EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
SEPTEMBER 2005 PROJECT PIPELINE UPDATE

This report was last updated on **31 August 2005**. The information contained on this report will reflect the status of each project and new project entries.

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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.

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 clent. 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:

	Project name	Country	Date disclosed
A	Power Transmission Substations Rehabilitation	Albania	31 Aug 2005
B	United Georgian Bank Capital Increase	Georgia	31 Aug 2005
C	Galnaftogaz	Ukraine	25 Aug 2005
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K	CityMortgage Bank Equity and Debt	Russia	10 Aug 2005
L	Serbian Railways : Freight	Serbia and Montenegro	8 Aug 2005
M	Project Sunshine	Russia	5 Aug 2005
N	Argus Capital Partners II	Regional	5 Aug 2005
O	Sakha (Yakutia) Republican Municipal Services Development Pr	Russia	4 Aug 2005
P	Rusfinance/ Promek Rouble Loan	Russia	4 Aug 2005
Q	Pietro Barbaro River Shipping Company	Russia	2 Aug 2005

A

Project name: United Georgian Bank Capital Increase
Country: Georgia
Project number: 35282
Business sector: Financial Institutions: Bank equity/Bank lending

State/Private: Private sector
Environmental category: FI
Board date: 26 October 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 31 August 2005

Project description and objectives:

The proposed project is USD 10 million debt financing and equity investment being part of approximately USD 11 million capital increase announced by UGB and maintaining EBRD's 18% shareholding in UGB.

The objective of this operation is to strengthen the capital base of United Georgian Bank (UGB) and to provide it with stable term funding for on-lending to private Micro, Small and Medium enterprises (MSEs and SMEs). The project will support further growth of UGB, enabling it to implement its business plan and increase its competitiveness in the local market.

Transition impact:

The project will support the further development of UGB and assist the strategic investor in developing one of the largest banks in the country. It will also ensure good corporate governance standards. Further the project will increase financial intermediation through medium-term funding for Georgian SMEs and MSEs, a market which has had limited access to the financial system.

The client:

UGB, established in 1995 through the merger of three formerly state-owned banks, is the fourth largest private bank in Georgia in terms of total assets. A controlling majority equity stake was purchased by Vneshtorgbank, Russia in January 2005.

EBRD finance:

The project will provide UGB with an capital increase via equity investment in the form of subscription to ordinary voting shares and a five-year loan, which will be used for on-lending SMEs and MSEs.

Total project cost:

USD 10 million plus equity investment amount, all of which is provided by the EBRD.

Environmental impact:

United Georgian Bank 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:

Existing TC is being provided to strengthen UGB's MSE lending procedures, this is being funded by EU. No additional TC is envisaged at this stage.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

Irakli Medvabishvili, Deputy General Director, UGB
E-mail: irakli@ugb.com.ge

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

B

Project name:	Power Transmission Substations Rehabilitation
Country:	Albania
Project number:	36112
Business sector:	Power and Energy utilities
State/Private:	State sector
Environmental category:	B
Board date:	15 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	31 August 2005

Project description and objectives:

Rehabilitation of six transmission substations crucial to the operation of Albania's transmission system and to its participation in the regional energy market. This infrastructure development is part of an overall series of improvements needed in Albania and elsewhere in South East Europe for respective domestic purposes but which will also assist the region to achieve greater integration with the EU as planned under the Athens Process leading to a single electricity market. The project implementation will be managed by KESH through its Project Implementation Unit (PIU).

