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EASTERN EUROPEAN COUNTRIES' COMMITTEE ONLINE CONFERENCE · 3 & 10 DECEMBER 2020

Tectonic Changes in Eastern European Insolvency

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EBRD Business Reorganisation Assessment

Catherine Bridge Zoller
Senior Counsel
Legal Transition Team



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EBRD Business Reorganisation Assessment



EBRD Initiatives

The EBRD's Legal Transition Team has launched an assessment on business reorganisation tools and a short survey on non-performing loans in all 38 economies where the EBRD is active. For benchmarking purposes we have opened the assessment to all European Union countries. Our aim is to help country authorities to identify where further longer term legal reforms are needed to encourage business continuity and survival in the difficult Covid-19 economic climate.



Business Reorganisation
Questionnaire →



Non-Performing Loans
(NPLs) →



Catherine Bridge Zoller
EBRD Legal Transition
Team →

Progress

0%

Are private workouts a common practice in your jurisdiction? Please signal your level of agreement by clicking on the relevant traffic light.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree nor Disagree
- ☐ Agree
- ☐ Strongly Agree

By private workouts we refer to completely out-of-court reorganisation arrangements, using simple contract law as the tool to conduct the reorganisation.

Do the insolvency laws in your jurisdiction protect new financing required for the reorganisation?

- ☐ Yes
- ☐ No

New financing is any financing provided by an existing or a new creditor to enable the debtor to continue operating its business during the reorganisation procedure, or to preserve or enhance the value of the assets of the estate or to implement the reorganisation plan.



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Questionnaire structure and benchmarks

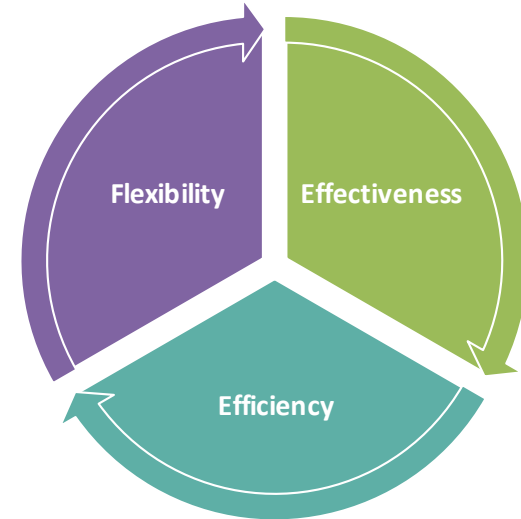
1. General Approach to Corporate Reorganisation

2. Planning and Initial Stages of Reorganisation

3. Reorganisation Plan

4. Reorganisation Approval Phase

5. Other Relevant Aspects



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Questionnaire Results

- 493 questionnaires
- 34,320 answers to questions
- 57 countries
- Top-5 responses from: Romania, Moldova, Greece, Poland, Georgia.



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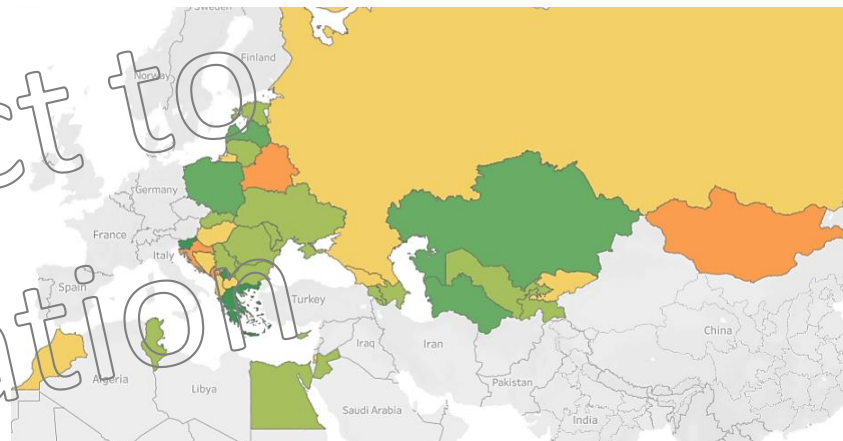
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Flexibility benchmark**



* Economies where EBRD invests, except for Turkey and Lebanon.

