

01/06/2017

Investing in development and integration

Background

Eurasian Development Bank (EDB) is an international financial institution established in 2006 on the initiative of the Presidents of Russia and Kazakhstan. Other members of the Bank are Armenia, Belarus, the Kyrgyz Republic, and Tajikistan.

Other states and international organisations can become members by signing up to the Agreement Establishing the Bank.

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

The Bank's headquarters is located in Almaty. EDB has a branch in St. Petersburg and representative offices in Astana, Bishkek, Dushanbe, Yerevan, Minsk, and Moscow.



Mission

EDB's mission is to promote the development of market economy in its member states, their sustainable economic growth and the expansion of trade and other economic ties through investment.

The Bank strives to create conditions for sustainable economic development and deepen integration between its member states – Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Russia, and Tajikistan.



Strategy

On 24 May 2016, the Bank's Council approved EDB's revised **Strategy for 2013-2017** focused on projects with an integration effect, in particular in the industrial sector.

The Bank will concentrate its efforts on financing **two types of projects**: projects with a strong integration effect and national development projects.

The priority areas for the Bank's investments are:

- the power sector
- mechanical engineering
- the chemical sector
- mining
- oil and gas
- infrastructure

The Bank's current investment portfolio is expected to total **US \$3.3 billion** as at end-2017, with integration projects accounting for **over 50%** of it.



Investment portfolio*

The cumulative investment portfolio is **US \$5.655 billion**.

The current investment portfolio totals **US \$2.491 billion**.

The Bank has **69 investment projects** under implementation in its six member states.

Investment portfolio (US \$ billion)



* As at 01/06/2017

Key current projects*

- Construction of Unit 3 at **Ekibastuz GRES 2** in Kazakhstan (US \$361 million)
- Construction of the **Tikhvin Freight Car Building Plant** in Russia (US \$170 million)
- Construction of the **Western High-Speed Diameter** road in Russia (PPP project; US \$176 million)
- Construction of a rolling mill at **Belarusian Steel Works** in Belarus (US \$158 million)



* As at 01/06/2017

Key current projects*

- Enhancement of iron ore outputs with the reserves from the lower levels of **KMAruda's Korobki** in Russia (US \$90 million)
- Financing production expenses of the **Sokolov-Sarbai Mining Production Association (SSGPO)** (Kazakhstan, US \$95 million)
- Construction of hydropower plants **Beloporozhskaya HPPs 1 and 2, in Karelia** (Russia, US \$72 million).



* As at 01/06/2017

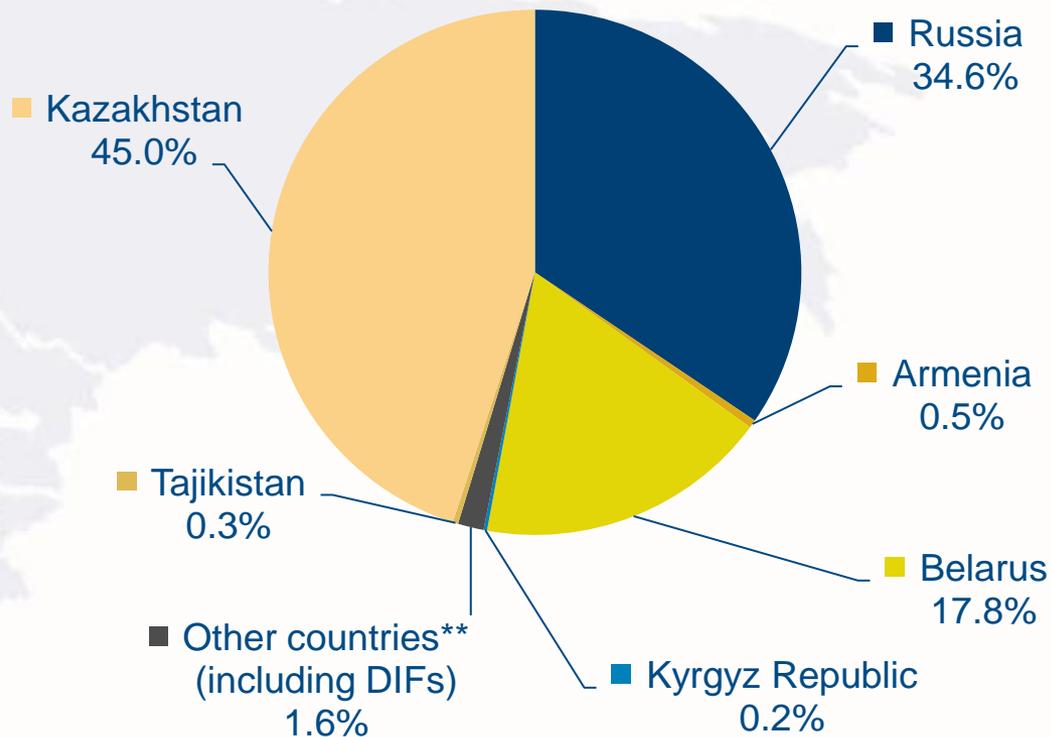
Investment portfolio by countries*

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.

