



**UNESCAP REGIONAL EVENT ON FINANCING SUSTAINABLE
INFRASTRUCTURE DEVELOPMENT IN ASIA AND THE PACIFIC**

6-7 December 2017

**EDB'S STRATEGIC AREAS OF FOCUS IN INTEGRATIVE INFRASTRUCTURE
PROJECTS**

Step by step formation of the Single Economic Space of the Eurasian Economic Union...

2010 -2011
Customs union/SES

2015
EAEU

2025 ...

Single market
for goods

- freedom of movement for goods
- lifting of customs controls

Single market
for services

- freedom of movement for services
- coordination of economic policy

Single market for
labour

- freedom of movement for labour
- no permit requirements for employment;
- recognition of education documents;
- full scope of social guarantees;
- free emergency medical care

Single market for capital

- freedom of movement for capital
- common regulation and supervision requirements in EAEU financial markets;
- recognition of banking, insurance licenses and Central Bank market license recognition;
- providing financial services in EAEU without an additional establishing of a legal entity;
- administrative cooperation between authorities of EAEU member states

Fully formed economic union –
Creation of a EAEU single currency

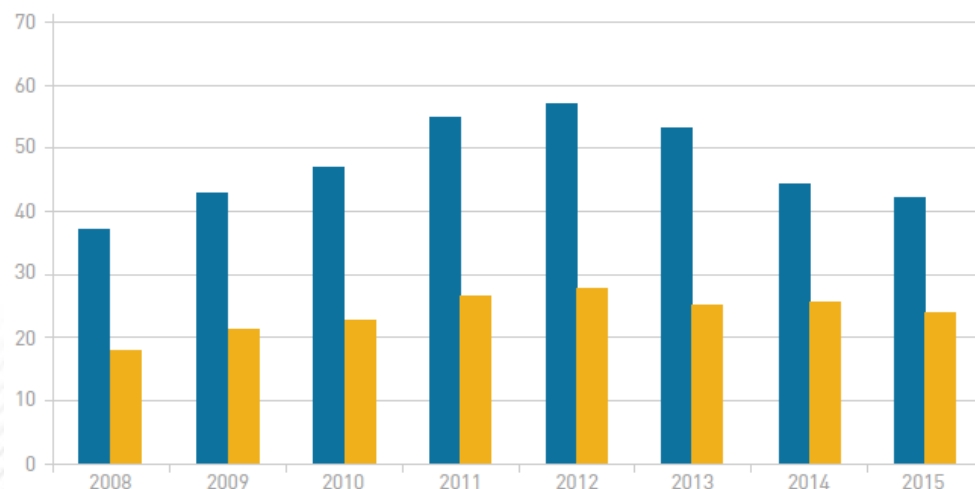
...has served to support mutual foreign direct investment in EAEU member states

- Total mutual foreign direct investment in EAEU member states stood at just under \$23.7 billion as at end 2015 (EDB Centre for Integration Studies)
 - Belarus leads in imported FDI

Recipient country	Total mutual direct investment by country of origin, USD mln					
	Russia	Kazakhstan	Belarus	Armenia	Kyrgyzstan	Total for 5 countries
Russia	-	3 367	204	3	0	3 574
Kazakhstan	7 095	-	34	0	0	7 129
Belarus	8 297	53	-	10	4	8 364
Armenia	3 056	8	0	-	0	3 064
Kyrgyzstan	811	695	0	0	-	1 506
Total for 5 countries	19 259	4 123	238	13	4	23 637

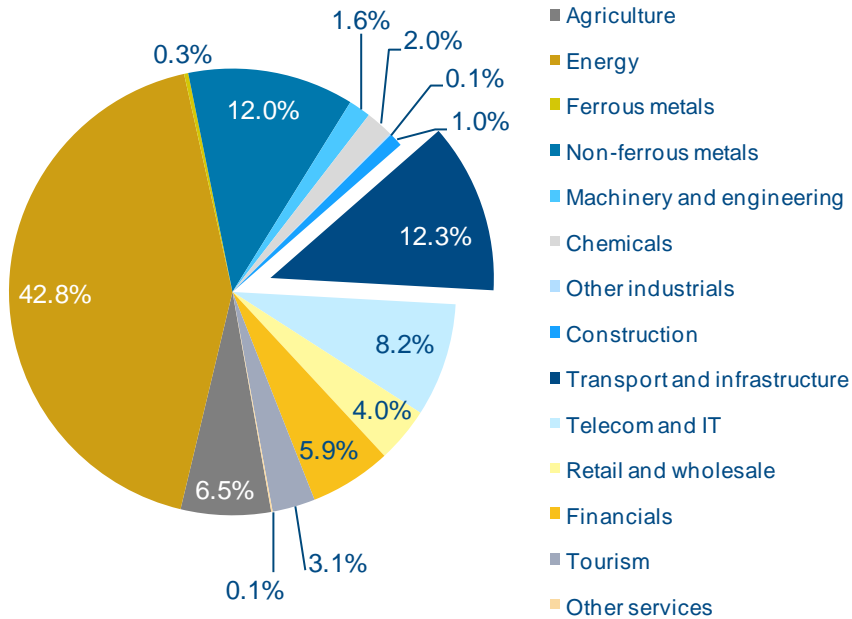
■ Взаимные ПИИ стран СНГ и Грузии, \$ млрд ■ Взаимные ПИИ стран ЕАЭС, \$ млрд

