

Port Expansion in the context of financing by EBRD and its sustainability mandate

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European Bank
for Reconstruction and Development

- Introduction to EBRD
- Transport, Port and shipping investments
- Mainstreaming green financing: Green Economy Transition
- Tools and challenges in implementing EBRD's sustainability agenda
- GET for Ports



What we do



European Bank
for Reconstruction and Development

The EBRD invests to build up effective market economies in countries across three continents and to make a **positive impact on people's lives**.

With a focus on private sector investment and support for policy reform, we work to ensure that economies in our regions are **competitive, inclusive, well-governed, green, resilient and integrated**.



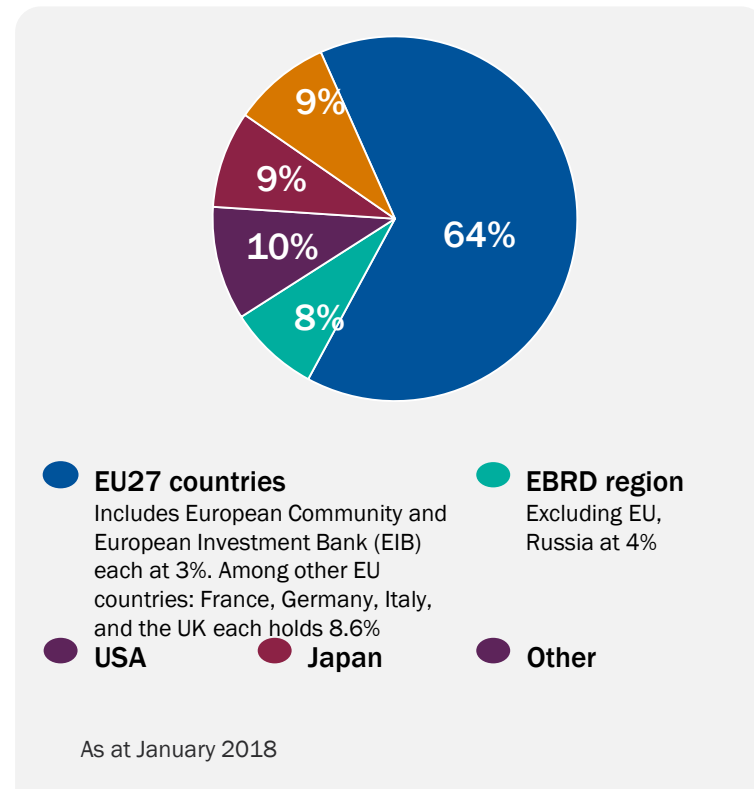
Shareholding

Established in 1991.

The EBRD is owned by **66 countries** from five continents, as well as the European Union and the European Investment Bank. These shareholders have each made a capital contribution, which forms our core funding.

