

FINANCING OPPORTUNITIES WITH THE EBRD: Trade Facilitation Programme (TFP) & Sustainable Energy Financing Facilities (SEFF)

Berlin, March 2016



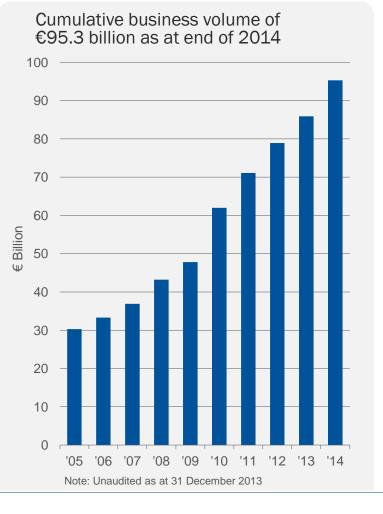
for Reconstruction and Development

What is the EBRD?



- International financial institution, promotes transition to market economies in 35 countries from central Europe to central Asia
- In 2011, the Bank expanded its operations to include Egypt, Morocco, Tunisia and Jordan (Southern and Eastern Mediterranean – SEMED region)
- In 2014, the EBRD welcomed Cyprus and Libya as a recipient country and member respectively. In March 2015 Greece became a recipient country.
- Owned by 65* countries and two inter-governmental institutions
- Capital base of €30 billion

*Libya is yet to become a fully ratified member of the EBRD

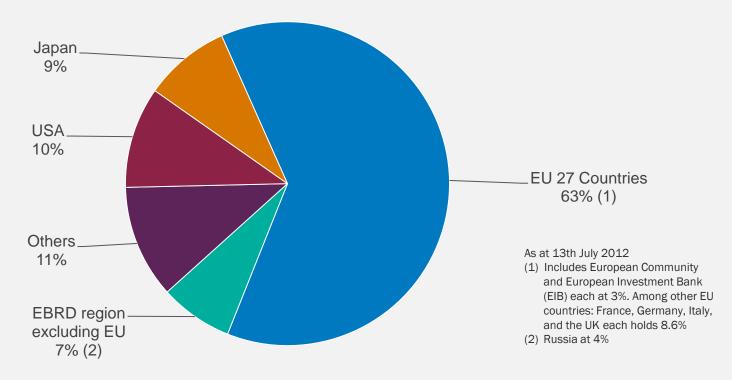


EBRD: Shareholding structure and triple-A rating



The EBRD has a triple-A rating from all three main rating agencies (S&P, Moody's and Fitch)

Shareholding Structure



Where we invest





WHERE WE INVEST

Central Europe and

- the Baltic states
- 01 Croatia
- 02 Estonia
- 03 Hungary
- 04 Latvia
- 05 Lithuania
- 06 Poland
- 07 Slovak Republic
- 08 Slovenia

- South-eastern Europe
- 09 Albania 10 Bosnia and Herzegovina
- 11 Bulgaria
- 12 Cyprus
- 13 FYR Macedonia
- 14 Kosovo
- 15 Montenegro
- 16 Romania 17 Serbia

Eastern Europe and

- the Caucasus
- 18 Armenia 19 Azerbaijan
- 20 Belarus
- 21 Georgia
- 22 Moldova 23 Ukraine

Central Asia

- 24 Kazakhstan25 Kyrgyz Republic26 Mongolia27 Tajikistan28 Turkmenistan
- 29 Uzbekistan

Southern and

- eastern Mediterranean 30 Egypt 31 Jordan 32 Morocco 33 Tunisia
- 34 Greece
- 35 Russia
- 36 Turkey

