



# EBRD financing for municipal infrastructure

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**European Bank**  
for Reconstruction and Development

# What is the EBRD?

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- Public financing institution established in 1991 to foster transition to market economies
  - Owned by 67 countries from 5 continents, the EU and the EIB
  - Operates in 35 countries, including ROMANIA
  - The EBRD has invested over EUR 8 billion in Romania to date and has mobilized more than EUR 14 billion from other sources of financing

## 3 key operational principles

- Sound banking
- Transition impact
- Environmental sustainability

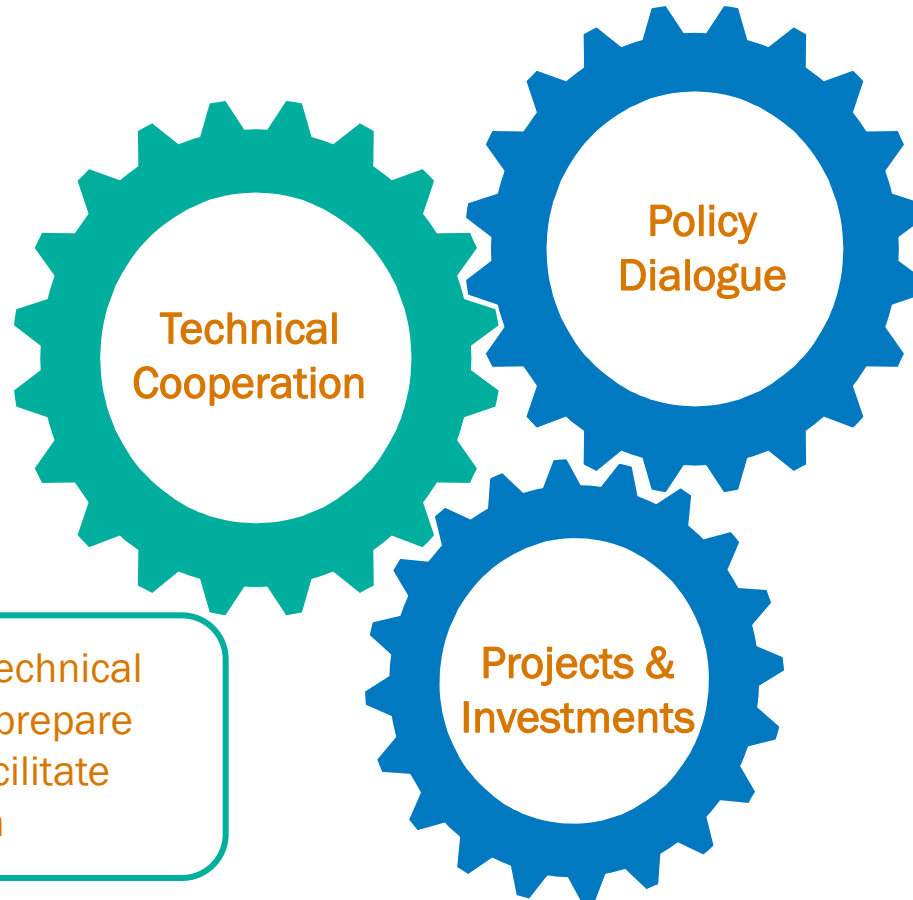
To facilitate:

- ❖ **commercial loans** for (co-)financing investments (to public authorities, service operators, private companies)
- ❖ **technical assistance** (grants from EBRD donors or under the MoU with the GoR)
- ❖ **policy dialogue.**

Principles:

- Services based on commercial principles, efficiency and effectiveness
- Appropriate private sector involvement
- Improvement of environmental, social, health and safety aspects of investments / **Green investments**
- Introducing innovative/digital technologies / **SMART solutions**
- Technical assistance for: development of regulatory structures, project preparation, procurement and implementation

# How we deliver results:



Donor funded technical cooperation to prepare projects and facilitate implementation

