Small businesses change lives. We know how.
A vibrant small and medium-sized enterprise (SME) sector is a vital ingredient for a healthy market economy. Supporting small enterprises lies at the heart of what we do. As a bank, we provide finance both directly and through intermediary banks, so that we can reach more businesses. However, finance alone often cannot meet the challenges facing small and medium-sized businesses. They also need access to know-how to improve their performance and grow.

That’s why, with the support of our donors, we also provide advice to small and medium-sized businesses. And we build strong, competitive markets for business advice that will thrive independently, well into the future. We have been doing this successfully for more than twenty years, committing over €230 million of donor funds to assist nearly 14,000 small and medium-sized businesses in 35 countries. If you want to invest in small businesses, we know how.

In this booklet we explain more about:

- Our results (p4)
- Our principles (p7)
- Our core themes (p11)
Results matter. *Know how.*

We have transformed the performance of thousands of small businesses and laid the foundations for smart, sustainable and inclusive growth in markets across our region. Results matter to us as much as they do to our donors. Focusing on the right objectives, our projects achieve the best possible outcomes and we are confident that the results speak for themselves.

By connecting our clients to local consultants and international advisers, we help transform a wide range of businesses. From the smallest companies looking to grow, to those going global, our expert network of advisers helps our clients step up and start thinking big.

One year after completing each project, we return to measure changes in the client’s business performance. Within a year of a project:

- 77 per cent of our clients increase their turnover by an average of 23 per cent and improve their productivity by an average of 8 per cent
- 57 per cent create new jobs, increasing their employee numbers by an average of 14 per cent. Last year alone, our clients created over 9,500 new jobs
- 17 per cent secure external financing to continue their growth.

But that’s not all. We have helped clients to improve their decision-making and cut costs. Our projects enable our clients to expand into new markets, introduce different product lines, achieve quality certifications, reduce their energy use or redefine their approach to human resources. Whatever their goals, our *know-how* helps our clients to achieve their objectives.

Business advice

To make businesses more competitive, our experts introduce the latest best practice in everything from strategy to marketing, operations, information communication technology (ICT), energy efficiency and more. Our projects are never standardised. The first step is always to engage with a company and help to define exactly what it needs. Then we tailor our advice to address those concerns.

Industry expertise

For businesses looking to compete internationally, we also provide opportunities to work with an international adviser who brings more than 15 years of senior-management experience gained in the same industry. The adviser shares this *know-how* directly with the client’s management team, to help the company become more effective and develop a credible strategy for growth.

From manufacturing to retail to health, we work with almost every industry and sector. Whether it is specialised knowledge of the right humidity levels for wool spinning, laboratory standards for producing pharmaceuticals, or selecting the most effective equipment to improve manufacturing, our international experts understand how these issues relate to specific industry needs.

We helped Newplast, an Armenian company producing industrial pipes, to update their accounting system and reduce their payroll calculations from five days to five minutes. Then, our experts from Belgium and Poland helped to start manufacturing new fibreglass-reinforced pipes, increasing turnover by 69 per cent.
Market development
We also know that a competitive market for business advice requires a wide variety of advisory services and qualified, competent consultants to deliver them. Over the years we have:
• Grown our consultant network by 20 per cent annually. We now have 6,000 local consultants ready to help small businesses, with almost a third (28 per cent) based outside of large cities
• Trained the next generation of consultants in core consulting skills
• Introduced new and more sophisticated services, including advice on energy and resource efficiency (from 0 projects in 2004 to 7 per cent of our portfolio today)
• Supported the establishment of local business associations in countries such as the Kyrgyz Republic, Mongolia and Far East Russia.

Our professional development programmes help consultants to build their competencies to better serve their clients. We offer a variety of opportunities, from introductory courses to help new consultants establish their business and learn essential consulting skills, to training for more experienced consultants to improve their marketing, business diagnostics and project management. We also enable consultants to expand their services with specialised training in technical areas such as energy efficiency and export promotion. By creating a strong pool of local expertise, we know that the benefits of our work will be sustained into the future.

