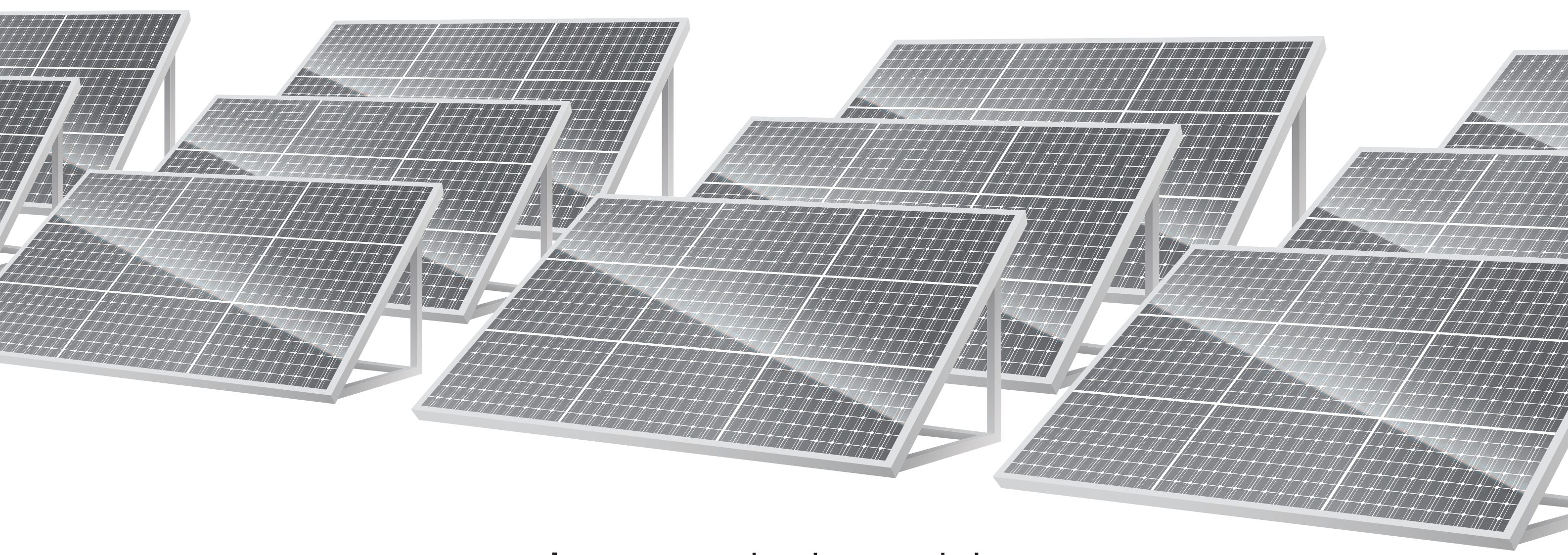
IFLR 1000

ENERGY AND INFRASTRUCTURE 2017

The guide to the industry's leading law firms and lawyers

WWW.IFLR1000.COM



In association with

IJGlobal

Infrastructure Journal and Project Finance Magazine

Behind The Deal – Samra Hadžović and Naida Čustović – Wolf Theiss / local lawyers

Wolf Theiss in cooperation with local lawyers partners Samra Hadžovi and Naida Čustović speak with Sam Duke about their role on the development of the Banovići and Tuzla power plants in Bosnia, and project activity in the country's energy sector

How did the firm get involved on the Banovići project?

SH: The company was looking for a consultant to provide services in relation to the project - including legal experts as well as financial and technical consultants. They announced a public procurement tender and we participated as a member of a consortium with KPMG and VPC.

They were seeking previous experience and we needed to provide examples of similar references to win the bid. There were quite high requirements regarding the team which would be carrying out the work but all three participants of our consortium had significant experience with similar work that we could draw on to carry out this project.

There was a lot of competition, but in the end our consortium stood out because most of us working on the project had an engineering background which was expected to have significant relevance.

From the start RMU Banovići had the idea to have a strategic partner. This was quite different to the way projects are usually done here in Bosnia. Strategic partnerships are not often seen.

In the beginning, the idea of the strategic partnership came from the Tuzla project. The Tuzla project first considered using a strategic partner which would help create a new project company for the construction, design and operation. Later, they decided that this would in fact not work in such project, as they did not have sufficient candidates for the execution of the project via this type of strategic partnership. So they decided to change the concept of the project and create a kind of hybrid position, which is the case in Banovići as well.

As a result, the strategic partner took the role of the EPC contractor with an obligation to secure the financing of the project via reputed bank. In practice, this is very unusual concept and is not easy to implement. EPC contractors are often very reluctant to take on any risk in connection with the financing of the project.

This has meant a very challenging project which requires coordinating different types of obligations; those of an EPC contractor and separately those of a strategic partner.

Had you worked on any large scale power projects in Bosnia before?

NC: Yes we have. The first project we worked on was TPP Gacko between 2005 and 2008. That was one of the largest power projects in the country. Other than that we have been working on a number of smaller projects involving hydropower plants for different clients in Bosnia. As a firm, we advised on a significant number of large scale power projects in the CEE/SEE region and we in Bosnia can benefit from and draw on the experiences of our colleagues in our other offices.

> "In this case the tricky part was distingusihing the assets which are suitable for securing the financing and finding the guarantors"

What were the biggest challenges you faced on the project?

SH: To answer that, we have to go back to the strategic partnership concept, as this is something that came up again and again during the execution of the project. The strategic partner that was chosen for this project was initially very eager to be a true strategic partner; to meet expectations and to help with the financing of the project. But when it actually came to the financing of the project, the strategic partner was reluctant to fill the role and wanted to be rather just an EPC contractor.

NC: One of the biggest challenges is securing financing, i.e. finding suitable financial partners willing to invest in projects like this in Bosnia. Another aspect is securing the financing for a project of this size, whether or not you go for asset security. In this case the tricky part was distinguishing the assets that are suitable for securing the financing and finding the guarantors - especially as this is a strategic project for the country, so any international investors expect support from the government. Also, the transaction should be bankable.

The biggest issue is securing the governmental guarantees; firstly the question whether or not the government can issue a guarantee for such a large amount and secondly – an issue that comes from the very complex structure of the country where you have two governments playing a role in this part of the country - which of those two governments should be issuing the guarantee. Normally the entity governments are more willing as the projects are more relevant for them, but of course all investors prefer a state guarantee and in that case the issue is whether the state is willing to issue a guarantee.

Is the change in the responsibilities and obligations of the EPC contractor on these projects likely to lead to future projects being done differently?

SH: I believe so. All these projects do have the support of the government because - the government has declared them strategically important, however, such projects are currently not integrated projects in Bosnia and I believe that this project structure will not be used as a model for all future projects.

Considering that approximately one year passed between the initiation of Tuzla and Banovići project, there was simply not enough time to daw on experience from the Tuzla project.

NC: I think in the future they will tweak the structure. They will rather adjust some parts of the model in advance using the experience from this project. Will it change the overall approach based on these projects? I think for the time being that is unlikely.

Can you point to any interesting or innovative structural elements on either project?

SH: The real challenge for us in the Banovići project was that this was the first time that the client had used this type of project structure, so we needed to provide various support.

They have a good team comprised of experienced and young people, but this project was constantly evolving and it remains a challenge to drive the whole project to completion. This was why our engagement was so specific and outstanding; we really provided full scope support on most issues and were also involved in more than just legal aspects.

NC: The client knew how the project should be carried out, but they needed guidance and in particular they needed our international experience. They aimed to have international consultants with a strong local presence as well as good local references and knowledge, but they very much relied on us to show them what the best international practice was and how to implement a large scale project in the developing country of Bosnia.

When we assembled our team we made sure to involve our experts from other offices so we could share and provide them with the international experience which they needed. We still believe that this was also a key factor on why they chose our consortium in the tender and why they were eager to also work with us on other occasions.

What were the key differences between the two projects from your perspective?

SH: In my view, it took RMU Banovići less time to negotiate the EPC contract and the loan agreement.

NC: RMU Banovići had a lot more experience dealing with projects like this so the process was more streamlined.

SH: Elektroprivreda negotiated the financing agreement much longer. RMU Banovići started later but they were in a position to negotiate the loan agreement and submit the request for the issuance of the guarantee in less time. RMU Banovići also have a complete vision of how this project can be combined with some of their related future projects.

RMU Banovići have a specific structure and position; they are a commercially oriented entity in a majority ownership of the Federal government. Therefore, besides the goal of achieving profit, they also have a great deal of care for how the project impacts the local community.

Both projects had Chinese involvement, considering how a lot of developers and banks are shying away from coal at the minute how critical was that support in getting these projects done?

SH: The Chinese companies were not the only interested bidders on both projects, but without the support of the Chinese government, also owner of the selected banks, I'm sure that this project would not work.

What was the experience like working with a Chinese company, how did they differ in approach (if at all) compared to European or US developers?

SH: Overall when you work with Chinese companies there is a cultural difference you need to overcome. Projects in CEE/SEE and in particular in Bosnia are special and investors need to learn how to operate in this part and how to overcome legal obstacles that are of no relevant in other parts of the world including in Western Europe.

NC: When you work with Chinese companies there is a cultural difference. They do their due diligence really well. When they come to a new country they visit a lot of different law firms to gather as much information as possible. They pick up on things fast and are very well disciplined and focused.

The Balkans in general seems to have seen a lot of Chinese investment in recent years, do you expect this to continue and will it remain focused on infrastructure?

SH: We see various Chinese investors in Bosnia and they are also looking at some opportunities in other parts of our CEE/SEE region. Some are also thinking about concessions involving oil. There is a lot going on but, as far as we are aware, nothing concrete at the moment.

Bosnia and Herzegovina is in the process of amending its legislation to bring it in line with the EU's Third Energy package. Did that process have any impact on the project?

SH: At this point there is no direct impact, so the project including - the EPC contract - will reflect the local legislation with much references to the Third Energy Package. However, the client also kept these EU requirements in mind when negotiating the EPC contract, including as regards environmental requirements, CO2 emissions etc. They looked to the future and incorporated a number of such aspects so that the project can continue in the future without much further amendments.

What is the current state of the legislation?

SH: Nothing has really changed in the last two years. The only change is a new energy efficiency law that entered into force a few days ago, but apart from that everything remains the same. We are, however, definitely going in the right direction.

NC: I think that the changes are going slower than we initially expected but as Samra says it seems to be going the right way.

Is there concern within the country about how investment in coal power might affect future EU membership given the bloc's stance on dirty energy?

SH: A couple of days ago, we participated in the Third Energy Summit also covering energy efficiency and there was a lot of talk about renewable energy.

The government is working on a lot of things and we are moving towards better use of our renewable resources. There will be more incentives, and a lot of things are planned but at the moment I ca not share anything concrete. In the end, a lot will depend on the feed-in tariffs and whether there will be subsidies to provide for attractive prices.

In our view, the government is not concerned by the development of coal power plants; they need both Tuzla and Banovići TPPs, but at the same time they are moving towards developing hydropower plants, wind power plants and solar power plants.

NC: The question you are asking is one we often get from financing parties when considering the bankability of projects. One of the considerations is the nature of thermal power plants, as it's something much of the world is abandoning.

It seems that the government is thinking about this and maybe as we develop renewable resources thermal power plants will be abandoned, but there doesn't seem to be any developments at the moment that will affect these two projects.

Which other law firms were involved on these two projects?

NC: We had Karanović & Nikolić as local counterpart on a very specific part of the financing, namely in relation to the sovereign guarantees (on the Banovići project).

The Chinese contractor only had technical consultants during the negotiations for the Banovići project. If they had any legal advisers we never saw them during negotiations. They relied more on the technical consultation, which was very important to them.

How likely is there to be an increase in renewable energy projects in Bosnia?

SH: The development of wind power plants in Bosnia has been going really slowly. Respective legislation was first introduced in 2006, but since then not much has happened. There is one ongoing project, but the government is not that interested in wind power projects.

Overall, the emphasis for the government as regards renewables is with hydropower. Typically, there is a lot more experience in the market as regards respective hydro projects and they seem to be seen as much more reliable, especially since wind farms have to be located in areas that are not easily accessible.

If there was one piece of current legislation that affects energy or infrastructure projects that you could amend of get rid of, what would it be?

SH: I wouldn't say we would get rid of anything, unless we are free to change almost everything!

Wolf Theiss is part of the foreign investors counsel in Bosnia which produced a 'white book', which is a publication that points out deficiencies in the various areas of legislation. As far as we have seen, the white book is also looked at by decision makers and so we are confident that our respective efforts will bear fruit.

The underlining laws relating to permits need to be changed. We have a lot of bureaucracy because of the structure of the country; a lot of parties need to issue different types of permits and sometimes, you also have to go to two levels (entity and state) to get the same permits. For foreign investors this is a major concern and takes a lot of time.

NC: In addition, another point that should be considered is making sure that there is a way to make projects more bankable. That means securing the asset and a suitable security package which would require dealing with relevant rights. Especially in the case of concessions it is unclear whether the object of the concession can be used for security purposes.

Another piece of legislation that urgently needs to be changed is the regulation around the issuing of sovereign guarantees. In several projects a main issue is to obtain sovereign guarantees. When you get into the process of issuing such guarantees it gets very complicated and it is in particular not clear which government needs to issue the guarantees and how the procedure for issuing the guarantee should look like. It is very difficult to get any clarity, because the government has one view and the financing parties usually have different and more internationally driven expectations.

What about the firm's own practice, are there any plans for expansion or shifts of focus?

NC: We are looking to expand our practise in Bosnia and will continue to grow. Having said this, however, we are very picky in terms of who we include in our team. In case we do not yet have the correct expert locally, we get assistance from other offices. This is a big benefit from our structure where Wolf Theiss operates a single firm with aligned interests.

Samra Hadžović
Partner
Wolf Theiss in cooperation with local lawyers

About the author

Samra Hadžović is an independent attorney at law working in cooperation with Wolf Theiss. Prior to cooperation with Wolf Theiss, Samra spent eight years as an in house lawyer in a major engineering company Energoinvest Sarajevo. Samra's main areas of expertise are energy, construction, corporate, public procurement and employment law. She has extensive experience in working on domestic and cross border energy projects.

Naida Custovic
Partner
Wolf Theiss in cooperation with local lawyers

About the author

Naida Čustović is an independent attorney at law working in cooperation with Wolf Theiss and managing partner of the Wolf Theiss Sarajevo office. Naida's specialisation is focused on project and acquisition financing, financial restructurings and bankruptcy in the SEE region, but she also has extensive experience in corporate law and domestic and cross-border M&A transactions, competition law and dispute resolution.

Behind The Deal – Kamil Jankielewicz, Tomasz Kawczyński – Allen & Overy

Kamil Jankielewicz and Tomasz Kawczyński of Allen & Overy A Pędzich in Poland speak with Sam Duke about their work on the Third Kraków Bypass and the state of the Polish projects market

How did the firm get involved on this project?

TK: There are three clients involved, one is the EIB, one is the Polish development bank BGK (Bank Gospodarstwa Krajowego) and the third is PFR (Polski Fundusz Rozwoju), a fund setup to support energy and infrastructure projects in Poland.

We were originally instructed by PFR, who in fact have been an existing client already, but they also saw us involved in other projects on the other side and they liked us and our credentials in the infrastructure and project finance areas, so they thought it would be a good match to do the deal together, especially as it involved a little bit of engineering amongst the lenders.

When did you work with PFR before?

TK: They instructed us on setting up some funds in Luxembourg but also on a separate deal where we worked across the table from them on a PPP project related to the University of Kraków (Jagiellonian University student dormitories PPP).

Can you tell me more about the scope and origins of PFR?

TK: It's a governmental investment vehicle. It is focused on supporting Polish investments whether public or private. PFR changed its name a year or so ago, but still the original entity was also only set up 2-4 years ago, so it's quite new.

KJ: Originally PFR was a standalone institution funded by the state, so it was a direct lender and an investor in projects. Then they transformed it into a fund manager, so along with the change of the name, they changed the way they operate. So PFR now is a manager of funds. The scope of their activities is shaped by the new industrial policy of the current government.

PFR is now the leading vehicle for any state owned engagement in the economy. Under the current government and ministry of development they try to focus all development activities through PFR, so it's a sign of a change of philosophy.

This project is part of a wider scheme to reduce congestion in Kraków, can you give me a brief background to this and the different aspects of the project?

KJ: The City of Kraków is one of the oldest towns in Poland and has an increasing issue with pollution just due to the natural position of the city, it is in a valley next to a river and the communications of the city are pretty outdated.

The city was a capital of Poland for centuries and is still concentrated around the medieval centre, which is of a great historical value. Therefore the city really needs new transportation infrastructure to get the traffic out of the city centre and to somehow decrease the pollution in the city.

At the same it has budgetary constraints as it has had a public investment problem over the last two decades, so the city was really looking for an alternative option to finance this outside of its own balance sheet.

> "The Polish market still has some trouble understanding that some risk has to be taken by the municipality"

What are the next stages of the project?

KJ: There is another part of the same ring road which is just a continuation of this one, this is the third ring of the City of Kraków, connecting the Southern part of the city. This will take the heavy traffic out of the city centre.

I'm not sure to what extent the tram extension will continue. Some areas like those covered by the project really require public transportation, there are a lot of new suburbs, but others are already pretty crowded.

The City of Kraków does not have a subway so trams are the main way of providing fast connections to the centre.

The EIB's part of the funding was guaranteed by European Fund for Strategic Investments (EFSI). How effective do you think that has been when it comes to securing financing for projects like this?

TK: Well I think it is making things easier, we've not been involved in projects like this before but we believe that just from the number of communications we've received from the EIB it means they are more and more active in infrastructure investment and this sort of set up helped them facilitate the financing of those projects.

The Juncker plan is being implemented as we speak and many Polish infrastructure projects are being considered to be financed using this facility.

When commenting on the deal previously you mentioned that it could set a precedent for future infrastructure investments. What aspects in particularly are most likely to be replicated?

TK: There are two aspects. When we were originally instructed PFR had a plan to replicate this structure in other projects. The two aspects I have in mind are that this financing is based on the relatively robust public services contract between the City and the municipal companies, which is the project company here, and they are hoping that this might be replicated. When these three companies get comfortable with the content and the way the public services contract is drafted the hope is that they will be able to tell the other municipalities and give them a precedent for use in other projects.

The other thing is the way that the three institutions are linked together, they are lending on the basis of separate financial agreements. PFR is providing a subordinated loan, BGK is a senior lender and EIB is a senior lender as well, but because EIB doesn't draw on any bank syndicate we had to deal with three separate legal instruments linked through an intercreditor arrangement, which is not particularly standard in the Polish market. We and the lenders are hoping to be able to replicate that structure as well.

This project is largely financed by development banks, do you see any differences in the way they run projects like this as opposed to commercial lenders?

TK: BGK has a mission as a development bank but to a large extend it still operates as a commercial lender and we see it joining syndicates alongside commercial banks and they operate as efficiently as the commercial banks.

The EIB has its own dynamic and they need various levels of internal approvals, and it takes time to get them on-board, but it is good marketing for the project, they provide cheaper financing as well.

What was the biggest challenge you faced on this project?

TK: I would say that combining various interests and the various mental attitudes as well is the main challenge. We've been dealing with the City of Kraków, who are treating the project company as their own as if it was an inherent part of the municipality. The banks lending to the project were more inclined to protect the interest of their investment. That was the main area of discussion.

The Polish market, while pretty mature in terms of understanding the project finance and PPP aspects of deals still has some trouble understanding that some risk has to be taken by the municipality. This may prove problematic in terms of securing new projects under the PPP structure.

The municipality sees the company as its arm and doesn't see the need to take any risks and they need to understand the need to take risks.

Let's look at the market more broadly, in which sectors are you seeing the most energy and infrastructure activity?

TK: Well In projects generally the last year or two has been relatively passive. A large part of the energy sector is dominated by the state and

> "Currently the main energy policy of the government is securing energy independence which basically means a coal base"

following the change of the government there has been quite a shift in the policy and top management of those state owned energy companies.

We have been waiting to see some developments. Before the change in government the renewables market had been quite active, but the new government is not particularly keen, the new legislation around wind projects basically killed the industry. No new large scale wind farm developments are being seen at the moment and the auction scheme is being delayed. Generally in energy we do not see much project finance outside the renewables market.

In the electricity generation space you have the four major producers and they fund mainly on the group level by issuing bonds, this is the peculiarity of the Polish market. Loans used to be subject to public procurement rules, whereas bond were not. They were raising funds this way at the top company level, though this may now be ending as they invested in a lot of projects, including in the mining sector and now they may need to look for more project finance financing.

Currently the main energy policy of the government is securing energy independence which basically means a coal base, as it is the only natural energy resource in Poland. This clashes with the policy of the EU and international banks who say they will not finance new coal fired projects.

The other problem is that the electricity prices are pretty low on the market and its really tricky to secure the long term PPA which would secure the profitability of the projects. It is still unclear how it will evolve.

There is a new auction scheme for renewables, but there is a discussion with the European Commission over certain aspects of the scheme. There is no target for offshore wind generation so it remains to be seen whether offshore will happen at all and there is a question mark over the future of the nuclear industry. The minister has said there is a need for at least three new (nuclear) plants but this contradicts his stance from the last year, so we are in the situation where it is hard to say what the picture is.

KJ: In terms of broader infrastructure, a lot depends on EU financing. After the last round ended, projects are being assessed at the moment. So we might see the investment picking up, but it remains to be seen whether it is publicly funded with EU money or whether we will see more PPP type deals where the municipalities will decide to incorporate private financing.

Last year it was announced that 330km of new express roads would be built in Poland. When it comes to transport and logistics roads are a priority for the government.

Looking at the energy sector, as you mention, the Polish government has come into conflict with the EU about emissions and its focus on coal. Do you see it changing its stance any time and what does that mean for the renewables sector?

TK: The government is looking at hydro which is an important part of the future energy mix, but it is hard to say how serious that is. There is also more interest in biomass.

In regards to solar, the initial statement by the government was that it would be treated like wind energy, but the government was convinced by the operators that solar might be needed to balance the grid during the summer. There is a fundamental change in the way that Poland consumes electricity. Previously it was the winter where there was the greatest demand, now it is the summer due to air conditioning, so the energy authority realised that solar might be needed during the summer months to balance things out.

If there is one piece of legislation that affects energy or infrastructure projects that you could amend or scrap what would it be?

TK: There is a piece of legislation which makes some projects very complicated which is the Act on the control of certain investments. This allows the government to put certain energy companies on a list where every change of ownership is subject to scrutiny of the government.

This makes it problematic to start discussing a deal without involving the government and this might even have an effect on the securities structure, as banks might need to involve the government during deals. I don't think it makes life easier.

KJ: The renewable legislation which has killed one whole sector of project financing is what I would change.

How about the legal market, have you seen any changes in regards to the types of firms involved on energy and infrastructure projects work?