** Preliminary results subject to validation



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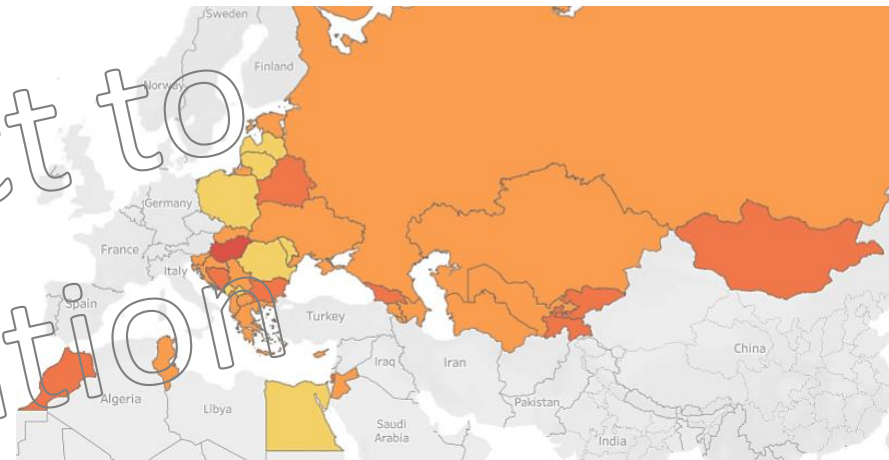
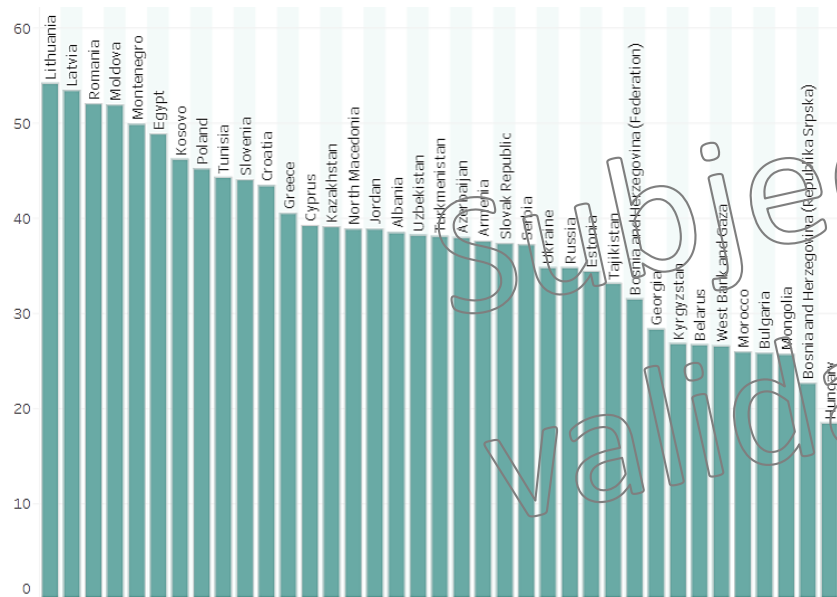


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Efficiency benchmark**



** Preliminary results subject to validation

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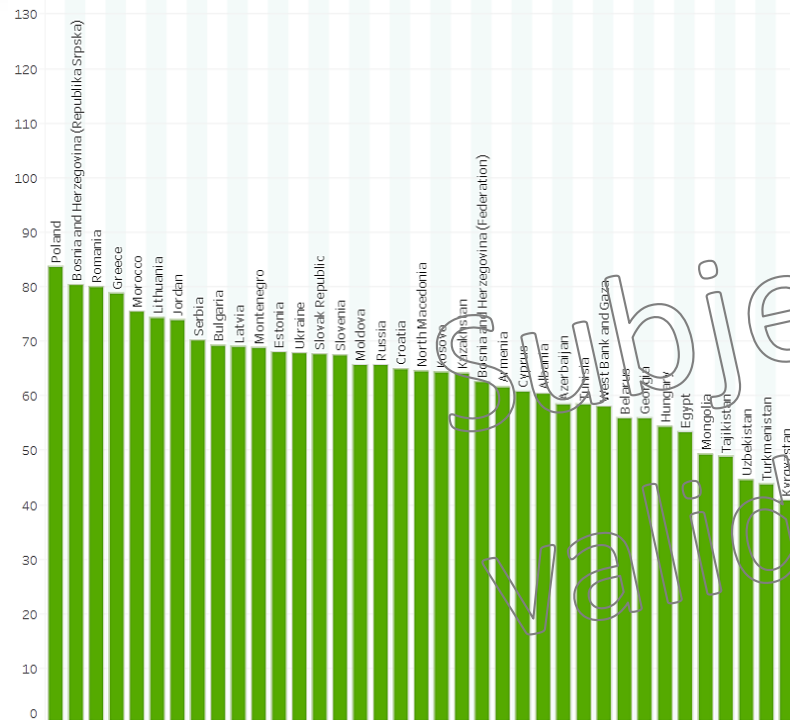
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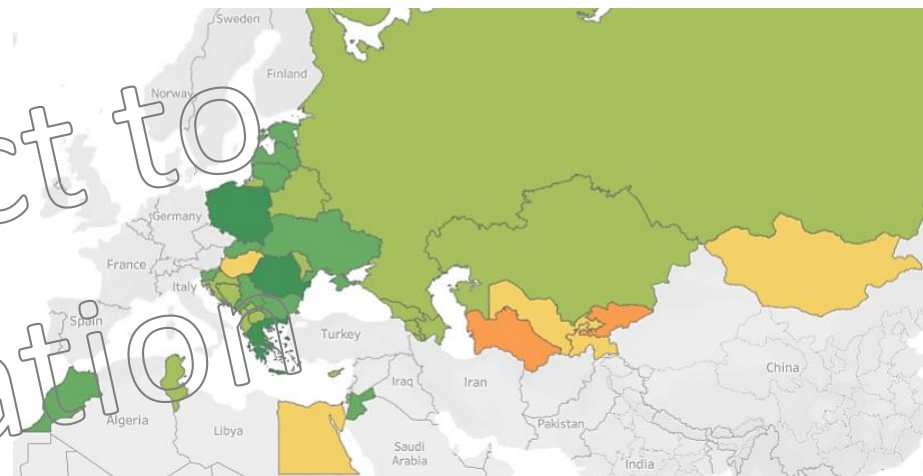
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Effectiveness benchmark**



