



The United States and the EBRD

Partners in transition



European Bank
for Reconstruction and Development

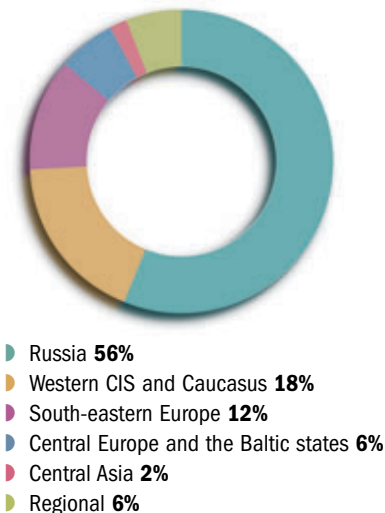
US/EBRD cooperation

The United States plays an important role in the activities of the EBRD. As well as being the Bank's largest single shareholder, the United States contributes generously to the development of investment opportunities in the 27 countries where the Bank operates.¹

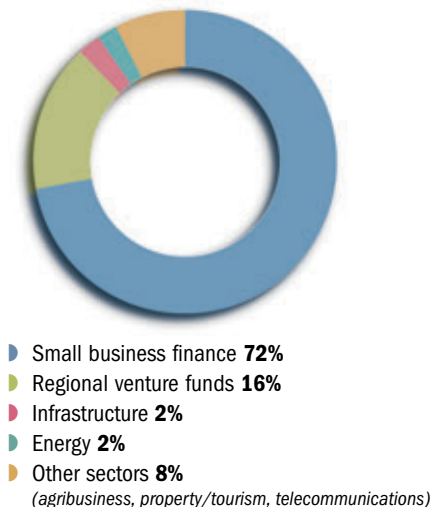
Since 1991, the United States has contributed over \$120 million to the Bank's Technical Cooperation Funds Program (TCFP), which prepares the way for EBRD projects. It is one of the largest contributors to the program and has supported mainly private sector projects across the Bank's region of operations.

US funding is used to provide the expertise of American, local and international firms and consultants to assist local companies. The key areas of support are the development of small and medium-sized enterprises (SMEs), the modernization of infrastructure and the expansion of the financial sector in the Bank's countries of operations.

US contributions by region



US contributions by sector



¹ The EBRD operates in:

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

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

Western CIS and the Caucasus – Belarus, Moldova, Ukraine and Armenia, Azerbaijan, Georgia

Russia

Central Asia – Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan.

US contributions to the EBRD's Technical Cooperation Funds Program

<i>Fund</i>	<i>Amount (in \$ million)</i>
Russia Small Business Fund ¹	42.0
US/EBRD SME Finance Facility ¹	38.0
Lower Volga Regional Venture Fund ¹	19.2
United States Trade and Development Agency Evergreen Fund ²	10.0
Project-specific assignments ¹	9.4
USAID Advisors' Fund ¹	3.2
Total	121.8

¹ Contributions, including on-lending and risk sharing funds

² Commitments

The United States provides its support via several US government agencies and through a variety of funds (see table).

Overall, the TCFP has supported some 2,000 consultancy assignments using more than €1 billion (\$1.4 billion) of donor funding.

These assignments have led to EBRD investment of €12.4 billion (\$17 billion) and a total project value of €28 billion (\$38 billion).

The European Bank for Reconstruction and Development (EBRD) was set up in 1991 to support the transition to market economies from central Europe to central Asia. The EBRD is owned by 60 countries and two international institutions – the European Investment Bank and the European Community. It operates with €20 billion (\$27 billion) in capital.

US/EBRD SME Finance Facility

Together with the EBRD, the United States established the US/EBRD SME Finance Facility in July 2000 to promote private sector growth and economic development in south-eastern Europe and in early and intermediate transition countries, such as Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

This facility was created to make it easier for micro, small and medium-sized enterprises to obtain loans. A large proportion of the funding is used to train staff in local banks and to reduce legal and regulatory impediments to small business finance.

As of the end of 2004, the United States had provided almost \$29 million in technical cooperation funding under the Facility. This funding is not restricted to US consultants. A further \$9.15 million has been provided for investment activities.

Reaching entrepreneurs in Bulgaria

To reach entrepreneurs who have no access to formal finance, ProCredit Bank Bulgaria is providing an innovative form of mobile finance.

The bank is using a small van staffed by two loan officers to serve remote regions on the Black Sea coast. Short-term loans of up to \$3,000 are being provided to small villages close to the Turkish border allowing recipients to meet their working capital needs.

