

March 2016

Investing in sustainable development: partnerships between international organizations

Background

Eurasian Development Bank (EDB) is a regional development bank established by the **Russian Federation** and the **Republic of Kazakhstan** in 2006 on the initiative of the presidents of these two countries.

The Bank currently has six member states, including **Armenia, Belarus, Kyrgyzstan** and **Tajikistan**. Other states and international organisations are able to become members by signing up to the Bank's founding Agreement.

The Bank's charter capital totals **US \$7 billion**, including US \$1.5 billion of paid-in capital and US \$5.5 billion of callable capital.

The Bank is headquartered in Almaty, has a branch in St. Petersburg and representative offices in Astana, Bishkek, Dushanbe, Yerevan, Minsk and Moscow.



Mission

The **Bank's mission** is to facilitate, through its investment activity, the development of market economies, their sustainable economic growth and the expansion of trade and other economic ties in its member states.

The Bank's activities are aimed at creating conditions for sustainable economic development, promoting integration between its member states and mitigating the consequences of the global financial and economic crisis.

The Bank operates only in the member states.

The EDB raises funds on the market for investing in the projects and don't have grant money.



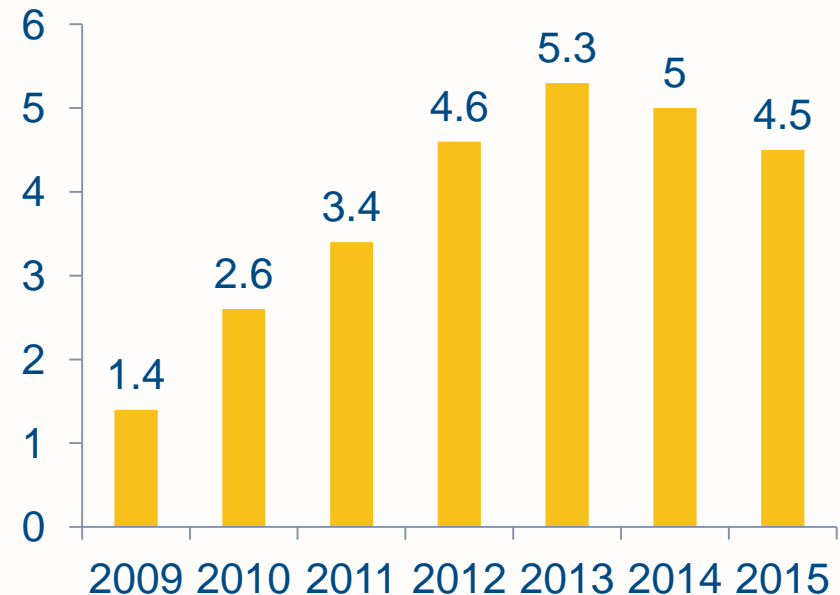
Investment Portfolio

The current investment portfolio totals **US \$2.2 billion**.

The cumulative investment portfolio (including 123 completed projects) is **US \$4.5 billion**.

The Bank has **62** investment projects under implementation in its six member states.

Investment portfolio (US \$ billion)



In accordance with its **Strategy for 2013-2017**, the Bank's current investment portfolio is expected to reach at least **US \$4.7 billion** by the end of 2017. This will be achieved by launching new projects to the tune of at least **US \$3.7 billion**.

As at 31/12/2015

Investment Portfolio by Countries

The Bank identifies the **priority sectors for each member country** according to their economic needs, the areas in which they need to become more competitive, and the Bank's resources.

