

# EBRD IN CROATIA

24 April 2015



**European Bank**  
for Reconstruction and Development

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EBRD in Croatia  
Areas of Policy Dialogue  
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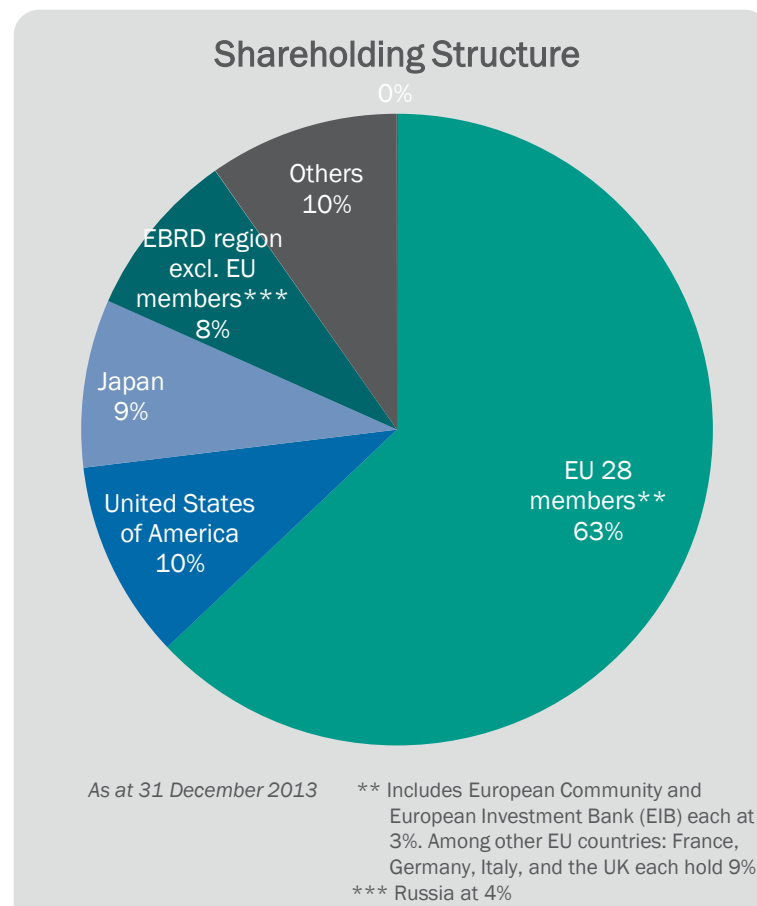
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- International financial institution, promotes transition to market economies in 34 countries from central Europe to central Asia
- The single largest investor in its existing region
- Owned by 64 countries and 2 inter-governmental institutions
- Capital base of €30 billion
- 2,150 staff in 38 regional offices



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# EBRD in Croatia

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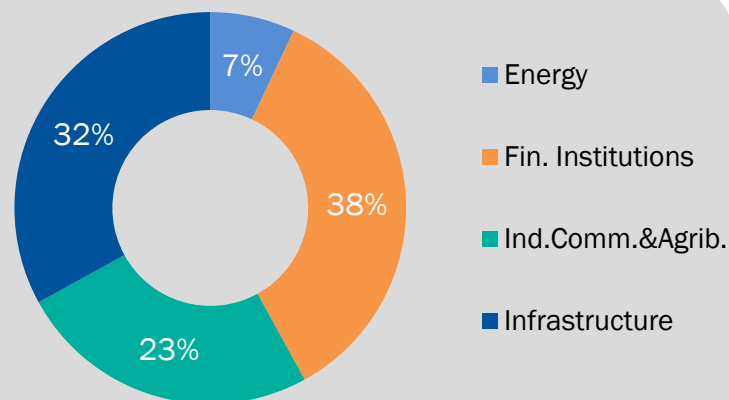
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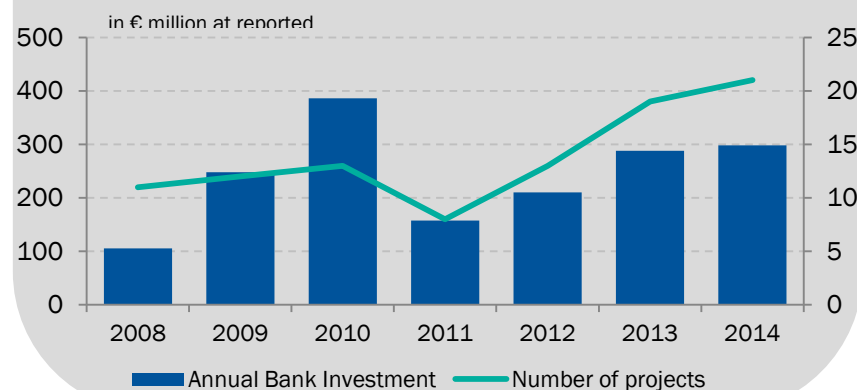
Landmark Projects in 2014

