A guide to EBRD financing
The European Bank for Reconstruction and Development (EBRD) finances projects in 27 countries from central Europe to central Asia. This guide outlines the various forms of financing available from the EBRD. It explains how the financing is provided, the types of projects supported by the Bank and how a project is processed.

**Where the EBRD operates**

*Central Europe and the Baltic states*  
Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia.

*South-eastern Europe*  
Albania, Bosnia and Herzegovina, Bulgaria, FYR Macedonia, Romania, Serbia and Montenegro.

*Eastern Europe and the Caucasus*  
Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine.

*Russia*

*Central Asia*  
Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan.
## Contents

About the EBRD ................................................................. 2

Requirements for EBRD financing ........................................ 4

Types of funding available .................................................. 7

EBRD project cycle ........................................................... 11

Co-financing ...................................................................... 13

Micro, small and medium-sized projects ................................. 14

Trade finance .................................................................... 17

Business development programmes ....................................... 19

Project information required for EBRD financing ..................... 21

Application form for EBRD financing .................................... 22

Who to contact at the EBRD ................................................ 24
About the EBRD

The EBRD is the largest investor in central and eastern Europe and the former Soviet Union. Since it was established in 1991, it has provided more than €20 billion to support the transition from centrally planned to market economies. The Bank is funded by 60 countries and two international institutions and works in both the public and private sectors. Financing is provided directly or through financial intermediaries, such as local banks and investment funds. Support is also provided through business development programmes that help to promote new skills in the region.

Regional expertise

The EBRD has a strong presence in all of its countries of operations through a network of more than 30 local offices. These offices provide in-depth knowledge of the social, economic and political conditions within the region and help to generate and implement new projects as well as monitor existing operations.

Innovative financing solutions

The EBRD takes a flexible approach and responds to the particular needs of its clients. For each project it finances, the Bank assigns a dedicated team of specialists with specific sectoral, regional, legal and environmental skills. The EBRD’s approach to dealing with projects is similar to commercial banks. A project has to be commercially viable to be considered and financing is provided on a commercial basis.

Strong appetite for risk

The EBRD recognises that investors face a wide variety of risks and offers an extensive range of risk sharing structures which provide additional commercial security and political comfort. The Bank draws on its government contacts, special creditor status and sizeable portfolio to assess and bear risk and to open the options for financing.

EBRD financing by sector

- Financial institutions 30%
- Infrastructure 21%
- Energy 16%
- Other sectors (including agribusiness, property and tourism, telecommunications and manufacturing) 33%

Commitments by region

- Central Europe and the Baltic states 40%
- South-eastern Europe 20%
- Eastern Europe and the Caucasus 10%
- Russia 23%
- Central Asia 7%
Adding value

The EBRD complements – rather than displaces – private sources of finance. The Bank invests only where it can provide added value, by investing in projects that could not otherwise attract financing on similar terms. We work in partnership, drawing other investors and serving as a catalyst to attract triple the amount of investment provided by the EBRD.

In some cases, selective grant funding is available from bilateral or multilateral donors, which assists with project preparation. Grants from donors are used to finance consultants who support the preparation and implementation of a project.

Flexible and responsive

When the EBRD has all the necessary information, a deal typically takes three to six months from initiation to signing the project documents. Financing can range from maturities of one year for working capital or trade financing projects to 15 years for long-term sovereign infrastructure projects. Often the EBRD is the only source providing longer-term financing, which is not available from commercial banks.
EBRD financing for private sector projects generally ranges from \( \€5 \text{ million} \) to \( \€250 \text{ million} \), in the form of loans or equity. The average EBRD investment is \( \€25 \text{ million} \). Smaller projects may be financed through financial intermediaries (see page 14) or through special programmes for smaller direct investments in the less advanced countries.

**EBRD funding criteria**

To be eligible for EBRD funding, the project must:
- be located in an EBRD country of operations (see inside front cover)
- have strong commercial prospects
- 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.

