

EBRD - CAREC Development Partner

May 2023



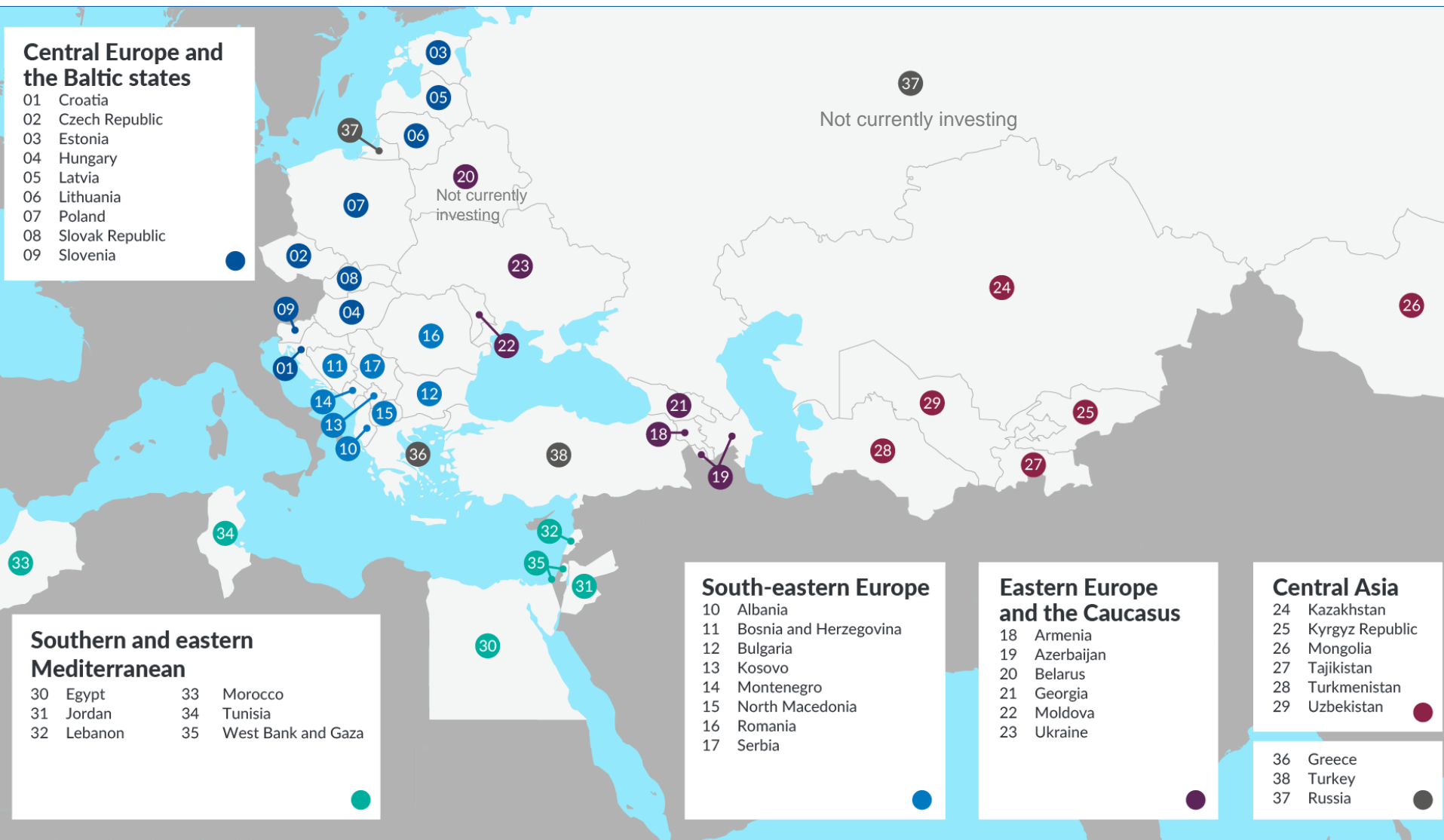
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About EBRD

