



European Bank
for Reconstruction and Development

Introducing the European Bank for Reconstruction and Development

Global Infrastructure Cooperation Conference
Seoul, Korea, 3-5 September 2019
Irina Kravchenko

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EBRD - An overview

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

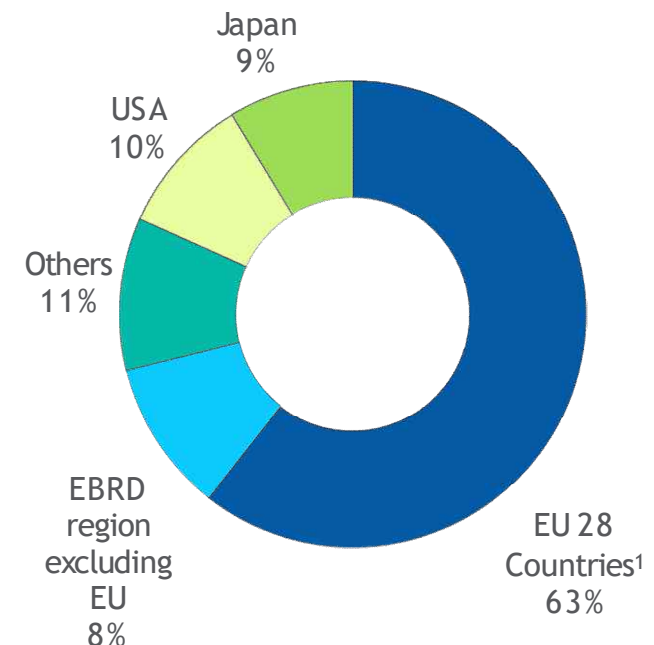
**Highest credit rating
(AAA/Aaa)**

**Owned by 69
countries and 2
inter-governmental
institutions
(the EU and EIB)**

**€30 billion
authorised
capital**

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 became a country of operation and the Bank also commenced operations in West Bank and Gaza
2018 India and San Marino become members
2019 Libya becomes 69th member