Capital base of **€30 billion**

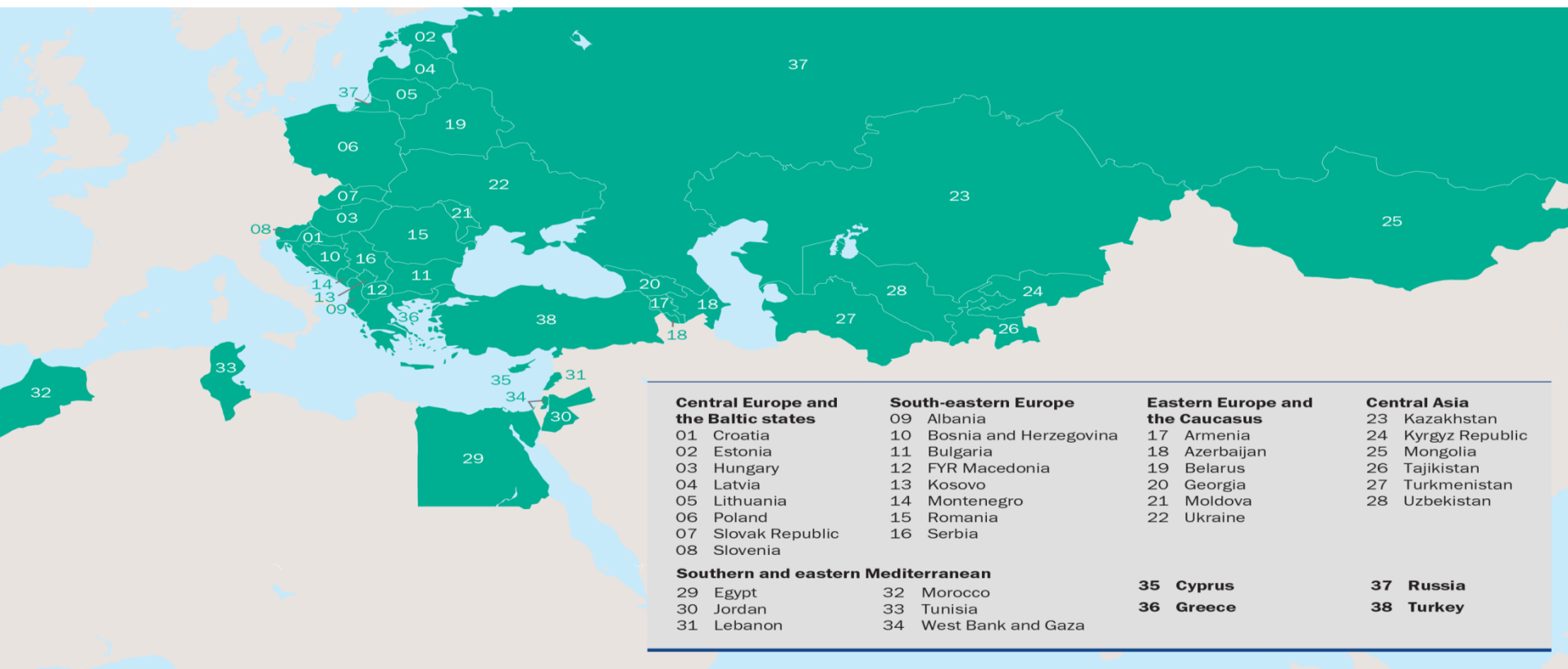
The EBRD has a **triple-A rating** from all three main rating agencies (S&P, Moody's and Fitch)



Where we invest



European Bank
for Reconstruction and Development



Set out in the Banks Establishment agreement:

“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**”

Our transition qualities



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Competitive

Building dynamic and open markets that stimulate competition, entrepreneurship and productivity growth.

Well-governed

Promoting the rule of law, transparency, and accountability, and stimulating firms to adequately safeguard and balance the interests of their stakeholders.

Inclusive

Building inclusive market economies which ensure equal economic opportunity for all and leave no group behind.

Integrated

Building geographically integrated domestic and international markets for goods, services, capital and labour.

Resilient

Building resilient market economies that can withstand turbulence and shocks.

Green

Building green, sustainable market economies which preserve the environment and protect the interests of future generations.

EBRD's objectives achieved through financing the private sector

At a glance

Net cumulative Bank investment

€119.6 billion (since 1991)

€9.67 billion (in 2016)

Number of projects

5,035 (since 1991)

412 (in 2017)