Increasing regional footprint



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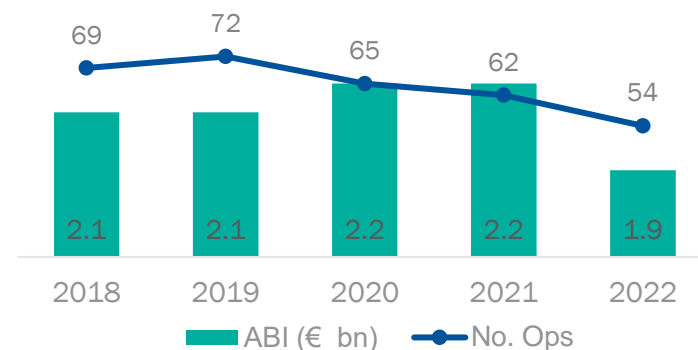


EBRD Infrastructure Investment



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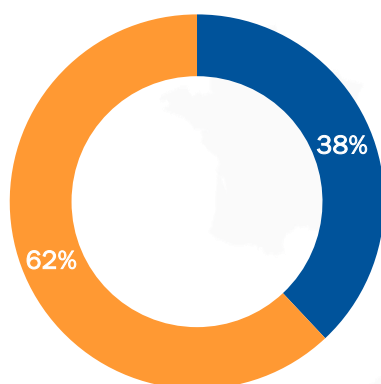
EBRD INFRASTRUCTURE	Total	Eurasia
Projects signed	543	195
Portfolio value	EUR 15,716 m	EUR 4,110 m
Non-sovereign operations	34%	24%