**Project structure**

The EBRD tailors each project to the needs of the client and to the specific situation of the country, region and sector. The EBRD typically funds up to 35 per cent of the total project cost for a greenfield project or 35 per cent of the long-term capitalisation of the project company. The Bank requires significant equity contributions from the sponsors, which must equal or be greater than the EBRD’s investment. There must be additional funding from the sponsors, other co-financiers or generated through the EBRD’s syndications programme.

**Typical capitalisation structure**

- EBRD investment 35%
- Foreign sponsor equity 25%
- Local sponsor equity 15%
- Other lenders 10%
- Syndicated loan 15%
Sectors supported by the EBRD

The EBRD finances projects in most sectors. These include:

- agribusiness
- energy efficiency
- financial institutions
- manufacturing
- municipal and environmental infrastructure
- natural resources
- power and energy
- property and tourism
- telecommunications, information technology and media
- transport.

Sectors the EBRD does not finance

The EBRD will not provide financing for defence-related activities, the tobacco industry, selected alcoholic products, substances banned by international law and stand-alone gambling facilities.
Case study: Marbo, Serbia and Montenegro

Given the limited lending capabilities of local banks in south-eastern Europe, many private enterprises find it difficult to obtain large loans with long-term maturities. One such company is Marbo, Serbia and Montenegro’s largest snack food producer.

In 2002 Marbo approached the EBRD for a loan supporting the company’s expansion programme. After a couple of meetings with the Bank’s local Resident Office, the project leadership was passed to the EBRD’s Agribusiness team in the Bank’s headquarters.

Several financing options were discussed, with the final agreement involving a six-year €10 million loan, disbursed in two tranches. The loan will enable the refurbishment and construction of production and packaging facilities, expansion of Marbo’s product range and export into neighbouring countries. The loan will also enable the company to improve its standards of corporate governance, in line with international practices.

Mr Radosav Milanovic, director at Marbo, said that without the EBRD loan the company would not have been able to implement its investment plan or benefit from the market growth potential.

The period of time between the initial client meetings and loan disbursement was less than five months. During this time the project was reviewed by the EBRD’s Operations Committee (senior management from each of the Bank’s main departments) and by the Board of Directors.

During the review stages, the Bank assessed whether the project conformed with the EBRD’s strategy for the region and the Bank conducted a financial, economic and risk analysis. Issues included Marbo’s ability to maintain its strong position once international players enter the market and the management’s ability to manage the rapid expansion of the business.

In addition, an Environmental Action Plan was developed to address issues relating to waste, water emissions and soil and ground water contamination.

Since receiving the first tranche of the loan (€7 million) in May 2003, demand for Marbo products has outstripped current production capacity. Total sales are beating projections and Marbo has decided to accelerate its expansion. Disbursement of the second tranche is under way and a third (€3 million) has been approved.
A guide to EBRD financing

Types of funding available

Loans

The EBRD’s loans are structured with a high degree of flexibility to match client and project needs. The Bank suggests a suitable loan currency and interest rate.

The basis for a loan is the expected cash flow of the project and the ability of the client to repay the loan over the agreed period. The credit risk can be taken entirely by the Bank or may be partly syndicated to the market. A loan may be secured by a borrower’s assets and/or it may be converted into shares or be equity-linked. Full details are negotiated with the client on a case-by-case basis.

Loan features

EBRD loans consist of the following features:
- a minimum amount of €5 million, although this can be smaller in some countries
- a fixed or floating rate
- senior, subordinated, mezzanine or convertible debt
- denominated in major foreign or some local currencies
- short to long-term maturities, from 1 to 15 years
- project-specific grace periods where necessary.

Interest rates

EBRD loans are priced competitively, based on current market rates, such as EURIBOR. The EBRD offers both fixed and floating interest rates (with a cap or collar). The EBRD does not subsidise projects, does not offer soft loans and the Bank does not compete with private banks.

Fees and charges

A margin above the base rate is added to reflect country risk and project-specific risk. This information is confidential to the client and the EBRD.

