

Smart cities - EBRD financing options

23 October 2019, Bucharest



European Bank
for Reconstruction and Development

What is the EBRD?

- Public financing institution established in 1991 to foster transition to market economies
- Owned by 69 countries from 5 continents, the EU and the EIB
- Operates in 35 countries, including ROMANIA
- Invested almost €140 billion in nearly 5,500 projects
- In Romania, the Bank invested around EUR 8 billion to date and 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.**

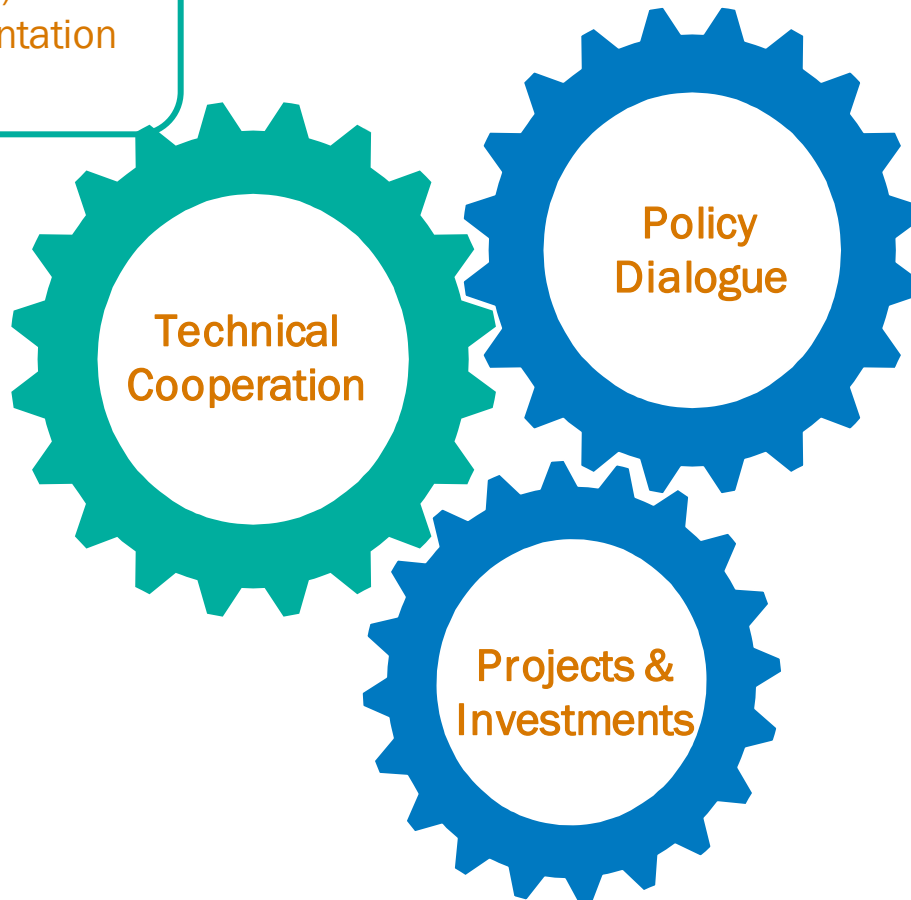
Principles:

- 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 assistance (grants) to facilitate implementation of investments

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.



Efficient solutions for urban challenges, including:

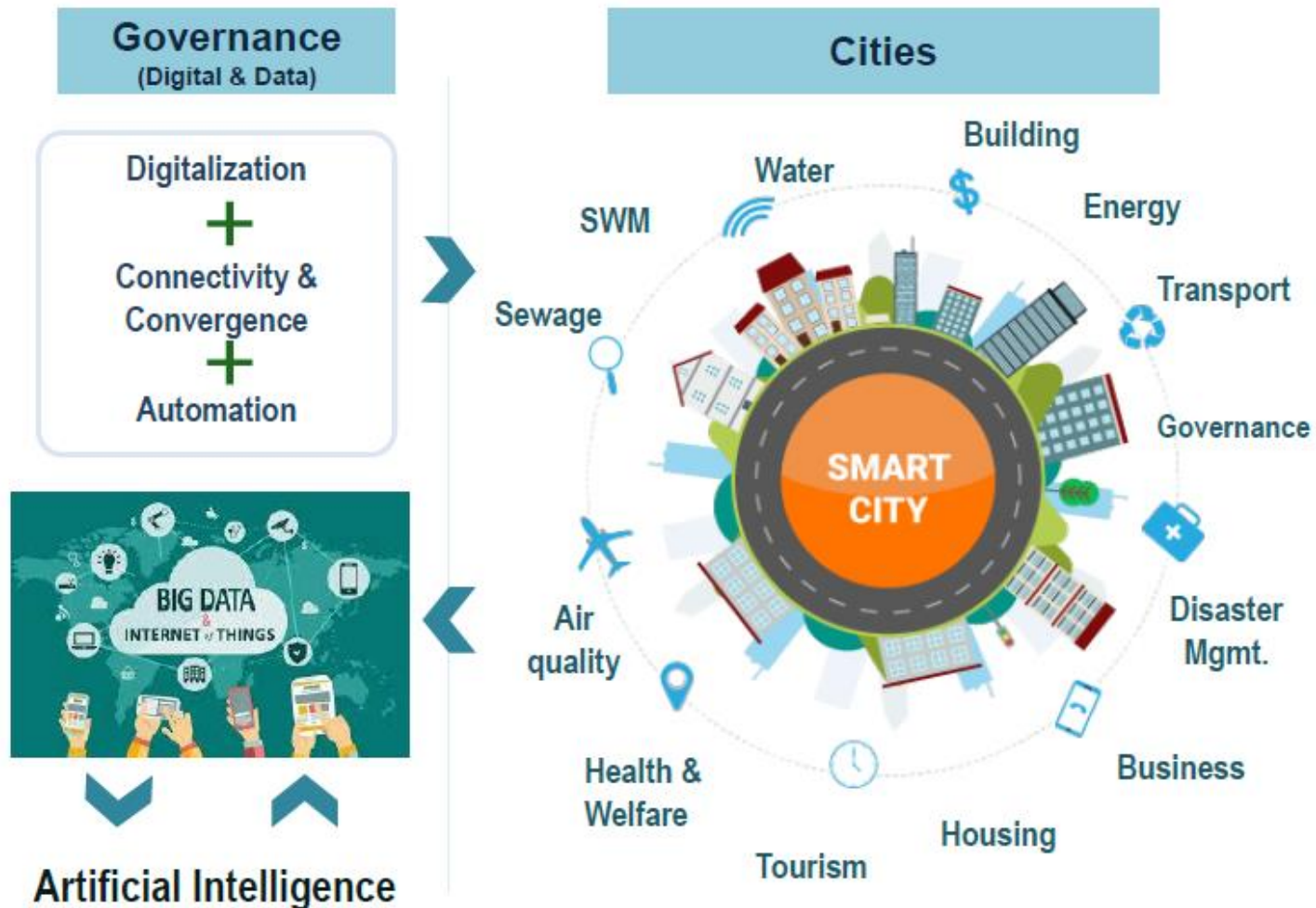
- ✓ digitally-focused governance
- ✓ needs and resource forecasting
- ✓ water/energy/waste supply/consumption management
- ✓ traffic control systems
- ✓ e-ticketing system (AFC)
- ✓ electric mobility
- ✓ shared economy (taxi and ride sharing, parking), etc.

*=> improved policy & investments, based on in-depth **data analysis** and **smart** / more efficient / **green** technologies, to increase quality of life in cities*

SMART city = SMART infra + SMART governance



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Source: Seoul Urban Solutions Agency for the Seoul Metropolitan Government

