

# EBRD Experience in Financing Renewables in the Caucasus

Energy Week 2017, Solar PV Investor  
Conference in Armenia, 26 January 2017



**European Bank**  
for Reconstruction and Development



- I. Overview of EBRD: Mission and Guiding Principles
  
  - II. EBRD in Armenia
  
  - III. Selected Projects Case Study
-

# EBRD in summary

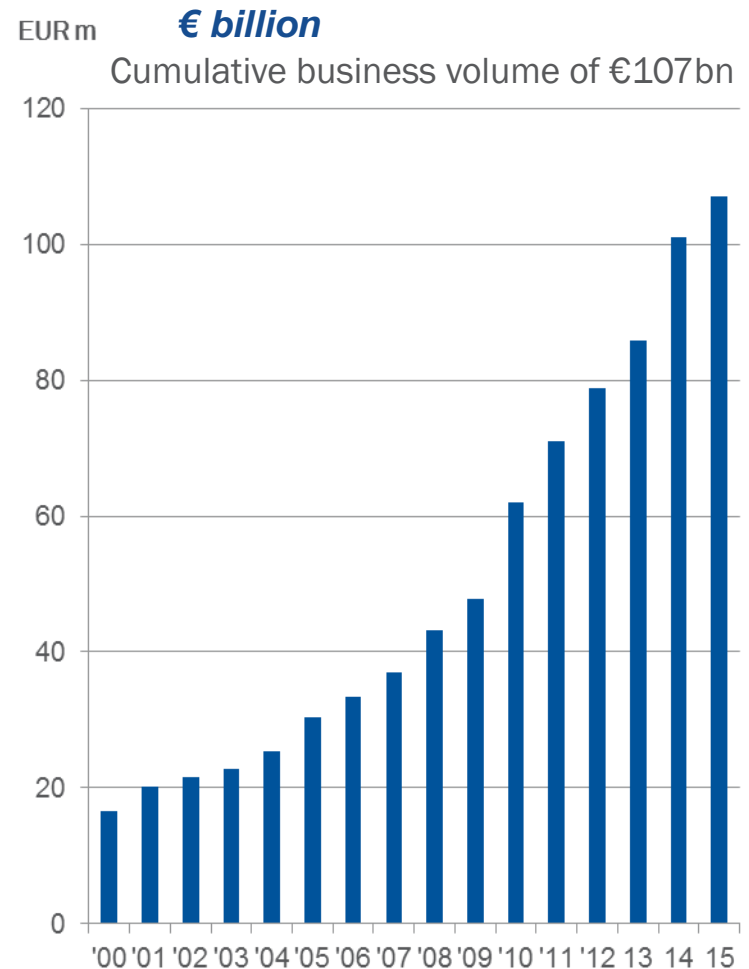


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for Reconstruction and Development

- AAA/Aaa rated multilateral development bank
- Special mandate to facilitate transition to market economies in 37 countries from the Southern and Eastern Mediterranean, to Central and Eastern Europe to Central Asia
- Owned by 65 countries and 2 inter-governmental institutions
- Capital base of €30 billion
- Invested over €111 billion in more than 4,600 projects since 1991

As of the end of December 2015:

- €9.4 billion invested in 381 projects in 2015
- Private sector share accounted for 70% of commitment
- Debt 81%, Equity 19%