Infrastructure in Caucasus, Central Asia and Mongolia

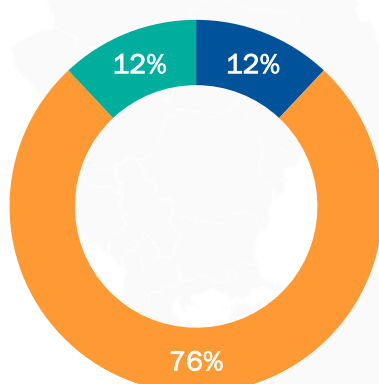
Portfolio by sector

Share of current portfolio



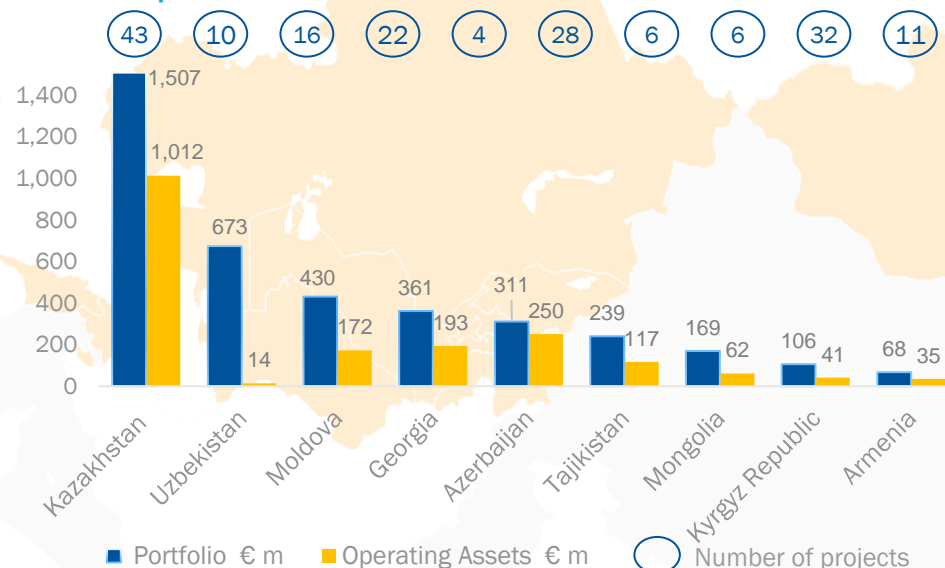
Portfolio by type

Share of current portfolio



Portfolio by country

Current portfolio

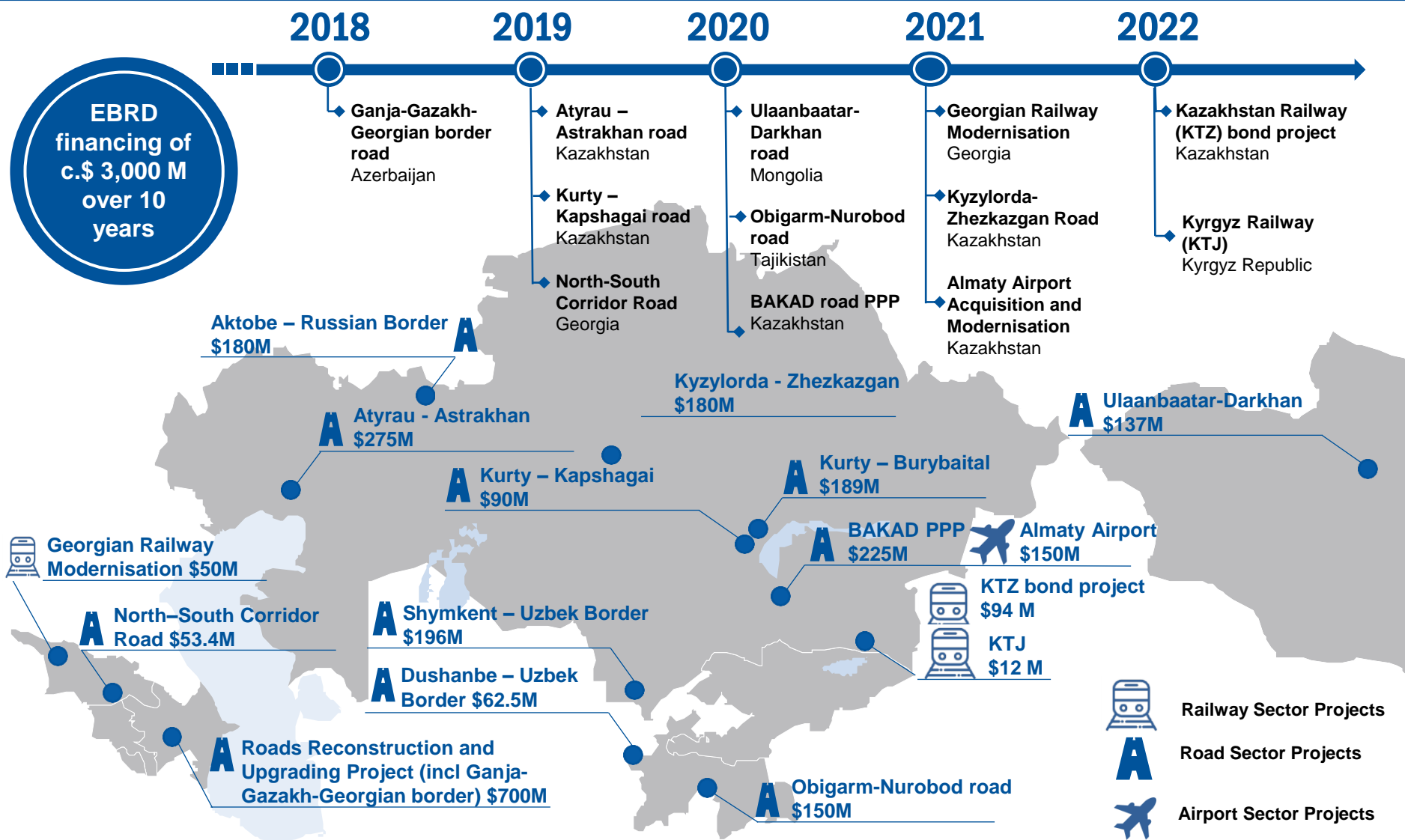


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CAREC Projects Portfolio in Central Asia, Mongolia and Caucasus



