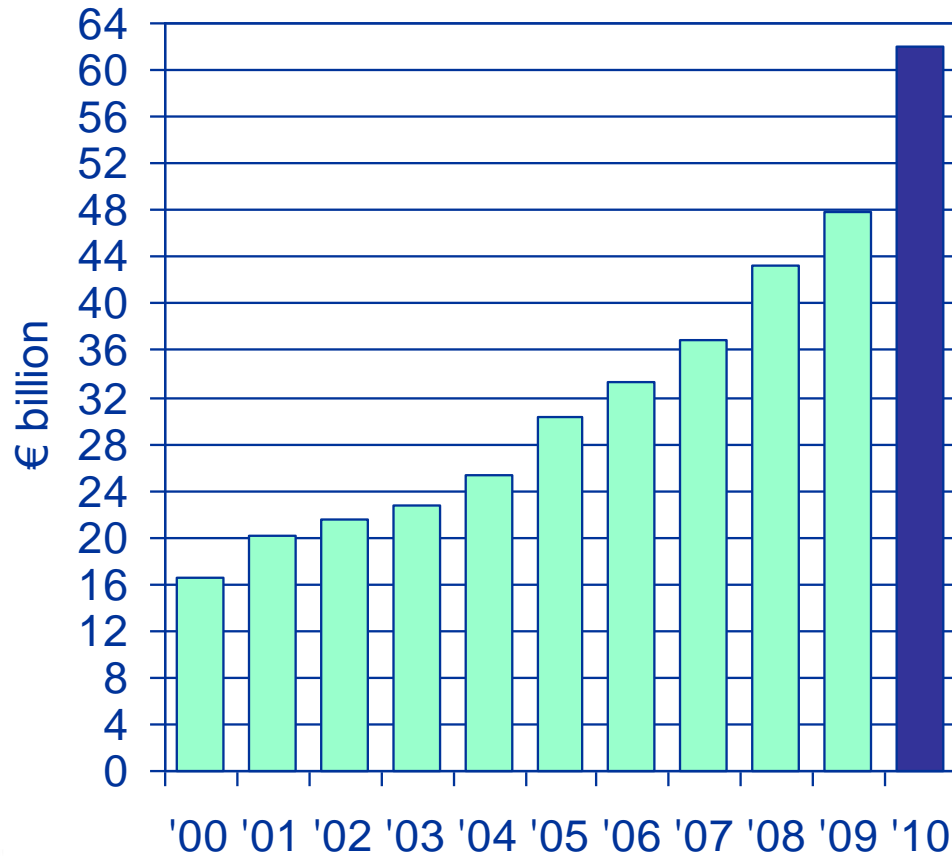


# EBRD in the southern and eastern Mediterranean (SEMED) - The focus on SMEs -

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**Barcelona, 22 November 2011**



