

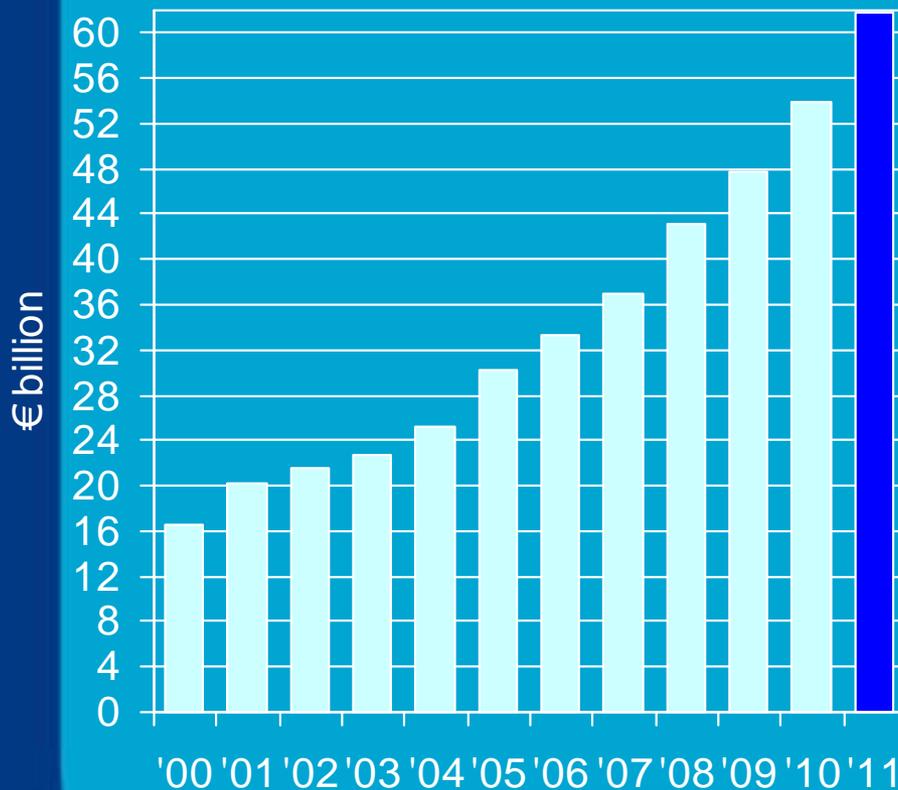


Romanian Water Trade Mission London UK

16 November 2011



What is the EBRD?



Cumulative Commitments €61.8 billion

- International financial institution, promotes transition to market economies in 30 countries from central Europe to central Asia
- Owned by 61 countries and two inter-governmental institutions
- Capital base of €30 billion*

*At the Annual Meeting in Zagreb in May 2010, the Board of Governors approved the Bank's capital increase from €20bn to €30bn authorised capital



