

# EBRD, your strong partner in Russia

**Bruno Balvanera**  
Head of Regional Development, EBRD Russia

**Raising Finance for SMEs**  
AEB Business Breakfast

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# What is EBRD?



## European Bank for Reconstruction and Development

**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 from Central and Eastern Europe to Central Asia 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. AAA/Aaa rating.**

# The EBRD key objectives



**To promote transition by investing mainly in the private sector**

**To mobilise domestic and foreign capital: multiplying effect**

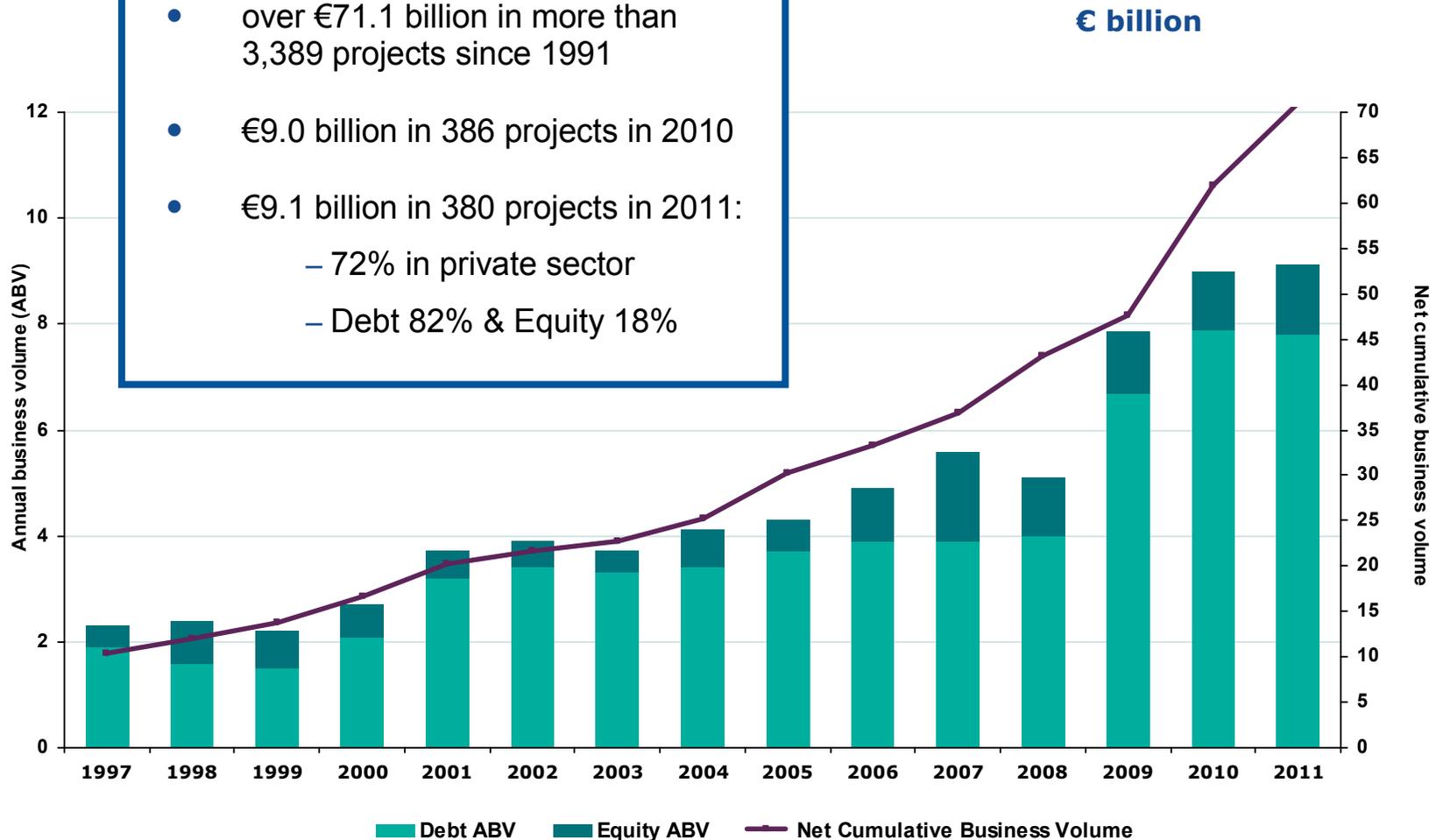
**To stimulate and encourage the development of capital markets**