Cumulative disbursements

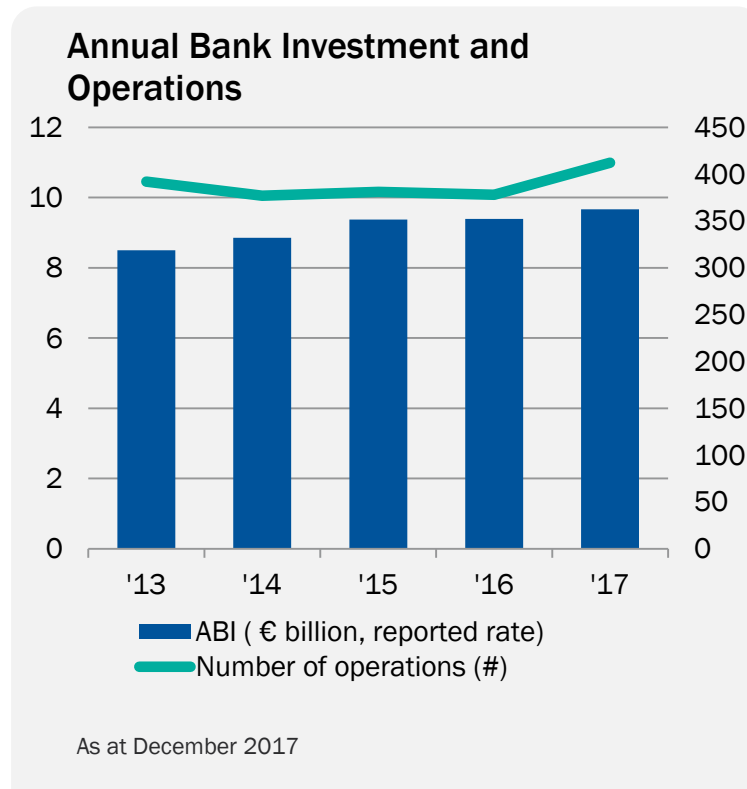
€91.5 billion

Private sector share of cumulative investment

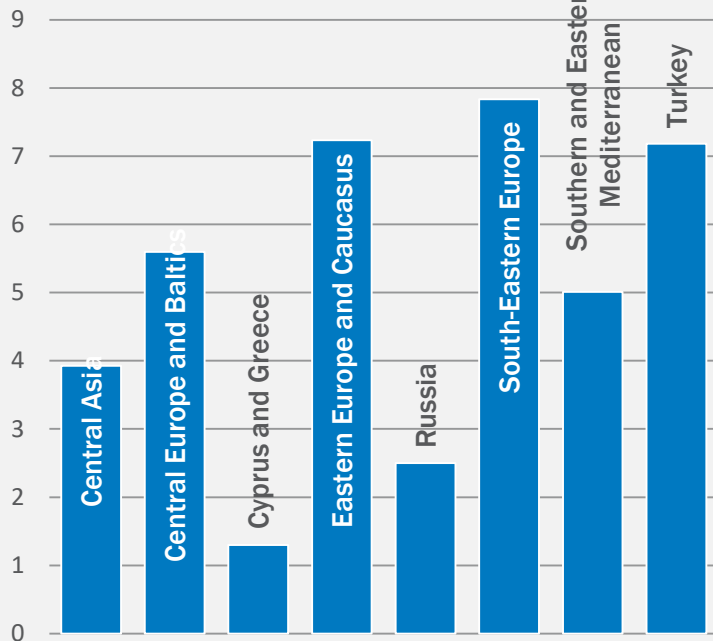
79%

"Total project value" is the total amount of finance provided to a project, including both EBRD and non-EBRD finance, and is reported in the year in which the project first signs. EBRD financing may be committed over more than one year with "annual Bank investment" (ABI) reflecting EBRD finance by year of commitment. The amount of finance to be provided by non-EBRD parties is reported in the year the project first signs.

5 June, 2018

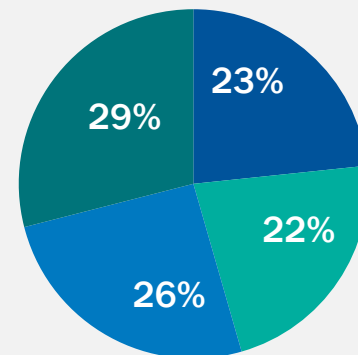


Regional (€ billion)



As at December 2017

Sector



Corporate

Manufacturing and services, Agribusiness, Equity Funds, Property and tourism, Information and communication technologies



Energy

Power and energy,



Financial Institutions

Bank lending, Bank equity, Small business finance, Insurance and financial services