KJ: It is a relatively small market and we haven't seen any change. It's the same.

What about the firm's own practice, are there any plans for expansion or shifts of focus?

TK: It's pretty much business as usual, we never believed in major takeovers and are probably one of the more stable firms in the market. We believe in organic growth we don't see any areas where we need massive investment.

Tomasz your focus is in financing, how much time are you spending at the moment on project finance matters?

TK: There has never been enough project finance work to focus just on that. In recent months I believe that project finance has taken about 30% of my time.

Kamil, you are perhaps best known for your energy sector experience. Had you had experience in the transport sector prior to this project?

KJ: In the last 12 months it was probably 60% M&A related to energy and 35% various project finance issues, including transportation and other public infrastructure.

Kamil Jankielewicz
Counsel

Allen & Overy A Pędzich

About the author

Kamil Jankielewicz is a counsel in the Global Projects, Energy and Infrastructure Group, and Head of the Warsaw Energy practice. He is a qualified Polish legal adviser and was admitted to the Chamber of Legal Advisers in Kraków in 2005. Since the beginning of his professional career, he has been involved in energy sector-related matters, advising on construction contracts relating to the Jamal pipeline, and on privatisations of water and sewage and gas companies. Since joining the corporate department of Allen & Overy in 2005, he has helped to build and now heads a fully-fledged energy practice in Warsaw.

Tomasz Kawczyński
Partner

Allen & Overy A Pędzich

About the author

Tomasz Kawczyński is a qualified Polish legal adviser and was admitted to the Chamber of Legal Advisers in Warsaw in 2005. He specialises in banking and finance transactions, focusing on project finance and other structured financings. He has advised lenders on almost all Polish project financings (both internationally and domestically financed) undertaken by Allen & Overy Warsaw. Tomasz also specialises in leveraged finance transactions and has advised on a number of bilateral and syndicated, secured and unsecured non-structured loans.

Behind The Deal – Zeynel Tunç – Paksoy

Paksoy partner Zeynel Tunç speaks with Jon Moore about his role on the Kocaeli and Izmir Bayrakli integrated health campus PPP projects, use of the PPP model in Turkey, and challenges the country is facing

Could you outline the scope of what was involved in the Kocaeli and Izmir Bayrakli projects?

These are both PPP [public-private partnership] integrated healthcare campus projects. One is located in the west of Turkey and has a 1,080 bed capacity, and the other is in the north with a bed capacity of 2,060.

We represented GE Healthcare, the equipment provider for both in both projects. The deal involved a share subscription by GE in the project companies. We advised GE on the overall transaction including, but not limited to, the PPP regulatory framework, risk analysis, project agreement, and corporate and commercial advice. To a certain extent, we also advised GE on the financing of the projects which were in an advanced stage when we got involved.

The projects are part of a wider programme of hospital building In Turkey. Can you explain a bit more about that programme?

Turkey initiated a healthcare transformation programme through the tendering of healthcare campuses under PPP schemes. The Ministry of Health did not tender all the projects at once, they did it gradually. The government's goal is to transform healthcare services through these large, modern, self-sufficient healthcare campuses.

The process sees the Ministry of Health putting each project out to tender and the winner gets the right to operate the hospital for 25 years after the construction period. The project companies hand back the hospital to the Ministry of Health at the end of the operation period.

There is also a patient guarantee (70%) provided by the state to ensure the project companies have a certain amount of cash flow throughout the lifetime of the project.

All medical doctors and nurses are provided by the state and the clinical and non-clinical services are provided by the project company. Other than constructing the health campus, the project company provides two categories of services, namely P1 and P2 services. Medical services other than clinical support services are provided by the Ministry of Health.

How many more of these campuses do you expect to see, or have we seen the end of the programme?

According to the website of the PPP Department of the Ministry of Health, there are eight more tenders to come.

The government will also be launching a PPP programme for education. There will be school PPPs in the future, and maybe also prison PPPs.

It is not entirely clear when the government will launch these programmes, as they have been in discussion for several years now. The school PPPs were initially planned to have taken place a couple of years ago and there have been no tenders, although it was reported that the Ministry of Education has hired a consultant to launch that programme and has organised a tender for the architectural design of the projects.

> "We need a standardised regulatory framework to make things easily understandable"

Do you expect to see PPPs in any other areas such as energy or road building?

We already see PPPs in the transportation sector. The Osman Gazi Bridge and motorway relies on the PPP programme; the Yavuz Sultan Selim Bridge was also launched under a PPP programme. Recently there was the Çanakkale 1915 Bridge motorway project, which was again tendered out under a PPP programme, and most recently the Ankara-Niğde motorway, where we represented an international bidder, was also tendered under a PPP programme.

The structure is naturally a little different in transportation PPPs. There is a ceiling toll and traffic guarantee provisions which are key provisions in the project agreement. The bidders bid on the operation period and the one offering the shortest operation period wins the tender.

In Turkey, the PPP model was first implemented in the energy sector, through BOTs and BOs. Turkey was relatively successful in implementing a number of BOT and BO projects. However, the crippling financial crisis forced the country to abandon these programmes. Currently, we have a government involved *Yenilenebilir Enerji Kaynak Alanları* [YEKA] [Renewable Energy Resources Zones] tenders which introduces a hybrid programme.

Are energy projects mostly privately financed?

Yes. The market is in the liberalisation process and the private sector has been heavily investing in energy development since 2001 when the licencing regime was put in place.

YEKAs require private funding as well. The bidding in YEKA tenders is based on a ceiling price and the bidder who offers the lowest energy purchase price above that ceiling price wins the tender. In this programme, there is also a manufacturing requirement so the sector player that wants to operate a YEKA project has to cooperate with an equipment manufacturer. An equipment manufacturing facility has to be set up for producing the equipment that will be used in the installation of the project. There are also R&D obligations involving the establishment of an R&D centre and a minimum R&D spending requirement. The manufacturing and R&D requirements are essentially all about technology transfer.

We have seen 1,000MW of solar power plants tendered and there will also be a tender in July for wind. That is going to be based on the same structure.

What challenges have you faced when structuring PPPs?

We were involved in one of the first hospital projects and it was a challenge negotiating with the Ministry of Health to convince them of certain amendments to the project agreement to make the project bankable. However they came around in the end and many projects have now reached financial close.

Secondly, this healthcare PPP programme is implemented in Turkey without a path-finder project. As the system was new, sometimes none of the parties had a clue how some of the mechanisms in the project agreement worked in practice. This was the case particularly for certain services that will be provided by the project company. The international investors who are involved in healthcare PPPs in other jurisdictions were instrumental in overcoming this challenge.

Another thing, in terms of the regulatory aspects of the programme, is that we do not have a system with one reference point to look at; PPP legislation is sector specific. This results in a non-standardised approach in PPP projects implemented by different governmental authorities. Depending on the type of PPP, the government has to implement the whole of a sophisticated project on a very simple legal basis due to the lack of detail in the relevant PPP legislation. I would, of course, prefer if we had a regulatory framework that was tidier but unfortunately we do not.

Is there some sort of legislation the government could introduce to address that problem?

We need a standardised regulatory framework to make things easily understandable. Perhaps the government acknowledges this need as a draft law for PPPs is currently in the works and has been on the agenda for several years now. The Ministry of Development is currently working on this overarching PPP draft law to eliminate the setbacks I mentioned and allow governmental authorities to select the PPP model which best fits their objectives.

How much interest is there in Turkish projects from international investors?

A while ago we had more interest. There were a lot of transactions involving investors from all over the world. I think the interest declined not because we have a poor regulatory framework or laws making it difficult for international investors to come in; I think the decline in interest is mainly due to regional changes. The turmoil in Syria as well as internal economic and political developments in the recent years had a substantial negative impact on foreign direct investment flow. Furthermore, there was the infamous July 15 coup attempt in 2016. All of these actually affect the appeal of the country. As a result of these developments, Turkey experienced a downgrade in its credit rating and that narrows down the list of potential investors who can invest in the country.

> "Turkey in the last couple of years has experienced a lot of ups and downs; I would think no other country could survive the things we saw"

Figures from the Ministry of Economy show there was a 30% drop in FDI in 2016. What impact has that had on your work?

Despite the slow-down in the wider legal market, fortunately, we have not seen a decline in the amount of work we have.

The main difference we observed is the profile of investors has changed. In the past, we saw more US and European in the market and now we are seeing more from the Middle and Far East – Chinese, Japanese and Korean. In addition, the Russia-Ukraine conflict has been a factor in increasing work, having diverted investment from Russia to Turkey.

Interest in Turkey will never die; the only question is how much interest we will have. We have a population of 80 million, who are mostly young, and a lot of infrastructure deficiencies that need to be remedied in the near future.

What have been the biggest challenges over the past year or two in Turkey?

Turkey in the last couple of years has experienced a lot of ups and downs; I would think no other country could survive the things we saw.

One big change was the constitutional referendum on April 16.

Can you briefly outline the changes that have taken place?

Our system has basically changed from a parliamentary system to an executive presidency, with 51.4% of voters approving an 18-article constitutional reform package. These amendments deal with the powers of the executive, legislative, and judicial branches. We still have a parliament, which will continue to be a legislative body that enacts laws, however following this referendum, the president will have additional powers such as appointing ministers and senior judges, preparing the budget, and enacting certain laws by decree.

The number of lawmakers will increase from 550 to 600. Parliamentary elections will be held every five years, instead of the current four and the president will be able to stand for a maximum of two terms.

The role of prime minister has been abolished and cabinet ministers will no longer be connected to the parliament. In the current system, when the elections are held parliament is formed and the political party that wins the majority forms the government, selecting ministers from among the members of parliament.

The majority of the proposed amendments in the 18-article bill are to enter into force on 3 November 2019. However three will be implemented as soon as within 30 days of the referendum, and these relate to the restructuring of the High Council of Judges and Prosecutors, the abolishment of the military courts, and finally, the ability of the president to be a member of a political party and serve as a party leader.

Is there hope this change might bring some stability to Turkey?

Well, although the main opposition party is challenging the results of the referendum before the courts, it appears that we have now left these energy-consuming long discussions of the presidential system behind. One of the main arguments of the pro-presidential system front was that the new system will get rid of having to form coalition governments which are a relative symbol of instability in Turkey. However, the referendum results show that political parties may have to form alliances to successfully elect the president they want.

How do you expect this new government will try and rebuild, get investment back in and get the economy moving again?

I think one of the first things that needs to change is that we have to end the state-of-emergency which is in place. The government recently announced it will be extended for a further three months. Things will clear up a little bit more when that ends.

If the government takes lessons from this referendum then things really may improve and that will certainly have a positive impact on the investment mood. I think things might get better but this will be a slow process unless the structural economic reforms take place soon. The economy is stimulated by public spending and that has to change by turning to private sector investments. Stability concerns are now fading away after the referendum results, and if the government implements these economic reforms, then Turkey may again hit the ground running.

Zeynel Tunç
Partner

Paksoy

About the author

Zeynel Tunç is partner at Paksoy at heads the energy, infrastructure and project finance. He has in-depth experience in energy and infrastructure, working extensively with sponsors, developers, investors and lenders. He also focuses on advising on the regulatory processes, public procurement, privatisation, PPPs, and construction projects.

BOTEZATU & ASOCIAȚII | THE COUNSEL

FORWARD THINKING

9 Gheorghe Moceanu, District 1
Bucharest, 011924
Romania
T: +40 21 260 7855
E: stefan.botezatu@thecounsels.com
www.botezatusiasociatii.com

IFLR1000 ENERGY AND INFRASTRUCTURE HIGHLIGHT DEAL ADVISER 2017

Energy and Infrastructure key contacts:
Managing Partner: Stefan Botezatu, stefan.botezatu@thecounsels.com
Partner: Laura Estrade, laura.estrade@thecounsels.com

Quick facts

- 20 lawyers, all sourced from top international and local law firms, with an impressive track record of achievements in high profile transactions and complex disputes
- Trusted advisors for international groups having a long presence in Romania
- Number of lawyers dedicated to Energy and Infrastructure work: 5 lawyers

Energy and Infrastructure practice overview
We are experts in regulatory matters covering electricity and gas distribution, distribution-ancillary services, supply. We litigate frequently against the National Energy Regulatory Authority on tariffs and compliance matters. We are also involved and successfully represent in niche litigations such as the litigation regarding the exclusivity right granted to concessionaires of electricity distribution services. We advise in sophisticated M&A deals in the energy sector.

Sector expertise
Energy (renewable and traditional energy, generation, distribution and distribution ancillary services, supply); Oil and gas (upstream and downstream); Telecommunications networks; Transport; Utilities (waste and water)

Recent matters advised on

- Advised ***E.ON Romania***, as seller, in the biggest post privatization deal in the energy sector regarding the sale of a minority stake held in its Romanian subsidiary for distribution of electricity and gas;
- Assisted ***E.ON Romania*** on the acquisition of a minority shareholder's stake in E.ON Romania gas and electricity distribution and supply subsidiaries;
- Advised ***Electrica*** (market leader in electricity distribution and supply in Romania) as well as E.ON Romania and other energy suppliers in relation to the Day-Ahead Market (DAM) crisis occurred in February 2017;
- Advised ***E.ON's subsidiary*** for distribution of electricity and gas on complex services and assets concession agreements and regulatory-related issues.

LEROY ȘI ASOCIAȚII

Str. Maior Gh. Șonțu nr. 10-12, Sector 1
011448, Bucharest
Romania
T: +40 21 223 0310
F: +40 21 223 0342
office@leroylaw.ro
www.leroylaw.ro

IFLR1000 ENERGY AND INFRASTRUCTURE HIGHLIGHT DEAL ADVISER 2017

Energy and Infrastructure key contacts
Founding Partner Bruno Leroy, bruno.leroy@leroylaw.ro
Partners
Andreea Toma, andreea.toma@leroylaw.ro
Eleonora Udroiu, eleonora.udroiu@leroylaw.ro

Energy and Infrastructure practice overview
Leroy's Energy and Infrastructure team has been at the forefront of some of the most high profile transactions in Romania.
Leroy provides a full spectrum of legal services, from transactions to regulatory matters, for major companies in the energy sector, being involved in the most important Romanian energy privatisations. We pride ourselves on providing strategic legal advice to leading market players.
The Projects & Infrastructure practice covers all aspects of public projects: preparing award documentations and submitting tenders, drafting and negotiating contract documents, advising on project finance aspects and providing legal assistance during the operation and maintenance phase.

Sector expertise

- **Energy disputes:**
  Assisted ***Engie, CEZ and Wirom*** in their litigation against the national energy regulator.
- **Oil and gas:**
  Advising ***Expert Petroleum*** on all legal matters in connection to the acquisition of the local subsidiary of a leading international service provider to the oil and gas production and processing industry.
- **Transport:**
  Assisted the ***Vinci, Strabag and Aktor consortium*** with the negotiation of a public works concession agreement for construction and operation of Comarnic-Brasov Highway.
- **Utilities:**
  Advised ***Vitalia*** with legal matters concerning the operation of a waste management system in Bistrita Nasaud county and carrying out of waste collection activities.

Kurucesme Mah. Fidan Cikmazi Sok.
No: 14, Besiktas, Istanbul, 34345
Turkey
T: +90 212 299 8181
F: +90 299 8185
info@evglegal.com
www.evglegal.com

IFLR 1000
ENERGY AND INFRASTRUCTURE
HIGHLIGHT DEAL ADVISER
2017

Hasan Okur, Attorney at Law, Partner, hokur@evgelegal.com
Serhat Veyisoglu, Attorney at Law, Partner, sveyisoglu@evglegal.com
Arzu Yılmaz, Attorney at Law, Partner, ayilmaz@evglegal.com

Energy and Infrastructure practice overview

EVG Attorney Partnership has comprehensive experience in a wide range of legal services, mainly specializing in Energy Law, Corporate Law, Contracts Law, Real Estate Law, Banking and Finance Law, and Administration Law representing foreign and domestic clients and governmental institutions in numerous kind of B2B, B2B, G2G, and B2G transactions and participating in their complex projects from the business development phase to the actual closing.

EVG Attorney Partnership, having been an actor in the process management of them, also actively advises and assists its clients in the integration and follow up processes of the projects such as business development projects, mergers and acquisitions, direct investments, joint ventures, partnerships and consortiums, asset sale and/or purchases, project finance, EPC projects, and privatizations.

Sector expertise

Energy, Mining, Oil and gas (upstream/downstream), Social infrastructure, Transport, Automotive, Construction and materials, Food and beverage, Government and public policy, Healthcare, Industrials, Real estate, Shipping, Tourism

Recent matters advised on

- Acting as the local counsel for ***Ministry of Energy and Natural Resources of Turkey*** ("MENR") and BOTAS on the arbitration case against Republic of Iraq (on-going).
- Represented ***MENR*** on the negotiation of the Host Government Agreement for Sinop Nuclear Power Plant, drafting, reviewing and negotiating the agreement and providing legal advisory to MENR on international nuclear regulations.
- Represented ***Agaoglu Construction*** in a 110 million USD real estate transaction.
- Represented ***Nordex SA*** on negotiations of Supply and Installation Agreements and Maintenance and Service Agreements to various wind farm projects in Turkey.
- Represented a ***Turkish energy company*** in sale of Sah WEPP and Mersin WEPP with total capacity of 126 MW.
- Represented an affiliate of ***Agaoglu Energy Group***, for to development and construction of Umutlu HEPP Project.

Ilgar Mehti
Managing Partner

Ekvita - Azerbaijan
T: +994 12 596 0109
ilgar.mehti@ekvita.com
ekvita.com

Biography
Managing Partner of Ekvita, Ilgar has more than 15 years of professional experience in business and legal advisory. After practising law in a major international firm and as in-house counsel of a major multinational energy company, in 2008 Ilgar founded Ekvita.

Ekvita is today a full service legal and tax consulting firm with 25 full time professionals.

Recent matters advised on
- Advised a major foreign energy and oil company on PSA, corporate, procurement, employment and migration issues;
- Advised a major engineering company on legal and taxation issues;
- Advised a major foreign energy company on insurance and legal issues;
- Advised one of the major Korean construction companies in contract law;
- Advised a foreign Pharmaceutical company for the establishment of a major joint-stock company in Azerbaijan;
- Advised foreign energy company involved in the Second Phase of Shah Deniz Project in contract law and Pre-trial dispute settlement.

Sector specialisations
Energy, Oil and gas, Industrials

Practice areas
Corporate and M&A, PPP/PFI

Association memberships
- Founding board member of British Azerbaijan Law Association (BALA)
- Member of Organising Committee of the European Law Firm Management Conference (part of International Bar Association - IBA)

Academic qualifications
- LLB. Baku State University, 2000
- LLM. Baku State University, 2002
- LLM. Degree from Northwestern University Law School, USA, 2013
- Certificate in Business Administration, IE Business School, Spain, 2013
- Certificate in Project Management, Stanford University, USA, 2017

Marko Kallay
Managing Partner

Law Firm Kallay & Partners - Croatia
T: +385 1 4811 959
marko.kallay@kallay-partneri.hr
www.kallay-partneri.hr

Bar admissions:
Croatia

Practice areas:
Banking
Energy and infrastructure
M&A
Project development

Jurisdictions:
Croatia

Industry sectors:
Banking
Real estate

Biography
Marko is founder and Managing partner in Law firm KALLAY&PARTNERS ltd., established 2006. He has more than 16 years of experience in business law, in particular in areas of disputes, resolution, real estate, finance, banking, tenders etc. As an experienced lawyer, he dedicated himself to lead teams of lawyers in most demanding cases.

Recent matters advised on
- Advised on sale of a large non-performing loan portfolios, which includes due diligence of clients non-performing leasing contracts, collaterals, judicial and non-judicial collection proceedings and drafting of transaction agreement;
- Legal support regarding the transfer of business shares to an investment company having its registered seat in Republic of Ireland. This deal is relevant because this was one of the first investments of this company in Croatia and it required an additional knowledge and expertise in adaptation of Irish transactional documents to Croatian regulations;
- Management of a portfolio of existing leasing contracts and providing legal assistance in all matters relating to leasing, acquisition of new clients, realization of contracts, their termination and collection of debt.

Sector specialisations
Banking, Real estate, Energy, Financial services, Government and public policy.

Practice areas
Banking, Capital markets, Financial restructuring, Investment funds, M&A, Project finance, Real estate finance, Restructuring and insolvency

Bar admissions
Croatian Bar Association

Association memberships
Croatian Bar Association
International Bar Association

Academic qualifications
Mag.iur., University of Zagreb, Faculty of law (1998)

Miran Macesic
Partner

Macesic & Partners Law Offices - Croatia

T: +385 51 215 010
mmacesic@macesic.hr
macesic.hr

Biography
Miran Macesic (1981) provides legal services to companies in cases with an international element in the areas of maritime law, commercial law (international trade), energy (oil and gas), transport law, insurance law. In these practice areas he represents clients in litigation, arbitration and other procedures.

He is focused on corporate law and a team leader in more complex cases involving maritime law and energy law. Mentor to junior and senior legal trainees.

Recent matters advised on
- Advised a major international investment Bank and their clients on the Krk LNG Project regarding investment returns protection;
- Advised oil commodity trader on local issues;
- Advised major international commodity trader regarding seized goods by the port/storage operator value of 1,5 mio EUR;
- Advised a vertically integrated oil and gas company on Oil and Gas tenders for the exploration and exploitation of oil and gas in the Adriatic.

Sector specialisation
- Insurance
- Mining
- Oil and gas
- Shipping
- Transport

Practice areas
- Structured finance/securitisation
- Project development
- Project finance
- Restructuring and insolvency
- Securitisation

Bar admissions
Croatian Bar in 2011

Association memberships
IBA, Croatian Maritime Law Association

Academic qualifications
- IB – Leysin American School, Switzerland (1999)
- Certificate "Contemporary European Studies", Syracuse University, internship European Court of Human Rights (2000)
- Degree in International Relations, Syracuse University, USA (2002) Graduated at Faculty of Law University of Rijeka (2008)
- Bar exam (2011)
- Croatian Bar (2011)

Languages
English, Italian, French

Ivana Manovelo
Partner

Macesic & Partners Law Offices - Croatia

T: +385 51 215 010
E: manovelo@macesic.hr
macesic.hr

Biography
Ivana specializes in corporate/commercial and banking and finance law. Team leader in complex M&A and cross-border financing projects. Advises leading foreign and domestic financial institutions, multinational companies and foreign investors.

Ivana is the Court Interpreter for English. She is a regular contributor to a number of publications: International Law Office – Energy and Natural Resources Newsletter, International Financial Law Review, Getting the Deal Through, Lawyer Monthly Magazine and The Lawyer.

Winner of Client Choice Award 2016.

Recent matters advised on
- Advised multinational agriculture company in corporate restructuring process in Croatia;
- Assisted Istrabenz Turizem d.d. Slovenia in sale of 100% shares in Grand Hotel Adriatic d.d. Opatija;
- Assisted foreign financial institution in setting up a joint stock company in Croatia and starting payment services business;
- Regularly advises a number of multinational companies on stock options and related tax matters.