Transition impact:

The Bank has been involved in a succession of projects in the sector over the last 5 years, each with incremental transition impact based following an Action Plan which was developed with the co-operation of the IFIs and is renewed annually. Progress has been very good and Albania has also taken its place among the countries in Southeast Europe who are moving toward creation of a regional energy competitive market with open borders for trading power (the Energy Community of Southeast Europe). Given the need to strengthen physical and administrative issues related to cross border trading the Bank, in co-operation with the World Bank, which is co-financing parts fo the Project, will focus project support on the following three main areas (besides the physical upgrades to the system):

1. Strengthening the Transmission System Operator.
Strengthen the TSO by establishing a detailed business plan.
2. Improving procurement procedures for importing electricity.
New procedures should be drawn up that would expedite procurement while still ensuring that purchases are made through transparent competitive bidding, and improve import security.
3. Electricity Tariff Study.
A new WB administered study, for which the EBRD has had input into drafting the TORs, would determine the economic and financial costs of supply of electricity at each voltage level and recommend revisions to the current structure that better reflect the economic and financial costs. This would provide a basis for future tariff adjustments to be approved by the regulator, ERE.

The client:

The beneficiary company is the Albanian Power Corporation (KESH). KESH, established in 1992, is a vertically integrated state-owned company responsible for the generation, transmission and distribution of electricity in Albania.

EBRD finance:

Sovereign guaranteed loan of up to USD 20 million.

The EBRD loan will be used towards financing the substations rehabilitation contracts. Other co-financiers providing parallel financing are the World Bank (IDA) with USD 27.0 million and Albanian Power Corporation (KESH) with USD 5.14 million.

Total project cost:

USD 52.14 million.

Environmental impact:

The project has been classified B/1, requiring an Environmental Audit of the substations to be upgraded and an Environmental Analysis of the planned investment project. The environmental investigations are under way. The project will be structured to meet Albanian and EU environmental standards and is anticipated to improve the safety and environmental standards of the distribution systems as well as increase energy efficiency by minimising losses.

An Environmental Management Plan has been prepared for the project to ensure the use of construction techniques and best management practices to minimise potential adverse environmental, health and safety impacts of the project.
The due diligence will update the existing Environmental Action Plans (EAPs) agreed between KESH 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.

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 further environmental due diligence has been completed.

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

General enquiries:

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Email: projectenquiries@ebrd.com

C

Project name: Galnaftogaz
Country: Ukraine
Project number: 35320
Business sector: Natural resources
State/Private: Private sector
Environmental category: B
Board date: 4 October 2005
Status: Passed structure review, Pending final review
Date PSD disclosed:
Date PSD updated: 25 August 2005

Project description and objectives:

The EBRD loan will partly fund the Company's ongoing programme of reconstruction, construction and acquisition of petrol stations providing high levels of quality and service and meeting the highest environmental, health and safety standards. In addition, EBRD involvement will support strategic goals of the Company such as:

- Development of an in-house trading unit to diversify and maintain independence of supply
- Expand the LPG market
- Emphasise sales of non-petroleum products (motoring, grocery and convenience items)
- Develop the OKKO brand
- Promote transparent corporate management practices and Code of Conduct
- Build an effective, professional Ukrainian team able to attain these strategic goals

Use of EBRD proceeds by the Company will be monitored by the Bank and its independent engineer along with the representatives of the IFC and BSTDB which have independently extended related loans to the Company.

Transition impact:

The proposed project supports an effective independent player committed to the highest standards of corporate governance and environmental protection. The project will increase private sector competition and will be the first example of transforming a former state merchandising apparatus in Ukraine.

While physical expansion is a necessary element of growth, the current financing is specifically conditioned on maintaining the Company's focus on environmental renovation, good accounting systems for transparency, and proper working capital provision for financial stability. Specific undertakings will be to diversify supply and to make provision for independent board representation. Among the ancillary benefits will be demonstration of the viability of a high quality/service niche player, and increased local participation and development of local management.

The client:

OJSC Galnaftogaz (GNG or the Company), is the largest independent (not tied to a refinery) owner/operator of petrol stations in the Ukraine. Headquartered in Lviv, the Company was formed in 2001 from the merger and privatisation of three, former Soviet, West Ukrainian oil product manufacturing and distribution companies ("naftoprodukt") dating back to the 1930's. The Company has most of its petrol stations in Western Ukraine but is building a presence in the Kiev area and elsewhere under its popular "OKKO" brand.