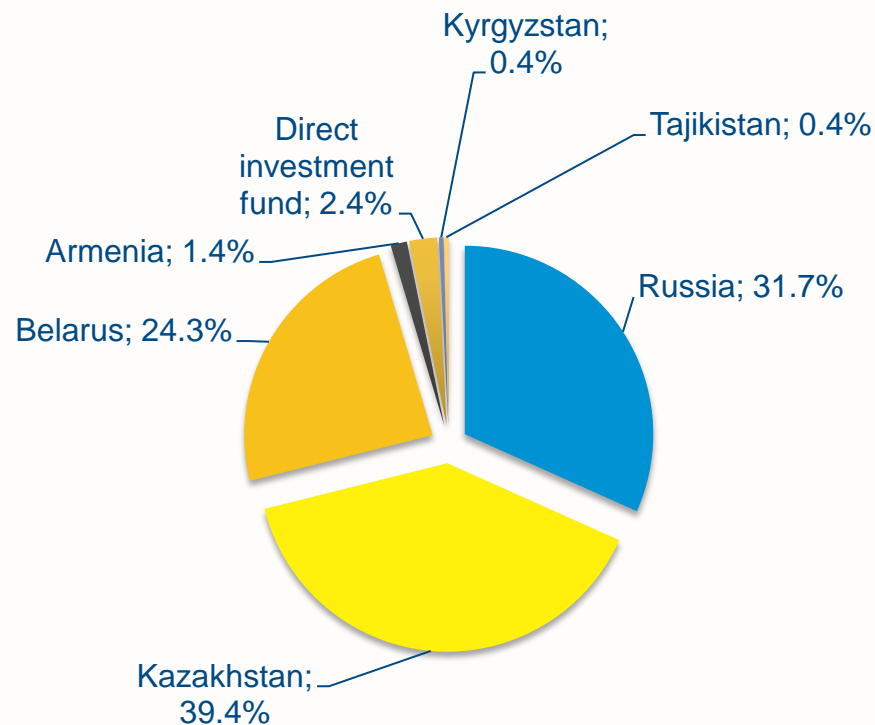
This approach helps to set **goals, which are relevant and achievable for each country**, and provide tools for their achievement.

Kazakhstan. Participation in realization of State program of industrial innovative development.

Kyrgyzstan. Power, transport, mining industries, SME through financial sector, human development.

Tajikistan. Power industry, transport infrastructure, agriculture, SME and trade facilitation through financial sector.

Investment Portfolio by Countries



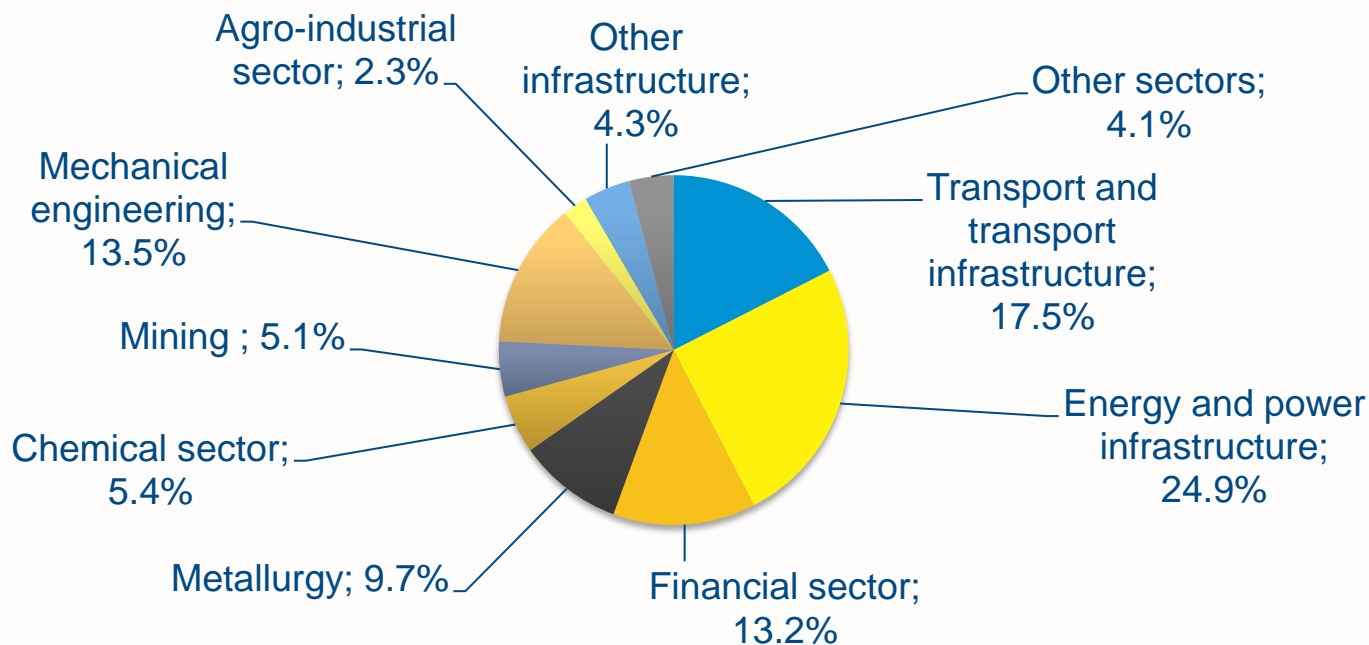
* This includes EDB's contribution to the Macquarie Russia and CIS Infrastructure Fund which invests in projects within the Bank's member states and in other CIS states.

