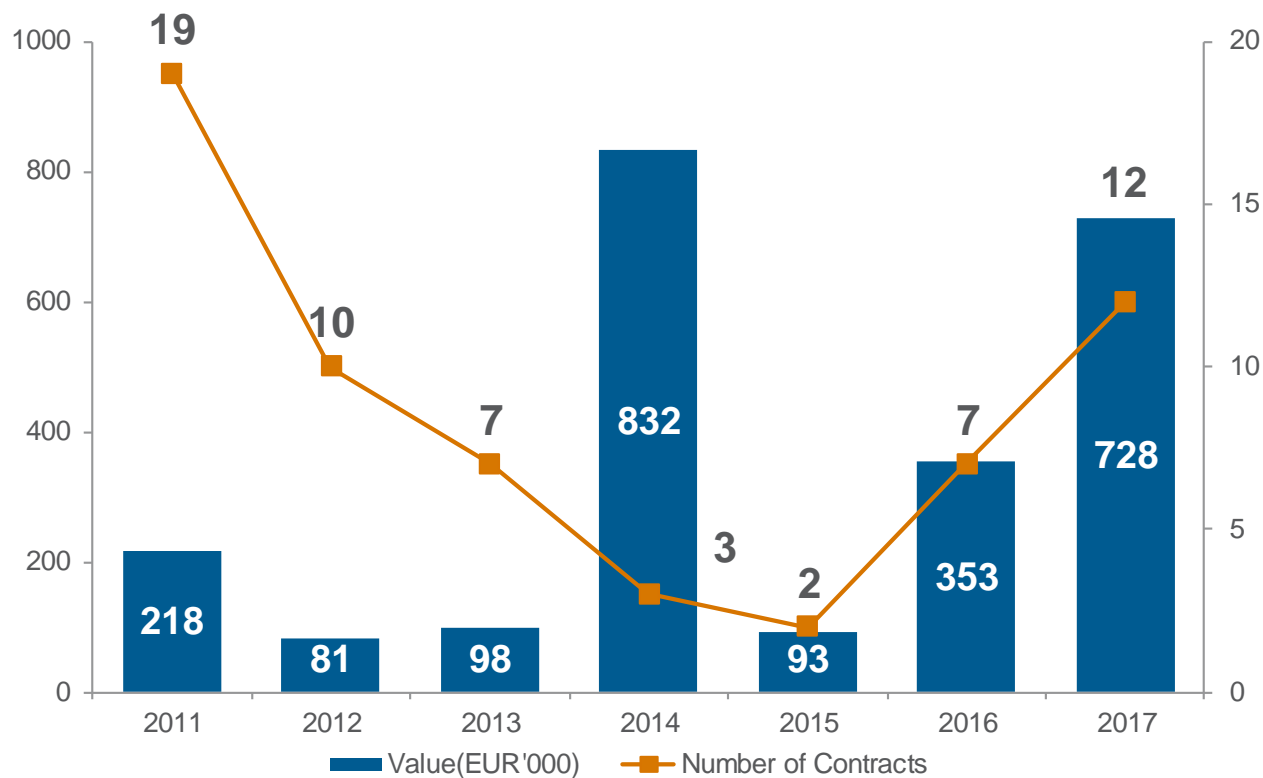
- Policy dialogue and public sector reform (for example anti-corruption initiatives)
- Legal advice on investments to EBRD's Office of the General Counsel (OGC)
- Legal Transition Programme (LTP)
- Institution building/training
- Environmental , social, gender and assignments/studies
- Human Resources, Information Technology, Communications

Where to find information on the opportunities? <http://www.ebrd.com/work-with-us/procurement.html>

What to look for: Project Pipeline; General Procurement Notices; Invitation for Prequalification or for Tender and Invitation for Expression of Interest (Consultants)

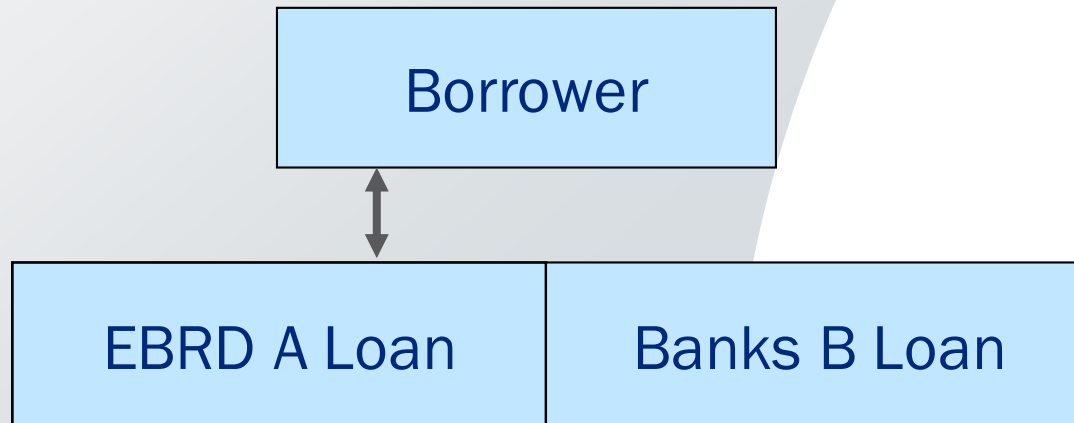
Collaborating with Korean entities: Consultancy services (2011-2017)