# What is the EBRD?



*Cumulative commitments of €61.8 billion*

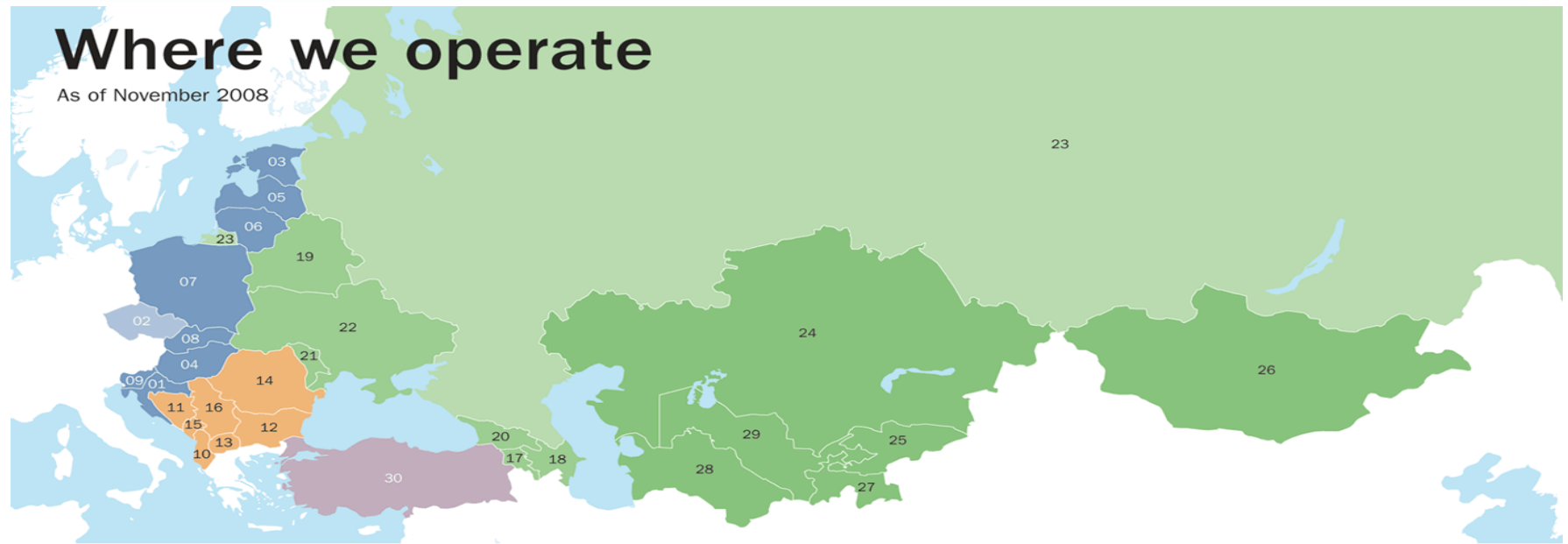
- International financial institution, promotes transition to market economies in 29 countries from central Europe to central Asia
- Owned by 61 countries and two inter-governmental institutions
- Capital base of €30 billion\*
- Expansion to SEMED region under implementation

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



A network of 34 offices in 29 countries

More than half our bankers based in the region



## Where we operate

As of November 2008

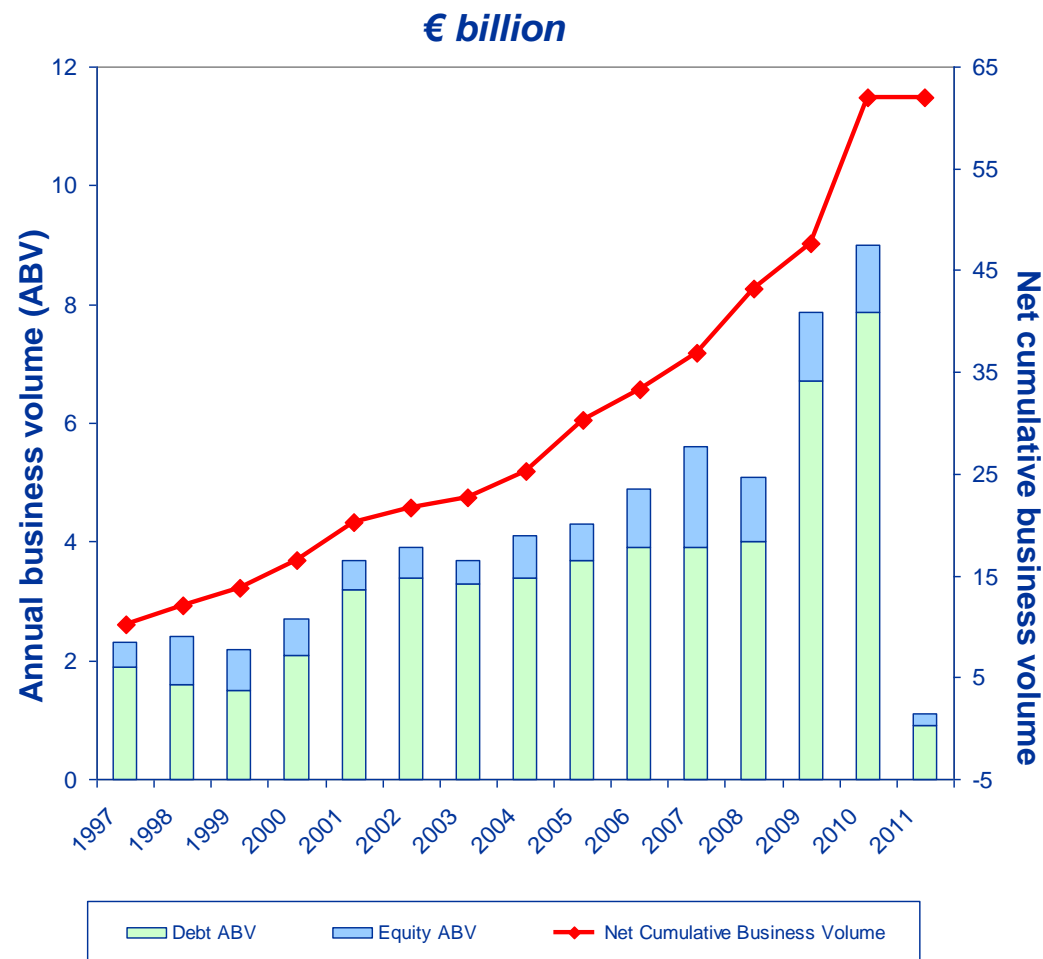
Central Europe and the Baltic states	South-eastern Europe	Eastern Europe and the Caucasus	Russia	Central Asia	Turkey
01 Croatia	10 Albania	17 Armenia	23	24 Kazakhstan	30
02 Czech Republic*	11 Bosnia and Herzegovina	18 Azerbaijan		25 Kyrgyz Republic	
03 Estonia	12 Bulgaria	19 Belarus		26 Mongolia	
04 Hungary	13 FYR Macedonia	20 Georgia		27 Tajikistan	
05 Latvia	14 Romania	21 Moldova		28 Turkmenistan	
06 Lithuania	15 Montenegro	22 Ukraine		29 Uzbekistan	
07 Poland	16 Serbia				
08 Slovak Republic					
09 Slovenia					