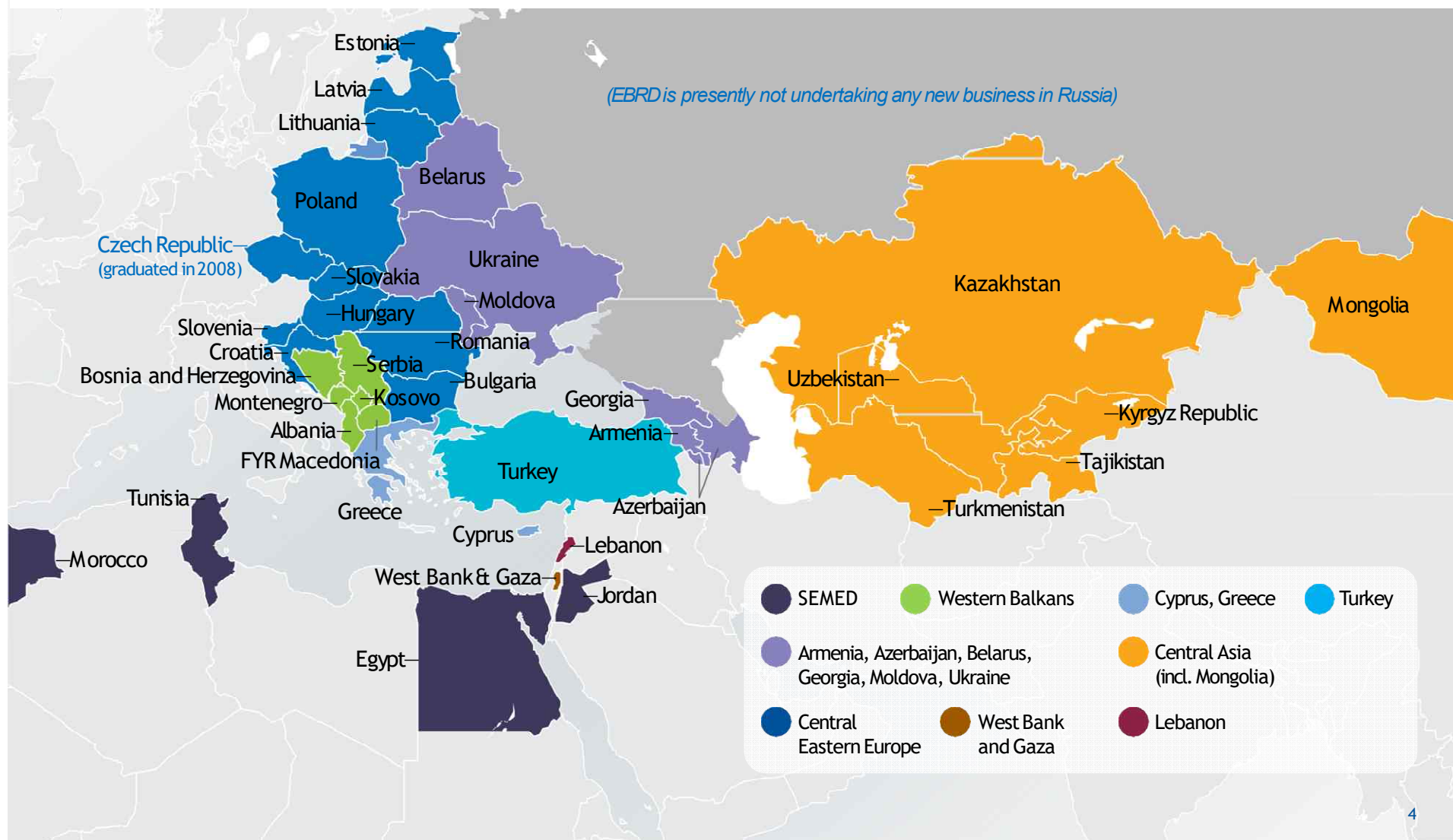
Shareholding structure



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

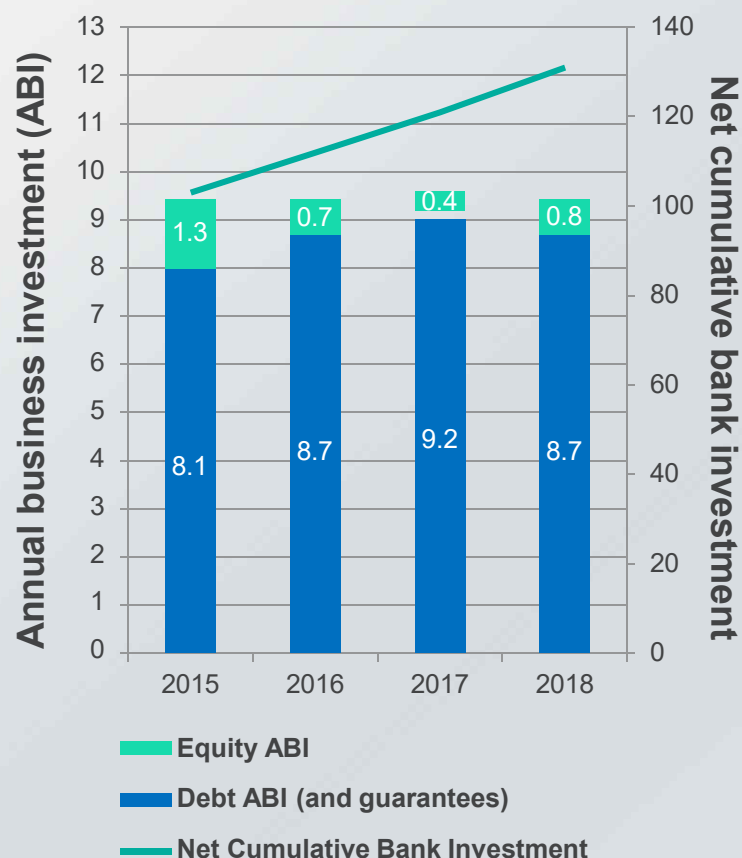
EBRD's increasing footprint



EBRD introduction

IFI with a private sector mandate

Since 1991, EBRD invested over
€125 billion in around 5,325 projects



In 2018

€9.5
billion

395
projects

Private sector accounted
for share of
73%

Debt
83%

Equity
9%

Guarantee
8%

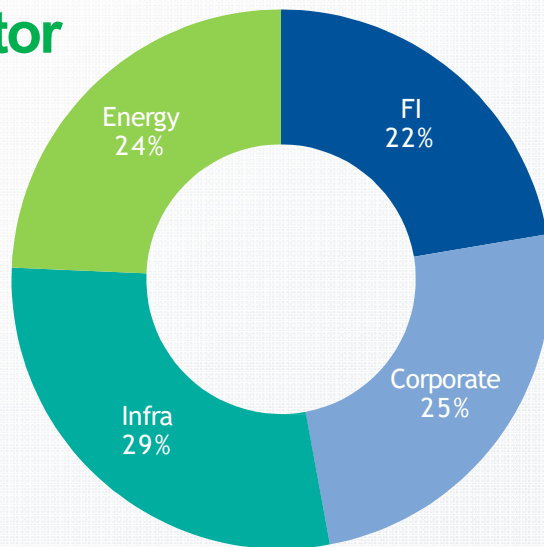
EBRD Top 10
investee countries
in 2018 (€m)

1	Egypt	1,148
2	Turkey	1,001
3	Greece	846
4	Poland	556
5	Ukraine	543
6	Kazakhstan	472
7	Romania	443
8	Uzbekistan	397
9	Serbia	396
10	Belarus	360

Portfolio distribution by sector and region

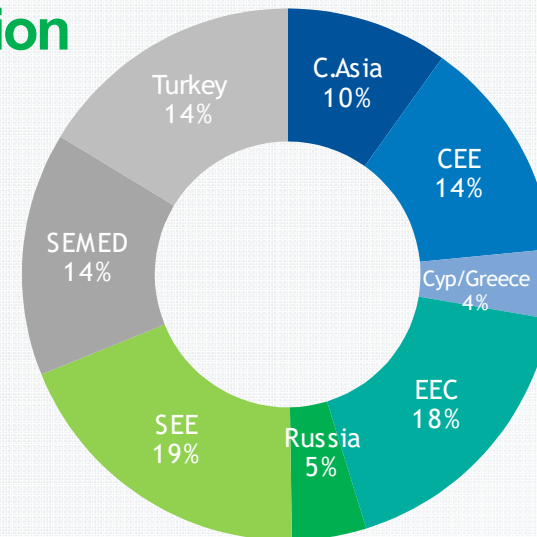
EBRD Portfolio (as at end Dec 2018): €43.3 billion

Sector



- Financial Institutions 22% (Depository credit (banks), Leasing finance, non-depository credit (non-bank), Insurance, Pension, Mutual Funds)
- Corporate 25% (Manufacturing/Services, Agribusiness, Equity funds, Property & Tourism, Information & Communication technology)
- Infrastructure 29% (Municipal & Environmental infrastructure, Transport)
- Energy 24% (Power & Energy, natural resources)

Region



- Central Asia 10%
- Central Europe & Baltics 14%
- Cyprus & Greece 4%
- Eastern Europe & Caucasus 18%
- Russia 5%
- South-Eastern Europe 19%
- Southern Eastern Mediterranean 15%
- Turkey 16%

Note: unaudited as at 31 December 2018

OFFICIAL USE

Projects in all key business sectors

Transport



Municipal & Environmental Infrastructure



Property & Tourism



Financial Institutions



Natural Resources



Information & Communication Technologies



Manufacturing & Services



Power & Energy



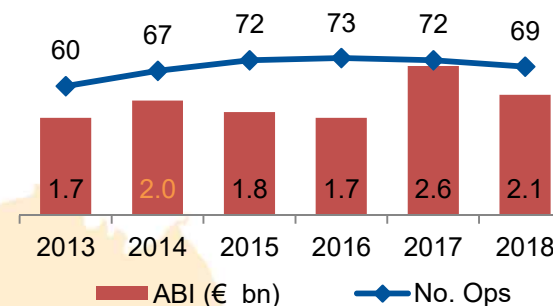
Industry, Commerce & Agribusiness



EBRD Infrastructure Business Group

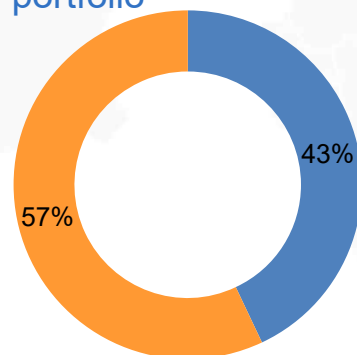
EBRD INFRASTRUCTURE	Total	Eurasia
Active portfolio operations	476	131
Portfolio	EUR 12,300 m	EUR 2,083 m
Non-sovereign share	38 per cent	20 per cent

