

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:  
**OCTOBER 2005 PROJECT PIPELINE UPDATE**

*International copyright U.S. & Foreign Commercial Service and U.S. Department of State, 2004. All rights reserved outside of the United States.*

This report was last updated on **30 September 2005**. The information contained on this report will reflect the status of each project and new project entries.

**Table of Contents:**

- I Introduction and Guide to EBRD's Project Pipeline
- II Projects for Board Consideration:
- III Additional Information and Assistance
  - a. U.S. Advocacy Center Liaison to the EBRD
  - b. BISNIS
  - c. CEEBIC

**I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:**

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website [www.ebrd.com/oppor/procure/opps/index.htm](http://www.ebrd.com/oppor/procure/opps/index.htm).

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to state sector projects. In that they are followed with international tendering processes, whereas procurement under private sector projects are completed by the EBRD's client. In which case it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

## II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	<b>Project name</b>	<b>Country</b>	<b>Date disclosed</b>
A	Russia-Federal Grid Modernisation Project	Russia	29 Sept 2005
B	Rietuma Banka-syndicated loan	Latvia	29 Sept 2005
C	Banca Comerciala Romana Mortgage Loan II	Romania	28 Sep 2005
D	Impex Bank SME Credit Line	Russia	23 Sep 2005
E	Kreditprom SME credit line	Ukraine	23 Sep 2005
F	Sibacadembank Capital Increase	Russia	23 Sep 2005
G	Sava River Crossing	Serbia and Montenegro	22 Sep 2005
H	Central Asia Cement	Kazakhstan	21 Sep 2005
I	EU/EBRD Small Municipalities Finance Facility - Extension	Regional	21 Sep 2005
J	Iasi Municipal District Heating Company	Romania	21 Sep 2005
K	Kyrgyz Agricultural Finance Corporation (KAFC)	Kyrgyz Republic	21 Sep 2005
L	Power Distribution Reconstruction Project	Bosnia and Herzegovina	15 Sep 2005
M	Svilozha Pulp Mill	Bulgaria	15 Sep 2005
N	Kyrgyzaltyn: Gold Pre Export Financing	Kyrgyz Republic	15 Sep 2005
O	Bank of Georgia Capital Increase	Georgia	2 Sep 2005
P	Bank of Georgia Subordinated Debt	Georgia	2 Sep 2005
Q	Europlan Syndicated Loan	Russia	2 Sep 2005
R	Mortgage Framework	Russia	1 Sep 2005

## **A**

**Project name:** Russia - Federal Grid Company Modernisation Project  
**Country:** Russia  
**Project number:** 36061  
**Business sector:** Power and Energy utilities  
**State/Private:** State sector  
**Environmental category:** B  
**Board date:** 29 November 2005  
**Status:** Passed concept review, Pending final review  
**Date PSD disclosed:** 29 September 2005  
**Date PSD updated:**

### **Project description and objectives:**

The proposed project is to procure equipment for the upgrade and rehabilitation of high voltage substations and communications systems of reduced losses, improve reliability and safety of the transmission system of the Federal Grid Company of Russia. Modernization of the transmission infrastructure is crucial for the stability and reliability of the power system and efficient functioning of the emerging competitive wholesale electricity market in Russia.

### **Transition impact:**

With power transmission being a key infrastructure component of an efficient power market, the proposed loan to the Federal Grid Company will be a logical continuation of Bank's involvement in power sector restructuring and market establishment, as well as efficiency improvement of the existing transmission infrastructure. All of these factors have been identified as priorities for Bank's activities in the power sector.

Strengthening the transmission capacity will ensure an efficient wholesale market functioning and system reliability. It is impossible to have a functioning market without the required technical infrastructure and capacity being available to operate the market and the power system, to meter the actual transactions and to settle the trading transactions. The current technological obsolescence of the transmission sector is a substantial risk factor, which could adversely affect the transition to competitive relations in the power sector.

Through the substations equipment rehabilitation and replacement, the investment will facilitate increased efficiency and reliability of the whole electricity system in European Russia. Severe underinvestment into transmission in the past present numerous problems with high losses in transmission and distribution, as well as inefficient consumption of energy, preventing optimal flow of electricity, and impeding necessary sector reforms.

**The client:**

OAO The Federal Grid Company UES is the electricity transmission monopoly of Russia, 100% owned by RAO UES of Russia.

**EBRD finance:**

To provide a long-term senior rouble-denominated loan of up to RUR 5B (EUR140MM).

**Total project cost:** RUR 5 billion.

**Environmental impact:**

The project has been classified B/1 FGC operates the Russian transmission system at 330 kV and higher, and is of strategic importance to the national energy system. A major proportion of the existing infrastructure is reaching its useful life span, and the level of failures in operation is high, with significant losses. The project is part of an ongoing programme of upgrading the system.

The environmental investigations, consisting of an environmental analysis and an environmental audit, are under way. An environmental action plan will be agreed between the Company and the Bank to address corrective measures needed at the existing facilities the needs for strengthening the Company environmental management.

In accordance with Bank requirements, a summary of the relevant environmental issues associated with the project will be disclosed in the local language.

This section will be updated and amended as soon as the environmental due diligence has been completed.

**Technical cooperation:**

Proposed TC with Federal Tariff Services to improve the tariff methodology for transmission and associated services.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Procurement or tendering opportunities:**

Visit EBRD Procurement

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

## **B**

**Project name:** Rietumu Banka - syndicated loan  
**Country:** Latvia  
**Project number:** 36421  
**Business sector:** Financial Institutions: Bank equity/Bank lending  
**State/Private:** Private sector  
**Environmental category:** FI  
**Board date:** 1 November 2005  
**Status:** Passed concept review, Pending final review  
**Date PSD disclosed:** 29 September 2005  
**Date PSD updated:**

**Project description and objectives:**

The proposed project will provide Rietumu Banka with a EUR 60 million syndicated loan as medium-term funding for providing loans to corporate customers in Latvia, many of which would be SMEs. Using an A/B loan structure the EBRD intends to book EUR 20 million for its own account and to syndicate EUR 40 million.

Following this first exposure to the commercial debt market, the bank is expected to be in a stronger position to attract additional funding at longer maturities in the future.

**Transition impact:**

The proposed loan will provide Rietumu Banka access for the first time to the international commercial debt market. Consequently the loan will improve the bank's balance sheet maturity structure and diversify its funding base, enabling the bank to further expand its corporate lending operations and thus increase the competition among banks in Latvia.

**The client:**

Rietumu Banka is the fourth largest bank among 23 banks in Latvia with a market share of 8% by assets. The bank specialises as a corporate bank and has its headquarters in Riga and representative offices in countries including Estonia, Lithuania, Russia, Ukraine, Belarus and Kazakhstan.

**EBRD finance:**

Using an A/B loan structure the EBRD intends to book EUR 20 million for its own account and to syndicate EUR 40 million.

**Total project cost:**

EUR 60 million.