**To encourage environmentally sound and sustainable development**

# EBRD's objectives achieved through financing mainly the private sector

## We have invested:

- over €71.1 billion in more than 3,389 projects since 1991
- €9.0 billion in 386 projects in 2010
- €9.1 billion in 380 projects in 2011:
  - 72% in private sector
  - Debt 82% & Equity 18%



# EBRD Countries of Operations



European Bank  
for Reconstruction and Development



## Countries of prospective EBRD operations

### Southern and eastern Mediterranean

- 31 Egypt
- 32 Jordan
- 33 Morocco
- 34 Tunisia

In 2011 the EBRD launched donor-funded activities in the southern and eastern Mediterranean (SEMED) region, in support of the countries which are undergoing important political and economic reforms.

## EBRD countries of operations

### Central Europe and the Baltic states

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

### South-eastern Europe

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

### Eastern Europe and the Caucasus

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

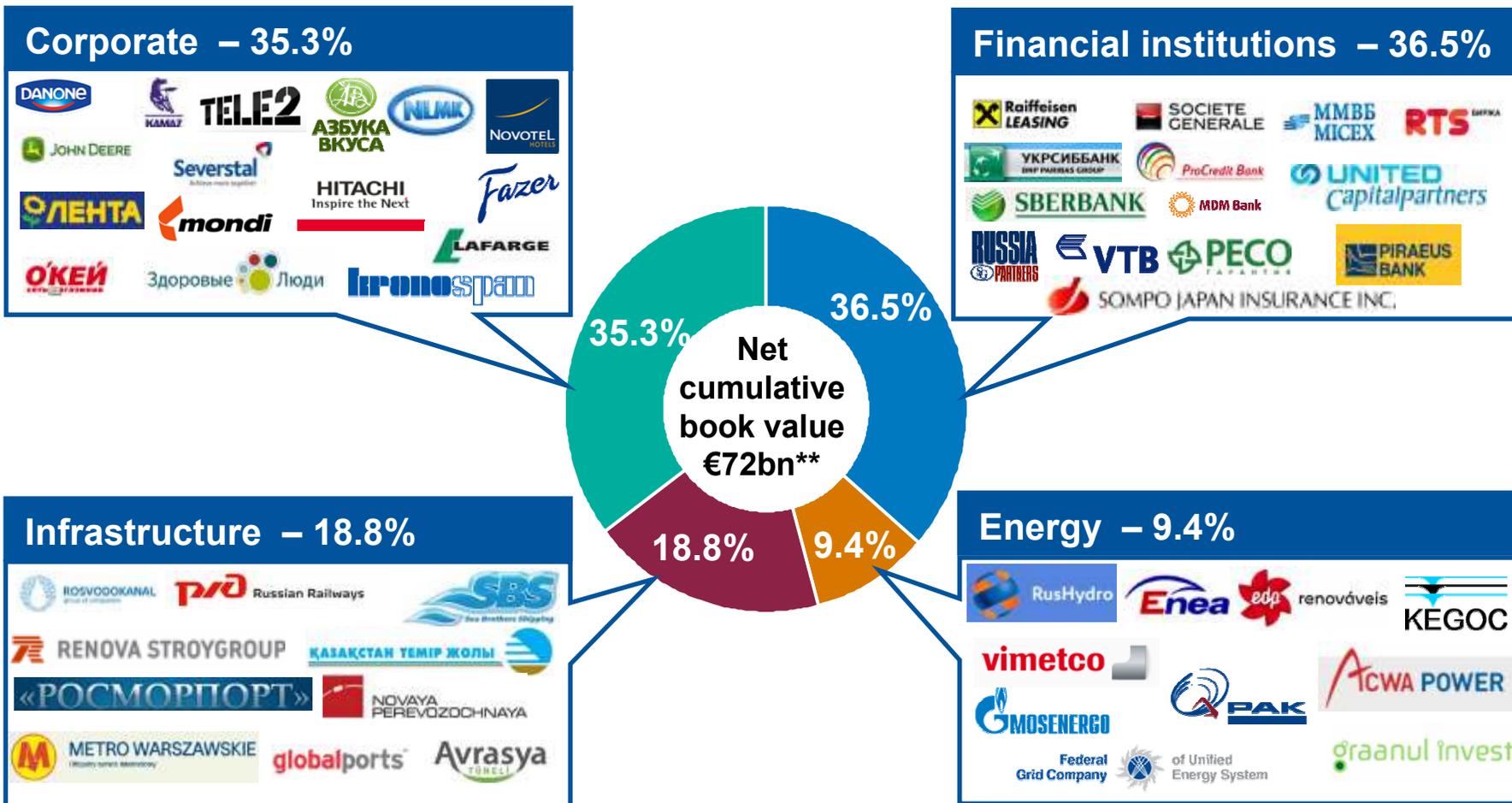
### Central Asia

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

- 29 Russia
- 30 Turkey

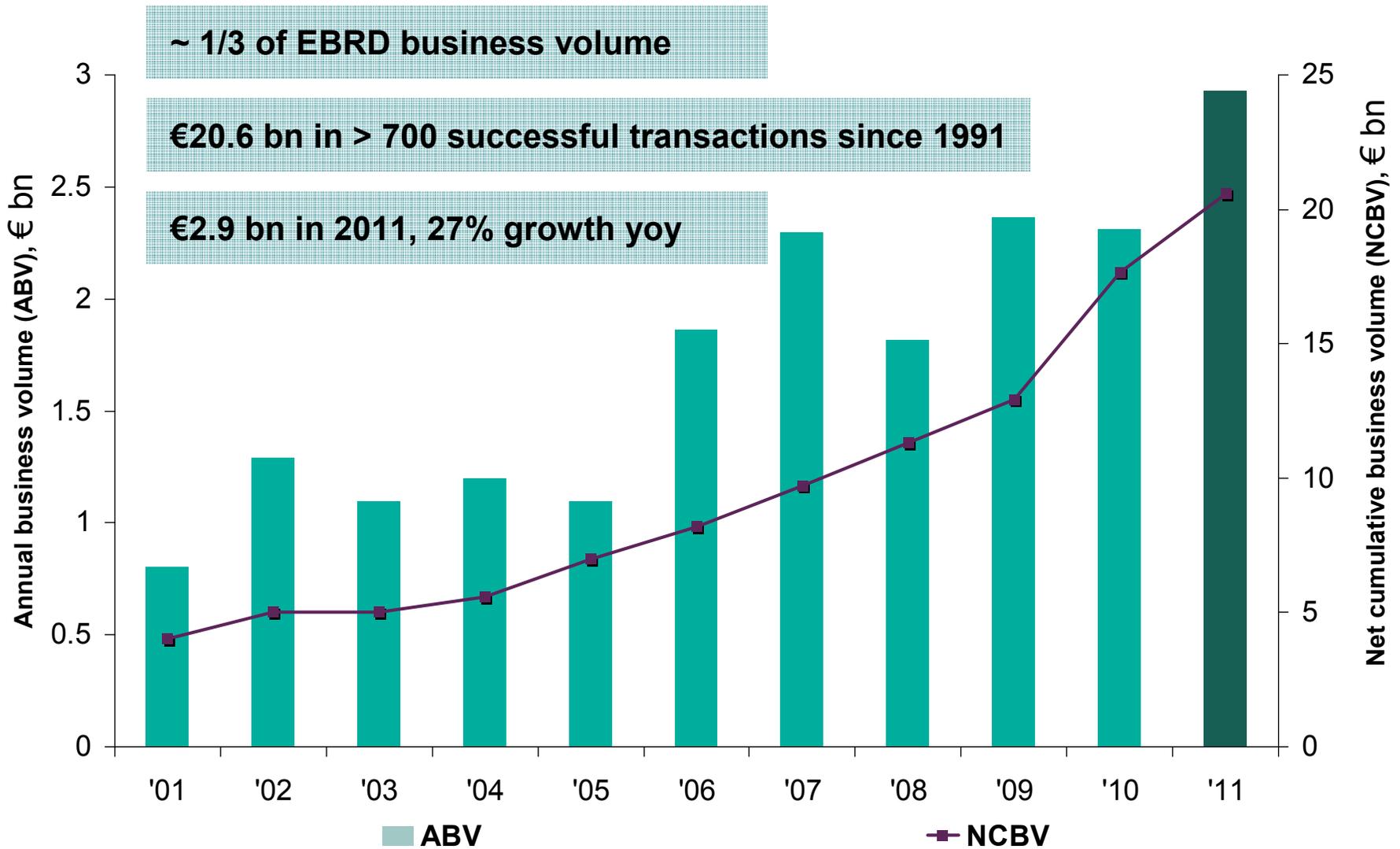
\*as of the end of 2007, the EBRD no longer makes investments in the Czech Republic.