02/03/2016

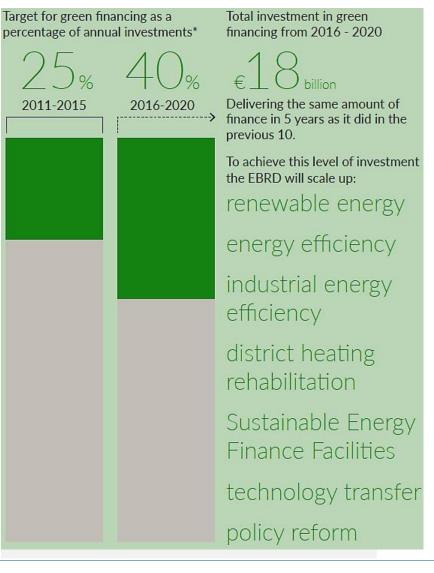
EBRD Green Economy Transition (GET) Approach



- EBRD aims to upscale green financing to 40% by 2020
- 2 flagship financial products will be strong contributors of GET:
 - Sustainable Energy Financing Facilities (SEFF)
 - □ Trade Facilitation Programme (<u>TFP</u>)
- **Key priorities for SEFF and TFP:**
 - Green technologies transfer
 - Leveraging on banks' networks in the region

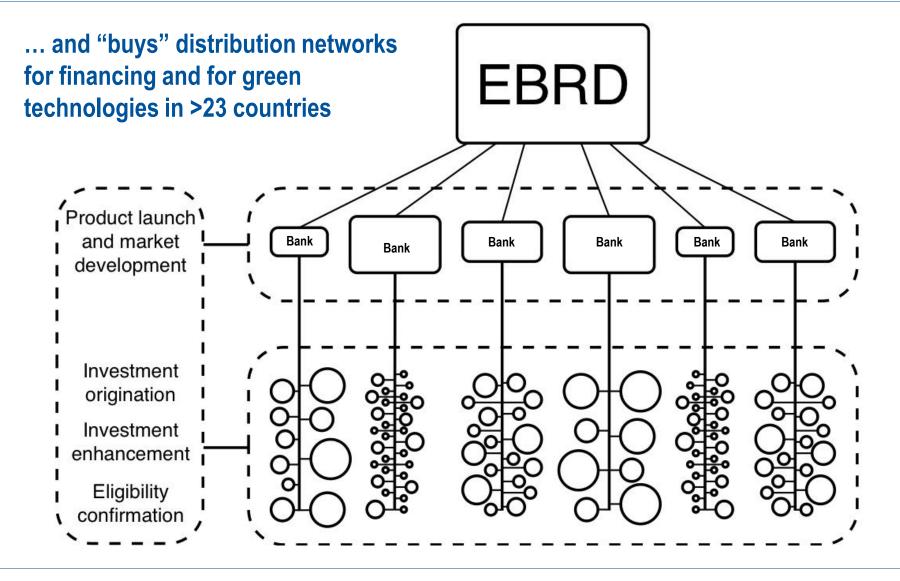
Green investments:

- Energy efficiency
- Renewable energy
- Modernisation in buildings and industry
- Water and waste management solutions
- Pollution prevention



Through banks EBRD reaches smaller projects (businesses and residents) ...

