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EBRD contributes to Albanian economic recovery through equity fund

The European Bank for Reconstruction and Development (EBRD) is contributing US\$ 7 million (ECU 6.35 million) to the Albania Reconstruction Equity Fund being established to assist business development in the local private sector in Albania. The Fund will provide urgently needed equity financing to support small and medium-sized enterprises (SMEs), helping to restore confidence in the economy.

"The Fund will be the first non-banking financial institution in Albania to provide local enterprises and foreign investors with equity financing", said Olivier Descamps, Director of the EBRD's Albania team. "It will play a critical role in speeding up the on-going privatisation of the Albanian economy and in attracting foreign direct investment."

Other than the EBRD, the Government of Italy will contribute US\$ 7 million (ECU 6.35 million) to the Fund, and Banca Popolare di Bari will co-invest pro-rata in each of the Fund's portfolio small and medium-sized companies up to a total investment of US\$ 500,000. The Fund manager, led by Economisti Associati s.v.l., will be responsible for the general management and operation of the Fund.

The principal objective of the Fund is to contribute to the modernisation, expansion, restructuring and development of SMEs in Albania through equity investments in commercially viable companies and projects. The Fund is expected to start its operations in early December 1998.

The Fund will also benefit from a US\$ 3 million (ECU 2.7 million) technical cooperation fund, which will be provided by the Italian Government. This will be used to finance the Fund's operating expenses and other costs, including the Fund's management fees.

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