Sector specialisations
Banking, Energy, Financial services, Real estate, Tourism

Practice areas
Banking, M&A, Project finance, Restructuring and insolvency

Bar admissions
Croatian Bar Association, International Bar Association

Association memberships
ADVOC

Academic qualifications
Mag.iur., University of Rijeka, Faculty of Law (2006)

Languages
English, Italian

Bruno Leroy
Partner

Leroy & Asociaţii - Romania
T: +40 21 223 0310
bruno.leroy@leroylaw.ro
www.leroylaw.ro

Biography
Bruno specialises in foreign investment, infrastructure, M&A, energy, privatisations and PPP, developing particular expertise in advising major industrial groups and services companies throughout their participation to public tender processes and setting up PPP's in various sectors.
Advising several European groups on the privatisation of public companies operating in electricity generation, natural gas and electricity distribution and providing legal advice to energy companies in numerous regulatory matters.

Recent matters advised on
- Advising a consortium of major European construction groups in the winning bid for Comarnic-Braşov Motorway (design, financing, building, operation and maintenance);
- Advising a French energy group on antitrust issues involving two cooperative joint-ventures controlled with an undertaking operating in the energy sector;
- Advising a global energy player in a complex case against National Energy Regulatory Authority, regarding the setting of regulated supply prices for natural gas (ground breaking litigation and standout case in the Romanian legal history).

Sector specialisations
Banking, Consumer goods and services, Energy, Financial services, Forestry, Industrials, Insurance, Real estate

Practice areas
Competition, M&A, Private equity, Real estate funds

Bar admissions
- Paris Bar Association (1995)
- Bucharest Bar Association (2002)

Association memberships
International Bar Association

Academic qualifications
- ESCP, Masters in International Business Law, Paris Graduate School of Management. (1994)
- Masters in Business Law , Faculty of Law, Paris V (1991)
- Masters in Private Law, Paris V (1990)

Andreea Toma
Partner

Leroy & Asociaţii - Romania
T: +40 21 223 0310
andreea.toma@leroylaw.ro
www.leroylaw.ro

Biography
With over 16 years of experience in M&A, banking, finance, projects and infrastructure, Andreea acted for sellers and purchasers on various domestic and cross-border transactions and advised IFIs, commercial banks and financial institutions on debt and equity deals.
She assisted sponsors on pilot concessions and PPP projects in Romania.

Recent matters advised on
- Advising a major player in the Romanian upstream oil and gas sector regarding the public procurement procedures organised by the largest oil and gas producer in SEE for awarding a production enhancement services agreement;
- Advising a consortium of major European construction groups in the winning bid for Comarnic-Braşov Motorway (design, financing, building, operation and maintenance);
- Advising two leading Romanian banks on a €100 million financing for the development and modernisation of Henri Coandă Bucharest International Airport.

Sector specialisations
Energy, Oil and Gas, Social infrastructure, Transport, Utilities, Construction and materials, Healthcare, Industrials, Natural Resources.

Practice areas
Banking, Capital markets: Derivatives & Equity, Structured finance/Securitisation, Financial restructuring, Financial services regulatory,M&A, PPP/PFI, Private equity/Funds, Project/Real estate finance

Bar admissions
Bucharest Bar (2002)

Association memberships
- Bucharest Bar Association
- International Bar Association

Academic qualifications
- LLM International Business Law – Central European University Budapest (registered with the Board of Regents, University of the State of New York) (2000)
- Law degree, University of Bucharest (1999)

Vladimir Lipavsky
Managing Partner
Ost Legal - Russia
lipavsky@ostlegal.ru
www.ostlegal.ru
LinkedIn

Biography
Vladimir Lipavsky is Managing Partner of OST Legal and has worked on more than 50 largest projects in the fields of power industry, oil and gas processing, petrochemistry, microelectronics, civil construction. Mr Lipavsky has more than 15 years of experience in representing cients in the energy and infrastructure sectors.

Recent matters advised on
- Advised ***Nizhny Novgorod Engineering Company Atomenergoproekt*** on negotiating the terms of a €12.5 billion deal which will see the expansion of Hungary's sole nuclear power plant MVM Paks. The project sees Russia provide €10 billion in financing and its state-controlled nuclear power plant developer, (NIAEP-ASE), awarded the EPC contract;
- Advised ***M+W Germany GMBH*** (an international contractor with headquarters in Germany) on court proceedings on the customer's claim for penalty on the basis of the EPC(M) contract;
- Represented ***CJSC Nizhnevartovskaya GRES*** in the claim to the contractor for application of the responsibility measures provided by the EPC contract in the arbitration court for resolution of economic disputes at the Chamber of Commerce and Industry of the Russian Federation.

Sector specialisation
- Construction and materials
- Energy
- Financial services
- Mining
- Oil and gas
- Pharma and life sciences
- Real estate

Gözde Çankaya
Counsel
Yegin Ciftci - Turkey
T: +90 212 339 0002
gozde.cankaya@yeginciftci.av.tr
www.yeginciftci.av.tr
LinkedIn

Biography
Gözde Çankaya has a wide range of expertise from energy, acquisition, real estate, leveraged buy-out financings to project financings in particular for landmark Turkish infrastructure investments. Gözde's in-depth regulatory knowledge and understanding of financing requirements led her to act as the lead lawyer on several privatisation transactions.

Recent matters advised on
- The finance parties in the privatisation of Turkey's state-owned oil and gas firm Turkiye Petrolleri Petrol Dagitim (TPPD);
- HSBC in connection with the financing of Elazıg integrated health campus using the first ever greenfield project bond structure in the Turkish PPP market;
- A consortium in connection with the tenders for the financing, design, construction, maintenance, repair, operation and transfer of Kurtköy-Akyazı and Kınalı-Odayeri sections of the Northern Marmara Motorway Project (European and Asian Sections of the Northern Marmara Motorway);
- A consortium in connection with the privatisation of 8 motorways and the Bosphorus bridges together with their connection roads and additional facilities;
- The lenders in relation to the financing of the design, construction, maintenance, repair, operation and transfer of the Gebze–Orhangazi–İzmir Motorway (including the İzmit Gulf Crossing and access roads);
- The finance parties in connection with the Bilkent Ankara Integrated Health Campus PPP.
- The sponsor and project company in the implementation and financing of the Turkish Public Health Agency and the Turkish Pharmaceutical and Medical Devices Agency PPP Project.

Sector specialisations
Energy, Mining, Oil and gas, Social infrastructure, Healthcare, Transport, Utilities, Natural resources

Practice areas
Project finance, Banking and finance, PPP/PFI, Financial restructuring

Bar admissions
Istanbul Bar, 2003

Academic qualifications
LL.M., University of Essex, Department of Law, 2002
LL.B., Ankara University, Faculty of Law, 2000

Central and Eastern Europe

Austria

Recent project development activity in Austria has, for the most part, been a mix of smaller social infrastructure projects and larger cross-border EU transport projects. The domestic projects are in formative stages of development and the regional projects are in construction.

Domestically Vienna is undertaking a programme of social infrastructure development. The city is renovating its waste-to-energy treatment plant, extending the metro, and, building new schools and hospitals using the PPP (public-private partnership) model. In Lower Austria, tenders to develop four by-passes have been awarded by the provincial government.

The transport projects are three EU funded tunnel projects forming part of the Trans-European Rail Network, which are aimed at improving European interconnectivity and easing congestion on Austria's roads. The Brenner Base Tunnel, which is set to be the longest underground rail connection in the world when it is complete should open in 2025, Koralm is scheduled to be operational 2023 and Semmering by 2026.

Czech Republic

What new projects there are in the Czech Republic are mostly in the formative stages of development, with proposals to improve the country's transport network and energy production and transmission infrastructure. Starting with new public infrastructure, roads have been one of busier areas as the government attempts to complete several protracted projects. Transport development has been a contentious area in Czech Republic in recent years with a number of high profile projects – the Blanka Tunnel in Prague, being one – delayed or running over budget, and parties in some cases accused of corruption in the award of contracts and misuse of public funds.

One Czech road which appears to be closer to completion is the R4 Expressway (D4 motorway), a partially built, partially operational 84km highway. Having cancelled the previous tender to construct the final stretch of the road, the Ministry of Transport recently called for new bids for the contract using a public-private partnership (PPP) model. The contract covers the construction and operation for a term of up to 30 years of a 32km section of the road between Pribram and Pisek in South Bohemia on a DBFOM (design-build-finance-operate-maintain) basis.

If successful the R4 PPP project would be the first section of Czech road constructed using a concession model. In the past the country has used EU grants, which prohibit the use of PPP concessions, to help finance large-scale road construction, but as the R4 is not deemed a priority for the EU as a bloc, the project is not eligible for funding.

An extension of the country's main motorway, the D1, may also begin imminently. Ředitelství silnic a dálnic, the Czech Republic's road agency, has tendered a €255 million contract for a new 10km section between Prerov with Rikovice and reportedly received 10 bids. Other contracts to expand the D1 are expected later in 2017.

The Czech Republic needs additional energy infrastructure to increase its domestic capacity to produce electricity and there are new projects under discussion.

As an EU member state, the Czech Republic has made commitments to cut its carbon emissions, which the government proposes to do by replacing power produced from burning coal with more nuclear energy. The country's largest utility ČEZ, which is majority-owned by the state, has been exploring ways to increase domestic production for several years, and would like to expand its existing power plants. ČEZ has been close to investing in adding a new unit to its Temlin plant but the government's refusal to guarantee a fixed tariff ¬– it says tariffs are a form of subsidy, which it is against – for the energy the reactors would produce saw ČEZ cancel the tender in 2014.

Despite the impasse with the government over tariffs, ČEZ looks likely to add to its nuclear capacity in the near future. The expansion of the country's other plant, Dukovany, has priority over Temlin and ČEZ submitted an application for an environmental impact assessment to the Ministry of Energy in 2016. Additionally, Russia's national nuclear power developer, Rostatom, has bid for the contract to develop the new units.

Another, more advanced, energy project is the Stork II interconnector, a proposed cross-border pipeline that will increase gas transmission capacity between Czech Republic and Poland. Feasibility studies have been undertaken and the project has been awarded EU funding as it fits with the bloc's objectives of reducing the region's dependence on Russian gas.

Hungary

Two large energy and transport projects are close to reaching the construction phase in Hungary. Both rely predominantly on foreign government funding and both are controversial.

In value the most significant of these projects is the €12 billion expansion of the Hungary's sole nuclear power plant, MVM Paks. Paks II, as the project's been dubbed, concerns the addition of two reactors (units 5 and 6), which will increase the plants overall capacity by 2,400MW. Russia is providing €10 billion in financing (around 80% of the overall cost), and Rostaom, Russia's nuclear power plant developer, has been awarded the contract to build the new units.

Paks II has not been without its detractors. The European Commission investigated Hungary's financial support of the project over whether it contravenes EU state aid rules, and lobbying by green groups Greenpeace Hungary and Energiaklub saw the award of its environmental licence reviewed. Until recently it was uncertain the project would progress.

In March 2017, the European Union (EU) ruled Hungary's state aid to the project was permissible as the terms of the loan were more competitive than commercial alternatives. The following month the appeal against the award of the project's environmental licence was unsuccessful. If Paks II stays on schedule, construction of the new units will begin in 2018 and both will be completed by 2026

Despite Paks II passing the necessary regulatory hurdles, a pervading sense of unease about Hungary's rationale for undertaking the project persists. Purportedly adding additional nuclear capacity will lessen the country's dependence on Russian energy imports, simultaneously reducing the Kremlin's political sway in Budapest. From the deal for the project, however, Russia is set to gain an interest in the Hungary's only nuclear power plant, which produces around 50% of the electricity the country consumes.

In the transport sector, the headline project in Hungary is a 350km high-speed railway between Budapest and Serbia's capital, Belgrade, which will allow trains to travel at 200km an hour. China is financing the $2.89 billion project under its 'One Belt, One Road' project, a $900 billion programme to improve trade between Asia, Central Asia, Europe and Africa by building transport and transmission infrastructure connecting the regions. A consortium of China's national railway company, CRG's China Railway International Group, and the Máv (Hungarian State Railways) will build the 160km Hungarian section of Budapest – Belgrade railway if the deal is approved. Like Paks II, the railway has come under scrutiny of the EU.

The European Commission is investigating whether Hungary, as a member state, adhered to its rules on undertaking public tenders for large infrastructure projects in the award of contracts for the Budapest – Belgrade railway. If the EU finds Hungary infringed the bloc's laws, the contracts can be cancelled or the parties fined. No date has been set for a decision in the investigation.

Looking at energy project development in Hungary more broadly, the state has made regulatory changes to incentivise the development of new renewable energy projects. As a consequence of the country's ascension to the EU it committed to increasing the ratio of renewables in the country's overall energy mix to 14.65% by 2020. Well behind target, Hungary has amended its feed-in tariff (FiT) regime in an attempt to further incentivise project development. The new FiT regime, enacted in January 2017, is more nuanced than the previous system, offering different incentives depending on various factors, including the size and type of the power plant. In addition to the regulatory changes, Hungary is also offering cheap finance for renewable projects. The Hungarian Development Bank has launched a €350 million subsidised loan program for clean energy projects, which includes interest-free loans for photovoltaic projects of up to 0.5MW.

Elsewhere in the transport sector, a protracted Hungarian road project moved closer to being realised. The M4 motorway, a proposed 30km road linking Budapest with Romania, was put on hold in 2015 after the European Commission withdrew funding, suspecting cartel activity between contractors. In 2017 a €169 million contract for the project was retendered and bids have been received from various European developers.

Poland

Poland has found itself in opposition to the EU in recent years with regards to its carbon emissions. States within the union are committed to targets for renewable energy production, with Poland's originally being set at 15% by 2020, however the country's coal sector presents a big obstacle to achieving this.

Poland's commitment to coal is driven by the fact that the industry is a significant employer in the country with over 100,000 jobs reliant on it and over 80% of the country's electricity generated by it. Poland is Europe's second largest coal miner behind Germany. Breaking up such an industry, which is also backed by powerful unions, and finding the funding to support the vast number of renewable projects needed to fill the gap created by coal plant decommissioning, is a significant challenge and one Polish politicians have been loath to tackle in any significant manner despite increasing pressure and fines from the European Commission.

The situation has been exacerbated by the ruling Law and Justice (PiS) party who not only have significant backing from the coal unions but have taken a noticeably aggressive stance towards the renewables industry, particularly wind farms, over the last year. In June 2016 a new bill was introduced which placed significant barriers to the construction of new wind farms. The most significant change forces developers to build new plants a significant distance from any residential properties and "valuable natural areas", drastically reducing the number of sites available. While the legislation does exclude developments with a capacity of 40kw or less, this is little consolation to larger developers who had been previously been the most active players in the market.

In an attempt to break the deadlock with the EU, in April 2017 the government suggested a commitment to build a new nuclear power plant could be used in EU negotiations to buy time to move the country away from coal. How successful this will be is yet to be seen.

Whatever stance one takes, the challenges are clear for all to see. The country's coal resources are dwindling and the industry itself has been frequently branded uneconomical and continues to shed workers year on year. Finding funding for proposed new developments, such as the expansion of the Opole plant, has become a challenge as banks and funds shy away from coal, and the conflict with the EU eats up valuable time and resources. In an attempt to break this deadlock with the EU, in April 2017 the government suggested a commitment to build a new nuclear power plant could be used in negotiations to buy time to move the country away from coal. How successful this will be is yet to be seen.

A more positive message has emerged in regards to geothermal. In May 2017, Poland's environment minister highlighted the sector as one of significant potential, notably highlighting its reliability compared to solar and wind. The country has confirmed resources in the west near Szczecin and in the south in Silesia, and while concrete plans do not yet exist, government support suggests that of all the renewable sources it is the one most likely to be supported.

In the natural gas sector, the country is now playing a vital part in the EU's wider strategy to reduce Europe's reliance on Russia. The new LNG terminal at Świnoujście allows gas to be imported from other sources like Qatar and discussions have also been had with the US and Algeria. As well as providing for Poland's needs, the terminal also provides another energy source for neighbouring states and is tied in to the construction of cross border interconnectors across the continent.

In the transport space, plans were announced in 2016 for the construction of 330km of new highways backed by funding from the European Commission's European Regional Development Fund (ERDF). In rail, notable developments include the China-Europe rail freight agreement, which is part of China's 'one belt one road' policy to improve infrastructure allowing goods from China to reach Europe more efficiently. The country is also proceeding with the Rail Baltica project, for the construction of a rail link connecting Poland, the Baltic States and Finland.

Slovak Republic

The Slovak Republic's position at the heart of Europe means that is a key state when it comes to the EU policy of energy independence. Two key gas pipeline projects, part of a border north-south link, connect the country with its neighbours: the 164km Slovak-Polish gas pipeline, a 164km link to Poland's Świnoujście LNG terminal; and Eastring, a pipeline running from the Slovak Republic through Hungary onto Romania and Bulgaria. The initiatives are considered vital in providing the country with alternatives to the gas delivered from Russia through the Ukraine.

A potentially significant change to the country's energy policy came in May 2017 when the government announced that it would be forming a new holding company to manage the states shareholdings in key energy companies and potentially acquire new stakes in companies in the future. As it stands the state owns stakes in companies such as electricity provider Slovenske Elektrarne and gas supplier SPP.

The most significant transport project in the country by far is the D4/R7 highway PPP, which combines the construction of the D4 Highway, part of Europe's Ten-T network, and the R7 Expressway around Bratislava. The project is a rare example of a Slovak infrastructure project enacted using the PPP model.

Turkey

Having experienced months of political deadlock following an indecisive election and the economic impact of Russian sanctions following the downing of a jet in Syria, some may have felt 2015 was as bad as it could get for Turkey's beleaguered economy. How wrong they were.

A spate of deadly terrorist attacks throughout 2016 and ongoing military operations both internally and along the Syrian border have had a major impact on tourism. On top of security issues, political instability also had a major impact on investor confidence last year. The failed coup d'état of July 15 and subsequent government crackdown has had a seismic effect on the country's administration.

Such upheaval unsurprisingly had a marked economic impact. The remainder of the year saw a downturn and the contraction of GDP for the first time in seven years in Q3 2016, with saw a drop of 2.7%. The concurrent collapse of the lira to record lows – it even fell against the pound during the British currency's own slump following the Brexit vote – left the country in deep economic turmoil by the end of the year.

Foreign direct investment (FDI) dropped by 30% from 2015 levels, with industrial investment sinking by more than 53% and manufacturing suffering an almost 60% decline.

As the situation calmed down, however, and following an April 2017 referendum that will abolish parliament and strengthen the office of the president, there have been some green shoots of recovery. Consumer confidence is recovering and the normalisation of relations with Russia saw a 40.9% increase in exports to the country in Q1 2017 and an 11.5% increase in imports. A planned sovereign wealth fund promises to relieve banks of debt provided for projects such as the third Bosphorus bridge and third Istanbul airport. It is hoped this should free up banks to invest in smaller, energy and infrastructure projects.

Project work generally, especially that being undertaken on a public-private partnership (PPP) basis, has been largely unaffected by the turmoil in the economy. The Ministry of Health's $10 billion plan to deliver twenty-nine new health campuses with 41,000 new beds has continued unabated, while similar plans for the education and prison sectors are expected to see some movement in 2017.

In the energy space, the country's insatiable appetite for new generation is also driving developments. Since 2008 it has jumped from 14th to seventh in the global rankings of geothermal energy providers, with 858MW of installed capacity and more planned and in development, which surpasses nations such as New Zealand and Italy. The Regulation on Resource Areas for Renewable Energy legislation passed in October 2016 sets out the framework for large-scale renewable projects, and how they will be made available to investors. The first example of it being implemented, the Karapınar Resource Area – a solar park with an allocated capacity of 1,000MW, has secured a $1.3 billion investment from a Turkish-Korean consortium while the Ministry of Energy and Natural Resources expects to raise more than $1.2 billion from a similar wind power scheme. Hydro power is also seeing a recovery in interest following several difficult years.

Beyond renewable energy, the country's nuclear plans continue to move forward, with the first plant at Sinop expected to begin construction shortly and subsequent sites at Akkuyu and İğneada moving ahead in their respective planning stages. The Trans-Anatolian Natural Gas Pipeline and TurkStream projects also continue their progress, which should ensure Turkey's position as a hub for European gas distribution for many years to come.

DEAL DATA

The deals that matter. The lawyers that led them.

Below is a selection of energy and infrastructure deals taken from IFLR1000 Deal Data.

For more information and to browse the full database for the EMEA region please visit: http://www.iflr1000.com/Search/Deals

Allianz and Snam €601 million acquisition of 49% in Gas Connect Austria

Jurisdiction:

Austria, Italy

Industry sector:

Oil and gas

Deal type:

Private acquisition

Firms:

Allen & Overy
Party: Erste Group Bank (Lead arranger); KfW IPEX-Bank (Lender); Unicredit (Lender); BNP Paribas Fortis (Lender)

Binder Grösswang
Party: Snam (Acquirer)

Bonelli Erede Pappalardo
Party: Snam (Acquirer)

CHSH Cerha Hempel Spiegelfeld Hlawati
Party: OMV (Seller)

PHH Prochaska Havranek
Party: Erste Group Bank (Lead arranger); KfW IPEX-Bank (Lender); Unicredit (Lender)

Starlinger Mayer
Party: Allianz (Acquirer)

Wolf Theiss
Party: Allianz (Acquirer)

Overview:

- A consortium of Allianz and Snam acquired 49% in Gas Connect Austria for €601 million from OMV as the Austrian oil and gas group sought to raise cash to offset reduced profits caused by the low oil price.
- GCA controls 900km of gas pipelines in Central Europe, which supply Austria, Croatia, France, Germany, Hungary, and Slovenia.
- The buyers used an acquisition vehicle to complete the purchase, of which German insurer Allianz holds 60% and state-controlled Italian gas infrastructure company, Snam, holds 40%.
- The consortium secured €310 million in non-recourse financing from a pool of international banks to partially fund the acquisition.
- GCA was sold through a competitive auction process which began early in 2016.
- Other bidders reputedly included EPH, a Czech energy investor, and Australian mining company, Macquarie.
- Rothschild and Unicredit were financial advisers to the buyers.

