



# EBRD for SME sector

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- EBRD has a wide offering to support SMEs
  - Debt and equity for mid-tier growth companies
  - Credit lines (ST and LT loans) from partner banks
  - Risk capital from equity funds
  - Technical Co-operation: grant funds for SME development
- EBRD priorities based on Transition Impact:
  - Modernise and diversify the economy
  - Knowledge economy and innovation
  - Energy efficiency and environmental technology
- EBRD is looking for a dialog with SME

## International Financial Institution

Established in 1991 and owned by 63 countries and 2 inter-government institutions (EU and EIB)

## Development mandate

To foster the transition of 30 countries towards open market-oriented economies

## Largest investor in the region

Since 1991 signed €72bn of investments in its countries of operation

## Solid financial position

Capital base of €30bn and AAA rating

# EBRD financing solutions



European Bank  
for Reconstruction and Development

	Debt	Equity	Guarantees
Size	> €10mn	> €5m	Typically €1m – €50m
Term	5-7 (up to 12) years	Typically 3-7 years	1.5-2 (up to 3) years
Currency	Local and major currencies (USD, EUR, RUB)		
Approach	Finance up to 35% of the project (60% with syndication)	Usually up to 35% share, minority stake	Mainly through Trade Facilitation Programme
Options	<ul style="list-style-type: none"> <li>▪ Senior, subordinated or convertible</li> <li>▪ Floating or fixed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Portage Equity</li> <li>▪ Risk equity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Import/export operations</li> <li>▪ Pure guarantees, cash advance trade finance</li> </ul>
Applications	<ul style="list-style-type: none"> <li>➢ Greenfield/Brownfield, JVs, ownership changes</li> <li>➢ Partially working capital field investment projects</li> <li>➢ Modernization and energy efficiency</li> <li>➢ Acquisition and consolidation</li> <li>➢ Privatisation</li> </ul>		<ul style="list-style-type: none"> <li>➢ issues to international banks</li> <li>➢ takes the risk of transactions of the banks in the EBRD's countries of operations</li> </ul>

# Why EBRD supports SMEs?



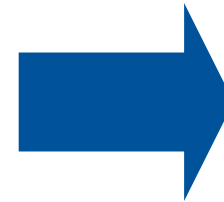
European Bank  
for Reconstruction and Development

**SME**

**Generate substantial share of employment, drive innovation and cost efficiency**

**Make economies flexible, resilient and interlinked**

**Form source of reliable domestic suppliers**



**Investors like countries  
with strong SME sector**

# What seems to be the challenges for SMEs in Russia?

Tax system

Lack of  
available  
financing

Administrative  
barriers and  
red tape

## Low share of SMEs in Russia:

- different estimates put it at 12-21% of country GDP
- significantly lower than in developed countries

# How EBRD supports SMEs: Comprehensive and integrated approach



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## Non financial support (EGP/BAS)

- Enterprise Growth Programme targets medium size companies in need of strengthening management
- Business Advisory Services programme aims to help SMEs use local consultants through cost-sharing
- Typical BAS project: €4,000 and lasts 4 months
- Number of EGP/BAS projects >12,000
- Over €200m of utilised donor funds

## Indirect financial support

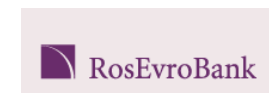
- Private Equity Funds
- Venture Capital Investment Programme
- Financing to local banks for on-lending to SMEs
- Energy Efficiency Programme (RUSEFF)
- EBRD's Trade Facilitation Programme
- Russia Small Business Fund

## Direct financial support

- Debt, equity and quasi equity instruments (RSBF-Technical Assistance)
- Term: 3 to 7 years on average
- Foreign or local currencies
- For both new and existing enterprises with €100m of existing/ prospective revenue
- Partnership with other investors or banks
- Bank provides for up to 35% of total project cost

# Financing SMEs via partner banks

in Russia, the EBRD works through 25+ financial intermediaries, for MSME's support, including:





# Russia Small Business Fund



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for Reconstruction and Development

Since 1994

RSBF supports finance for Micro and Small Enterprises (“MSE”)

Program size:  
up to \$450m

Specialised credit lines to partner-banks + Technical Assistance to help build lending capacity for SME

100,000 sub-loans to SME

Totalling US\$1.2bn disbursed and currently outstanding under the RSBF – partner banks leverage EBRD funding with own money

Loan size  
\$1-200ths

fits MSE needs

Over 8,700  
loan officers

of the partner banks have so far been trained under this programme

15 banks

currently co-operate

~300 cities in  
Russia

covered

# Private equity funds: EBRD has invested in 49 Russia/CIS focused funds

- 49 funds and 26 fund managers
- 80% of the capital invested by these funds has been in Russia
- €1.17bn committed to the funds with total capital of €5.06bn
- More than 368 companies have been invested in:
  - 60% of which have been either service-related or telecoms/media
  - ca 65% of which are now exited from



CapMan



Active fund relationships in Russia