



EBRD - CAREC Development Partner

April 2024



European Bank
for Reconstruction and Development



1/ EBRD in CAREC

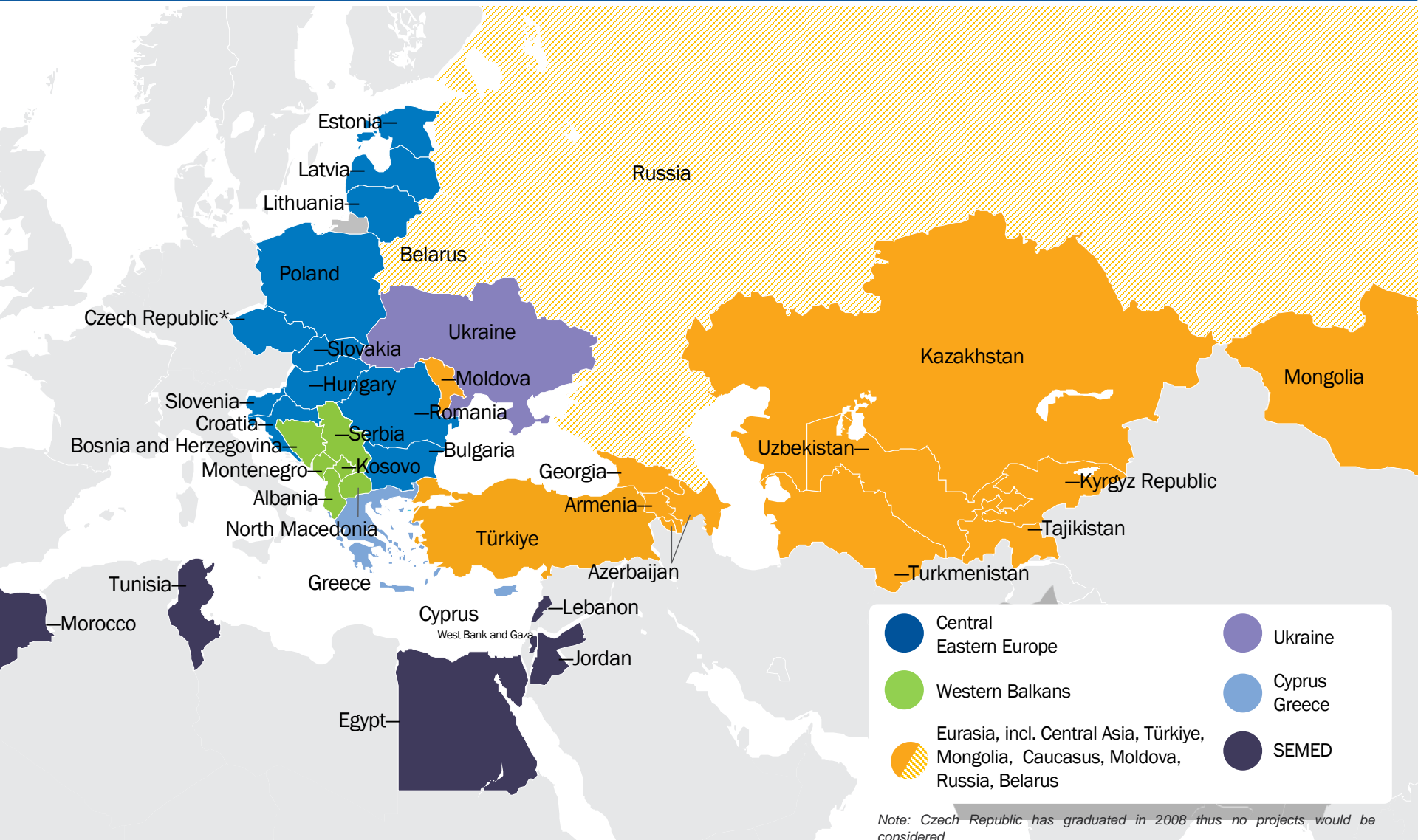
2/ Select case studies

About EBRD

Bank's Infra Eurasia region covers 8 CAREC countries



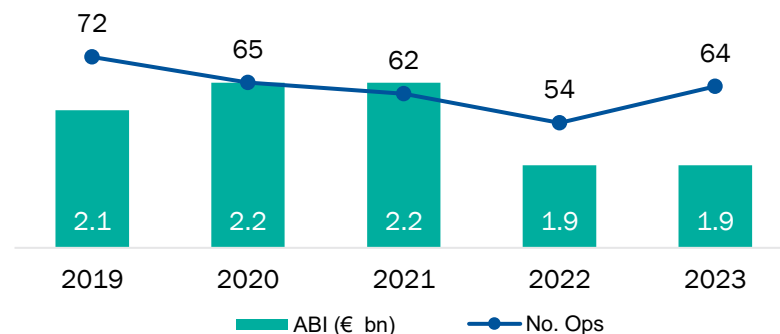
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Note: Czech Republic has graduated in 2008 thus no projects would be considered.