In addition to the margin, the Bank charges the following fees and commissions:
- appraisal fee
- front-end commission and structuring fee, paid up-front
- syndication fee, where applicable
- commitment fee, payable on the committed but undisbursed loan amount
- loan conversion fee, paid at the time of interest rate, or currency conversion on the amount that is to be converted
- prepayment, cancellation and late payment fees where applicable.

In line with commercial practice, sponsors are obliged to reimburse the EBRD for out-of-pocket expenses, such as fees for technical consultants, outside legal counsel and travel expenses.
Other lending terms

Full lending terms are negotiated with the client for each project.

Recourse
Recourse to a sponsor is not always required. However, the EBRD may seek specific performance and completion guarantees plus other forms of support from sponsors of the kind that are normal practice in limited-recourse financing.

Insurance
The EBRD requires project companies to obtain insurance against normally insurable risks. Examples include theft of assets, outbreak of fire, specific construction risks. The Bank does not require insurance against political risk or non-convertibility of the local currency.

Security
The EBRD usually requires the companies it finances to secure the loan with project assets. These can include:
- mortgage on fixed assets, such as land, plant and other buildings
- mortgage on movable assets, such as equipment and other business assets
- assignment of the company’s hard currency and domestic currency earnings
- pledge of the sponsor’s shares in the company
- assignment of the company’s insurance policy and other contractual benefits.

Covenants

Typical project finance covenants are required as part of the loan package. Such covenants, limiting indebtedness and specifying certain financial ratios and various other issues, will be negotiated.

Loan repayment
Repayment is normally in equal, semi-annual instalments. Longer maturities and uneven repayment schedules may be considered on an exceptional basis – for example, up to 15 years under mortgage-style authorisation for large infrastructure operations.

Hedging possibilities

The EBRD can help manage financial risks associated with a project’s assets and liabilities. This covers foreign exchange risk, interest rate risk and commodity price risk. Risk-hedging instruments include currency swaps, interest rate swaps, caps, collars and options and commodity swaps.
Equity
The EBRD can acquire equity in amounts ranging from €2 million to €100 million in industry, infrastructure and the financial sector if there is an expected appropriate return on investment. The Bank will take only minority positions and will have a clear exit strategy.

Equity and quasi-equity instruments
The EBRD’s equity and quasi-equity instruments include:

- ordinary shares, listed or unlisted
- subordinated and convertible loans
- income notes
- redeemable preference shares
- underwriting of share issues by public or privately owned enterprises.

Other forms of financing can be discussed with EBRD banking staff.

The EBRD usually exits within four to eight years of the initial investment, varying from project to project. The Bank’s exit strategy typically involves selling its participation to the project sponsors or selling the investment via a public offer.

The EBRD also participates in equity funds, which focus on a specific region, country or industry sector, have a local presence and are run by professional venture capitalists. These funds use the same investment criteria as the EBRD when it considers direct investments.

Guarantees
The EBRD provides various types of guarantees. These range from all-risk guarantees, whereby the Bank covers lenders against default regardless of the cause, to partial risk-specific contingent guarantees covering default arising from specified events.

In all cases the maximum exposure must be known and measurable and the credit risk must be acceptable. Precise legal definitions of the events guaranteed and pricing are handled on a case-by-case basis. (For more information on guarantees, see the trade finance section on page 17.)
Case study: Severstal-Arcelor, Russia

When the world’s largest steel producer Arcelor and Russia’s leading steelmaker Severstal decided to develop a local project together, they came to the EBRD.

As the Bank is the largest investor in Russia, has strong experience in the steel sector and a good track record of working with the project partners, it was ideally placed to assist.

A €92 million loan was provided, enabling the construction of a new production line in Cherepovets, 400 km north of Moscow. The plant, scheduled to begin operation in early 2005, will produce 400,000 tonnes of galvanised steel per year, which will be primarily used in the automotive industry.

The Severstal-Arcelor joint venture was developed after an initial meeting with the EBRD’s Moscow office. During the review stages, the project’s terms and conditions were negotiated – a challenging task given Severstal-Arcelor is the first joint venture to be established in Russia’s steel sector involving a Western steel manufacturer and a local producer.