CONSULTANCY CONTRACT AWARDS TO KOREAN CONSULTANTS



Opportunity 3 : Loan Syndication

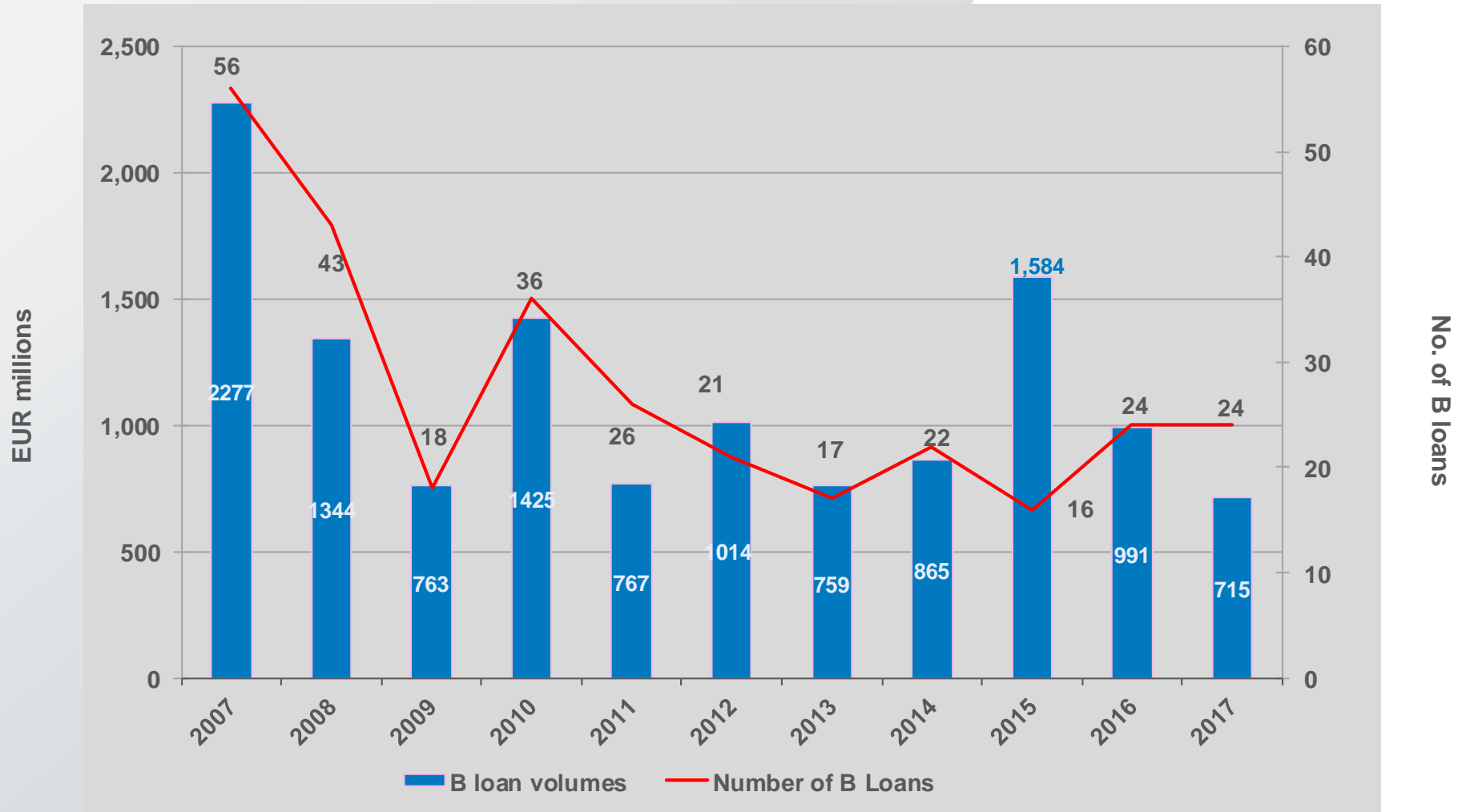
EBRD B-Loan structure



- EBRD is lender of record for entire loan, BUT commits only to the A Loan
- Participation agreement transfers all risks to B lender (B Loan)
- B lenders share Preferred Creditor Status