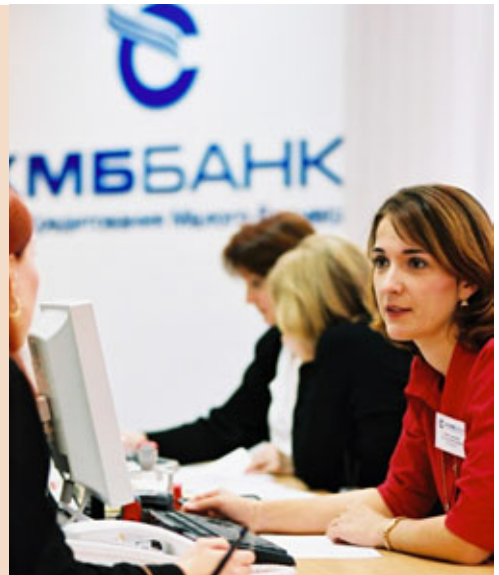
Russia Small Business Fund

The United States is the largest contributor to the Russia Small Business Fund (RSBF). Established in 1994 by the EBRD and the G7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) with the additional support of Switzerland, the RSBF provides Russian entrepreneurs with access to much-needed finance. It also employs consultants to help Russian banks improve their capacity to provide finance on an ongoing basis. US contributions to the RSBF can be used to employ consultants of any nationality.

The RSBF provides funding to local banks, which on-lend loans of up to \$200,000 to small businesses. Financing ranges from micro loans provided within 48 hours to larger loans aimed at helping farmers on a year-round basis. To date, over 205,000 loans totalling \$1.75 billion have been disbursed. US funding to the RSBF totals \$42 million including \$8.1 million for on-lending.

Assisting entrepreneurship in Russia

In 2003 the RSBF surpassed \$1 billion in disbursed loans. The milestone loan was made to two entrepreneurs, Sergei and Igor Belimov, through a local RSBF bank (KMB), which is partly owned by the EBRD. The Belimovs left the army to start their own business, eventually deciding to produce ice cream. To expand production, they soon needed additional financing and turned to the RSBF for help. The loans provided by KMB allowed them to modernize their equipment and to branch out into other dairy products. Today they make 150 types of ice cream and employ 500 people.



Regional Venture Funds

A number of private equity funds have been established by the EBRD and donor governments to support the privatization and restructuring of medium-sized enterprises.

The US-supported Lower Volga Regional Venture Fund (RVF) is one of 17 donor-sponsored EBRD equity funds, which provide a combination of equity capital and grant-financed support. Grants are used to reduce the equity risk of the countries in which the funds operate. This allows the EBRD to expand its investment and to be among the first investors in higher-risk countries.

Lower Volga Regional Venture Fund

USAID has provided a \$19.2 million grant to support the Regional Venture Fund in the Lower Volga region of Russia. The Fund has invested some \$25 million in ten companies. In 2004 the EBRD committed up to \$50 million to a new \$150 million fund to be managed by Russia Partners, manager of the Lower Volga RVF. This additional capital follows on from the success of the Lower Volga RVF and will be used to make further equity investments in private companies in Russia.

USAID Advisors' Fund

Since 1992, the USAID Advisors' Fund has provided almost \$3.2 million to 16 countries where the EBRD operates. Its main focus is on municipal infrastructure, legal transition and support for small enterprises. In the last few years, it has also supported the Bank's grain warehouse receipts programs, which provide year-round financing to farmers.



Helping farmers in Kazakhstan

The EBRD's grain warehouse receipts program, supported by the USAID Advisors' Fund, allows farmers to manage their planting cycle more effectively. This contributes to better harvests and more grain for export. By establishing a more efficient way of providing finance, the program meets the financing needs of small farmers.

As well as helping farmers, the program has strengthened the local banks that provide the loans. Substantial USAID funding has helped to improve the legal framework for the program, the credit procedures and the training for warehouse inspectors.



USTDA Evergreen Fund

The United States Trade and Development Agency (USTDA) has been working with the EBRD since 1991 to promote US exports and the development of the countries where the Bank operates. The fund has focused on supporting EBRD investment in infrastructure, particularly energy and transport. It has funded the preparation of procurement documents, the monitoring of consultants and promotion work in key US export sectors.



Bosnian Railways

USTDA has funded assignments totalling \$660,000 to support EBRD investment in the railway network of Bosnia and Herzegovina. These assignments have assisted with tendering

and project implementation. They have also helped with the preparation of business plans and accounts in line with international standards.



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