An “A/B loan” structure was agreed, with the EBRD providing €60 million (A loan) and the remaining €30 million (B loan) being syndicated to commercial lenders.

The global steel market was analysed during the review stage, as was demand for the products in the Russian automotive sector. In addition, an environmental analysis was conducted to ensure the plant will comply with Russian and EU environmental requirements.

Both sponsors felt the EBRD was instrumental in bringing the two companies together and in facilitating the joint venture agreement.

The project is expected to send a positive signal to other foreign investors interested in expanding into Russia. It will also introduce advanced technology into the steel sector and create strong market linkages between clients and suppliers. The first disbursement of €11 million was made in October 2003.
When the EBRD has all the necessary information, a deal typically takes three to six months from initial contact to signing. In some cases, however, this can be shorter. The total project cycle, from initiation to repayment, can range from one year for working capital or trade financing projects to 15 years for long-term sovereign infrastructure projects.

The EBRD project cycle consists of the following stages:

**Concept Review** – The EBRD’s Operations Committee (OpsCom)\(^1\) approves the project concept and overall structure, including proposed financing structure and supporting obligations. At this stage, the EBRD and the client sign a mandate letter, which outlines the project plan, development expenses and responsibilities.

**Final Review** – Once the basic business deal (including a signed term sheet) has been negotiated and all investigations have been substantially completed, the project receives a Final Review by OpsCom.

**Board Review** – The EBRD President and operation team present the project to the Board of Directors for approval.

**Signing** – The EBRD and the client sign the deal and it becomes legally binding.

**Disbursements** – Once repayment conditions are agreed and the Bank’s conditions met, the funds are transferred from the Bank’s account to the client’s account.

**Repayments** – The client repays the loan amount to the EBRD under an agreed schedule.

**Sale of equity** – The Bank sells its equity investments on a non-recourse basis.

**Final maturity** – The final loan amount is due for repayment to the Bank.

**Completion** – The loan has been fully repaid and/or the EBRD’s equity investment divested.

\(^1\) The Operations Committee consists of EBRD senior management from each of the Bank’s main departments.
Environmental procedures

Environmental appraisal helps the EBRD decide if an activity should be financed and how environmental issues should be incorporated in project financing, planning and implementation. It is the responsibility of the project sponsor to provide the EBRD with all the information required for the appraisal. For environmentally sensitive projects, this information may include:

- initial environmental screening to identify potential environmental issues
- environmental assessment and/or audit undertaken by the sponsor
- development of an Environmental Action Plan to document key environmental issues and the action to be taken to address them adequately
- incorporation of environmental conditions into legal documentation
- environmental monitoring and evaluation of projects.

The EBRD’s Environment Department decides on the level of environmental investigation required at Concept Review and Final Review stages of the EBRD project cycle. It also determines public consultation requirements. Further details are provided in the Bank’s Environmental Policy, which can be found on the EBRD web site (www.ebrd.com/about/strategy).

Procurement procedures

The EBRD’s policy is to have open and fair competition for the procurement of goods, works and services needed for Bank-financed operations. For private sector projects, the EBRD must be satisfied that procurement procedures are carried out under normal commercial practices. For public sector projects, the procurement of goods and services must meet EBRD guidelines. These are set out in the Bank’s Procurement Policies and Rules, available on the EBRD web site (www.ebrd.com/about/strategy). Project sponsors are highly recommended to review the procurement procedures in the early stages of the project. Suppliers, contractors and consultants are also encouraged to contact the Bank to determine their eligibility for a tender.

Due diligence

The EBRD places the highest importance on ethical behaviour and transparency. The Bank has developed standard due diligence procedures, which review each project’s shareholders, corporate governance and procurement processes. The Bank also reviews the client’s audited financial statements in accordance with the International Accounting Standards and International Financial Reporting Standards. In addition, integrity and legal due diligence is undertaken. Integrity due diligence involves the identification of suspicious or unethical behaviour of a client, its management or shareholders. Legal due diligence involves the evaluation of a client’s status, assets and liabilities.
Co-financing

The EBRD tries to mobilise domestic and foreign capital because co-financing increases the resources available for funding other projects and introduces borrowers to the international debt markets.