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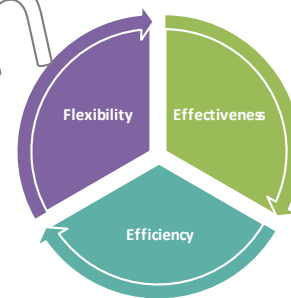
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Scores by Benchmarks Compared



Benchmark scores for INSOL Europe* Countries

* Croatia; Cyprus; Estonia; Greece; Hungary; Latvia; Lithuania; Poland; Romania; Russia; Slovak Republic; Slovenia; Ukraine



** Preliminary results subject to validation



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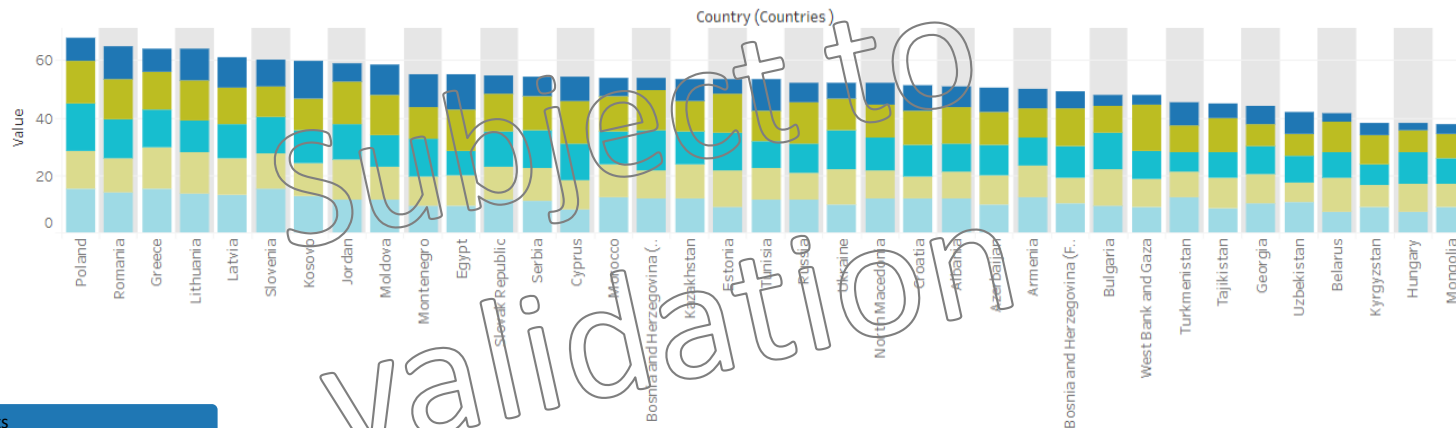
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Overall Questionnaire Scores

* Economies where EBRD invests, except for Turkey and Lebanon.