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EBRD Pipeline in CAREC region



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Kyzylorda bypass (Kazakhstan)



Location: Kazakhstan



EBRD loan: up to **USD 50 million**
(sovereign loan)



Expected signing: 2023

Port of Baku (Azerbaijan)



Location: Azerbaijan



EBRD loan: up to **USD 10 million**
(corporate loan)



Expected signing: 2023

ASCO (Azerbaijan)



Location: Azerbaijan



EBRD loan: up to **USD 60 million**
(corporate loan)



Expected signing: 2023

Aktau port modernisation (Kazakhstan)



Location: Kazakhstan



EBRD loan: **USD 15 million**
(corporate loan)



Expected signing: 2023

Tyup-Karakol Road (Kyrgyz Republic)



Location: Kyrgyz Republic



EBRD loan: **USD 46 million** (sovereign loan)



Expected signing: 2023

Khorezm regional road upgrade (Uzbekistan)



Location: Uzbekistan



EBRD loan: **USD 240 million**
(sovereign loan)



Expected signing: 2024

Transport Sector: Tyup-Karakol Road Project, Kyrgyz Republic



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To be signed in
2023

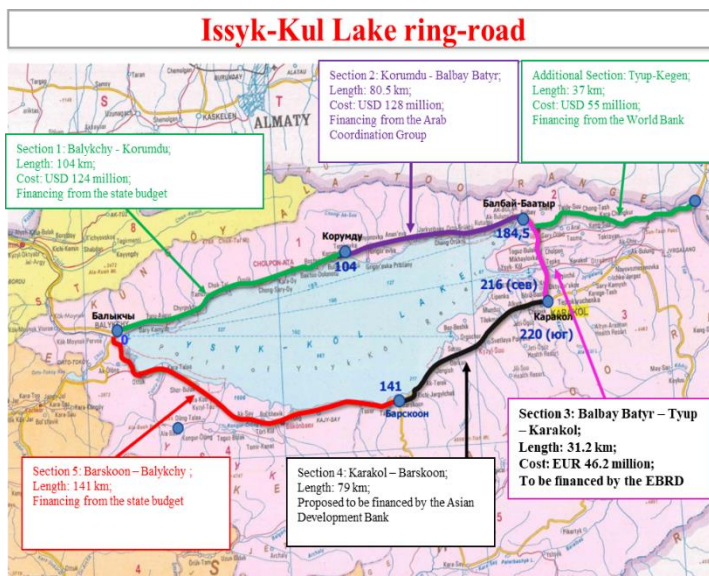


Kyrgyz Republic

Project location



- CAREC relevance:** The road is part of CAREC corridor 1
- Client:** Kyrgyz Republic, implemented by the Ministry of Transport and Communication.
- Financing:** EBRD EUR 46.2M sovereign loan.
- Project description:** The Project will finance reconstruction of a 31.2 km section ("Balbay Batyr – Tyup – Karakol") out of a 440 km long Issyk-Kul Lake ring-road ("Balykchy-Karakol-Balykchy").
- Transition Impact:**
 - ✓ Integrated: The Project is expected to: (i) bring the current Category III road to Category II motorway standards; (ii) increase transport volume of freight and passengers, and (iii) consequently, generate positive social impacts. The Project also envisages improvement of road safety ("RS") management.
 - ✓ Resilient: The Project will introduce a proper full-scale PBMC concept in the KR for at least 500 km of the road network by 2028.