** Macquarie Russia and CIS Infrastructure Fund LP's Infrastructure Fund Project envisioned the fulfilment of projects in several countries and, for this reason, it is included in "Other countries"

Investment portfolio by countries

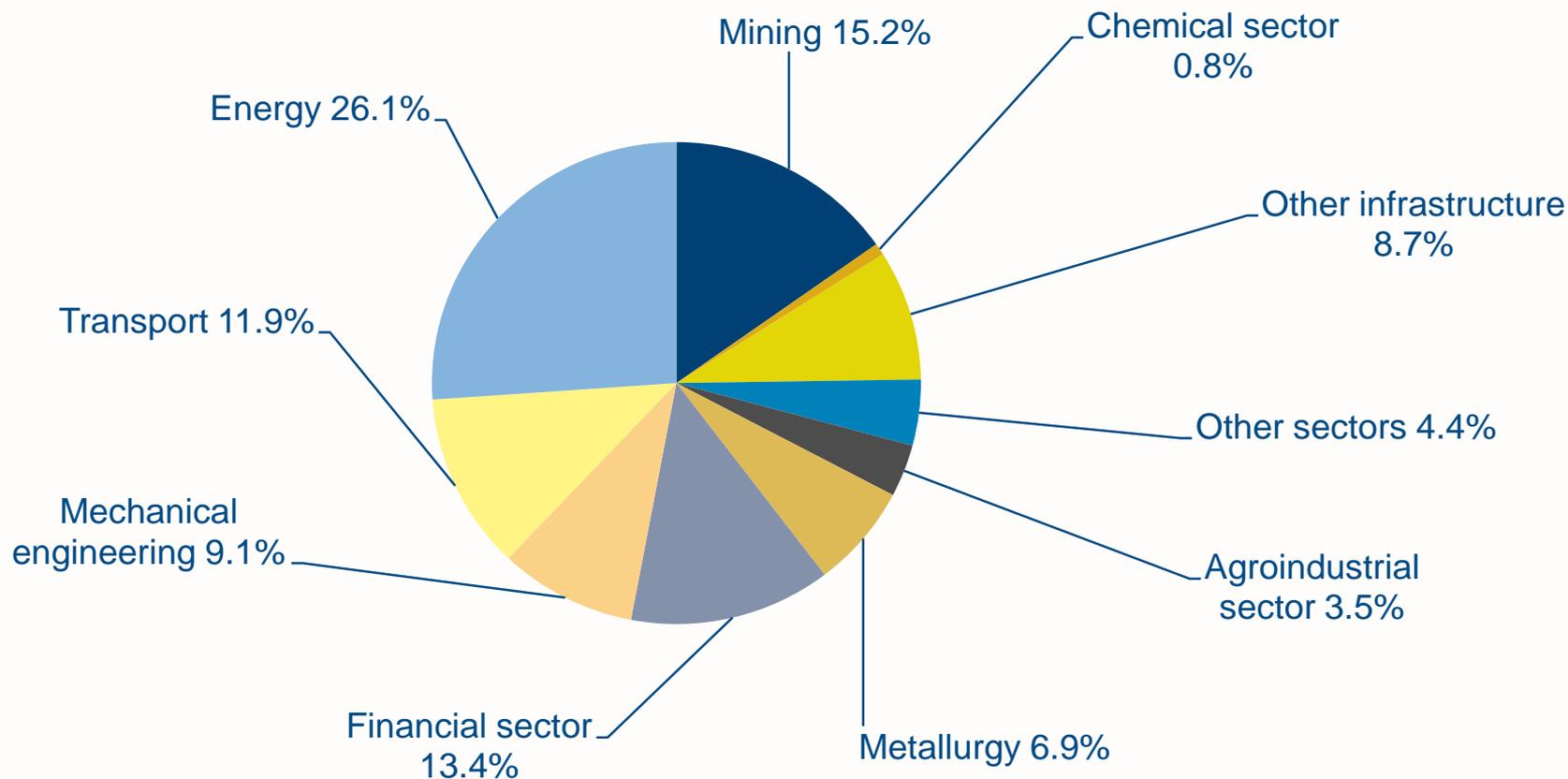


* As at 01/06/2017

Investment portfolio by sectors*

The Bank focuses on financing energy, transport and municipal infrastructure development projects in the member states.