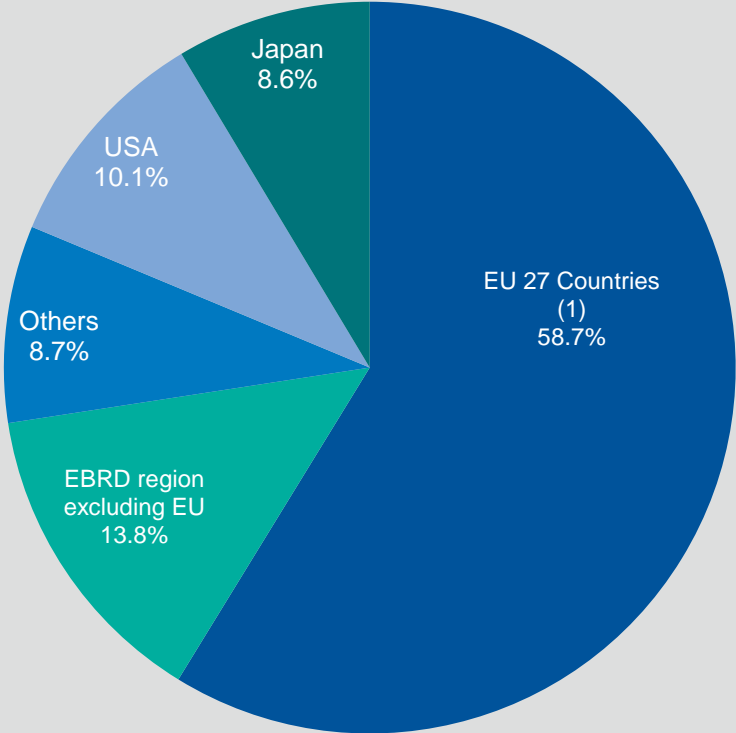
Note: Unaudited as at 31 December 2015

# EBRD: Shareholding Structure and AAA Rating



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

Shareholding Structure



(1) Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%  
(2) Georgia 0.1%

# The EBRD and its objectives

## The EBRD is:

- Your engaged partner
- Operates in “business time”
- Private sector focused
- Wide product, currency, tenor range
- Facilitates inward and cross border investments in the region
- Promotes policy dialogue with regards to investment climate business environment and policy matter
- AAA rating profitable, commercial focus

## Objectives:

- 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

# EBRD Financing Solutions

	Debt	Equity	Guarantees
Typical size	Up to \$50m	\$5-20m	\$5-20m
Term	5-7 (up to 15) years	Typically from 3-7 years	1.5-2 (up to 3) years
Currency	Armenian Dram and major foreign currencies		
Approach	Finance up to 35% of the project (up to 70% with syndication)	Usually up to 35% share, minority stake	Mainly through Trade Facilitation Programme
Options	<ul style="list-style-type: none"> <li>▶ Senior, subordinated or convertible</li> <li>▶ Floating or fixed rates</li> </ul>	<ul style="list-style-type: none"> <li>▶ Risk equity</li> </ul>	<ul style="list-style-type: none"> <li>▶ Import/export operations</li> <li>▶ Pure guarantees, cash advance trade finance</li> <li>▶ Factoring</li> </ul>
Applications	<ul style="list-style-type: none"> <li>▶ Greenfield or Brownfield</li> <li>▶ Modernisation and energy efficiency</li> <li>▶ Acquisition and consolidation</li> </ul>		<ul style="list-style-type: none"> <li>▶ issued to international banks</li> <li>▶ takes the risk of transactions of local banks</li> </ul>

**Exact terms depend on specific needs and market conditions**



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# EBRD: more than billion Euros invested in Armenia



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December 2016

## Portfolio & Operating Assets

Portfolio <sup>i</sup>	€315m
Number of active portfolio projects	56
Operating assets <sup>i</sup>	€241m
Private sector share of portfolio	83%
Equity share of portfolio	26%
Non Performing Loan Ratio (Non Sovereign)	5.6%

## Cumulative Activity

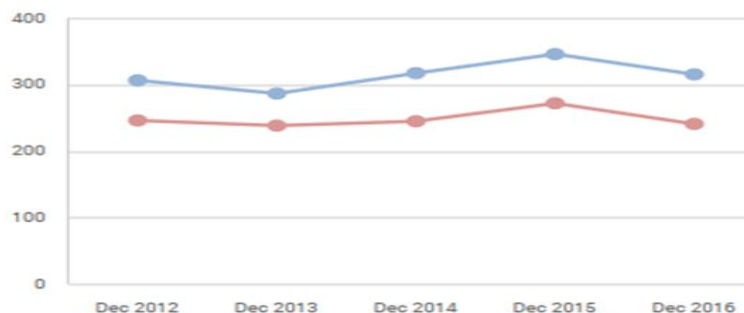
Number of projects to date <sup>i</sup>	157
Net cumulative Bank investment	€1,133m
Private sector share of cumulative investment	88%
Cumulative disbursements	€786m

