

# **EBRD IN TRANSPORT SECTOR OF TAJIKISTAN**

**Dushanbe, 4 November 2009**

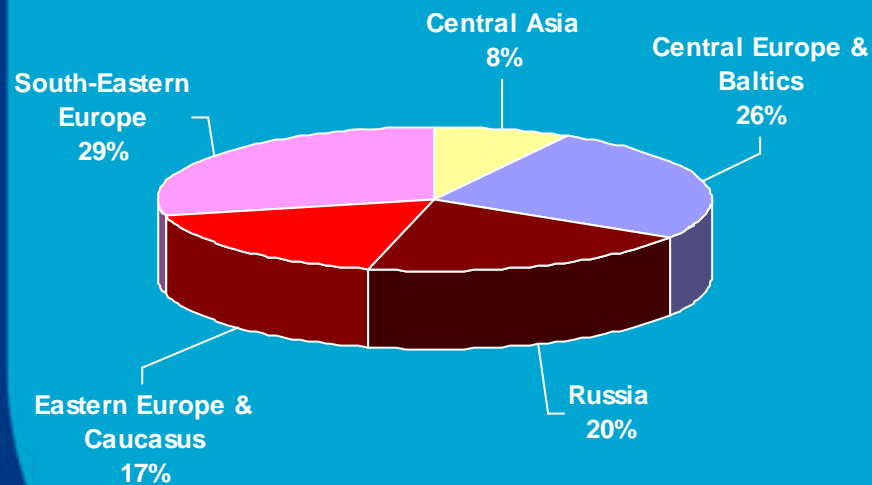


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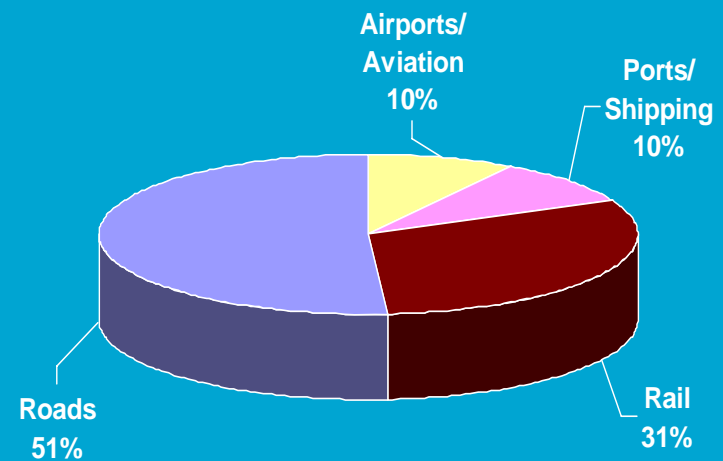
# EBRD TRANSPORT FINANCING OVERVIEW (as of July 2009)

- Total EBRD Financing €6bn
- Total Project Value €23bn
- Number of Projects 165

**By Region (€m)**



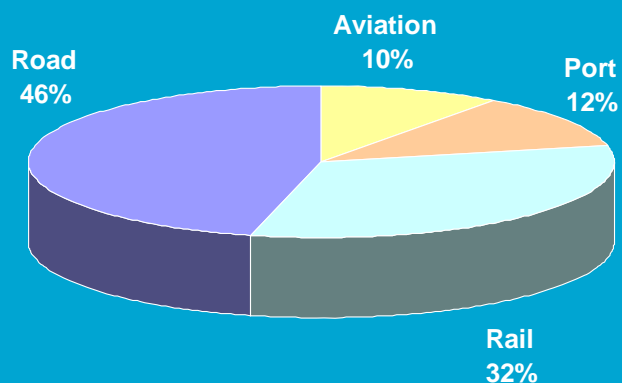
**By Sector (€m)**



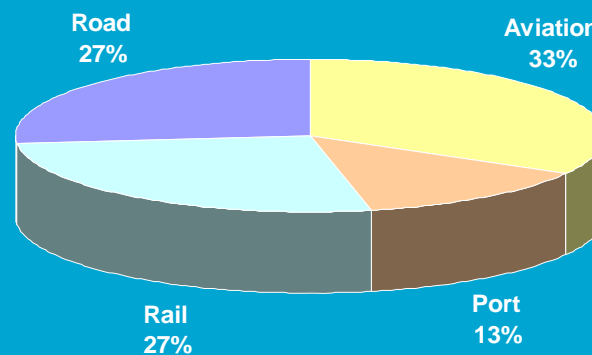
## EBRD TRANSPORT FINANCING IN CENTRAL ASIA OVERVIEW (as of July 2009)