Development of strong institutional and regulatory frameworks



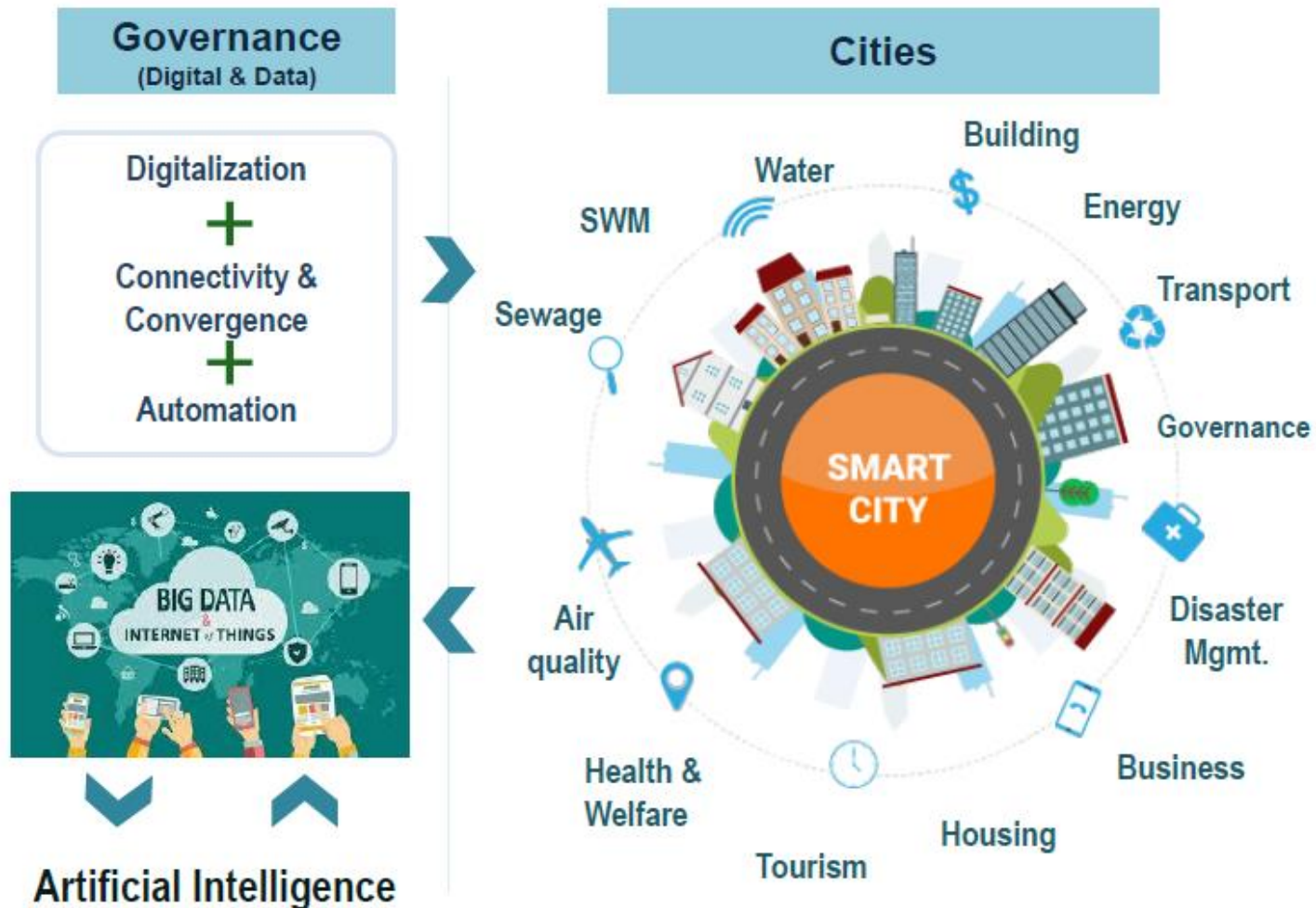
- **Integrated concept** to enhance competitiveness and quality of life
- Application of **real-time urban data analytics** to improve the efficiency, reliability and quality of urban infrastructure and associated public services for users.