Brenner Base Tunnel

Jurisdictions:

Austria; Italy

Deal type:

Project development

Industry sector:

Transport

Firms:

CMS Reich-Rohrwig Hainz
Party: Galleria di Base del Brennero – Brenner Basistunnel BBT (Project developer, Sponsor)

Overview:

- Brenner Base Tunnel (BBT) is a 55km railway tunnel being built under the Alps between Innsbruck in Austria and Fortezza in Italy.
- BBT will replace continental Europe's oldest rail route, the 140 year old Brenner railway which traverses the Alps.
- When complete, BBT will connect with the Innsbruk Bypass creating a 64km stretch of railway tunnel which will be the longest underground rail route in the world.
- Through company Galleria di Base del Brennero – Brenner Basistunnel BBT, the governments of Austria and Italy own equal shares in the project.
- The European Union is contributing to the financing of the tunnel, providing 50% of exploratory tunnel costs (around €303 million) and 40% of the costs of developing the main tunnel tubes (around €880 million).
- Austria and Italy will cover additional costs of the developing the tunnel – around 60% of the total – between them.
- The tunnel will form part of the European Commission's Scandinavian-Mediterranean Core Network Corridor, extending from Finland to Malta, an infrastructure programme designed to improve transport links between the two regions.
- In part, the tunnel is being developed is to ease HGV congestion on a bottle-necked roads in Austria by offering an alternative route for freight currently transported on trucks.
- BBT will also provide a more time-efficient route of travel through the Alps than the current railway, expediting the journey time between Innsbruck and Fortezza from 80 minutes to 25.
- The tunnel is scheduled for completion in 2025.

OMV takeover of Econgas

Jurisdiction:
Austria
Deal type:
Private acquisition
Industry sector:
Energy
Firms:
Barnert Egermann Illigasch
Party: EVN (Seller); Wien Energie (Seller); Energie Burgenland (Seller)
Fellner Wratzfeld & Partner
Party: OMV (Acquirer)
Haslinger Nagele & Partner
Party: Econgas (Target)

Overview:
- Austrian oil and gas group, OMV, bought out its partners in Austrian joint venture Econgas, a European gas wholesaler and trader, for an undisclosed fee.
- Prior to the buy-out, Econgas was owned by OMV (64.25%), EVN (16.51%), Wien Energie (16.51%) and Energie Burgenland (2.73%).

Semmering Base Tunnel

Jurisdiction:
Austria
Deal type:
Project development
Industry sector:
Transport
Firms:
CMS Reich-Rohrwig Hainz
Party: Implenia (Project developer)
Fellner Wratzfeld & Partner
Party: ÖBB-Infrastruktur (Project developer)

Overview:
- The Semmering Base Tunnel is a 27.3km twin tube railway tunnel linking Gloggnitz and Mürzzuschlag, forming part of Baltic-Adriatic railway corridor.
- The project is being developed by ÖBB-Infrastruktur, Austria's federal railway operator.
- ÖBB has sub-contracted construction work for Semmering to a consortium of Implenia and Swietelsky, with contracts also awarded to Amberg Engineering and Strabag.
- Implenia and Swietelsky were awarded the €623 million contract for construction of a 13km section of the tunnel.
- Amberg Engineering and Strabag have been contracted to work on drilling and excavation.
- The tunnel will replace the Semmering railway, a Unesco World Heritage Site completed in 1854 and one of the most-used rail routes in Austria.
- Semmering is being developed with the intention of expediting travel between Vienna and Graz and reducing the amount of goods transported on HGVs in Lower Austria by offering an alternative route for freight.
- Construction work began in 2014 and is scheduled to be completed in 2024.

China CEE Investment Co-operation Fund investment in Energy 21

Jurisdictions:
China; Czech Republic; United Kingdom
Deal type:
Private acquisition
Industry sector:
Energy
Firms:
CMS Cameron McKenna Nabarro Olswang
Party: Energy 21 (Target)
Squire Patton Boggs
Party: China CEE Investment Co-operation Fund (Acquirer)
White & Case
Party: Mid Europa Partners (Shareholder)

Overview:
- China CEE Investment Co-operation Fund invested in Energy 21.
- Energy 21, which is backed by private-equity company Mid Europa Partners, is the largest Czech-based independent operator of photovoltaic power plants in CEE (Central and Eastern Europe).
- The China CEE Fund is a partnership between China Exim Bank and institutional investors in the CEE region.

Stork II gas interconnector

Jurisdictions:
Czech Republic Poland
Deal type:
Project development
Industry sector:
Oil and gas
Firms:
Kinstellar
Party: Net4Gas (Sponsor)
Sołtysiński Kawecki & Szlęzak
Party: Net4Gas (Sponsor)

Overview:
- Stork II is a project to develop a pipeline that will connect Czech Republic's gas network with the Swinoujscie LNG terminal in Poland.
- The pipeline is epxected to have a capacity of 5 billion cubic metres annually.
- Czech Republic and Poland's gas pipeline operators – Net4Gas and Gaz-System respectively – are sponsoring the project.
- The interconnector forms part of the EU's plans to create a North-South gas corridor in Central and Eastern Europe (CEE) to improve energy security for countries in the region.
- The protracted project has experienced delays but negotiations concerning financing have taken place.
- The pipeline is targeted to be operational by 2020.

Budapest – Belgrade high-speed railway

Jurisdictions:
China; Hungary; Serbia
Deal type:
Project development
Industry sector:
Transport
Firms:
Hegymegi-Barakonyi Baker McKenzie
Party: China Railway International Co (Sponsor, Project developer); China Railway International Group Co (Sponsor, Project developer)
Sárhegyi & Partners
Party: Hungarian State Railways (Magyar Államvasutak / MÁV) (Sponsor)

Overview:
- The governments of Hungary and Serbia have agreed a deal with China for it to develop and finance the construction of a high-speed railway between the capitals of the two Central Eastern European countries.
- Trains will be able to travel at 200km per hour on the planned 350km electrified line, which should cut the journey time between Budapest and Belgrade from around nine hours to under two.
- The railway forms part of China's 'One belt, one road' strategy, launched in 2013, to improve trade routes between Asia and Europe.
- Chinese state-controlled companies China Railway International Co and China Railway International Group have entered into a joint venture with Hungary's national rail operator MÁV in relation to the $1.89 billion Hungarian section of the project.
- The EU is investigating whether member state Hungary complied with the trading bloc's public procurement laws in awarding the Chinese companies the construction contracts for the railway.

Budapest Metro Line M3 reconstruction

Jurisdiction:
Hungary
Deal types:
Project development; Project finance
Industry sector:
Transport
Firms:
HP Legal Hajdu & Partner Law Office
Party: OTP Bank (Lender); Erste Group Bank (Lender); MKB Bank (Lender); Unicredit (Lender); K&H Bank (Lender)

Overview:
- The project is a restoration of the metro line that runs North-South through the city, including reconstructing the architecture and overhauling the rolling stock.
- The reconstruction project was scheduled in February 2016 and is due to be completed in 2019.
- OTP Bank, Erste Bank, K&H Bank, MKB Bank, Bayerische Landesbank and UniCredit provided €200 million in financing for the project.

City of Budapest transit automated fare system

Jurisdiction:
Hungary
Deal types:
Project development; Project finance
Industry sector:
Transport
Firms:
CHSH Dezsö & Partners
Party: Budapest Transport Organization Company (BKK) (Borrower)
Szecskay Attorneys At Law
Party: European Bank for Reconstruction and Development (Lender)

Overview:
- Budapest Transport Organization Company (BKK) has taken out €57 million in financing to develop an automated fare collection system for public transport in Budapest.
- The European Bank for Reconstruction and Development (EBRD) acted as lender.

Baltic Gas Project

Jurisdiction:
Poland
Deal type:
Project development
Industry sector:
Oil and gas
Firm:
CMS Cameron McKenna Nabarro Olswang Greszta & Sawicki
Party: CalEnergy Resources Poland (Project developer, Joint venture partner)

Overview:
- The project is being developed by a joint venture (Baltic Gas) made up of LOTOS Petrobaltic and CalEnergy Resources Poland.
- The project consists of subsea pipelines and infrastructure relating to the exploitation of the B4 and B6 offshore fields.
- The project also includes the construction of a gas treatment plant next to an existing power plant at Władysławowo.

Banie 192MW wind farm

Jurisdiction:
Poland
Deal type:
Project development
Industry sector:
Energy
Firm:
WKB Wierciński Kwieciński Baehr
Party: Energix (Project developer)

Overview:
- The project consists of a wind farm constructed in three phases in Banie in Northwest Poland.
- Phase A, completed in December 2015, has 25 turbines with a combined capacity of 50MW.
- Phase B, completed in June 2016, has 28 turbines with a combined capacity of 56MW.
- The proposed Phase C will have a capacity of 84MW.
- Energix Renewable Energies acquired the project in March 2015 and has been the main developer since that point working through project company Wiatromill.
- The European Bank for Reconstruction and Development (EBRD) has provided Zl277 million in financing to support Phases A and B.
- Energix refinanced Phases A and B of the project in May 2016.

E75 Rail Baltica Warsaw-Białystok railway

Jurisdiction:
Poland
Deal type:
Project development
Industry sector:
Transport
Firm:
Wardyński & Partners
Party: PKP Polskie Linie Kolejowe (Project developer)

Overview:
- The project is part of the wider Rail Baltica project which will link Finland, the Baltic states and Poland with a standard gauge railway.
- The European Investment Bank (EIB) has lent €175 million to the Polish rail company PKP Polskie Linie Kolejowe for the modernisation of 100km of the line.
- Modernisation will allow trains to run at 160km/h on the line between Warsaw and Białystok.
- Rail Baltica I consists of the Poland and Lithuanian sections up to Kaunas, with Rail Baltica II running from Kaunas to Latvia and Estonia.

Enea acquisition of ENGIE Energia Polska (Polaniec power plant)

Jurisdiction:
Poland
Deal type:
Public acquisition
Industry sector:
Energy
Firms:
Allen & Overy A Pędzich
Party: ENGIE (Seller)
Dentons Europe Oleszczuk
Party: Enea Group (Acquirer)

Overview:
- Enea Group has acquired ENGIE Energia Polska, the owner of the Połaniec Power Plant, from ENGIE International Holdings.
- The deal has an enterprise value of Zl1.073 billion.
- The Połaniec Power Plant has a 1.9GW capacity including a 205MW biomass power unit and has recently undergone a Zl1 billion modernisation programme.
- ENGIE is a French energy company.
- Enea is a partly state owned Polish energy company based in Poznan.

Gdańsk Deepwater Container Terminal 2

Jurisdiction:
Poland
Deal types:
Project developmen; Project finance
Industry sectors:
Logistics, Shipping
Firm:
Allen & Overy A Pędzich
Party: BNP Paribas Fortis (Lender); Bank BGŻ BNP Paribas (Lender); Bank Gospodarstwa Krajowego (Lender); European Bank for Reconstruction and Development (EBRD) (Lender); mBank (Lender); Bank Pekao (Lender); Powszechna Kasa Oszczednosci Bank Polski (PKO Bank Polski) (Lender); Powszechny Zakład Ubezpieczeń (PZU) (Lender)

Overview:
- The project involves the construction of the second terminal at Deepwater Container Terminal (DCT) Gdańsk.
- The new quay is 650m long and 17m deep and increases DCT's annual handling capacity to 3 million TEU (twenty-foot equivalent unit).
- The new terminal will allow the port to accommodate container vessels with a capacity exceeding 18,000 TEU.
- DCT is Poland's only deep sea terminal and the expansion makes the port the largest in the Baltic region.
- CH2M is providing contract engineer services on the project. Belgian construction firm BESIX won the concession to construct the new terminal.
- BNP Paribas Fortis, Bank BGŻ BNP Paribas, Bank Gospodarstwa Krajowego, the European Bank for Reconstruction and Development (EBRD), mBank, Bank Pekao, PKO Bank Polski and PZU provided financing for the project.

Gdańsk oil refinery expansion

Jurisdiction:
Poland
Deal types:
Project development; Project finance
Industry sector:
Oil and gas
Firms:
Allen & Overy A Pędzich
Party: Lotos Group (Borrower); Lotos Asfalt (Borrower)
Clifford Chance Janicka Krużewski Namiotkiewicz
Party: Bank Millennium (Lender); Bank Zachodni (Lender); Société Générale (Lender); PZU (Lender); Bank Gospodarstwa Krajowego (Lender); Bank Pekao (Lender); PKO BP (Lender)

Overview:
- Lotos Group—a vertically integrated oil company—is developing EFRA – the Effective Refining Project, designed to maximise the volumes and quality of products obtained from each oil barrel at the Gdańsk refinery.
- Lotos Asfalt, a large producer of bitumen in Poland, has obtained financing for the construction of a delayed coker unit and accompanying installations at the Gdańsk oil refinery.
- The agreement includes an investment credit facility of up to Zl1.8 billion ($432 million) that is intended to provide a portion of the financing for the new investment project, and a working capital facility of up to Zl300 million ($73 million) for operating activity, payment of VAT, and refinancing of the existing debt of Lotos Asfalt.
- The new installations will enable Lotos Group to produce one million tonnes of high-margin petroleum products per annum, and the investment outlays relating to the project are estimated at Zl2.2 billion ($533 million).
- The project was the most important oil and gas project in Poland in 2015, requiring major structuring to combine its dependency on the existing refinery owned by Lotos Group without any recourse to it.

Kozienice coal power plant Unit 11 (1075MW)

Jurisdiction:
Poland
Deal type:
Project development
Industry sector:
Energy
Firms:
Dentons Europe Oleszczuk
Party: Polimex-Mostostal (Project developer); Mitsubishi Hitachi Power Systems Europe (Project developer)
Domański Zakrzewski Palinka
Party: Enea Wytwarzanie (Grantor)

Overview:
- Mitsubishi Hitachi Power Systems Europe and Polimex-Mostostal are constructing a new unit at the existing plant.
- Construction of the new unit was begun in 2012 and originally due for completion in mid-2017. In December 2016 the construction consortium negotiated an annex to the existing deadline with the new completion date set at December 19 2017.
- The plant itself was commissioned in 1972 and is Poland's second largest power station.

LitPol Link

Jurisdictions:
Lithuania, Poland
Deal type:
Project development
Industry sector:
Energy
Firms:
Cobalt
Party: Litgrid (Project developer)
Dentons Europe Oleszczuk
Party: PSE – Polskie Sieci Elektroenergetyczne (Project developer)
TGS Baltic
Party: Litgrid (Project developer)

Overview:
- The LitPol Link is a 400kV electricity interconnector between Lithuania and Poland and is part of the EU's power grid project. The project will link the networks of the Baltic states with the rest of continental Europe.
- The project is being developed by the respective transmission operators of each country Litgrid and Polskie Sieci Elektroenergetyczne (PSE).
- The link started trial operations in December 2015.

Ostrołęka coal power plant Unit C (1000MW)

Jurisdiction:
Poland
Deal type:
Project development
Industry sector:
Energy
Firms:
Wardyński & Partners
Party: Mitsubishi Hitachi Power Systems Europe (Bidder)
Weil Gotshal & Manges – Paweł Rymarz
Party: Elektrownia Ostroleka (Grantor)

Overview:
- The expansion plans consist of the construction of a new unit at the existing plant.
- The original expansion plans for the plant were put on hold in 2012 due to problems securing financing.
- The concession was reopened in December 2016 after the signing of an investment agreement by Polish energy companies Energa and ENEA along with project SPV Elektrownia Ostrołęka.
- Construction of the new unit is expected to begin in 2018 and be completed in 2023.
- The resurrection of the expansion plans is largely down to the Polish government's support for the coal industry, as the plant will be fuelled by coal from the Bogdanka mine.
- The original Ostrołęka A plant itself was commissioned in 1956, with Unit B being built in 1972.

Świnoujście LNG Terminal

Jurisdiction:
Poland
Deal types:
Project development; Project finance
Industry sectors:
Energy, Oil and gas
Firm:
Weil Gotshal & Manges – Paweł Rymarz
Party: Polskie LNG (Project developer)

Overview:
- The LNG terminal in Świnoujście on the Baltic coast was developed by Polskie LNG and began operations in April 2016.
- The terminal will bring in LNG supplies will Qatar and will allow Poland to become independent from Russian gas. The terminal will also supply the Czech Republic, Slovak Republic, Ukraine and Lithuania.
- Qatargas has a 20 year contract in place to supply the terminal, which will be run by Polskie Górnictwo Naftowe i Gazownictwo (PGNiG) the Polish state oil and gas company.

Third Kraków Bypass – Trasa Łagiewnicka

Jurisdiction:
Poland
Deal types:
Project development; Project finance
Industry sector:
Transport
Firm:
Allen & Overy A Pędzich
Party: Polski Fundusz Rozwoju (PFR) (Lender)

Overview:
- The project consist of a 3.5 km road running from Grota-Roweckiego Street to the intersection of Witosa, Halszki and Beskidzka Streets. The project also includes a 2.3 km tramline running parallel to the road.
- The project is being developed by SPV Trasa Łagiewnicka and is expected to be completed in 2020.
- Funding for the project was provided by the European Investment Bank (EIB), Polish development bank Bank Gospodarstwa Krajowego and Polski Fundusz Rozwoju. The project also secured a grant from the EU Infrastructure and Environment Programme.

Torun 330MW gas power plant

Jurisdiction:
Poland

Deal types:
Project development; Project finance

Industry sector:
Energy

Firms:
Domański Zakrzewski Palinka
Party: EDF Polska (Lender)
Norton Rose Fulbright Piotr Strawa and Partners
Party: Polskie Inwestycje Rozwojowe (Lender)

Overview:
- EDF Polska and a fund managed by Polskie Inwestycje Rozwojowe (now Polish Development Fund – PFR) are financing the development of a new power and heat plant at Toruń.
- The plant is expected to be in commission in the first half of 2017.
- The fund managed by PIR is called FIIK (Kapitałowy Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych) and will become part of a SPV which EDF Polska has established.
- It will cost about Zl550 million to construct the new plant and PIR will provide Zl275 million of this from the Inwestycje Polskie fund.

Zywiec Poviat hospital PPP

Jurisdiction:
Poland

Deal types:
PPP; Project development; Project finance

Industry sector:
Healthcare

Firms:
CDZ – Chajec Don-Siemion & Zyto
Party: InterHealth Canada (Project developer)
CMS Cameron McKenna Nabarro Olswang Greszta & Sawicki
Party: European Bank for Reconstruction and Development (Lender); FM Bank PBP (Lender); Alior Bank (Lender)
DLA Piper
Party: InterHealth Canada (Project developer)
SDZLEGAL Schindhelm – Schampera Dubis Zając & Partners
Party: InterHealth Canada (Project developer)
Wolf Theiss P Daszkowski
Party: InterHealth Canada (Project developer)

Overview:
- InterHealth Canada is building the Zywiec Poviat hospital in Zywiec, Poland through a PPP.
- InterHealth Canada formed SPV InterHealth Canada Zywiec (ICZ) to manage the project. ICZ has a 30-year concession to construct and operate the hospital.
- According to InterHealth Canada, this is in part an attempt to address the fact that 600 hospitals do not meet EU regulations and to bring them up to standard.
- The European Bank for Reconstruction and Development (EBRD), FM Bank PBP, and Alior Bank granted financing for the project.

New University Hospital Bratislava

Jurisdiction:
Slovak Republic

Deal type:
Project development

Industry sectors:
Healthcare; Social infrastructure

Firm:
Ružička Csekes in association with members of CMS
Party: Ministry of Health of the Slovak Republic (Grantor)

Overview:
- The Ministry of Health of the Slovak Republic is planning a new university hospital in Bratislava.
- The original plan was a PPP project in the Patrónka neighbourhood of the city, however this was later changed to a conventional concession with financing being drawn from the state budget.
- The site of the project has also changed, with options in the Rázsochy and Ružinov neighbourhoods now being considered.
- The originally project had first been mooted in the 1980s with construction actually beginning in 1982 before pausing.

D4 Highway R7 Expressway PPP

Jurisdiction:
Slovak Republic
Deal types:
PPP; Project development
Industry sector:
Transport
Firms:
Freshfields Bruckhaus Deringer
Party: Macquarie (Project developer); Cintra (Project developer); Porr (Project developer)
Herbert Smith Freehills
Party: European Bank for Reconstruction and Development (Lender)
PRK Partners
Party: Cintra (Project developer); Macquarie (Project developer); Porr (Project developer)

Overview:
- The project consists of the construction of new sections of the D4 Highway, part of the wider European Transport Network (TEN-T), and the construction of the R7 Expressway around Bratislava, the aim of which is to reduce congestion in the city.
- The consortium chosen to undertake the project consisted of Cintra Infraestructuras Internacional, Macquarie Corporate Holdings and Porr.
- The project is valued in excess of €1.7 billion.
- The projects are supported by the European Bank of Reconstruction and Development (EBRD) and are a rare example of a PPP project in the country.

EPH €750 million acquisition of 66% stake in Slovenské elektrárne

Jurisdiction:
Slovak Republic
Deal type:
Public acquisition
Industry sector:
Energy
Firms:
Allen & Overy
Party: Enel (Seller)
White & Case
Party: EPH – Energetický a Průmyslový Holding (Acquirer)

Overview:
- Energetický a Průmyslový Holding (EPH) has acquired a 66% stake in Slovenske elektrárne (SE) from Enel.
- SE is the Slovak Republic's largest electricity producer and operates two nuclear power plants.
- The sale is being enacted via a transfer of the stake to a Dutch Holding company.

Avrasya Tüneli PPP

Jurisdiction:
Turkey
Deal type:
PPP
Industry sectors:
Transport
Firm:
Clifford Chance
Party: The Export-Import Bank of Korea (Lender); European Investment Bank – EIB (Lender); European Bank for Reconstruction and Development (Lender); Standard Chartered Bank (Lender); Sumitomo Mitsui Banking Corporation (Lender); Mizuho Bank (Lender); Türkiye İş Bankası (Guarantor); Turkiye Garanti Bankasi (Guarantor); Yapı ve Kredi Bankası (Guarantor)
Fidan & Fidan
Party: The Export-Import Bank of Korea (Lender); European Investment Bank – EIB (Lender); European Bank for Reconstruction and Development (Lender); Standard Chartered Bank (Lender); Sumitomo Mitsui Banking Corporation (Lender); Mizuho Bank (Lender); Türkiye İş Bankası (Guarantor); Turkiye Garanti Bankasi (Guarantor); Yapı ve Kredi Bankası (Guarantor)
Hergüner Bilgen Özeke
Party: Avrasya Tüneli İşletme İnşaat ve Yatırım (Borrower)
Skadden Arps Slate Meagher & Flom
Party: Avrasya Tüneli İşletme İnşaat ve Yatırım (Borrower)

Overview:
- The Avrasya Tüneli (Eurasia Tunnel) is a $1.2 billion project to build a tunnel underneath the Bosphorus to connect Kazlıçeşme and Göztepe.
- The project company for the matter is Avrasya Tüneli İşletme İnşaat ve Yatırım.
- Export-Import Bank of Korea, European Investment Bank (EIB), European Bank for Reconstruction and Development, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation, Brussels Branch, Mizuho Corporate Bank acted as lenders on the matter, while Türkiye İş Bankasi, Türkiye Garanti Bankasi and Yapi Ve Kredi Bankasi acted as guarantors for the EIB loan.

