

The PPP Experience of the EBRD

José Carbajo

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Outline

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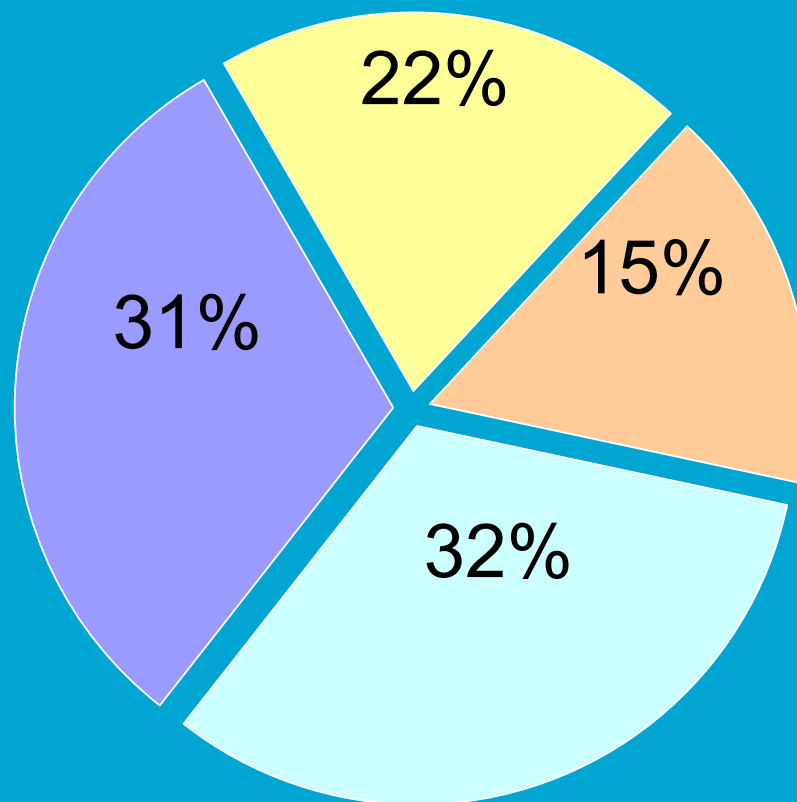
1. What is the EBRD?

- **AAA-rated international financial institution founded in 1991, owned by 60 national and two supranational shareholders**
- **Every Euro invested by EBRD mobilised € 3.1 in total project finance**
- **The largest lender and private equity investor in CEE and former Soviet Union**



EBRD Portfolio by Sector:

Total: € 17.7 billion at 31-12-2006



■ Infrastructure

- Transport
- Municipal Infrastructure

■ Energy

- Natural Resources
- Power & Energy
- Energy Efficiency

■ Specialised industries

- Agribusiness
- Property & Tourism
- Telecommunications
- General Industry

■ Financial Institutions



2. EBRD's Experience with PPPs

	Period	Number of PPP financings	Sub-sectors	EBRD Finance (€ million)	Total project cost (€ million)
MEI (*)	1996-2006	11	Water, wastewater, urban transport, district heating, solid waste	658	1,385 (+)
Transport	1993-2006	12	Motorways, ports, railways, airports	564	2,578
Power	2003-2006	2	Power generation	158	1,825

(*) Municipal and Environmental Infrastructure



Municipal PPPs with EBRD finance

Country	Year	Project	EBRD Finance (€ million)	Total Project Cost (€ million)
1. Regional	1996	MPF Facility Dalkia	300	N/A
2. Hungary	1999	Budapest Waste Water	23	76
3. Slovenia	2000	Maribor Waste Water	14	47
4. Croatia	2002	Zagreb Waste Water	42	303
5. Czech Rep	2002	Brno Waste Water	28	83
6. Estonia	2002	Tallinn Water	55	173
7. Romania	2002	APA Nova Water	55	197
8. Russia	2002	St. Petersburg Waste Water	34	166
9. Regional	2003	AS Tallinna Vesi and Sofiyska Voda Acquisition	17	47
10. Bulgaria	2004	Sofiyska Voda	19	95
11. Regional	2005	Veolia Transport	71	198