- The EBRD is one of the largest investors in Croatia with realized investments over € 3.1 billion in 171 projects since 1994
- In 2014 the EBRD has signed € 298 million in 21 deals
- The EBRD has proved its commitment to development of market oriented economy as 71% of its portfolio is comprised from private corporate investments while equity investments amounted to more than € 750 million.

### Portfolio Composition



### Annual Bank Investment and Number of Projects



# EBRD's Country Strategy 2013-2016

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Three year **Country Strategy** for Croatia was approved in June 2013 with focus on:

a) **Mitigating** the impact of the crisis by **supporting corporates**

- ✓ Financing SME's directly or through financial intermediaries
- ✓ Financing long-term investments, working capital and restructurings

b) Leveraging the **benefits of EU accession** to advance transition

- ✓ Contributing to the effective absorption of EU structural funds
- ✓ Assisting companies improve their competitiveness to face the challenges of the single market

c) **Restructuring** and privatisation of **state-owned companies**

- ✓ Focus on large utilities and infrastructure companies
- ✓ Accelerate sound public sector reform through policy dialogue

- Project finance and corporate finance
- Loan and equity finance, guarantees, leasing facilities and trade finance
- Tailor-made financing
- Investments from approx. €3 million
- Up to 35 per cent of the total project cost

## EBRD financing instruments

### Loans

Senior, subordinated, convertible

Long term (up to 10y or more) or short term

Floating/Fixed rates

Choice of currencies (€, US\$, RUB etc.)

### Equity

Common stock or preferred

Minority position only (up to 35%)

Mezzanine debt

### Technical Cooperation

As a Multilateral Development Bank, EBRD brings in additional financial capital and technical assistance to economically viable projects

**Other:** guarantees, currency swaps, etc.



# SME as an Economy's Backbone

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The Bank puts special focus to support the SMEs via three channels:

- (a) Direct funding to SMEs (companies supported: Vodospok, Piramida, Data Centre in 2013/14)
- (b) Funding via financial intermediaries for SMEs (to date supported 1.173 SMEs)
- (c) Two regional equity funds have been set up in 2014 covering Croatia:
  - **Enterprise Expansion Fund ("ENEF")**: private equity fund of EUR 39m (49% EBRD participation); ENEF also includes EUR 10m of TC component
  - **Enterprise Innovation Fund ("ENIF")**: externally managed venture capital fund of EUR 40m (14% EBRD participation) for equity financing to local companies in early stages.

# SME as an Economy's Backbone

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- **Small Business Support (SBS) in Croatia** – Nearly 600 Croatian private small and medium enterprises have been assisted through business advice. There are two instruments - **Business Advisory Services (BAS)**, and the **Enterprise Growth Programme (EGP)**.
- **Knowledge transfer with HAMAG BICRO** – In 2014, the EBRD Small Business Support has transferred its 12-year experience in business advisory work with the SME sector in Croatia to HAMAG BICRO. This knowledge transfer programme lasted for 14 months, and it included 25 joint advisory projects for small businesses as well trainings for consultants and HAMAG BICRO staff, financed by the EBRD with HRK 1.4m and the Croatian Government with HRK 1.1m.
- 2015 will be marked with the SBS support to women entrepreneurs



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# Empowering Business Through Policy Dialogue

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- **Factoring Law** – Technical assistance provided to fund the engagement of the legal team to introduce and draft the Law on Factoring. The law was successfully introduced and approved by the Croatian Parliament in July 2014.
- **Establishment of SEE Link** – a joint stock company established by the Bulgarian, Macedonian and Zagreb stock exchanges to support the development of regional capital markets. The Bank provided an EUR 540,000 grant to establish an electronic system for order routing.
- **Introduction of the Geographical Indications («GIs») for Food products** – the Bank funded a project to develop GIs for Neretva valley mandarins and Slavonski kulen/sausage to strengthen backward linkages and improve the income stream for producers. Standards were created and the GIs were officially registered in Oct 2013.
- **WEBSEFF II (Western Balkan Sustainable Energy Financing Facility II)** – allowed Croatian private SMEs and municipal companies to benefit from EU grants that the EBRD has secured for EE and RE investments. Out of total EUR 75 million funding available for Croatia and WB countries, EUR 45 million will be used in Croatia.