EBRD Infrastructure Investment



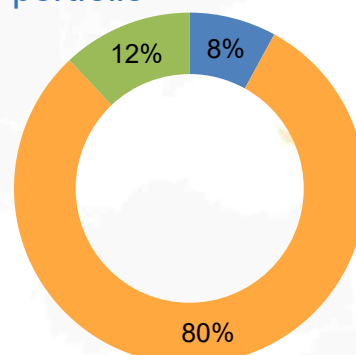
Infrastructure in Caucasus, Central Asia and Mongolia

Portfolio by sector
Share of current portfolio



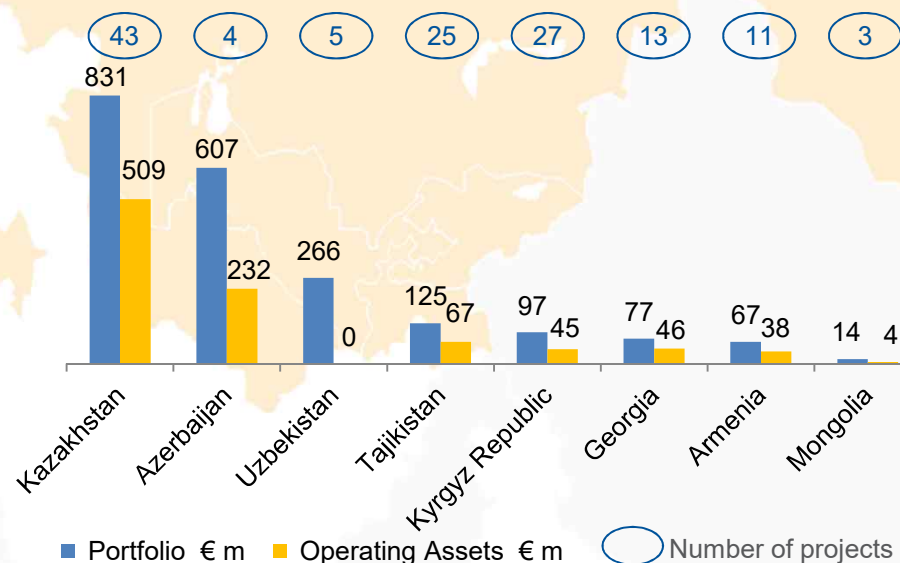
■ Municipal Infrastructure
■ Transport

Portfolio by type
Share of current portfolio



■ Private
■ Sovereign
■ Sub-Sovereign

Portfolio by country
Current portfolio



■ Portfolio € m ■ Operating Assets € m ○ Number of projects

Municipal & Environmental Infrastructure



Water & Wastewater

€2,968 million /
199 projects / 31
countries

- New and rehabilitated water and waste water treatment plants, network rehabilitation and extensions as well as pumps and metering to improve the quality of service and environmental compliance; investment in both maintenance and asset renewal.



Urban Transport

€2,588 million / 108
projects / 21 countries

- Fleet and rolling stock renewal, metro, LRT, buses and trams, public transport infrastructure, including track, power supply and signalling, depot refurbishment, e- ticketing and automated fare collection; traffic management and vehicle information systems, and rehabilitation of municipal streets.



Solid Waste

€318 million / 35
projects / 15 countries

- Investment in new landfills, recycling and collection equipment to improve both the efficiency and frequency of collection and well as to prevention of groundwater contamination.



District Heating & Other Muni Services

€1,676 million / 106
projects / 25 countries

- District heating/cooling, parking, ESCOs and facilities management to promote efficiency gains and new ways of service delivery.



Facilities Management

€541 million /
8 projects

- Investment in social infrastructure (e.g., hospitals and schools) using long-term facilities management PPP models.

- In **2018**, over **18 Million people** benefitted from **improved water / sewage / waste and heating services** financed by EBRD, and over **3 Million people per day** are using improved **urban transport measures**.
- **MEI projects in 2018** produced **250 Million m³ of potable water**, treated **300 Million m³ of wastewater** and saved more than **876 Thousand tonnes of CO₂ equivalent**.

EBRD's financing instruments

	Debt	Equity	Guarantees
Typical size	€1 – 300 mln (average € 20 mln)		Typically €50 k – €50 mln
Maturity	Typically 5-7 years Up to 15 years in case of infrastructure investments	Typically from 3-7 years	1 month to 3 years
Currency/terms	Major foreign currencies or local currency; floating/fixed		
Approach	Corporate loans Project loans (max 35%)	Minority stake	Trade Facilitation Programme with banks
Structures	<ul style="list-style-type: none"> • Senior, subordinated, convertible loans or bonds • Project finance 	<ul style="list-style-type: none"> • Pure or “structured” equity 	<ul style="list-style-type: none"> • Trade finance guarantees & cash advances
Applications	<ul style="list-style-type: none"> • Capex for expansion/modernization, including resource efficiency improvements • Ownership change: acquisition, consolidation, privatisation • PPPs • Working capital 		<ul style="list-style-type: none"> • Guarantee of issuing banks in countries of operations in favour of confirming banks in the rest of the world

NB: Exact terms depend on specific needs and market conditions

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

What we cannot finance:

- ✗ 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

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EBRD financing with Korean Companies

VALUE OF JOINT KOREA-EBRD INVESTMENT

€1.8 billion

- €1.17 billion from EBRD
- €0.68 billion from Korea

Dominant investment sectors:

- Energy : €0.78 billion
- Infrastructure : €0.52 billion
- Industry, Commerce and Agribusiness : €0.43 billion
- Financial Institutions : €0.13 billion

Major countries:

- Turkey : €0.56 billion
- Hungary : €0.27 billion
- Egypt : €0.19 billion

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EBRD priorities in Central Asia

Investment and policy dialogue focused on:

- ➔ **Private sector development**; balancing the roles of the state and the private sector; attracting foreign investors
- ➔ **SME development** and improving private sector competitiveness
- ➔ **Broadening access to finance**, strengthening the banking sector; developing local capital markets
- ➔ **Sustainable municipal services** development
- ➔ **Renewable energy and power** generation
- ➔ **Promoting** Green Economy Transition
- ➔ **Promoting gender inclusive growth** across regions

Improvement of connectivity and strengthening cross-border linkages



European Bank
for Reconstruction and Development

Investment opportunities in Central Asia

- **Geographical position at the crossroad of numerous trade routes** (Western Europe - Western China; China-Iran; Russia- South Asia) creates unique transit potential for the region.
- **Abundance of natural resources**, incl. oil & gas, copper, zink, gold, agricultural land, renewable energy resources, provides opportunities in extractive industries, manufacturing, renewable generation, agribusiness, as well as in infrastructure, transportation and logistics.
- **Growing young work force** with high literacy rates and increasing openness to western education, is an important factor for investors.
- **Efforts to improve investment climate and attract investors** are continuing, with Kazakhstan and Uzbekistan named among top reformers in the WB Doing Business list.
- **Preferential trade regimes with CIS countries and access to EEU market** may attract investors into export-oriented production.