Sources of co-financing include commercial banks, official co-financiers (such as government agencies and bilateral financial institutions providing grants, parallel loans and equity), export credit agencies and other international financial institutions, such as the International Finance Corporation and the World Bank. The EBRD aims to broaden and deepen the co-financing base by increasing the number of commercial lenders, and by introducing new co-financing structures and new countries into the market.

By being flexible and responding to the market, the Bank seeks to maximise the sources of finance available to clients and to structure the most appropriate forms of finance.

The types of co-financing available include A/B loans (where the EBRD finances a portion of the loan and syndicates the remainder to commercial lenders), parallel loans, export credit agency guarantees, political risk insurance, loans and equity from international financial institutions and grants.

The EBRD works in partnership with other institutions to increase the availability of financing and improve the investment climate in the region.

Case study: SeverTEK, Russia

SeverTEK is the first joint venture between Lukoil, Russia’s biggest oil producer, and Fortum, Finland’s state-controlled energy group. The joint venture brings together the operating and marketing experience of these two industry leaders. When SeverTEK needed finance to develop the South Shapkino oil field in Russia, the EBRD acted in partnership with HypoVereinsbank, a leading German commercial bank. A €190 million loan was jointly arranged, half of which was provided by the EBRD and the other half fully underwritten by HypoVereinsbank.

The loan was structured on a limited recourse basis to satisfy commercial banks’ needs, while giving SeverTEK flexibility over how it would market the oil. The portion of the loan underwritten by HypoVereinsbank was successfully syndicated to a consortium of seven private financial institutions from various countries (Austria, Canada, France, Germany and the Netherlands). A key factor for the participating banks was the lower risk associated with the loan structure. The funding provides an alternative to Russia’s production sharing agreements (PSAs) and could create a new model for financing the Russian oil and gas sector.
Micro, small and medium-sized projects

To support smaller projects, the EBRD makes credit available through financial intermediaries, such as local commercial banks, specialist micro and small business banks, and equity funds and leasing facilities. These intermediaries on-lend the funding to small businesses.

The financing requirements are similar to EBRD policy but financial intermediaries make independent decisions about which micro, small and medium-sized enterprises they fund.

**Loan finance**

**Applying for a loan**

The EBRD’s financial intermediaries consider sound projects that support private sector development. Each bank or programme has its own requirements and investment limits.

For detailed financing information, contact the intermediary directly.

The EBRD’s web site (www.ebrd.com/apply/small) provides a complete list of local banks that offer loans to micro, small and medium-sized enterprises.

**Requirements for loans from local banks**

Micro loans, up to €8,000, are available for sole proprietors and micro enterprises employing up to 10 people. Borrowers are assessed on their character and debt capacity. Loans under €2,500 can often be disbursed within 24 hours of application.

Small loans, up to €160,000, are usually provided to small and medium-sized enterprises employing up to 100 people. Companies are assessed on their future earning capacity and management capabilities.

Funding cannot be provided to majority state-owned enterprises or for government-guaranteed projects.

In line with the EBRD’s mandate, banks ensure that all proposals pay due regard to environmental factors. In addition, equity contributions of around 35 per cent, either in existing or new business, are often required.

**Leasing**

Financial and operating leases for small businesses are available from EBRD-supported leasing facilities. They cover a range of goods, such as commercial vehicles, equipment and machinery. To access finance and to check specific requirements, contact the local leasing company. A full list is provided on the Bank’s web site (www.ebrd.com/apply/small).
Equity

Equity finance is available from EBRD-supported private equity funds, donor-supported equity funds and directly from the EBRD. Equity funds support all kinds of investments, including business start-ups, expansion and acquisitions. Some funds specialise in financing companies in need of restructuring, assisting those in financial difficulty or providing mezzanine capital for further development. Investment criteria are in line with EBRD policy but investment decisions are made by fund managers.

EBRD-supported equity funds

To apply for finance, contact the fund managers directly. They will provide information about specific fund requirements and investment limits. A complete list of funds, with full contact details, is provided on the Bank’s web site (www.ebrd.com/apply/small).

