

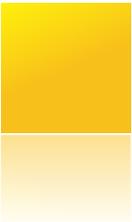


**EDB's role in financing development in Eurasia's
landlocked economies**

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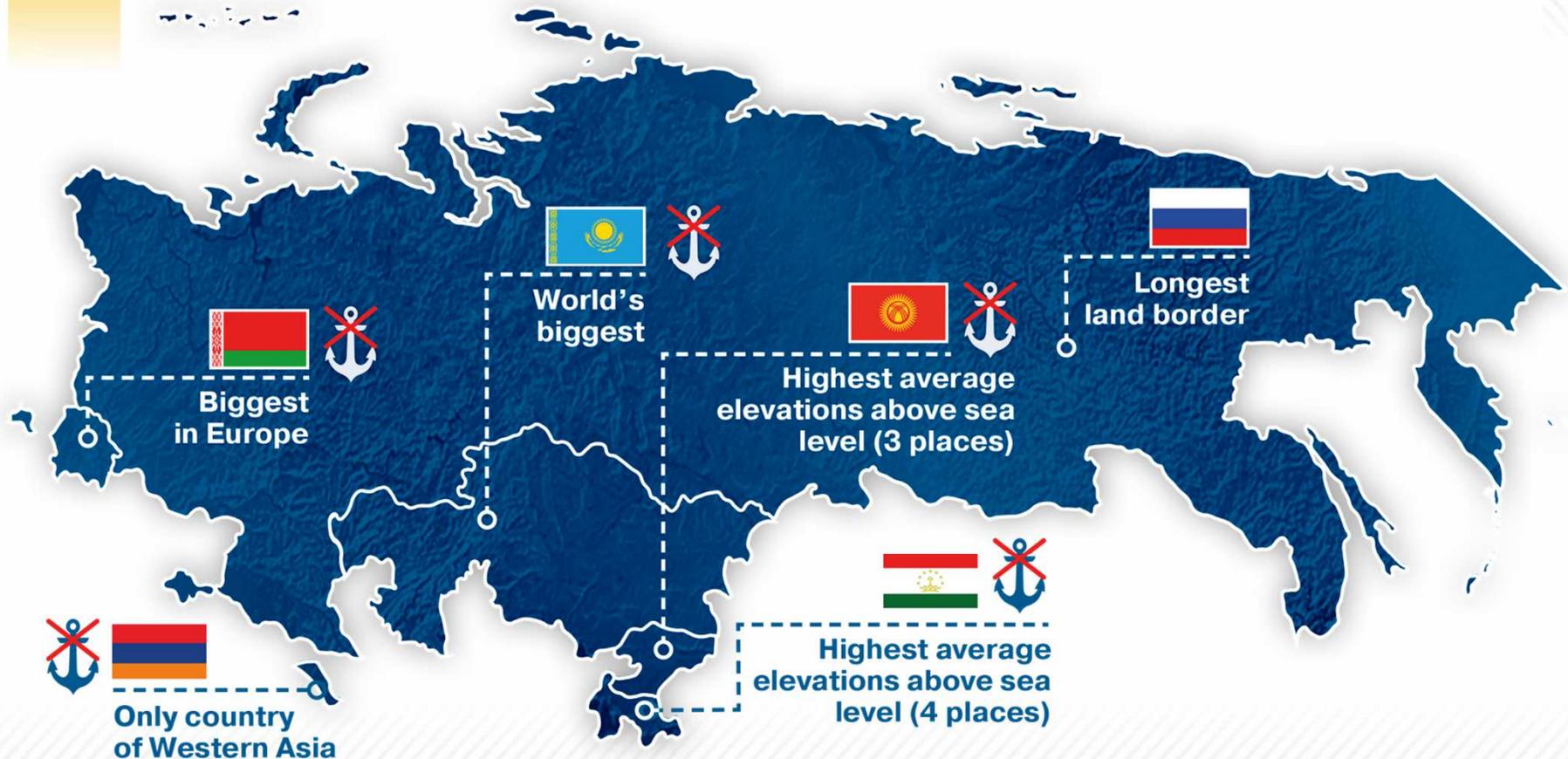
Outline