Opportunity 1 : Procurement

Public Procurement Statistics 2018

321
contracts

€2.8bn
in total

Collaboration with Korean entities Public Procurement (2013-2018)

Entities from Korea
participated in
**19 tenders/
expressions of
interest**

And won
3 contracts
Worth €33.1 million

Top 5 countries of public procurements in 2014 -2018 (€)

1	Ukraine	1.622bn
2	Romania	1.094bn
3	Kazakhstan	866mn
4	Morocco	754mn
5	Turkey	661mn

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*)
- FOIP - 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)

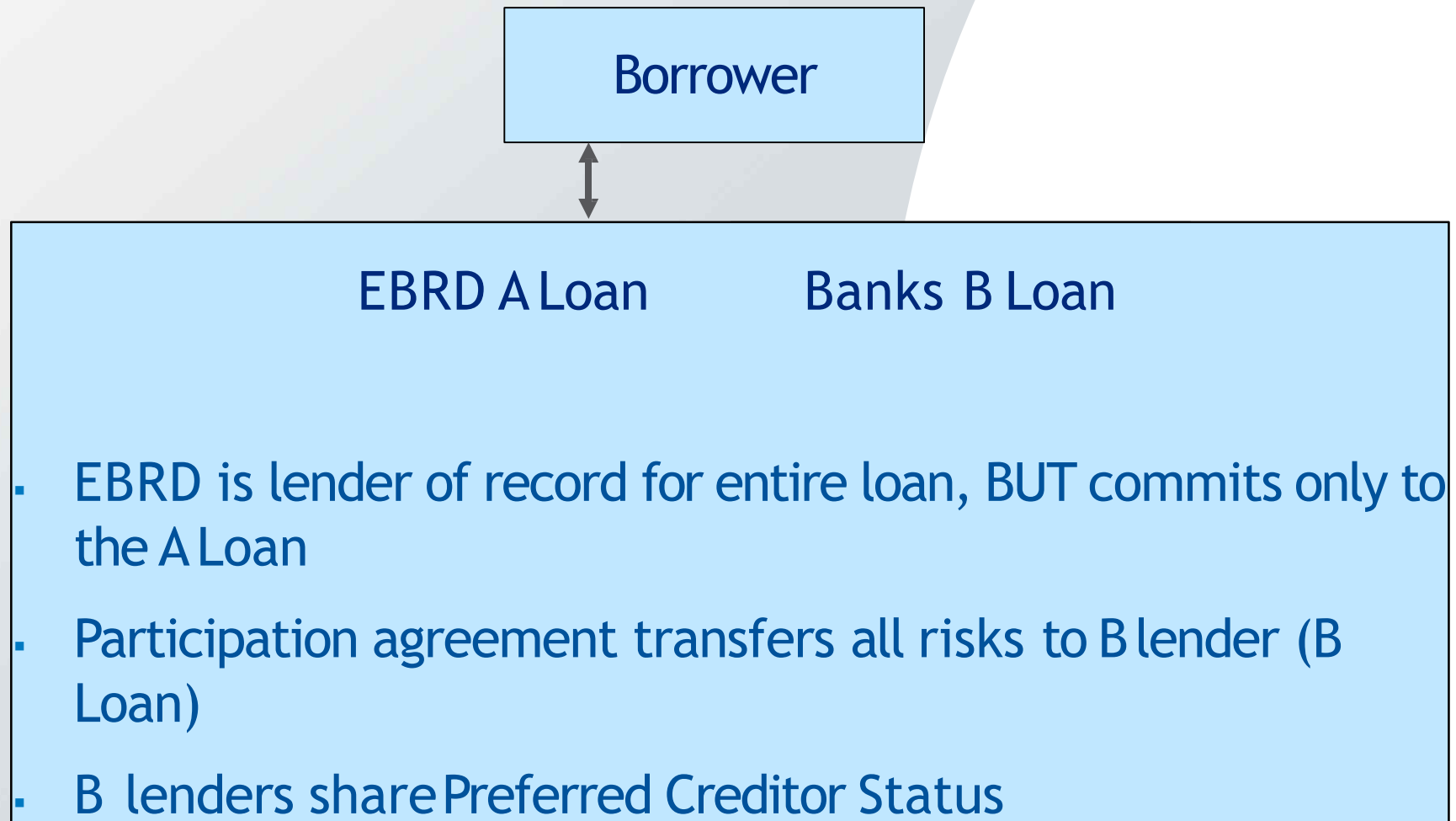
- Policy dialogue and public sector reform (for example anti-corruption initiatives)
- Legal advice on investments to EBRD's Office of the General Counsel (OGC)
- Legal Transition Programme (LTP)
- Institution building/training
- Environmental , social, gender and assignments/ studies
- Human Resources,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