**Environmental impact:**

Rietumu Banka will need to adopt the EBRD's Environmental Procedures for Local Banks including ensuring compliance with the applicable national environmental, health and safety legislation, adherence with EBRD's Environmental Exclusion and Referral List and submission of annual environmental reports to the Bank.

**Technical cooperation:**

During 2003 Rietumu Banka benefited from technical assistance provided by the EU Phare programme under the SME Finance Facility.  
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Mr Rolf Fuls, Executive Vice President  
Rietumu Banka  
Tel. +371 7 025 224

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## C

**Project name:** Banca Comerciala Romana Mortgage Loan II  
**Country:** Romania  
**Project number:** 36411  
**Business sector:** Financial Institutions: Bank equity/Bank lending  
**State/Private:** Private sector  
**Environmental category:** FI  
**Board date:** 15 November 2005  
**Status:** Passed concept review, Pending final review  
**Date PSD disclosed:** 28 September 2005  
**Date PSD updated:**

### **Project description and objectives:**

The proposed project is a senior loan to Banca Comerciala Romana (BCR), the largest commercial bank of Romania, to support development of long-term lending to individuals for real estate investment purposes. This project follows up on a previous Mortgage Loan I signed in January 2003 and successfully implemented by BCR. The proposed loan will be used in 2005/2006 for extending residential mortgage sub-loans to individuals from all over Romania.

### **Transition impact:**

The transaction will support BCR in strengthening its position in the Romanian market by providing long-term financial resources to match its long-term mortgage lending. In this way, BCR will be able to continue building a mortgage portfolio of significant size so as to permit securitisation when market conditions will be appropriate and legislation will be in force. Mortgage lending is at a growth stage in Romania and the EBRD loan will increase provision of long-term funding available in the banking sector. It will allow an increasing number of people to access bank financing for purchasing, renovating and/or constructing residences.

### **The client:**

BCR is the largest Romanian bank, with a 26% market share of total banking assets at June 2005, total assets of some EUR 7.3 billion, total equity of over EUR one billion and net profit of some EUR 123 million (RAS, unaudited). BCR is currently owned by the Romanian state (represented through AVAS) with a 36.8% share, by EBRD and IFC (each of them having a participation of 12.5% plus one share) and by 5 Romanian private investment funds (SIFs) and employees with a total shareholding of 38.2%. BCR is currently under privatisation with a deadline of 17 October 2005 for binding offers from the 9 reputable international investors.

### **EBRD finance:**

EUR 50 million Credit Line in three tranches to BCR to be on-lent by BCR to private individuals as residential mortgage loans.

**Total project cost:**

EUR 50 million.

**Environmental impact:**

BCR will continue to implement the EBRD's Environmental Procedures for Residential Mortgage Lending for all mortgage loans under the credit line. The procedures require that a survey be undertaken for each loan considered to ensure, among other things, compliance with applicable national environmental, health, safety and public disclosure standards and regulations.

**Technical cooperation:**

BCR benefited for TC funding back in 2000-2003 funded by the EU under the SME Finance Facilities. No TC is proposed for this transaction. For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Mrs. Cornelia Busca, Executive Manager  
E-mail: [corneliab@bcr.ro](mailto:corneliab@bcr.ro)  
Phone: +40 21 310 27 85  
Fax: +40 21 313 12 46

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## D

<b>Project name:</b>	Impex Bank SME Credit Line
<b>Country:</b>	Russia
<b>Project number:</b>	35784
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending



**State/Private:** Private sector  
**Environmental category:** FI  
**Board date:** 26 October 2005  
**Status:** Passed structure review, Pending final review  
**Date PSD disclosed:** 23 September 2005  
**Date PSD updated:**

**Project description and objectives:**

The proposed project envisages extension of term financing to Impexbank (Impex) to assist the bank in diversifying its business by expanding lending to private sector small and medium sized enterprises (SME) operating in the Russian Federation.

**Transition impact:**

The project will promote the extension of financial intermediation in Russia by using Impex's broad regional network to reach Russian regional SME clients with longer tenor funding and trade finance products.

The project is also expected to foster competition in the banking sector by giving borrowers in different regions across Russia greater choice in accessing banking products which best fit their needs.

The project seeks also to set high standards of corporate governance and financial discipline for Impex by introducing a number of performance benchmarks for transparency and business conduct. Adherence to these principles will contribute to strengthen Impex's profile in the local and international financial markets.

**The client:**

Impex is a private universal bank among top 30 Russian banks in terms of asset size, majority owned by Mr. Boris Ivanishvili. Impex is headquartered in Moscow and carries out its activities through 30 offices in Moscow and 45 full service regional branches located in 44 regions of the Russian Federation.

**EBRD finance:**

Term Loan of USD 20 million (EUR 17 million).

**Total project cost:**

USD 20 million (EUR 17 million).

**Environmental impact:**

Impexbank will comply with EBRD's Environmental Procedures for Intermediated Financing through Local Banks for each respective project components. Impexbank will also need to submit an annual environmental report to the Bank.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Alexey Korovin, Deputy Chairman of the Management Board  
Tel: +7 095 258 3220  
Fax: +7 095 248 1370  
E-mail: [international@impexbank.ru](mailto:international@impexbank.ru)

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## E

<b>Project name:</b>	Kreditprom SME credit line
<b>Country:</b>	Ukraine
<b>Project number:</b>	35522
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	26 October 2005
<b>Status:</b>	Pending concept review
<b>Date PSD disclosed:</b>	23 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed project is medium term financing to Joint-Stock Bank Kreditprom ("Kreditprom") to support its lending to private micro, small and medium-size

companies. The project consists of a USD 10 million SME credit line for on-lending to local SMEs and a USD 7 million MSE credit line for on-lending to local MSEs.

The funds will be on-lent to micro, small and medium sized enterprises, whose demand for financing is high and further growing. The MSE sub-loans will be increasingly directed to rural and agricultural MSEs. The loans to SME sector would meet the demand for investment finance from local businesses.

**Transition impact:**

The long-term financing received from EBRD will enable Kreditprom to on-lend to small companies which traditionally have little or no access to long-term finance. The extension of the MSE programme to rural and agricultural regions helps to ease regional and economic inequalities. Sub-loans from the MSE/SME credit lines have a positive impact on local economic situation and employment level as micro, small and medium sized companies, which represent the backbone of the economy, are enabled to grow and develop further.

**The client:**

Kreditprom is a medium-size commercial bank with total assets of USD 300 million and equity of USD 60 million at the end of June 2005.

**EBRD finance:**

EBRD financing includes:

- up to USD 10 million SME credit line for on-lending to private SME sub-borrowers under Ukraine MSE/SME Lending Framework
- up to USD 7 million MSE credit line for on-lending to private MSE sub-borrowers under Ukraine MSE/SME Lending Framework

**Total project cost:**

USD 17 million.

**Environmental impact:**

Screened FI. Kreditprom will be required to comply with EBRD's Environmental Procedures for Small and Micro Loans and for Intermediated Financing through Local Banks which require adherence to the Bank's Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety requirements and submission of an annual environmental report to the Bank.