# SMART city = SMART infra + SMART governance



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Source: Seoul Urban Solutions Agency for the Seoul Metropolitan Government

❖ For 2007-2013 → EBRD R2CF Framework (EUR 330 million):

❑ Co-financing loans to EU/SOP Environment projects

- ❑ 24 regional water companies (ROCs);
- ❑ mostly without guarantees

❑ Technical assistance (TC) for capacity building and benchmarking (EU & EBRD grants).

❖ For 2014-2020 → EBRD SWIFT Framework (EUR 250 million, *active*):

❑ Co-financing loans to EU/LIOP projects

❑ Technical assistance (TC):

- For ROCs – cost-efficiency programs/NRW reduction/BAT (EBRD grants)
- For the sector – long term strategic options/training (EU/MoU grants)

## EBRD SMART - Loan facility for UT in Romania (EUR 110 million)

### Context for loans:

- sustainable urban transport strategies and plans
- PSC – key component, condition for loan financing
- Support to access EU funds (meet ex-ante conditionalities/SUMP/PSC)

### Type of loans:

1. Corporate loans - Borrower: transport company, public or private; preferred
2. Municipal loans - Non-sovereign loans to municipalities  
(*rolling stock, rehabilitation of streets, parking systems, traffic management systems, e-ticketing systems, line extensions, etc.*)

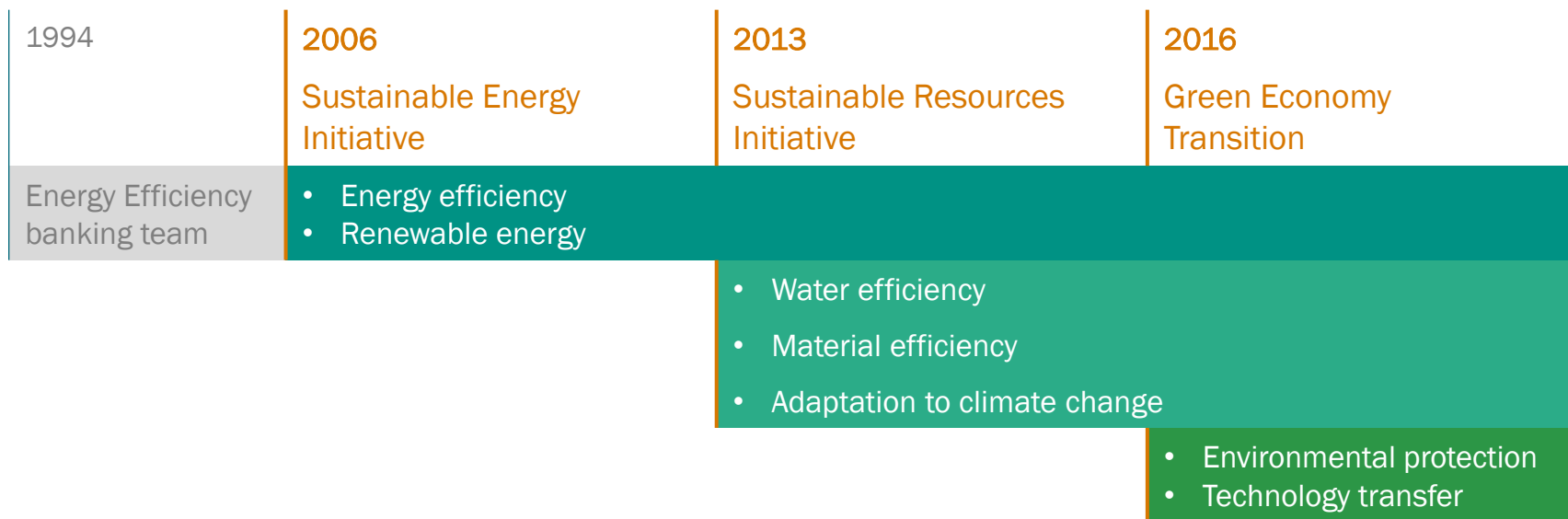
### Two Framework TCs launched in 2017 (part of SMART, EBRD donor funded):

- UT benchmarking, to include about 15 UT companies (EBRD clients or not)
- Capacity Building Development (for EBRD clients)

**5 beneficiary cities under SMART – Iasi, Constanta, Arad, Sibiu and Brasov**



The GET aims to further scale up the EBRD's green business, and to include new areas of activity, such as environmental protection and technology transfer.