Infrastructure

Municipal and environmental infrastructure, **Transport**

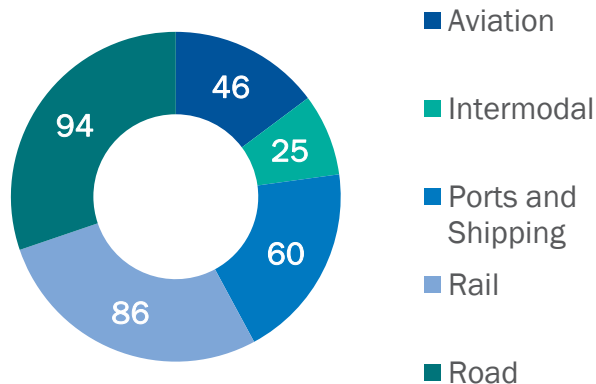
EBRD Transport at a glance¹



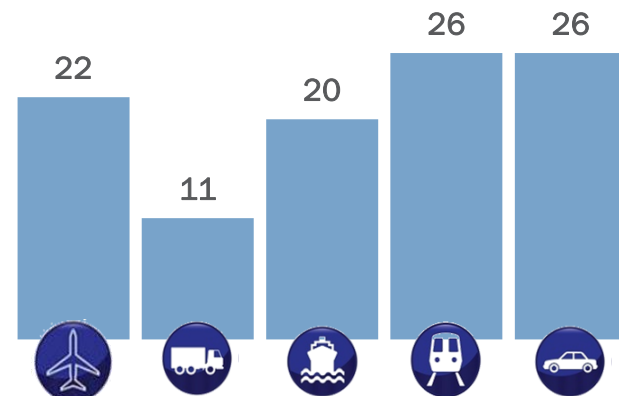
1. Data at end December 2017

- **€15.0 billion** invested
- Total project value: **€58.4 billion**
- **311 projects**
- **36** of the EBRD's countries of operation

Number of projects per sector



Country presence per sector



EBRD in the port sector

Investment of 1.24 billion € in 60 ports and shipping projects (with total value of projects of 4.3 billion €) financing public and private sector with a focus on...

- Bridging the infrastructure gap to meet rising demand and unlock economic development
- Port Sector reform: Restructuring, Corporatization and Commercialization
- Active support of private sector participation
- Emphasis on Energy Efficiency and Climate Adaptation
- Promotion of short sea shipping operations and intermodal transport



Some examples



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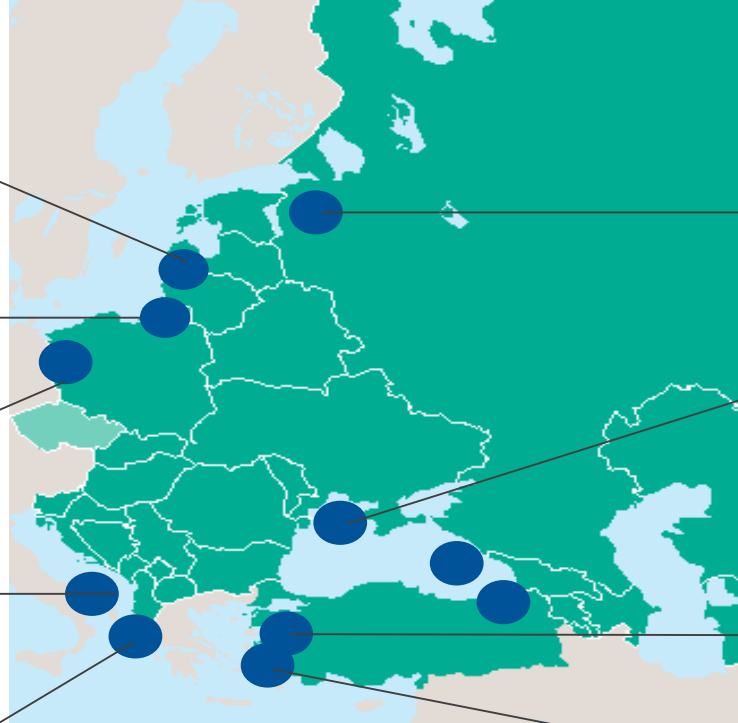
Ventspils (20 m€)
New multi-purpose/
intermodal terminal

Klaipeda Smelte (32 m€)
Transshipment container
terminal

DCT Gdansk (35 m€)
New Deepwater Container
Terminal

Port of Split (18 m€)
Expansion cruise terminal

Durres (14 m€)
Rehabilitation ferry terminal



Globalports (80 m€)
Financing EE programme
across four terminals

Euroterminal Odessa (20 m€)
New multi-purpose/ intermodal
terminal

Mersin Int. Port (80 m\$)
First Eurobond issued by
infrastructure project
company in Turkey.