- 
1. EDB's macroeconomic findings on LLE
 - a) Economic geography of Eurasian countries
 - b) Microeconomics of the Eurasian geography

 2. EDB's projects in the region

1. The uniqueness of EDB's countries geography:

5 out of 6 EDB's countries are LL



Source: Special report "Economic geography of Eurasian countries",
<https://eabr.org/en/analytics/chief-economist-group/special-reports/>

 land-locked country

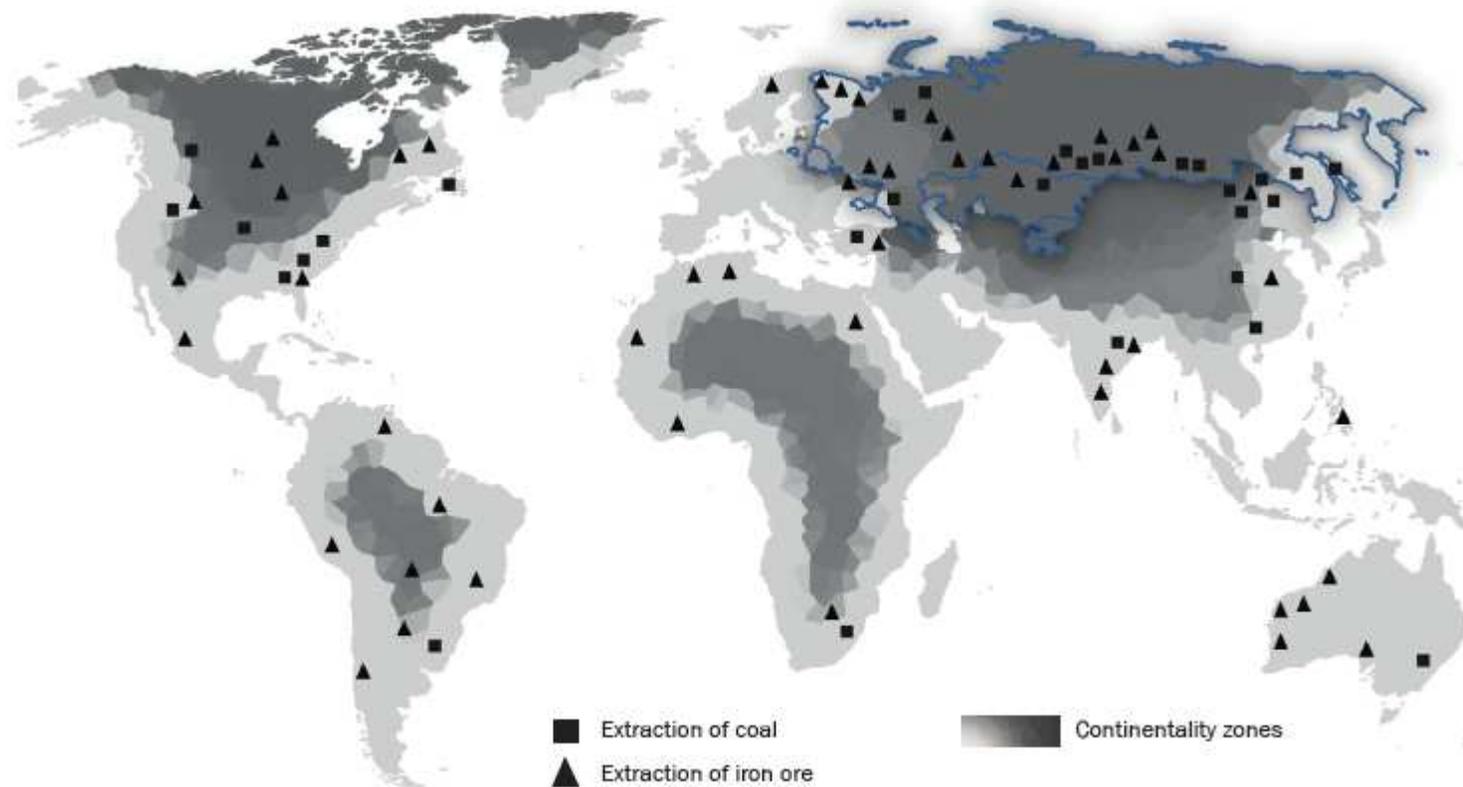


1. The uniqueness of EDB's countries geography cnt:

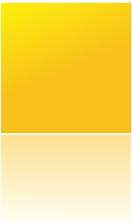
- **Armenia** is the only country of Western Asia (which includes the Middle East and Transcaucasia as defined by the United Nations) without access to sizeable water space (Azerbaijan has access to the Caspian Sea);
- **Belarus** is the biggest land-locked country in Europe (with the longest land border);
- **Kazakhstan** is the world's biggest land-locked country;