**Technical cooperation:**

In the past TC has been received from the following donors: EU, US, Germany and Dutch governments under the SME II Credit Line project for SME and MSE programmes. The funds were used to develop lending operations, train lending staff and for institution building in participating banks, including Kreditprom. Under the present operation, Kreditprom will continue to receive TC for the implementation of the MSE programme to further build up the rural and agricultural lending component including the development of loan products tailored to the needs of this target group.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Mr. Vassiliy Perepelitsa, Head of the International Projects Department

Phone: +380-44- 490 2776

Fax: +380-44- 284 9339

E-mail: [perepelitsa@kreditprombank.com](mailto:perepelitsa@kreditprombank.com)

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**F**

<b>Project name:</b>	Sibacadembank Capital Increase
<b>Country:</b>	Russia
<b>Project number:</b>	36240
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	26 October 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	23 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

Sibacadembank (SAB) is planning capital increases for the total amount of RUR 1,137.6 million (USD 40 million equivalent) in the form of ordinary and preference shares that will support further growth of the bank in the coming 12-18 months. EBRD will invest up to RUR 425.2 million (USD 15 million equivalent). The proceeds from this capital increase will be used to support asset growth and upgrade of operational structures.

**Transition impact:**

The capital increase reinforces the objectives of the original EBRD investment, namely to: i) continue to identify and support strong regional banks; ii) create a positive demonstration effect; iii) contribute to competition in the banking sector; and iv) improve corporate governance in the bank. EBRD is the only large international investor in Sibacadembank to date, therefore its participation in this capital increase and maintenance of its blocking minority stake shows continued support to the bank's management and their business plan.

**The client:**

Sibacadembank (SAB) is a universal bank established in 1990 in Novosibirsk. Mergers with Russian Narodny Bank and KuzbasTransBank helped SAB to develop into a leading regional bank. SAB has one of the most developed infrastructures in Siberia with 8 branches, 125 offices and 168 ATMs and is well-positioned to serve retail clients. SAB was ranked 54th in Russia by total assets at end-June 2005. It has B1 long-term foreign currency rating from Moody's and B- from Fitch.

**EBRD finance:**

EBRD will invest up to RUR 142.2 million (USD 5 million equivalent) by means of subscription to newly issued ordinary voting shares to maintain its blocking minority stake in the bank. EBRD will also invest up to RUR 283 million (USD 10 million equivalent) in convertible preference shares.

**Total project cost:**

Total capital increase of RUR 568.8 million (USD 20 m) in the form of ordinary voting shares and RUR 568.8 million (USD 20 m) in the form of convertible preference shares.

**Environmental impact:**

SAB adopted EBRD's Environmental Procedures for Intermediated Finance through Local Banks in the full range of its commercial lending activities. SAB is also in full compliance with applicable national environmental, health and safety requirements and adheres to the Environmental Exclusion and Referral List.

**Technical cooperation:**

Sibacadembank was included as a sub-project under the Russian Regional Bank Institution Building Programme Framework funded by the European Union. The focus of the assignment is improving risk management in SAB.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Mr. Ilia Mitelman, Deputy Chairman of the Management Board

Tel: + 7 095 9357261

Fax: + 7 095 9357261

Email: [Mitelman@mtbank.ru](mailto:Mitelman@mtbank.ru)

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**G**

<b>Project name:</b>	Sava River Crossing
<b>Country:</b>	Serbia and Montenegro
<b>Project number:</b>	34913
<b>Business sector:</b>	Municipal and environmental infrastructure
<b>State/Private:</b>	State sector
<b>Environmental category:</b>	A
<b>Board date:</b>	29 November 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	22 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:****Project objectives:**

(a) increase river crossing capacity, in order to relieve traffic congestion, noise and traffic-related air pollution;

(b) strengthen the City's capacity to plan, prioritise, budget and monitor major investment projects;

(c) support the City's ongoing efforts to increase private sector participation in local transport, including parking, and

(d) to provide a flagship project procured and implemented using best international procurement practice.

### **Infrastructure Investment**

Construction of a cable-stayed bridge over the River Sava, plus approach roads.

### **Institutional strengthening**

- The proposed project will support a Project Management Unit ("PMU") to manage the City's Capital Investment Programme, in accordance with best international practice. The PMU will act as a central focus for the strategic planning, management and monitoring of all major City investments (all sectors).
- The proposed project will include technical co-operation to: (a) scope opportunities for private sector participation in parking through concessions or other PPP arrangements, and identify other PPP opportunities.

### **Transition impact:**

#### **Private Sector Participation (PSP)**

The proposed project will expand the Serbian market for infrastructure services, including local transport. The Bank TC will scope PSP opportunities in the parking sector, which is currently managed by a single municipal company. The TC will also identify other PPP opportunities in local transport. The Project will outsource the maintenance of the new road and bridge infrastructure.

#### **Skills transfer-Project Management Unit**

The Bank's involvement, and support by the European Agency for Reconstruction to the Project Management Unit, will transfer skills aimed at improving the City's strategic capital investment planning, budgeting and monitoring, and provide better 'Value for Money'. This result will be achieved through making the PMU a single point of control over the City's fragmented capital investment programme. The PMU will work across all economic sectors and thus disperse skills well beyond the project.

#### **Demonstration effect – procurement & contracting**

- The proposed project will apply the EBRD Procurement Policies and Rules, which will promote open, transparent tendering without domestic preference.
- The procurement & contracting strategy aims to balance economy with providing opportunities for local firms to tender for contracts for which they are qualified, which would help the industry to regain a place in international markets (lost during the international embargo).

- The proposed project aims to introduce a 'design & build' approach to municipal infrastructure delivery.

### **Central local fiscal relations**

The Bank continues to have an effective policy dialogue with Central Government concerning the reform of central-local fiscal relations. The Bank has assisted municipalities, including Belgrade, to maintain a level of autonomy and control over their own budgets and financing decisions, and secure predictable revenue streams covering current and capital expenditures.

### **The client:**

The City of Belgrade.

### **EBRD finance:**

A municipal loan of up to EUR 70 million extended directly to the City of Belgrade, of which EUR 20 million will be syndicated. There will be no sovereign guarantee.

### **Total project cost:**

Total project costs are estimated at EUR 162.5 million.

### **Environmental impact:**

#### **Screening categories and rationale for classification**

The Project has been classified A/0 requiring a full Environmental Impact Assessment (EIA). The EIA was carried out by international consultants in accordance with both Serbian and European Union (EU) legal requirements and Bank policy.

#### **Information reviewed**

The EIA and associated public consultation, prepared by the Agency for Land Development and Construction of Belgrade and its Advisers, can be viewed at the Sponsor's website: [www.beoland.com/ostalo/ebd.html](http://www.beoland.com/ostalo/ebd.html). The Executive Summary of the EIA is available at <http://www.ebrd.com/enviro/eias/index.htm>.

#### **Consideration of alternatives**

The proposed alignment was selected from three alternatives after a combined evaluation of technical, economic and environmental criteria.