Çöpler Gold Mine expansion

Jurisdiction:

Canad; France; United Kingdom; Austria; Turkey

Deal type:

Project finance

Industry sectors:

Mining

Firm:

Esin Attorney Partnership
Party: Anagold Madencilik Sanayi ve Ticaret (Borrower); Alacer Gold (Guarantor); Alacer Gold Madencilik (Security provider); Banka Kombëtare Tregtare (Security provider)
Güner Law Office
Party: Société Générale (Lender); BNP Paribas (Lender); ING Bank (Lender); Unicredit (Lender); Türk Ekonomi Bankası (Lender)
Norton Rose Fulbright
Party: Société Générale (Lender); BNP Paribas (Lender); ING Bank (Lender); Unicredit (Lender); Türk Ekonomi Bankası (Lender)
Stikeman Elliott
Party: Anagold Madencilik Sanayi ve Ticaret (Borrower)

Overview:

- Anagold Madencilik Sanayi ve Ticaret secured a $350 million syndicated facility to fund the expansion of the Çöpler Gold Mine project.
- The lenders were Société Générale (London Branch), BNP Paribas (Suisse), ING Bank, Türk Ekonomi Bankası and Unicredit
- The Alacer Gold Corporation served as guarantor for the facility, with Lidya Madencilik Sanayi ve Ticaret, Alacer Gold Madencilik and Banka Kombëtare Tregtare as security providers.
- It is one of Turkey's largest project finance deals in the mining industry.
- The first draw down of $130 million from the facility was completed in April 2017.

Elazığ Integrated Health Campus PPP

Jurisdiction:

Turkey

Deal type:

PPP; Project development; Project finance

Industry sectors:

Healthcare; Social infrastructure

Firm:

Arendt & Medernach
Party: ELZ Finance (Issuer)
Bezen & Partners
Party: ELZ Sağlık Yatırım (Project company, Borrower)
Clifford Chance
Party: HSBC (Arranger, Coordinator)
Esin Attorney Partnership
Party: European Bank for Reconstruction and Development (EBRD) (Lender)
Freshfields Bruckhaus Deringer
Party: European Bank for Reconstruction and Development (EBRD) (Lender)
Hergüner Bilgen Özeke
Party: European Bank for Reconstruction and Development (EBRD) (Lender)
Willkie Farr & Gallagher
Party: ELZ Sağlık Yatırım (Project company, Borrower)

Overview:

- The Elazığ Integrated Health Campus is a €360 million PPP hospital construction project in eastern Turkey.
- It employs a hybrid financing structure made up of a loan and bond issuance.
- The bond was arranged and coordinated by HSBC and is the first example of a greenfield project bond in Turkey.
- It was issued by ELZ Finance, a Luxembourg SPV that is a joint venture between Meridiam and Rönesans Holding, with the proceeds raised then lent to ELZ Sağlık Yatırım, the project company. Investors will continue to purchase bonds on fixed dates during the construction period, ensuring the project company receives funds gradually and reducing the cost of carry.
- As part of this scheme, the European Bank of Reconstruction and Development (EBRD) is pledging to provide €89 million as interim liquidity to mitigate the risks of construction and operation
- It was the first time the EBRD had provided a subordinated liquidity facility and also the first time a political risk insurance policy from the Multilateral Investment Guarantee Agency was used alongside a subordinated liquidity facility.
- These factors combined allowed the bond to achieve a credit rating two notches higher than Turkey's sovereign debt rating.
- Meridiam, Rönesans Holding, Sam, Sila and YYY are acting as sponsors.
- It is part of the Turkish Ministry of Health's $10 billion plan to deliver twenty-nine PPPs and 41,000 new hospital beds, a programme that has also includes the Adana Integrated Healthcare Campus, the Bilkent Integrated Health Campus, the İzmir Bayraklı Integrated Health Campus, the Gaziantep Integrated Health Campus, the Kocaeli Integrated Healthcare Campus and the Konya Karatay Integrated Health Campus.

Enso Group hydro power plants

Jurisdiction:
Austria; Turkey
Deal type:
Project finance
Industry sectors:
Energy
Firm:
bpv Hügel
Party: Enso Group (Borrower)
Moroğlu Arseven
Party: Enso Group (Borrower)
Schoenherr
Party: Unicredit Bank Austria (Arranger, Security agent, Lender)

Overview:
- The Austria-based Enso Group secured a senior term facility for the construction and operation of several hydro power plants in Turkey.
- UniCredit Bank Austria acted as arranger, agent, security agent and original lender on the matter.
- Enso operates and manages hydroelectric power plants in Turkey, Norway and Albania.

Ezurum 99.5MW hydroelectric power plant

Jurisdiction:
Czech Republic; Turkey
Deal type:
Project development; Project finance
Industry sectors:
Energy
Firm:
CMS Cameron McKenna Nabarro Olswang
Party: Akbank (Lender)
EY
Party: Energo Pro (Project developer, Borrower)
Kocián Šolc Balaštík
Party: Energo Pro (Project developer, Borrower)

Overview:
- Ezurum 99.5MW hydroelectric power plant
- Czech power company Energo Pro has signed an agreement to develop a hydropower plant in Ezurum in Turkey.
- When complete, the new facility, which is expected to cost $240 million, will have a capacity of 99.5MW.
- Turkish lender Akbank is providing financing to Energo Pro to fund the development.
- Energo Pro subsidiary, ČKD Blansko, and Litostroj Power, a Slovenian water turbine manufacturer, will be responsible for developing the new plant.
- The plant is expected to be operational by 2019.
- Energo Pro has five hydropower plants in Turkey with a combined capacity of 95MW.

Gaziantep Integrated Health Campus PPP

Jurisdiction:
Turkey
Deal type:
PPP; Project finance
Industry sectors:
Healthcar; Social infrastructure
Firm:
Allen & Overy
Party: European Bank for Reconstruction and Development (Lender); European Investment Bank - EIB (Lender); The Export-Import Bank of Korea (Lender)
Clifford Chance
Party: Samsung C&T Corporation (Sponsor); Salini Impregilo (Sponsor); Kayi Holding (Sponsor); Simed International (Sponsor)
Hergüner Bilgen Özeke
Party: European Bank for Reconstruction and Development (Lender); European Investment Bank – EIB (Lender); The Export-Import Bank of Korea (Lender); Korea Trade Insurance Company (K-Sure) (Lender)

Overview:
- Gaziantep Hastane Sağlık Hizmetleri İşletme Yatırım secured the $1 billion financing for the construction of the Gaziantep Integrated Health Campus, a public-private partnership (PPP) project.
- The lenders for the project are the European Bank for Reconstruction and Development, the European Investment Bank, the Export-Import Bank of Korea and the Korea Trade Insurance Corporation.
- Gaziantep Hastane Sağlık Hizmetleri İşletme Yatırım is a project company formed by a consortium of the Samsung C&T Corporation, Salini-Impregilo, Kayi Holding and Simed International.
- When complete, the campus will provide 1,867 beds in Gaziantep, including a 628-bed general hospital, 154-bed oncology hospital, 205-bed cardiovascular diseases hospital, 518-bed woman's and children's hospital, 112-bed psychiatric hospital, 100-bed high-security forensic psychiatric hospital and 150-bed physical medicine and rehabilitation hospital.
- It is part of the Turkish Ministry of Health's $10 billion plan to deliver 29 PPPs and 41,000 new hospital beds, a programme that also includes the Adana Integrated Healthcare Campus, the Bilkent Integrated Health Campus, the Gaziantep Integrated Health Campus and the Konya Karatay Integrated Health Campus.

Gebze-Orhangazi-İzmir motorway

Jurisdiction:
Turkey

Deal type:
Project finance

Industry sectors:
Transport

Firm:

Clifford Chance
Party: Akbank (Lender); Turkiye Garanti Bankasi (Lender); Türkiye İş Bankası (Lender); Yapı ve Kredi Bankası (Lender); Deutsche Bank (Lender); Finansbank (Lender); Türkiye Vakıflar Bankası (Lender); TC Ziraat Bankası (Lender)

Hergüner Bilgen Özeke
Party: Astaldi Concessions (Sponsor); Otoyol Yatırım ve İşletme (Project company); Nurol İnşaat ve Ticaret (Sponsor); Özaltın İnşaat Ticaret ve Sanayi (Sponsor); Makyol İnşaat Sanayi Turizm ve Ticaret (Sponsor); Göçay İnşaat Taahhüt ve Ticaret (Sponsor); Yüksel İnşaat (Sponsor)

Verdi Attorneys Partnership
Party: Akbank (Lender); Turkiye Garanti Bankasi (Lender); Türkiye İş Bankası (Lender); Yapı ve Kredi Bankası (Lender); Deutsche Bank (Lender); Finansbank (Lender); Türkiye Vakıflar Bankası (Lender); TC Ziraat Bankası (Lender)

Overview:

- The Gebze-Orhangazi-İzmir Motorway project is one of the largest infrastructure projects in Turkish history, with a total project cost of $6.3 billion.
- Otoyol Yatırım ve İşletme, the project company, was incorporated by sponsors Nurol İnşaat ve Ticaret, Özaltın İnşaat Ticaret ve Sanayi, Makyol İnşaat Sanayi Turizm ve Ticaret, Astaldi Concessions, Göçay İnşaat Taahhüt ve Ticaret and Yüksel İnşaat.
- Otoyol secured a $4.9 billion loan facility to partially finance the project from a consortium of banks including Akbank, Finansbank, Garanti Bankası, Türkiye Halk Bankası, Türkiye İş Bankası, Türkiye Vakıflar Bankası, Yapı ve Kredi Bankası and TC Ziraat Bankası.

İzmir Bayraklı Integrated Health Campus PPP

Jurisdiction:
Canada; United States; United Kingdom; Turkey

Deal type:
PPP; Project development; Project finance

Industry sectors:
Healthcare; Social infrastructure

Firm:

Çakmak
Party: Gama Holding (Sponsor); Türkerler İnşaat (Sponsor)

Çakmak-Gökçe
Party: Gama Holding (Sponsor); Türkerler İnşaat (Sponsor)

Clifford Chance
Party: Akbank (Hedging counterparty)

Freshfields Bruckhaus Deringer
Party: European Bank for Reconstruction and Development (EBRD) (Lender); Export Development Canada (Lender); Overseas Private Investment Corporation (OPIC) (Lender)

Hergüner Bilgen Özeke
Party: European Bank for Reconstruction and Development (EBRD) (Lender); Export Development Canada (Lender); Overseas Private Investment Corporation (OPIC) (Lender)

Paksoy
Party: GE Healthcare (Shareholder)

White & Case
Party: Gama Holding (Sponsor); Türkerler İnşaat (Sponsor)

Overview:

- The İzmir Bayraklı Integrated Health Campus is a hospital public-private partnership (PPP) project in the city of Izmir in western Turkey.
- It is run by İzmir Bayraklı Hastane Yatırım ve Sağlık Hizmetleri, a special purpose company established to design, build, finance, lease and operate the hospital.
- A consortium of Türkerler İnşaat, Gama Holding and GE Healthcare established the company and serve as project sponsors, with GE Healthcare acting as a minority shareholder but also securing a multi-vendor equipment and maintenance contract.
- Akbank served as the hedging counterparty.
- The campus will provide 2,060 beds across several hospitals, namely general (715 beds), oncology (141 beds), cardiovascular (380 beds), women and paediatric (424 beds), physiotherapy and rehabilitation (300 beds) and a high security forensic psychiatric (100 beds).
- The total cost of the project is estimated to be in excess of €766 million.
- It is part of the Turkish Ministry of Health's $10 billion plan to deliver 29 PPPs and 41,000 new hospital beds, a programme that also includes the Adana Integrated Healthcare Campus, the Bilkent Integrated Health Campus, the Gaziantep Integrated Health Campus, the Konya Karatay Integrated Health Campus, the Elazığ Integrated Health Campus and the Kocaeli Integrated Healthcare Campus.

Kayseri Integrated Health Campus PPP

Jurisdiction:
Turkey
Deal type:
PPP
Industry sectors:
Healthcare; Social infrastructure
Firm:
Çakmak
Party: International Finance Corporation (IFC) (Lender); TC Ziraat Bankası (Lender); Finansbank (Lender)
Elmadağ Law Firm
Party: Ministry of Health of Turkey (Grantor)
Erdem & Erdem
Party: YDA İnşaat Sanayi ve Ticaret (Project developer); ATM Sağlık Kayseri (Project developer); INSO Sistemi Per Le Infrastrutture Sociali (Project developer)

Overview:
- The Kayseri Integrated Health Campus is a public-private partnership (PPP) hospital project in the city of Kayseri in central Anatolia.
- The project developers are YDA İnşaat Sanayi Ticaret and ATM Health Kayseri, an Italian INSO System Per Le Infrastrutture Sociali partnership.
- The campus will provide 2,000 beds.
- The total cost of the project is estimated to be in excess of $650 million.
- It is part of the Turkish Ministry of Health's $10 billion plan to deliver 29 PPPs and 41,000 new hospital beds, a programme.

Kadıncık 1 and Kadıncık 2 hydroelectric power plants privatisation

Jurisdiction:
Turkey
Deal type:
Privatisation
Industry sectors:
Energy
Firm:
Çakmak
Party: Turkiye Garanti Bankasi (Lender); Akbank (Lender); Türkiye Vakıflar Bankası (Lender); Yapı ve Kredi Bankası (Lender); Türkiye İş Bankası (Lender); TC Ziraat Bankası (Lender); Yapı Kredi Bank Moscow (Lender)

Overview:
- Ic İçtaş Hidroelektrik ve Termik Enerji Üretim ve Ticaret and Trabzon Enerji Üretim ve Ticaret completed the acquisition of the Kadıncık 1 and Kadıncık 2 hydroelectric power plants from the Turkish government as part of its ongoing privatisation programme.
- The lenders for the deal were: Türkiye Garanti Bankası, Akbank, Türkiye Vakıflar Bankası, Yapı ve Kredi Bankası, Yapı Kredi Bank Moscow, Türkiye İş Bankası and TC Ziraat Bankası.
- The plants are located on the southern slopes of the Toros Mountains on the Kadıncık River in the Mersin province of southern Turkey.

Kocaeli Integrated Health Campus PPP

Jurisdiction:
Canada; United States; United Kingdom; Turkey
Deal type:
PPP; Project development; Project finance
Industry sectors:
Healthcare; Social infrastructure
Firm:
Çakmak
Party: Gama Holding (Sponsor); Türkerler İnşaat (Sponsor)
Çakmak-Gökçe
Party: Gama Holding (Sponsor); Türkerler İnşaat (Sponsor)
Clifford Chance
Party: Akbank (Hedging counterparty)
Freshfields Bruckhaus Deringer
Party: European Bank for Reconstruction and Development (EBRD) (Lender); Export Development Canada (Lender); Overseas Private Investment Corporation (OPIC) (Lender)
Hergüner Bilgen Özeke
Party: European Bank for Reconstruction and Development (EBRD) (Lender); Export Development Canada (Lender); Overseas Private Investment Corporation (OPIC) (Lender)
Paksoy
Party: GE Healthcare (Shareholder)
White & Case
Party: Gama Holding (Sponsor); Türkerler İnşaat (Sponsor)

Overview:
- The Kocaeli Integrated Health Campus is a hospital public-private partnership (PPP) project in the city of Izmit in the Kocaeli Province to the east of Istanbul.
- It is run by Kocaeli Hastane Yatırım ve Sağlık Hizmetleri, a special purpose company established to design, build, finance, lease and operate the hospital.
- A consortium of Türkerler İnşaat, Gama Holding and GE Healthcare established the company and serve as project sponsors, with GE Healthcare acting as a minority shareholder but also securing a multi-vendor equipment and maintenance contract.
- The campus will provide 1,080 beds across several hospitals, namely general (980 beds), physiotherapy and rehabilitation (100 beds) and high security forensic psychiatric (100 beds).
- The total cost of the project is estimated to be in excess of €407 million.
- It is part of the Turkish Ministry of Health's $10 billion plan to deliver 29 PPPs and 41,000 new hospital beds, a programme that also includes the Adana Integrated Healthcare Campus, the Bilkent Integrated Health Campus, the Gaziantep Integrated Health Campus, the Konya Karatay Integrated Health Campus, the Elazığ Integrated Health Campus and the İzmir Bayraklı Integrated Health Campus.

Konya Karatay Integrated Health Campus PPP

Jurisdiction:
Turkey
Deal type:
PPP; Project development; Project finance
Industry sectors:
Healthcare; Social infrastructure
Firm:
Akol Özok Namlı
Party: YDA İnşaat Sanayi ve Ticaret (Shareholder); ATM Sağlık Konya Yatırım ve İşletme (Project company); YDA Sağlık Yatırım ve İşletme (Borrower)
Allen & Overy
Party: European Bank for Reconstruction and Development (Lender); Black Sea Trade and Development Bank (Lender); Islamic Development Bank (IDB) (Lender)

Overview:
- The Konya Karatay Integrated Health Campus is a €355 million public-private partnership (PPP) project to construct a hospital in Turkey.
- It is part of the government's ongoing PPP hospital-building programme.
- YDA İnşaat Sanayi ve Ticaret is responsible – along with subsidiaries YDA Sağlık Yatırım ve İşletme and ATM Sağlık Konya Yatırım ve İşletme – for the construction of the hospital.
- The Islamic Development Bank provided a sharia-compliant tranche of €67.6 million.
- The European Bank of Reconstruction and Development provided a €67.5 million tranche and the Black Sea Trade and Development Bank a €50 million tranche.
- Between them, UniCredit Bank and Siemens Bank provided an additional €80 million.
- It is part of the Turkish Ministry of Health's $10 billion plan to deliver 29 PPPs and 41,000 new hospital beds, a programme that also includes the Adana Integrated Healthcare Campus and the Bilkent Integrated Health Campus.

Mersin Integrated Health Campus PPP

Jurisdiction:
Turkey
Deal type:
PPP; Project development; Project finance
Industry sectors:
Healthcare, Social infrastructure
Firm:
Paksoy
Party: GE Healthcare (Equipment/service provider)

Overview:
- The Mersin Integrated Healthcare Campus is a 1,259-bed public-private partnership (PPP) hospital project located in the city of Mersin in southern Turkey.
- The total financing for the project was €270 million and was provided by Unicredit Bank, Yapı ve Kredi Bankası and DenizBank.
- GE Healthcare acts as the hospital's equipment/service provider.
- The hospital began service on 17 March 2017.

Sinop Nuclear Power Plant project

Jurisdiction:
Turkey
Deal type:
PPP
Industry sectors:
Energy
Firm:
Aksu Savaş Çalışkan Attorney Partnership
Party: Engie (Project developer); Itochu Corporation (Project developer); Mitsubishi Heavy Industries (Project developer)
Kolcuoğlu Demirkan Koçaklı
Party: Mitsubishi Heavy Industries (Project developer)

Overview:
- The Sinop Nükleer Enerji Santrali project is the planned construction of Turkey's second nuclear power plant in Sinop in northern Turkey.
- A Japanese consortium consisting of Engie, the Itochu Corporation and Mitsubishi Heavy Industries (MHI) signed a host government agreement with the Turkish government in April 2015.
- The project will be completed by Atmea, a joint venture between MHI and the French group Areva.
- The first unit is projected to go online in 2023, with the entire project completed with the finish of the fourth unit in 2028.

TurkStream offshore gas pipeline

Jurisdiction:
Russia, Turkey
Deal type:
Project development
Industry sectors:
Oil and gas
Firm:
Goltsblat BLP
Party: South Stream Transport (Project developer)
Sullivan & Cromwell
Party: South Stream Transport (Project developer)

Overview:
- The TurkStream offshore pipeline project is a €20 billion project to construct 900 km of parallel natural gas pipelines beneath the Black Sea between Turkey and Russia.
- It will run from Anapa in Krasnodar Krai in southwest Russia to Kiykoy in the Thrace region of Turkey.
- It replaces the abandoned South Stream project that would have connected Russia to Bulgaria.
- Gazprom will construct the offshore component of the project.
- As part of the deal, Turkey will receive a discount on gas prices from Russia.

Yozgat ducation and Research Hospital PPP

Jurisdiction:
Turkey
Deal type:
PPP; Project developmet; Project finance
Industry sectors:
Healthcare; Social infrastructure
Firm:
Çakmak
Party: Sumitomo Mitsui Banking Corporation (Lender); The Bank of Tokyo-Mitsubishi UFJ (Lender); Siemens Bank (Lender); Banca IMI (Lender)

Overview:
- The Yozgat Education and Research Hospital is public-private partnership (PPP) hospital project located in the city of Yozgat in central Turkey.
- It will contain 475 beds when completed.
- The €110 million financing for the project was provided by an international consortium made up of the Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Siemens Bank and Banca IMI.

Central and Eastern Europe

Project finance transactions which reached financial close in 2016
(Data provided by IJ Global)

Name	Country	Sector	Sub sector	Transaction type	Value
R7 Expressway / D4 Highway PPP (59.1KM)	Slovakia	Primary Financing	Transport	Roads	$1.15 billion
Elazig Integrated Health Campus PPP	Turkey	Primary Financing	Social & Defence	Healthcare	$383 million
Asagi Kalekoy Hydro Power Plant (500MW)	Turkey	Primary Financing	Power	Hydro	$625 million
Konya Karatay Integrated Health Campus PPP	Turkey	Primary Financing	Social & Defence	Healthcare	$390 million
Izmir Bayrakli Integrated Health Campus PPP	Turkey	Primary Financing	Social & Defence	Healthcare	$836 million
Eskisehir City Hospital PPP	Turkey	Primary Financing	Social & Defence	Healthcare	$498 million
Oksut Gold Mine	Turkey	Primary Financing	Mining	Precious Metals	$225 million
Enerya Konya Natural Gas Distribution Financing	Turkey	Additional Facility	Oil & Gas	Midstream	$76.5 million
North Marmara Motorway (3rd Bosphorus Bridge) PPP Additional Financing	Turkey	Additional Facility	Transport	Bridges	$630 million
Copler Gold Mine Additional Facility 2016	Turkey	Additional Facility	Mining	Precious Metals	$350 million
Yahyali Wind Project (52.5MW)	Turkey	Primary Financing	Renewables	Onshore Wind	$155 million
Yahyalı Wind Farm (82.5MW)	Turkey	Primary Financing	Renewables	Onshore Wind	$155 million
Poyraz 2 Wind Farm (14.1MW)	Turkey	Primary Financing	Renewables	Onshore Wind	$17.8 million
Enso Hydro Additional Facility 2016	Turkey	Additional Facility	Renewables	Small Hydro	$22.6 million
Global Yatirim Biomass Power Plants (24MW)	Turkey	Primary Financing	Renewables	Biomass	$40 million
Bergres Wind Farm (70MW)	Turkey	Primary Financing	Renewables	Onshore Wind	$52.5 million

Russia and the CIS

Azerbaijan

Project development activity in Azerbaijan has been curbed by the slump in the oil price. The country is heavily dependent on revenue generated from exporting oil and gas for its budget and the fall in the price of crude has left it with a large deficit. Forecast to be Am370 billion in 2017, the deficit has led the country to be more conservative when considering investing in new exploration projects.