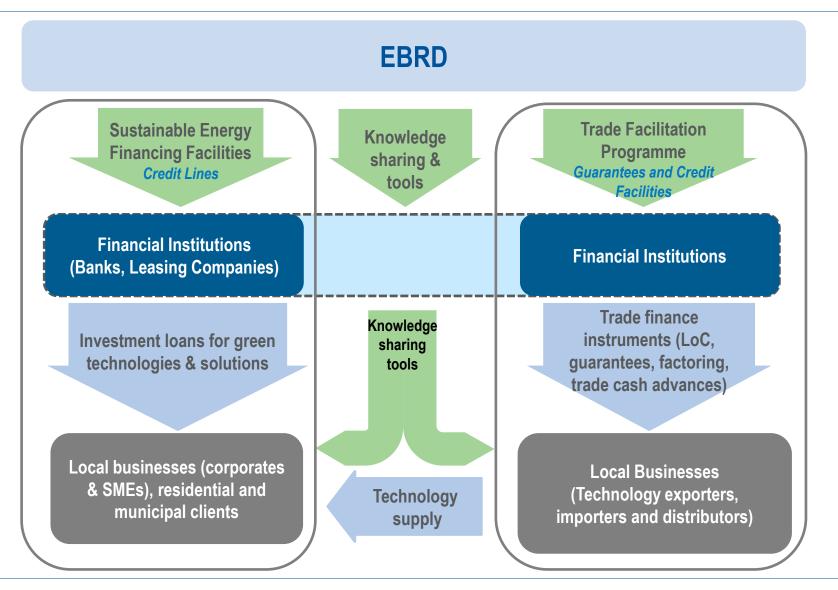




TFP and SEFF - complementary

programmes







EBRD supports trade by providing

- guarantees that cover risks arising from trade finance transactions
- short-term advances/financing to banks in the Countries of Operation for trade finance purposes
- trade finance training and advisory service to local banks



- KRONES in Freising (Bavaria) exports brewery equipment to Kirgistan, USD 165.000
- Payment by Letter of Credit, tenor 6 months, issued by KICB Bank Kirgistan, confirmed by Unicredit Munich
- EBRD guarantees 100% of the payment risk

TFP - Achievements 1999-2016

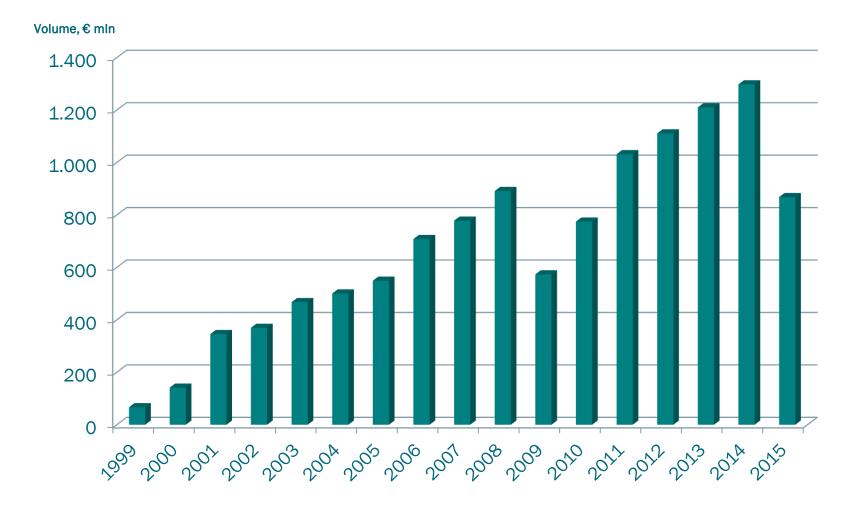


- More than 18,000 foreign trade transactions supported, including more than 2,200 transactions of exporters and importers in Germany
- Total business volume EUR 12.8 billion
- 86 Issuing Banks in 26 countries
- 800 Confirming Banks worldwide

EBRD Trade Facilitation Programme (TFP)



Annual Business Volumes 1999 – 2015



TFP – 1,035 Transactions in 2015



- 1. Armenia
- 2. Ukraine
- 3. Georgia
- 4. Egypt
- 5. Turkey
- 6. Belarus
- 7. FYR Macedonia
- 8. Mongolia
- 9. Bulgaria
- 10. Azerbaijan
- 11. Romania
- 12. Morocco

13. Serbia 14. Moldova 15. Croatia 16. Kyrgyz Republic 17. Tunisia 18. Jordan 19. Cyprus 20. Tajikistan 21. Kazakhstan 22. Bosnia and Herzegovina 23. Turkmenistan