#### **Key environmental issues and mitigation measures**

The construction will address Belgrade's most significant environmental problem, namely deteriorating accessibility, traffic congestion, noise and air pollution caused by insufficient river crossing capacity. A number of concerns were raised regarding the potential impact of the operation relating to protection of natural resources, and cultural and historical monuments; effects on flora and fauna; increased risk to human health; the effect of bridge illumination on bird species;



and the negative effect on recreation on Ada Ciganlija. All of the issues raised as a result of the EIA and consultation process will be taken into account in the preparation of the Final Detailed Design and included in the Environmental Management and Monitoring Plan (below).

#### **Environmental management and monitoring**

An Environmental Management Plan (EMP) is being developed to define the environmental measures and procedures to prevent, minimise and mitigate adverse impacts and to ensure compliance with applicable environmental standards during both the construction and operation of the construction. The EMP will define necessary mitigation measures, environmental monitoring plan and institutional measures to be taken during project construction and operation. The EMP will be finalised when the detailed design of the project is completed. It may need to be revised during the course of the project implementation. The environmental monitoring of the key impacts identified in the EIA will ensure the efficiency of the planned mitigation measures.

#### **Disclosure of information and public consultation**

Two public Scoping Meetings were held to identify relevant issues to be addressed in the EIA. As a result, it was decided to move the bridge alignment from the centre to the tip of Ada Ciganlija Island. The second Scoping Meeting was held in June 2005 and was attended by over 100 representatives, including NGOs. The results of both Scoping Meetings confirmed strong support for the Project, but some localised concerns that are being addressed. All of the issues raised at the meetings will be taken into account in the preparation of the Final Detailed Design. A further Public Meeting will take place in November 2005 in accordance with Serbian legal requirements.

The Sponsor will organise on-going disclosure of information on the progress of the project and its environmental impacts throughout the project implementation on its website, in annual environmental reports and through periodic press releases.

#### **Supervision and reporting**

The Sponsor will report to EBRD annually on the measured environmental impacts and on the implementation of the EMP. The Bank will evaluate the project's compliance with the applicable environmental and social requirements during the lifetime of the project by reviewing these reports. EBRD environmental specialist may conduct monitoring visits to the site when and if deemed appropriate. In addition, independent environmental monitoring audits may be carried out.

#### **Technical cooperation:**

- Private Sector Participation & Financing (EUR 161,000); non-reimbursable. The objective is to appoint advisers to identify and scope possible private sector involvement in local transport, including parking.
- Lender's Technical Monitor (EUR 438,574; Canadian Trust Fund); non-reimbursable; consultant appointed.

- The European Agency for Reconstruction (EAR) is providing EUR 3.0 million for international advisers to support the establishment and operation of the PMU, and provide extensive related training.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Procurement or tendering opportunities:**

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email:

[procurement@ebrd.com](mailto:procurement@ebrd.com)

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## H

<b>Project name:</b>	Central Asia Cement
<b>Country:</b>	Kazakhstan
<b>Project number:</b>	35750
<b>Business sector:</b>	General manufacturing
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	B
<b>Board date:</b>	26 October 2005
<b>Status:</b>	Passed structure review, Pending final review
<b>Date PSD disclosed:</b>	21 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

Expanding and modernising the Karaganda cement plant. The proposed project involves the refurbishment and re-commissioning of a production line that is presently mothballed to manufacture cement using the “dry-process” method. Upon completion, capacity of the plant will be doubled to at least 1.3 million tonnes per year. This will help satisfy rapidly increasing demand for cement in Kazakhstan, which is presently significantly outpacing supply capability.

**Transition impact:**

The proposed project is the first major investment in this sector in over 15 years. The success of the proposed project could potentially attract other foreign

investors into the industry and encourage other producers to modernise and expand their operations, thus further relieving supply constraints.

The proposed project will improve competitiveness through productivity and energy efficiency improvements. Dry line technology uses 50% less coal, significantly improving the energy efficiency of the whole plant.

Workers will be trained in the operation of the dry line cement production technology. The Company will also commit to adopt significant improvements to health and safety standards under a comprehensive Environmental Plan, which are undeveloped in the entire cement industry in Kazakhstan.

The Bank will be supporting the listing of a medium-sized Kazakh cement producer on the AIM of the London Stock Exchange, and the subsequent private placement of shares. This will be the first time a Kazakh manufacturing company has sought to raise equity funding in conjunction with a listing on the Alternative Investment Market (“AIM”) of the London Stock Exchange. The listing will bring about significant improvements in reporting and governance, acting as an example for other local companies.

#### **The client:**

Central Asia Cement JSC (“CAC”, the “Company”), owner of the cement plant located near Karaganda, central Kazakhstan. Saiman JSC, a sister company of CAC, is to be incorporated in Kazakhstan for the purpose of implementing the Project.

Steppe Cement Limited (“SC Labuan”), a recently incorporated holding company resident in territory of Labuan, Malaysia, has been recently listed on the AIM and owns the Kazakh cement investments.

#### **EBRD finance:**

A syndicated loan of up to USD 35 million, comprising: Senior “A” Loan of up to USD 20 million for EBRD’s own account; and Syndicated “B” loans of at least USD 15 million from commercial banks.

An equity investment of up to USD 5 million in SC Labuan, representing not more than 10% of the ordinary shares.

#### **Total project cost:**

EUR 73.5 million.

#### **Environmental impact:**

##### **Environmental classification and rationale**

The proposed project was screened B/1, requiring an Environmental Audit and Environmental Analysis in line with the EBRD’s Environmental Policy and Public Information Policy. The modernisation of the existing cement plant focussing mainly on rehabilitating an old line is associated with a number of environmental

issues, which can be readily identified, assessed and mitigated as part of an Environmental Analysis. The Environmental Audit and Analysis has been undertaken by an independent consultant.

### **Key environmental issues and mitigation**

The key environmental issues are associated with dust emissions from point and fugitive sources. Due to lack of funds for maintenance and repairs, and overall lowering of demand for cement in the early 1990s, the dry lines were mothballed and not used. The plant has relied on the less efficient and more polluting wet lines for production purposes. The performance of the existing environmental abatement equipment has gradually declined and dust emissions are a problem at the plant. This affects both the local ambient air quality as well as employee health and safety. A considerable amount of product is also lost as a result of the poor condition of dust arrestment equipment, which also has economic implications.

The planned modernization will focus on re-commissioning one of dry cement process lines with key process elements being newly constructed incorporating relevant environmental abatement equipment. The modernized line will be designed in line with EU IPPC requirements inclusive of dust, SO<sub>2</sub> and NO<sub>x</sub> controls. As part of the investment programme an environmental management system will be incorporated into day-to-day operations at the plant. A continuous monitoring system will be installed on the rehabilitated dry line.

Additional investments will be made at the wet lines focusing on air abatement equipment aimed at significantly reducing dust emissions and improving worker health and safety. The wet lines may remain in operation depending on market conditions and additional investments may be required in the future to ensure compliance with international best practice.