- **Kyrgyzstan and Tajikistan** share the third and fourth places among the world's land-locked countries located at the highest average elevations above sea level (with the first/second places shared by Bhutan and Nepal);
- **Russia** is the world's biggest country with the longest land border;

1. Is it a case for Russia?

The concept of “Continental country”



Source: Special report “Microeconomics of the Eurasian geography”,
<https://eabr.org/en/analytics/chief-economist-group/special-reports/>



1. *What landlocked status implies for development and growth*



Land-locked countries have on average **30% lower trade turnover** than countries with access to the sea



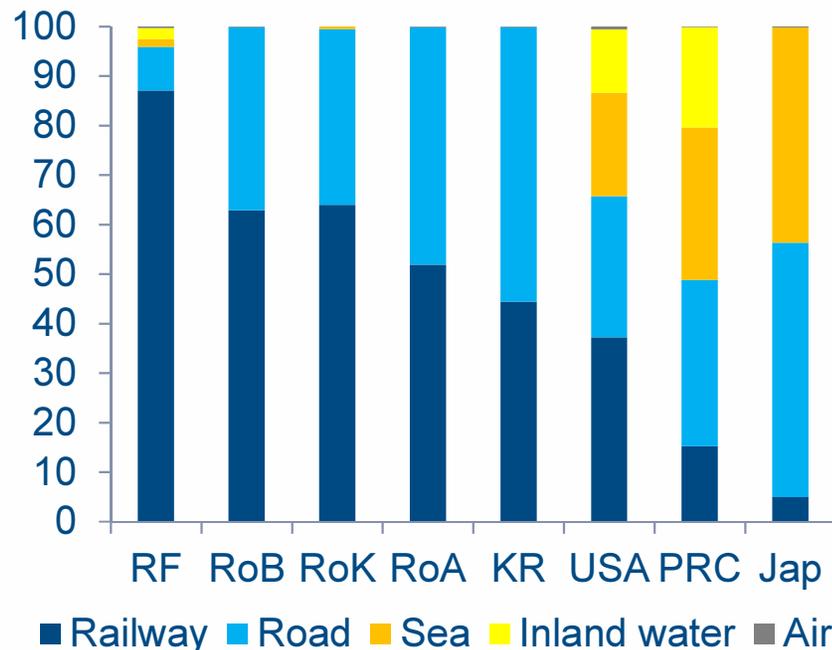
Continentality **reduces** a country's **growth rate by 1.5%** as compared to coastal countries



Share of transportation costs in total imports may reach **10–20%** for countries without access to seacoast, while for developed countries and the US - 4.7% and 2.2%