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

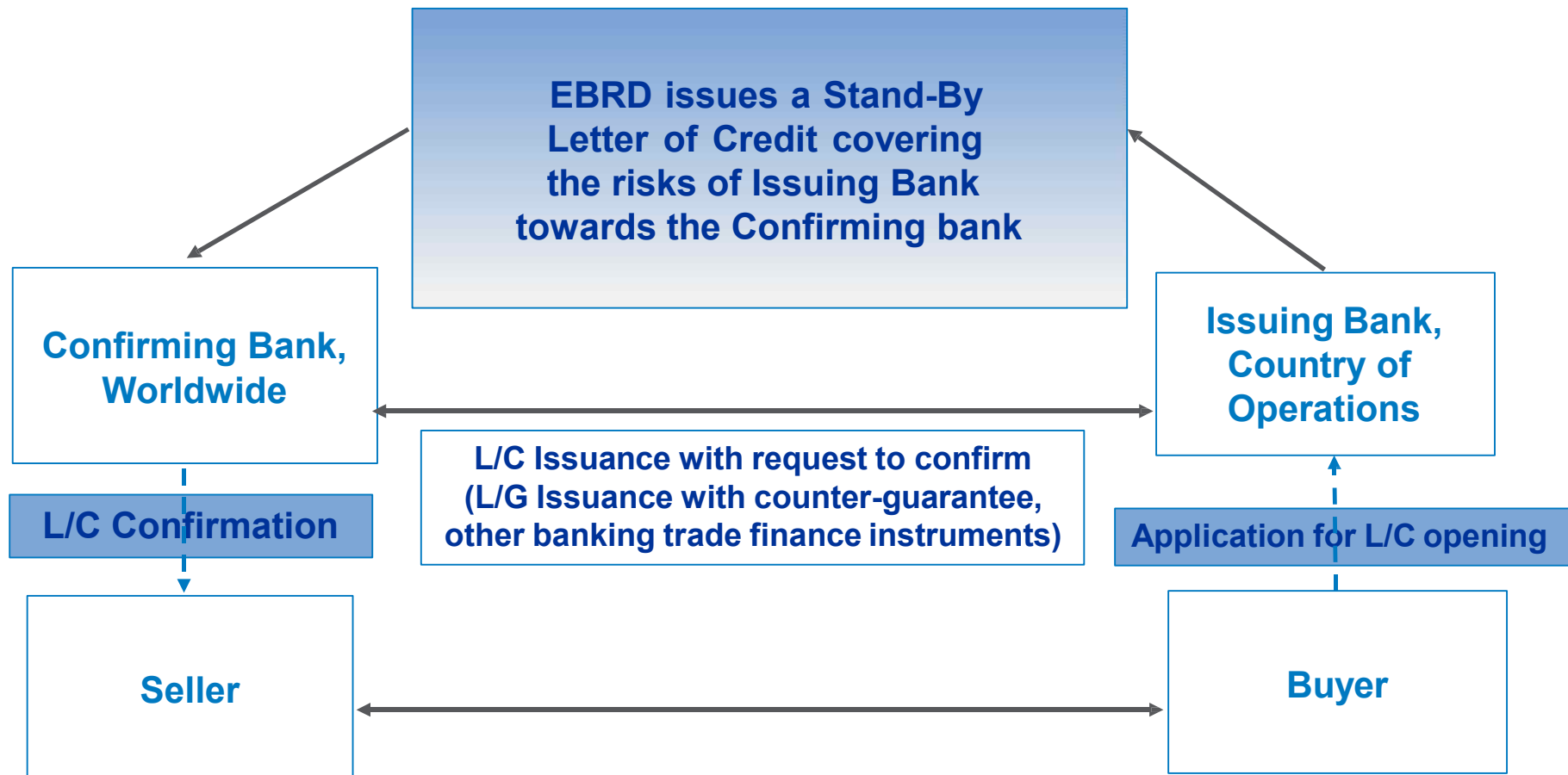
What to look for: Project Pipeline; General Procurement Notices; Invitation for Prequalification or for Tender and Invitation for Expression of Interest (Consultants)

Opportunity 3 : Loan Syndication

EBRD B-Loan structure



Opportunity 4 : TFP (Trade Facilitation Programme)



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

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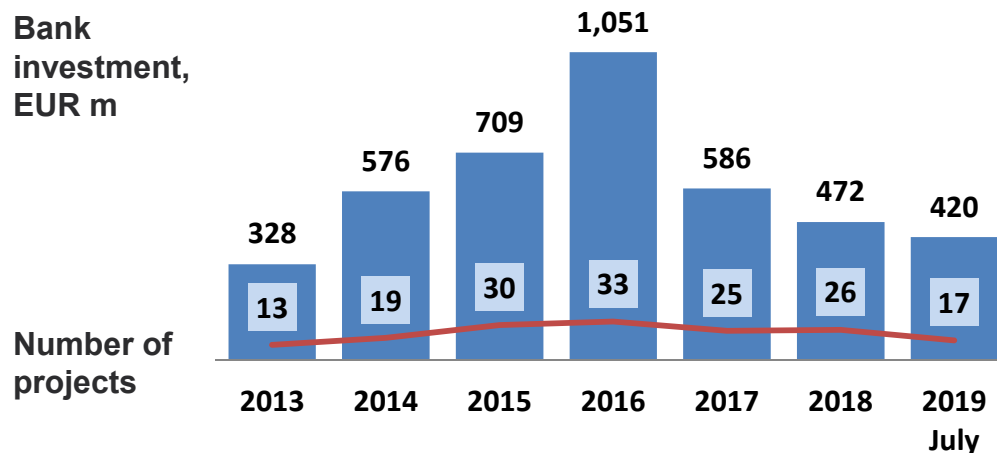


Case studies

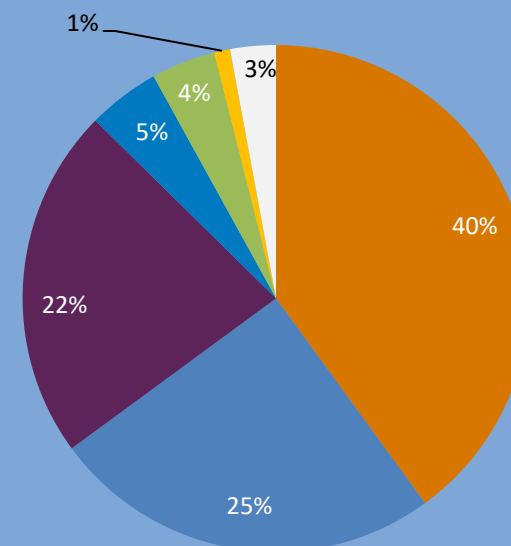
EBRD in Kazakhstan: at glance

- EBRD presence in Kazakhstan since 1993. Two Resident Offices in Almaty and Nur-Sultan cities and five representative offices across the regions of Kazakhstan.
- Funded 262 projects worth in total EUR 8.2 billion: 65% private investments share, 96% debt share, EUR 2.6 billion portfolio.
- Promotes stronger investment climate, private sector development, strengthening of local capital markets, green economy transition and development of inter-regional connectivity.
- Provides medium/long-term local currency financing.
- As of July 2019, 17 projects signed for EUR 420 million: 44% private sector share, GET share of ABI 44%, EUR 365 million investments in sustainable infrastructure, which includes renewable energy projects.