Water consumption and wastewater discharges are an issue at the plant as the wet process lines result in higher water use. Although there are no reported problems with the current systems in place, and the water and wastewater management meets local requirements, the plant has committed to reassess the water management practices in due course once the dry line is operational.

Waste has been an issue at the plant, mainly associated with waste product and dust deposited on structures. Construction debris and redundant equipment is also an issue. The environmental action plan includes measures for addressing these issues to reduce environmental and human risk.

Asbestos is used at the plant, and the modernization programme will include the development of an asbestos management plan to address this issue. Overall, the health and safety culture at the plant has been unsatisfactory and will be upgraded as part of developing an environmental, health and safety management system.

### **Environmental opportunities**

The proposed project is expected to bring significant environmental benefits as the re-commissioned dry plant will be operated to modern internal environmental standards and have a higher overall efficiency. Investments at the existing wet lines will also allow for substantial improvements to be made to the environmental management and operation of the plant. The increased efficiency

of the dry line is likely to lead to reduction of dust and lower energy use per ton of cement produced. This will yield possible carbon reduction opportunities. The ERBD is progressing this issue and some additional investments may take place once Kazakhstan ratifies the Kyoto protocol.

**Summary of environmental action plan**

The Company will be required to adhere to Kazak environmental, health and safety regulations and EU environmental standards. All relevant permits will need to be obtained during the modernization process.

An Environmental Action Plan (EAP) has been developed following the due diligence and has been agreed. The EAP addresses inter alia air emission control, need for continuous air monitoring systems, asbestos management, house keeping, and the overall management of the environment, health and safety issues at cement plant and associated auxiliary operations. An updated environmental assessment, focused on benchmarking with best international cement manufacturing standards (including EU IPPC) is to be undertaken by 2008.

**Monitoring and reporting**

The company will monitor the environmental impact of its operations in accordance with national law and regulations. The EBRD will evaluate the project's compliance with the applicable environmental and social requirements during the lifetime of the project by reviewing annual environmental reports prepared for the project covering:

- (i) ongoing performance of project-specific environmental, health and safety activities as reflected in the results of periodic and quantitative sampling and measuring programmes, and
- (ii) the status of implementation of environmental mitigation and improvement measures. The EBRD's representatives will also conduct periodic site supervision visits when deemed appropriate.

An update environmental assessment is to be undertaken by an independent consultant in 2008.

If required, the EBRD will carry out monitoring visits to the plant.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Javier del Ser, Chairman  
55/57 Dzhambula Str.  
480091, Almaty,  
Kazakhstan  
Tel: + 7 3272 50 37 23  
Fax: +7 3272 62 89 03

## **Business opportunities:**

For business opportunities or procurement, contact the client company.

## **General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

|

<b>Project name:</b>	EU/EBRD Small Municipalities Finance Facility - Extension
<b>Country:</b>	Regional
<b>Project number:</b>	36113
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	26 October 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	21 September 2005
<b>Date PSD updated:</b>	

## **Project description and objectives:**

The EU/EBRD Municipal Finance Facility will be an extension of the current regional framework facility for municipal lending. The project will provide loans and risk-sharing facilities to Partner Banks in the new EU Countries and the EU Accession Countries for lending to small municipalities and utility companies. The European Commission would provide grant support to the project.

The project's objectives are to:

- strengthen the Partner Banks municipal lending capacity and stimulate their willingness to lend to small municipalities;
- meet the need for long-term funding for municipal infrastructures;
- facilitate access by small municipalities to long-term funding through TC programmes to enhance their creditworthiness.

## **Sub-projects:**

View a list of [sub-projects](#) for this and other framework projects.

**Transition impact:**

The project is expected to generate transition benefits in the following areas:

- market expansion: small municipalities will have access to long-term funding which will enable them to implement infrastructure investments;
- skills: through the TC programme, the project is expected to increase the level of skills of both the Partner Banks and the small municipalities;
- demonstration effect: it is anticipated that once the Partner Banks start lending and extending loan maturities to small municipalities, this will have a demonstration effect in promoting similar lending by other commercial banks outside the facility.

**The client:**

Commercial banks as Partner Banks.

Small municipalities (with less than 100,000 inhabitants for the new EU Countries or less than 150,000 inhabitants for the EU Accession Countries) will be the beneficiaries of the sub-loans to finance infrastructure projects.

**EBRD finance:**

EUR 90 million in the form of credit lines and/or risk sharing facilities.

**Total project cost:**

EUR 90 million.

**Environmental impact:**

There are no environmental issues directly associated with the proposed facility. However, it would be instrumental for the selected municipalities to meet EU environmental standards and would assist the eligible countries in complying with EU standards as well as under international environmental programmes targeting protection of Baltic Sea, the Danube River and Black Sea.

An Environmental Checklist has been developed for environmental appraisal of sub-projects by Partner Banks. All the sub-projects to be financed will need to be designed to comply with the national and EU environmental standards. The preparatory work undertaken by the municipalities should be reviewed by EBRD prior to approving the loan.

**Technical cooperation:**

Up to EUR 9 million TC for creditworthiness enhancement programmes to Partner Banks and TC to small municipalities.

TC will be funded by EC Phare.  
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

N/a

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## J

<b>Project name:</b>	Iasi Municipal District Heating Company
<b>Country:</b>	Romania
<b>Project number:</b>	35162
<b>Business sector:</b>	Energy efficiency
<b>State/Private:</b>	State sector
<b>Environmental category:</b>	B
<b>Board date:</b>	29 November 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	21 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed project is intended to improve the Iasi district heating infrastructure through investment in:

- (i) rehabilitation of the distribution pipe network
- (ii) rehabilitation of thermal substations
- (iii) introduction of building level thermal modules at block level.

The project is also intended to improve the overall performance of the district heating system in the City of Iasi.

**Transition impact:**

**Commercialisation**



- The proposed project will improve the performance of the district heating system through improved commercialisation of the municipal district heating company.
- This will be supported by a corporate development programme to improve the commercial performance and standards of corporate governance of the Company, tariff structure reform and operating subsidies reform.
- A service agreement will be concluded between CET Iasi and the City providing for service and commercial performance standards to be achieved by the Company.

**The client:**

CET-Iasi, the municipal district heating company owned by the City of Iasi.

**EBRD finance:**

Loan of EUR 15 - 20 million to CET Iasi. It is expected that the loan will also be guaranteed by the City of Iasi.

**Total project cost:**

Approximately EUR 25 -31 million.

**Environmental impact:**

Screened B/1.

The Project Sponsor commissioned a detailed Technical Feasibility Study, which also covered the requirements for the environmental audit including identifying applicable national and EU regulations. The proposed investment programme is aimed at the rehabilitation of the District Heating System and contains a compulsory environmental investment programme totalling up to EUR 31 million to bring the Company into compliance with the EU Directives, transposed into the Romanian environmental legislation. The report contains a number of scenarios for assessing the impact of the investment programme on the reduction of CO2 emissions.