- 5. Other Relevant Aspects
- 4. The Reorganisation Approval Phase
- 3. The Reorganisation Plan
- 2. Planning and Initial Stages of Reorganisation
- 1. General Approach to Corporate Reorganisation

** Preliminary results subject to validation



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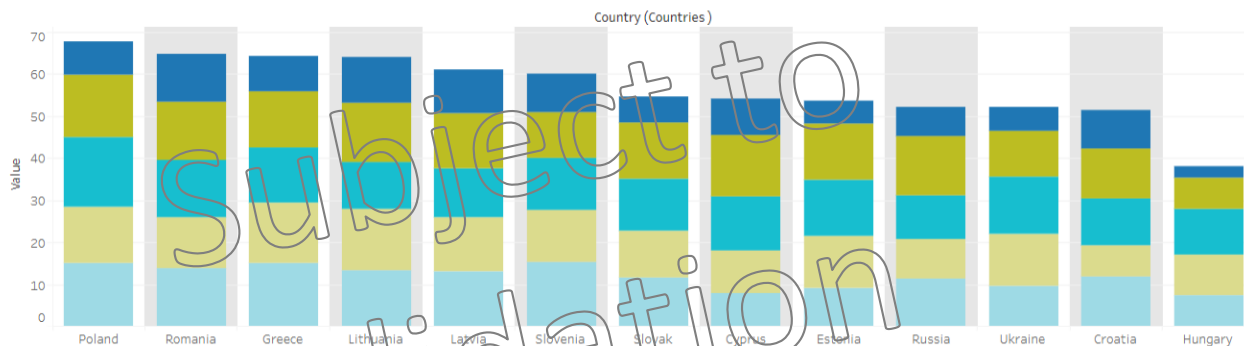


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Overall Questionnaire Scores for INSOL Europe* Countries



5. Other Relevant Aspects

4. The Reorganisation Approval Phase

3. The Reorganisation Plan

2. Planning and Initial Stages of Reorganisation

1. General Approach to Corporate Reorganisation

* Croatia; Cyprus; Estonia; Greece; Hungary; Latvia; Lithuania; Poland; Romania; Russia; Slovak Republic; Slovenia; Ukraine

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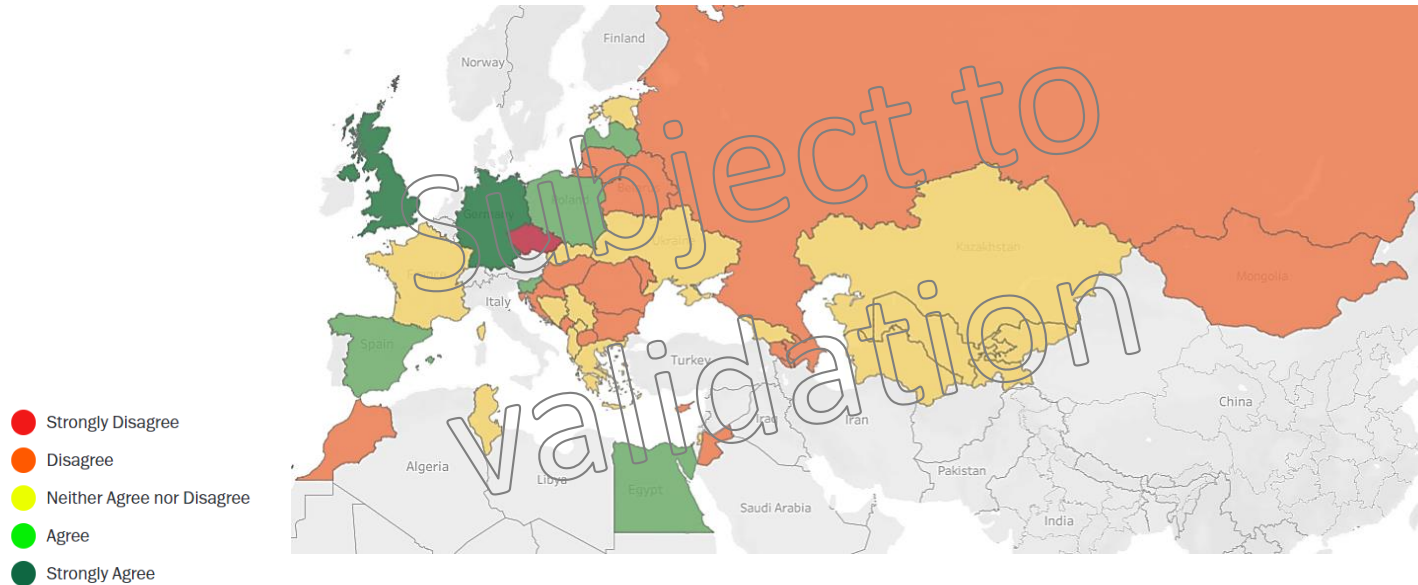
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- Are private workouts a common practice in your jurisdiction?