# Projects in almost all sectors



\*The Bank does not finance defence-related activities, the tobacco industry, selected alcoholic products, substances banned by international law and stand-alone gambling facilities  
 \*\*As of February 2012

# Russia is the largest Country of Operations



# Key EBRD strengths



# EBRD's key priorities in Russia



## Improve Energy Efficiency and Sustainable Use of Energy

### Medium Size and Larger Enterprises

- Promote regional growth
- Support modernisation and diversification of industries
- Build investor confidence and foster transfer of and technologies
- Support FDI

### Closing the Infrastructure Gap

- Reduce transport bottlenecks and ensure flow of goods and people
- Improve municipal infrastructure
- Modernise power generation and remove electricity transmission bottlenecks

### Capital Markets and Financial Intermediaries

- Develop domestic investor base, deepen domestic capital markets
- Support banking sector, encourage diversification, capitalisation, risk taking capacity
- Foster corporate standards and institutional improvements

# EBRD works in all 83 Regions of Russia

## 7 Regional Offices



- Strong regional presence
- Close work with the regional companies and authorities
- 75% of EBRD investments is in the regions

### Leaders outside Moscow and St. Petersburg:

Sverdlovsk Oblast  
 Nizhny Novgorod Oblast  
 Kaluga Oblast  
 Rostov Oblast  
 Vologda Oblast  
 Perm Krai  
 Tatarstan Republic  
 Krasnoyarsk Krai  
 Novosibirsk Oblast