800 Confirming Banks in 77 Countries





EBRD TFP – Confirming Banks in Germany



ABC International Bank plc Europe Arab Bank (Germany Branch) Banca Monte dei Paschi de Siena SpA Banco Santander, S.A. Frankfurt Branch Bank of New York Mellon, Frankfurt Branch Barclays Bank Plc, Frankfurt **Bayerische Landesbank** Berenberg Bank – Joh. Berenberg, Gossler & Co. BHF-Bank AG **BNP** Paribas Frankfurt Crédit Agricole Corporate and Investment Bank Commerzbank AG Danske Bank, Hamburg Branch Deutsche Bank AG Deutsche Genossenschaftsbank AG DZ Bank AG Svenska Handelsbanken AB HSBC Trinkaus & Burkhardt KgaA HSH Nordbank AG Industrial and Commercial Bank of China KBC Deutschland AG

Kreissparkasse Esslingen-Nürtingen Kreissparkasse Hannover Landesbank Baden-Württemberg Landesbank Berlin AG Landesbank Hessen-Thüringen Misr Bank- Europe GmbH Mizuho Corporate Bank AG Norddeutsche Landesbank Girozentrale Sanpaolo Imi SEB AG Société Générale, Germany Sparkasse Essen Stadtsparkasse Düsseldorf Standard Chartered Bank Unicredit AG WGZ-Bank

EBRD TFP - Co-Financing Partners



- ACE Global Markets (AGM) & Lloyds of London
- AKA Bank, Germany
- Arab Trade Finance Program, Abu Dhabi
- Confirming Banks
- Donor Risk Sharing Funds
- Export Credit Agencies
- FMO Netherlands
- OPEC Fund for International Development, Vienna
- Private Investment Funds

Best Development Bank in Trade





Readers of Trade & Forfaiting Review (TFR), Global Trade Review (GTR) and Trade Finance Magazine have voted the **EBRD** in 2014 and 2015



TERR TRADE & FORFAITING REVIEW

"Best Development Bank in Trade"

EBRD invites other development banks, commercial financial institutions, export credit agencies and donors to co-finance or co-finance with the EBRD

Green TFP TFP Supply Chain Development Initiate



- Facilitation and increase in trade of sustainable energy technologies in EBRD countries of operations (CoOs).
- Improve access to trade finance for sustainable energy technology suppliers and installers, often SMEs
- Create competitive markets for sustainable energy/resource technologies
- Increase the availability of sustainable energy technologies and promote uptake
- Contribute to the expansion of partner banks' markets
- Support the development of the Bank's TFP - unlock additional trading potential.

Potential Sectors & Technologies

Farming

Logistics Companies

Printing

Textile

Office Building

Metal Processing

EBRD TFP Guarantees: Example – Import of turbines from Czech Republic into Ukraine



- 1. A Ukrainian renewable energy project developer **imported a turbine from the Czech Republic** to be installed in a micro hydropower unit
- 2. **OTP Bank Ukraine** issued confirmed letters of Credit for total value EUR 523,000
- **3. EBRD covers 100% of the political and commercial payment risk**
- 4. EBRD's Ukraine Energy Efficiency Programme (UKEEP) helped to assess profitability of the investment.

	Expected Operational Results	 Annual green energy production of 4,700 MWh
	Expected Investment Profitability	 Annual renewable energy revenues of EUR 526,400 Payback period of 2 years (in present value terms) 98% Internal Rate of Return on the investment



- Check under www.ebrd.com/tfp, for which Issuing Banks and which tenors EBRD may guarantee the payment;
- Ask your buyers/suppliers to check if an Issuing Bank under the TFP would be ready to issue the required trade finance instrument;
- Ask a Confirming Bank of your choice to confirm the payment instrument

Sustainable Energy Financing Facilities (SEFF)