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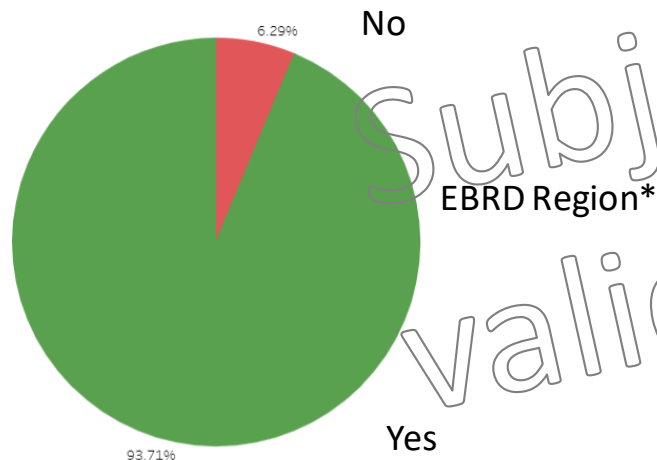


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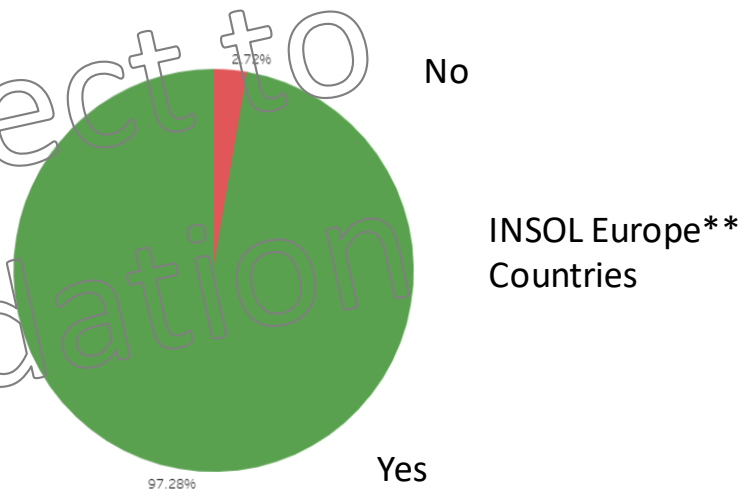
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- Do the insolvency law/s in your jurisdiction allow for court supervised or out-of-court corporate reorganisations to take place?



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*** Preliminary results subject to validation



** Croatia; Cyprus; Estonia; Greece; Hungary; Latvia; Lithuania; Poland; Romania; Russia; Slovak Republic; Slovenia; Ukraine

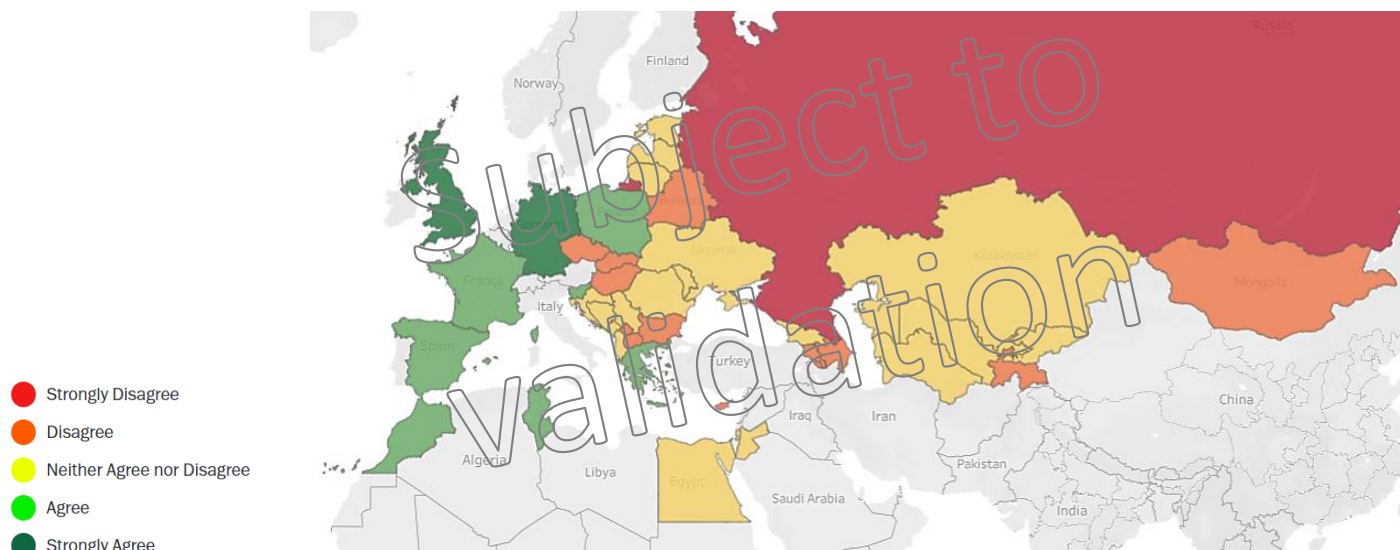


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- Are reorganisation procedures commonly used in practice in your jurisdiction?