Transport Sector: Almaty Ring Road PPP (BAKAD), Kazakhstan



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Signed in
February 2020



Kazakhstan

Project location



Project description:

The Big Almaty Ring Road (BAKAD) will be implemented as a 20-years BTO (Build-Transfer-Operate) PPP where the concessionaire will be responsible for building, financing, operating, collecting tolls, and maintaining 66 km road.

Total Project cost:

USD 750 million

EBRD financing

A-loan USD 225 million, B-loan USD 150 million

Type of finance:

Senior Loan

Financial close:

2020

Status:

- January 2015: tender launch for Almaty Ring Road PPP
- February 2016: Alarko-Makyol (Turkey) - SK E&C-KEC (South Korea) as winning bidder
- February 2018: Signing of the Concession Agreement
- August 2020: financial close
- June 2023: planned physical completion

Project highlights:

No traffic risk, availability payments with currency risk mitigation mechanism, 'bankable' termination and step-in arrangements.

Transport Sector: Obigarm-Nurobod road project, Tajikistan



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Signed in
January 2020



Tajikistan

Project location



CAREC relevance

The road is part of CAREC corridors 2, 3, and 5

Client:

Government of Tajikistan

EBRD financing:

USD 150 million sovereign loan

Objective:

The loan will finance construction of a 44 km section out of a 75 km long detour (“M41 Detour Road”) of an existing M41 highway connecting the northeast region of Tajikistan and the Kyrgyz Republic. The project will be co-financed by the ADB, AIIB, and the Government of Tajikistan.

Status:

Construction works commenced in 2021 as planned;
Completion is expected by the end of 2023 with minor delays.

Transition Impact:

- ✓ The Project will substantially increase women’s access to economic opportunities and promote gender equality in transport and labour policies through concerted policy dialogue.
- ✓ The Project will improve road maintenance operations through increased road maintenance funding, building necessary institutional capacity and strengthening associated procedures in Tajikistan.

Transport Sector: Ulaanbaatar-Darkhan Road Project, Mongolia



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Signed in
January 2020



Mongolia

Project location



CAREC relevance

separate sections relevant for CAREC Corridor 4

Client:

Mongolia, represented by the Ministry of Finance for the benefit of the Ministry of Road and Transport Development

EBRD financing:

up to USD 137 million (sovereign loan)

Objective:

to expand the existing road connecting Ulaanbaatar to Darkhan, the second-largest city in the country, into a 4-lane by constructing an adjacent 2-lane road with an approximate total length of 204 km. The UB – Darkhan road is an arterial part of the Mongolian road network and is part of the China – Mongolia – Russia economic corridor. Total project cost is USD 152.4 million, including the Government financing VAT of USD 13.7 million. The project also benefits from an additional TC Fund of USD 1.7 million.

Status:

construction works are 70-80% complete. The road is partially open for traffic (2 lanes out of 4) since November 2022 and should be fully operational by the end of this construction season.

Transition Impact:

- ✓ Integrated. Provision of new infrastructure between or within regions that are currently inadequately integrated.
- ✓ Resilient. The Project will help the Client develop its road asset management capacity through the post-signing technical co-operation funds.

Transport Sector: North–South Corridor (Kvesheti–Kobi), Georgia



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Signed in
October 2019



Georgia

Project location



CAREC relevance

The East–West Highway is part of Corridor 2 of the CAREC Programme. The Bank finance the construction of the Tskere-Kobi tunnel, co-financing with ADB and Georgia.

Client:

Georgia, implemented by the Roads Department under the Ministry of Infrastructure and Regional Development

EBRD financing:

EUR 53.4 million sovereign loan

Objective:

Improve the connectivity, access and safety on the North–South Corridor and contribute to economic development. Transform Georgia into a transport, logistics and a trade hub connecting Europe and Asia, as well as providing better transit links in the Caucasus region, with emphasis on the country's backbone for transit trade comprised of the East–West and North–South transport corridors.