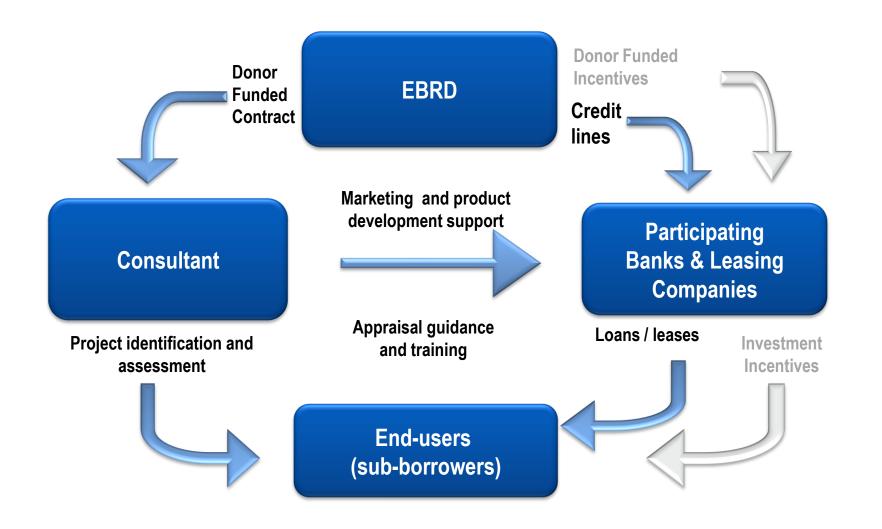


- **Credit lines to local banks and leasing companies**
- □ 10 years of experience:
 - o in 23 countries
 - via 110 banks and leasing companies
- □ To date SEFFs financed ~95,000 projects worth EUR 2.8bn
- □ Annual financing through SEFF: EUR 500 million/year
- EBRD operational tools (including teams of engineers, marketing and banking experts) to reduce burden on banks and leasing companies



SEFF operational model





EBRD operational tools



Tools & knowledge base	 Database of pre-approved technologies (<u>example</u>) Reporting infrastructure (management information systems) Programme infrastructure (local office/staff, <u>dedicated website</u>, operation manuals and procedures) Helpline for banks and clients (technical and legal advice)
Individual support to banks & leasing companies	 Financial product development support Marketing and project origination support Advisory and guidance on technical aspects Joint client visits, client workshops Eligibility assessments and support with reporting
Technical project preparation support	 Project preparation support (energy or resource efficiency audit, technical recommendations and reports) Technology advice, cost-benefit analysis of options

Introducing Technology Selector



Under SEFFs we established a List of Eligible Materials and Equipment (LEME):

- promote fuel and energy saving technologies (free marketing for suppliers)
- help businesses identify good technologies
- assist banks to identify eligible investments

Equipment with specific **minimum technical and environmental characteristics**...

...that are **proven to result in** fundamental and straightforward **energy**, **materials and water savings**.

Since the **eligibility** of listed items is **confirmed automatically**...

...Partner Banks & Leasing Companies can make credit decisions without any delay.

>9,900 technology items of >1,200 suppliers are registered on our LEME 0 The List is an open tool: new technologies can be added in due course Click to view an example of LEME

Success stories – Turkey – Small to Large



European Bank for Reconstruction and Development

MIDSEF

PROGRAMME

- Turkey
- 8 banks
- Residential, SME and corporate sector

FINANCING STRUCTURE

- EBRD credit lines
 USD 2bn
- Technical Cooperation Funds >EUR 10m

TO DATE

- 789 SME loans
- 43 corporate loans
- Sectors: renewables, housing, agribusiness, manufacturing, construction, food production, logistics and trade



TUR

TUREEFF



www.turseff.org

Success stories – Caucasus - *Energocredit*



PROGRAMME

- Armenia, Azerbaijan, Georgia
- 16 banks
- Industrial and residential sector

FINANCING STRUCTURE

- EBRD credit lines
 USD 125m
- Donor grants for incentives and Technical Cooperation EUR 13m

TO DATE

By end of 2015:

- 28,000 small retail and residential loans
- 20 large-scale corporate loans
- 220 GWh of estimated annual savings equivalent to the annual energy demand of 17,000 households



PROJECT EXAMPLE

- Juice factory (Georgia) invested in a new steam boiler and a new steam control system
- USD 300,000
- Energy savings of 28%
- Payback: 2.3 years

www.energocredit.ge

www.energocredit.am

www.energocredit.az

Success stories – Kyrgyzstan - KyrSEFF



PROGRAMME

- Kyrgyzstan
- 4 banks
- Industrial and residential sector

FINANCING STRUCTURE

- EBRD credit lines USD 20m
- Donor grants for incentives and • **Technical Cooperation**