* Preliminary results subject to validation

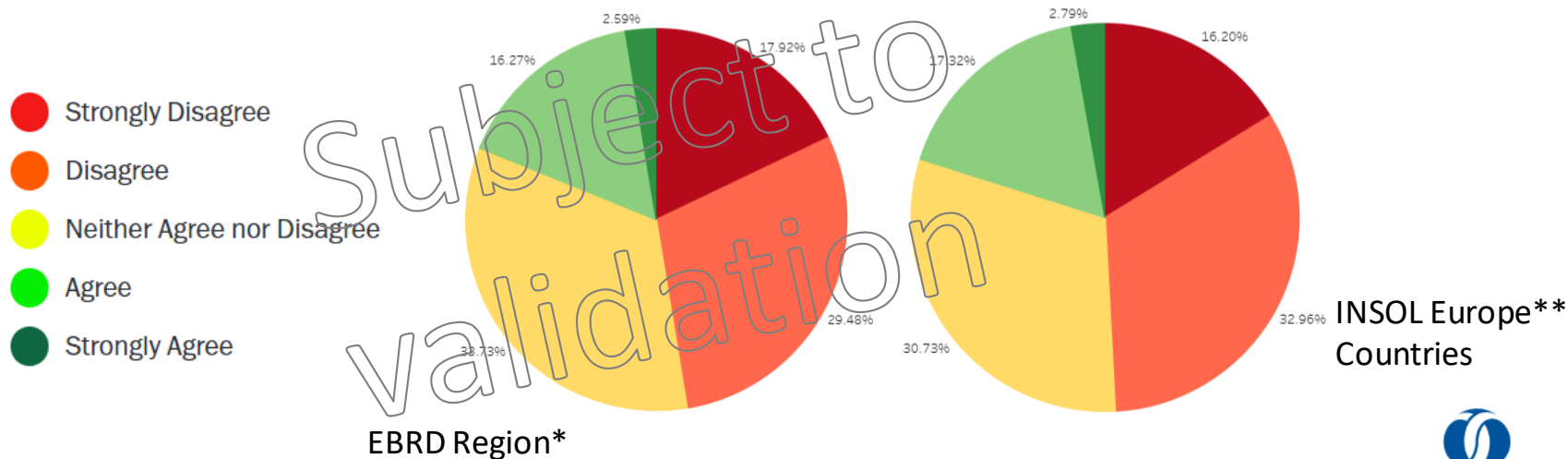


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- Is the provision of new financing a common practice in your jurisdiction?



* Economies where EBRD invests, except for Turkey and Lebanon.

*** Preliminary results subject to validation

** Croatia; Cyprus; Estonia; Greece; Hungary; Latvia;
Lithuania; Poland; Romania; Russia; Slovak Republic;
Slovenia; Ukraine

