

*Opportunities/Observations***European Bank for Reconstruction and Development**

Headquartered in London, the European Bank for Reconstruction and Development (EBRD) is the newest Multilateral Development Bank, its first loans having been approved in 1991.

The main purpose of the EBRD is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the former Communist countries of central and eastern Europe.

Canada, as in other Development Banks, is among the major shareholders and is represented on the EBRD's Board of Directors.

How the EBRD is Different

The EBRD functions as a Development Bank, much in the same way that the World Bank and other regional Development Banks serve their respective borrowing regions. However, the EBRD has a few distinctive features that differentiate it from these Banks.

One important characteristic is the EBRD's overriding focus on the private sector. Its Charter stipulates that not less than 60 per cent of its financing must be directed either to private-sector or to state-owned enterprises implementing a program to achieve private ownership and control. For these loans, the EBRD acts much as a merchant bank or as the World Bank's International Finance Corporation (IFC). Only the remaining 40 per cent of its financing is used (as in traditional Development Bank projects) for loans to governments of member countries.

The EBRD provides loans, equity investment, debt guarantees, and underwriting, all of which are offered at market terms — never at subsidized or concessionary rates.

The loans are made available with a variety of terms, usually with a

maximum final maturity of 10 years for commercial enterprises. In the case of private-sector projects, the Bank normally limits its financing to 35 per cent of the total capital required for a project and the minimum loan that the Bank will consider is ECU 5 million (approximately C\$ 7.0 million).

This being the case, the minimum size of a Bank-funded project would have to be in the area of C\$20 million (35 per cent of this being provided by the EBRD).

The Bank will seek to make funds for smaller loans and investments available through local financial intermediaries. However, the Bank does not issue guarantees for export credits nor undertake insurance activities.

Who Can Participate in EBRD Projects

The EBRD should be of interest to Canadian investors and exporters interested in central and eastern European markets. It is worth noting that the EBRD's procurement rules are similar to those of other Development Banks and that a significant contingent (6.8 per cent) of the Bank's professional staff is Canadian, and occupying key positions.

One of the important aspects of pursuing opportunities associated

with EBRD projects is the monitoring of its new projects.

The EBRD recently began publishing a newsletter entitled, *Procurement Opportunities*, which provides early notification of its future supply, public works, and consulting service requirements. For the moment, the newsletter contains mostly information on the EBRD's project pipeline, but tender notices and contract award information will also eventually be published.

The annual subscription cost is £50. Anyone interested in subscribing should send a cheque (payable to the European Bank for Reconstruction and Development) to **Procurement Opportunities**, Procurement Unit, European Bank for Reconstruction and Development, 122 Leadenhall Street, London, England EC3V 4EB.

Other documents, such as the EBRD booklets *How to Work with the European Bank for Reconstruction and Development* and *Procurement Policy and Rules*, are available on demand.

For more information, contact the Financial and Business Services Division, External Affairs and International Trade Canada, 125 Sussex Drive, Ottawa K1A 0G2. Fax: (613) 943-1100.

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purchasing authority.

Companies wishing to exhibit can receive exhibition brochures and further information from the show's Canadian representative, UNILINK, 50 Weybright Court, Unit 41, Agincourt, Ontario M1S 5A8. Tel.: (416) 291-6359. Fax: (416) 291-0025.

Companies with product literature for display should send up to 100 copies of their brochures — for arrival by **December 15, 1992** — to R. Henry, Counsellor (Commercial), Commercial Division, Canadian Embassy, Nenehatun Caddesi 75, 06700 Ankara, Turkey.