As at 31/12/2015

EDB priorities focused on sustainable development

In accordance with its **Strategy for 2013-2017**, the Bank focuses on financing energy, transport and municipal infrastructure development projects in the member states, reductions in energy consumption and the efficient use of resources, the development of trade and other economic ties between the member states and mutual investments.

Current Investment Portfolio by Sectors



As at 31/12/2015

Key Projects

- Modernisation and construction of a third generating unit at **Ekibastuz GRES-2 power plant** , Kazakhstan - US \$471 million.
- Construction of the **Tikhvin Freight Railcar Plant** , Russia - US \$320 million.
- Construction of the **Western High-Speed Diameter road**, Russia – US \$253 million.
- Construction of a rolling mill at **Belarusian Steel Works**, Belarus – US \$178 million.



Key Projects

- Construction of the **Polotsk Hydropower Plant**, Belarus – US \$100 million.
- Modernisation of **Pulkovo Airport** in St. Petersburg, Russia (public private partnership project) – US \$90 million.
- Development of a unified automatic **rail traffic control system**, Kazakhstan – US \$96 million.

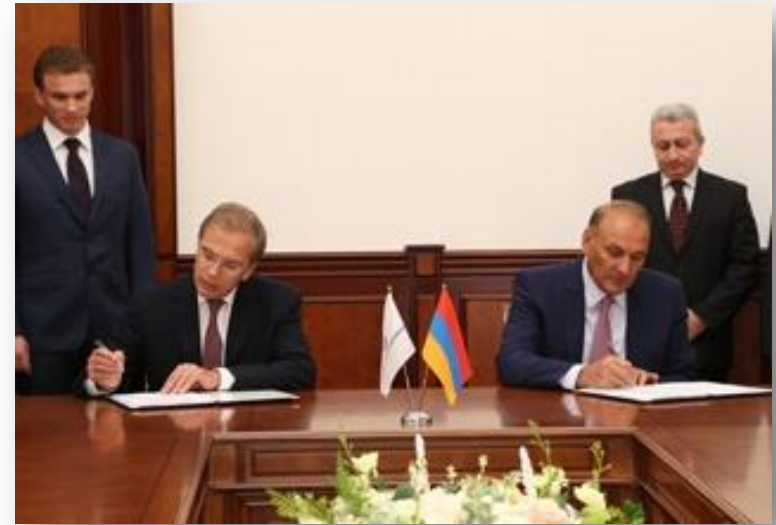


New projects for a total of approximately **US \$1.3 billion** are under review.

Eurasian Fund for Stabilization and Development

The Eurasian Fund for Stabilization and Development (EFSD) totalling **US \$8.513 billion** was established by the governments of six countries: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.

The main objectives of the Fund are to help its member states mitigate the negative effects of the global financial crisis, to ensure long-term economic and financial stability, and to foster regional integration.



The EFSD has the following tools:

- **financial credits** to support budgets, balances of payments, and national currencies
- **investment credits** for large interstate and national projects
- **grants** from the EFSD's net profit to finance state-run social programmes

The EFSD participants appointed EDB as the **EFSD Resources Manager and Secretariat**. In this role EDB prepares and implements EFSD projects.