Priority projects where substantial work has been completed, like the second phase of the Shah Deniz gas field, have continued to receive funding – both public and external. The government has raided its cash reserves, namely those held by sovereign wealth fund, State Oil Fund of Azerbaijan (Sofaz), to ensure these projects continue to progress, and procured additional commercial financing. For Shah Deniz, for example, it borrowed $500 million from the Asian Development Bank in May 2017.

Belarus

A handful of large public projects – at varying phases of construction – are being developed in Belarus in energy, mining, transport and commercial infrastructure. With the country's economy facing a balance of payments crisis, the funding for these developments is largely being provided by foreign governments.

Arguably the most important project in Belarus, for what it might mean for the country in the long term, is the development of its first nuclear power plant. The 2,400MW plant being developed close to Ostrovets should give the country more energy security by reducing its dependence on imported Russian power. To what degree it will increase Belarus' energy autonomy, given Russia is financing and building the plant, is debateable.

In the transport sector Belarus has been discussing the country' first PPP (public-private partnership). The pilot project is the $350 million expansion in length and width of the east-west M10 highway. Although in 2016 there was some optimism around the project when EBRD (European Bank for Reconstruction and Development) announced it will support the government in the preparation and tendering process, there has been little in the way of progress – at least publically – since.

Two other large projects are being developed in Belarus with funding from China. One, the $5 billion Great Stone industrial park, is a high-tech business park being developed under a joint-venture agreement between the countries. The site will house Chinese exporters and act as hub for these businesses to sell into Europe.

The other large project is a potash – one of Belarus' main exports – mine. China Development Bank is providing $1.4 billon to fund the development, which will mine the Starobin deposit, and China has guaranteed it will buy much of the potash it produces.

Other developments in the energy sector are of a small scale and in the renewables area. New projects – wind, hydro and solar – are part of the government's strategy to increase its domestic production capacity and with that, energy security.

Georgia

Georgia's energy and infrastructure strategy is driven by its relationships with the EU and China. In April 2017 the country became the latest member of the European Energy Community, which will bring the country's energy regulation and markets into line with the rest of the EU and selected 'third countries' primarily in the Western Balkans, and provides a basis for liberalisation of the country's energy market. The move also has an inherent symbolism in that it moves the country closer into the EU's sphere of influence and away from Russia.

Thanks to its geographical position Georgia is also a vital part of China's 'one belt one road' project to improve infrastructure linking it to Europe. Chinese investment in the country has been steadily increasing over the last five years and now other projects are being developed with this in mind.

The proposed deep water port at Anaklia on the Black Sea is one such example, which highlights Georgia's view of itself as a logistics hub. The project will be the country's only deep sea port and will also include 600 hectare industrial zone. While there is no direct Chinese investment in the port itself, the prospect of Chinese goods moving through it is one of the key factors behind its development.

In the energy sector, the country remains focused on developing its hydropower capacity, which is no surprise given its mountainous geography. Both large and small scale projects have been developed with recent examples including the 280MW Nenskra plant and the 187MW Shuakhevi plant. As well as providing for domestic usage the country now generates enough electricity that it can export it to its neighbours, most notably Turkey.

Kazakhstan

Kazakhstan has an estimated 30 billion barrels of oil reserves and a land mass the size of Western Europe. As a leading energy exporter in the CIS with abundant reserves also in gas, uranium and coal, the country was hit hard by the slump in commodity prices. In response, late last year, OPEC and 11 non-OPEC countries including Russia and Kazakhstan agreed to production cuts of 1.8 million barrels per day (bpd) between them in order to stabilise the oil market. For its part, Kazakhstan agreed to cut production by 20,000 bpd, but in actual fact increased production.

Over 80% of Kazakhstan's electricity comes from coal-fired plants and almost 10% comes from hydroelectric sources. The coal-fired plants are located in the northern coal producing regions while the hydroelectric facilities are located mostly along the Irtysh River. It was definitely a better year though for Kazakhstan's oil and gas and mining industry that enjoyed a net profit of 2.8 trillion ($9 billion) in 2016, which was 60% more than in 2015. However, the net profit is still a way away from 2012-2014 levels that ranged from 4.5 to 5 trillion ($14.5-16 billion). Nevertheless, Kazakhstan is a staunch proponent of energy security and is looking to diversify as the environmental minister launched a green economy initiative. Renewable energy resources in Kazakhstan produced 32% more energy in 2016, especially in wind, compared to 2015, but it's a long road ahead as the share of renewable sources of energy in total output remains less than 1%.

Such state ambition has also been evident in the infrastructure space as Kazakhstan looks to jump on China's Belt and Road bandwagon and become a regional hub. Large-scale infrastructure plans have already been set in motion to realise this ambition to revive the ancient land route connecting China to Europe. President Nursultan Nazarbayev launched a $9 billion economic stimulus plan known as Nurly Zhol (Bright Path) – to improve connectivity to China and neighbours Kyrgyzstan, Uzbekistan and Russia. This includes the dry port complex at the Special Economic Zone in Khorgos, along the Chinese border, and a 29 billion investment to build a new airport terminal and rebuild a landing strip in Astana. Most recently, the first freight train to run from Britain to China – passing through Kazakhstan – departed east England carrying goods such as baby products, vitamins and pharmaceuticals.

Nurly Zhol also includes plans to develop and modernise roads, IT infrastructure, and education and civil services in addition to ports and railways. However, it remains to be seen how involved the private sector will be as Kazakhstan only has a finite number of active PPP (public-private partnership) projects despite positive regulatory developments. These projects include the Big Almaty Ring Road PPP (BAKAD); the Karaganda University Hospital PPP project; and the Almaty light rail system PPP project.

Russia

Considering Russia's economy only recently emerged from two year's recession, project development activity has remained relatively high. Several of the causes for the recession have however influenced in what sectors new projects are considered and the way projects are financed.

Russia's recession, which always seemed likely following a sustained period of stagnation after the financial crisis, was expedited by two events coinciding in late 2014. Firstly the US shale boom flooded the global commodities market with cheap fossil fuels, driving down oil and gas prices. The world's biggest energy exporter, Russia is dependent on hydrocarbon revenues for a large portion of its budget and the slump left it with a substantial deficit. Secondly, Russia's invasion and eventual annexation of the Crimea region of Ukraine, in contravention of international law, saw the US and EU impose economic sanctions on Russia.

Principally the commodity price drop and sanctions combined to limit project development activity by all but halting artic deep-sea oil and gas exploration. Low oil prices and the high costs associated with deep exploration made projects financially unviable. Sanctions also blocked western companies and lenders from providing technology or finance that may have made projects more commercially realistic.

From a financing perspective, the sanctions and low oil price have changed the demographic of lenders on Russian projects and increased the amount of private debt being borrowed for construction. With Russia cut off from EU or US based lenders, it has been borrowing more heavily from domestic and Asian banks. Russia's lower than usual fossil fuel revenues have also seen it become more willing to take on debt to ensure projects can progress. Project bonds are an instrument which have become more widely considered, although not yet frequently used. It should also be noted that Russia has used cash reserves to fill funding gaps in projects.

Looking at where activity has been concentrated, infrastructure has been by far the busiest area. The Kremlin is proposing to have invested close to $1 trillion in new infrastructure projects by 2030, generally using the public-private partnership (PPP) model. Headline projects include the Moscow Central Ring Road, and the Moscow–Kazan high-speed railway, which form part of an extensive programme of transport redevelopment. Russia hopes investing in its ailing roads, public transport networks, and trade routes will help revive the country's economy; it also committed to improve transport infrastructure in it successful bid to host World Cup 2018.

In energy there are still significant projects in development. Yamal LNG, the Novatek-led $27 billion construction of an LNG plant which will tap gas reserves in Siberia is one priority, and an example of a project that has leant heavily on domestic and Asian sponsors for funding. Other important energy projects include two pipelines – Turkish Stream and Nord Stream II – aimed at ensuring Russia maintains its importance as one of Europe's main gas suppliers.

Turkish Stream, a planned pipeline between Krasnodar in Russia and Kıyıköy on the Turkish coast via the Black Sea, had looked unlikely to proceed as Russia quarrelled with Turkey after it shot down a Russian jet on the Syrian border. However, the differences between the two states apparently resolved, construction of the pipeline begun in 2017.

Nord Stream II also recently passed a significant milestone. The contentious project, which will carry gas from Russia to Germany under the Baltic Sea, secured around a €1 billion in funding through five European energy companies in April 2017, which should enable the project to proceed. There are further hurdles it must pass, namely securing approval for the pipeline from all the EU states it will traverse, and reaching an agreement with the EU over who will have access to the pipeline.

Other notable projects in Russia include the redevelopment of domestic teams football stadiums in preparation for Russia hosting the World Cup 2018.

Ukraine

New large-scale project development has been limited in Ukraine as it contends with a long recession and a war with Russia, which annexed Crimea and is backing separatists in the country's Donbass region.

Conflict with Russia and Donbass has had repercussions for the energy sector in Ukraine, but not all negative. Not wanting to do business with Russia, the country has realised a long-term ambition of no longer using Russian gas for any of its domestic consumption, instead now receiving it from EU member states.

Another consequence of the conflict has been Ukraine's ban on the purchase of Donbass coal, leaving several of its thermal power plants, which rely on the specific type Donbass produces, unable to operate. The government is proposing replacing Donbass coal with imports in the future, but whether this is financially viable is unclear.

In the long term Ukraine hopes to have even greater energy autonomy. The country's strategy for weaning itself of its dependence on energy imports revolves around increasing its domestic capacity to produce power, principally through renewables. The state has set a target of increasing the portion of renewables in its energy mix to 11% by 2020, and has incentivised the construction of new projects by introducing a new feed-in tariff.

Solar is the renewable source Ukraine is predominantly focussing on. Although Crimea represented some of the best geography in the country for developing solar plants, the country's most Southern region, Kherson Oblast, has similar qualities, and a number of small photovoltaic projects are under way. Reportedly 54 new solar power plant projects with a combined capacity of 460MW will begin in Ukraine in 2017. One potential interesting solar project is the proposed use of the land where the Chernobyl nuclear disaster occurred to build a plant.

An alternative to adding to Ukraine's domestic production capacity, is the construction of an LNG terminal, which has long been touted, to enable Ukraine to import gas from further afield.

Another positive for Ukraine's energy sector is some of its state-controlled businesses are beginning to look healthier. With the assistance of the European Bank for Reconstruction and Development (EBRD), Naftogaz, Ukraine's oil and gas monopoly, has undertaken various reforms to become more transparent and has reduced untenable public subsidies.

Economically, Ukraine's plight is generally less bleak than it was a year ago. The government has restructured the majority of its external debt – although it still owes Russia $3 billion for an outstanding bond – and the IMF has forecast the economy with grow 2.5% in 2017.

In infrastructure, ports are one area where there has been some activity. These projects are typically expansion of existing ports facilities to increase export capacity.

A new public-private partnership (PPP) law implemented in 2016 has not yet been trialled. With the country's economy growing, there is hope investor confidence in Ukraine may improve which could encourage the state to tender projects.

DEAL DATA

The deals that matter. The lawyers that led them.

Below is a selection of energy and infrastructure deals taken from IFLR1000 Deal Data.

For more information and to browse the full database for the EMEA region please visit: http://www.iflr1000.com/Search/Deals

Baku-Sumgayit railway refurbishment

Jurisdictions:
Azerbaijan; Czech Republic

Deal types:
Project development; Project finance

Industry sector:
Transport

Firm:
Dentons
Party: Česká spořitelna (Lender)

Overview:

- The Republic of Azerbaijan and Azerbaijan Railways are refurbishing the 50km Baku-Sumgayit train line.
- Azerbaijan has borrowed €146 million through two export loans from Czech bank Česká spořitelna to fund the project.
- The Republic of Azerbaijan and Azerbaijan Railways were represented by in-house counsel on the loan transaction.

Shah Deniz II

Jurisdiction:
Azerbaijan

Deal type:
Project finance

Industry sector:
Oil and gas

Firms:
Akin Gump Strauss Hauer & Feld
Party: Lukoil (Borrower)
Hogan Lovells
Party: BP (Sponsor); State Oil Company of Azerbaijan Republic (SOCAR) (Sponsor); Statoil (Sponsor); Total (Sponsor); Türkiye Petrolleri Anonim Ortaklığı (Sponsor); NICO (Sponsor)
Norton Rose Fulbright
Party: Asian Development Bank (Lender); European Bank for Reconstruction and Development (Lender); Black Sea Trade and Development Bank (Lender)

Overview:

- Shah Deniz II is a project to develop the second phase of the Shah Deniz gas field, which is offshore Azerbaijan in the Caspian Sea.
- The consortium of sponsors developing the gas field comprises BP, State Oil Company of the Republic of Azerbaijan (SOCAR), Statoil, Total, Lukoil, TPAO and NICO.
- The consortium secured $1 billion in financing for the development in August 2015 from The Asian Development Bank (ADB), the European Bank for Reconstruction and Development and the Black Sea Trade and Development Bank.
- In March 2017 the consortium borrowed a further $500 million from ADB.

Great Stone industrial park

Jurisdictions:
Belarus; China

Deal type:
Project development

Industry sectors:
Consumer goods and services, Technology and telecommunications, Real estate

Firm:
Revera
Party: Industrial Park Development Company (Project company)

Overview:

- Great Stone is an industrial park being developed by the governments of Belarus and China in the Smolevichy district of Belarus' capital Minsk, close to the city's airport.
- When complete the industrial park will span 91.5 square km and house up to 180,000 residents.
- The park is being built in a special economic zone, meaning tenants will be entitled to tax breaks.
- High-tech export driven businesses are the target tenants for the industrial park as Belarus seeks to position itself as a low cost hub for these types of companies looking working in the region.
- China is providing financing to the project, and its state-owned construction company China CAMC Engineering Co (CAMCE) is main contractor on the development, which was a condition of its investment.

Ostrovets 2400MW nuclear power plant project

Jurisdictions:
Belarus; Russia
Deal type:
Project development
Industry sector:
Energy
Firm:
Verkhovodko & Partners
Party: Government of Belarus (Sponsor)

Overview:

- Belarus is building its first nuclear power plant in Ostrovets in the country's Grodno region with support from Russia.
- Belarus and Russia's governments signed an agreement to cooperate on developing the plant in 2011.
- The plant will comprise two 1200MW units which are expected to cost around $9 billion to develop.
- Atomstroyexport, a subsidiary of Russia's state-controlled nuclear power company, Rostatom, is constructing the plant.
- Construction of the power plant began in 2013.
- Belarus carried out an audit of the project in September 2016, reporting the first unit was 32% complete and the second was 10% complete.
- The first unit is scheduled to be operational by 2019 and the second unit should be online by 2020.

Slavkaliy potash mine and processing plant

Jurisdictions:
Belarus; China; United Kingdom
Deal types:
Project development; Project finance
Industry sector:
Mining
Firms:
Sysouev Bondar Khrapoutski
Party: Slavkaliy (Borrower)
Verkhovodko & Partners
Party: Slavkaliy (Project company)

Overview:

- The Government of Belarus awarded a tender to develop a potash mine and processing plant using the Nezhinsky plot of the Starobin potassium-salt basin to Slavkaliy.
- Established in 2011, Slavkaliy is a project company controlled by the largest shareholder in Russian oil producer, Russneft, Mikhail Gutseriev.
- The Slavkaily mining project comprises the construction of a mine, processing plant, and gas pipeline, and renovation of road and railway infrastructure in the area.
- When complete the mine is projected to produce around two million tonnes of potash annually.
- Belarus is financing the deal through a loan from China Development Bank, which signed an agreement with state-controlled lender Belarusbank to provide it €1.4 billion at an interest rate of 4.3% for 14 years to fund the cost of Slavkaliy's development.
- Russian lender B&N Bank – also controlled by Gutseriev – is providing a further $250 million to the project.
- Construction of the project began in 2015.
- The mine is scheduled to begin production in 2020 and be fully operational the following year.

Anaklia Deep Sea Port

Jurisdiction:
Georgia
Deal type:
Project development
Industry sectors:
Logistics, Transport
Firm:
Freshfields Bruckhaus Deringer
Party: Ministry of Economy and Sustainable Development of Georgia (Grantor)

Overview:

- The port on the Black Sea on the coast of Georgia is part of the so-called 'new silk road' which is attempting to create a new logistical route between China and Europe.
- The port is being backed by a $100 million investment from the Georgian government and in early 2016 the contract for its construction was handed to the Anaklia Development Consortium (a joint venture of the Georgian development company TBC Holding and Conti Group).
- The Port will have the capacity to process 100 million tons of cargo.
- Alongside the container port itself a new town and free industrial zone is also expected to be created to support the development.

Nenskra 280MW hydropower plant

Jurisdiction:
Georgia
Deal type:
Project development
Industry sector:
Energy
Firms:
Allen & Overy
Party: Korea Water Resources Corporation (Sponsor)
BGI Legal
Party: Korea Water Resources Corporation (Sponsor)
Hunton & Williams
Party: International Finance Corporation (IFC) (Financial adviser); Government of Georgia (Grantor)

Overview:
- The dam is being constructed on the Nenskra river in Upper Svaneti in Georgia.
- The project is being developed by JSC Nenskra Hydro, a joint venture between Partnership Fund of Georgia and the Korea Water Resources Corporation (K-Water).
- The key projects agreements were signed on August 31, 2015.
- The financing is being provided in part by the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB) and Export-Import Bank of Korea (Korea Eximbank).
- According to Allen & Overy the project is believed to be the first Georgian hydropower project to be financed on a non-or limited-recourse basis.

Shuakhevi 187MW hydropower plant

Jurisdiction:
Georgia
Deal types:
Project development; Project finance
Industry sector:
Energy
Firms:
BGI Legal
Party: Asian Development Bank (Lender); European Bank for Reconstruction and Development (EBRD) (Lender); International Finance Corporation (IFC) (Lender)
BLC Law Office
Party: Tata Group (Joint venture partner); Adjaristkali Georgia (Project company); Clean Energy Invest (Joint venture partner)
Clifford Chance
Party: Asian Development Bank (Lender); European Bank for Reconstruction and Development (EBRD) (Lender); International Finance Corporation (IFC) (Lender)
King & Spalding
Party: Adjaristsqali Georgia (Project company)

Overview:
- The project is being constructed on the Adjaristskali river in the Adjara region in Georgia.
- The project is being developed by project company Adjaristsqali Georgia (AGL) an SPV owned by sponsors Tata Power, Clean Energy Invest and IFC.
- The financing is being provided by the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC), with the IFC acting as arranger.
- The project will allow the country to export electricity to Turkey through the 400kV Akhalskhe-Borcka transmission line.
- The project also represents the first phase of the wider Adjaristsqali Cascade hydropower project, which also includes three other power plants Koromkheti (150MW), Khertvisi (65MW) and Skhalta (10MW).

Abu Dhabi Plaza

Jurisdiction:
Kazakhstan
Deal type:
Project development
Industry sectors:
Real Estate
Firms:
Dentons
Party: Aldar Euroasia
Linkage & Mind
Party: Story Development

Overview:
- Abu Dhabi Plaza is a $1.1 billion development under construction in Astana, consisting of offices, residential facilities, shopping spaces, and a hotel.
- When completed, the project will have many towers reaching different heights, with the tallest reaching a height of 382 metres with 88 floors.
- It is presently the biggest construction project in Astana, and will be the tallest building in Central Asia.

Almaty Ring Road PPP

Jurisdiction:
Kazakhstan
Deal type:
Project development; PPP/PFI
Industry sectors:
Transport
Firms:
Dentons
Party: Citic Construction
Divjak Topić & Bahtijarević Law Firm

Overview:
- The Almaty Ring Road PPP is a project that envisages the construction of a 66 km long road around the city under a 20 year long concession contract based on an availability payment scheme.
- The authorities are trying to increase private sector involvement in the road sector by means of PPP/concession schemes.
- The project involves the government, the IFC, and is mobilised by the EBRD. It aims to demonstrate the viability of PPP/concession funding structures in the Kazakh road sector.

Astana light railway

Jurisdiction:
Kazakhstan
Deal type:
Project finance; Project development
Industry sectors:
Transport
Firms:
Hogan Lovells
Party: China Development Bank (Lender)
Centil Law firm
Party: China Development Bank (Lender)

Overview:
- The Astana light railway is a planned light rail, rapid transit system in Astana.
- Project authority Astana LRT signed an agreement with a consortium of China Railway International Group and Beijing State-Owned Assets Management for construction of the first phase of the capital's light rail project on May 7, 2015.
- The light railway is part of Nazarbayev's Kazakhstan 2030 plan to transform the country into an economic power.

Balkhash 1320MW thermal power plant

Jurisdiction:
Kazakhstan
Deal type:
Project finance; Project development
Industry sectors:
Energy
Firms:
Bird & Bird
Party: Enagas (Project developer)
Divjak Topić & Bahtijarević Law Firm
Party: Enagas (Project developer)

Overview:
- The 1320MW Balkhash thermal power plant, consisting of two 660MW units, is being developed on the south-western bank of Lake Balkhash in Kazakhstan.
- The plant is expected to produce approximately 9% of Kazakhstan's total power output, and is being developed as part of an intergovernmental agreement signed by the Government of the Republic of Kazakhstan and the Government of the Republic of Korea.
- The agreement was signed in 2011 and it includes economic cooperation in the field of financing, design, construction, operation and maintenance of the power plant.
- This is the first independent power production (IPP) project in Kazakhstan.
- The project used foreign capital financing for the construction and operation.

Almaty Ring Road PPP

Jurisdiction:
Kazakhstan
Deal type:
Project development; PPP/PFI
Industry sectors:
Transport
Firms:
Dentons
Party: Citic Construction
Divjak Topić & Bahtijarević Law Firm

Overview:
- The Almaty Ring Road PPP is a project that envisages the construction of a 66 km long road around the city under a 20 year long concession contract based on an availability payment scheme.
- The authorities are trying to increase private sector involvement in the road sector by means of PPP/concession schemes.
- The project involves the government, the IFC, and is mobilised by the EBRD. It aims to demonstrate the viability of PPP/concession funding structures in the Kazakh road sector.