The baseline scenario estimates that without the rehabilitation the greenhouse gas emissions from existing plants would be about 852,543 tonnes per year. After the rehabilitation with EUR 31 million, it is estimated that the GHG emissions would be about 833,378.3 tonnes of CO2 per year. The Company has also developed and agreed with the National Environmental Protection Agency a compliance plan outlining various technological measures for environmentally improving fuel burning and limiting pollution emissions into the air, monitoring of waste water and replacement of pipes.

The organisational structure of the Company incorporates the Quality Assurance and Environmental Protection, Health and Safety and the Fire Prevention Units,

which report directly to the general manager. The Company is also planning to introduce the ISO 14000 Environmental Management System.

**Technical cooperation:**

The Swiss government has already provided EUR 149,100 for a Feasibility Study for the project.

It is expected that further Technical Co-operation assistance will be provided to assist CET Iasi in institution-building and training component in support of a corporate development programme.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Procurement or tendering opportunities:**

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: [procurement@ebrd.com](mailto:procurement@ebrd.com)

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## K

<b>Project name:</b>	Kyrgyz Agricultural Finance Corporation (KAFC)
<b>Country:</b>	Kyrgyz Republic
<b>Project number:</b>	36297
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	26 October 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	21 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed project is a facility of USD 7 million which would be provided for on-lending to private micro, small and medium sized enterprises (MSMEs) throughout the Kyrgyz Republic. Part of the loan facility will have a convertible

feature through which EBRD would be able to take an equity stake at KAFC's privatisation alongside a suitable strategic investor.

The project objectives are to:

- Support rural micro and small enterprises in Kyrgyzstan;
- Prepare KAFC transformation into a bank; and
- Support the privatisation of KAFC

**Transition impact:**

Transition impact will result from the privatisation of KAFC and its transformation from a non-bank financial institution into a fully licensed bank, with a will focus on rural MSME financing. It will also broaden and deepen EBRD's outreach by providing on-lending funds for some of the smallest borrowers in remote parts of the country.

**The client:**

KAFC is the most significant provider of rural finance in the country and the largest financial institution. It was established in 1996 with the support of the World Bank and is currently, wholly state-owned. The organisation currently serves over 33,500 borrowers from 58 outlets.

**EBRD finance:**

The facility will provide KAFC with a senior term loan of USD 2 million for on-lending to private MSMEs, and a USD 5 million loan with a convertible feature.

**Total project cost:**

USD 7 million.

**Environmental impact:**

Screened FI. KAFC will be required to comply with EBRD's Environmental Procedures for Small and Micro Loans and the Environmental Procedures for Local banks which require adherence to the Bank's Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety requirements and submission of an Annual Environmental Report to the Bank.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Mrs Baktygul Jeenbaeva, Executive Director  
E-mail: [kafc@infotel.kg](mailto:kafc@infotel.kg)

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**L**

<b>Project name:</b>	Power Distribution Project
<b>Country:</b>	Bosnia and Herzegovina
<b>Project number:</b>	35806
<b>Business sector:</b>	Power and Energy utilities
<b>State/Private:</b>	State sector
<b>Environmental category:</b>	B
<b>Board date:</b>	29 November 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	15 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed project is aiming at modernising the electricity distribution systems of three regional utilities in Bosnia & Herzegovina, enabling the three local power utilities (or “Electroprivredas”) to improve the reliability of electricity supply and to increase energy efficiency by minimising losses of electricity. The Borrower, the State of BiH will on-lend to the three Electroprivredas that will implement the project on their own territories. Bank’s funding will be used for the supply and installation of new metering equipment, protective cables and for the rehabilitation of substations.

**Transition impact:**

The Project will directly support the electricity sector restructuring in Bosnia & Herzegovina by improving its financial and technical performances in particular in the field of electricity distribution paving the way to the future privatisation of these activities.

Improvement of the efficiency and reduction of losses will have a substantial impact on the performances of the distribution sector making it commercially viable and attractive in the future for investors. The standardisation of equipment achieved through a common purchasing policy implemented through the project for the three Elektroprivredas will reduce the maintenance cost while streamlining the management and operation of the sector.

**The client:**

The State of Bosnia & Herzegovina will on-lend the proceeds of the Bank's loan to the three state-owned regional power utilities: Elektroprivreda Hrvatske Zajednice Herceg-Bosne ( "EP Mostar" or "EPHZHB"), Elektroprivreda Republike Srpske ("EPRS"), and Elektroprivreda Bosne i Hercegovine ("EPBiH").

**EBRD finance:**

The Bank will lend EUR 50 million to the State; this amount will be equally split among the three regional power utilities.

**Total project cost:**

The total project cost is 60 million Euros including taxes and custom duties.

**Environmental impact:**

Screened B/1.

The project is likely to improve the safety and environmental standards of the distribution systems as well as increase energy efficiency by minimising losses of electricity. The existing facilities will need to undergo an Environmental Audit to identify and assess any contamination of soil with transformer oil, potentially containing PCB. The environmental monitoring of the previous projects has shown that the current environmental and health and safety management of the three regional power utilities requires strengthening. The due diligence will need to review the status of the implementation of existing Environmental Action Plans as covenanted in the loan agreements with the Bank and define measures for supporting the environmental management of the three regional power utilities. No other environmental issues to raise at this stage.

**Technical cooperation:**

Technical Cooperation funding in excess of 100,000 Euros was provided by the Greek Government for supporting the project preparation and due diligence. For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Procurement or tendering opportunities:**

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: [procurement@ebrd.com](mailto:procurement@ebrd.com)

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## M

<b>Project name:</b>	Svilozha Pulp Mill
<b>Country:</b>	Bulgaria
<b>Project number:</b>	35812
<b>Business sector:</b>	General manufacturing
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	
<b>Board date:</b>	26 October 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	15 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed project will enable the Client, local pulp mill Svilosa, to increase its production capacity, and to comply with the forthcoming EU environmental standards. The Project will also optimise the production process and bring essential energy efficiency benefits.

**Transition impact:**

The project will have a significant Transition impact, which mainly derives from the demonstration impact, increased competition in the region and backward linkages to the forestry sector, corresponding to Market-based skills, conduct and Innovation and Structure and Extent of Markets categories.

The Bank will provide financing to the local exporting company, operating in pulp and paper sector – a traditional sector in Bulgaria, which for years has been experiencing a decline. It will support its revival, facilitate the development of regional trade, implement EU environmental standards, generate energy efficiency improvements, and also secure employment of the well qualified local labour.

The proposed project will have a significant demonstration impact, making a show case of Bank's financing accessibility for local companies, who are willing to establish streamlined corporate structure and operate in accordance to sound corporate governance principles.

The Bank will also finance environmental investments to the extent of compliance with the EU standards and to implement and adapt best available technologies supporting the company, respected in the country for its dedication in the area of environment. The Bank has also carried out an energy efficiency study to identify areas to further increase the energy efficiency.,

Finally, the project will have backward linkages by facilitating the development the forestry sector. Svilosa is an important consumer of local wood, operating in accordance to the Bulgarian legislation. Its growing share in the wood market will increase pressures for spreading the best practice in wood harvesting in Bulgaria.