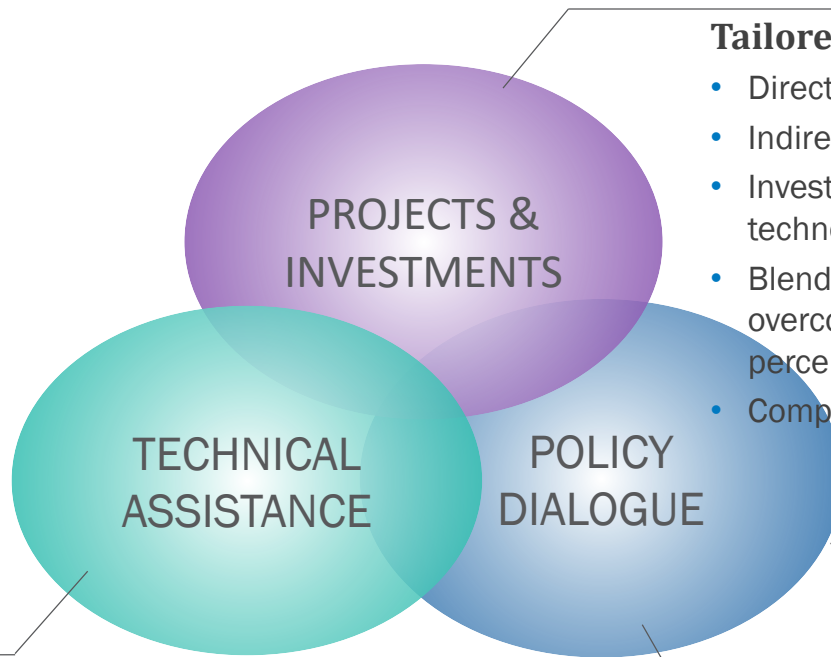
Asya Port (92 m\$)
Deep sea container terminal

Mainstreaming green financing

How to deliver Sustainable Transport ?

Targeted activities:

- Energy and resource audits to identify green investments
- Integrated technical, financial and marketing teams to support client banks in developing sustainable energy lending
- Assessments of risks related to climate vulnerabilities
- Transition gaps and market scoping studies



Tailored financing instruments

- Direct financing, GET
- Indirect-financing via local banks (GEFFs)
- Investment grant support for climate technology transfer
- Blended concessional finance so as to overcome affordability and risk perceptions
- Compliance with ESP

Working with governments

- To address sustainability and environmental market failures
- To strengthen the institutional and regulatory context and create optimum conditions for green investments to take place

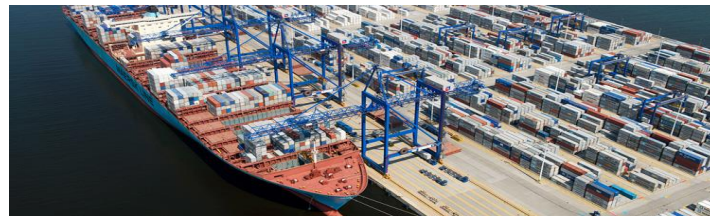
EBRD Environmental and Social Policy

- Governance Policy; 10 areas of Performance Requirements (PRs)
- EU environmental standards
- Good International Practice
- Similar to World Bank, IFC, other IFIs sustainability safeguards: environmental, health, safety and social standards applied to projects
- Assessment of E&S impacts and risks during due diligence prior to a decision on any Project's financing
- 55 Environment & Social Experts, support of external consultants
- E&S Action Plan is part of a loan/equity agreement to address any gaps



- PR 1: Assessment and Management of Environmental and Social Impacts and Issues**
- PR 2: Labour and Working Conditions**
- PR 3: Resource Efficiency and Pollution Prevention and Control**
- PR 4: Health and Safety**
- PR 5: Land Acquisition, Involuntary Resettlement and Economic Displacement**
- PR 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**
- PR 7: Indigenous Peoples**
- PR 8: Cultural Heritage**
- PR 9: Financial Intermediaries**
- PR 10: Information Disclosure and Stakeholder Engagement**

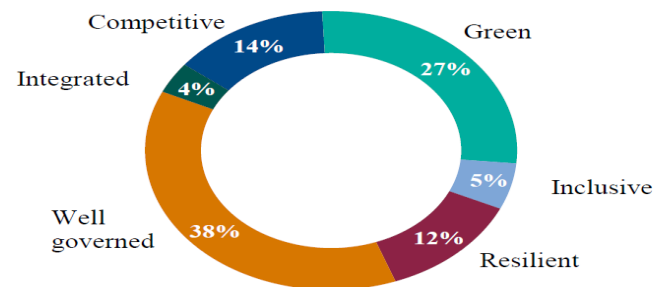
- Quality and timing of **ESIA**, 60/120 days disclosure and public consultations
- Quality and timing of biodiversity and ecosystems **baseline data**
- Limited **consideration of alternatives**,
- Poorly planned and managed dredging activities
- Lack of **strategic planning documents**
 - associated facilities (intermodal infrastructure)
 - assessment of cumulative impacts (development of port surrounding industry).