Shymkent oil refinery refurbishment

Jurisdiction:
Kazakhstan
Deal type:
Project development
Industry sectors:
Oil and gas
Firms:
Morgan Lewis & Bockius
Party: PetroKazakhstan Overseas International (EPC contractor)
Linkage & Mind
Party: PetroKazakhstan Oil Products

Overview:
- PetroKazakhstan Overseas International, a subsidiary of CNPC, and its subsidiary PetroKazakhstan Oil Products has participated alongside China Petroleum Engineering and Construction Corporation in an engineering, construction and procurement (EPC) contract for reconstruction and upgrade.
- Shymkent Oil Refinery is one of the three major refineries in Kazakhstan, and in April 2017 it completed the first stage of its modernisation.
- The first modernisation stage included the establishment of a sulphur production unit with a production capacity of 4,000 tonnes per year; an existing diesel fuel hydro treating unit was reconstructed; and the construction of a pressurised bulk filling plant of light oil products and other facilities of the factory infrastructure was completed.
- This refinery upgrade project is one of the key infrastructure projects underway in Kazakhstan's oil and gas industry, with a stated aim to bring the local production of fuel up to international standards.

Western Europe-Western China transnational highway

Jurisdiction:
Kazakhstan
Deal type:
Project development
Industry sectors:
Transport
Firms:
Unicase Law Firm
Party: Todini

Overview:
- The Western Europe-Western China transnational highway is project in construction that will stretch 8,445 km from the Yellow Sea coast of China to the Baltic Sea at St Petersburg when fully completed.
- The project is one of the main elements of the government's transport infrastructure, and is part of an effort to recreate the ancient Silk Road.
- It is a branch of integration into European and Asian regional systems of highways connecting most of the states of the Eurasian continent, large road junctions and terminals.
- So far intergovernmental memorandums have been signed with Russia, China, and the European Union.
- The Almaty-Khorgos Road is an exclusive checkpoint on border control between Kazakhstan and China and it is an international transportation and logistics centre for Chinese goods to Europe, Iran, Gulf countries, and the Caucasus.

CSKA Moscow stadium

Jurisdiction:
Russia
Deal type:
Project finance
Governing law:
Russia
Firm:
Yust
Party: Vnesheconombank (Lender)

Overview:
- Professional Football Club Central Sport Club of the Army (CSKA) is developing a new 30,000-seater stadium in Moscow, Arena CSKA.
- Vnesheconombank is providing R16 billion financing for the project.

Eurochem Kingisepp ammonia plant

Jurisdictions:
United Kingdom; Russia
Deal type:
Project finance
Industry sector:
Mining
Firms:
Linklaters
Party: ING Bank (Lead arranger, Documentation agent, Coordinator); HSBC (Lead arranger, Coordinator); Unicredit Bank (Facility agent, Security agent); Crédit Agricole Corporate and Investment Bank (Lead arranger); Société Générale (Lead arranger); Unicredit Bank Austria (Lead arranger)
Vinson & Elkins
Party: EuroChem (Borrower)

Overview:
- Eurochem is building an ammmonia plant in Kingisepp in Russia.
- Eurochem has borrowed €557 million from a club of banks, through its subsidiary EuroChem Northwest, which was covered by the Italian export credit agency Servizi Assicurativi del Commercio Estero (SACE) for all political and commercial risk.
- The facility provides the majority of funding for the €660 million construction of an ammonia plant in Kingisepp, close to the Estonian border in Leningrad Oblast, near to the company's Phosphorit phosphate fertilizer facility.
- Maire Tecnimont subsidiaries Tecnimont and Tecnimont Russia were retained for engineering, procurement and construction work.
- ING Bank acted as mandated lead arranger, documentation agent and coordinator.
- HSBC served as mandated lead arranger, due diligence agent and coordinator.
- The other mandated lead arrangers on the matter were Crédit Agricole CIB, Société Générale and UniCredit Bank Austria.
- UniCredit Bank acted as the facility and security agent, while UniCredit acted as agent to SACE.

Gazprom Pererabotka Blagoveshchensk gas processing plant

Jurisdiction:
Russia
Deal types:
Project development; Project finance
Industry sector:
Oil and gas
Firm:
Herbert Smith Freehills
Party: Gazprom Pererabotka Blagoveshchensk (Project company)

Overview:
- Gazprom Pererabotka Blagoveshchensk is a project company developing a gas processing plant in the Amur region of Russia.
- It is projected to cost approximately $11 billion.
- Nipaz – part of the Sibur Group – acts as the general contractor for the project.
- The plant will be constructed using technology from the Germany-based Linde Group.
- When complete, it will be the largest gas processing plant in Russia and one of the largest in the world.

M11 Moscow-St Petersburg toll road (sections 7 and 8)

Jurisdiction:
Russia
Deal types:
PPP; Project development; Project finance,
Industry sector:
Transport
Firms:
Freshfields Bruckhaus Deringer
Party: VTB Capital (Sponsor); Vinci (Sponsor)
Herbert Smith Freehills
Party: Avtodor (Grantor)
Linklaters
Party: VTB Bank (Lender)

Overview:
- The M11 Moscow – St Petersburg toll road (sections 7 and 8) is a R89.15 billion concession run by Russian Highways to develop a toll road.
- The concession company Two Capitals Highway was financed through two senior tranches of bonds and a loan from VTB Bank, while the VTB Group and Vinci Concessions served as sponsors.
- The Russian Federation, represented by state company Avtodor, is financing 75% of the construction costs through a capital grant of R57.6 billion and non-recourse financing comprising R23.2 billion.
- The project is seen as a test case for public-private partnerships under Russian law.

Moscow Central Ring Road

Jurisdiction:
Russia
Deal types:
PPP; Project development
Industry sector:
Transport
Firms:
Freshfields Bruckhaus Deringer
Party: Gazprombank (Lender); Economic Development Bank (Lender)
Herbert Smith Freehills
Party: Highway Construction Company (Concessionaire, Sponsor)
Hogan Lovells
Party: Avtodor (Grantor)

Overview:
- The Russian government is building a 339 km ring road around 50 km outside Moscow.
- The road is being developed to ease congestion in the city.
- The ring road, most of which will be tolled, is being developed in four sections: the first two sections are being financed with long-term investment agreements, the latter two are being developed on a public-private partnership basis.
- Highway Construction Company, an SPV owned by Russian construction company DSK Avtoban, was awarded the concession to develop section three (around 105.3 km) of the project.
- A consortium of lenders led by Gazprombank and Economic Development Bank is providing $1.5 billion in project financing to fund development of section three.
- The road is scheduled to be completed in 2018.

Moscow-Kazan high-speed railway

Jurisdiction:
Russia
Deal types:
PPP; Project finance
Industry sector:
Transport
Firms:
Freshfields Bruckhaus Deringer
Party: Russian Railways (Project developer); High-Speed Rail Lines (Project company)
Vegas Lex
Party: High-Speed Rail Lines (Project company)

Overview:
- Russian Railways and its subsidiary High-Speed Rail Lines are constructing a high-speed rail line between Moscow and Kazan.
- The 770 km track is the first high-speed railroad in Russia to be constructed under a public-private partnership (PPP) model.
- The total project cost is expected to exceed R1 trillion.

Moscow Transportation Hub Directorate light railway

Jurisdiction:
Russia
Deal type:
Project development
Industry sector:
Transport
Firm:
Vegas Lex
Party: Moscow Transportation Hub Directorate (Grantor)

Overview:
- The Moscow Transportation Hub Directorate is developing a comprehensive project to build a system of high-speed off-street transport lines in the Moscow region.
- InfraONE is serving as the financial consultant on the project.
- The first line of the project will go through Podolsk and Domodedovo to Ramenskoye to the south and south east of Moscow, with stops at Domodedovo and Zhukovsky airports.

Norilsk Nickel Bystrinsky GOK mining complex

Jurisdictions:
British Virgin Islands; Cyprus; Switzerland; United Kingdom; Russia
Deal type:
Project finance
Industry sector:
Mining
Firms:
Debevoise & Plimpton
Party: GRK Bystrinskoye (Borrower)
George Y Yiangou & Co
Party: Sberbank CIB (Lender)
Linklaters
Party: Sberbank CIB (Lender)
Walder Wyss
Party: Sberbank CIB (Lender)
Walkers
Party: Sberbank CIB (Lender)

Overview:
- Norilsk Nickel is developing a mining and concentration complex (Bystrinsky GOK) in Zabaykalsky Kray.
- The project has secured an $800 million credit facility to finance the construction.
- Sberbank CIB served as arranger for the facility, with project company GRK Bystrinskoye acting as the borrower.

Sheremetyevo International Airport redevelopment

Jurisdiction:
Russia
Deal type:
Project development
Industry sector:
Aviation
Firm:
Goltsblat BLP
Party: Sheremetyevo International Airport (Project developer)

Overview:
- The $3.5 billion redevelopment of Sheremetyevo International Airport is a major construction project to expand one of Russia's key transportation hubs ahead of the 2018 World Cup.
- It includes the construction of new passenger and cargo terminals, demolition of an old terminal and the construction of a unique tunnel under the runway to connect the passenger terminals.
- The expansion will make the airport the biggest hub in Russia and one of the largest in the world.

Turkish Stream offshore gas pipeline

Jurisdictions:
Russia; Turkey
Deal type:
Project development
Industry sector:
Oil and gas
Firms:
Goltsblat BLP
Party: South Stream Transport (Project developer)
Sullivan & Cromwell
Party: South Stream Transport (Project developer)

Overview:
- The Turkish Stream offshore pipeline (formerly South Stream) is a €20 billion project to construct 900 km of parallel natural gas pipelines beneath the Black Sea between Turkey and Russia.
- It will run from Anapa in Krasnodar Krai in southwest Russia to Kiykoy in the Thrace region of Turkey.
- It replaces the abandoned South Stream project that would have connected Russia to Bulgaria.
- Gazprom will construct the offshore component of the project.
- As part of the deal, Turkey will receive a discount on gas prices from Russia.

Yamal LNG plant

Jurisdictions:
China; Russia; United Kingdom
Deal types:
Project development; Project finance
Industry sector:
Oil and gas
Firms:
Clifford Chance
Party: Yamal LNG (Project company)
Herbert Smith Freehills
Party: Silk Road Fund (Sponsor)
Linklaters
Party: The Export-Import Bank of China (Lender); China Development Bank (Lender); Sberbank of Russia (Lender); Gazprombank (Lender); Japan Bank for International Cooperation (Lender); Intesa Sanpaolo (Lender); National Welfare Fund of Russia (NWF) (Lender)

Overview:
- Project company Yamal LNG is developing upstream production facilities and a natural gas liquefaction plant in the Yamal Peninsula in Russia.
- Yamal LNG is owned by Novatek (50.1%), China National Petroleum (CNPC) (20%), Total (20%), and Silk Road Fund (9.9%).
- Novatek is Russia's second largest independent gas producer and is leading Yamal's development; state-owned CNPC is China's largest integrated energy company; Total is a French oil and gas major; and Silk Road Fund is a Chinese state-owned investment fund which bought equity in Yamal from Novatek for €1.087 billion in March 2016.
- The Yamal project will extract gas – through more than 200 wells – from the South-Tambeyskoye field in Siberia and liquefy it for export.
- The project will comprise three liquefication trains, which are being built in stages and are scheduled to be operational consecutively in 2017, 2018, and 2019.
- Yamal is expected to have a capacity of 16.5 million metric tonnes of LNG a year.
- Yamal's sponsors have secured $19 billion in project financing to fund the project's development.
- Russian sovereign wealth fund National Welfare Fund of Russia (NWF) has contributed R150 billion ($2.3 billion) towards the project by buying bonds in Yamal LNG.
- Sberbank and Gazprombank are providing €3.6 billion in a 15 year euribor six-month plus 4.7% loan.
- China's state-owned lenders Bank of China and China Development Bank are providing more than $12 billion of the project financing in two 15 year loans (one of €9.34 billion and one of ¥9.8 billion, signed April 29, 2016) with interest rates beginning at euribor six-month plus 3.30% and increasing when the project enters full commission.
- Intesa Sanpaolo is providing a €750 million 14.5 year euribor six-month plus 2.5% loan (signed December 2016), which is insured by Italy and France's export credit agencies, Sace and Coface respectively.
- Japan Bank for International Cooperation (JBIC) is providing €200 million (signed December 2016).
- In February 2017, Russia's Minister for Energy reported the entirety of the Yamal project was 75% complete, with the first stage of the project closer to 90% complete, and Total said it may receive LNG exports from Yamal in October 2017.

Yuzhni Port grain terminal

Jurisdictions:
United Kingdom; Ukraine

Deal types:
Joint venture; Project development

Industry sectors:
Agriculture; Shipping

Firms:
Baker McKenzie
Party: Cargill (Joint venture partner)
CMS
Party: MV Cargo (Joint venture partner)

Overview:
- US based agriculture company, Cargill, has entered into a joint venture agreement with Ukrainian business MV Cargo, a freight handler, to develop a new grain terminal in Ukraine's Black Sea port of Yuzhni.
- The direct investment in the project will be $100 million.
- The terminal will predominately be used to dock and load vessels exporting grain, Ukraine's second largest export.
- Construction of the terminal begins in February 2016 and is expected to be completed by the spring of 2018.

Russia and the CIS

Project finance transactions which reached financial close in 2016
(Data provided by IJ Global)

Name	Country	Sector	Sub sector	Transaction type	Value
Altai Solar PV Portfolio (30MW)	Russia	Portfolio Financing	Renewables	Photovoltaic Solar	$48.8 million
Rosnano & Renova Russian Solar Portfolio (70MW)	Russia	Portfolio Financing	Renewables	Photovoltaic Solar	$158 million
Sodeco's Sakhalin I Phase 2 Financing	Russia	Primary Financing	Oil & Gas	Upstream	$900 million
Syktyvkar - Naryan-Mar Road PPP	Russia	Primary Financing	Transport	Roads	$79.4 million
Yamal LNG	Russia	Primary Financing	Oil & Gas	LNG	$30.2 bilion
Yamal LNG JBIC Facility 2016	Russia	Additional Facility	Oil & Gas	LNG	$208 million

Southeast Europe

Bulgaria

In the Bulgarian energy sector, the largest project in development by far is the expansion of the Kozloduy nuclear power plant, with a new 1000MW unit planned. The country has also received backing to extend the life of the existing units 5 and 6. In May 2017 the government also announced that it was looking to restart the cancelled Belene nuclear power plant, aborted in 2012 in favour of extending the Kozloduy plant. Elsewhere, in August 2016 funding was secured for a new 140 km electricity transmission line between Dobrudja and Burgas.

When it comes to natural gas, the country's main focus is on developing interconnectors, having been encouraged by the EU to reduce its dependence on Russian gas. As a result interconnectors are being built to Greece, Romania and Turkey. The pipelines will allow the country to import from other states, most notably from Azerbaijan through the Trans Adriatic Pipeline.

Although not feeding into the independence plan, further opportunities arose in May 2017 with the start of construction on the Turkish Stream (TurkStream) pipeline, running from Russia under the Black Sea to Turkey.

Elsewhere, in a similar manner to Romania, the country has also signed gas exploration agreements relating to the Black Sea, most notably with Shell concerning the Silistar block.

In the transport sector, the Struma, Hemus and Cherno More motorways are still moving ahead, some with the support of Chinese investment, which has also been seen in the rail sector where a number of the country's key lines are being updated and rehabilitated.

Romania

In Romania, the key developments in the market have actually happened away from actual energy projects themselves.

The long running saga surrounding the state-owned energy company Hidroelectrica continues to rumble on. Having initially entered insolvency in 2012 the company underwent a restructuring before becoming insolvent a second time in 2014. The company finally exited insolvency in June 2016 and it was then announced that a minority stake in the company would be sold via an IPO late in 2016.

At the time of going to press the process is still open, though in May the energy ministry altered the plan, which will now see the funds raised by the IPO go into state coffers instead of direct to the company's accounts.

The Hidroelectrica situation also affected the market in other ways. In May 2017 Energy Holding, one of the country's largest energy traders filed for insolvency, following its failure to extract damages from Hidroelectrica after the cancellation of contracts.

There have also been developments in relation to the country's renewable energy law. In October 2016 the then government published a draft bill amending regulations around green certificates. Key changes include an extension of the validity time period of the certificates (until 2032); new certificate acquisition quotas, higher cut-off values for certificate trading, and a new centralised anonymous market for trading certificates.

The government has also announced a new €100 million support scheme for geothermal projects, which it hopes will support an additional 60MW of capacity.

Although there are not a raft of new energy projects in the market, long term upgrades to existing plants continue including new units at the Cernavodă and Rovinari plants.

In the oil and gas space, the main focus has been on natural gas discoveries in the Black Sea. Black Sea Oil & Gas, a Carlyle subsidiary, has already progressed with the development of the Ana and Doina fields and the finds are being seen as a way to increases Romania's gas independence.

In the transport area, the country continues to upgrade its road network, though the pace is slow. The North and South sections of the Bucharest Ring Road and the Comarnic to Brașov and Brașov to Oradea sections of the A3 motorway are the most high profile examples.

Western Balkans

Across the Western Balkans an increased emphasis is being put on renewable energy. This is partly down to a greater understanding of the region's geographical benefits, with mountains and high ground creating opportunities for hydro and wind; and the gradual switch by banks, funds and other investors away from traditional energy projects. A third consideration is the EU, which has strict regulations on carbon emissions and targets for renewable energy production. For countries already inside the bloc and those seeking membership this is an issue that cannot be ignored.

However, as it stands the region is still largely dependent on traditional energy and a number of older coal power plants are being refurbished to service current demand. Increasingly it is Chinese banks and companies that are providing the backing for this.

When looking at renewables, hydropower is one area which, while not a new idea is increasingly gaining traction across the Western Balkans. Already an important part of the energy mix in Albania, other countries are now following suit, with Croatia highlighting it as a key pillar in the country's energy independence and its aim to reduce carbon emissions by 40% by 2030.

Bosnia and Herzegovina is also looking at its options as it seeks to reduce its reliance on coal. The country's energy sector is still dominated by thermal plants, with notable examples being the new Banovići plant and the expansion and the modernising of the Tuzla plant. Renewables are starting to be developed however and while hydropower is at the moment a mere concept, in the wind sector concrete plans are in place, with one example being a proposed plant developed by DIV in Tomislavgrad.

In Albania, while hydropower is king, the country has begun to turn its attention to solar power. May 2017 saw Minister of Energy Damian Gjiknuri and the European Bank for Reconstruction and Development (EBRD) announce a new strategy to stimulate growth via a new round of auctions for private plants with a capacity between 50-100MW.

Of all the former Yugoslav states Serbia is one of the most active when it comes to wind farms. While the first such development was only constructed in 2015 – MK Wind's 9.9MW farm at Kula in Vojvodina – the pace has picked up considerably with the Ministry of Energy announcing in April 2016 that the country had reached its initial 500MW target largely as a result of the Čibuk 1, Kovačica and Plandište 1 plants. Since then Senvion and Elicio have also begun development of plants at Alibunar and Malibunar.

The sector has also received a boost after the passing of decrees relating to power purchase agreements (PPAs), collectively known as the 'PPA Package' in June 2016. The regulations clarified the incentive regime, the status of privileged power producers and the regulations surrounding PPAs contracts themselves.

The PPA package followed on from the passing of Serbia's latest energy law in 2014, which harmonised the country's legislation with the EU's Third Energy Package.

Montenegro is also seeing an uptick in the number of new wind projects, with the Krnovo and Možura farms the most obvious examples. Hydropower is also being given fresh consideration with sites being looked at along the Komarnica and Morača rivers.

The country is also an example of the increased importance being put on interconnector projects. The most high profile of these is the subsea electricity link being built between Montenegro and Italy, which forms part of the wider Trans-Balkan corridor project to build transmission lines between the Western Balkan states, Bulgaria, Hungary and Romania and Western Europe. Albania and Macedonia have also announced a 400kV transmission line between Bitola and Elbasan.

Beyond this, other projects are also being developed to increase cross border cooperation, most notable being the Energy Community Western Balkan Six project which looks to encourage electricity trading and harmonisation of energy laws to allow cross border energy sales and create a regional electricity market. Elsewhere the SINCRO.GRID project aims to harmonise the technology used by grid operators in Croatia and Slovenia in order to make best use of excess energy and to tackle shared operational issues.

Other strategies like the Regional Energy Efficiency Programme (REEP) of the European Commission are keeping up the green push by providing funds to improve the energy efficiency of public buildings across the region.

In oil and gas, notable projects include the much discussed LNG terminal at Krk in Croatia, which was designed to be a gateway for LNG deliveries from beyond Europe. The oft delayed development is under pressure to move ahead as importers look at other options, and with Poland having already begun its own terminal project the clock is ticking.

Elsewhere, offshore oil and gas exploration continues in Montenegro, while Bosnia and Herzegovina and Croatia have announced an intention to build a gas interconnector between the two countries.

In the infrastructure space, large transport projects rumble on, though many continue to be hit by delays. Projects like the Belgrade Ring Road and the Milot to Morine and Belgrade to Bar highway projects are slowly improving the region's road links, while a high speed rail line has also been announced between Belgrade and Budapest backed by Chinese investment.

DEAL DATA

The deals that matter. The lawyers that led them.

Below is a selection of energy and infrastructure deals taken from IFLR1000 Deal Data.

For more information and to browse the full database for the EMEA region please visit: http://www.iflr1000.com/Search/Deals

China Everbright €81.1 million acquisition of Tirana International Airport

Jurisdiction:
Albania

Deal type:
Public acquisition

Industry sectors:
Transport, Aviation

Firms:

Bird & Bird
Party: China Everbright (Acquirer)
Boga & Associates
Party: China Everbright (Acquirer); Friedmann Pacific Assets Management (Acquirer)
Hoxha Memi & Hoxha
Party: Albanian-American Enterprise Fund (Seller)
Kalo & Associates
Party: Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (Seller); Albanian-American Enterprise Fund (Seller); AviAlliance (Seller)

Overview:

- China Everbright has acquired Tirana International Airport for an estimated €81.1 million.
- The airport's shareholders included AviAlliance, DEG – Deutsche Investitions- und Entwicklungsgesellschaft and the Albanian-American Enterprise Fund (AAEF).
- China Everbright is the international investment arm of the state-owned China Everbright Group.
- The deal is the first investment in Albania by a Chinese company and is in line with China's 'one belt, one road' investment strategy.

Milot-Morine Highway

Jurisdiction:
Albania

Deal type:
Project development

Industry sector:
Transport

Firms:

CMS Cameron McKenna Nabarro Olswang
Party: Ministry of Public Works and Transport of Albania (Grantor)
Kalo & Associates
Party: Ministry of Public Works and Transport of Albania (Grantor)
Wolf Theiss
Party: Catalyst Viva Das General Contracting (Bidder)

Overview:

- The project links the town of Milot to Morine at the Kosovo border and is part of the Durres-Kukes highway.
- It is the largest road project in the country's history.
- The project consists of three sections (i) Milot to Rreshen, a 26km two-lane single carriageway (ii) Rreshen to Kalimash, a 61km four-lane motorway and (iii) Kalimash to Morine segment, a 31km four lane road.