**The client:**

Svilosa – Bulgarian pulp mill, located in the town of Svishtov, on the Danube river.

**EBRD finance:**

Up to EUR 28 million senior debt, to be partially syndicated.

**Total project cost:**

Around EUR 50 million.

**Environmental impact:**

The project has been classified B/1, requiring an environmental analysis and an environmental audit. The environmental investigations are under way. The project is largely oriented to help the Company improve energy efficiency and make necessary modernisations for complying with EU environmental standards. The project will be structured to meet EU guidelines for Best Available Techniques for pulp manufacturing and will improve significantly the environmental performance of the Company.

An environmental action plan will be agreed between the Company and the Bank to address corrective measures needed at the existing facilities ensuring these are brought into compliance with EU environmental and health and safety standards. The Bank will help the Company develop and implement wood procurement procedures that are based on internationally recognised standards of sustainable forest management.

In accordance with Bank requirements, a summary of the relevant environmental issues associated with the project will be disclosed in the local language at or near the project site.

This section will be updated and amended as soon as the environmental due diligence has been completed.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Mr. Atanas Papazov, Project Manager  
Tel.: + 359 631/272 26 24  
Fax: + 359 631/3 11 41  
E-mail: [apapazov@svilosa.bg](mailto:apapazov@svilosa.bg)

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## N

<b>Project name:</b>	Kyrgyzaltyn: Gold Pre Export Financing
<b>Country:</b>	Kyrgyz Republic
<b>Project number:</b>	35685
<b>Business sector:</b>	Natural resources
<b>State/Private:</b>	State sector
<b>Environmental category:</b>	C
<b>Board date:</b>	15 November 2005
<b>Status:</b>	Passed structure review, Pending final review
<b>Date PSD disclosed:</b>	15 September 2005
<b>Date PSD updated:</b>	20 September 2005

**Project description and objectives:**

Pre-export revolving working capital facility up to USD amount equivalent of approximately USD 12 million (the "Facility"), for a period of up to 36 months.



**Transition impact:****Setting standards of corporate governance**

As part of this Facility the Borrower will continue the following measures  
(a) implementation of key recommendations from the 2005 independent risk and control audit (conducted by Deloitte and Touche) in order to achieve greater corporate transparency;  
(b) adherence to an agreed Environmental and Social Action Plan, while upgrading environmental management; and  
(c) preparation of yearly financial statements audited in accordance with IFRS.

**Framework for markets**

As part of this Facility the Borrower will comply with the disclosure requirements of the Extractive Industries Transparency Initiative (“EITI”) in Kyrgyzstan.

**The client:**

Kyrgyzaltyn Open Joint Stock Company (“KA”) was created in 1992 as a government company which is 100% owned by the Kyrgyz Republic through the State Committee for Management of State Property (GKI). KA’s main responsibility is to accelerate the development of mineral deposits in the Kyrgyz Republic and thereby contribute to further growth of the country. Over the past few years, KA has been carrying out large volume of work for further development of existing deposits (such as Makmal) and for development of new smaller deposits (such as Solton Sary).

**EBRD finance:**

USD 12.0 million working capital facility.

**Total project cost:**

USD 12.0 million.

**Environmental impact:**

The project is unlikely to be associated with any significant environmental impacts. The Bank’s finance is not anticipated to change the way in which the gold is refined and it would not be instigating any change to the current environmental impact. Therefore, the project has been classified as C/1. The gold processing facility is relatively small and does not appear to be associated with significant environmental issues. The refining process involves the purification of 25kg doré bars, a mixture gold, silver and a small amount of impurities which are produced at or near the mines. The final refining process therefore does not involved large quantities of waste materials and hence is not associated with significant waste streams. There is a minimal use of hazardous chemicals and a limited use of water resulting in limited waste water discharge. A

certain amount of energy is used to power the furnaces and other equipment and as a consequence there are some air emissions. The above issues are being addressed in line with good international practice and meet national and EU environmental, health and safety standards.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Procurement or tendering opportunities:**

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: [procurement@ebrd.com](mailto:procurement@ebrd.com)

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## O

<b>Project name:</b>	Bank of Georgia Capital Increase
<b>Country:</b>	Georgia
<b>Project number:</b>	36417
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	
<b>Board date:</b>	
<b>Status:</b>	Pending concept review
<b>Date PSD disclosed:</b>	2 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed capital increase will enable Bank of Georgia to maintain regulatory capital adequacy required by the Central Bank regulations and to continue to expand its lending business.

**Transition impact:**

The proposed transaction will contribute to the transition by further developing one of Georgia's leading banks, which is a systemic bank and enjoys a very good reputation in an early transition country.

**The client:**

Bank of Georgia is one of Georgia's leading banks with the latest audited equity base of US\$ 29 million. Bank of Georgia is a universal bank providing a variety of banking products and services to its customers with a large bank network across Georgia.

**EBRD finance:**

Up to US\$ 1 million for subscription to newly issued shares.

**Total project cost:**

Up to USD 7 million depending on final bid price.

**Environmental impact:**

Bank of Georgia will be required to continue to comply with the EBRD's Environmental Procedures for Small and Micro Loans, including adherence to EBRD's Exclusion and Referral Lists, compliance with applicable Georgian environmental, health, safety and labour legislation and submission of Annual Environmental Reports to the EBRD.

**Technical cooperation:**

Bank of Georgia has received significant technical assistance since the 1998 with the original ABN AMRO Institution Building Program. Subsequently one of ABN AMRO consultants worked on implementation of various recommendations designed under the twinning program. Bank of Georgia was a participant in a TC project when the Senior Advisor assisted Bank of Georgia's senior management in marketing efforts and corporate client relationships.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Macca Ekizashvilli, Head of Investor Relations  
Bank of Georgia  
Phone: +995 32 444 256.  
Web Page: [www.bog.ge/ir](http://www.bog.ge/ir).

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**P**

**Project name:** Bank of Georgia Subordinated Debt  
**Country:** Georgia  
**Project number:** 36418  
**Business sector:** Financial Institutions: Bank equity/Bank lending  
**State/Private:** Private sector  
**Environmental category:**  
**Board date:**  
**Status:** Pending concept review  
**Date PSD disclosed:** 2 September 2005  
**Date PSD updated:**

**Project description and objectives:**

The proposed subordinated debt will enable Bank of Georgia to maintain regulatory capital adequacy required by the Central Bank regulations and to continue to expand its lending business.

**Transition impact:**

The proposed transaction will contribute to the transition by further developing one of Georgia's leading banks, which is a systemic bank and enjoys a very good reputation in an early transition country.

**The client:**

Bank of Georgia is one of Georgia's leading banks with the latest audited equity base of US\$ 29 million. Bank of Georgia is a universal bank providing a variety of banking products and services to its customers with a large bank network across Georgia.

**EBRD finance:**

USD 7 million.

**Total project cost:**

USD 7 million.

**Environmental impact:**

Bank of Georgia will be required to continue to comply with the EBRD's Environmental Procedures for Small and Micro Loans, including adherence to EBRD's Exclusion and Referral Lists, compliance with applicable Georgian environmental, health, safety and labour legislation and submission of Annual Environmental Reports to the EBRD.