## Transition

Expected Transition Impact <sup>i</sup>	68.1
Portfolio Transition Impact <sup>i</sup>	72.7 (72.0)

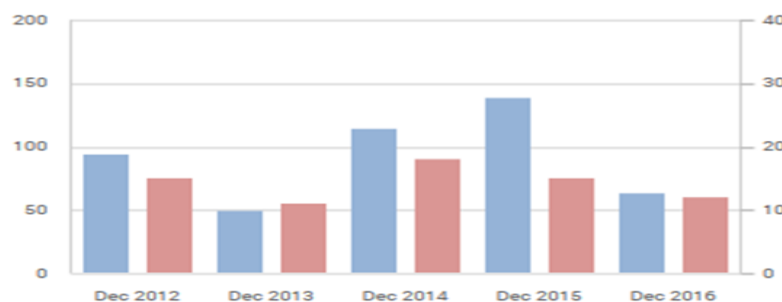
## Portfolio and Operating Assets

€ million at reported rates



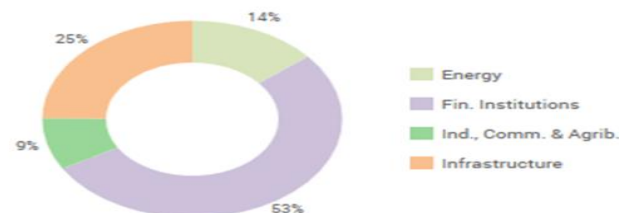
## Annual Bank Investment and Operations