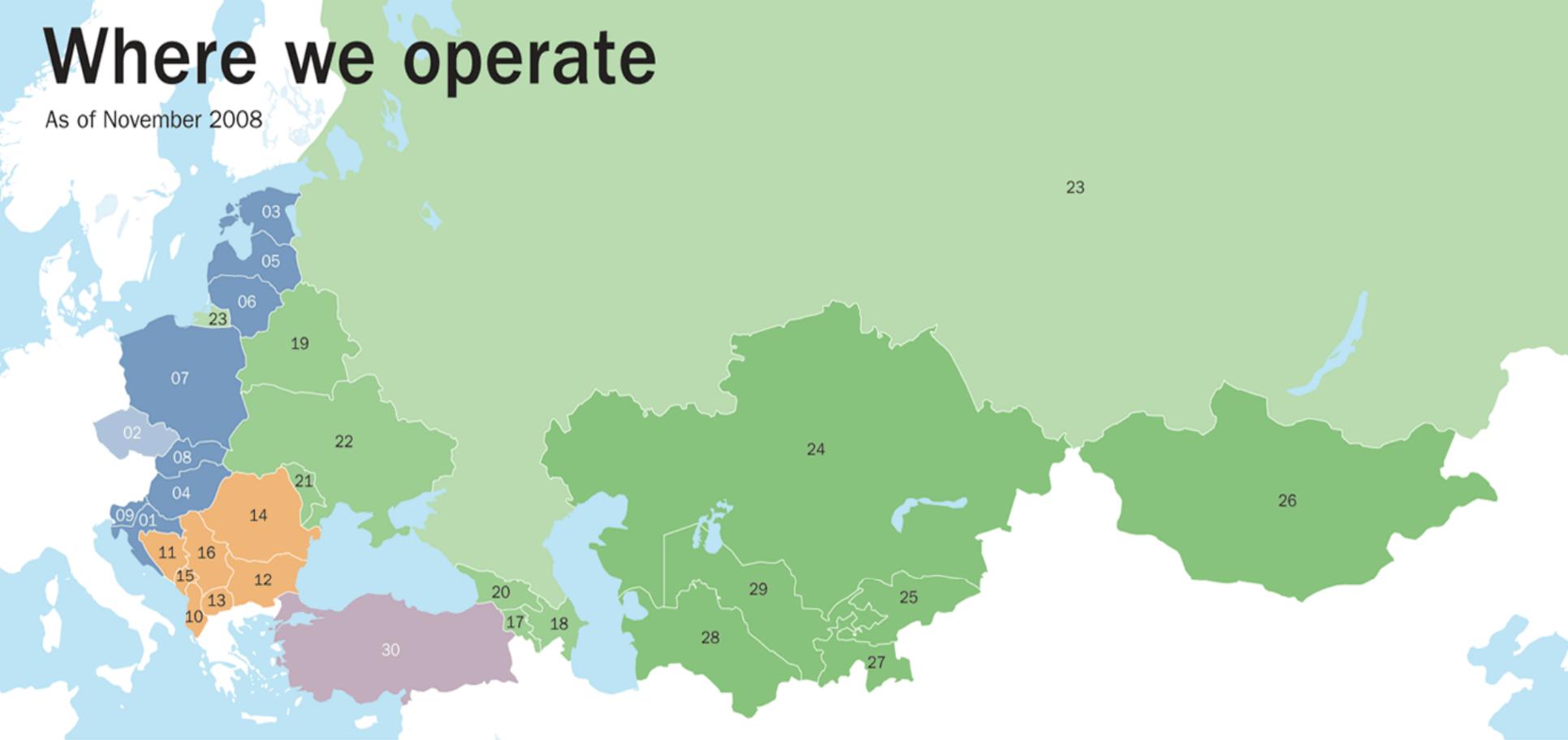
EBRD is a catalyst for change

- Key objectives:
 - Promote transition to market economies including commercialisation and restructuring as well as privatisation and PPPs
 - Mobilise both infrastructure and private sector investment
 - Encourage environmentally sound and sustainable development (financial, environmental and energy)
- Key successes:
 - Portfolio remains strong throughout the economic crisis with a commitment to support clients
 - Financing structures evolve with the market (sovereign, subsovereign and private loans)



Where we operate

As of November 2008



Central Europe and the Baltic states

- 01 Croatia
- 02 Czech Republic*
- 03 Estonia
- 04 Hungary
- 05 Latvia
- 06 Lithuania
- 07 Poland
- 08 Slovak Republic
- 09 Slovenia

South-eastern Europe

- 10 Albania
- 11 Bosnia and Herzegovina
- 12 Bulgaria
- 13 FYR Macedonia
- 14 Romania
- 15 Montenegro
- 16 Serbia

Eastern Europe and the Caucasus

- 17 Armenia
- 18 Azerbaijan
- 19 Belarus
- 20 Georgia
- 21 Moldova
- 22 Ukraine

Russia

23

Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan

Turkey

30

*as of the end of 2007, the EBRD no longer makes investments in the Czech Republic.

EBRD's approach to sustainable investments



- **Decentralisation:** local responsibility for service delivery and local setting of priorities
- **Commercialisation:** financial discipline on operating company and 'user pays' principle
- **Policy Dialogue:** development of regulatory structures and supportive legal framework
- **Environmental benefits:** minimise losses, elevate standards, reduce pollution, encourage conservation, improve energy efficiency



How EBRD does business

- Long term finance on self supporting basis at project level
- Commercialisation of companies and services
- Tariff reform with cost recovery, collection, metering
- TC to promote institutional reform and commercialisation
- Grant support to meet affordability and IMF restrictions in ODA countries
- Key donor partners: EU and various countries on multi/bi-lateral basis



Key themes in structuring water projects

- Ensuring right incentives to use water more efficiently
 - Tariff methodology to cover costs
 - Metering to enable water companies to monitor consumption
 - Improving collections
- Improving efficiency and service levels
 - Financial and Operating Performance Improvement Programmes
 - Introduction of monitoring and targeting programmes
 - Benchmarking



Romania – History of engagement in water sector

- 1995-1997 (MUDP) – Establishing a legal framework for municipal finance – Sovereign loans with on-lending to municipally owned utilities
- 2000 - 2004 (MELF) – Enabling sub-sovereign borrowing Sub-sovereign loans (MELFs) to municipal companies with guaranties from cities and counties for EU ISPA co-financing
- 2005 (SAMTID) – Financing for 1st regional water operator organised along a water basin (Apa Someș) along with co-financing from EU Phare
- Initial private transactions – Apa Nova in Bucharest signed in 2002, which will manage Bucharest WWTP (loan signed in 2006)
- 2007 – Credit market for all types of sub-sovereign debt, including non-guaranteed loans to municipal utilities with service agreements
- 2010 – (R2CF) Framework to provide non-recourse loans to regional water operators to co-finance EU Cohesion Fund projects