EBRD finance:

USD 25 million Senior Secured Loan.

Total project cost:

The EBRD loan is part of ongoing expansion which will be reviewed from time to time based upon results and further resources available.

Environmental impact:

The project was screened B/1.
Independent environmental investigations including a site visit by the Bank's Environmental Specialist confirmed that, as a result of control, preventive and mitigation measures applied, the environmental, health and safety issues are unlikely to present significant impacts. The Bank's due diligence confirmed that the Company adheres to high international standards and the proposed transaction will result in further modernisation of the filling stations in line with international good practice, including compliance with the relevant EU Directives relating to fuel quality, vapour recovery, recycling and energy efficiency.

The stations currently sell high quality and unleaded fuels which are not common in the market particularly in Western Ukraine. There are a number of improvements, which when implemented would further increase EHS performance. These are included in an extensive environmental action plan (EAP) which has already been developed. According to IFC the project also meets all applicable World Bank/IFC environment and social policies on completion of the EAP.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

c/o Paul Shapiro
Senior Banker, EBRD
E-mail: shapirop@ebrd.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

D

Project name:	Belchatow II
Country:	Poland
Project number:	25438
Business sector:	Power and Energy utilities
State/Private:	State sector
Environmental category:	A
Board date:	29 November 2005
Status:	Passed structure review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 August 2005

Project description and objectives:

The proposed project consists of construction of a new 833 MW lignite fired unit at an existing 4,440 MW lignite power plant operated by BOT Elektrownia Belchatow SA ("EBSA" or the Company") accompanied by the associated investments i.e. modernisation of existing power units, additional flue gas desulphurisation (FGD) installations, new waste disposal system, a cooling tower for the new unit, etc.

It is envisaged that the new 833 MW unit will not add substantial additional new capacity. It will allow for the reconstruction and modernisation of 10 existing blocks and afterwards for the shut down of 2 blocks (planned in the year 2016). The 833 MW power unit will be constructed on the basis of an EPC “turn-key” contract.

The project represents a major step in upgrading existing generating assets in Poland to ensure that they meet EU environmental legislation post 2008, notably requirements of the EU Large Combustion Plant and IPPC directives. The project is also an integral part of Polish governmental energy security program.

Transition impact:

By supporting the project the Bank would address one of the key transition challenges in the Polish power sector, helping the Government to success in its goal to reform the industry and to create a competitive and liberalised energy market in the country. By supporting EBSA, the Bank would be instrumental in supporting BOT in bringing the tools it requires to reduce costs and create efficiencies throughout its subsidiary companies’ operations.

The Bank will also help the company to install a professional system of internal controls and risk management for its trading operations, identify existing and future human resources required to compete and training for staff to operate in a fully competitive environment. Since BOT’s plants are strongly dependent on the prevailing and uncertain long term PPA’s environment, the Project provides another opportunity for the Bank to influence the direction of and subsequent implementation of both appropriate stranded asset legislation and any capacity payment system to transition Poland to a competitive market with modernised generating assets that meet environmental standards.

EBSA and its parent company, BOT, will remain one of the largest players on the Polish electricity market, and indeed one of the larger utilities in Europe. As a source of low cost supply to the both: the Polish and European markets, EBSA’s ability to bring its operations and management up to best practices standards in terms of competitive profile and risk management will be important..

The project brings technology that will lead to compliance with the EU environmental standards, and shall provide a positive demonstration effect in Poland, where environmental performance is still an issue.

This financing will have also a positive demonstration effect in the local and international financial markets.

The client:

BOT Elektrownia Belchatów S.A., the largest lignite-fired power plant in Poland and in Europe. It is located in the Lódz region, central Poland. Currently, EBSA's aggregate installed capacity is 4,440 MW, which accounts for approximately 12.7% of the total installed capacity of all Poland's power plants. EBSA is a joint stock company majority owned by BOT Gornictwo I Gazownictwo S.A. (a state owned energy holding).

