

# **EBRD and Financing of Energy Projects in the Black Sea Region**

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# **1. EBRD – A Brief User Guide**



## EBRD in a Nutshell

- AAA-rated international IFI founded in 1991, owned by 61 national and two supranational shareholders (the EU and the EIB)
- Financing projects in 29 countries, Turkey the latest to become a country of operation in 2009
- EUR 7.9Bn business volume in 2009 financing 311 projects, record level in response to the financial crisis



# Foundations of Operations

- Advance the transition to a full market economy
  - Priority to promote private sector involvement and market expansion
- Support, and not replace, private investors (additionality)
  - Act as a catalyst for higher and riskier involvement of financiers
- Achieve environmentally sound, energy efficient development



# **EBRD Facilities – What Does the Bank Offer and How Much Does It Cost?**

- Full range of financing tools – from senior loans to equity investments
- Patient investor – medium/long term financings
- Market based pricing – we do not subsidize
- Syndications and joint financings with other IFIs
- Technical assistance funds can be mobilised to support investment projects



## Minimum Requirements - How Long Does It Take?

- Work with public and private sector companies, locally or foreign owned, but project funds must be invested in countries of operations
- Standalone financial reporting, preferably under IFRS and audited by a reputable firm
- A business plan or investment proposal, outlining the rationale for the investment, a break down of capex required, the technical and commercial benefits it will generate and how the overall project will be funded



## Minimum Requirements - How Long Does It Take? (2)

- A technical feasibility study (only for more complex projects)
- Details of ownership structure (beneficial ownership), including minorities
- Project appraisal cycle can take from a few months to a few years – it does not depend on us!
- Main timing variable is environmental rating of the project – requirement for public consultation
- Drawdown and EBRD public procurement rules



## **2. Financing Energy Projects in the Black Sea Region**



## What We Have Done So Far – Some Examples

- BTC Oil Pipeline and South Caucasus Gas Pipeline
- Petrom environmental loan
- Equity investments in Romania and Bulgaria supporting gas and power discos privatised to strategic foreign investors
- Black Sea Energy Transmission System
- Gasification and wind projects
- Thermal generation modernisation and greenfield



## What We Would Like To Do – Priorities for the Future

- Major regional pipelines, both new projects and modernisation of existing (Ukrainian gas network)
- Gas storage and interconnection pipelines
- Development of the hydrocarbon potential of the Black Sea region, especially off-shore
- Gasification projects
- Investments in oil spill recovery infrastructure around the Black Sea basin



## What We Would Like To Do – Priorities for the Future (2)

- Power transmission lines
- Modernisation of thermal generation to reduce carbon footprint and increase security of operations
- Support unbundling and privatisation of energy companies in the region
- Prioritise environmental, energy efficiency and renewable energy investments



# Contacts

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*Thank You!*