Status:

The TBM was delivered to the Project site and assembled
Expected completion is Sept 2024

Transition Impact:

- ✓ Support economic development, regional integration and enhance the connectivity along the key transport corridors within Georgia and its neighbouring countries.
- ✓ Support the introduction of new technology (drones) for the project and the Georgian road sector generally which will be incorporated in construction and supervision activities, especially for hard to reach infrastructure objects such as tunnels, portals and bridge structures.

Transport Sector Technical Assistance: Port Community System (PCS), Georgia



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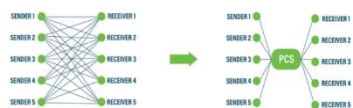


Launched in
November 2022



Georgia

Ports involved:



Description

Technical Assistance to support full integration and digitalization of Georgia's maritime transport chain. The Port Community System will effectively link existing port management information systems through an electronic platform, enabling the secure and fast exchange of information between seaport stakeholders. This will simplify logistics procedures, reduce administrative processes, enable the business process digitalization and facilitate data interoperability.

Client:

Georgia, the Maritime Transport Agency under the Ministry of Economy and Sustainable Development

EBRD financing:

Up to EUR 1.6 million technical cooperation grant, with support from other donors including EU and the UK Good Governance Fund

Objective:

The successful development and implementation of the PCS has the potential to trigger large-scale transformation by strengthening the Middle Corridor (the importance of which has further increased in the context of the current geopolitical situation), enhancing Georgia's and the wider region's competitiveness and unlock trade and investment opportunities.

Transport Sector: Roads Reconstruction and Upgrading Project (incl Ganja-Gazakh-Georgian border road section), Azerbaijan



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Signed in
February 2018



Azerbaijan

Project location



CAREC relevance

The Bank funded the reconstruction and rehabilitation of the 130km road section on the M2 highway between Ganja, the second largest city in Azerbaijan, and the Georgian border.

Client:

Azerbaijan, implemented by the State Agency of Azerbaijan Automobile Roads

EBRD financing:

USD 700 million sovereign loan

Objective:

The corridor is part of the CAREC and the Silk Road route, which connects Baku with Georgia, Turkey and EU, as well as the Russian Federation. This highway is part of the Government's priority programme to upgrade the national road network to support the economic growth of the regions outside Baku and to facilitate international trade, connectivity and integration into the global economy.

Status:

All sections of the road has been completed, except for Lot 3 of the Ganja - Gazakh - Georgian Border Road (M2)

Expected completion is Q3 2023

Transition Impact:

- ✓ Road Sector Master planning and capacity building.
- ✓ Budgetary allocations for maintenance.
- ✓ Development of PBMC to increase the role of the private sector participation.

Transport Sector: WE Forward, Azerbaijan



Signed in
August 2022



Azerbaijan

Project location



CAREC relevance

The Bank funded the construction of the a warehouse with a 5,000-tonne storage capacity near Baku, at the intersection of international trade corridors.

Client:

West & East Forward LLC and Alat Bay Industrial Development AFEZCO LLC (co-borrower)

EBRD financing:

USD 4 million senior secured loan

Objective:

The Company operates on the Silk Road route, which connects Baku with Georgia, Turkey and EU. The project will facilitate the flow of transit and import-bound cargos by reducing the cost and time of delivery between the Black Sea ports of Georgia and Baku.

Status:

Warehouse is under the construction

Expected completion is Q4 2023

Transition Impact:

The primarily quality targeted is "Competitive", the quality will be helping SMEs to restructure and become more efficient or professional. Sub-projects can target any of the other transition qualities as a secondary objective. The Project supports framework objectives by supporting an SME in the areas of "Competitive" and "Inclusive".

Transport Sector: Study on Sustainable Transport Connections between Europe and Central Asia



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CAREC relevance

Previously, Central Asian east-west corridors were not considered in baseline scenarios but now operators respond to the needs by opening up new services through Central Asia.