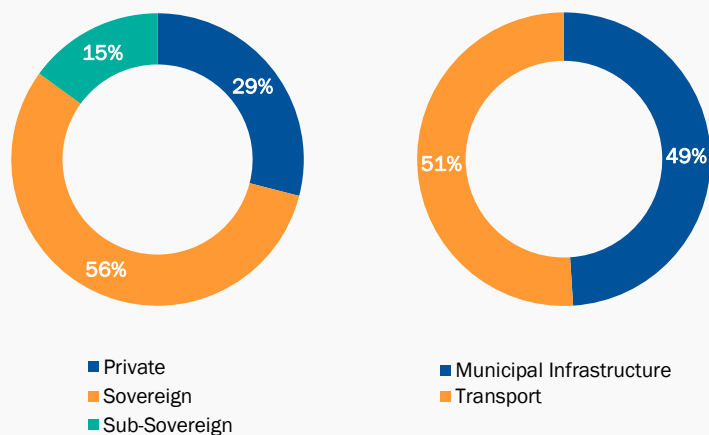
EBRD Infrastructure Investment

EBRD Infrastructure	Total	Eurasia
Projects signed	550	244
Portfolio value	EUR 15,934 m	EUR 6,200m
Private operations	18%	29%

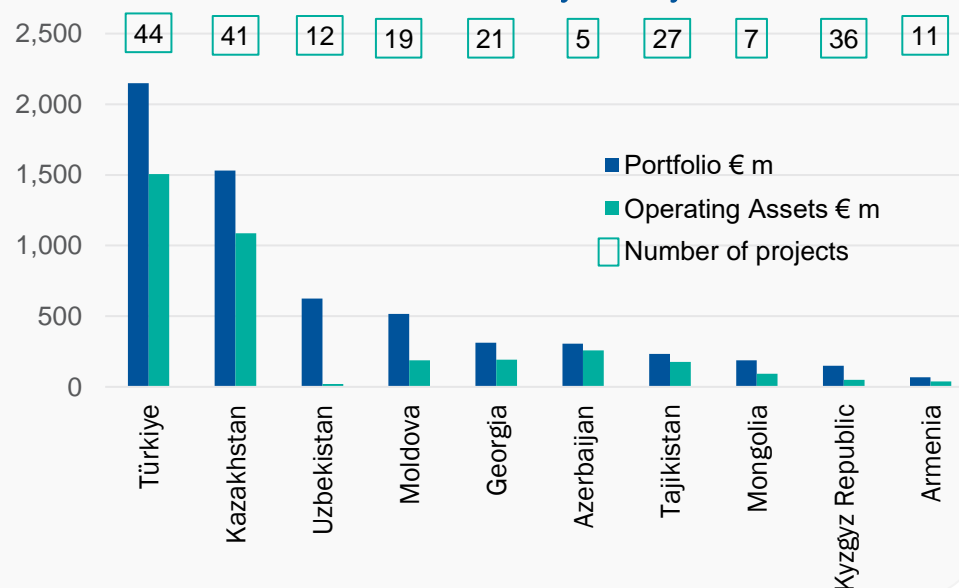


Infrastructure Eurasia

Portfolio by sector and type



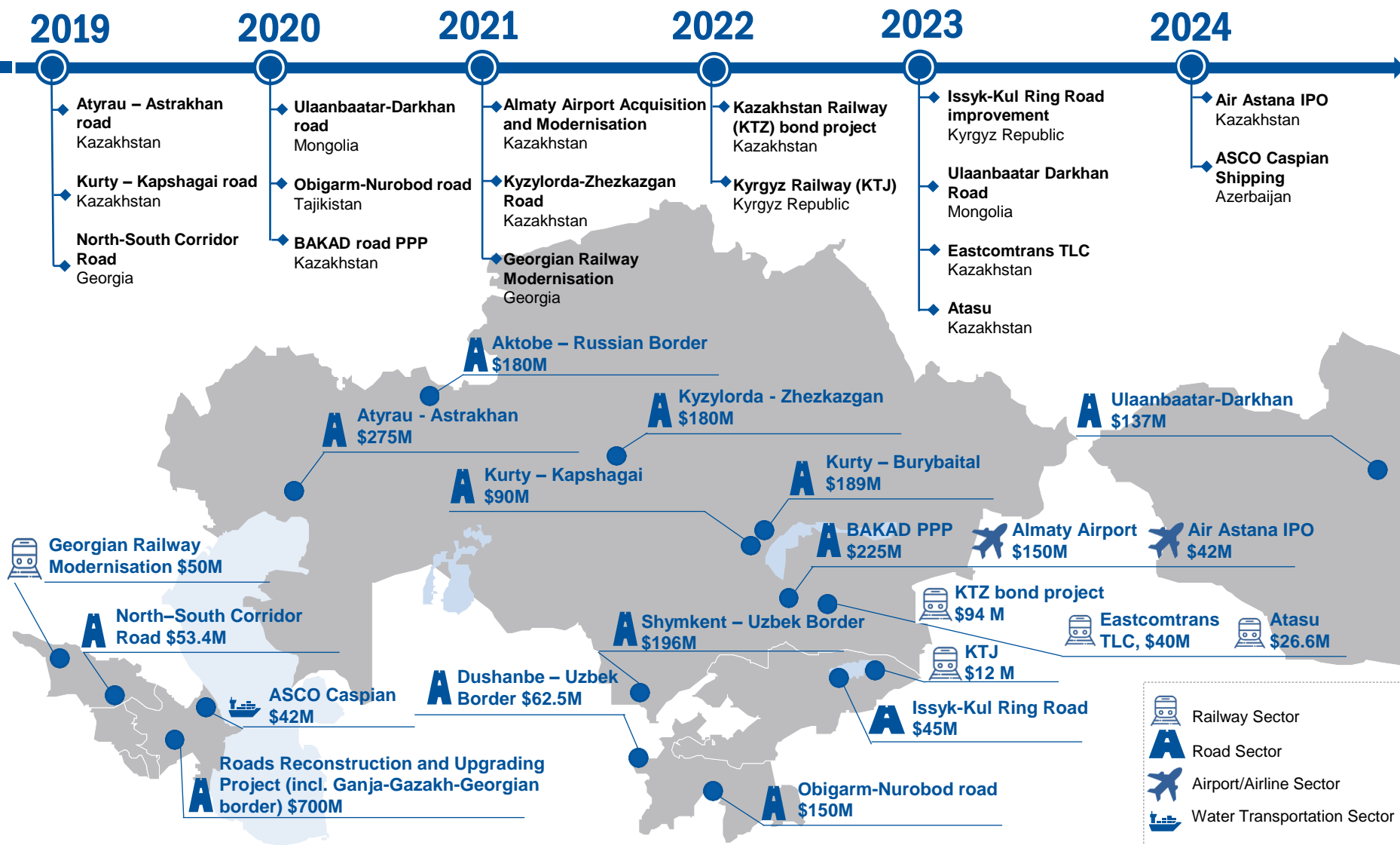
Portfolio by country



CAREC Projects Portfolio



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Select Pipeline in CAREC region

Aktobe regional roads

- Kazakhstan
- EBRD loan: up to EUR 430 million
- Expected signing: 2024

Shalkar-Beyneu road

- Kazakhstan
- EBRD loan: up to EUR 500 million
- Expected signing: 2025

Horezm regional roads

- Uzbekistan
- EBRD loan: up to USD 238 million
- Expected signing: 2024

Aktau port modernisation

- Kazakhstan
- EBRD loan: up to USD 20 million
- Expected signing: 2024

Ulaanbaatar-Erdenet road

- Kazakhstan
- EBRD loan: up to USD 46.7 million
- Expected signing: 2024

Dangara-Guliston road

- Tajikistan
- EBRD loan: up to USD 40 million
- Expected signing: 2025

Transport sector challenges are common



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Challenges



Difficult geopolitics

the Northern (Russia) and Southern (Iran) transit corridors are politically unacceptable while the Transcaspian corridor involves complex logistics and stakeholder coordination



Lack of harmonised standards and digitalisation in regional trade *resulting in additional expenses for loading/unloading at BCPs*



Weak sector regulation *constraining the quality of service provision, ability to finance investments and hampering private sector participation*

Railway



Dominance of SOEs and limited private sector participation

limiting commercialization and leading to lack of investment



Infrastructure investment gaps

leading to O&M investment needs and limiting integration



Inadequate institutional capacity

limiting region's potential for connectivity and switch to market-driven approach