5 Disruptive Trends for Transport and Smart Mobility



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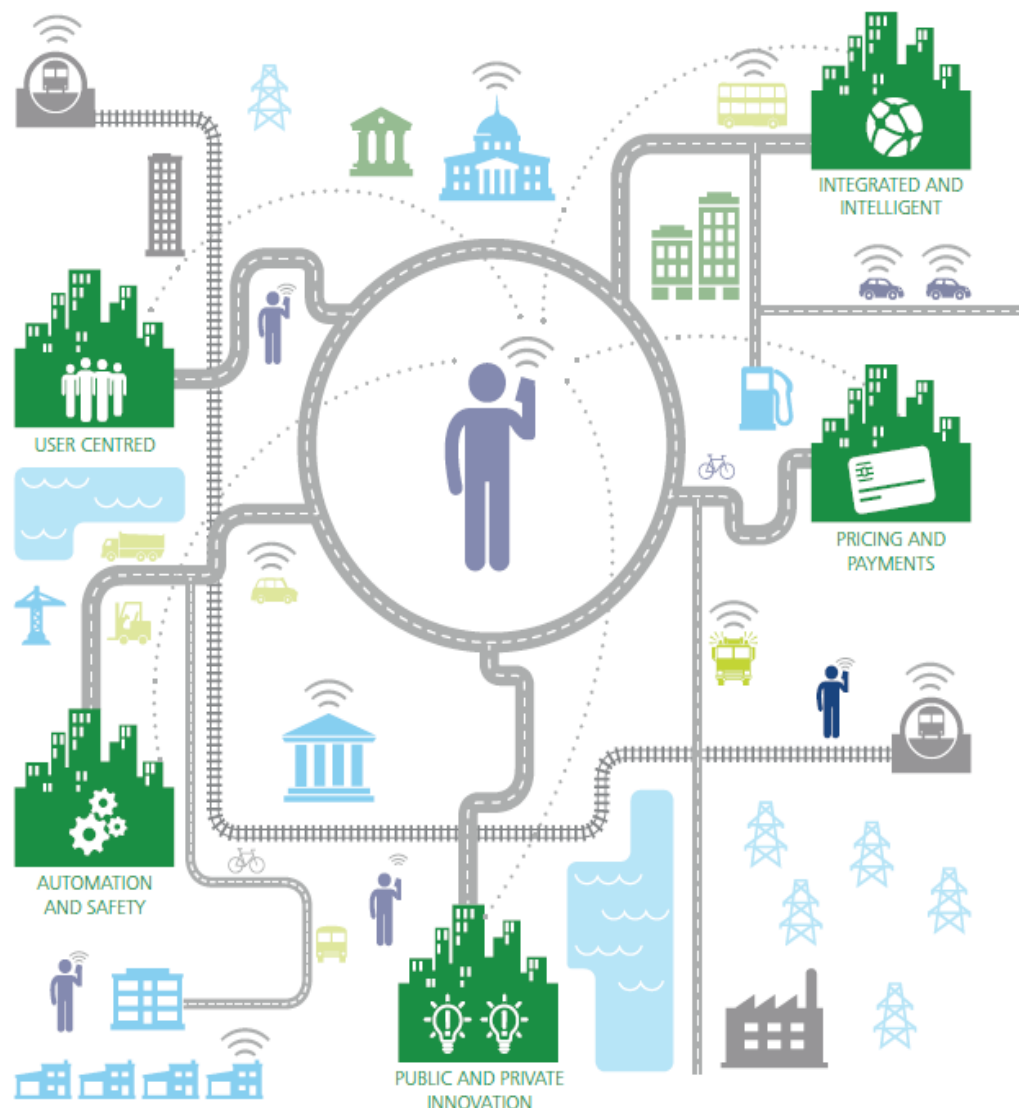
1. User-centred mobility services put travellers in control

2. Intelligent and integrated transport networks will sense demand, measure performance and monitor health of physical assets