Eurasian Fund for Stabilization and Development

In 2010-2013 the EFSD Council approved **financial credits to the Republic of Tajikistan** (US \$70 million) and **the Republic of Belarus** (US \$2,56 billion), in 2015 – **to the Republic of Armenia** (US \$300 million) and extended the first tranche of US \$100 million .

The Council approved the financing of five **investment projects** in the **Kyrgyz Republic** and **the Republic of Armenia** :

- US \$60 million for the repair of the **Bishkek-Osh road**, financing and implementing in cooperation with **Asian Development Bank**;
- US \$20 million for the purchase of **agricultural equipment**.
- US \$100 million for **Toktogul HPP Rehabilitation (Phase 2)**
- US \$150 million to finance the construction of the **North-South road corridor**. Feasibility study was fulfilled with financing of **Asian Development Bank** grant. The Procurement Policy of the **World Bank** will be applied while implementing the project
- US \$40 million for the modernization and institutional capacity building for **the irrigation system in Armenia**



Three projects are being prepared and were preliminarily approved by the EFSD Council:

- **Commissioning of Unit 2 at Kambarata HPP 2** in the Kyrgyz Republic (US \$80 million)
- **Construction of agricultural export infrastructure** in the Kyrgyz Republic (US \$25 million)
- **Construction of the Mastara reservoir** in Armenia (US \$25 million) (preliminarily approved)

As at 31/12/2015

Integration and Socioeconomic Effects

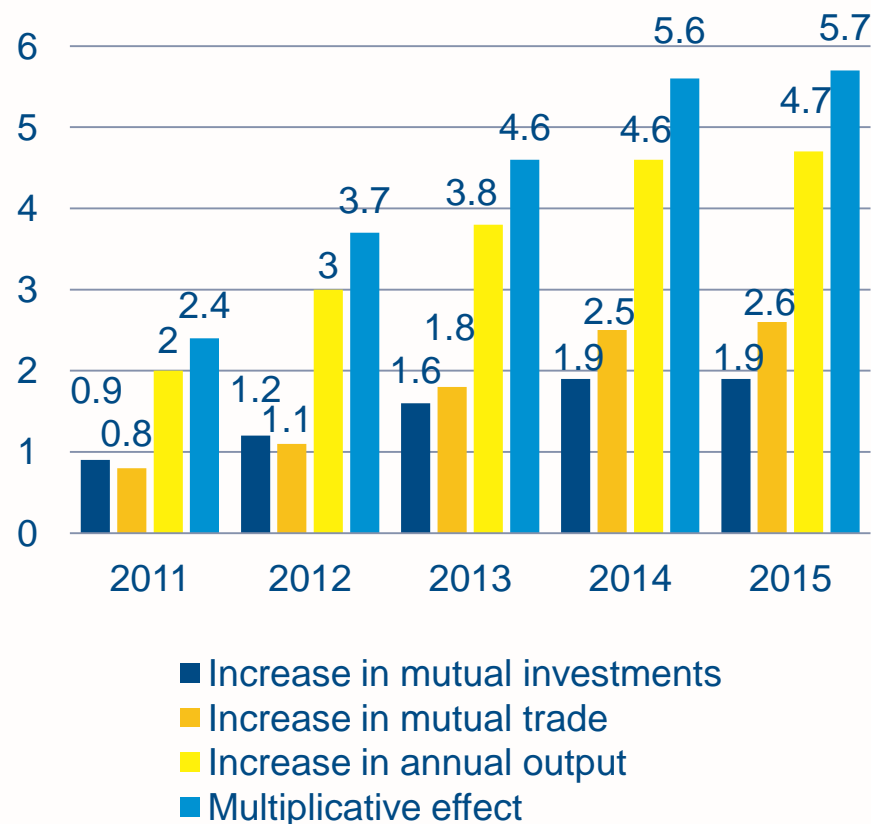
The Bank is an effective institute in promoting sustainable development in its member states and deepening integration in the region.