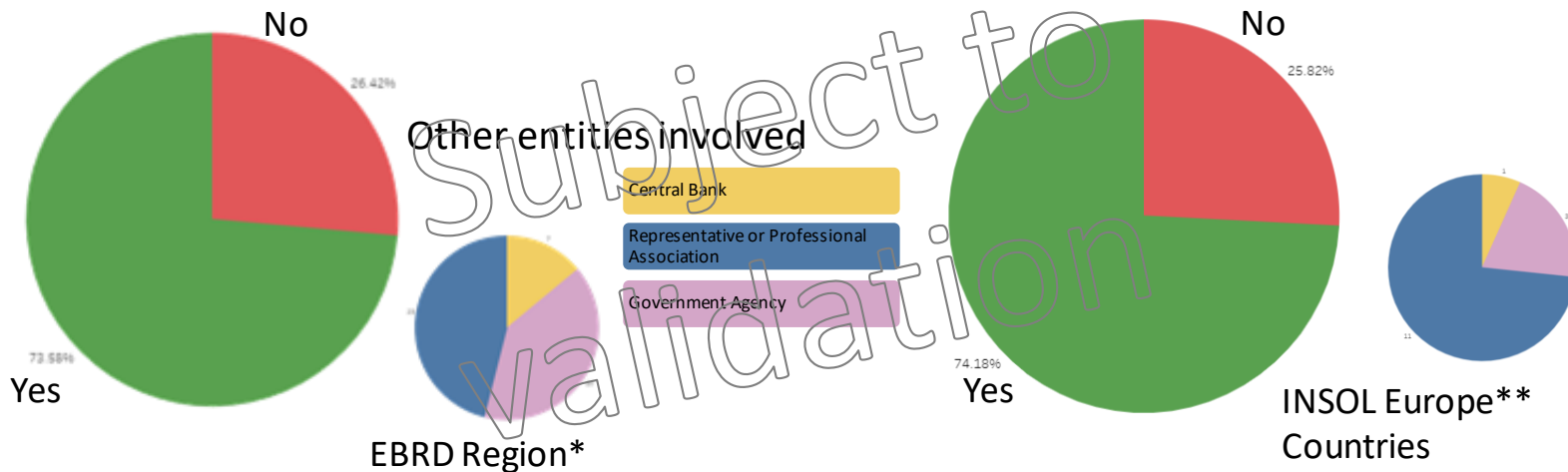


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- Are all formal, statutory reorganisation procedures conducted under the supervision or guidance of the court at all times?



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** Croatia; Cyprus; Estonia; Greece; Hungary; Latvia; Lithuania; Poland; Romania; Russia; Slovak Republic; Slovenia; Ukraine

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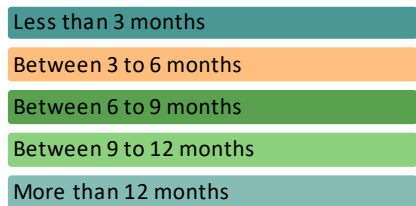


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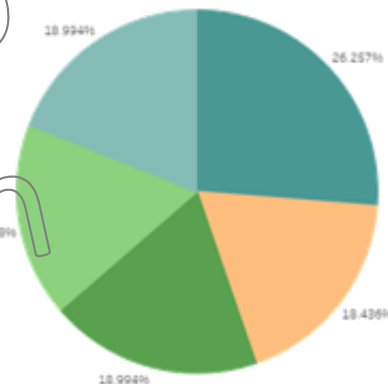
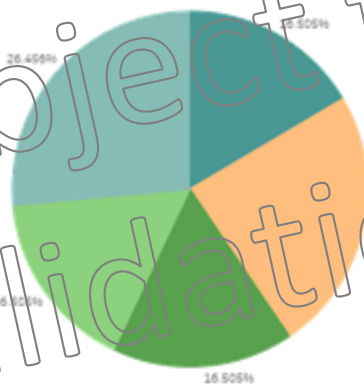
- Based on an estimated average, how long does it usually take to conduct a reorganisation from presentation of the plan to the creditors to receiving the court or administrative authority's approval?



EBRD Region*

* Economies where EBRD invests, except for Turkey and Lebanon.