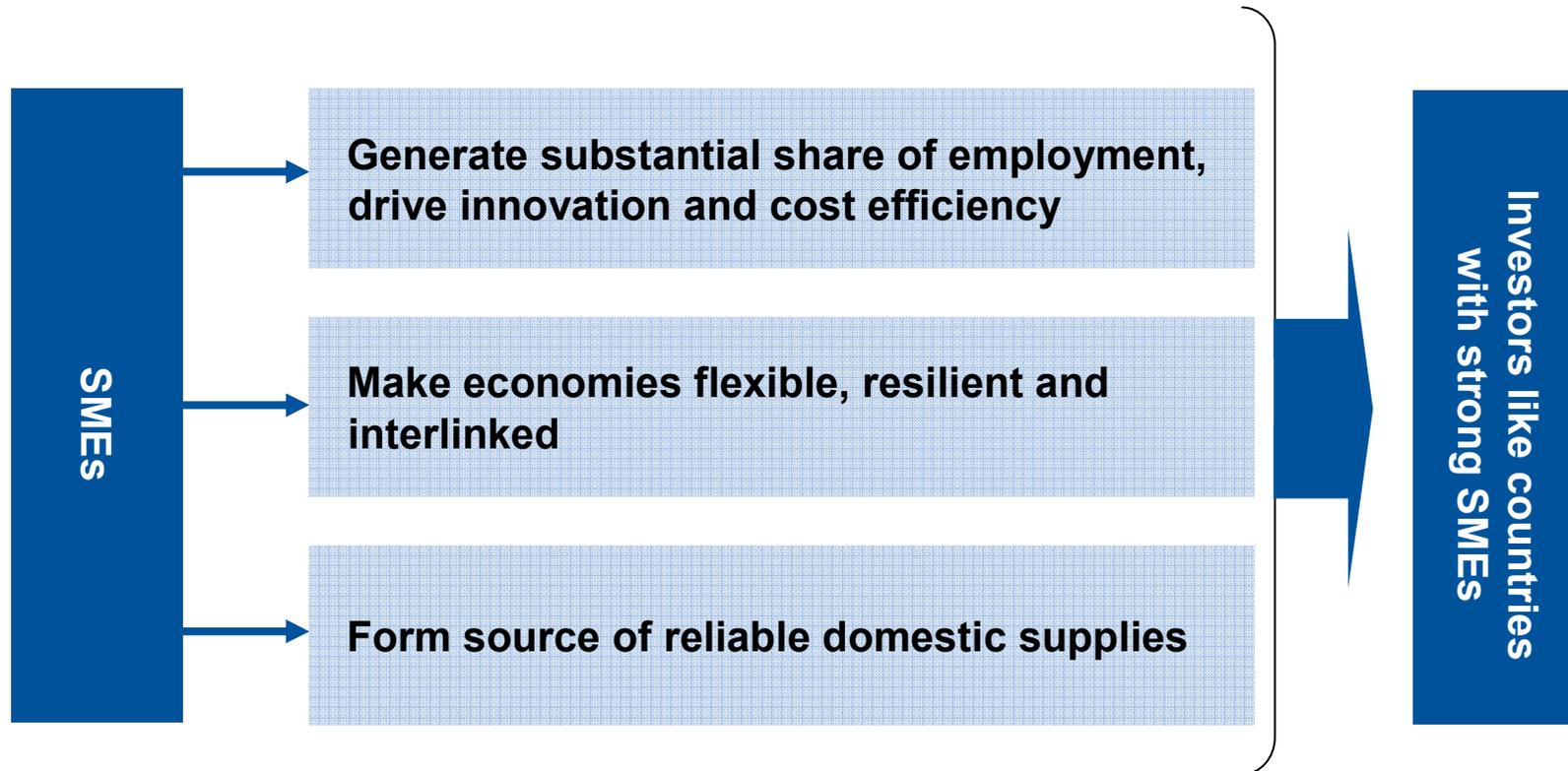
# EBRD financing solutions



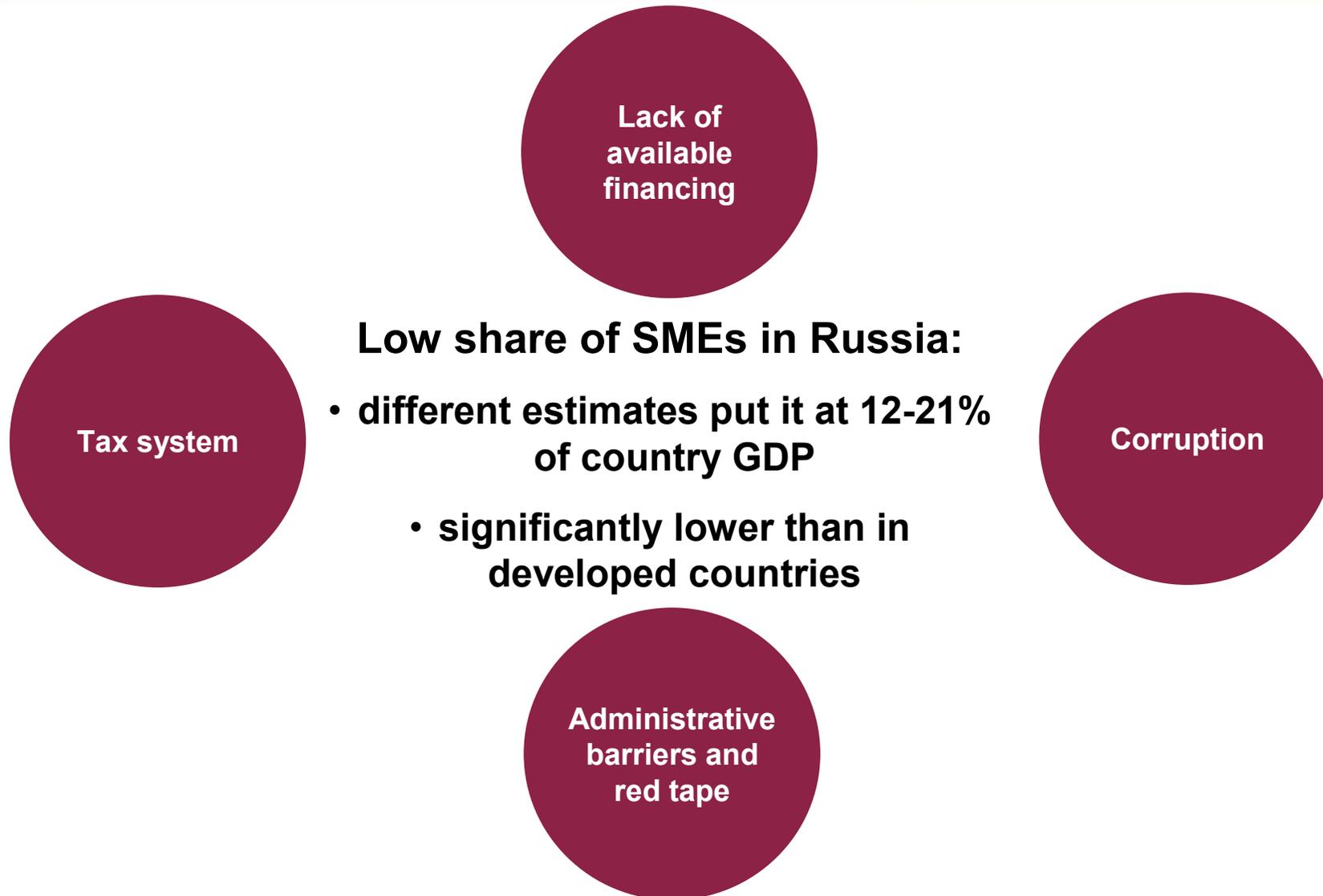
	Debt	Equity	Guarantees
Typical size	Min ~ €10mn	Min ~ €5-7mn,	Typically €50 ths – €50mn
Term	5-7 (up to 12) years	Typically from 3-7 years	1.5-2 (up to 3) years
Currency	Local and major currencies		
Approach	Finance up to 35% of the project (60% with syndication)	Usually up to 35% share, minority stake	Mainly through Trade Facilitation Programme
Options	<ul style="list-style-type: none"> <li>▶ Senior, subordinated or convertible</li> <li>▶ Floating or fixed rates</li> </ul>	<ul style="list-style-type: none"> <li>▶ Portage Equity finance</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>▶ Privatization etc</li> </ul>		<ul style="list-style-type: none"> <li>▶ issues to internat. banks</li> <li>▶ takes the risk of transactions of the banks in the EBRD's countries of operations</li> </ul>

**Exact terms depends on specific needs and market conditions**

# Why EBRD supports SMEs?



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



# How EBRD supports SMEs



## Non financial support (EGP/BAS)

- Enterprise Growth Programme targets medium size companies in need of management strengthening
- 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 €200mn 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
- Term: 5 to 7 years on average
- Foreign or local currencies
- For both new and existing enterprises with €100mn of existing/ prospective revenue
- Partnership with other investors or banks
- Bank provides for up to 35% of total project cost