As operators look for alternatives, Central Asia-Europe connections emerge as viable alternatives and Central Asian routes provide many benefits and advantages

Objective:

- ✓ Identifying the most sustainable transport corridors
- ✓ Proposing key actions for corridor development

Transition Impact:

- ✓ Transparency and prioritisation in terms of transport infrastructure planning and development
- ✓ Key actions for corridor development – in terms of physical infrastructure and enabling environment



CAREC



Addressing
capacity/efficiency
limitations

Better integration
with Caucasus and
EU TEN-T networks

Bolstering operations
through enhanced
regional connections

Bolstering operations
through enhanced
border efficiency

Transport sector challenges and opportunities are common...

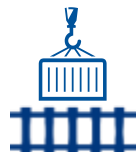


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Difficult geography

Sparse population, harsh climate and rugged terrain limit traffic



Geopolitical crisis

The war on Ukraine jeopardised existing transport corridors and put stress on existing infra



Underdeveloped markets

Limited human capital development, combined with frequent change of policy makers make reforms difficult



Underdeveloped O&M planning

Maintenance of existing and new assets is difficult



Lack of user charges

Budget funding is insufficient and subject to political influences, inducing fragility



Dominance of SOEs and limited private sector participation

Commercialization is limited, leading to under-investment



Transit potential

Location between China and Europe enhances the potential for cooperation

- EBRD is developing a regional connectivity approach to provide cross-sectoral, cross-country support (Middle Corridor)

Sector regulation reforms

Support for market development leads to higher quality and more cost effective infrastructure sectors

- Tailored reforms are pursued along investments



Starting point

Challenges

Opportunities

...we ensure that approach is tailored...

We focus on strong fundamentals:



Institutions

- ✓ Introduction of best-practice procurement rules
- ✓ Introduction of environmental and public standards
- ✓ EBRD disbursement and implementation rules
- ✓ Human capital development
- ✓ Provision of legal support for the amendments required to the secondary legislations



Funding

- ✓ Enhanced maintenance funding distribution methodology
- ✓ Development of performance monitoring to ensure accountability and reporting
- ✓ Increased funding available for Road Maintenance



Initiatives

- ✓ Enhance Road Safety standards
- ✓ Road Sector Institutional Reform study
- ✓ Enhance Road Maintenance best practice
- ✓ Digital Pathways in Road Construction and Road Asset Management
- ✓ Innovation & Technology Opportunities
- ✓ Paris Aligned Infrastructure

...to the current reality in the sectors...

As an example, in Kazakhstan, we work with our partners on advanced reforms...

Agency related

- ✓ Facilitating the establishment and then restructuring of the road agency, with a focus on capacity building
- ✓ Introduce a network contract between stakeholders to improve long-term planning, and accountability
- ✓ Adoption of a corporate governance action plan by the national road operator

Funding and maintenance

- ✓ Implementation of action plans for new road funding strategies (tolling system expansion, introduction of heavy vehicle charges)
- ✓ Increasing the road maintenance budget
- ✓ Transfer of all periodic maintenance contracts to the private sector
- ✓ Introduction of innovative technologies in repair and construction contracts



PSP

- ✓ Supporting private sector participation through performance based maintenance contracts on 700km of roads
- ✓ Introduction of the first international-standard road PPP project in the country
- ✓ Providing recommendations to the government to design an improved PPP framework

...and the steps we are setting.

... and sector specific initiatives

Road Agency 2022 – Innovation

- ✓ Introducing Innovation to Road Asset Management
 - ✓ Support by reforms and capacity building.
 - ✓ Better asset management to support
 - ✓ Private Sector engagement
 - ✓ Budget estimation and allocation



Road Agency 2022 – Technology Opportunities

- ✓ Road Infrastructure Development to Support Electric Vehicle Deployment
 - ✓ EV Scenarios
 - ✓ Road Infrastructure Strategy
 - ✓ Action Plans



Contacts



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