



# **What does the EBRD have to offer to PPPs in Russia?**

Robin Earle, Senior Banker, EBRD  
Moscow, 15 November 2005



# Agenda

- I. Introduction to the EBRD Transport Department
- II. EBRD's Transport PPPs
- III. What's so special about EBRD's Transport PPPs?
- IV. Case study "Mother Teresa" Tirana International Airport
- V. Conclusion
- VI. Information and contacts



# Transport Department: Who are we?

- 25 Professional & 6 Support Staff
  - Director
  - 7 Senior Bankers
  - 5 Principal Bankers
  - 8 Associates/Analyst
  - 2 Procurement Specialists
  - 2 Portfolio Management Specialists
- Mix of private sector, public sector and procurement specialists
- Staff positions in the field
  - Moscow RO
  - Kiev RO
- Working in close co-operation with the Resident Offices

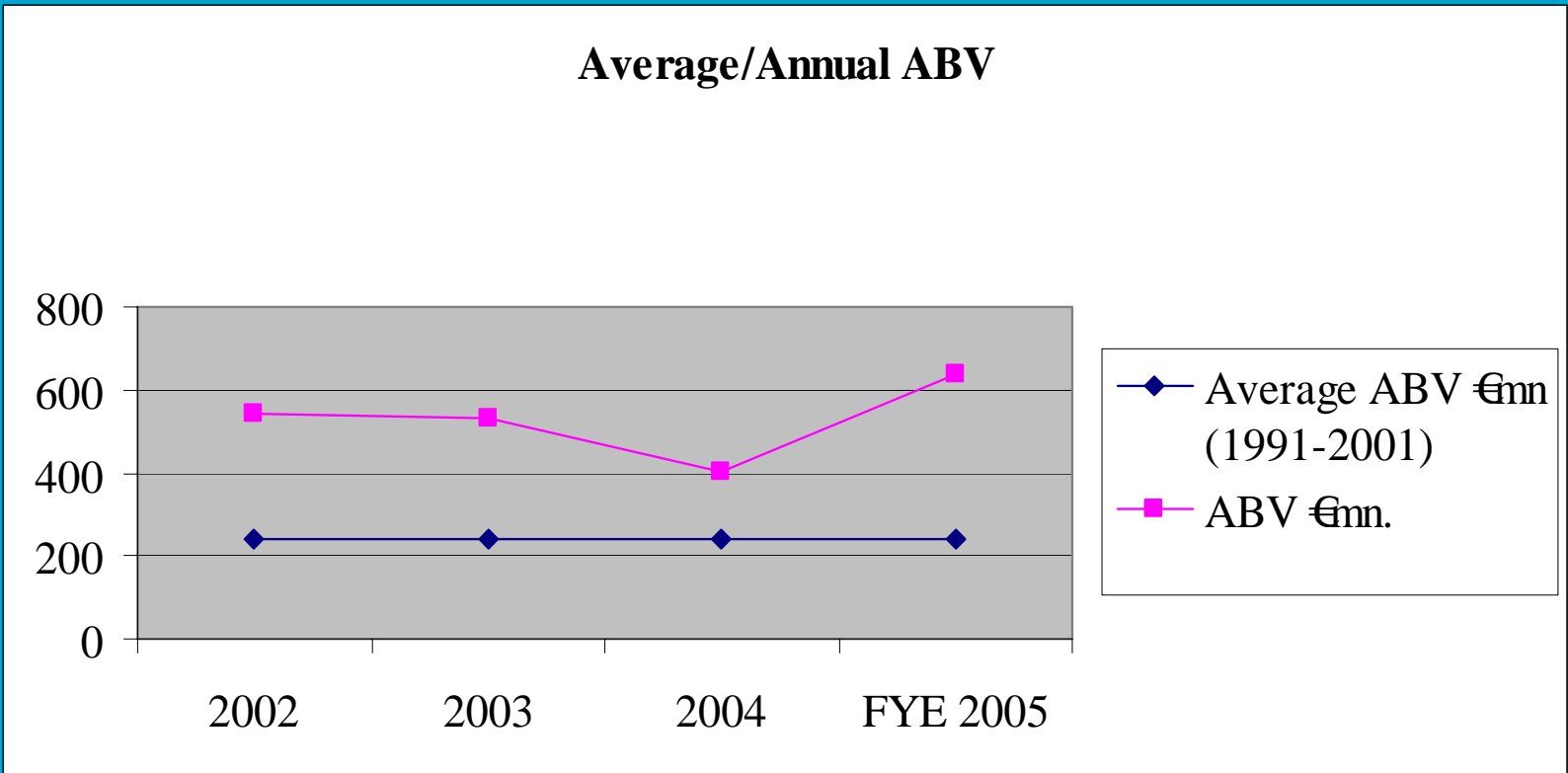


# Transport Department: What do we do?

- Product range covers entire spectrum from sovereign lending to private equity:
  - Sovereign/sovereign guaranteed loans
  - Corporate lending
  - **Concession/PPP financing**
  - Receivable based
  - Asset-based
  - Mezzanine/quasi equity
  - Equity
- Private sector financing structures increasingly adopted by public sector clients