Banovići 350MW coal power plant

Jurisdiction:
Bosnia and Herzegovina
Deal type:
Project development
Industry sector:
Energy
Firm:
Wolf Theiss in cooperation with local lawyers
Party: Coal Mine Banovići (Project developer)

Overview:
- Coal Mine Banovići is developing a new thermal power plant alongside an existing coal mine which will fuel the plant.
- In October 2015 China's Dongfang Electric Corporation was selected as strategic partner on the project.
- Industrial and Commercial Bank of China (ICBC) is providing the financing.
- KPMG Croatia is acting as financial adviser, VPC is acting as technical adviser.

Tuzla coal power plant Unit 7 (450MW)

Jurisdiction:
Bosnia and Herzegovina
Deal type:
Project development
Industry sector:
Energy
Firms:
BDK Advokati/Attorneys at Law
Party: China Export & Credit Insurance Corporation (Sinosure) (Guarantor)
Wolf Theiss in cooperation with local lawyers
Party: China Gezhouba Group Corporation (CGGC) (Project developer)

Overview:
- Elektroprivreda BiH has commissioned Unit 7 at the Tuzla power plant.
- China Gezhouba Group (CGGC) is acting as EPC contractor and formed a joint venture with Guangdong Electric Power Design Institute of China Energy Engineering Group (GEDI) to develop the project.
- Export-Import Bank of China is providing financing for the project. Sinosure is acting as guarantor for the financing.
- The original units of the power plant were constructed in the 1960s.
- There are also plans to construct a 300MW Unit 8 at the plant.

Gas Interconnector Greece-Bulgaria pipeline

Jurisdictions:
Bulgaria, Greece
Deal type:
Project development
Industry sectors:
Oil and gas
Firms:
Herbert Smith Freehills
Party: IGI Poseidon (Project developer)
Schoenherr (in cooperation with Stoyanov & Tsekova)
Party: IGI Poseidon (Project developer)

Overview:
- The 182km pipeline will provide a link between the national natural gas systems of Bulgaria and Greece with a capacity of 4.3 billion cubic metres per year. The project crosses the border at Komotini.
- The project is being developed by ICGB, a joint venture of Bulgarian state-owned energy holding company BEH (50%) stake, Greek state energy firm DEPA (25%) and Italy's Edison (25%). DEPA and Edison themselves are acting through a joint venture called IGI Poseidon.
- The pipeline is being constructed in order to reduce Bulgaria's reliance on Russian gas.
- The European Commission has designated the pipeline a Project of Common Interest (PCI).
- The European Economic Recovery Plan (EERP) is providing €45 million in financing to support the project.

Dobrich-Silistra gas pipeline

Jurisdiction:
Bulgaria
Deal type:
Project development
Industry sector:
Oil and gas
Firm:
Kambourov & Partners
Party: Societa Appalto Lavori Pubblici (SALP) (Project developer)

Overview:
- The project is an 80km gas pipeline between the cities of Dobrich and Silistra.
- The pipeline has a capacity of 100,000 cubic metres per hour.
- Societa Appalto Lavori Pubblici (SALP) is acting as the main contractor on the project.
- The project is being financed by the European Bank for Reconstruction and Development (EBRD) and Bulgartransgaz.
- The project received the final certificate of fitness of operations in October 2015.
- The project is part of a wider expansion of Bulgaria's gas network including interconnectors to Greece, Serbia and Turkey.

Kozloduy nuclear power plant Unit 7 (1000MW)

Jurisdiction:
Bulgaria
Deal type:
Project development
Industry sector:
Energy
Firm:
Boyanov & Co
Party: Westinghouse Electric (Project developer)

Overview:
- In 2013 the Bulgarian government announced plans to expand the existing nuclear power plant at Kozloduy.
- The decision followed the cancellation of a proposed new plant at Belene.
- In 2014 it was announced that US company Westinghouse Electric would develop the project, though development was delayed following negotiations over Westinghouse's role, with the Government wanting the company to commit to being an investor on the project.
- In late 2015 it was announced that an unknown Chinese investment consortium may take a financing role on the deal.
- The first four units of the power plant were constructed in the 1970s with Units 5 and 6 following in 1987 and 1991 respectively. Units 5 and 6 are the only ones still functional and are currently being upgraded.

Shell offshore exploration agreement with Bulgaria

Jurisdiction:
Bulgaria
Deal types:
Project development
Exploration contract
Industry sector:
Oil and gas
Firm:
CMS
Party: Royal Dutch Shell (Concessionaire)

Overview:
- Bulgaria has signed an agreement with Royal Dutch Shell to explore the Black Sea off the country's coastline for oil and gas.
- The five-year contract covers an area of 7000 square km comprising the Silistar block.
- As part of the agreement, Shell will invest around €20 million in the initial exploration.
- Shell will not be obliged to drill for a well.
- The contract does not include a production-sharing agreement, Bulgaria will be remunerated through royalties if Shell discovers oil or gas.
- At present, Bulgaria imports around 95% of its gas from Russia.
- Bulgaria's contract with Shell forms part of a programme to make the country less dependent on Russia for its energy needs.
- There are several other projects underway aimed at diversifying the country's energy supplies. Total, OMV and Repsol have plans to drill for gas and oil in Bulgaria's biggest offshore block in the Black Sea imminently, having begun exploration five years ago, and two gas inter-connector projects, one with Greece, one with Romania, are being discussed.

Sofia Metro – Third Line M3

Jurisdiction:
Bulgaria
Deal type:
Project development
Industry sector:
Transport
Firm:
Kambourov & Partners
Party: Monolit (Project developer)

Overview:
- The 16km third metro line will connect Ovcha Kupel in southwest Sofia to Vasil Levski in the northeast and will include 16 stations. The first stage has a length of 7.8km and includes eight stations.
- The completed line is expected to carry 170,000 passengers a day.
- Construction on the line began in early 2016 and it is expected to be complete by 2019.

Dubrovnik Airport Expansion Phase II

Jurisdiction:
Croatia
Deal type:
Project development
Industry sectors:
Aviation, Transport
Firm:
CMS
Party: European Investment Bank – EIB (Lender)

Overview:
- The project includes the upgrade of runways taxiways and maintenance facilities, the construction of new parking facilities and upgrades to existing systems including reception, security check and baggage handling.
- The aim of the wider project is to expand the airport's capacity to 3.98 million passengers by 2032.
- Funding for the project was secured in April 2017.
- The deal follows the opening of the first phase of the airport's Terminal C in February 2017.

Island of Krk LNG Terminal

Jurisdiction:
Croatia
Deal type:
Project development
Industry sectors:
Energy
Oil and gas
Firms:
Bird & Bird
Party: Enagas (Project developer)
Divjak Topić & Bahtijarević Law Firm
Party: Enagas (Project developer)
Hanžeković & Partners
Party: LNG Croatia (Project developer)
Law Firm Kallay & Partners
Party: LNG Croatia (Project developer)

Overview:

- A new LNG receiving terminal is being constructed in Omišalj county on the Island of Krk.
- The terminal will have a capacity of 6 billion cubic metres per year and will include two LNG storage tanks with a total storage capacity of up to 360,000 cubic metres.
- The project is being developed by LNG Croatia.
- The project has been categorised as a Project of Common Interest (PCI) by the European Commission.
- Being a PCI allows the project easier access to EU funds.
- The project is seen as a key part of the EU's Energy Union and is part of a drive towards moving the continent away from a reliance on Russian gas.
- The European Investment Bank (EIB) is providing €339 million in funding for the project.

Bar-Boljare highway

Jurisdiction:
Montenegro
Deal type:
Project development
Industry sector:
Transport
Firm:
BDK Advokati/Attorneys at Law
Party: China Road and Bridge Corporation (CRBC) (Project developer)

Overview:

- China Road and Bridge Corporation (CRBC) is constructing a new 164km four-lane highway between the port of Bar and Boljare on the border of Montenegro and Serbia.
- The project is part of the wider Belgrade-Bar highway.
- Construction on the first section of the highway running from Smokovac to Matesevo started in April 2015.
- The Export-Import Bank of China is providing €687 million to help finance the project.

Italy-Montenegro 1000MW subsea electricity interconnector

Jurisdictions:
Italy, Montenegro
Deal type:
Project development
Industry sector:
Energy
Firm:
BDK Advokati/Attorneys at Law
Party: Crnogorski elektroprenosni sistem (CGES) (Project developer)

Overview:

- Italian electricity system operator Terna and its Montenegro equivalent Crnogorski elektroprenosni sistem (CGES) have constructed a subsea cable connecting the electricity networks of Italy and Montenegro.
- The cable runs for 433km between Pescara in Italy to Budva in Montenegro at a depth of 1200m below the surface.
- The project began in 2012 and was completed in 2017.

Krnovo 72MW Wind Farm

Jurisdiction:
Montenegro

Deal types:
Project development, Project finance

Industry sector:
Energy

Firms:
BDK Advokati/Attorneys at Law
Party: Akuo Energy (Project developer)
Cleary Gottlieb Steen & Hamilton
Party: Akuo Energy (Borrower)
Law Office Vujacic
Party: European Bank for Reconstruction and Development (EBRD) (Lender); KfW IPEX-Bank (Lender)

Overview:

- Akuo Energy is developing a 72MW wind power plant at Krnovo near the town of Niksic in Montenegro.
- Akuo is a French renewable energy company.
- The plant will produce 6% of the country's energy upon completion.
- The project is being part financed by loans provided by the European Bank for Reconstruction and Development (EBRD) and KfW IPEX-Bank.

Montenegro offshore oil and gas block concession

Jurisdiction:
Montenegro

Deal types:
Concession, Exploration contract

Industry sector:
Oil and gas

Firms:
BDK Advokati/Attorneys at Law
Party: Eni (Concessionaire)
Harrisons
Party: Novatek (Concessionaire)

Overview:

- Novatek and Eni have signed concession contract with the Government of Montenegro for the exploration of hydrocarbons in four offshore blocks in Montenegro.
- The blocks cover a total area of 1,228 square km.
- The concession is granted for a period of 30 years, the exploration activities will be divided into two stages and the borehole drilling is expected to in 2017.
- Eni was appointed as operator, and both companies participate with 50% share in the deal.

Možura 45MW wind farm

Jurisdiction:
Montenegro

Deal type:
Project development

Industry sector:
Energy

Firm:
Schoenherr
Party: Enemalta (Acquirer, Project developer)
Party: Shanghai Electric Power (Acquirer, Project developer)

Overview:

- Enemalta, an energy company majority owned by the Government of Malta, is developing a new wind farm in Možura.
- The farm consists of two 23MW turbines that will provide 3% of the country's energy.
- The project is expected to be complete in late 2017/ early 2018.
- The project was originally enacted in 2010 with a consortium of Fersa Energias Renovables and Čelebić acquiring the rights to develop a wind farm at the site. The project company was later acquired by Enemalta.
- Shanghai Electric Power holds a 33% stake in Enemalta.
- The project, alongside the Krnovo wind farm, is part of a wider plan by the government in Montenegro which is aiming to have 33% of the company's energy needs provided by renewable sources.

Pljevlja coal power plant Unit 2 (250MW)

Jurisdiction:
Montenegro
Deal type:
Project development
Industry sector:
Energy
Firm:
Schoenherr
Party: Elektroprivreda Crne Gore (EPCG) (Project developer)

Overview:
- Elektroprivreda Crne Gore (EPCG) has undertaken a project to construct a second power unit at the Pljevlja, Montenegro's only coal power plant.
- Škoda Praha is acting as EPC contractor after being selected in April 2015.
- The Pljevlja plant itself went into service in 1982.

Allianz Capital Partners acquisition of 30% stake in EON Distributie Romania

Jurisdiction:
Romania
Deal type:
Public acquisition
Industry sector:
Energy
Firms:
Allen & Overy
Party: Allianz Capital Partners (Acquirer)
Botezatu & Asociații
Party: EON (Seller)

Overview:
- Allianz Capital Partners has reached an agreement to buy a 30% stake in EON Distributie Romania.
- After the deal completes EON will be left with a 56.5% stake while the Romanian Ministry of Energy will own 13.5%.
- EON Distributie Romania is the Romanian distribution subsidiary of EON. It owns 20,000km of gas pipeline and an 80,000km electricity grid serving 3 million customers.
- The deal is expected to complete before the end of the year.

Bucharest South Ring Road PPP

Jurisdiction:
Romania
Deal types:
PPP, Project development
Industry sector:
Transport
Firm:
Țuca Zbârcea & Asociații
Party: Romanian Ministry of Transport (Grantor)

Overview:
- The project is part of the wider Bucharest Motorway Ring Road project which has a total distance of 100km. It will link the existing A1, A2 and A3 motorways.
- The South Ring is made up of a 48km strech of road.
- In May 2017 Romania's national company for road investments (CNAIR) announced a plan to widen part of the road to four lanes.

CEFC acquisition of 51% stake in KMG International

Jurisdictions:
Moldova, Romania
Deal type:
Public acquisition
Industry sector:
Oil and gas
Firms:
Dentons
Party: CEFC China Energy (Acquirer)
Freshfields Bruckhaus Deringer
Party: KMG International (Target)
Nestor Nestor Diculescu Kingston Petersen
Party: KMG International (Target)
Țuca Zbârcea & Asociații
Party: KMG International (Target)
Turcan Cazac
Party: CEFC China Energy (Acquirer)

Overview:
- CEFC Hainan International Holding, a subsidiary of Chinese energy company CEFC China Energy has acquired a 51% majority stake in KMG International (KMGI).
- KMGI is a downstream oil and gas company and a subsidiary of Kazakhstan Oil Company KazMunayGas. Largely made up of the former Rompetrol Group, it was acquired by the Kazakh firm in 2007.
- KMGI owns a refinery and fertilizer plant in Romania and a network of petrol stations.
- The deal is part of a wider $4 billion package of deals signed in December 2015 including Chinese investment in the oil and gas, telecoms and energy sectors.

Cernavodă nuclear power plant Units 3 and 4 (1400MW)

Jurisdiction:
Romania
Deal type:
Project development
Industry sector:
Energy
Firms:
PeliFilip
Party: Nuclearelectrica (Grantor, Joint venture partner)
Schoenherr & Asociații
Party: Nuclearelectrica (Grantor, Joint venture partner)
Țuca Zbârcea & Asociații
Party: China General Nuclear Power Corporation (CGN) (Investor)

Overview:
- China General Nuclear Power Corporation (CGN) and Romanian state owned energy company Nuclearelectrica have entered into a joint venture to develop Units 3 and 4 at the Cernavodă plant, with CGN owning 51% of the project.
- The two new units will have a combined capacity of 1400MW and an operating life of 30 years.
- A memorandum of understanding (MOU) was signed between the two companies in November 2015 but the project has been hit by delays since.
- In May 2017 the Romanian energy minister stated that discussions were still proceeding.
- The Cernavodă plant itself was constructed in the 1980s and provides around 20% of the country's energy needs.

MET Group acquisition of Repower Furnizare

Jurisdictions:
Romania
Deal type:
Public acquisition
Industry sector:
Energy
Firms:
Kinstellar
Party: MET Group (Acquirer)
Nestor Nestor Diculescu Kingston Petersen
Party: Repower (Seller)

Overview:
- MET Group has completed its acquisition of Repower Furnizare.
- Repower Furnizare is the Romanian subsidiary of the Swiss energy group Repower.
- MET Group is a Swiss commodities trader.
- The deal has been completed in the context of Repower wanting to focus on the Swiss and Italian markets.

Midia Gas Development Project

Jurisdiction:
Romania
Deal type:
Project development
Industry sector:
Oil and gas
Firm:
Suciu Popa
Party: Black Sea Oil & Gas (Project developer)

Overview:
- The project consist of the development of the Ana and Doina natural gas discoveries in the XV Midia Shallow block in the Black Sea.
- Specifically this mean the construction of offshore platforms, production wells, a 125km transmission pipeline, a gas treatment plant and a 25km pipeline from the plant to the Transgaz-operated national transmission system.
- The project is being developed by Black Sea Oil & Gas, a subsidiary of the Carlyle Group, along with partners Petro Venture Europe and Gas Plus International.
- Xodus Group has been awarded the front-end engineering and design (FEED) contract for the project.
- Approval for the project is expected by the end of 2017.
- The Ana gas field was discovered in 2007 with the Doina gas field originally found in 1995.

Rovinari coal power plant expansion (600MW)

Jurisdiction:
Romania
Deal type:
Project development
Industry sector:
Energy
Firm:
Radu Tărăcilă Pădurari Retevoescu – Allen & Overy
Party: China Huadian Engineering (Project developer)

Overview:
- China Huadian Engineering and Oltenia Energy Complex have formed a joint venture to construct a new 600MW unit at the Rovinari power plant.
- The new unit will have a lifespan of 30 years.
- The agreement was initially signed in October 2014 although the project has been delayed.
- The project was expected to be complete in 2019 with the energy produced partly exported to neighbouring countries.

Alibunar 42MW wind farm

Jurisdiction:
Serbia
Deal types:
Project development, Project finance
Industry sector:
Energy
Firms:
Allen & Overy A Pędzich
Party: International Finance Corporation (IFC) (Lender)
BDK Advokati/Attorneys at Law
Party: Senvion (Project developer)
Karanović & Nikolić
Party: International Finance Corporation (IFC) (Lender)

Overview:
- The project consists of 21 turbines.
- Senvion and Elicio are developing the project.
- The IFC is providing part of the funding for the project.

Belgrade Ring Road Section B

Jurisdiction:
Serbia
Deal type:
Project development
Industry sector:
Transport
Firm:
Moravčević Vojnović and Partners in cooperation with Schoenherr
Party: AzVirt (Project developer)

Overview:
- AzVirt and Sinohidro are constructing part of Section B of the Belgrade Ring Road.
- Section B runs from Dobanovci to Bubanj Potok, with the latest section to be constructed running 19.5km from Ostruznicki bridge to Bubanj Potok.
- The Ring Road itself has been under construction sporadically since the 1990s and in total runs for 69km.
- Financing for the project is being provided in part by the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB).

Cibuk 1 171MW wind farm

Jurisdiction:
Serbia
Deal type:
Project development
Industry sector:
Energy
Firm:
Petrikic & Partners in cooperation with CMS Reich-Rohrwig Hainz
Party: Continental Wind Partners (Project developer)

Overview:
- The wind farm consists of 57 turbines and is being constructed in Kovin in northeastern Serbia.
- Continental Wind Partners is the strategic partner and project investor.
- The project is Serbia's largest wind farm to date.

City of Belgrade waste management PPP

Jurisdiction:
Serbia
Deal types:
PPP, Project development
Industry sector:
Utilities
Firms:
Hogan Lovells
Party: City of Belgrade (Concessionaire); International Finance Corporation (IFC) (Financial adviser)
JPM Janković Popović Mitić
Party: Veolia (Bidder)
Karanović & Nikolić
Party: International Finance Corporation (IFC) (Financial adviser)

Overview:
- The City of Belgrade has started the process of finding a contractor to handle municipal waste through a PPP (public-private partnership).
- The project consists of the design and development of the site including power generation and the restoration of an existing landfill site.
- The deal is the first PPP project in Serbia to be negotiated under the EU regulative framework governing public procurement.

Hesteel Group €46 million acquisition of Zelezara Smederevo steel mill

Jurisdictions:
Serbia
Deal types:
Private acquisition, Privatisation
Industry sector:
Industrials and manufacturing
Firms:
Gecić Law
Party: Government of Serbia (Seller); Železara Smederevo (Seller)
Jincheng Tongda & Neal
Party: Hesteel Group (Acquirer)
BDK Advokati/Attorneys at Law
Party: Hesteel Group (Acquirer)

Overview:

- Hesteel Group has acquired the Zelezara Smederevo steel mill for €46 million from the Government of Serbia.
- The mill has two blast furnaces and produces 2.2 million tonnes a year. It employs over 5000 people. Hesteel has agreed to invest $300 million in the plant following the deal.
- The Serbian Government bought the mill from US Steel in 2012 when it was threatened with closure.
- The deal is part of the Serbian government's wider privatisation strategy.
- HeSteel Group (Hebei Iron & Steel Group) is a Chinese steel producer and the second largest producer of crude steel in the world.

Kovačica 104.5MW wind farm

Jurisdiction:
Serbia
Deal types:
Project development, Project finance
Industry sector:
Energy
Firms:
Harrisons
Party: European Bank for Reconstruction and Development (EBRD) (Lender)
Party: Erste Group Bank (Lender)
Norton Rose Fulbright
Party: European Bank for Reconstruction and Development (EBRD) (Lender)
Party: Erste Group Bank (Lender)

Overview:

- SPV Electrawinds K-Wind is developing a 104.5MW wind farm consisting of 38 wind turbines.
- Electrawinds K-Wind is owned by Solaveris and Enlight Renewable Energy.
- The project is one of the first privately owned wind farms in Serbia.
- The project is being financed in part by the European Bank for Reconstruction and Development (EBRD) and Erste Bank.

Lundin Mining $262.5 million acquisition of stake in Timok project

Jurisdictions:
Serbia
Deal type:
Public acquisition
Industry sectors:
Mining
Natural resources
Firms:
Cassels Brock & Blackwell
Party: Lundin Mining (Acquirer)
Davis Polk & Wardwell
Party: Freeport-McMoRan (Seller)
Samardžić Oreški & Grbović
Party: Lundin Mining (Acquirer)

Overview:

- Lundin Mining has acquired an interest in FreeportMcMoRan's stake in the Timok project in Serbia for $262.5 million.
- The Timok project is currently held 55% by Freeport and 45% by Reservoir Minerals. Located in eastern Serbia, the main asset is the Cukaru Peki copper and goldmine.
- Lundin Mining is a Canadian metal mining company with interests in Chile, the US, Portugal and Sweden.

Pančevo 208MW gas power plant

Jurisdiction:
Serbia

Deal type:
Project development

Industry sector:
Energy

Firm:
BDK Advokati/Attorneys at Law
Party: Metka (EPC contractor)

Overview:

- Tsentrenergoholding (a Gazprom subsidiary) and NIS Novi Sad have established project company Serbskaya Generaciya Novi Sad, to develop a new combined cycle gas fired power plant in Pančevo.
- Tsentrenergoholding will own 51% of the project company with NIS Novi Sad taking a 49% stake.
- Metka is acting as EPC contractor on the project.
- The electricity produced will fuel a nearby refinery and petrochemical complex.
- The agreements were signed in 2013 with construction set to begin in 2017.

Southeast Europe

Project finance transactions which reached financial close in 2016

(Data provided by IJ Global)

Name	Country	Sector	Sub sector	Transaction type	Value
Krumovgrad Gold Mine	Bulgaria	Primary Financing	Mining	Precious Metals	$180 million
Chelopech Copper Gold Mine Refinancing 2016	Bulgaria	Refinancing	Mining	Base Metals, Precious Metals	$150 million
SASA Mine Additional Facility	Macedonia	Additional Facility	Mining	Base Metals	$80.5 million
Skopje and Ohrid Airports Refinancing	Macedonia	Refinancing	Transport	Airports	$69.1 million