€ million at reported rates



## Portfolio Composition

Share of current portfolio at reported rates

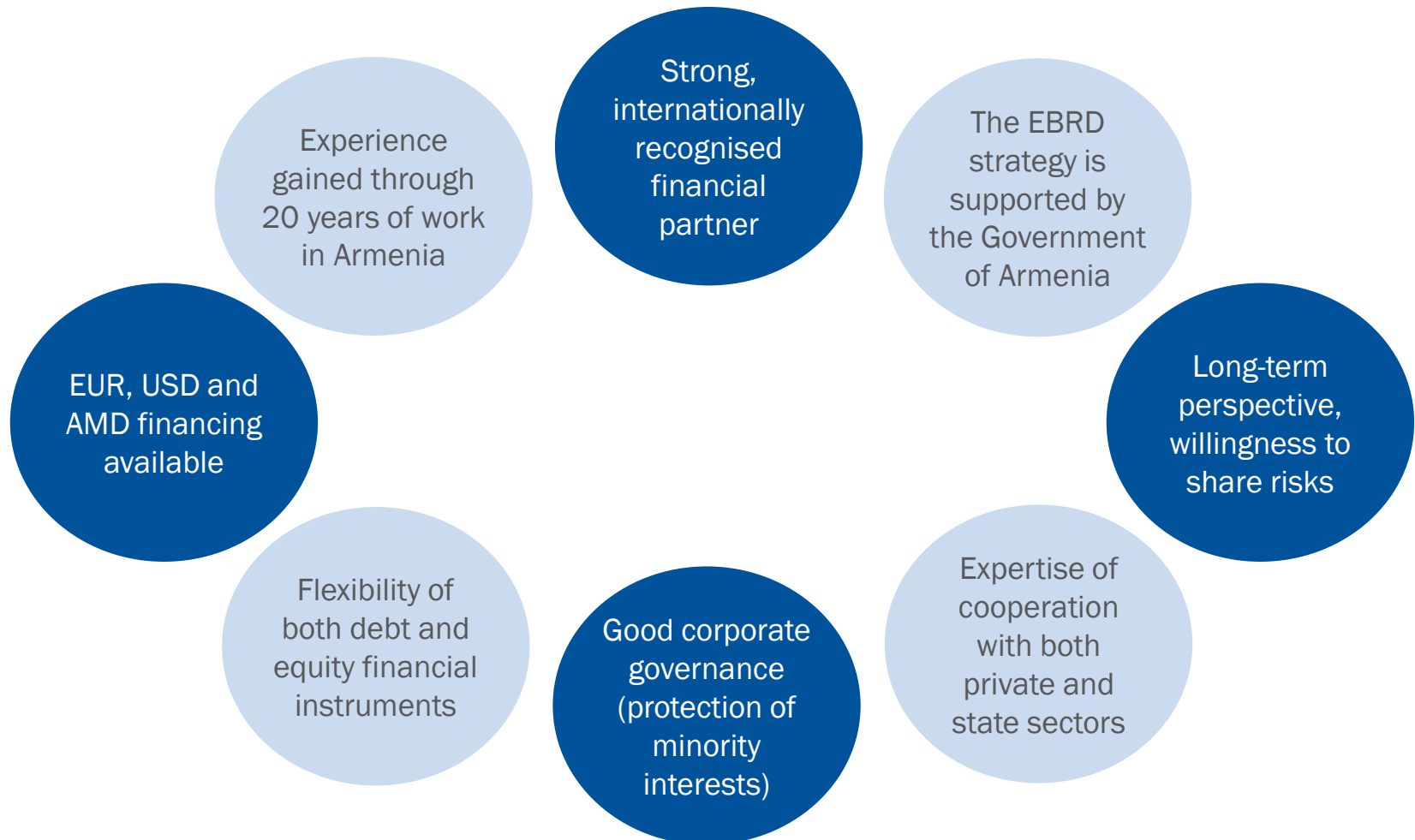




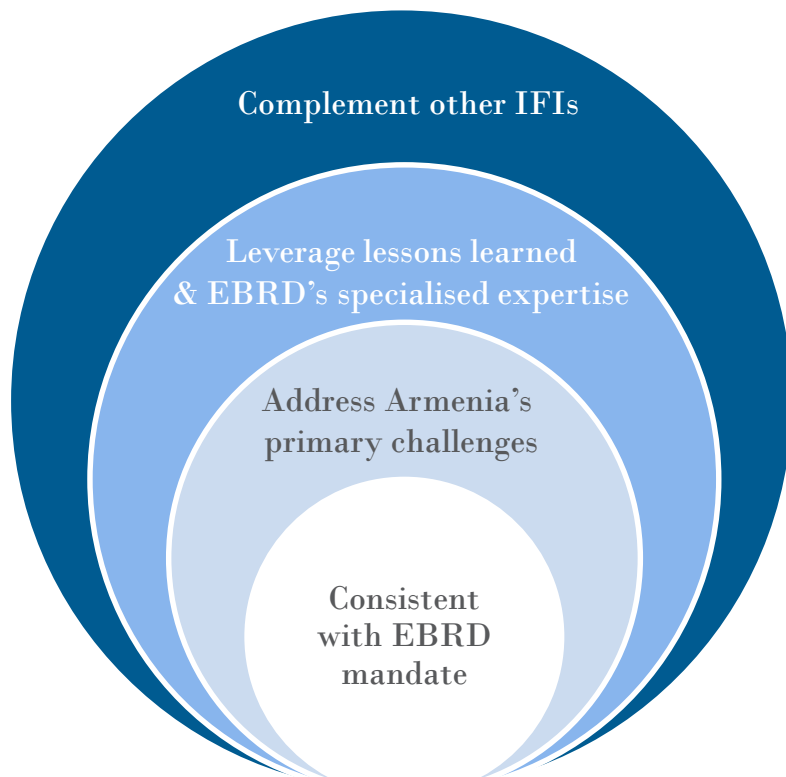
# Key EBRD Strengths



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# EBRD Country Strategy for Armenia: 2015-2018



**Theme 1:** Enhancing private sector competitiveness by strengthening capacity, increasing transparency and improving the business environment

**Theme 2:** Developing capital markets and promoting local currency financing

**Theme 3:** Developing sustainable and commercialised public utilities



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# Paravani HPP, Georgia

- In June 2011 the EBRD signed the Paravani transaction, an 87 MW greenfield hydropower project in south-west Georgia
- Intended to use the Black Sea Transmission Line to export green power to Turkey, especially during summer peak demand
- Also enhances Georgian energy security and grid stability
- Sets a template for similar private investments and for exploitation of Georgia's hydropower potential

