

# IRE-Expert Conference



Varaždin, Croatia

21<sup>st</sup> November 2006

Presented by: Davor Inđić, Principal Banker, EBRD



# What is the EBRD?

- International financial institution, promotes transition to market economies in 27 countries from central Europe to central Asia
- Owned by 60 countries and two inter-governmental institutions
- Capital base of €20 billion

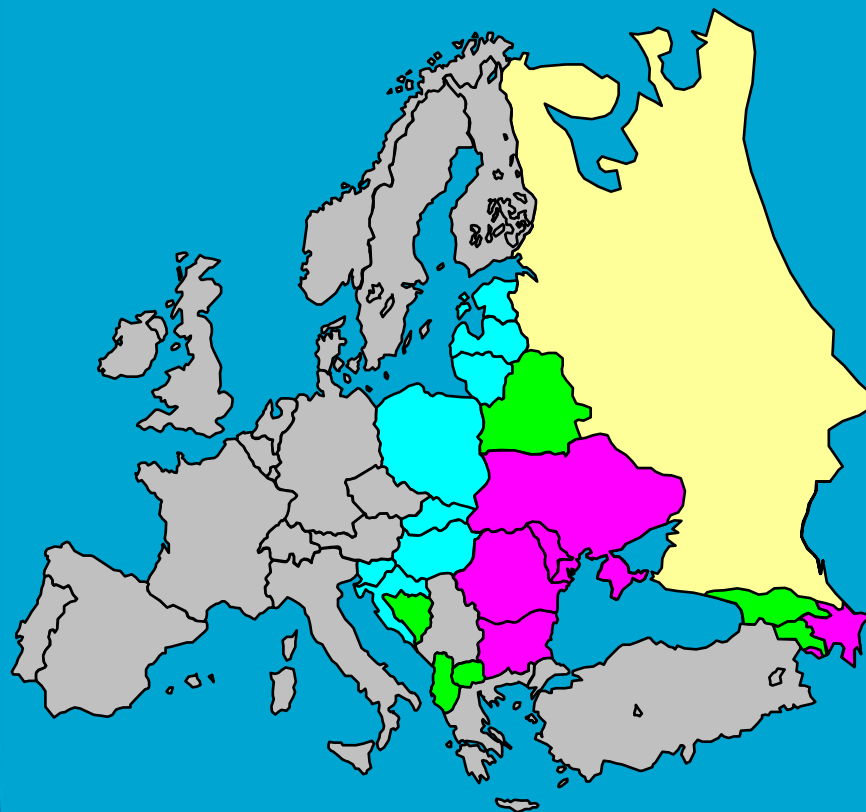


## What are the EBRD's objectives?

- To promote transition to market economies by investing mainly in the private sector
- To mobilise significant foreign direct investment
- To support privatisation, restructuring and better municipal services to improve people's lives
- To encourage environmentally sound and sustainable development



# Municipal & Environmental Infrastructure



- 151 Projects
- 140 Utilities and Local Authorities
- Population served by EBRD supported utilities: over 30 million
- Focus on Accession Countries



# Trends in Environmental Infrastructure - the General Picture in the Region



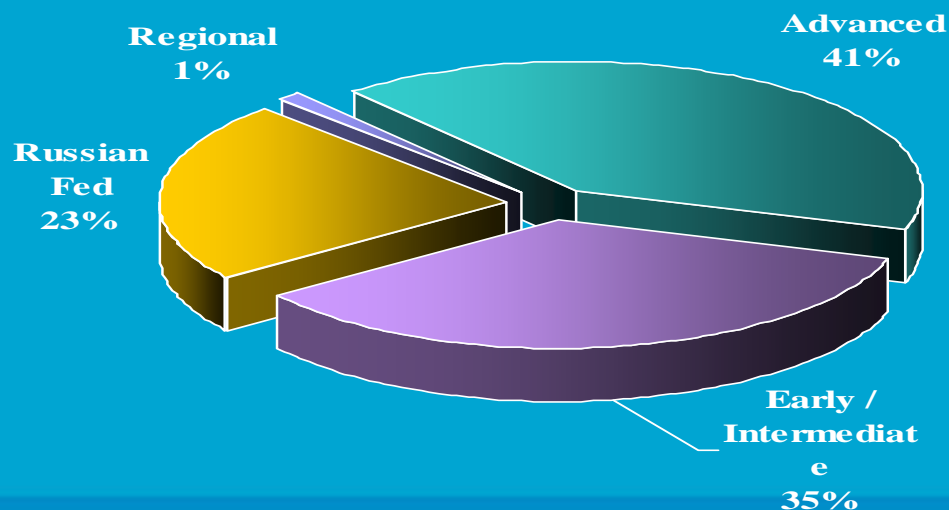
- Substantial investment deficit
  - EU accession requirements
  - inadequate service quality
  - maintenance backlog
  - inefficient service systems
- Public sector funding constraints
- Operating and capital inefficiencies
- Improved bankability



