

***European Bank for
Reconstruction and
Development***

ORIGINS

◆ ***When?***

Established in 1995, post-Cold War era

◆ ***Where?***

Central and Eastern Europe

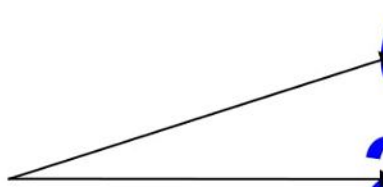
◆ ***What?***

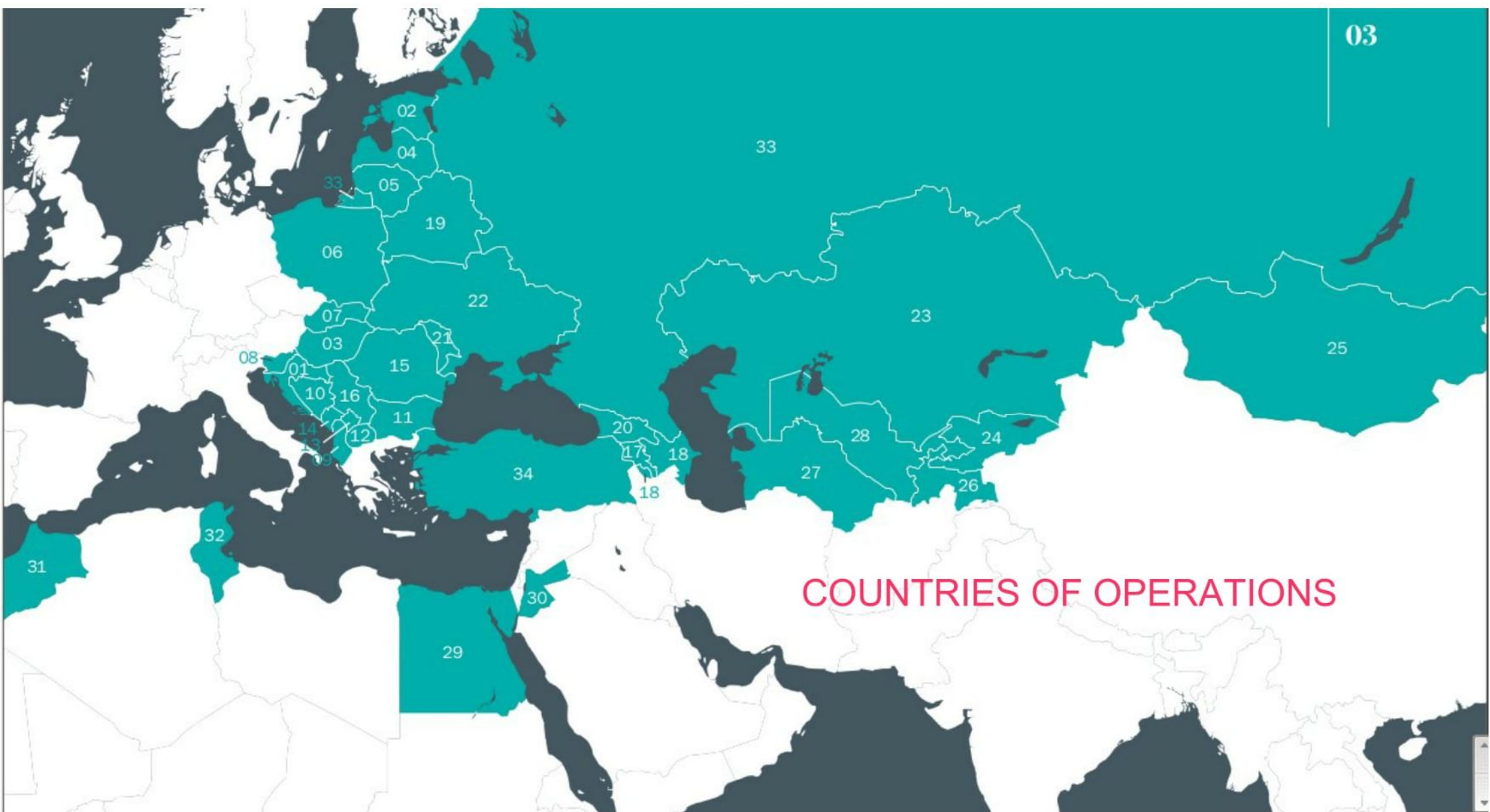
Support to create a new private sector

◆ ***How?***

Investments to build market economies and democracies

EBRD

- Owned by  **64** Countries
- **2** European Institutions
- Public shareholder
- Invest in private companies