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



# EBRD in 2011

- Invested over €61.8bn in more than 3,164 projects since 1991
- Private sector > 78% of EBRD finance
- Debt 81%, Equity 19% of EBRD finance
- €1.1bn (debt = 0.9 & equity = 0.2) invested in 2011 so far



# What are the EBRD's objectives?

- To promote transition to market economies by investing mainly in the private sector
- To mobilise significant foreign direct investment
- To support privatisation, restructuring and better municipal services to improve people's lives
- To encourage environmentally sound and sustainable development



# EBRD Expansion to the southern and eastern Mediterranean (SEMED)

- On 25 March 2011, the European Council of Heads of States asked EBRD shareholders to consider expansion.
- At EBRD AGM in May 2011, EBRD Governors approved resolution on possible geographic extension.
- On 19 May 2011 President Obama called on EBRD to “provide the same support for the democratic transition and economic modernisation in the Middle East and North Africa as it has in Europe”
- In Deauville on 26-27 May 2011, G8 leaders called for an “appropriate regional extension” of the EBRD in order to support the transition in countries of the region which embrace multiparty democracy, pluralism and market economies.
- Egypt and Morocco are existing Members (i.e. shareholders) of the EBRD; Tunisia and Jordan are becoming Members.



# EBRD Expansion in three phases

- In the first phase use of cooperation funds (Egypt approved; Morocco to be approved today; Tunisia and Jordan to follow shortly).
- In the second phase, once Article 18 of the Agreement establishing the Bank has been accepted (qualified majority required), countries become potential recipient countries and Special Funds can be used.
- In the third phase, once amendment of Article 1 has been accepted (100% unanimity required), countries become recipient countries and ordinary capital resources can be used.
- With respect to the second and third phase, Board of Governors to determine whether or not the country is committed to, and applying, the principles of multiparty democracy, pluralism and market economies.



# Implementation

- **Convey experiences and listen:** T2T Meetings (Transition to Transition Meetings); Partnership Assembly on 28 November 2011
- **Coordinate:** IFIs active in the private sector agreed to coordinate their actions (as part of Deauville partnership); coordination with EIB, AFD and KfW under Neighbourhood Investment Fund process; coordination with other relevant institutions.
- **Prepare:** Use technical cooperation funds to assess markets, prepare projects and enter into policy dialogue where appropriate
- **Be local:** establishment of offices in all new countries with origination and execution capacity
- **Use existing resources:** no capital increase required; funding from reserves; up to EUR 2.5 billion pa will be possible for SEMED