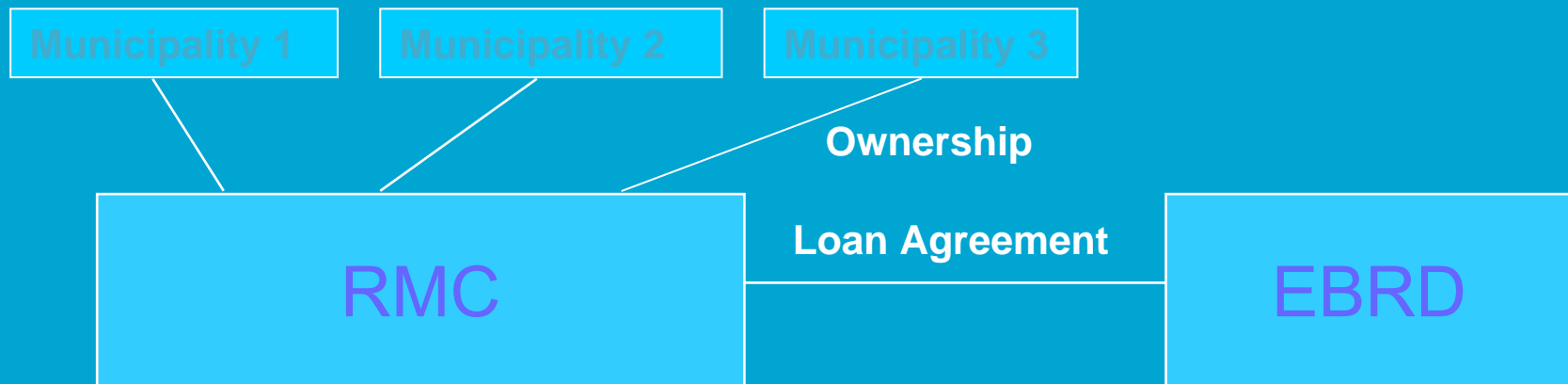
# EBRD financing of municipal infrastructure

€2.8 billion committed to €7.7 billion of investment in 151 projects

- Water and Sewage € 1,548 million
- Urban Transport € 384 million
- Solid Waste Mgmt € 124 million
- Other € 714 million



# Structuring finance at a regional / multi-municipality level



## Structuring finance at a regional / multi-municipality level

- A regional / multi-municipality management company (RMC)
- The participating municipalities share ownership in the RMC
- The participating municipalities commit to guarantee their respective shares within the shareholder agreement
- Each municipality retains responsibility for the collection and transfer of its municipal wastes to the new waste treatment centre / sanitary landfill
- The EBRD loan is repaid from the RMC's internally generated cash flow – without municipal or sovereign guarantees.



# 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



# EBRD offers several financing structures

EBRD will structure each product according to project needs

## Municipal lending

Non-sovereign public lending to municipalities

## Loans to utilities

Limited or non-recourse project financing to public or privately-owned concession companies

## Leasing

Various forms of leveraged leasing structures for creditworthy entities

## Partial guarantees

Partial risk and credit guarantees

## Revenue and project bonds

Revenue bonds backed by cash flows



# Technical Support (1)

## Financial and Operational Performance Improvement Programme (“FOPIP”)

Improve the Company’s operational and financial Management in order to strengthen the capacity to service debt while providing high quality services

- a) establishment of indicators for measurable improvements of operational efficiency and levels of service
- b) improved revenue collection
- c) improved cost control
- d) facilitation of private sector participation in the Company’s operations



## Technical support (2)

### Creditworthiness Enhancement Programme (“CEP”)

Assistance to local authorities to improve financial management and administration

- Focus on key areas: management information systems, revenue optimisation, long term capital investment budgeting, efficient asset management, outsourcing of municipal services
- EBRD CEPs have helped municipalities get credit ratings: Wroclaw, Zagreb



# Technical support (3)

## Project Management Consultants (“PMC”)

### Assistance to solid waste companies to assist:

- In overall management and implementation of the Project
- In procedural reporting and contractual obligations
- In transfer of know-how to local experts and develop project management capacity



## Contact Details

Address: Miramarska 23/III (Eurocentar tower)  
10000 Zagreb

Telephone: +385 1 6000 310

Fax: +385 1 619 7218

Davor Indić, Prinipal Banker ([indicd@ebrd.com](mailto:indicd@ebrd.com))

[www.ebrd.com](http://www.ebrd.com)