EBRD Investments, 2013-2019 (July)



EBRD Investments by Sector Portfolio by Volume

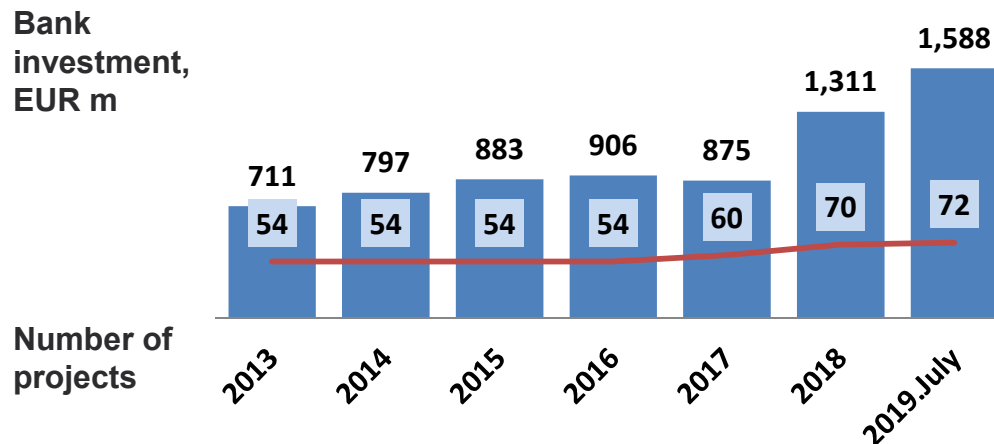


- Infrastructure
- Energy
- Natural Resources
- Agribusiness
- FI
- M&S
- Other

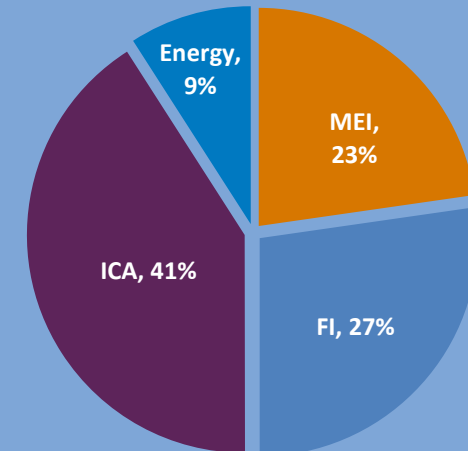
EBRD in Uzbekistan: at glance

- Resident Office in Tashkent operational since 1994
- Prior to reengagement in 2017, EBRD supported various sectors including ICA, MEI, Transport and Energy with total cumulative investment of EUR 900 million
- Promotes private sector development, green transition and connectivity
- Supports key reform initiatives (PPP, Foreign Investors Council, privatisation of SOEs, capital market development)
- Total cumulative investment to date is nearly EUR 1.6 billion, funding 72 projects
- Current portfolio EUR 709 million with 22 projects

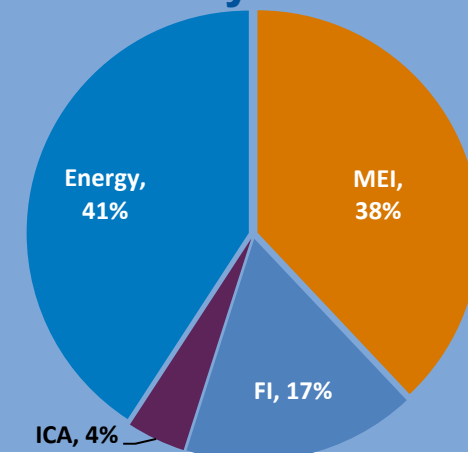
EBRD Investments 2013-2019(July)



**EBRD Investments by Sector
Portfolio by No of Projects**



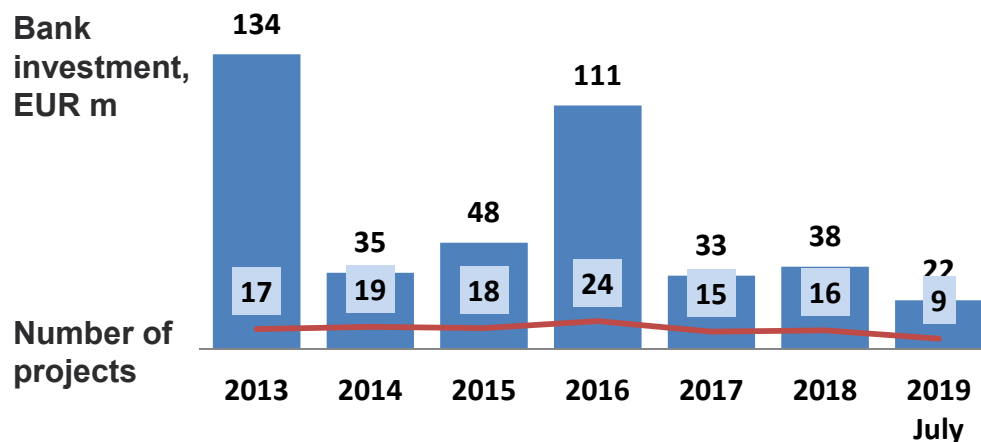
Portfolio by Volume



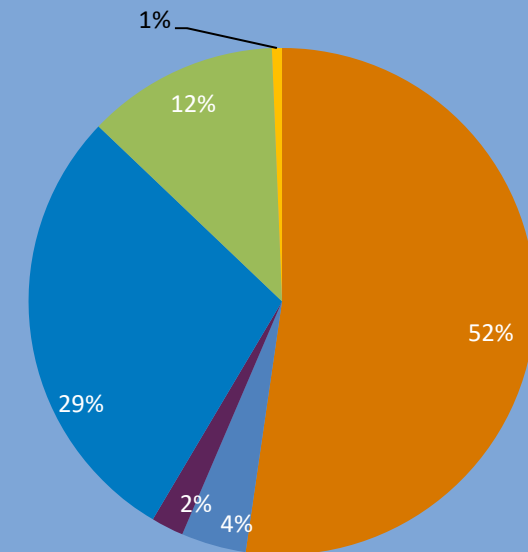
EBRD in Kyrgyzstan: at glance

- EBRD presence in Kyrgyzstan since 1992. Resident Offices in Bishkek and two representative offices across the regions of the country.
- Funded 182 projects worth in total EUR 767 million: 73% private investments share, EUR 193 million portfolio.
- Promotes stronger investment climate, strengthening of local capital markets, supports competitiveness and sustainable growth of SMEs, green economy transition, economic and trade cooperation and integration within the region.
- Provides medium/long-term local currency financing.
- As of July 2019, 9 projects signed for EUR 22 million: 73% private sector share, GET share of ABI 45%, EUR 6 million investments in sustainable infrastructure.