EBRD Provides:

- ◆ **Project financing:**  Bank Business, Industries
- ◆ Works with public owned companies only in countries that are committed to *democratic principles*

FEATURES

- Banking system reform
- Liberalization of prices
- Create proper legal framework

Support by private and public sector

Governance and Management

◆ *Board of Directors:* 64 countries, EU, European Investment bank

All of them have made a capital contribution

◆ *Board of Governors.* The President chairs the meetings and conduct the business.

Current president: Sir Shama Chakrabarti

◆ *Executive Committee and Senior Management,* have to advise the President

INSTITUTIONS

Financial institutions

- Support development of financial systems
- Increase diversity of institutions and promote healthy competition
- Increase the diversity of financial products and services
- Support privatization and restructuring
- Promote lending to small and medium size enterprise

Financial Institutions

- ◆ **EBRD** mobilizes funding for small projects through local banks
- ◆ **Instruments:**
 - **Equity Investment:** more development private sector
 - **Micro Credit:** less advanced economies
- ◆ Trade Facilitation Program: to finance vehicles
- ◆ To help companies adapt demand: **TAM** and **BAS**

Vienna Initiative

- ◆ Launched in 2009
- ◆ Coordinate crisis *management* and crisis *resolution*
- ◆ Work together *public* and *private* sector:
 - **IFIs** (IMF, EBRD, EIB, World Bank)
 - **European Institutions** (European Commission, ECB)
 - **Large bank groups**