Opportunity 3 : Loan Syndication

EBRD B-Loan Volume and Numbers



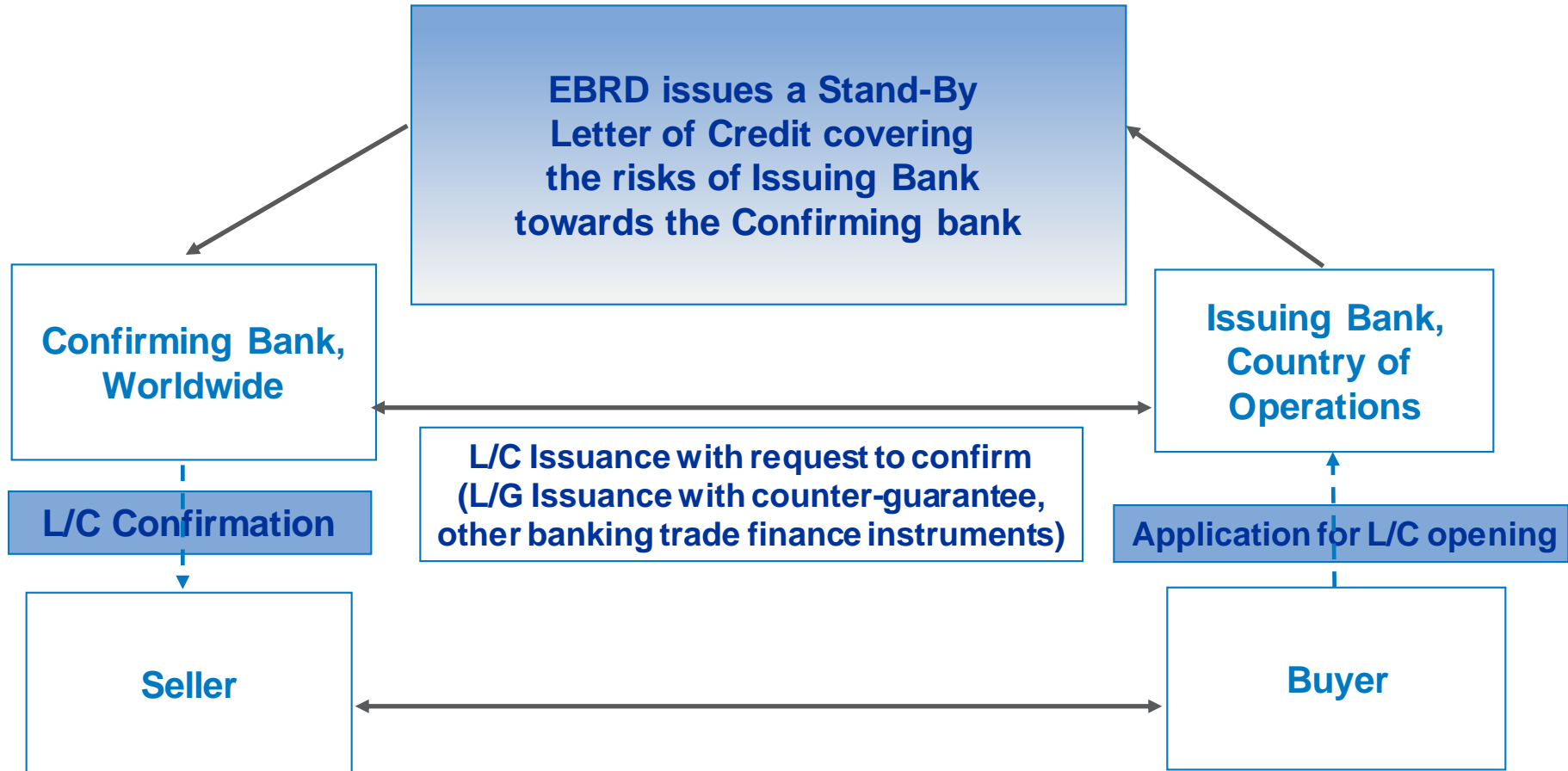
Collaborating with Korean entities: Loan Syndication Case

- **Client** : Kazkommertsbank (one of the leading banks in Kazakhstan)
- **Use of fund** : for on-lending to retail customers for residential mortgages and privately-owned mid-sized corporate customers outside the construction, oil and gas sectors.
- **Toal Loan** : USD 300 million
 - A Loan : USD 100 million
 - B Loan : USD 200 million (Kookmin and Shinhan participated)

Banks	Amount
Calyon	USD 23,500,000
SMBCE	USD 23,500,000
Nord LB	USD 16,000,000
Kookmin Bank	USD 11,500,000
Shinhan Bank	USD 11,500,000
Other 18 banks	USD 114,000,000
Total	USD 200,000,000

* The B Loan was fully underwritten by Calyon and Sumitomo Mitsui Banking Corporation Europe Limited who acted as Initial Mandated Lead Arrangers for this transaction.