EBRD direct investment

Equity finance of up to €2.5 million for businesses led by experienced entrepreneurs is available directly from the EBRD through the Direct Investment Facility (DIF).

The EBRD’s DIF is targeted at smaller businesses based in countries and regions at an early stage of transition to a market economy, including the Caucasus, Central Asia, south-eastern Europe, Belarus, Moldova, Ukraine and parts of Russia. Equity and limited debt financing are available to strong private sector businesses, especially those led by motivated and experienced local entrepreneurs. Investments may be in existing enterprises wishing to expand their business or product lines, or in start-ups with an unusually strong business plan and sponsors with relevant business experience.

Local equity participation is strongly preferred, although foreign investment, especially regional, is encouraged. Foreign strategic investors or sponsors are not required although they are eligible for investment. It is preferable, but not necessary, for businesses to generate hard currency earnings. Sponsors may partially contribute capital in-kind but they are expected to make reasonable cash contributions as well.
Investment range

The investment range is generally between €400,000 and €2.5 million. The target range for the equity share is 25 to 30 per cent, but up to 49 per cent in the short term. The preferred investment span is three to five years, but up to seven years is possible.

Project requirements

Each project requires:

■ significant growth potential with a relatively modest capital investment
■ experienced sponsors and management with a proven track record
■ a sound financial basis and well-structured financing plans
■ a well-developed and specific business plan
■ a clear programme for project implementation within a relatively short time span
■ strong competitive prospects in relevant local/regional markets
■ understanding of equity investment and independent valuation
■ a realistic exit strategy
■ prospective investment returns which are commensurate with equity risk and based on sound conservative financial and operational projections
■ limited exposure to local government policy
■ a simple and cost-effective investment structure.

In addition, there should be:

■ no need for restructuring or for significant technical assistance
■ no involvement in high-risk environmental activities
■ no unresolved post-privatisation issues.
Trade finance

The EBRD’s Trade Facilitation Programme (TFP) promotes foreign trade with the Bank’s countries of operations. Through the programme, the EBRD takes the political and commercial payment risk of transactions undertaken by participating banks. The programme can guarantee any genuine trade transaction associated with exports from, and imports to, the EBRD’s countries of operations. Specifically, the EBRD provides guarantees to international commercial banks (confirming banks) to secure payment of instruments issued by participating banks (issuing banks). Around 100 issuing banks in the EBRD’s region participate in the programme together with about 580 confirming banks throughout the world.

The programme provides:
- cover for a broad range of trade finance instruments
- unconditional guarantees payable on first written demand
- guarantees of up to 100 per cent of the face value of the underlying trade finance instruments
- uncommitted trade finance lines and transaction approval on a case-by-case basis
- attractive fee levels that are agreed separately for each transaction
- a fast and simple approval procedure to issue guarantees
- short-term loans to selected local banks for on-lending to local exporters and importers.

Transaction instruments

Guarantees may be used to secure payment of the following instruments issued or guaranteed by issuing or confirming banks for trade transactions to, from or between the EBRD’s countries of operations:
- letters of credit and standby letters of credit from the issuing bank, plus deferred payment and “red-clause” letters of credit
- advance payment guarantees and bonds, and other payment guarantees
- bills of exchange and trade-related promissory notes
- bid and performance bonds and other contract guarantees.

Longer tenors are approved where appropriate to cover finance of capital equipment and for other term guarantees. Other types of trade finance instruments can also be considered.

Goods and services covered

EBRD guarantees cover a wide range of goods and services, including consumer goods, commodities, equipment, machinery and power supply as well as cross-border engineering, construction, shipbuilding, and technical and other services.
Some activities, products and substances are not eligible for finance under the Trade Facilitation Programme. More information about environmentally sensitive activities and the full EBRD trade exclusion list is provided on the EBRD web site (www.ebrd.com/tp).