Institutions

◆ *Economic and Political Institutions*

Using indicators for —————→ Government effectiveness

*Economy's performance summed up by
"distance to the frontier"*

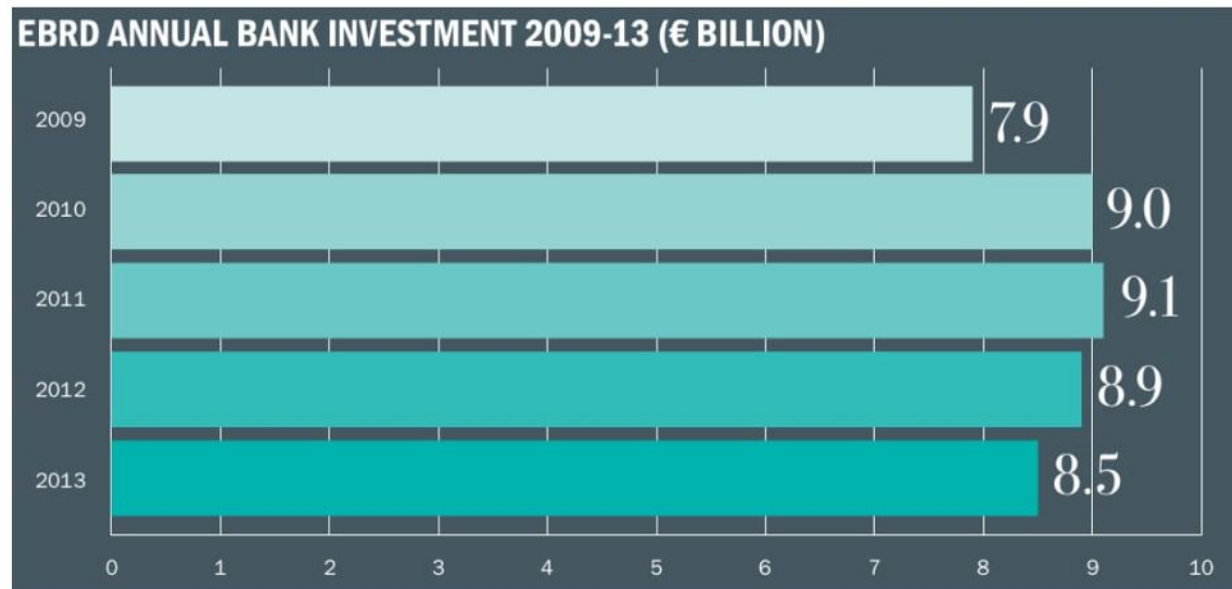
Economic and Political Institutions

- ◆ *Supporting countries in transition to democracy,*
 - Economic growth
 - Foster market reforms
 - Help countries rich in natural resources
- ◆ *Relationship between economic and political factors in development to the region:*
 - Increasing GDP per capita leads more democracy

FINANCING

The EBRD is the largest single investor in the region

Number of projects	3833
Net business volume	€82,2Billion
Total project value	€252Billion



EBRD IS...

Regional expertise

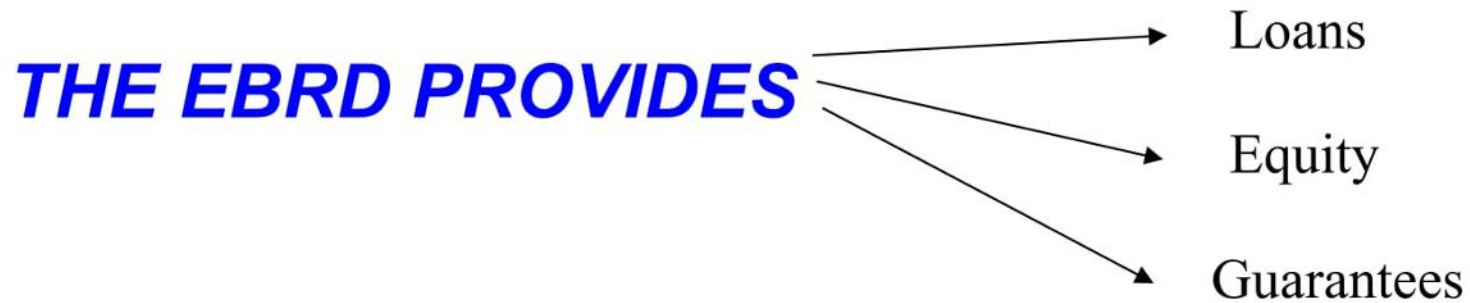
Strong presence in all of its countries

Innovative Financing solutions

The EBRD takes a flexible approach and attempts to accomodate the needs of private investors

Adding Value

The Bank's innovative approaches draw investments into companies and countries that would not otherwise attract financing



Average amount of donation  **€25 Million**

Loans are based on current market rates

A margin can be added on the base rate

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graph LR; A[A margin can be added on the base rate] --> B[Project-specific risk]; A --> C[Country risk];
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Project-specific risk

Country risk

REQUIREMENTS FOR EBRD FINANCING

EBRD funding criteria

To be eligible for EBRD funding, the project must:

- ~ Be located in an EBRD country of operations
- ~ Have strong commercial prospects of being profitable
- ~ Involve significant equity contributions in-cash or in-kind from the project sponsor
- ~ Benefit the local economy and help develop the private sector
- ~ Satisfy banking and environmental standards

FUNDING PROCESS

THE TOTAL LIFECYCLE OF AN EBRD PROJECT

(from initiation to repayment)

Can range from:

1 year for working capital or trade financing projects

15 years for long-term sovereign infrastructure projects.