EBRD Investments, 2013-2019 (July)



EBRD Investments by Sector Portfolio by Volume



- Infrastructure
- Energy
- Agribusiness
- FI
- M&S
- Property and tourism

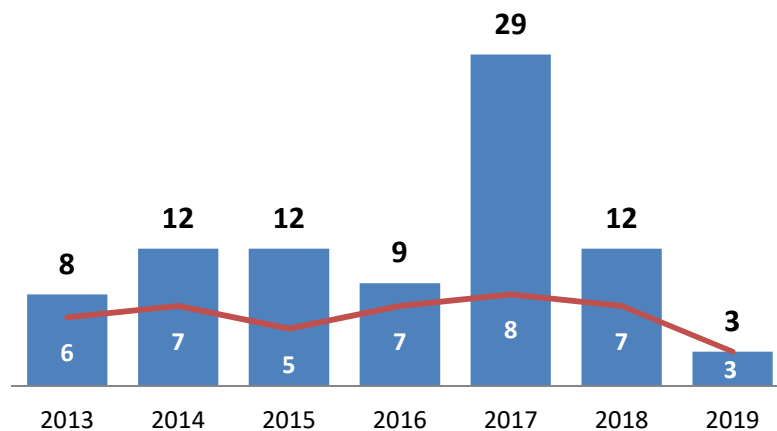
EBRD in Turkmenistan: at glance

- EBRD presence in Turkmenistan since 1994. A Resident Office in Ashgabat.
- Funded 72 projects worth in total EUR 282 million: 90% private investments share, EUR 49 million portfolio.
- Promotes stronger role of SMEs, strengthened capacity of private sector companies, increased trade and investment flows, improved business environment, increased energy and resource efficiency and enhanced environmental protection.
- Provides long term financing to local private sector, extends MSME credit lines and TFP via local banks, expands ASB programme, conducts training and seminars for local SMEs and consultants.
- As of end August 2019, 3 projects signed for EUR 3 million: 100% private sector share.

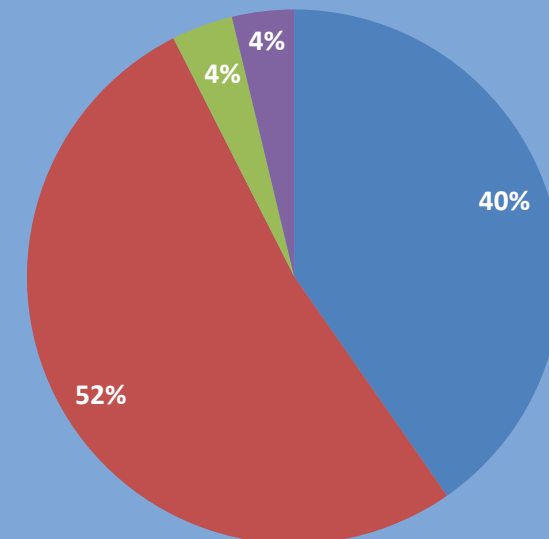
EBRD Investments, 2013-2019 (August)

Bank
investment,
EUR m

Number of
projects



EBRD Investments by Sector Portfolio by Volume

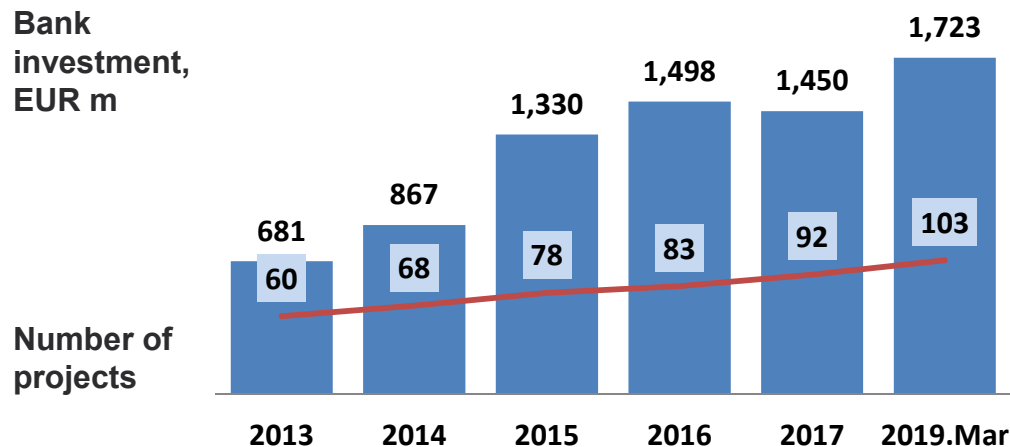


- Manufacturing and Services
- Agribusiness
- Transport
- Property and Tourism

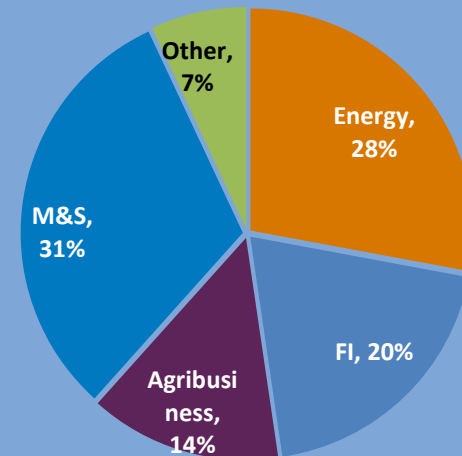
EBRD in Mongolia: at glance

- Resident Office in Ulaanbaatar operational since 2006
- Funded 103 projects in private sector and 1 MEI project with the government: 92% is Debt and 6% is Equity
- Promotes a sound investment climate, good corporate governance and stronger institutions
- Provides Technical Assistance
- Total cumulative investment to date is nearly EUR 1.7 billion, funding 106 projects
- Current portfolio EUR 867 million with over 35 clients

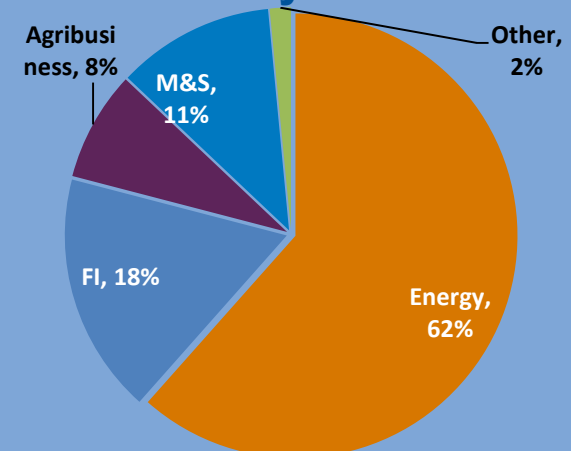
EBRD Investments 2013-2019(Mar)