**How to participate**

Banks interested in participating in the programme should contact the TFP Unit at the EBRD (see page 24). Importers and exporters should contact an issuing bank. A complete list of issuing banks is provided on the Bank’s web site (www.ebrd.com/tp).
Business development programmes

The EBRD supports several business development programmes that aim to improve the level of expertise in the Bank’s countries of operations. The main programmes are:

- the TurnAround Management (TAM) Programme, which aims to enhance the knowledge, confidence and capabilities of senior management in industrial enterprises
- the Business Advisory Services (BAS) Programme, which is targeted at local consultants assisting micro, small and medium-sized enterprises with business performance.

TurnAround Management Programme

The TAM Programme aims to develop commercial and technical know-how at the senior management level of SMEs by providing industry-specific advice. Funded by a variety of donors, the TAM Programme helps to develop local economies, thereby alleviating poverty and improving social conditions.

Aim of the programme

The TAM Programme works directly with individual enterprises on a not-for-profit basis, advising on management skills, business planning, restructuring, improving products, reducing operating costs and developing local and export markets. In EU accession countries, TAM assistance has helped enterprises meet the requirements of relevant EU directives and standards.

Evidence shows that productivity and turnover in enterprises participating in the TAM Programme increases by about 34 per cent and employment levels in companies with less than 250 employees increase by around 12 per cent within a year. In larger companies, productivity and turnover generally increase at about the same rate but some downsizing is usually required. (Employment levels often increase, however, after a period of time.)

Grant funding of more than €81 million has been provided by 27 donors, including the European Community, enabling the TAM Programme to undertake over 1,200 projects.

How the TAM Programme works

A TAM project is carried out by a team of specialists led by a Senior Industrial Adviser (SIA) selected from the same industry sector as the beneficiary company. The SIA helps an enterprise to understand its problems and to make the management and cultural changes necessary to create a profitable, stand-alone private enterprise. These changes are implemented by the enterprise’s own management.

Who are the Senior Industrial Advisers?

The TAM Programme engages mainly former chief executives and senior operational directors of industrial companies to work as SIAs. During their careers, they have already confronted and solved many problems similar to those facing the beneficiary enterprises. The SIAs have a high level of commercial experience and provide in-depth knowledge
in industry sectors. The selection of team members is based on industry relevance and commercial experience. TAM projects are undertaken on a fixed fee basis to ensure that team selection is based on technical rather than financial criteria. The TAM Programme has built up a database of over 3,200 pre-qualified SIAs and specialists.

**Applying for TAM assistance**

To qualify for TAM assistance, an enterprise must:

- be privatised or have irrevocable government commitment to privatisation
- have the potential to be commercially viable in the longer term
- usually be a small or medium-sized enterprise
- provide products or services that have potential export earnings, import substitution, or are of significant domestic importance
- have an acceptable government debt structure if publicly owned
- not be involved in banking or financial services, military products or services, gambling or tobacco.

In addition, the chief executive and senior management must be willing to commit the necessary time and effort to the project.

If your company fulfils these criteria and you are interested in finding out what TAM can do, contact the TurnAround Management Group at the EBRD (see page 24).

**Business Advisory Services Programme**

The Business Advisory Services (BAS) Programme develops the professional capacity of local consultants. They, in turn, provide small businesses with expert advice on business performance, such as commercial skills, production quality standards, marketing, the preparation of management information systems, design and equipment reviews, partner searches and business plans. Typical BAS projects are short-term assignments with a rapid pay-back. Examples include upgrading financial information technology systems, market research, quality management systems and enterprise reorganisation. The SMEs are required to pay about 50 per cent of the project cost. The maximum BAS contribution to any project is €9,000. Donors have committed over €50 million to the programme, which has undertaken more than 4,000 projects in 17 countries.

For further information on the BAS Programme, contact the TurnAround Management Group at the EBRD (see page 24).
To assess the eligibility of a project, the EBRD requires the following information:

**Project information**

- a brief description of the project, detailing how the Bank’s financing will be used
- background information on the sponsor, including operating experience, financial status and how the company will support the project in terms of equity, management, operations, production and marketing
- details of the product or service that will be developed and how it will be produced
- a review of the market, including target customers, competition, market share and sales volume, pricing strategy and distribution.