*** Preliminary results subject to validation



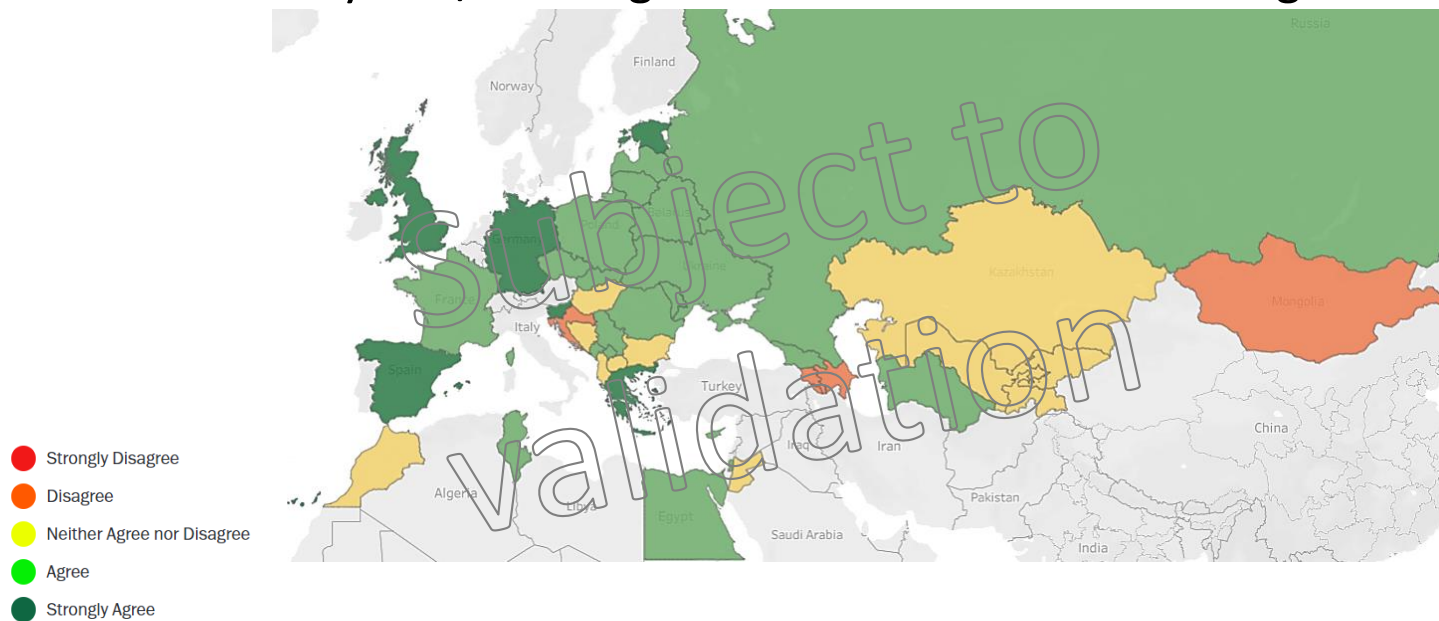
INSOL Europe**
Countries

** Croatia; Cyprus; Estonia; Greece; Hungary; Latvia; Lithuania; Poland; Romania; Russia; Slovak Republic; Slovenia; Ukraine

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- Is it common practice for debtors to involve advisors with expertise on insolvency and/or reorganisation to assist in the reorganisation process?



* Preliminary results subject to validation

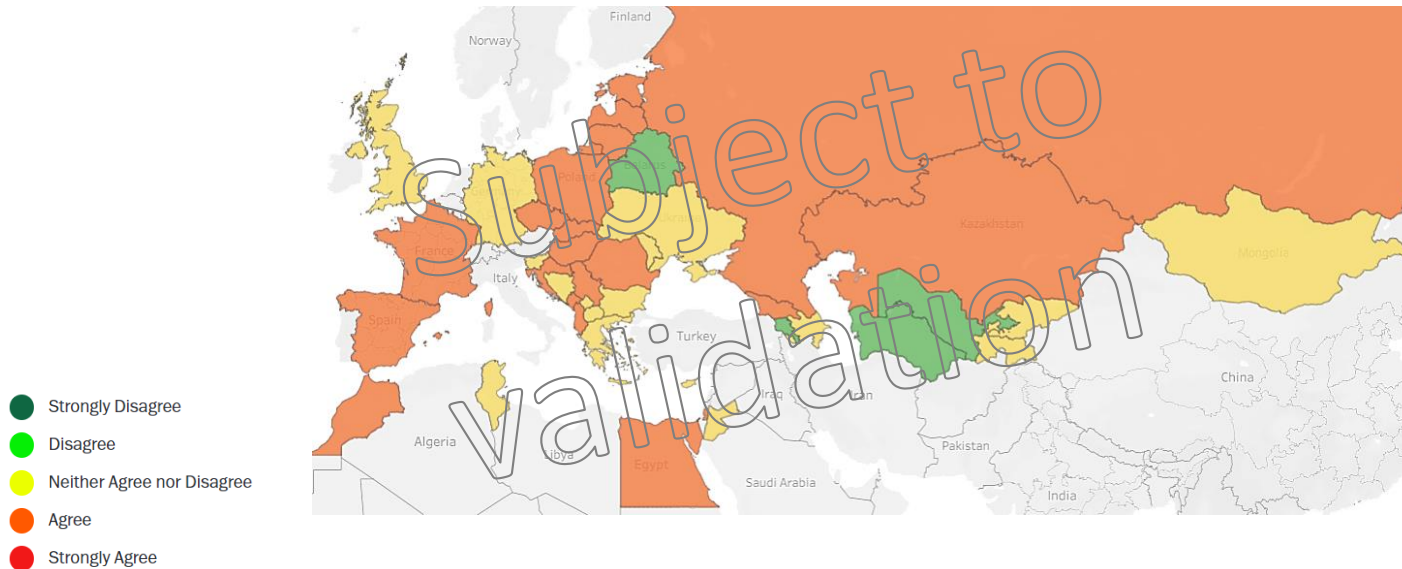


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- Does a reorganisation process carry a negative stigma for the debtor?



* Preliminary results subject to validation



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Conclusions

- Importance of Assessment
- Timeline for Assessment and next steps
- Future cooperation and partnership with INSOL Europe members
- Thank you!





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Contacts and links

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EBRD [Core Principles](#)
for an effective insolvency system

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