Recent MEI PPP Financings

Country	Year	Project	PPP model	Sponsors
Regional	2003	AS Tallinna Vesi & Sofiyska Voda Acquisition	Acquisition	United Utilities (UK)
Poland	2005	Lodz CHP	Privatization	Dalkia
Regional	2005	Veolia Transport	Service contracts	Véolia Transport (France)



MEI PPPs: Key Lessons Learned

- Stability of "initial conditions" is crucial
- Tariff increases are politically sensitive
- Corruption at City level is a key risk
- Detailed contractual basis is a "must"
- Municipal support agreement plays important role
- An equity stake is a "two edged sword"
- Potentially significant time commitment to "solving problems"



Transport PPPs with EBRD finance

Country	Year	Project	EBRD Finance (€ million)	Project Cost (€ million)
1. Hungary	1993	M1-M15 Motorway	129	378
2. Hungary	1995	M5 Motorway	139	377
3. Moldova	1996	Port of Giurgiulesti Oil Terminal	18	37
4. Latvia	1999	Ventspils Port Container Terminal	5	19
5. Georgia	2002	Poti Port Refined Oil Products Terminal	12	35
6. Hungary	2003	M5 Refinancing	68	221
7. Czech Rep	2004	Railway Stations	4	31
8. Hungary	2004	M5 Motorway Phase II	100	900
9. Hungary	2005	M6 Motorway	25	404
10. Albania	2005	Tirana Airport	21	50
11. Georgia	2006	Tbilisi Airport	27	77
12. Armenia	2006	Yerevan Airport	16	49



Recent Transport PPP financings

Country	Year	Project	PPP model	Sponsors/concessionaire
Hungary	2005	M6 Motorway	BOT	M6 Duna Autopalya Koncesszios Rt. Swietelsky International & Porr Ag (Austria) Bilfinger Berger BOT (Germany)
Albania	2005	Tirana "Mother Teresa" airport	BOOT	Tirana Airport Partners SH.P.K. Hochtief and DEG (Germany) Albanian American Enterprise Fund
Georgia	2006	Tbilisi International Airport	BOT	TAV (Turkey), TUG (Georgia)



Transport PPPs: Key Lessons Learned

- Projects that are not properly tendered fail to raise private financing
- Demonstration effects (e.g., pilot projects, payment mechanisms)
- Benefits from an established PPP unit
- Benefits from standardisation
- Importance of consistent government behaviour
- Never underestimate the amount of work required



3. PPP Business Potential and Challenges

Business Potential:

- Central Europe (e.g., Baltic countries, Czech Republic, Hungary, Poland)
- South-eastern Europe (e.g., Romania, Bulgaria, Serbia - JASPERS)
- CIS (e.g., Russia transport, Russia municipal utilities, Ukraine, Kazakhstan)
- Regional (e.g., entry of international operators)



PPP Business Potential and Challenges

Some Challenges:

- EU grant blending (e.g., new EU members)
- Negotiated concessions (e.g., Russian municipalities)
- PPPs in social sectors (e.g., social housing)



4. Factors Influencing Success and Failure

- **People**
 - Political champion
 - Effective government project manager
 - Government advisers
 - Private partner's senior management and project manager
- **Mismatch of Political and Project Timetables**
 - Successful PPPs are always carefully prepared
 - Governments need and seek pre-election results
 - Costs of flawed public investments often surface later
 - Flawed PPPs are harder to get started



5. Conclusions

- Many governments in UNECE region are exploring PPP options
- Public sector needs support
- EBRD has the experience to finance PPPs and build trust between public and private partners
- Overall objective: Finance sustainable PPPs



The PPP Experience of the EBRD

Thank you for your attention!

José Carbajo
Director, Strategy and Policy Development
Infrastructure Business Group
e-mail: carbajoj@ebrd.com

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