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EBRD operations and policies in the CAREC region

The European Bank for Reconstruction and Development (EBRD) operates in 7 countries out of 10 CAREC member countries in Central Asia, Caucasus, and Mongolia. All countries have been members of the EBRD since the establishment of the Bank. Mongolia was accorded a status of the EBRD country of operation in 2006.

EBRD portfolio in this region reached over US\$4.4 billion as of September 2012 which is over 9 per cent of the total EBRD portfolio.

Through its operation and a policy dialogue, the EBRD is helping to build up a more attractive investment environment and support private sector development in its countries of operation. EBRD operates in a number of sectors such as power and energy, financial sector, transport, municipal environment and infrastructure, agribusiness, natural resources, manufacturing and services.

Among key operational priorities in this region at present are support for diversification, food security, modernisation of infrastructure, including regional roads, supporting energy efficiency and promoting local currency financing. There are a number of projects and programmes that are aimed at supporting regional ties and cooperation.

The Trade Facilitation Programme (TFP) operates in 20 EBRD countries and in all CAREC countries. It aims to promote foreign trade to, from and amongst the EBRD countries of operations and offers a range of products to facilitate this trade. It has been running successfully since 1999. Through the programme 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).

The TFP programme strengthens the ability of local banks to provide trade financing and through these banks gives entrepreneurs throughout our countries of operations the support and risk mitigation instruments they need to increase their access to their import and export trade. The programme's total transaction value in the region exceeded US\$10 billion in 2012–(EUR 8 billion). The programme often runs with a technical assistance that helps participating banks to introduce and learn advanced practices in trade finance.

A well developed and efficient transport network is essential to supporting economic growth, market development, and regional integration. EBRD has financed and co-financed a number of regional road projects. Among them are the Almaty–Bishkek Road Project in Kazakhstan, Osh–Isfana Road Upgrading Project 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 and the Tashkent–Shymkent Road Project in Kazakhstan. EBRD and its client support technical co-operation linked to such projects to assist with institutional and sector reforms as well as increasing the role of the private sector where feasible.

EBRD has financed a number of projects in the energy sector. The Bank focuses on renewable energy sources, state-of-the-art clean generating technology and efficient and smart transmission and distribution networks. These investment projects are often combined with technical assistance programmes for projects preparation and implementation.

EBRD launched a multi-donor Early Transition Countries (ETC) initiative in 2004 to address the needs of the countries of operations which lag behind the rest of the region in their transition to market economies. The initiative includes also a number of CAREC initiative members, such as Azerbaijan, the Kyrgyz Republic, Mongolia, Tajikistan, and Turkmenistan. With the support of donors the Bank will continue to support small and medium enterprises, strengthen the banking sector to sustain lending to SMEs and invest in vital services such as water, electricity, transport and communications.

The ETC Local Currency Loan programme was established in 2011 to help borrowers in ETC countries to reduce their exchange rate risk. The objective of the programme is to better match the lending currency to revenues, in order to reduce default/insolvency risk at the micro level and reduce increasing systemic risk of dollarisation in the financial sector at the macro level. The ETC Local Currency Loan programme aims at improving access to finance for SMEs and at developing local capital markets.

The EBRD conducts an active policy dialogue in a number of areas that will help promote business environment, better governance standards in the private sector, and help attract leading investors in the region.

The EBRD remains committed to support transition and economic development in the region including by supporting regional cooperation initiatives and further consider financing projects in various sectors including those linked to developing regional infrastructure and trade.