- Financing in the region to date : €505m (8% of total)
- Number of projects: 15 (9% of total)
- Almost 100% Sovereign or Sovereign Guaranteed

By Sector (€m)



By Sector (No of Projects)



## EBRD TRANSPORT ACTIVITIES IN TAJIKISTAN

- The Bank started activity in the mid of 90s by engagement in sovereign projects in aviation sector:
  - Dushanbe Airport Emergency Rehabilitation (100% grant financing);
  - Khujand Airport Runway Rehabilitation;
  - TSA Air Navigation Modernization Project,
  - TSA Air Fleet Upgrade Project (with the sovereign guarantee, cancelled in 2007).
- In 2007 first project in road sector – Road Maintenance Development, aiming in improvement of the road maintenance system through institutional reform and procurement of road maintenance equipment for the road network of Tajikistan.



## ROAD MAINTENANCE DEVELOPMENT PROJECT

- A sovereign loan to the Republic of Tajikistan in the amount of up to US\$ 4 million signed in November 2007.
- Partner agency – Ministry of Transport and Communication of the Republic of Tajikistan. Implementing partner – Project Implementation Unit for Roads Rehabilitation.
- First EBRD financing dedicated entirely to procurement of road maintenance equipment and will contribute to improving maintenance of the national road network.



## ROAD MAINTENANCE DEVELOPMENT PROJECT

- More than 100 units of road maintenance equipment have been purchased and distributed over the country.
- The Project also provides support for the Ministry through technical assistance to reform the organisation, and improve the efficiency of road maintenance operations by involving private operators for the equipment maintenance.
- An investment grant component was made possible thanks to a special contribution of US\$ 2 million from the Government of the Netherlands, alongside substantial technical cooperation of about EUR500,000 for the operation provided by the ETC Fund and the European Union.



## EBRD ROAD SECTOR FINANCING GOING FORWARD....

- In Tajikistan, opportunities most likely in the road sector – however complementary grant funds needed to meet concessionality requirements. Development of regional transport corridor projects under CAREC – cooperation with the main sector financiers: IFIs and bilateral donors;
- Promotion of sector reforms by providing TCs to support commercialization though more active private sector involvement in the cases where future investment opportunities are feasible;



## CHALLENGES IN ROAD SECTOR...

- Legislation framework in some cases contradicts with the EBRD policies and rules: tendering, procurement, taxation, employment criteria;
- In some cases, low interest in institutional reforms/ transition in the sector;
- Limited private sector opportunities in the road maintenance sector;
- PPP schemes development will take time – need for reforms in concessions legislation;
- Tolling schemes need to be carefully assessed on various criteria, including traffic volumes, options and needs for the alternative roads, social issues etc.





# OBJECTIVES AND POTENTIAL CONSEQUENCES OF TOLLING

## Objectives:

- New source of finance ;
- "Stable" source of finance;
- Dedicated source of finance;
- User pays and internalizing of externalities;
- Regional equity issues;
- Private sector development.



# OBJECTIVES AND POTENTIAL CONSEQUENCES OF TOLLING

## Potential consequences:

- The raising of revenue;
- Development of the private sector;
- Diversion of traffic away from the new road;
- Social impacts;
- Political opposition;



## CONCLUSION

Opportunities for future cooperation can be in following:

- Introduction of new operating/financing schemes in road sector;
- Introduction of private sector in regular maintenance activity (road and equipment) by open tendering;
- Restructuring and establishment of market oriented conditions, operations commercialization;
- Cooperation with other IFIs and bilateral donors directly or through the Bank's Early Transition Countries Fund.

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