- Mutual FDI trend in EAEU member states between 2008-2015 (in USD bln) (opposite in orange) tended to remain more robust as compared with CIS (opposite in blue)

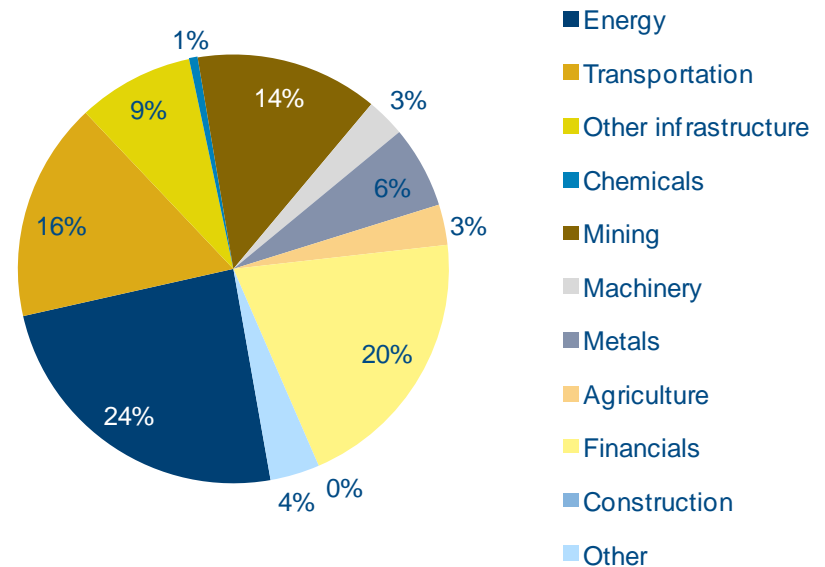


Transport and infrastructure in member state investment

Mutual FDI in EAEU member states by sector, as at end 2015



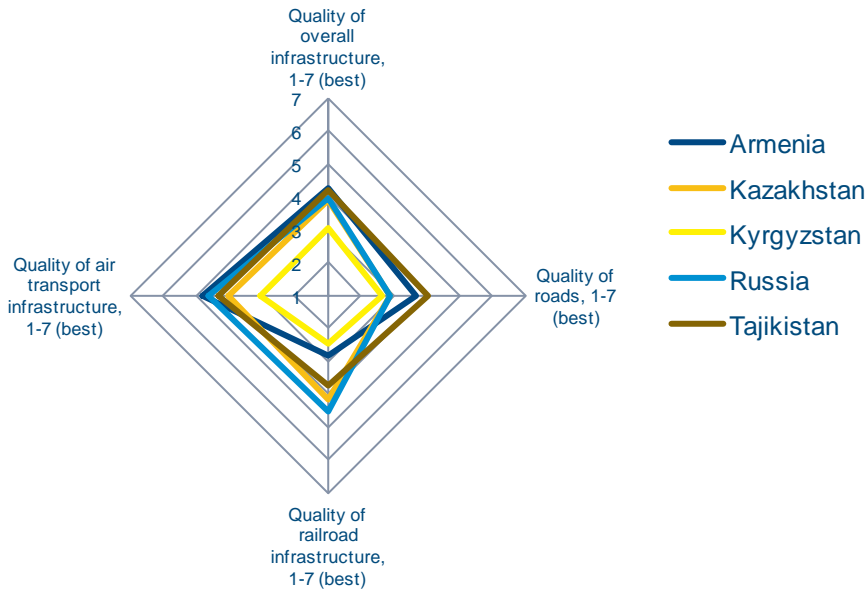
EDB Investment Portfolio by Sector



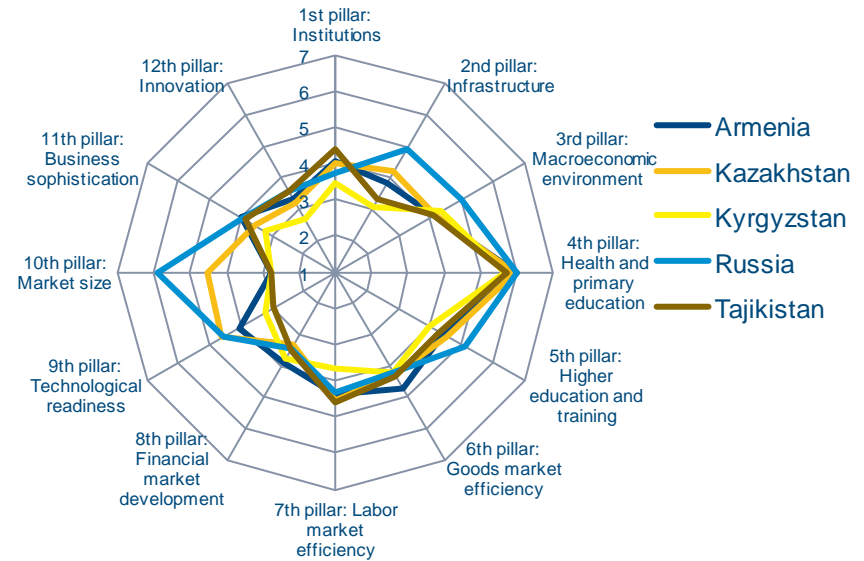
- Energy in EAEU: Gazprom's project in Belarus, LUKOIL's project in Kazakhstan
 - Transport and infrastructure is second in significance at 12.3% of total mutual FDI
- Transport and infrastructure accounts for approximately a quarter of the EDB investment portfolio (as at 1 October 2017)

Infrastructure development faces institutional constraints

WEF Infrastructure Quality in EDB Member States



WEF 2017-2018 Rankings



- Transportation infrastructure projects support diversification of trade
 - Road infrastructure is a priority (as observed in emerging economies)
- Financial market development is the most significant constraint in promoting infrastructure investment in EDB member states

Financing economic development and integration projects




EDB		Eurasian Fund for Stabilization and Development	
Project finance	<ul style="list-style-type: none"> Up to 15 year term; 20-40% of project Initiator investment; Main source of funds for repayment – project cashflows 	Financial	<ul style="list-style-type: none"> Extended only to central governments to support stabilization programmes aimed at making their economies more resilient to external and domestic shocks
Investment loans	<ul style="list-style-type: none"> Up to 7 year term; Balance sheet financing for larger and medium enterprises; Main source of funds for repayment – cashflows from ongoing operations 	Investment	<ul style="list-style-type: none"> Available to governments and/or to companies implementing large investment projects that contribute long-term economic and financial stability and spur integration between member states.
Trade finance	<ul style="list-style-type: none"> Term to equal life of contract; International trade contract finance; Main source of funds for repayment – contract cashflows 	Grants	<ul style="list-style-type: none"> Available from the share of EFSD net profit for financing government programmes in social sphere