EBRD finance:

The EBRD expects to provide EUR 100 million long term senior debt to co-finance EBSA Investment Program alongside the group of commercial banks, European Investment Bank and Export Credit Agencies from France and Germany and NIB.

Total project cost:

Approximately EUR 1.6 billion.

Environmental impact:

Environmental classification and rationale

BOT Elektrownia Belchatow is one of the largest conventional power plants in Europe, with the installed capacity of 4440 MWe in 12 units. This lignite fired plant was designed in the 1970's and was gradually commissioned throughout the 1980's.

The project was screened A/1, requiring an environmental impact assessment (EIA) and environmental audit in line with the Bank's Environmental Policy and Public Information Policy. The project is also subject to Polish EIA and IPPC requirements. An IPPC permit application will be undertaken prior to commissioning the plant.

Information reviewed during the environmental appraisal

An Environmental Audit and Analysis is being undertaken as part of the Banks due diligence.

Information received includes the following;

- Environmental Impact Statement for new 833 MWe power unit, Executive Summary, July 2005 (in Polish and English)
- Environmental Impact Statement for new 833 MWe power unit, Main Report, Planning permit application, dated July 2005 (in Polish)
- Assessment of the environmental impact of El. Belchatów II, prepared by "Energoprojekt-Warszawa" S.A., dated 1998 (in Polish)

- Integrated Permit for BOT Elektorwnia Belchatow, dated March 31th, 2003 (in Polish)

Members of the Bank's Environment Department visited the site in 2000; additional meetings were held in 2004/5. EBRD staff attended public consultations in July 2005.

Key environmental issues and mitigation

The key environmental issues are air emissions and waste disposal. Belchatow is a lignite fired power station providing almost 19% of the Polish electricity supply. It is also a significant point source emitter of SO2 and CO2 in Poland. To reduce environmental impacts, a gradual modernization programme has been implemented since the 1990's, mainly aimed at improving efficiency and reducing emissions. The plant has installed flue gas desulphurization (FGD) on 8 units, modernised burners, optimized boiler combustion process and modernised electrostatic precipitators (ESPs) on existing units, which has resulted in a drastic reduction of emissions over the past decade.

The new unit and the overall modernization of the Belchatow Power Plant is part of the long term modernization of the plant. The new 833 MWe unit will eventually replace the oldest units at Belchatow (number 1 and 2 by 2015). The project will enable the plant to slightly increase its generating capacity and at the same time reduce emissions, notably SO2 and NOx

The new unit will be using state-of-the-art pollution control technology inclusive of flue gas desulphurisation (FGD). The plant will meet the relevant EU and Polish emission standards for particulates, SO2 and NOx, notably as specified by the EU Large Combustion Plant Directive (2001/80/EC). The project will make use of Best Available Techniques (BAT) as required under the IPPC Directive and will help to reduce the overall environmental impacts associated with generation of electricity in Poland.

The main impact from the plant will be sulphur dioxide emissions and their impact on local air quality. An assessment was made of the impact on the local air quality, and the modelling did not identify any exeedance of national or EU ambient air quality standards as a result of operating the existing and new unit.

BOT Belchatow Power Plant will operate the plant in compliance with Polish laws and regulations as well as in accordance with EU environmental standards. An environmental management system and continuous monitoring is incorporated into day-to-day operations of the plant and will be upgraded during the implementation of the modernization programme.

Given the nature of fuel used (lignite), substantial carbon emissions will be associated with the project. This will be partially mitigated by high efficiency of the new 833 MWe power unit and efficiency improvement of existing units (less lignite used).

Water consumption and wastewater discharges will be minimised by a water circulation system, flue gas emission will be emitted via the cooling tower for the new unit, and from the existing multi-flue stack for the remaining units.

Solid waste consisting largely of fly ash and furnace bottom ash, will be transported as slurry to a newly constructed landfill associated with the neighbouring lignite mine. This new landfill has been constructed in accordance with EU and Polish environmental standards and regulations. Waste gypsum from the wet limestone FGD scrubbing system will be used commercially. Existing buffer storage capacity is included in the project design.