THE EBRD PROJECT CYCLE STAGES:

1,- *Concept review*

2,- *Final review*

3,- *Board review*

4,- *Signing*

5,- *Disbursements*

6,- *Repayments*

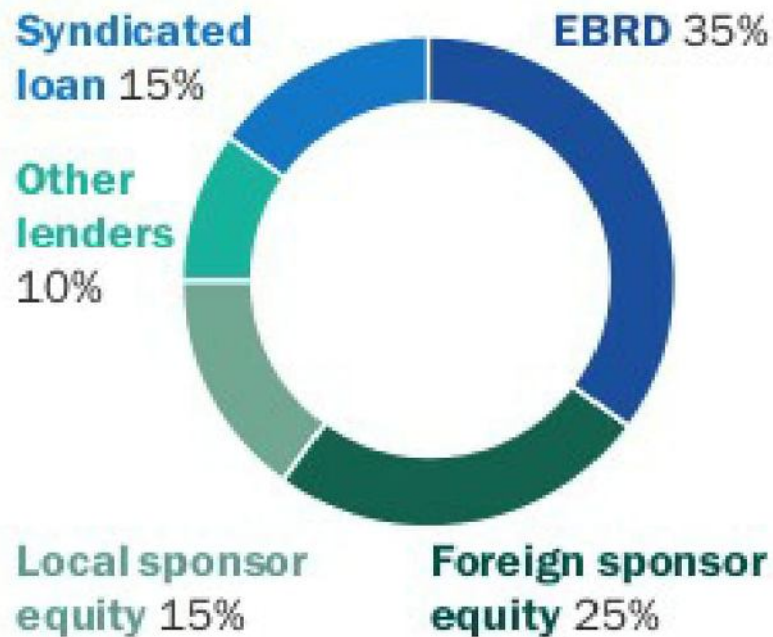
7,- *Sale of equity*

8,- *Final maturity*

9,- *Completion*

CO-FINANCING

Typical capitalisation structure



EBRD tries to mobilise domestic and foreign capital

Co-financing increases the resources available for funding other projects and introduces borrowers to the international debt markets.

Sources of co-financing:

commercial banks, official co-financers (government agencies and bilateral financial institutions), export credit agencies and other international financial institutions, such as the International Finance Corporation and the World Bank

INFORMATION REQUIRED FOR FINANCING

To assess the eligibility of a project, the EBRD requires the following information

PROJECT INFORMATION

(a brief description of the project, with background information)

FINANCIAL INFORMATION

(an accurate breakdown of the project costs)

ENVIRONMENTAL AND REGULATORY INFORMATION

(an summary on environmental issues and details of government licences or permits required)

OVERVIEW OF 2013

<i>TOTAL ANNUAL INVESTMENT:</i>	8,5 BILLION €
<i>REACHED OPERATIONS</i>	392 PROJECTS
<i>NET REALIZED PROFIT BEFORE PROVISIONS</i>	1,2 BILLION €
<i>VALUE OF ASSETS</i>	20,0 BILLION €

ACTIVITIES

The EBRD seeks to maximise the impact of its activities through strategic initiatives:

- ~ These are designed to underpin its work in early transition countries (ETCs)
- ~ Create conditions in which small and medium-sized enterprises (SMEs) can flourish
- ~ To stimulate and encourage the development of capital markets.

These initiatives also promote climate change mitigation, sustainable energy and resource efficiency, which are important components of EBRD transition strategy in its region of operations.

ACTIVITIES BY SECTOR

EBRD annual Bank Investment for 2013 by Sector



FINANCIAL SECTOR

The EBRD recognises that strong financial institutions play an essential part
It provides the funding that businesses need in order to grow
Financial services that help individuals build a secure future.

INDUSRTY, COMMERCE AND AGRIBUSINESS

The EBRD supports diversification of the real economy, innovative and sustainable development and inclusive growth in countries where the Bank invests. It uses:

loans, equity investments, participation in equity funds, policy dialogue and donor-funded technical assistance to promote a private corporate sector that is strong, competitive and a source of job creation.

TRANSPORT

The EBRD recognises that transport is a key enabler of economic growth and transition.

They provide businesses with access to suppliers and markets,

As well as promoting economic diversification and regional integration

Transport also connects individuals with labour markets and with essential services such as health and education

But transport consumes resources and contributes to climate change

The Bank is therefore dedicated to developing sustainable transport systems that balance economic, environmental and social needs while embodying market principles.