Investment portfolio by sectors



* As at 01/06/2017

Integration and Socioeconomic Effects

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

The projects financed by EDB **contribute to infrastructure development and the modernisation and diversification of its member economies** and have significant socioeconomic and integration effects.

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



Research

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.



Technical Assistance Fund

EDB offers financial support to pre-investment and innovative research into regional integration at the interstate, country and sector level. To this end it established the Technical Assistance Fund (TAF) in 2008.



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.

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.



Financial Markets

EDB mobilises long-term funds in international capital markets. These funds are the most important source for financing the Bank's investment activities.

Funds are raised by issuing debt securities such as eurobonds, local bonds, and eurocommercial papers, bilateral bank loans, and targeted loans insured/guaranteed by export credit agencies.

The overall amount of loans raised by EDB in financial markets exceeds **US \$1.5 billion***.

EDB has been recognised by the Organisation for Economic Co-operation and Development (OECD) as a multilateral financial institution with risk classification 4 and buyer risk classification SOV/CC0.



** As at 01/06/2017*

Eurasian Fund for Stabilisation and Development

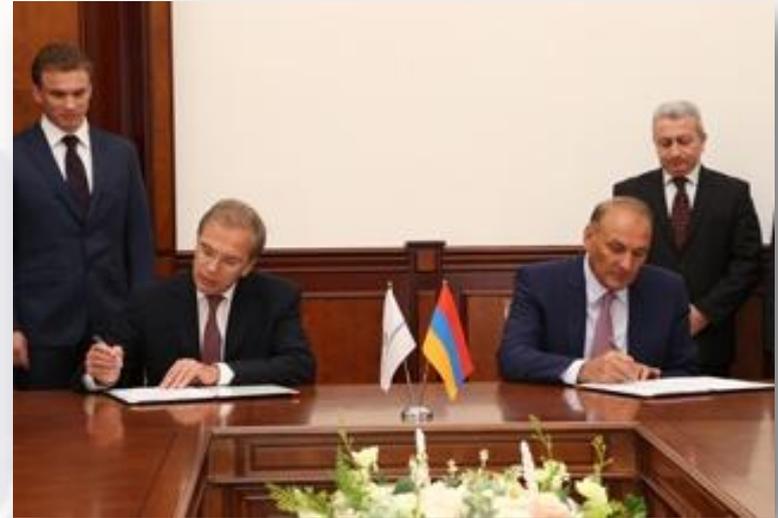
The Eurasian Fund for Stabilisation and Development (EFSD) totalling **US \$8.513 billion** was established by the governments of six countries: Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Russia, and Tajikistan.

The main objectives of the Fund are to help its member countries mitigate the negative effects of the global financial crisis, to ensure their 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 Stabilisation and Development

In 2010-2013 the EFSD provided two financial credits, to **Belarus** (US \$2.56 billion) and **Tajikistan** (US \$70 million).

In 2015-2016, the EFSD approved three financial credits, to Armenia (US \$300 million, 2 tranche of US \$200 million extended) and Belarus (US \$2 billion, 3 tranches of US \$1100 million extended) and to Tajikistan (US \$40 million, the first tranche of US \$20 million extended).

The EFSD project portfolio includes 8 investment projects totalling **US \$545 million***. Six project agreements were signed:

- **Construction of the North–South road corridor (Phase 4)** in Armenia (US \$150 million)
- **Rehabilitation of Toktogul HPP (Phase 2)** in the Kyrgyz Republic (US \$100 million)
- **Reconstruction of the Bishkek–Osh road (Phase 4)** in the Kyrgyz Republic (US \$60 million)
- **Financing agricultural equipment supplies to the Kyrgyz Republic** (US \$20 million)
- **Upgrade of irrigation facilities** in Armenia (US \$40 million)
- **Commissioning of Unit 2 at Kambarata HPP 2** in the Kyrgyz Republic (US \$110 million)

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

- **Construction of the Mastara reservoir** in Armenia (US \$25 million) (preliminarily approved);
- **Rehabilitation of Toktogul HPP (Phase 3)** in the Kyrgyz Republic (US \$40 million) (preliminarily approved).

** As at 01/06/2017*

International Cooperation

EDB has held observer status at:*

- **the United Nations General Assembly**
- the Eurasian group on combating money laundering and financing of terrorism (**EAG**)
- the UN Trade and Development Board (**UNCTAD**)
- **the International Investment Bank**



EDB is developing cooperation with:

- regional integration organisations (**EEU, CIS, SCO**)
- United Nations institutions (**UNDP, UNIDO, FAO, UNECE, ESCAP, UNEP**)
- international development institutions (**WB, IFC, ADB, EDRD, AIIB**) in the form of project co-financing, information exchange and the introduction of best international practices in corporate governance

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Eurasian Development Bank

Thank you!

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