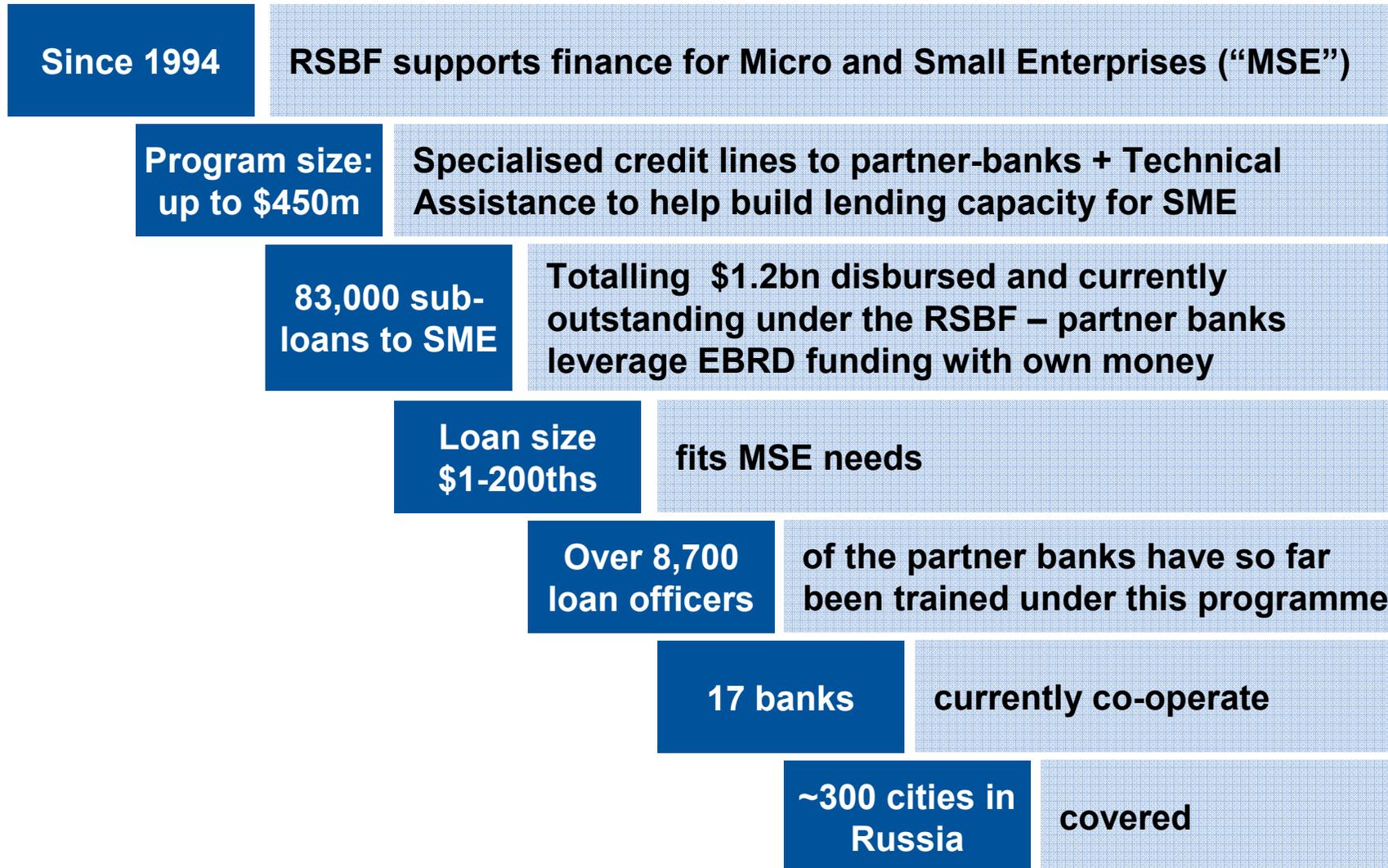
# Financing SMEs via partner banks (cont)