EBRD Investments by Sector Portfolio by No of Projects



Portfolio by Volume



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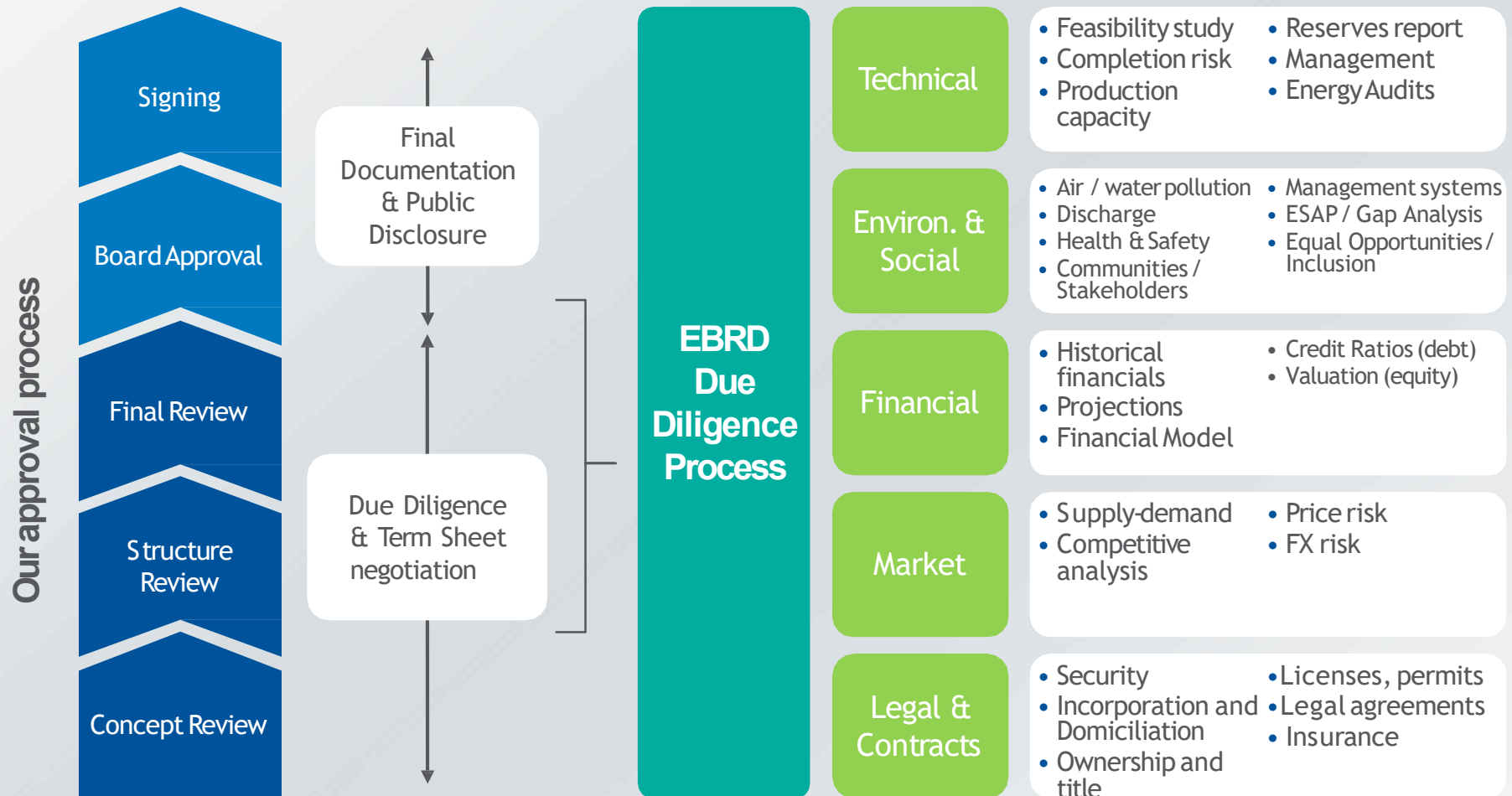
EBRD project cycle



Case studies

Working Together

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Case studies

Case study: Shinhan Bank Kazakhstan



European Bank
for Reconstruction and Development



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.



Signed in 2016

Case study: Kirikkale CCGT Turkey

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 IFC A+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)

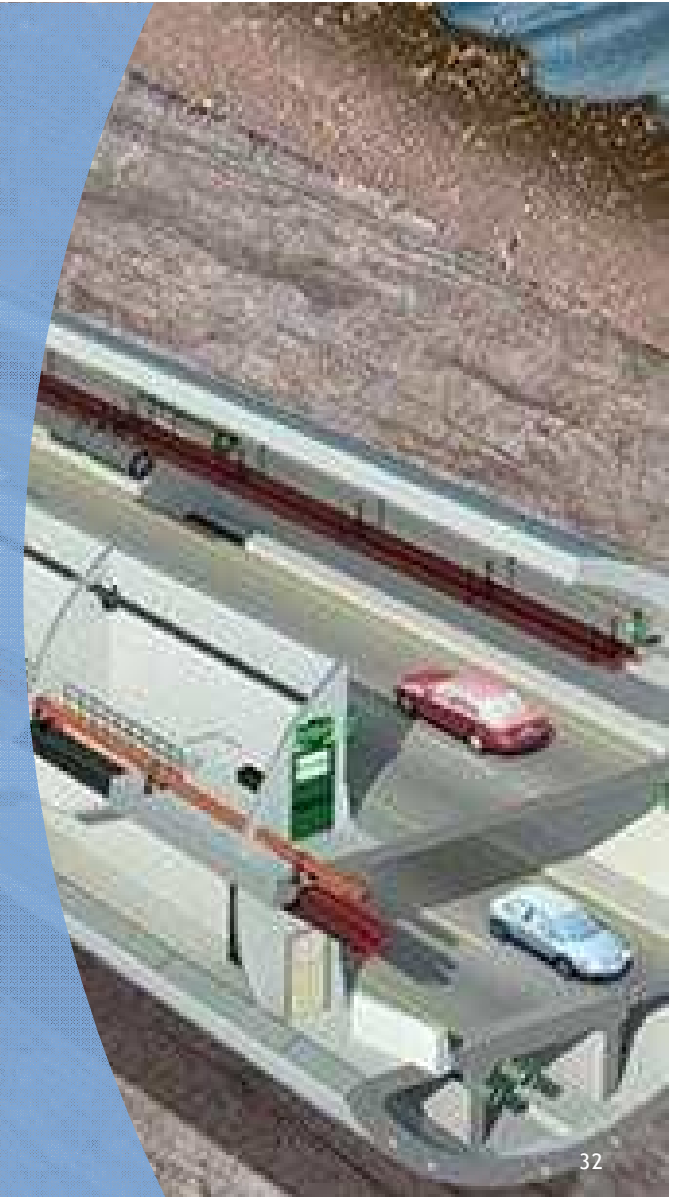
EBRD finance

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-Izmir highway and 3rd Bosphorus Bridge project.



Case study: Gaziantep Hospital PPP Turkey



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



Contacts



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for Reconstruction and Development

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