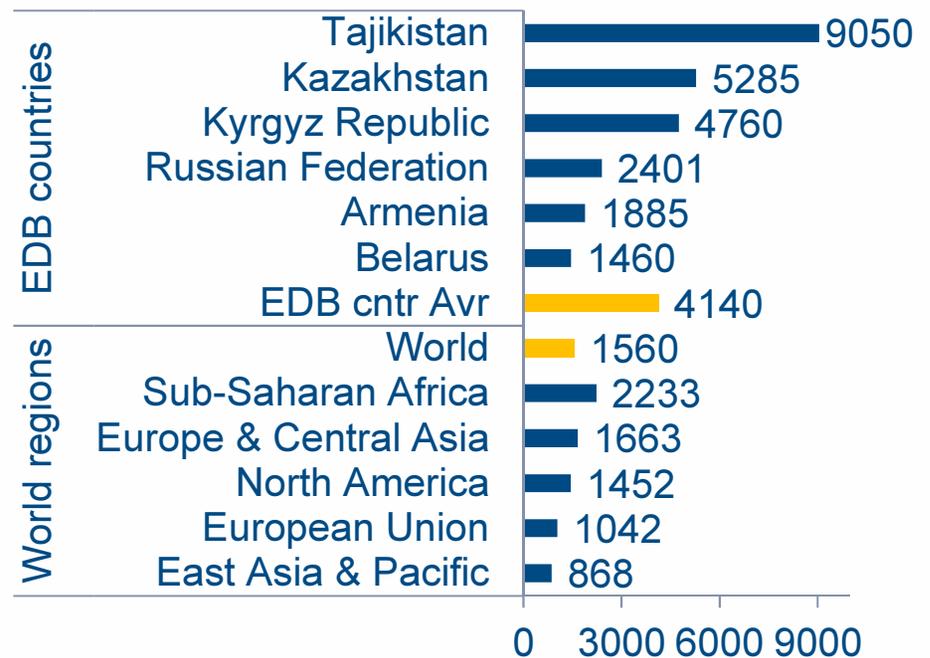
1. Implication for the EDB's countries

Fig. 1. Turnover split by transport type* (%)



* excluding pipeline transport, data for the Russian Federation is for 2015; data for RoB, RoA, RoK, KR, USA and China is for 2014; data for Japan is for 2012.

Fig. 2. Export delivery cost, USD per container in 2014



Source: Special report "Microeconomics of the Eurasian geography", <https://eabr.org/en/analytics/chief-economist-group/special-reports/>, WB, statistical agencies.

1. Countering geographical limitations: Eurasian integration



Lowering the costs of borders and customs



Strengthening of integration in the Eurasian land space



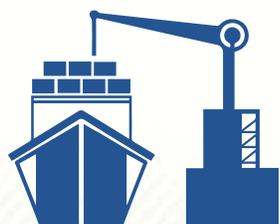
Improving investment cooperation



Increases labour and capital mobility



Pooling resources



Connectivity to ports and other key infrastructure outlets



Integrate into global logistical chains and mega-regional blocs



Standardization and simplification of transport regulation

2. Financing instruments

- **EDB's loans**
 - The projects financed by EDB contribute to infrastructure development and the modernisation and diversification of its member economies and have significant socioeconomic and integration effects.
 - The Bank's investment fosters increases in trade flows and mutual investment between the member states, additional production, and multiplicative effects in their economies.
 - Main recipients are Kazakhstan, Russia, Republic of Belarus
- **Eurasian Fund for Stabilisation and Development**
 - **financial credits** to support budgets, balances of payments, and national currencies
 - **investment credits** for large interstate and national projects
 - **grants** from the EFSD's net profit to finance state-run social programmes
 - Main recipients are Armenia, Republic of Belarus, Kyrgyz Republic and Tajikistan due to concessional financing