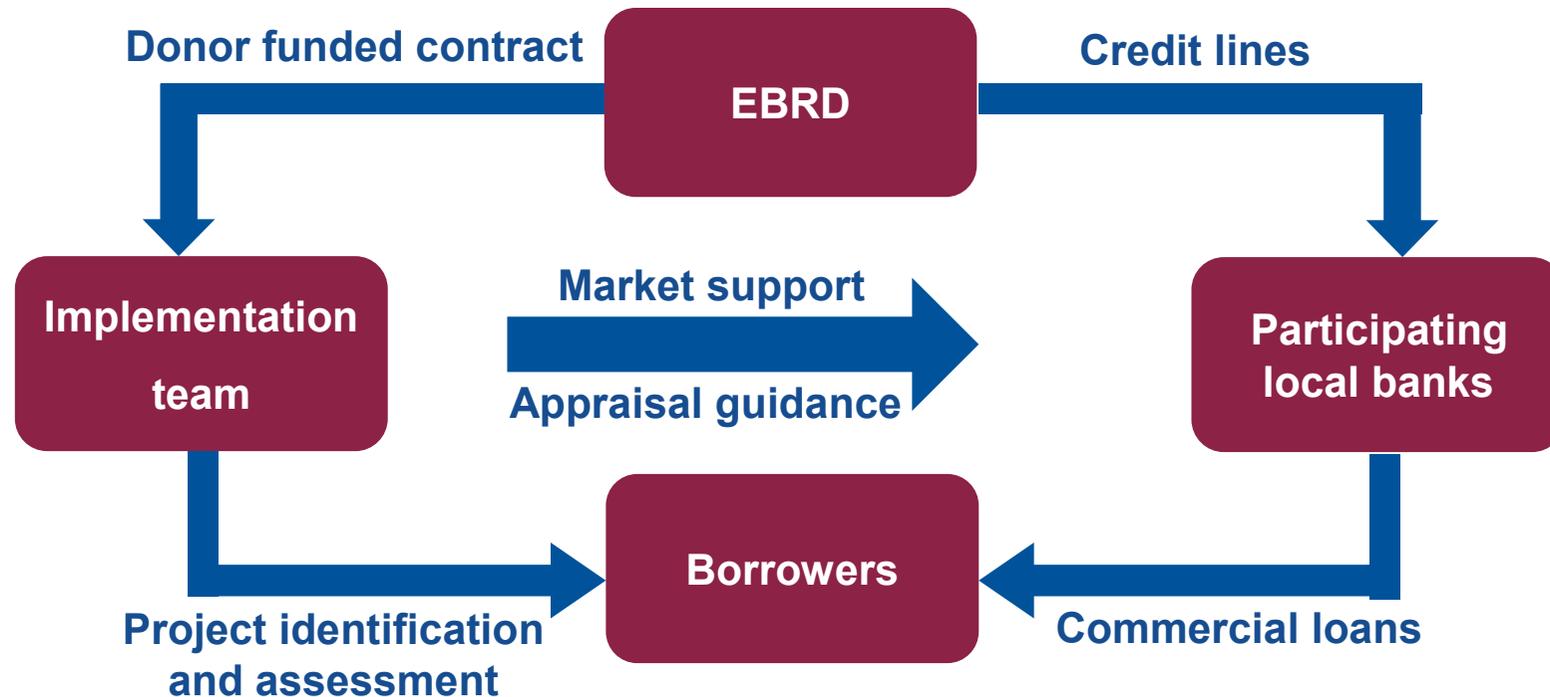


in Russia, the EBRD works through 34 financial intermediaries, including:



# Russia Small Business Fund





- **Equipment and fixed assets financing**
- **Project should decrease use of energy resources (absolute and/or per unit)**
- **Sub-loan size of max. €5mn (co-financing from bank's funds possible)**
- **Consultants support for project appraisal and documentation including professional & free of charge Energy Audit for sub-borrowers**

## 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
- EUR 1.17 billion committed to the funds with total capital of EUR 5.06 billion
- 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



**EBRD team is open for communication  
with new potential partners**



**Natasha Khanjenkova**

Managing Director for Russia

**Email:** [KhanjenN@ebrd.com](mailto:KhanjenN@ebrd.com)

**Zhanar Rymzhanova**

Director, Infrastructure and Energy

**E-mail:** [rymzhanz@ebrd.com](mailto:rymzhanz@ebrd.com)

**Alexander Orlov**

Director, Government Relations, Russia

**E-mail:** [orlova@ebrd.com](mailto:orlova@ebrd.com)

**Bruno Balvanera**

Head of Regional Development in Russia

**Email:** [BalvaneB@ebrd.com](mailto:BalvaneB@ebrd.com)

**Eric Rasmussen**

Director, Industry, Commerce and  
Agribusiness

**Email:** [RasmussE@ebrd.com](mailto:RasmussE@ebrd.com)

**George Orlov**

Director, Financial Institutions, Russia

**Email:** [orlovg@ebrd.com](mailto:orlovg@ebrd.com)

**Tel: +7 495-787 1111 • Fax: +7 495 787 1122**