But a market does not work without strong demand. Client contributions to our projects have risen consistently over the years, demonstrating a growing willingness to pay for external advice. We make this a key priority in our engagement with a business. Eighty-two per cent of our clients have never worked with a consultant before starting their project, but when we come to evaluate their projects one year after project completion, 95 per cent of our clients say they would hire a consultant again, and almost half have already done so.

We also know that the broader business environment can present obstacles to growth. This is one of the reasons why we are active in policy dialogue in the countries where we work. As part of the EBRD, we raise the voice of the private sector about barriers to business, and support reforms that improve access to finance, international markets and other elements that help small and medium sized businesses to prosper.

Our principles
Everything we do is possible thanks to the generous support of donor organisations. In fact, our activities have been majority donor-funded since the very beginning. To date, more than 20 bilateral and institutional donors have supported us with over €230 million in funding.

The partnership with our donors is an important ingredient in our success. It helps us to keep our principles sharp and our work relevant. The experience and insight of donors, together with the demand for high quality delivery, drives us to continuously improve. And over the past two decades, we have built up strong and productive relationships with our donors. Many of them fund our programmes again and again, and trust us to innovate effectively.

Relevance
We do not provide one-size-fits-all consultancy. Rather, our advice is tailored to the specific needs of each business with which we work. From micro-production issues to international strategy, our clients receive services that are relevant and practical, leading to effective solutions based on experience.

Many small businesses in Central Asia struggle to meet international standards, limiting their export potential. With the know-how of experts from Russia, we enabled Lina, a Kyrgyz mattress producer, to improve fire retardancy and work with large international buyers. With new orders coming in, we helped them to upgrade their accounting practices and apply for financing to expand their business even further.
Advice for Small Businesses

We know that markets are different in each country. We therefore differentiate our approach depending on the national and, often, local context. All of our programmes align with national priorities and strategies. Our efforts are coordinated carefully with other stakeholders to maximise impact and to complement rather than duplicate their efforts.

Management for results

After more than 18,000 projects with over 14,000 businesses, our track record speaks for itself. We have used this experience to continually improve the way we operate. At the EBRD, we work to the highest standards of integrity. Before each project begins, we perform thorough integrity checks and due diligence on our clients. In addition, our monitoring and evaluation procedures are well tested. We are very clear from the outset about the results we expect, and monitor closely whether we are on track to deliver them throughout the project cycle.

To determine project success, every intervention is evaluated for relevance, efficiency, effectiveness, impact and sustainability. Through regular updates and donor reports we keep donors informed about our operations, and we are always available to answer questions or provide updates.

We then compare those results across countries and regions, benchmarking projects against industry trends and market developments. This keeps us responsive to changing needs in each market and also means that we can take knowledge gained in one context and see whether it could apply elsewhere. We take the time to learn our lessons – turning success into best practice is part of what makes our programmes effective. We share these stories systematically, contributing to a broader demonstration effect.

Sustainability

We want results that last and markets that thrive. We look beyond the lifespan of a single activity and design projects to produce changes that will last independently of the EBRD. Our goal is to develop a robust private sector of dynamic businesses that innovate, access know-how and financing as needed, and continue to prosper and grow.

For over 10 years in Croatia, we have worked hard to build a strong market for business advice and helped over 500 businesses.

Recognising the value of our work, the Croatian government committed funding and resources so we could share our methodology with HAMAG INVEST, the Croatian Agency for SMEs and Investments. We designed a knowledge transfer programme for our Croatian counterparts, managing projects together and sharing our experience, so that they are ready to take over our work supporting small businesses.

Over the past few years, we have built a culture of best practice that transcends national borders. Our country teams interact regularly, sharing experiences and lessons learned. Each of our project specialists has access to a rich knowledge base on topics ranging from optimising a marketing campaign to implementing a new energy management system. This means our staff are fully-equipped to help clients achieve the best results.
Value for money
We recognise our responsibility to ensure that the donor funds with which we are entrusted generate the greatest possible impact and practise sound financial management. Over the past few years we have increasingly encouraged clients to share in the cost of projects. To date, almost half of our project costs are covered by the clients themselves. Altogether our clients contribute over EUR 7 million each year, making our funding go further. This means we can reach more businesses than under more traditional development approaches.