Opportunity 4 : TFP (Trade Facilitation Programme)



**There are 14 Confirming Banks in Korea
(KDB, KEB Hana, Woori, etc.)**

TFP Case study

Imports from South Korea to Belarus



European Bank
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A Belarussian company based in Minsk buys Transfer Paper for decorating kitchen glassware from a Korean Paper manufacturer in Gyeonggido, Korea



A Belarussian Commercial Bank issues a Letter of Credit, in favour of **a Korean Confirming Bank**

EBRD guarantees 100% of the political and commercial payment risk for the duration of the trade cycle

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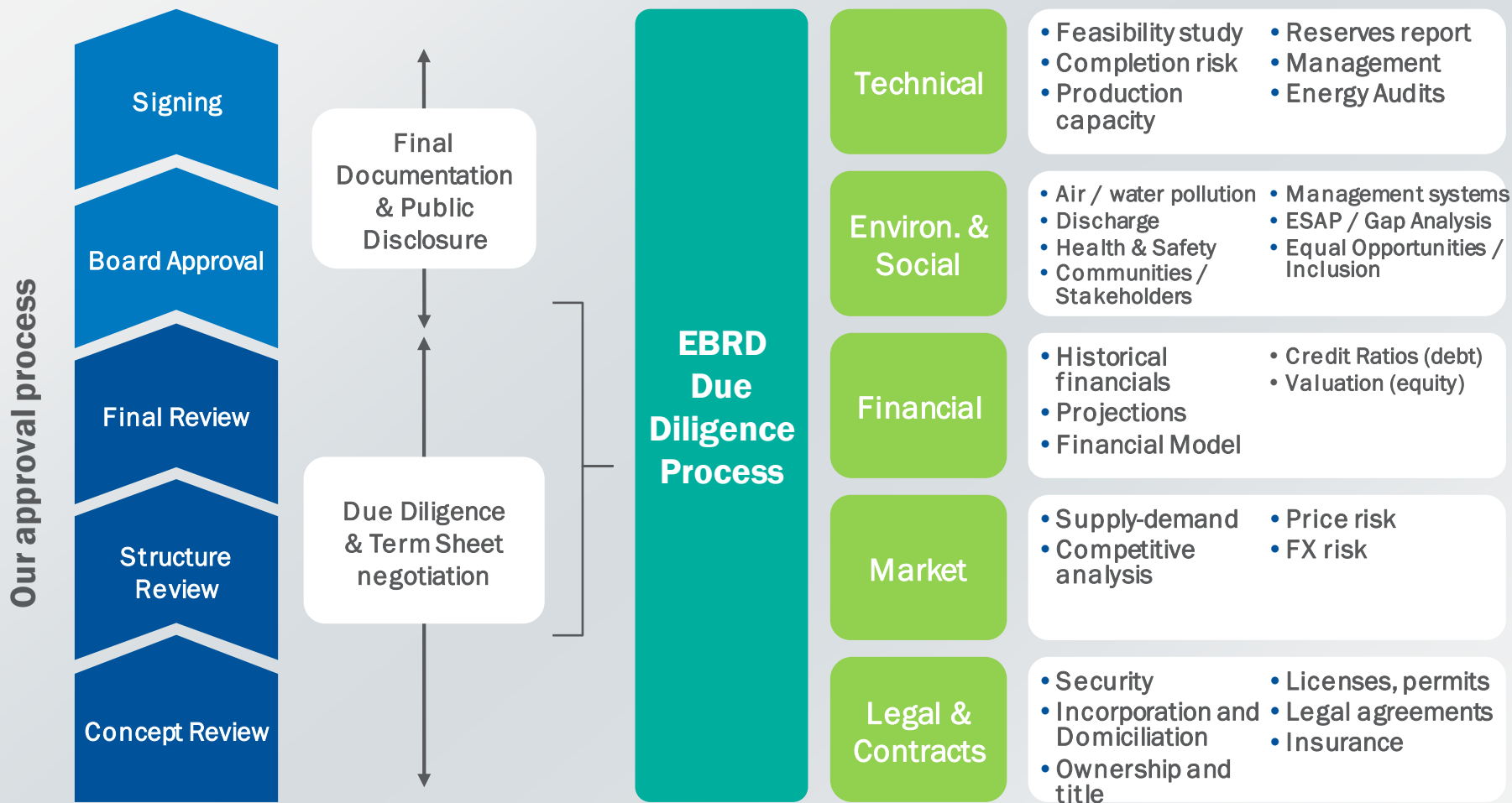
EBRD project cycle

Working Together

Approval process and due diligence



European Bank
for Reconstruction and Development



Contacts



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