49% of the Bank's current projects are with an integration effect.

The projects financed by EDB **contribute to infrastructure development, industrial cooperation and the modernisation and diversification of its member economies** and have significant socioeconomic and integration effects and responding to the Sustainable Development Goals

The Bank's investment fosters **increases in trade flows and mutual investment** between the member states, additional production, and multiplicative effects in their economies.

Integration and socioeconomic effects (US \$ billion)



As at 31/12/2015

EDB and implementation of the Sustainable Development Goals

The Bank's activities aimed at implementing Sustainable Development Goals adopted at the Summit in September 2015, including - to eradicate poverty by creating new jobs(Goal 1), access to sustainable and reliable modern energy (G7), promote inclusive and sustainable economic growth (G8), build resilient infrastructure, promote sustainable industrialization and foster innovation (G9), ensure sustainable consumption and production (G12).

For achieving the objectives should be expanded global partnership between various institution including the international organizations (G17).



International Cooperation

EDB has held observer status at:

- the **UN General Assembly**;
- the Trade and Development Board of **UNCTAD**;
- the Eurasian Group on Combating Money Laundering and Financing of Terrorism (**EAG**).

EDB is developing cooperation with:

- regional integration organisations (**CU, CIS, SCO**);
- **UN** institutions (**UNDP, UNIDO, FAO, UNECE, UN ESCAP**);
- international development institutions (**World Bank, International Finance Corporation, Asian Development Bank, European Bank for Reconstruction and Development**) in the forms of co-financing of projects, the exchange of information, as well as the introduction of international best practices of corporate governance.



Partnerships between international institutions - mechanism of complementarity

In investment activities

UN or other agencies implement the projects in production, municipal spheres, transportation and transport infrastructure, agriculture, energy or resource use efficiency, including on the request of the Governments, which will require further essential investments when fulfill the project. It is proposed the agency to send at prefeasibility study the annotation of the project to the EDB for consideration. Should the result of the project be in line with Bank goals, strategy, priorities the agency will implement it taking into account requirements of EDB to the investment projects and in consultation with the Bank's investment managers. In this case two international organizations will complement each other in achieving development goals and get synergetic effect of their activities.

Project **“Establishment of a fruit and vegetable supply chain logistical platform in Kyrgyz Republic”** with **UNIDO**
Project **“Sustainable cities for low-carbon development”** with **UNDP** in the Republic of Kazakhstan



Programmes for Financial Institutions

EDB elaborated several development programmes to create favourable conditions for sustainable economic growth through provision of loans to financial institutions in the member states of the Bank:

- Programme to support Small and Medium-sized Enterprises
- Programme to support Micro financing
- Programme to support Trade financing
- Programme to support Agro-industrial complex
- Programme to increase Energy efficiency

Financial Institutions, that meet certain standards and qualification requirements of the EDB, may become the participants of the Programmes.

The Programmes imply that Financial Institutions choose the projects and enterprises which they would like to finance under particular EDB Programme and propose them for consideration to EDB. EDB has certain qualification requirements for projects and enterprises, in terms of amount of financing, enterprise size, tenor of financing, etc. (such criteria are described and set under each Programme).



Partnerships between international institutions

In Support for Small and Medium Enterprises

The EDB as the most other Development Financial Institutions (DFI) don't collaborate with Small and Medium Enterprises (SME) directly and provides loans to the second level banks which lending SME. These banks have some difficulties in financial analysis and taking decision for lending SME as well as some others. On the other hand, SMEs feel difficulties in preparation of requests for lending and business plans. It seems advisable UNDP to elaborate regional project in the framework of technical assistance for creation of consulting centers for the banks and SME to complete the activities of the DFI.

The project **“Strengthening capacities for sustainable development finance in the CIS region”** of the **Russian Federation-UNDP Trust Fund for Development**, SC, July 2015



Research and Analysis

One of the Bank's key objectives is to analyse and forecast the situation in the economy and financial markets of the member states, their investment opportunities, monetary and foreign exchange relations, including macroeconomic and financial risks.