**Technical cooperation:**

Bank of Georgia has received significant technical assistance since the 1998 with the original ABN AMRO Institution Building Program. Subsequently one of ABN AMRO consultants worked on implementation of various recommendations designed under the twinning program. Bank of Georgia was a participant in a TC project when the Senior Advisor assisted Bank of Georgia's senior management in marketing efforts and corporate client relationships.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Macca Ekizashvili, Head of Investor Relations  
Bank of Georgia  
Phone: +995 32 444 256.  
Web Page: [www.bog.ge/ir](http://www.bog.ge/ir).

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**Q**

<b>Project name:</b>	Europlan Syndicated Loan
<b>Country:</b>	Russia
<b>Project number:</b>	36316

**Business sector:** Financial institutions: Non-bank FIs  
**State/Private:** Private sector  
**Environmental category:** FI  
**Board date:** 4 October 2005  
**Status:** Passed concept review, Pending final review  
**Date PSD disclosed:** 2 September 2005  
**Date PSD updated:**

**Project description and objectives:**

The proposed project consists of a senior syndicated loan of up to USD 40 million with an A/B structure, B loan to be syndicated, to Europlan, the leading provider of financial leases to small and medium-sized enterprises (SMEs) in Russia, for financing its leasing portfolio.

The facility will support the diversification of Europlan's funding base and the expansion of its SME leasing portfolio in 56 regions of Russia.

**Transition impact:**

The Bank's third round of financing is expected to have significant transition impact in the following areas:

Supporting the development of private companies, SMEs in particular, in the regions outside Moscow and St. Petersburg.

Increasing the competition in the leasing sector. A healthy leasing industry will assist in bringing increased flows of financing to the productive sector of the economy, thereby facilitating growth of domestic production.

The project will provide positive demonstration effect by introducing for first time commercial lenders to Europlan and by this demonstrate that commercial financing of leasing receivables in the absence of guarantees from western parent companies is achievable in the Russian market.

**The client:**

Europlan, headquartered in Moscow, has six regional branches and 16 regional sales offices, and provides lease financing solutions to successful Russian SMEs.

**EBRD finance:**

A senior term loan of up to USD 40 million, with an A/B structure, B loan to be syndicated.

**Total project cost:**

USD 40 million.

**Environmental impact:**

Europlan will be required to comply with EBRD's Environmental Procedures for Intermediated Finance through local leasing companies, including ensuring compliance with the applicable national environmental, health and safety legislation, adherence with EBRD's Environmental Exclusion List and submission of annual environmental reports to the Bank.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Nikolay Zinoviev, President  
Tel: +7 095 960 2244  
Fax: +7 095 960 22 40  
Website: [www.europlan.ru](http://www.europlan.ru)

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**R**

<b>Project name:</b>	Mortgage Framework
<b>Country:</b>	Russia
<b>Project number:</b>	35888
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	4 October 2005
<b>Status:</b>	Passed concept review, Pending final review
<b>Date PSD disclosed:</b>	1 September 2005
<b>Date PSD updated:</b>	

**Project description and objectives:**

The proposed project is aimed at strengthening the Russian banks' residential mortgage lending capacity and skills. Development of affordable residential mortgage financing in Russia through Russian partner banks, especially in the regions, is a key aspect of the proposed Framework.

Under the proposed project the Bank would extend credit lines directly to the selected partner banks committed to developing residential mortgage lending. The Framework partner banks would utilise the funds for on-lending to eligible local borrowers. It is anticipated that the Framework funds will be fully drawn within 2005-2007.

**Sub-projects:**

View a list of [sub-projects](#) for this and other framework projects.

**Transition impact:**

The proposed transaction would foster the development of residential mortgage finance in Russia by supporting selected partner banks' mortgage lending activities.

The key transition impact areas will be: market-economy promotion as a result of expansion of affordable residential mortgage financing in Russia; and transfer and dispersion of skills as a result of improvement of partner banks' residential mortgage financing operations.

Participating banks will be required to comply with EBRD's Mortgage Loan Minimum Standards, which are based on the best practice of the world's leading mortgage finance institutions.

**The client:**

The project is aimed at the Bank's existing partner banks among:

- (i) regional banks
- (ii) mid-sized Moscow-based banks.

Each PB will be assessed individually in accordance with specific criteria, which among other things include: partner bank's financial strength; partner bank's strategic interest in developing residential mortgage financing; partner bank's strong regional presence.

**EBRD finance:**

USD 50.0 million. The funds under the Framework will be disbursed to selected partner banks for mortgage on-lending to local borrowers.

**Total project cost:**



USD 50.0 million.

**Environmental impact:**

Partner banks will need to implement the EBRD's Environmental Procedures for Residential Mortgage Lending for all mortgage loans under the credit line which stipulates that a property survey is conducted for each loan as part of their due diligence. The survey should include consideration of potential site contamination, use/presence of hazardous materials in construction, risk of flooding, or seismic activity and compliance with the applicable national environmental, health and safety standards and regulations. Each Partner Bank will also need to submit an annual environmental report to the EBRD.

**Technical cooperation:**

Partner banks approved under the Framework will be supported where necessary with technical assistance funds committed under the Regional Bank Institution Building Program. The consultants hired for the project under the technical assistance programme will train partner banks' staff and assist in developing and expanding mortgage lending operations. For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

**Company contact:**

Alexander Saveliev  
EBRD  
Tel: +44 20 7338 6672  
Fax: +44 20 7338 6119

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**General enquiries:**

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

### III. ADDITIONAL INFORMATION AND ASSISTANCE:

- A. US Advocacy Center EBRD Liaison Office (AC-EBRD):** AC-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

Gene R. Harris  
Senior Commercial Officer

Or

Gurjit Bassi  
Commercial Assistant

Tel: 44-20-7588-8490/81/89, fax: 44-20-7588-8443.

Web: [www.buyusa.gov/ebrd](http://www.buyusa.gov/ebrd)

E-mail: [Gene.Harris@mail.doc.gov](mailto:Gene.Harris@mail.doc.gov) or [Gurjit.Bassi@mail.doc.gov](mailto:Gurjit.Bassi@mail.doc.gov)

Note: AC-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at [www.ebrd.com/oppo/procure/opps/index.htm](http://www.ebrd.com/oppo/procure/opps/index.htm). An updated list of EBRD publications can also be found on the main website [www.ebrd.com](http://www.ebrd.com)

- B. BISNIS:** The Business Information Service for the Newly Independent States (BISNIS). Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, Uzbekistan. Web: [www.bisnis.doc.gov](http://www.bisnis.doc.gov) Tel: +(202) 482-4655, Fax + (202) 482-2293.
- C. CEEBIC:** Central and Eastern Europe Business Information Center (CEEbic). Countries of covered: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, FYR Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia & Montenegro, Slovak Republic, Slovenia. Web: <http://www.mac.doc.gov/ceebic> Tel: +(202) 482 2645, Fax: +(202) 482 4473