# Transport Department: Annual Business Volume

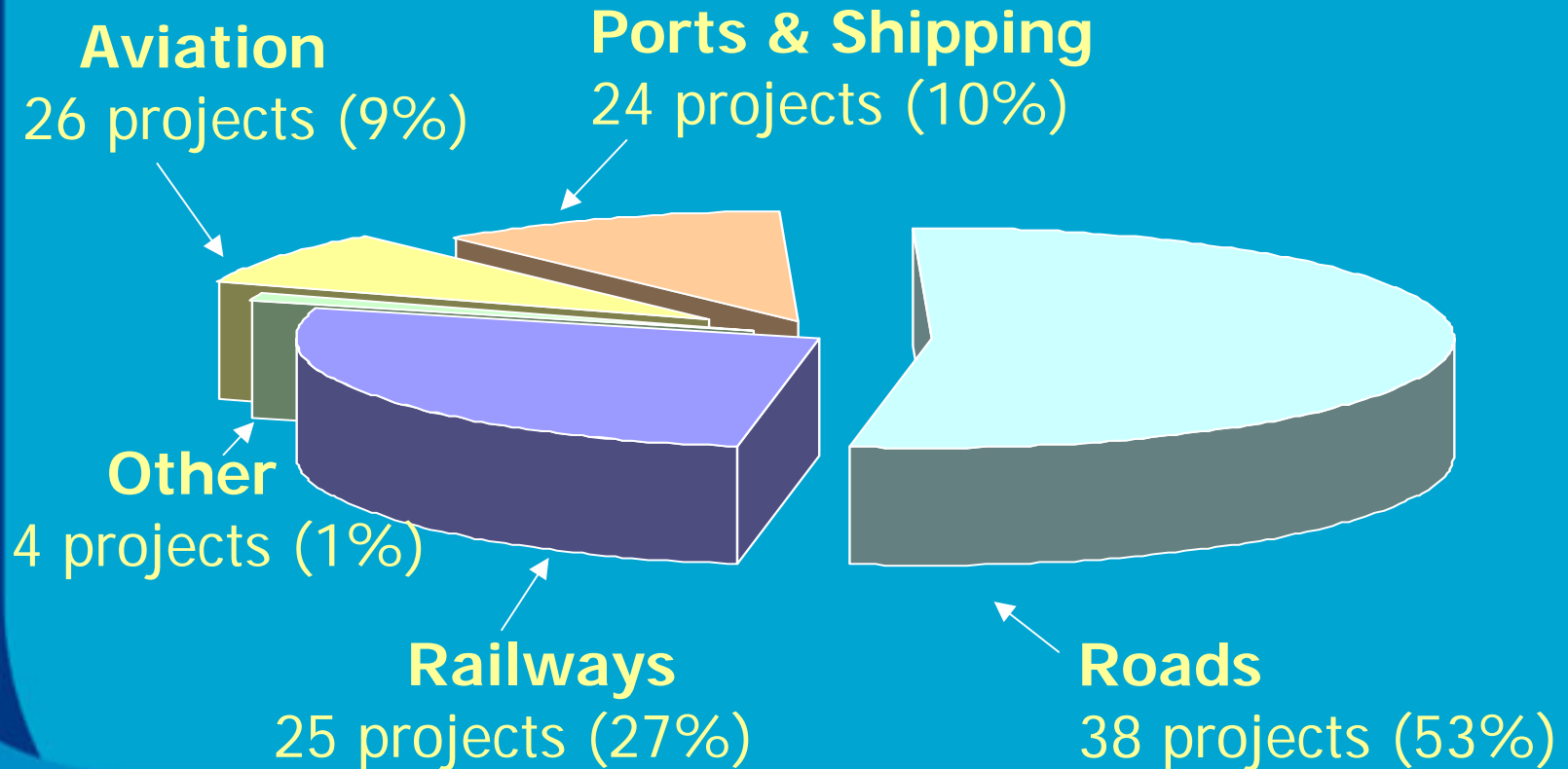


Twofold increase in ABV as compared to 10-year average.



# Transport Department: Current Portfolio

Portfolio of €4.016 billion. 117 projects  
80% of Portfolio disbursed or contracted



# Transport Department: Public-Private Partnerships

- Public-Private Partnership (PPP)-a long term contract for the private sector to provide services to, for, or on behalf of government. Payment in respect of PPPs may flow in either (and sometimes both) directions between the concessionaire and the government



# Transport Department: Public-Private Partnerships

- Track record: transport PPPs financed by the Bank to date:

Country	Project name	Date signed	EBRD Finance €m	Total Finance €m
Hungary	M1-M15 Motorway	Dec-93	66	205
Hungary	M5 Motorway	Dec-95	61	311
Hungary	M5 Motorway Refinancing	Mar-04	68	221
Hungary	M5 Phase II financing	Sep-04	100	750
Czech Republic	Redevelopment of 3 mainline stations (equity)	Dec-04	4	31
Albania	Tirana "Mother Teresa" Airport	Mar-05	21	43
Hungary	M6 Motorway	Jul-05	32	411
			352	1 972



### 3. What can EBRD do for PPPs?

- Government and private sector work together, sharing investment, risk, responsibility and reward. EBRD can provide debt to the Host Government to finance the cost of its own contributions to the PPP and finance to the Project Company.
  - **Private Sector** driving force of project through financial, management and technical support.
  - **Public Sector** provides key project assets (i.e. infrastructure) and establishes legal and contractual framework as well as supporting project development in medium-long term



### 3. What can EBRD do for PPPs?

#### Debt

Sovereign senior debt for new infrastructure, rehabilitation & pre-privatisation costs

Public Sector non-sovereign guaranteed senior debt for Port Authorities/owners with adequate revenue flows and balance sheets. New infrastructure, rehabilitation and pre-privatisation costs

Senior debt to the Private Sector for port-related commercial development. Debt finance for acquisition of businesses to be privatised. Subordinated debt

