

European Bank for Reconstruction and Development

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History of the European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD) was established in 1991 to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in Central and Eastern European countries. The EBRD is an international institution with 60 members (58 countries, the European Community and the European Investment Bank) and is based in London.

The EBRD finances projects in both the private and public sectors, providing direct funding for financial institutions, infrastructure, and industry and commerce. Its investments also help to develop skills, to improve the efficiency of markets and to strengthen the institutions that support these markets. The main forms of EBRD financing are loans, equity investments and guarantees.

EBRD operates in 26 countries. In order to coordinate local activities, the EBRD has established resident offices in all of these countries.

The priority fields of EBRD are as follows:

- (i) Financial sector. EBRD focuses on building a financial sector that serves the needs of the business community, in particular SME's;
- (ii) Small and medium sized enterprises. The EBRD pays attention to promoting start-up businesses and the growth of SME's;
- (iii) Infrastructure. The Bank aims to focus on the municipal and environmental infrastructure sector, energy efficiency, power and transport;
- (iv) Restructuring of large enterprises;
- (v) Equity investment. Equity is one of the EBRD's chief instruments for seeking to enhance the impact of its investments.
- (vi) Supporting a sound investment climate.

Latvia and the EBRD

Latvia became a member of the EBRD in 1992. The Minister for Finance Oskars Spurdzins is commissioner of Latvia in EBRD.

One of the most successful events concerning Latvia and EBRD has to mentioned the annual meeting of EBRD in Riga in May, 2000.

As of 30 September, 2001, the Bank has signed 26 projects involving direct Bank financing of EUR 302 million and a further EUR 740 million investment from sponsors and co financiers.

The strategy of the EBRD has approved on December 4, 2001. In line with the main transition challenges facing Latvia, EBRD's main priorities will be to:

- (i) Promote limited or non-recourse financing for service utilities and municipalities where possible, and continue to support on a

non-sovereign basis state-owned infrastructure enterprises to assist their further restructuring, commercialization, and possible privatization or private sector participation;

(ii) Actively support the privatization of the remaining large-scale enterprises, focusing particularly on transparency and good corporate governance (Latvian Shipping Company, Ventspils Nafta);

(iii) Expand both the volume and spectrum of funding instruments for SMEs (credit lines, leasing, equity) through local financial institutions, particularly with a view to ensuring a more balanced regional development;

(iv) Support banks to assist in the further consolidation of the sector and the development of non-bank financial institutions (e.g. in areas such as leasing, mortgage finance, insurance and private pension funds);

(v) Maintain an active policy dialogue to promote the completion of large-scale privatization and corporate governance improvements, SME development (also in the context of the preparation of the new National Programme for SME Development), power sector restructuring, railways restructuring, and the structuring of the pulp mill project given its size and importance.

<http://www.ebrd.com/latvia.html>

<https://www.fm.gov.lv/en/european-bank-reconstruction-and-development>