**Financial information**

- an accurate breakdown of the project costs and how the funds will be used
- a summary of the implementation requirements, including the appointment of contractors, and an overview of the procurement process
- identification of additional sources of funding
- an overview of the project’s anticipated financial performance.

**Environmental and regulatory information**

- a summary of any environmental issues and copies, where possible, of environmental audits or impact assessments
- details of government licences or permits required, subsidies available, import/export restrictions, border tariffs or quotas and currency restrictions.
Application form for EBRD financing

If your project fits the criteria outlined on page 4 for direct financing from the EBRD, please complete the following form to give us a better idea of how we could work together.

Forms will only be accepted from commercial companies seeking finance or by an intermediary authorised to act for them. The EBRD enforces a policy of strict confidentiality. Details submitted will not be disclosed to any other party without your prior consent.

Completed forms should be sent by fax to the EBRD’s Business Development Support Unit (see page 24). Alternatively, an electronic version of this form can be submitted via the Bank’s web site (www.ebrd.com/apply/large).

Fax to: +44 20 7338 7380
### Location of project:
- Albania
- Armenia
- Azerbaijan
- Belarus
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Estonia
- Former Yugoslav Republic of Macedonia
- Georgia
- Hungary
- Kazakhstan
- Kyrgyz Republic
- Latvia
- Lithuania
- Moldova
- Poland
- Romania
- Russia
- Serbia and Montenegro
- Slovak Republic
- Slovenia
- Tajikistan
- Turkmenistan
- Ukraine
- Uzbekistan

### Size and type of finance required

<table>
<thead>
<tr>
<th>Location of project</th>
<th>Size and type of finance required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td></td>
</tr>
<tr>
<td>Former Yugoslav Republic of Macedonia</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td></td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td>Serbia and Montenegro</td>
<td></td>
</tr>
<tr>
<td>Slovak Republic</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td></td>
</tr>
</tbody>
</table>

### Total project cost

<table>
<thead>
<tr>
<th>Location of project</th>
<th>Total project cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td></td>
</tr>
<tr>
<td>Former Yugoslav Republic of Macedonia</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td></td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td>Serbia and Montenegro</td>
<td></td>
</tr>
<tr>
<td>Slovak Republic</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td></td>
</tr>
</tbody>
</table>

### Brief project overview

<table>
<thead>
<tr>
<th>Location of project</th>
<th>Brief project overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td></td>
</tr>
<tr>
<td>Former Yugoslav Republic of Macedonia</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td></td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td>Serbia and Montenegro</td>
<td></td>
</tr>
<tr>
<td>Slovak Republic</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td></td>
</tr>
</tbody>
</table>

Alternatively, you may submit a one-page summary of the business plan.

See page 21 for a guide to the types of project information required.
Who to contact at the EBRD

New project proposals
(Business Development Support Unit)
Tel: +44 20 7338 7168
Fax: +44 20 7338 7380
Email: newbusiness@ebrd.com

Project enquiries (existing projects)
Tel: +44 20 7338 7168
Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

Direct Investment Facility
Tel: +44 20 7338 7750
Fax: +44 20 7338 6239
Email: vasiliag@ebrd.com

Trade Facilitation Programme
Tel: +44 20 7338 6813
Fax: +44 20 7338 7380
Email: tonnay@ebrd.com

TurnAround Management (TAM) and Business Advisory Services (BAS) Team
Tel: +44 20 7338 7356
Fax: +44 20 7338 7742
Email: tam@ebrd.com

General enquiries about the EBRD
Tel: +44 20 7338 6372
Fax: +44 20 7338 6102
Email: generalenquiries@ebrd.com

Requests for publications
Tel: +44 20 7338 7553
Fax: +44 20 7338 6102
Email: pubsdesk@ebrd.com

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
Tel: +44 20 7338 6000
Fax: +44 20 7338 6100

Resident Offices
For contact details of the EBRD’s Resident Offices, see the Bank’s web site:
www.ebrd.com/about/contacts.

Web site: www.ebrd.com