The plant will utilize an existing site and existing connections for lignite, and auxiliary operations; this limits the new footprint of the plant. Fuel will be supplied from the nearby operational mines. In the future an additional 40 km high power voltage line will be constructed to serve the new unit. Appropriate permits will be obtained in due course for this separate development. Initial information received indicated that the environmental impact associated with this investment is not major.

The Company has implemented an ISO 14001 Environmental Management System for its operations.

These measures are aimed to ensure that the environmental issues will be sufficiently managed to prevent or minimise impacts on staff and local population as well as on the environment.

Environmental opportunities

The proposed project is expected to bring significant environmental benefits as the new plant will be using state-of-the-art technology and replace older polluting generating units in Poland leading to reduced pro rata emissions. The project will also help to satisfy future demand for electricity in Poland as old inefficient coal/lignite fired plants are decommissioned. Moreover, the project is an essential element in the Polish strategy to reduce sulphur dioxide emissions from large combustion plants.

Summary of Environmental Action Plan

An Environmental Action Plan (EAP) will be developed following the completion of the due diligence. It is likely that the EAP will address inter alia air emission control, house keeping and the overall management of the environment, health and safety issues at the power plant and associated auxiliary operations such as the landfill and the transmission line.

Disclosure of information and consultation

BOT Belchatow Power plant has started a public consultation and disclosure programme, in compliance with national and EBRD requirements, commencing in July 2005.

Disclosed materials

1. 2005 Environmental Impact Statement, Executive Summary in English and Polish
2. 2005 Environmental Impact Statement, Main Report in Polish
3. 2003 IPPC Permit for the BOT Elektorwnia Belchatow power plant (in Polish)

The materials are available in hard copy at the following locations in Poland:

- The Office of the Gmina in Kleszczów; 97-410 Kleszczów, ul. Glówna 47; Tel. + 48 (44) 731-31-10; e-mail: kleszczow@kleszczow.pl

- The Poviat Starost's Office in Belchatów; 97-400 Belchatów, ul. Pabianicka 17/19; Tel: +48 (44) 635 86 00; e-mail: powiat@powiat-belchatowski.pl

- ELBIS Sp. z o.o., Rogowiec, Belchatow. Tel. +48(44) 735 33 40; Contact: Mr Marek Wdowiak, Technical Director.

- BOT-Elektrownia Belchatow S.A.; Rogowiec, 97-406 Belchatów 5, Tel: +48 (44) 632-51-32; contact: Mr Miroslaw Niewiadomski, Environment Director

- EBRD Regional Office Warsaw, ul. Emillii Platter 52; Contact Lucyna Stanczak

An announcement about the public consultation period was made on from 30 June to 6 July 2005 in the “Gazeta Belchatowska”, “Fakty”, “Informator Kleszczowski” newspapers and in local radio and TV.
Additionally, the materials are available on the BOT website and ELBIS website.

Monitoring and reporting

The Company will monitor the environmental impact of its operations in accordance with national law and regulations. The Bank 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 Bank’s representatives will also conduct periodic site supervision visits when deemed appropriate.

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

Technical cooperation:

EUR 253,000 TC to assist and ensure that BOT and EBSA are prepared to operate competitively in a liberalised market by enhancing or adding to the skill sets of BOT management, identifying potential necessary investment (e.g. in additional technology), and identifying other needs to secure BOT's and EBSA's strong competitive position prior to full liberalisation of the Polish electricity market.
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:
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Email: projectenquiries@ebrd.com

E

Project name:	CFR Rail Traction Project
Country:	Romania
Project number:	36043
Business sector:	Transport
State/Private:	State sector
Environmental category:	B
Board date:	13 December 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 August 2005

Project description and objectives:

The proposed project will consist of the following project components:
(a) purchase of modern catenary maintenance vehicles;
(b) upgrading and rehabilitation of electric traction power supply equipment in the Criaova section of the network
(c) supervision of all works under the project.