Sovereign

Private Sector





### 3. What can EBRD do for PPPs?

Guarantees

Credit Enhancement

Payment obligations of state or state-owned entity

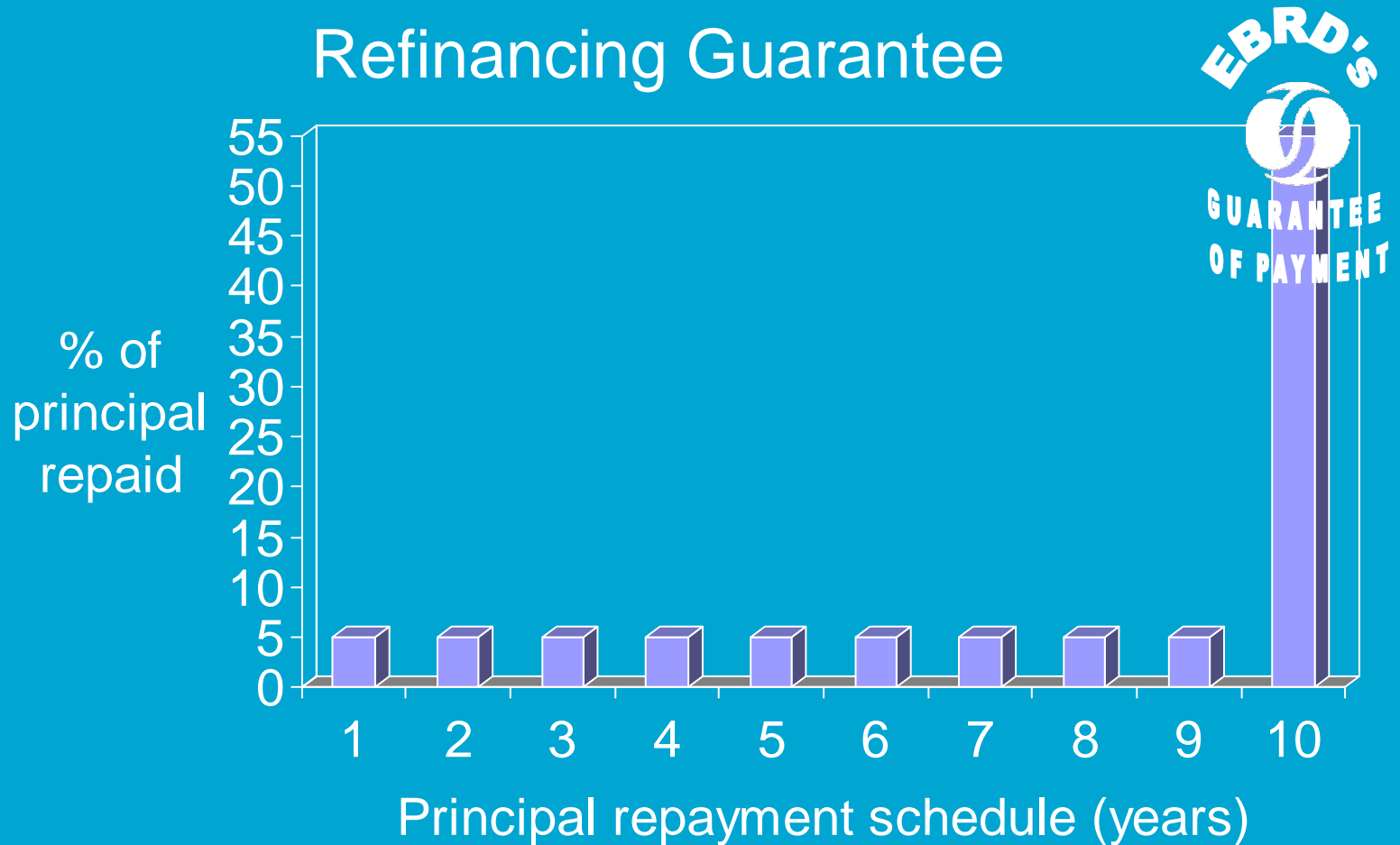


Private Sector Concessionaire



### 3. What can EBRD do for PPPs?

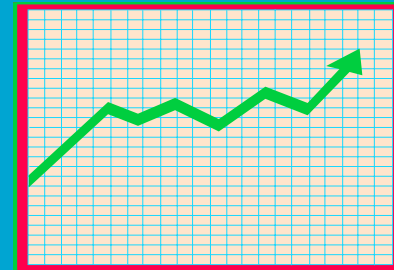
#### Refinancing Guarantee



### 3. What can EBRD do for PPPs?

#### Treasury Products

- Foreign Exchange
- Interest Rate Hedging
- Hedging Options



### 3. What can EBRD do for PPPs?

#### General

- Typically EBRD will take exposure on its own books of up to 35% of the Project Expenditure:

Debt

Equity

Guarantees

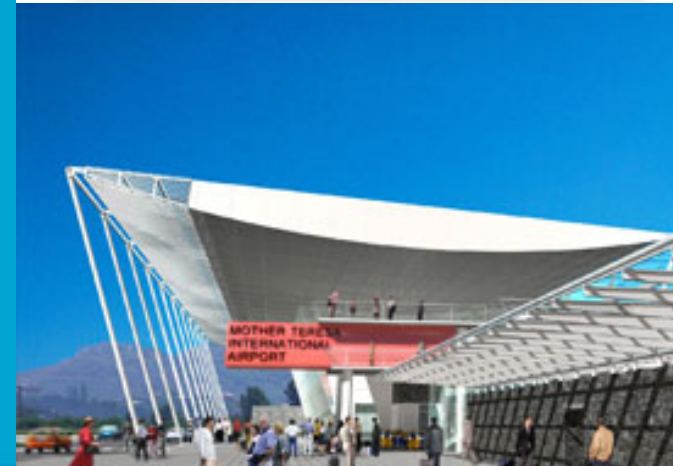
Treasury



# What's so special about EBRD's Transport PPPs?

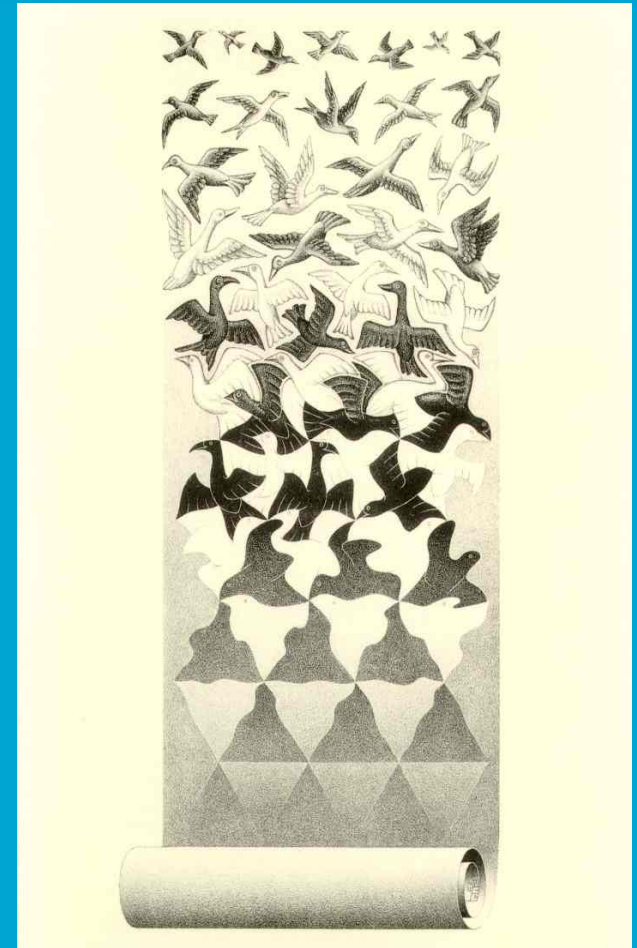
## Case Study: Albania, Mother Teresa International Airport, Tirana

- EBRD support to Government & advisers at an early stage; tender successful & compliant with Bank's standards
- EBRD combined state guaranteed & private funding for construction of access road in addition to funding for rehabilitation of airport terminal
- Much interest raised by well-structured project, American Albanian Bank, Alpha Bank & DEG are participating
- Excellent example of a complex project properly run in an ETC, with strong demonstration effect



# EBRD's impact in PPPs

- EBRD's involvement in PPPs has achieved the Bank's transition and additionality objectives and more recently has given rise to high quality portfolio assets
- Even the instances where EBRD rejects PPP projects, such as the Bucharest-Brasov road in Romania, send clear messages to the countries of operation and the market that these large and complex projects will not find finance if ill-prepared



# Conclusions

- EBRD has a wide experience in financing transport infrastructure and adds value to the transaction with its long standing presence and reputation in CEE and CIS, and, in particular, extensive knowledge of PPP structures and related issues
- EBRD can assist in the development of PPPs in transport sector in Russia (project selection and reviewing tender and concession agreement draft documentation) and face the challenge of bringing PPPs to financing and ultimately, reaching performance and other objectives over concession lifetime



# Contacts

## Riccardo Puliti

Director,  
Transport Team  
Tel: + 44 20 7338 7379  
E-mail: [pulitir@ebrd.com](mailto:pulitir@ebrd.com)

## Robin Earle

Senior Banker,  
Transport Team  
Tel: + 44 20 7338 7209  
E-mail: [earler@ebrd.com](mailto:earler@ebrd.com)