The Bank regularly:

- publishes **research papers**, sector and theme reports, and macroeconomic reports analysing problems and providing forecast for economic development in the region
- fulfils major **research and applied projects**
- arranges **conferences and round-table discussions**

EDB is a leading centre for Eurasian integration research.



Centre for Integration Studies

The EDB Centre for Integration Studies conducts research and **prepares reports and recommendations** on regional economic integration for the governments of EDB member states.

The Centre has become an authoritative researcher in the area of integration. Since 2011, it published **30 reports** and about **30 research papers** for internal use*.

The Centre specialises in quantitative analysis. The ongoing and recurring projects of the Centre include a **model complex for macroeconomic forecasting for the EEU, monitoring and analysis of investments in the CIS and Eurasian countries**, the **EDB Integration Barometer**, and the **regional integration database**. The issues worked on include labour migration, foreign exchange, financial and monetary policies, and infrastructure.



* As at 31/12/2015

Partnerships between international institutions

In Analytical Research

To carry out a joint studies on the vital issues of the of the **regional development**. The structure of the research will be elaborated collectively by both organizations. Experts of EDB will fulfill its part of the study for their own resources, UN agency another one, and present joint report. That will save resources, not duplicate similar studies and increase the value of the reports prepared by two international institutions.

Joint report of **UNDP and EDB “Labour Migration, Remittances, and Human Development in Central Asia”**, 2015.

Joint report of **Ernst & Young and EDB “The analysis of opportunities for raising energy efficiency in the industrial sector of the CIS countries”** in 2014.



Contacts

HEADQUARTERS

220, Dostyk Ave., Almaty,
050051, Republic of Kazakhstan
Tel.: +7 (727) 244 40 44
Fax: +7 (727) 244 65 70
E-mail: info@eabr.org

ST. PETERSBURG BRANCH

7, Paradnaya St., Saint Petersburg,
191014, Russian Federation
Tel.: +7 (812) 320 44 41, 320 44 45, 320 44 46
Fax: +7 (812) 329 40 41
E-mail: branch_SPb@eabr.org

MOSCOW REPRESENTATIVE OFFICE

9, Entrance, 12, Krasnopresnenskaya emb.,
Moscow, 123610, Russian Federation
Tel.: +7 (495) 258 27 60, 645 04 45
Fax: +7 (495) 645 04 41
E-mail: tm_moscow_dep@eabr.org

ASTANA REPRESENTATIVE OFFICE

Astanalyk Business Centre, 11th floor,
33, Kunayev St., Astana, 010000,
Republic of Kazakhstan
Tel.: +7 (7172) 55 84 84
Fax: +7 (7172) 55 84 85
E-mail: tm_rep_astana@eabr.org

BISHKEK REPRESENTATIVE OFFICE

21, Erkindik Blvd., Bishkek,
720040, Kyrgyz Republic
Tel.: +996 (312) 66 04 04
Fax: +996 (312) 66 21 46
E-mail: tm_rep_bishkek@eabr.org

DUSHANBE REPRESENTATIVE OFFICE

C.A.C. Business Centre, 4th floor, 24, A Aini St.,
Dushanbe, 734012, Republic of Tajikistan
Tel.: +992 (44) 6 40 04 45
Fax: + 992 (44) 6 40 04 46
E-mail: tm_dushanbe@eabr.org

MINSK REPRESENTATIVE OFFICE

70, Myasnikov St., office 310, Minsk,
220030, Republic of Belarus
Tel.: + 375 (17) 306 54 64
Fax: + 375 (17) 306 54 65
E-mail: tm_Minsk@eabr.org

YEREVAN REPRESENTATIVE OFFICE

Erebuni Plaza Business Centre, office 811,
26/1, Sargsyan St., Yerevan,
0010, Republic of Armenia
Tel.: +374 (10) 54 01 02
Fax: +374 (10) 54 13 52
E-mail: tm_rep_yerevan@eabr.org

Thank you!

Leonid Efimov

elv@eabr.org

www.eabr.org