Railway / Road



Underdeveloped road asset management / O&M

resulting in deterioration of even newly-built assets



Inadequate long-term planning

limiting development of the road sector and prioritization of investments



Lack of user charges

increasing the pressure on state and regional budgets

Road

We ensure that approach is tailored



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Financing

- Long-term financing for capital investments in various currencies (USD, EUR, KZT..) and instruments (debt, equity, mezzanine)
- The ability to mobilize capital grants and technical assistance
- Support throughout the implementation stage
- Development of performance monitoring to ensure accountability and reporting



Improved standards

- Introduction of best-practice procurement rules
- Introduction of environmental and public standards
- Alignment with the Paris Agreement objectives (mitigation & adaptation)
- Human capital development and capacity building
- Provision of legal support for the amendments required to the secondary legislations
- Introducing service contracts between stakeholders to improve long-term planning, and accountability



Initiatives

- Support for electric vehicle deployment and decarbonisation in the transport sector
- Digitalisation and harmonisation of trade (e-TIR, e-CMR)
- Application of innovative materials in construction
- Supporting private sector participation through performance-based maintenance contracts in the road sector
- Providing recommendations to the government to design an improved PPP framework



1/ EBRD in CAREC

2/ Select case studies

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: physical completion

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

Transport Sector: Air Astana IPO, Kazakhstan



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Signed in
February 2024



Kazakhstan

Project location



Project description: An equity investment of USD 41.99 million (EUR 39.02 million equivalent) in GDRs of Air Astana JSC (the “Company”), a joint-stock company incorporated in Kazakhstan. EBRD acted as an anchor investor as part of the Company’s IPO in February 2024. The IPO proceeds will finance (i) the Company’s fleet expansion and renewal programme; (ii) construction of a maintenance facility; and (iii) acquisition of a flight simulator (the “Project”).

Total Project cost: USD 370 million

EBRD financing EBRD acted as an anchor investor to provide USD 41.99 million equity for the Project.

Type of finance: Equity

Financial close: February 2024

Status:

- January 2024: Signing of framework agreement
- February 2024: Admissions to trading at LSE, AIX and KASE
- Ongoing: It is expected that the Company’s fleet expansion and optimisation plan will be undertaken until the end of 2028.

Project highlights: The framework agreement incorporates the PA alignment requirements, including (a) an update of the Company’s low carbon development pathway in line with a net zero target by 2050; (b) signing a SAF offtake agreement within 2 years after the IPO date, and (c) receiving the first SAF offtake deliveries within 3 years after the IPO date.

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 2024.
- **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:

The construction works have been completed in 2024, and the road has been opened to the public, but some additional works (including road furniture, road & safety measurements) will be done during the upcoming 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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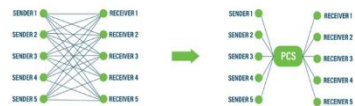


Launched in
November 2022



Georgia

Project location



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 physical works of the road have been completed. Minor correction works are being undertaken for Lot 3 of the Ganja - Gazakh - Georgian Border Road (M2).
All are expected to finish in June 2024, including the PIU contracts.
- 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



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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:** The construction of the warehouse was completed in February 2024; however, testing and commissioning works for the refrigerator equipment are still ongoing.
- 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 Aviation

Fuel market development, Kazakhstan



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Kazakhstan

CAREC relevance

Aviation is relatively underdeveloped in Central Asia, but offers an efficient travel mode in a region characterised by a low population density and long distances between cities with difficult terrain.

At the same time, aviation is a high emitting and hard-to-abate sector. Aviation is carbon intensive, contributing 2 per cent of global CO2 emissions. The UN International Civil Aviation Organization (ICAO) adopted a Long-Term Aspirational Goal of net-zero by 2050 at the 41st ICAO assembly in September 2022. This will require a basket of measures, including efficiency, **fuel switching to sustainable aviation fuels (SAF)**.

In this context, EBRD has convened key stakeholders in Kazakhstan related to SAFs, JSC NC “KazMunayGas” (KMG), JSC Air Astana and the JSC “Aviation Administration of Kazakhstan” (AAK) to analyse the possibilities of SAF development in Kazakhstan.

Objective:

- ✓ **SAF demand scenarios:** develop different scenarios for potential SAF demand in Kazakhstan and the region;
- ✓ **SAF supply options:** identify the most promising and affordable SAF production technology in Kazakhstan subject to available raw materials and aviation fuel quality requirements, and potential for transshipment of SAFs to other markets;
- ✓ **Bankable SAF production concept** for Kazakhstan at pre-feasibility level with a clear understanding of key parameters of an off-take agreement, and associated roadmap for advancing the production concept.

Transition Impact:

- ✓ Supporting key stakeholders to kick-start SAF development in Kazakhstan;
- ✓ Supporting a Paris-aligned development and net zero transition of aviation sector in Kazakhstan and in the region.

Contacts



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