Facility Details	
<b>Borrower</b>	Georgia-Urban Energy
<b>Sponsor</b>	Anadolu Endustri Holding
<b>Lenders</b>	- EBRD: \$52 mln - IFC: \$41 mln - Commercial Banks: \$23 mln
<b>Tenor</b>	15 yrs
<b>Structure</b>	Corporate loan with sponsor guarantee, released once physical and financial targets reached
<b>Equity</b>	- Sponsor: \$45 mln - EBRD: \$5 mln

# Akhmeta SHPP, Georgia



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- In November 2013 the EBRD signed the Akhmeta transaction, an 9.5 MW greenfield small hydropower project constructed on irrigation structure in Kakheti region
- Intended to supply electricity to Georgian market during winter months, when domestic power prices are highest, with water supply canal being used for irrigation purposes in summer months
- Sets a template for similar private investments in small hydro power plants and for exploitation of Georgia's hydropower potential

Facility Details	
<b>Borrower</b>	GeoEnergy
<b>Sponsor</b>	Hydrolea LLC
<b>Lenders</b>	- EBRD: \$3.6 mln - Bank of Georgia: \$3.6 mln
<b>Tenor</b>	8.5 yrs
<b>Structure</b>	Limited-recourse project financing through MCFF facility with partner banks (Bank of Georgia)
<b>Equity</b>	- Sponsor: \$2.5 mln

# Shuakhevi HPP, Georgia



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- In May 2014 the EBRD signed the Shuakhevi transaction, a 187 MW greenfield hydropower project being constructed on Adjaristsqali river in South-West Georgia
- The first hydro project in Georgia financed as a cross-border merchant power plant
- The largest new hydropower plant to be built in Georgia for 30 years
- Tata Group, among the most respected conglomerates in India, entered the market through this project what sends a very strong positive signal to other potential investors in Georgia.

## Facility Details

### Borrower

Adjaristsqali Georgia LLC

### Sponsors

Tata Power  
Clean Energy Invest

### Lenders

- EBRD: \$90 mln senior loan  
- ADB: \$90 mln senior loan  
- IFC: \$70 mln senior loan

### Tenor

15 yrs

### Structure

Limited-recourse project financing with capped completion support from the Sponsors

### Equity

- Sponsors: \$131 mln  
- IFC Infraventures: \$35 mln

# Dariali HPP, Georgia



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- In August 2014 the EBRD signed the Dariali transaction, a 108 MW greenfield hydropower project being constructed on Tergi river in Kazbegi district
- Intended to supply electricity to Georgian market during winter months, and to export to the Turkish market during the summer months via Black Sea Transmission Line
- The first hydro project in Georgia financed under the A/B loan syndication structure
- Sets a template for similar private investments in hydro power plants and for exploitation of Georgia's hydropower potential
- EMEA Finance Deal of the Year

## Facility Details

### Borrower

Dariali Energy

### Sponsors

PERI Ltd, Robbins Company, Energy LLC

### Lenders

- EBRD: A loan \$40 mln  
- FMO: B loan \$30 mln  
- GGF: B loan \$10 mln

### Tenor

12 yrs

### Structure

Limited-recourse project financing with capped completion support from the Sponsors

### Equity

- Sponsor: \$43 mln

# Gori WPP, Georgia



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- In January 2016 the EBRD signed the Gori Wind transaction, a 20.7 MW greenfield wind project being constructed in the Gori municipality in central Georgia
- Intended to supply electricity to Georgian market during winter months, and to export to the Turkish market during the summer months via Black Sea Transmission Line
- The first commercial wind project in the Caucasus and the first wind project in Georgia
- The first project finance deal in Georgia with state-owned entities financed under the A/B loan syndication structure
- Sets a template for similar private investments in wind power plants and for exploitation of Georgia's wind potential

## Facility Details

### Borrower

Qartli WindFarm LLC

### Sponsors

Georgian Energy Development Fund, Georgian Oil and Gas Corporation

### Lenders

- EBRD: A loan \$10 mln
- Oikocredit: B loan \$4 mln
- Triodos: B loan \$4 mln
- GGF: B loan \$4 mln

### Tenor

12 yrs

### Structure

Limited-recourse project financing with capped completion support from the Sponsors

### Equity

- Sponsor: \$12 mln



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