- **Safety of construction** site and workers
- **Public safety**, including security measures against terror attacks
- **Land Acquisition and Resettlement**, expropriation and compensation issues
- **Labour risks** (modern slavery), human trafficking;
- Clients and local authorities capacity

- Provides funding to improve preparation and implementation of EBRD investment projects
- Advisory services to private and public sector clients, assists legal and regulatory reform, institution-building, company management and training
- Funded by governments and international institutions (EU, CIF, SCCF, GEF, GCF) and managed by the EBRD
- In 2017, 876 million Euros provided by bilateral and multilateral donors, 36% of this by EU.

Allocations by Transition Qualities



Directly related to financed projects

- Funding required technical studies including:

Feasibility studies

Environmental and Social Impact Assessment and ESIA supporting studies

Energy efficiency audits

Climate change adaptation studies

Equal opportunities studies and plans

- Consultants who help our Clients to raise their internal environmental and social capacity and implement the project in line with EBRD Performance Requirements

Sectoral/ Crosscutting

- Sector related best practice and guidance note

Guidelines for optimising resilience to climate change in investments in sea ports and other coastal infrastructure

- GloBallast and EBRD initiative delivering training to a number of private sector stakeholders (ports in Ukraine, Russia, Turkey, Georgia) on ballast water management (BWM). Resulted in ratification of BWM Convention (now in force since September 2016)
- Guidance for BWM investment

Ballast Water Management Infrastructure Investment Guidance

Mainstreaming green financing EBRD strategies

- Since 2006 the EBRD has adopted cross-sectorial strategies:
 - **to mainstream** across the Bank's operations, and
 - **to increase** the share of Bank business represented by measures which enhance the efficient use of energy and resources (water, materials) and contribute to the mitigation of, and adaptation to, climate change.
- The latest strategy, the Green Economy Transition (GET) aims to further scale up the Bank's green business, and to include new areas of activity, such as environmental protection and technology transfer.

1994	2006	2013	2015
	Sustainable Energy Initiative	Sustainable Resources Initiative	Green Economy Transition
Energy Efficiency banking team	<ul style="list-style-type: none">• Energy efficiency• Renewable energy		
		<ul style="list-style-type: none">• Water efficiency• Material efficiency• Adaptation to climate change	
			<ul style="list-style-type: none">• Environmental protection• Technology transfer

Transport projects are GET eligible if they advance the transition to low-emission transport

- Modal shift from higher to lower carbon modes (inland waterways as well as intermodal and facilities for short sea shipping)
- Climate change mitigation – energy efficient equipment and vessels (retrofit or replacement)
- Climate change adaptation measures – crucial for ports
- Generation of renewable energy
- Other environmental measures – waste water management, bilge water management etc.

Examples of Ports projects with GET component:

- DCT Gdansk expansion, Poland, 25mIn€, 65%mitigation, 35% adaptation
- Port of Brcko, B&H, 10mIn €, 100% mitigation (modal shift)
- Nador West Med, Morocco, 200mIn, 9% adaptation
- Yuzhny Grain Terminal, 37mIn USD, 100% mitigation
- Tersan Floating Dock, Turkey, 31mIn USD, 75% mitigation and waste minimisation

Environmental and Social Due Diligence

- Categorised A in line with ESP
- Comprehensive international ESIA developed, addressing many aspects
- Environmental and Social Action Plan (ESAP), Stakeholder Engagement Plan (SEP), Land Acquisition and Livelihood Restoration Framework (LRF) and Non-Technical Summary (NTS) published
- Commitment through loan agreement for NWM and their Concessionaires to implement all commitments.
- TC funded :contract implementation and management support, assistance to the Company with implementation of the Environmental and Social Action Plan and funding of Lenders' Monitor
- Mitigation and adaptation study, contracted by EBRD, carried out by RH DHV
 - assessment of climate change resilience
 - Recommendations for more resilient marine structures (breakwater and protection) and drainage systems
 - guidance on construction – significant savings of embedded CO2 through breakwater design: use of different armour protection type to reduce amount of concrete required; replacement of portion of breakwater fill with dredged and excavate material; concrete specification. Requirements for Contractors.
 - Guidance on operations

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**THANK
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