**Economic empowerment of women to help review the economic growth through the support of the women enterprises**

**Programme for Women Entrepreneurs** – Supported by Taiwanese donor funds for women in business, this programme consists of the following key elements:

- ✓ advisory projects for micro small and medium enterprises (including start-ups),
- ✓ training and mentoring programme for women entrepreneurs.

Achievements to date include:

- ✓ 50 grants for women enterprises, 150 women who attended trainings and 11 trainees involved in the mentoring programme
- ✓ 43% of projects were outside of the capital city and in rural areas
- ✓ Taiwan approved further funding for the women in business programme for the next two years (2014-2016). The programme will now also have the financing component (loans for women entrepreneurs) provided by the EBRD through local banks.



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# Strategic Pillar I: Mitigating the Impact of Crisis

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## Podravka

EUR 73.4 million syndicated loan that internationalized the company's lenders base in uncertain macroenvironment.

Supporting Podravka's

- ✓ **Regional expansion**
- ✓ Introduction of **sustainability reporting and supply chain management**
- ✓ Balance sheet restructuring
- ✓ Implementation of **energy efficiency and water efficiency** investments.



# Strategic Pillar I: Mitigating the Impact of Crisis

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## Doğuş Group/ Marina Dalmacija and Marina Borik

EUR 30 million syndicated loan to the largest Croatian marina *Marina Dalmacija* for the refurbishment of their facilities alongside important local partners Privredna banka Zagreb and Erste Bank Croatia in long term financing of nautical infrastructure.

The Project benefits are:

- ✓ Promoting **private sector's investments** into the nautical infrastructure.
- ✓ **Tackling youth unemployment** by addressing the skill mismatch and gap in progression from training to employment.
- ✓ Providing **trainings for graduates/young people**





# Strategic Pillar I: Mitigating the Impact of Crisis

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## Atlantic Group

EUR 10 million loan for construction of a *state-of-the-art* protein bar production facility in Nova Gradiška.

In addition the Project:

- ✓ Supports **employment of young people** in the recessionary environment.
- ✓ Addresses the skills mismatch and allows **progression from training to employment**.
- ✓ Atlantic Group will arrange **trainings for new employees** including specific training at the factories in Germany.



# Strategic Pillar I: Mitigating the Impact of Crisis

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## Croatian Leasing Sector Framework

The Framework:

- ✓ Provides **long term financing to local MSMEs** for commercial vehicle and equipment purchases, thus helping to mitigate impact of economic crisis.
- ✓ Support **recovery of the local leasing market**.
- ✓ Aims at **improving reporting** standards and transparency of local leasing sector

Two credit lines have been provided in 2014:

- ✓ **SG Leasing – EUR 20 million**
- ✓ **Unicredit Leasing – EUR 30 million**



# Strategic Pillar II: Leveraging the benefits of EU accession

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## Western Balkans Sustainable Energy Financing Facility II Framework (WeBSEFF II)

- ✓ Targets local private corporates and municipalities
- ✓ Promotes benefits of **energy conservation** and standards improvement thus enhancing their competitiveness in EU
- ✓ Transfer and build expertise related to energy efficiency (EE) and renewable energy (RE) investments among Participating Financial Institution (PFIs) and their clients
- ✓ Provides **free-of-charge technical assistance** to PFIs and sub-borrowers.
  
- ✓ Erste & Steiermarkische Bank – EUR 10 million
- ✓ Privredna banka Zagreb – EUR 15 million



# Strategic Pillar III: Restructuring and commercializing public sector enterprises

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## Energo – Rijeka District Heating Project

EUR 10 million long term loan for:

- ✓ Rehabilitation of heating supply network
- ✓ Development of three new boilers
- ✓ Purchase of equipment and development of district cooling system for hospital and university campus.

The Project will result with **reduced heat and water losses** and implementation of an **energy management system**.

EBRD provided **technical cooperation grants** of EUR 334,000 for:

- ✓ Project Implementation
- ✓ Financial and Operational Performance Programme



# Strategic Pillar III: Restructuring and commercializing public sector enterprises

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## Sisak Urban Transport

EUR 4.5 million loan for:

- ✓ Purchase of 17 new buses.
- ✓ Introduction of fleet management system.

Decreased CO2 emission for 112 tons per year.

EBRD supports the Project with grants of EUR 370,000 for:

- ✓ Development of Sustainable Urban Mobility Planning
- ✓ Project Implementation Support
- ✓ Financial and Operational Performance Improvement Programme
- ✓ Public Service Contract Preparation



# Contacts

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