2. Role of development institutions in EDB member countries

The volume of approved IFIs financing in 2016 in EDB region, million USD

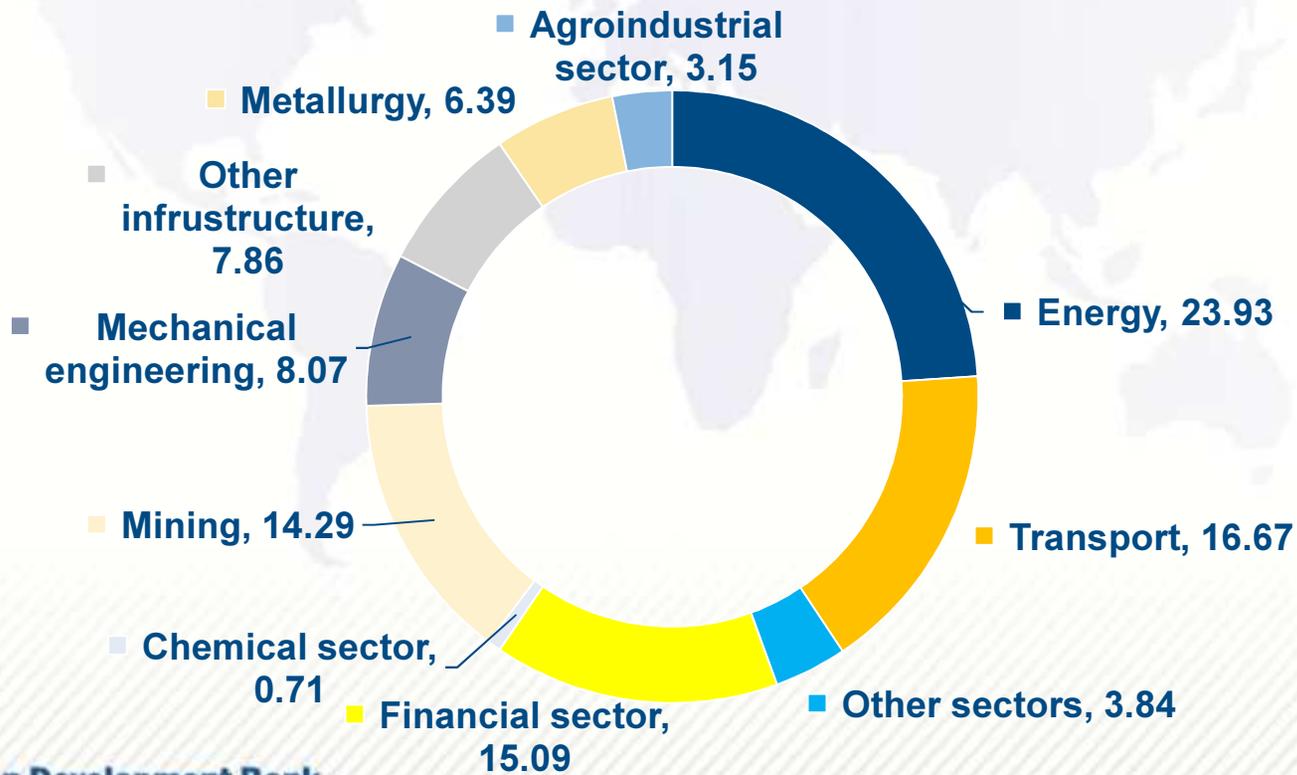


Source: The official IFI data sites

2. Infrastructure financing is among key priorities of EDB

72 projects in 6 member states
Cumulative Investment Portfolio: 5.8 bln USD

Fig. 3. EDB's investment portfolio by sectors, %



2. Key investment* projects

- **EDB**

- **Western High-Speed Diameter road** in Russia (US \$167 million)
- **Central Ring Road 3** in Russia (US \$167 million)
- **Ekibastuz GRES 2** in Kazakhstan (US \$360 million)
- **Belarusian Steel Works** in Belarus (US \$167 million)
- **KMARuda's Korobki** in Russia (US \$90 million)
- **Sokolov-Sarbai Mining Production Association (SSGPO)** (Kazakhstan, US \$95 million)
- **Beloporozhskaya HPPs 1 and 2, in Karelia** (Russia, US \$68 million)

- **EFSD**

- **Construction of the North–South road corridor (Phase 4)** in Armenia (US \$150 million)
- **Rehabilitation of Toktogul HPP (Phase 2)** in the Kyrgyz Republic (US \$100 million)
- **Reconstruction of the Bishkek–Osh road (Phase 4)** in the Kyrgyz Republic (US \$60 million)
- **Financing agricultural equipment supplies to the Kyrgyz Republic** (US \$20 million)
- **Upgrade of irrigation facilities** in Armenia (US \$40 million)
- **Commissioning of Unit 2 at Kambarata HPP 2** in the Kyrgyz Republic (US \$110 million)

* As at 01/08/2017, projects that are approved, excluding financial loans and grants

2. EDB-UN cooperation on promoting economic growth at LLE

- EDB holds observer status at the United Nations General Assembly
- EDB is developing cooperation with following UN institutions
 - UNDP, UNIDO, FAO, UNECE, ESCAP, UNEP
- New framework (2015):
 - UN institutions provide feasibility study of the project –
 - EDB finances that project if it complies with the requirements (Several projects are under consideration)
- Joint research projects



Thank you for your attention!