Equity/Mezzanine finance	<ul style="list-style-type: none"> 3 to 15 year term; Equity investment \$25млн to \$300 млн; Non-controlling participation of the bank 		<ul style="list-style-type: none"> EFSD credits and loans are repayable, have finite maturity, carry interest and are extended in US Dollars or Euros. While lending to low income countries, EFSD is guided by International Monetary Fund recommendations on loan concessionality.

EDB's key infrastructure projects

EDB

Project	Description	Country	EDB Participation	Status	Type of Participation	Status
Western High-Speed Diameter (St. Petersburg)	Highway construction	RUB 123.4 bn	RUB 10 bn		Project finance	Active
Pulkovo Airport (St. Petersburg)	Passenger terminal	EUR 1,155.8 mn	USD 93 mn		Project finance	Active
First wind energy plant	Wind energy plant construction	KZT 20.5 bn	KZT 14.2 bn		Project finance	Active
BELAZ	Working capital	USD 90 mn	USD 90 mn		Project finance	Active
Central Ring-Road (Moscow region)	Highway construction	RUB 81.4 bn	Up to RUB 12 bn		Project finance	Active
Nord Hydro (Karelia)	Small hydro energy plant construction	RUB 11.8 bn	RUB 4.1 bn		Project finance	Active
Alaygyr	Mining	USD 87.1 mn	USD 56 mn		Project finance	Active

EFSD

Project	Description	Country	Type of participation	Status
Bishkek-Osh corridor	Highway construction		IFI consortium/sovereign	Active
North-South corridor	Highway construction		IFI consortium/sovereign	Active
Aral-Suusamyr	Highway construction		TBD	Under consideration



EDB in promoting economic development and integration

- **EDB has an observer status with:**

- UN General Assembly
- Eurasian Group on Combating Money Laundering and Financing of Terrorism
- UN Trade and Development Board (UNTDB)

- **EDB also cooperates with**

- Regional integration alliances (EAEU, CIS, Shanghai Cooperation Organization)
- UN organizations (UN Development Programme, UNIDO, FAO, UNECE, UNESCAP, UNEP)
- International development institutions (World Bank, IFC, ABD, EBRD, ABII) in joint cofinancing of projects, information exchange, and implementing international best practices in corporate governance



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