It is not just about money, it’s about incentives too. Because our clients put in their own resources, we ensure that we have their full commitment and ownership. That’s how we know that when we invest in our clients, we generate the greatest possible impact.

In addition to this, our overheads are partly financed by the EBRD. We also draw on the EBRD’s infrastructure, and invest in keeping our technology up to date, optimising our delivery model and streamlining our processes.

Partnership
We recognise the contribution of donors every step of the way – from the material we present to potential clients and consultants, to the presentations we make to stakeholders and to the media that showcase our stories. Our visibility materials are tailored to different audiences but the overarching goal is to present our donor partnerships and the value of external advice in a clear, interesting way.

We invite donors to participate in regular steering committees, public events and visits to clients and stakeholders, providing an additional platform for local engagement and visibility.

For every euro of funding our donors contribute, our clients provide 40 cents. We spend almost all the funds on projects and our project teams, with less than 10 cents going to overheads. Our clients then turn that euro of donor funding into approximately 100 euros of turnover growth within a year.

Opening up opportunities.
We know how.

Our core themes
We know that many factors contribute to the creation of a diversified, high-performing and resilient business. To maximise the impact of our work, we seek to incorporate these factors into all of our programmes, promoting smart, sustainable and inclusive growth.

Innovation
We encourage innovation by helping clients to adopt the latest technologies, improve production processes, strengthen services, broaden product ranges and introduce new ways of thinking. As well as helping clients to make their own breakthroughs, we enable companies to accelerate their growth by adopting innovative practices and building links with local institutions, government, businesses and customers.

Access to finance
Securing finance is one of the biggest challenges for small and medium-sized businesses. We help small businesses develop to a point where they can attract investment. When they reach this phase, we can support them to create business plans, undertake feasibility studies.

We helped S2M, a Moroccan payment solutions provider, bring industry best practice and improve the skills of their software engineering division. They are now developing best-in-class solutions like mobile payments and instant card issuance. As a result, S2M has entered a new market in Europe and increased their penetration in Africa and the Middle East.
Our core themes

Plan, Mongolian furniture producer Doloon Boldog successfully received €4.4 million in financing from the EBRD to construct a new production facility. In a typical year, almost half of the EBRD’s projects and a fifth of its annual business volume are channelled to SMEs, either directly or through one of almost 200 partner financial institutions across the region.

Regional development

We support clients outside major cities to overcome problems of logistics, product quality or lack of market knowledge that may prevent them from reaching larger markets. Around half of our projects are with businesses located outside of capital cities.

Resource efficiency and environment

Inefficient energy consumption and poor environmental management are common in many of the countries in which we work. We help our clients to address in a cost-effective way key issues of energy efficiency, renewable energy and environmental protection. Because there is often a limited supply of expertise in resource efficiency, we work hard to build this know-how among local consultants.

Inclusion

Promoting the inclusion in business of women, young people and disadvantaged groups is vital to realise the full economic potential of any country. For women entrepreneurs in particular, we offer comprehensive business support programmes that provide training and longer-term coaching as well as business advice. Our Women in Business programmes have launched the careers of many successful entrepreneurs, from designers to software developers and from retailers to construction company managers, turning their ventures into durable businesses.

We helped Mecanex, a Romanian pump manufacturer, to streamline their processes and select new equipment to reduce their energy usage. This cut their electricity consumption by 12 per cent and natural gas consumption by 2 per cent, saving them over €20,000 in the first year.

We’ve helped Teamania, a tea retailing company owned and managed by women, implement a cutting edge marketing campaign, increasing turnover by 39 per cent and launching four new shops around Georgia. Over one third of our projects are with women-owned or women-managed businesses.

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1 in 4 of the consultants we work with is based outside of capital cities.

Advice for Small Businesses

and bring their financial management up to the necessary level. We can direct clients to the most appropriate sources of financing, either from the EBRD or through our relationships with financial institutions and investors. Post investment, we help clients to achieve their goals, make the right capital investments, improve corporate governance and manage growth.

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Since 1993, we’ve worked in 35 countries. Currently, we work in 25 countries across southern and eastern Europe, North Africa and Central Asia.

* Countries we’ve exited.
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