# EBRD themes in the SEMED region (example Egypt)

- **Financing and improving conditions for investments in private sector with particular emphasis on SMEs, to support transition and job creation**
- Enhancing the agribusiness value chain
- Modernising the financial sector
- Increasing the role of renewable energy and improving energy efficiency
- Supporting reform and commercialisation of the transport and power sectors
- Upgrading municipal infrastructure



# SMEs 1: Involvement through Financial Institutions and micro-finance institutions

- EBRD to assist in implementing appropriate methodologies for processing MSME loans in a timely and cost-efficient manner
- Loans do local banks for lending to MSMEs potentially with risk-sharing component or first loss cover to enhance risk
- Focus on lending (i) outside main cities, (ii) to female entrepreneurs, (iii) to smallest farmers and traders, (iv) to young entrepreneurs
- Support of microfinance institutions
- Long term equity in medium-to-small scale banks with the objective of creating “MSME champion”
- Other: Support of leasing and and private equity



## **SMEs 2: Rollout of “Local Enterprise Facility”**

- Tested model implemented in the Western Balkans for bigger SMEs (EUR 2mio to 15m turnover)
- Direct EBRD financing of SMEs through debt and equity
- Support to be provided by donors in form of technical assistance and risk guarantees
- Co-financing and co-investment by donors



# SMEs 3: TurnAround Management (TAM) Programme in SEMED Region

- Objective is to improve the expertise of senior management in potentially viable companies (many of them SMEs).
- Assist in improving business performance and attracting investment through involvement of seasoned international experts (eg. in Egypt: restructuring of company management and operations; finding export markets etc.).
- TAM does not require local staff and offices and will start operating very soon, with screening of companies already under way.
- TAM envisages some 20-40 projects for 2012.



# SMEs 4: Business Advisory Services (BAS) Programme in SEMED Region

- The objective of BAS is to support transition in MSMEs and to develop sustainable local advisory services.
- BAS assists individual enterprises to engage with local consultants on narrowly-based, specific projects. (e.g. in Egypt: quality standards, MIS, branding, exports, local franchise development). Cost for companies are shared with EBRD.
- In addition, BAS carries out market development activities (e.g. consultancy training, support of local institutions etc.)
- BAS needs to recruit local teams and set up offices. Start in the first half of 2012.



## SMEs 4: Indirect Support

- EBRDs Legal Transition Team is planning to work in areas relating to the business environment such as:
  - Competition law
  - Contract enforcement
  - Bankruptcy procedures
- Policy dialogue in areas affecting SMEs



# [www.ebrd.com](http://www.ebrd.com) – [www.SEMED.ebrd.com](http://www.SEMED.ebrd.com)

The screenshot shows the EBRD website homepage in a Windows Internet Explorer browser window. The browser's address bar displays the URL <http://www.ebrd.com/pages/homepage.shtml>. The website header features the EBRD logo and navigation menus for 'HOME PAGE', 'ABOUT US', 'NEWS AND EVENTS', 'WORKING WITH US', and 'RESEARCH AND PUBLICATIONS'. A search bar is located in the top right corner. The main content area is divided into several sections: a large featured article titled 'Agribusiness revival in Ukraine' with a background image of a combine harvester, an 'About the EBRD' section with a 'Select a country' dropdown, and an 'INFORMATION FOR...' section with buttons for 'DONORS', 'RESEARCHERS', 'BUSINESS', 'CIVIL SOCIETY', 'INVESTORS', and 'PRESS'. Below these are three columns of news and project announcements: 'PHOTO GALLERIES' (Annual Meeting 2010, Agribusiness, Environment and Sustainability), 'LATEST NEWS' (EBRD continues to support financial sector in Kyrgyz Republic, Modernizarea sistemului de transport public Chişinău, Modernising Chişinău's transport system), and 'New Project Announcements' (Novgorod District Heating Project, Schwarz Rural Regions Expansion Programme, Procurement Notices, Voloqda District Heating Project, Lipetsk Municipal Infrastructure Project, Macedonian Railways: Implementation & Supervision Consultant). The browser's taskbar at the bottom shows several open applications, including Microsoft Excel and PowerPoint, and the system clock indicates 12:05 on Wednesday.