Romania

Water & Wastewater Sector



Projects Signed



Municipal Utilities Development Programme	21.0
Municipal Utilities Development Programme - Phase II	55.0
Regional Water and Environment Programme	12.0
MELF Constanta	20.0
MELF Iasi	13.0
MELF Arad	5.0
MELF Brasov	15.0
APA NOVA Water Treatment Plant Project	38.0
MELF Oradea	3.0
Regional Operating Company Apa Somes (SAMTID)	7.0
MELF Targu Mures	7.0
MELF Sibiu	5.0
MELF Timisoara	4.0
MELF Bacau	7.0
Bucharest WWTP - Glina	10.0
Timisoara Aquatim Refinance	7.0
Oradea Water and Wastewater Extension	10.0
R2CF Constanta sub-project	33.0
R2CF Iasi Sub-Project	22.3
R2CF Brasov sub-project	27.3
R2CF Buzau sub-project	10.0
R2CF Dambovita -Targoviste Sub-Project	13.0
Total	344.6



R2CF Water Framework

- EUR 200 million facility to provide co-finance EU Cohesion Fund projects of regional water operators
- Tenor 15 years, with up to four year grace period
- Non recourse to the local authority and state
- **Key features:**
 - Municipal Support Agreement (which reflects the local authority support for the project and EBRD requirements)
 - Benchmarking TC
 - Romanian procurement rules given significant EU components



Today – Support for Regionalisation



- Five loans signed under the Water Framework
 - Constanta
 - Iasi
 - Brasov
 - Buzau
 - Dambovita

Other Initiatives in Romania

- 2010 – EUR 100 million Urban Road Management and Rehabilitation Framework
- Support to cities to upgrade urban road network and to adopt performance-based management and maintenance for Roads
- Three loans signed to date
 - Sibiu – EUR 11.5 million
 - Sfantu Gheorghe – EUR 12 million
 - Medias – RON 33 million



Benchmarking Technical Cooperation

- EUR 750,000 TC led by ARA and the ROCs borrowing under the Water Framework, with the ROCs represented by RAJA
- Designed to develop a sector wide approach to improve promote commercialisation and efficiency and assist in integrating smaller operators
- Lead consultant is NV PWN Water Supply Company



Other initiatives

- Energy savings
- ESCO's
 - EUR 10 million loan with Energobit to help finance energy solutions for municipal and private customers
- How to measure energy savings for water projects



Moldova

- EUR 10 million loan signed in 2010 to finance critical investments and to support the regionalisation of 6 water operators:
 - Floresti
 - Soroca
 - Hancesti
 - Orhei
 - Leova
 - Ceadar-Lunga,
- EUR 20 million loan under consideration to support a PPP in northern region of Moldova



MEI Contact details

Susan Goeransson

Senior Banker

Tel: +44 20 7338 7940

Fax: +44 20 7338 6964

goeranss@ebrd.com

Giacomo Ottolini

Principal Business Procurement Specialist

Tel: +44 20 7338 7425

Fax: +44 20 7338 6964

gargravr@ebrd.com

Dana Craciunescu

Senior Banker

Tel: +40 21 202 7122

Fax: +40 21 202 7110

craCiund@ebrd.com

about the ebrd

The European Bank for Reconstruction and Development was established in 1991 when communism was crumbling in central and eastern Europe and six other countries needed support to nurture a new private sector in a democratic environment. Today the EBRD uses the tools of investment to help build market economies and democracies in 27 countries from central Europe to central Asia.

The EBRD is the largest single investor in the region and mobilises significant foreign direct investment beyond its own financing. It is owned by 60 countries and two intergovernmental institutions. But despite its public sector shareholders, it invests mainly in private enterprises, usually together with commercial partners.

It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned corporations, to support privatisation, restructuring state-owned firms and improvement of municipal services. The Bank uses its close relationship with governments in the region to promote policies that will bolster the business environment.

The mandate of the EBRD stipulates that it must only work in countries that are committed to democratic principles. Respect for the environment is part of the strong corporate governance attached to all EBRD investments.

Every EBRD investment must

- Help move a country closer to a full market economy: the transition impact
- Take risk that supports private investors and does not crowd them out
- Apply sound banking principles

Through its investments, the EBRD promotes

- Structural and sectoral reforms
- Competition, privatisation and entrepreneurship
- Stronger financial institutions and legal systems
- Infrastructure development needed to support the private sector
- Adoption of strong corporate governance, including environmental sustainability

Facilitating as a catalyst of change, the EBRD

- Promotes co-financing and foreign direct investment
- Mobilises domestic capital
- Provides technical assistance

