

EBRD statement, Central Asia Regional Economic Cooperation Ministerial Conference, Astana

The European Bank for Reconstruction and Development operates in 7 CAREC member countries: Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan. Mongolia was accorded a status of the EBRD country of operation in 2006; the other six countries have been members of EBRD since the establishment of the Bank.

As of end-September of this year, EBRD portfolio in the CAREC region exceeds US\$ 4.5 billion. This represents over 9 per cent of the total EBRD portfolio.

EBRD operates in a number of sectors including power and energy, transport, municipal and environmental infrastructure, agribusiness, natural resources, manufacturing and services and the financial sector. Through its investment operations and a policy dialogue, the EBRD aims to support the development of well-functioning market economies in its countries of operations with a strong and dynamic private sector.

In the CAREC region EBRD operations focus on support for modernization of infrastructure, including cross-border infrastructure, advances in energy efficiency, financial sector development and facilitation of cross-border trade. There are a number of specific projects and programmes that aim to promote regional economic cooperation.

A well developed and efficient transport network is essential to supporting economic growth, market development and regional integration. The analysis in last year's Transition Report, the annual flagship publication of the EBRD, suggests that coordinated improvements in cross-border infrastructure tend to increase trade flows by between 25 and 100 per cent – a very large effect.

To this end, EBRD has contributed to financing of a number of important regional road projects. These include the Almaty – Bishkek Road in Kazakhstan, upgrading of the Osh – Isfana road in the Kyrgyz Republic and the Dushanbe – Tursunzade – Uzbek Border Road Improvement Project in Tajikistan. EBRD also financed the Turkmenbashi Port Rehabilitation Project which was completed in 2009, and is currently considering support for the Khujand Airport Rehabilitation Project in Tajikistan as well as Osh-Khujand road corridor construction, and the Tashkent-Shymkent Road Project in Kazakhstan. EBRD has also provided technical assistance linked to these projects and aimed at facilitating institutional and sector reforms and promoting private sector participation where desirable.

The Trade Facilitation Programme (TFP) of EBRD is designed to facilitate cross-border trade. It operates in 20 EBRD countries of operations, including all CAREC member countries. Through this programme, launched back in 1999, the EBRD provides guarantees to international confirming banks, taking the political and commercial payment risk of international trade transactions undertaken by banks in the countries of operations (the issuing banks).

In addition, the programme offers technical assistance to participating banks helping them to introduce or improve trade products offered to their customers. Ultimately, the programme

contributes to development of cross-border trade and improves access of small and medium sized enterprises to export markets.

Further, in 2011 the EBRD launched the Early Transition Countries (ETC) Local Currency Loan programme to help borrowers in ETC countries, including Azerbaijan, the Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan, to reduce their exchange rate risk through provision of EBRD finance in local currency.

The ultimate objective of the programme is to better match assets and liabilities of borrowers thus reducing the risk of insolvency of individual firms and lowering the systemic risk of dollarisation in the financial sector.

Bank's projects in the energy sector focus primarily on renewable energy sources, state-of-the-art clean generation technology and efficient and smart transmission and distribution networks. In Mongolia, EBRD helps support wind power generation projects that will produce up to 100MW, or around 10 per cent of overall energy output in the country. These investment projects are often combined with technical assistance programmes for projects preparation and implementation as well as tariff reform.

In all infrastructure projects EBRD emphasizes the importance of best practices in public procurement. To this end, jointly with the United Nations Commission on International Trade Law (UNCITRAL) EBRD is implementing a regional initiative promoting transparency in public procurement in selected CIS countries and Mongolia. The programme encompasses a number of country-level technical co-operation projects.

The EBRD continues being engaged in an active policy dialogue with the CAREC member countries with the view to support improvements in business environment and governance standards in the private sector, and attract private sector investment into the region.

The EBRD remains committed to supporting economic development and economic cooperation in the Central Asia region – through projects in various sectors, technical assistance and policy dialogue. The Bank will continue paying particular attention to projects aimed at promoting cross-border trade and enhancing cross-border infrastructure links.