EUR 6m

TO DATE

By end of 2015:

- 540 small housing improvement loans (USD 5.5m):
 - 12 multifamily buildings
 - 528 family houses
- 47 loans to SMEs and corporates (USD 13m)







PROJECT EXAMPLE

- Investments in ice-tea bottling line
- US\$ 350,000
- Energy savings : 596 MWh/year
- Cost reductions: 90,000 USD/year

www.kyrseff.kg

Success stories – Mongolia- MonSEFF



PROGRAMME

- Mongolia
- 2 banks
- Industrial sector

FINANCING STRUCTURE

- EBRD credit lines US\$ 25m
- EBRD SSF grant for Technical Cooperation € 1.4m

TO DATE

By end of 2015:

- 34 SME and corporate projects
- Agribusiness, food processing, metals, packaging, energy supply, textiles manufacturing, building energy efficiency, etc.

Menseff



PROJECT EXAMPLE

- Textiles producer replaced inefficient processing equipment of US\$ 120,000
- Energy savings: 98.5 MWh/year
- Cost savings: 8,962 US\$/year

www.monseff.com

Success stories – Tajikistan – CLIMADAPT



PROGRAMME

- Tajikistan
- 1 bank and 2 microfinance institutions
- Industrial and residential sector

FINANCING STRUCTURE

EBRD & Climate Investment Fund • credit lines

US\$ 10m

Donor grants for • **Technical Cooperation** € 2.5m

TO DATE

Launched in February 2016, the programme aims to invest in agribusiness, SMEs, housing sectors:

- Water use improvements
- **Energy efficiency and renewables** •
- Sustainable land management (modern agricultural practices)

www.climadapt.tj









PROJECT EXAMPLE

- Investment in drip irrigation technologies for modern orchids (apples and apricots)
- Investment cost US\$ 50,000
- Estimated water savings 23%

Potential Sectors and Technologies



Industry Sector	Equipment				
Animal breeding	CHP	Ventilators	Lighting	Heaters	
Hotels	Washing machines	Drying machines	Air condition	Lighting	
Hospitals	Air conditions	Air cleaning	Economizers	Kitchen equipment	
IT	Switching center	Air condition	Server	Lighting	
Diaries	CHP, Tri- generation	Cooling units	Dryer	Washing machines	
Meat production	Freezing units	Cooking units	Homogenizati on units	Water recycling units	
Breweries	CHP	Cooling units	Filling units	Pumps	
Plastic production	Air compressors	Molding units	Injection machines	Ventilation system	
Furniture production	Dryers	Ventilation systems	Milling machines	Wood boilers	
Greenhouse	Curtaining system	Irrigation system	Ventilation system	Heat system	
Textile servicing	Washing systems	Oxygen cleaning units	Hybrid systems	Drying units	
Construction	Conveyor	Crasher units	Generation sets	Drilling machines	

Energy and resource efficient technologies across the sectors



Real companies, real stories



Armenian cucumbers just got greener

- Armenian greenhouse operator in Kotayk Region
- Energy efficient greenhouse technologies:
 - new boilers
 - irrigation system,
 - automatic curtaining system with energy efficient glass screens,
 - new ventilation,
 - climate control systems.
- Packaged financial solution:
 - a letter of credit to facilitate import of Czech greenhouse equipment through *TFP*
 - a loan for post-import financing from Energocredit (SEFF)



- Investment: USD 2.3m
- Gas savings: 1.9 million m2/year
- Cost savings: USD 390,000

Export of greenhouse equipment from Czech

Letter of credit with EBRD guarantee Construction of the greenhouse in Armenia

SEFF loan + grant (long term financing)

Contacts



Thank you for your attention!

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2016 Annual Meeting & Business Forum

We look forward to welcoming you on 11 & 12 May next year in London, UK

www.ebrd.com/am