Early Warning System

EBRD-47420

Direct Finance Framework

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	C
Voting Date	2015-04-08

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Project Description

PROJECT DESCRIPTION

The EBRD is considering streamlining its direct financing instruments for projects up to EUR 10 million by merging the following four facilities: 1) the Direct Investment Facility; 2) the Direct Lending Facility; 3) the Local Enterprise Facility; and 4) the Medium-Size Project Facilityunder the new Direct Finance Framework (DFF). The framework will provide the Bank with an integrated instrument covering all its countries of operations to meet the growing business needs of local small and medium-sized enterprises currently not sufficiently supported by other financing sources. The Bank's proceeds will be used for financing acquisitions, expansion and/or modernisation investments, efficiency improvements as well as working capital.

TRANSITION IMPACT

Transition impact is expected in the following key areas:Setting high standards of corporate governance, business conduct and financial reporting. Projects would help set standards ranging from financial management to energy efficiency or environmental standards. These standards would set an important example in the relevant industry or country. Demonstration of new products and processes of restructuring of local enterprises. This will help to increase competitive pressure in the market and encourage the wider adoption of modern production technologies or management practices.

THE CLIENT

Local private enterprises operating in all EBRD countries of operations.

EBRD FINANCE

EUR 250 million (for the 12 months following the date of Board approval) to provide a wide range of flexible financing instruments (equity, quasi-equity and debt financing) to local enterprises.

PROJECT COST

EUR 400 million (estimated).

ENVIRONMENTAL AND SOCIAL CATEGORISATION, IMPACT, AND MITIGATION

Sub-projects financed through this framework will be categorised and appraised on a case-by-case basis in accordance with the Bank's 2014 Environmental and Social Policy. Where the Bank is investing in projects or companies that present a potentially higher environmental and/or social risk, commensurate studies will be carried out with assistance from external consultants to fully understand all related liabilities and risks associated with a company's operations, as well as to develop and agree upon an environmental and social action plan as required. Further, the environmental and social due diligence undertaken on a case by case basis will look to identify and/or confirm potential environmental and social benefits to be realised through the delivery of the projects. Target borrowers/ investee companies will be required to comply with the Bank's Performance Requirements and provide the Bank with an annual report on environmental and social issues. Sub-projects financed through this framework are not subject to Board approval. PSDs will not be released on a project-by-project basis

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Investment Description

- European Bank for Reconstruction and Development (EBRD)

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Contact Information

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent. You can contact the PCM at pcm@ebrd.com or you can submit a complaint online using an online form, http://www.ebrd.com/eform/pcm/complaint_form?language=en. You can learn more about the PCM and how to file a complaint at http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html.

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Other Related Projects

- EBRD-51477 DFF - Hilli Gaplama
- EBRD-50806 DFF - Bir Dunya 2
- EBRD-52279 DFF - Mekhlopat