3. Pricing and payments will undergo a transformation

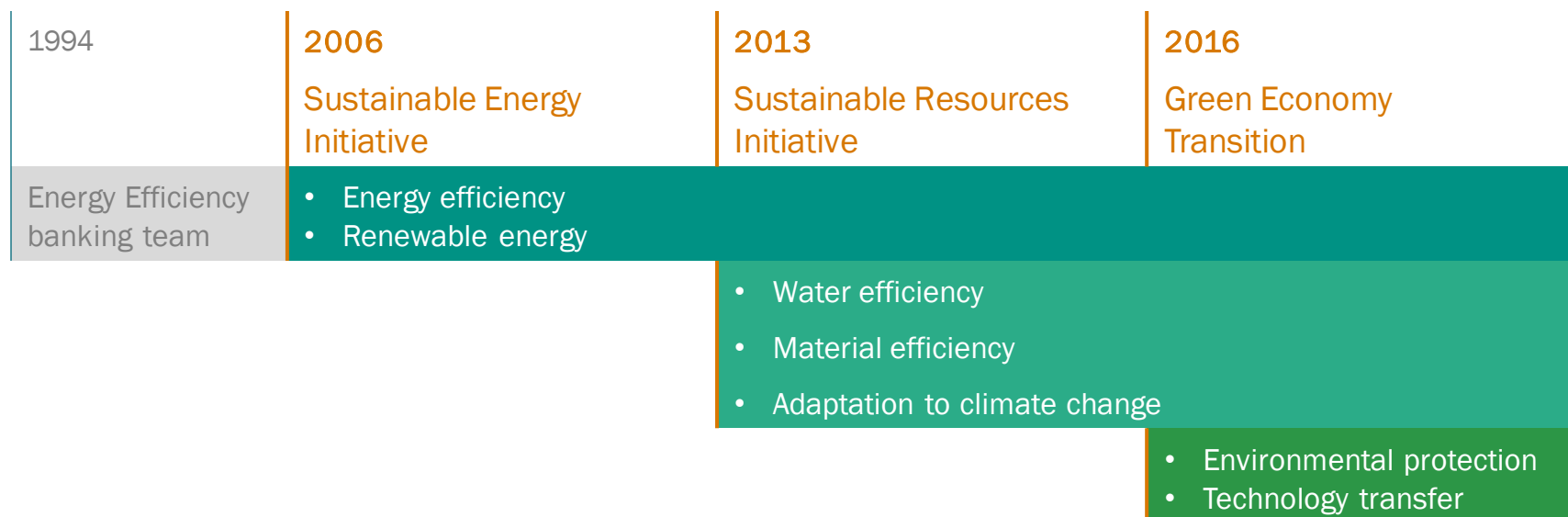
4. Automation and safety with benefits from exponential potential of cognitive technology

5. Public and private innovation will work stronger together to meet 21st century mobility challenges.



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

<https://www.ebrd.com/what-we-do/get.html>



EBRD Green Economy financing

Objectives and Results (2006-2018)

40%

Green business as % of
total EBRD Business by
2020

€4 billion

Targeted Annual EBRD
Green Business by 2020

€ 18 billion

Target cumulative EBRD
Green Business 2016-2020

FINANCED

1,600+

green projects

1200+ directly financed projects
with green components, and
440 credit lines to local financial
institutions for on-lending to
smaller projects

SIGNED

€ 30 billion

of green financing

For projects with a total value of
€170+ billion
Since 2016 green financing has
represented 36% of EBRD's total
business.

REDUCED

100 million

tonnes of CO₂/year

Emission reductions equal to the
annual energy use related
emissions of Greece

+annual water savings of
330million m³ since 2013 equal to
more than a third of Londoners'
water use

EBRD “Green City Framework” - EUR 950 million (*active*)

Romania – eligible country:

- **Financing** – green, low-carbon investments;
- **Technical assistance** (*EBRD donors’ grant*) - support for preparation of ‘Green City Action Plans’ in the selected cities

EBRD “Street Lighting Framework” - EUR 100 million (*active*)

Romania – eligible country:

Financing:

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

Technical assistance:

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



- ❖ For 2007-2013 → EBRD R2CF Framework (EUR 330 million):
 - ❑ Co-financing loans to EU/SOP projects
 - ❑ 24 regional water companies (ROCs);
 - ❑ mostly without guarantees
 - ❑ Technical assistance 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:
 - 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 100 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
(*rehabilitation of streets, parking systems, traffic management systems, e-ticketing systems, tram 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)

Infrastructure projects in Romania

60+ active projects



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- 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 the investment)
- **Technical assistance** for project preparation and implementation, including to promote institutional reform and commercialisation
- Equity investments, where appropriate

Municipality

- know your data
- needs identified and new investments prioritised
- asset management should be a priority
- long term vision and strategy on city development

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)



- **EBRD website:** www.ebrd.com
- **Information about the countries of operations & Sectors of EBRD:**
www.ebrd.com/news/publications/factsheets.html
- **Project Summary Documents, details of the projects signed with EBRD:**
www.ebrd.com/work-with-us/project-finance/project-summary-documents.html
- **Infrastructure – municipal, environmental, transport**
<https://www.ebrd.com/municipal-and-environmental-infrastructure.html>
<https://www.ebrd.com/transport.html>

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