## EBRD “Green Cities Framework” EUR 1 billion (active); Romania–eligible country:

- Financing (*combination of loan and grant*) - low-carbon investments; grant based on emission savings
- Technical assistance (*EBRD donors’ grant*) - support for preparation of ‘Green City Action Plans’ in the selected cities

**Craiova** is the first Romanian city to join the EBRD Green Cities framework in 2018 (new buses and EE in public buildings).

## EBRD “Street Lighting Framework”- EUR 100 million (active); Romania–eligible country:

- LED / BAT technologies / monitoring and control system, etc
- PBCs/procurement focused on efficiency
- EE reduction – bonus granted

TC areas:

- Preparation of EE audits
- Project preparation and implementation
- Performance-based contracts

**Bacau** is one of the beneficiaries of investments under SLFW.



- Maturities between **10 to 15/18 years**
- **Flexibility** for projects above EUR 5 million
- **Market pricing** and security
- **Local currency**, where possible
- **EBRD public procurement rules** for works, goods and services (when EBRD is financing of investment)
- **Technical assistance (TA/TC)** to promote institutional reform and commercialisation, including for project preparation and implementation
- Equity investments, where appropriate

## Municipality

- long term vision and strategy on city development
- identify needs and prioritise investments
- use the optimal mix of financing sources
- reduce public expenditure via increased efficiency of utilities.

## Utility Companies

- know your data;
- change from product-oriented to client-oriented;
- think as a Company, act as a Company
- learn from your colleagues / best practices / benchmarking

## EBRD can help with:

- (co)financing **green** and **smart** investments (via commercial loans)
- technical assistance (via grants)
- procurement using the EBRD rules

# Successful projects in Romania

## Galati

Total investment: RON 100 mil



## Arad

Total investments: EUR 55 mil



## Pitesti

Total investment: RON 58 mil



## Sibiu

Total investment: EUR 15 mil



## Brasov

Total investment: RON 111 mil





# Galati Urban Transport – Urban Transport improvements

## EBRD Finance

RON 100 million

- Borrower – Galati Municipality
- City – 250,000 people
- Project components
  - Rehabilitation of streets
  - Acquisition of 17 trolley-buses
  - E-ticketing system
- TC:
  - Preparation of a Sustainable Urban Mobility Plan (SUMP)
  - Support for introduction of an e-ticketing system
  - Project Implementation support
  - Commercialisation of Public Transport Services
  - Amend the Public Service Contract between the City and the Company



# Arad Urban Transport - efficient and reliable Urban Transportation

EBRD Finance

€ 35 million

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- **Borrower – Arad Municipality**

- City – 185,000 people

- 3 projects:

- rehabilitation of main tram and road infrastructure
- acquisition of new energy efficient rolling stock (up to 6 new tram vehicles)
- modernisation of the main tram depot

- **TC:**

- PSC, CDP, e-ticketing, parking plan



# Arad Urban Rehabilitation: Parking Management

EBRD Finance

€ 20 million

## •Borrower – Arad Municipality

•City – 185,000 people

•Project:

- Implementation of a modern, integrated parking management system and associated investments, such as sidewalks and drainages, green zones and urban furniture

•TC:

- introduction of an integrated parking management policy and pricing regulation in the City of Arad
- outsourcing to private operators the operation and maintenance of new parking areas
- supporting the institutional set-up for the regional transport in the metropolitan zone of Arad, (iv) and participation in a public transport benchmarking exercise that will be set up with the Bank's support



PLAYGROUND AND SITTING AREA



# Pitesti Urban Transport

EBRD Finance

RON 58 million

- Borrower - Publitrans
- Structure – EBRD loan backed by a PSC and a MSA with the City
- Pitesti – 150,000 population
- Project:
  - Purchase of 70 Euro-6 buses
- TC:
  - Support for e-ticketing
  - Twinning with another EU company - Commercialisation of Public Transport Services
  - Amend the Public Service Contract between the City and the Company





# EBRD investments in the water sector – co-financing SOP Env. for 24 regional operators



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