Its main objective is to fund the selected priority cost reduction measures for the Company.

Transition impact:

- **Expansion of competitive/market interactions in the sector**
  Through envisaged institutional building support, the Company is to transform from a passive energy consumer into a licensed energy distributor, to take advantage of the changes both in the railway sector (progressive privatisation and new private train operators) and the energy sector (planned separation of supply and distribution functions)

- **Contribution to market-based conduct and skills**
  Impacts include

  (a) transfer and dispersion of skills in the areas of business planning and procurement;

  (b) a strong demonstration effect in delivery and cost-enhancing technology;

  (c) setting standards for corporate governance and business conduct: the Project will covenant operational and business planning strengthening measures aiding the transformation of the company into an efficient traction energy distribution company.

The client:

CFR Electrificare, a national railway traction distributor, 100% owned by CFR SA, the Romanian Railways Infrastructure Company.

EBRD finance:

A senior loan.

Total project cost:

EUR 26 million.

Environmental impact:

The project was screened B/0, requiring an Environmental Analysis.
This was carried out by international consultants and dealt primarily with the environmental issues associated with the improvements to be made to the rail infrastructure. The draft report on the analysis concluded that there would be no significant environmental impacts associated with the Bank's Investment. Care

will nonetheless be taken to ensure that the procurement of goods and services will be in compliance with EU and national environmental requirements and suppliers will exercise an acceptable level of environmental performance throughout their activities.
The consultants proposed to develop an in-house capacity for environmental management and to develop an Environmental Action Plan to include waste management, use of hazardous chemicals, noise abatement and environmental monitoring. 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:

- EUR 126,000 call off under PHARE Transport Team Framework Contract to assist the project Team in project due diligence;

- Estimated EUR 200,000 – 250,000 to be mobilised to assist in institutional strengthening of the company (in particular, assistance in compliance with the energy sector regulatory requirements and the preparation of the medium term business plan);

- EUR 50,000 to be mobilised to assist the Bank in technical and procurement review of the tender documentation for the project.

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

Procurement or tendering opportunities:

Visit EBRD Procurement
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General enquiries:

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Email: projectenquiries@ebrd.com

F

Project name:	AVAL
Country:	Ukraine
Project number:	36438
Business sector:	Financial Institutions: Bank equity/Bank lending

State/Private: Private sector
Environmental category: FI
Board date:
Status: Pending concept review
Date PSD disclosed:
Date PSD updated: 19 August 2005

Project description and objectives:

The proposed project is medium term financing to Joint-Stock Post Pension Bank AVAL ("AVAL") to support its lending to private micro, small and medium-size companies. The project consists of a USD 25 million SME credit line for on-lending to local SMEs and a USD 30 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 AVAL 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 easing 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:

AVAL is a universal commercial bank and is the second largest bank in Ukraine with total assets of USD 2.9 billion and equity of USD 260 million at the end of June 2005.

EBRD finance:

EBRD financing includes:

- up to USD 25 million SME credit line for on-lending to private SME sub-borrowers under Ukraine MSE/SME Lending Framework

- up to USD 30 million MSE credit line for on-lending to private MSE sub-borrowers under Ukraine MSE/SME Lending Framework

Total project cost:

USD 55 million.

Environmental impact:

Screened FI. AVAL 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 AVAL.

Under the present operation, AVAL will continue to receive TC for the implementation of the MSE programme to build up further 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 Ruslan Butenko, Deputy Head of the Financial Institutions
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Fax: +380-44-284-8838
e-mail: rbutenko@aval.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

G

Project name: Kyrgyz Republic - Inexim Bank - equity increase

Country:	Kyrgyz Republic
Project number:	35919
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	20 September 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	19 August 2005

Project description and objectives:

The proposed capital increase will strengthen Inexim's equity and maintain EBRD's 25% shareholding in the bank. The capital increase will allow Inexim to continue to finance the growing private enterprise sector, small and micro enterprises, and also expand the retail trade finance business. EBRD will continue to have two representatives at the Board of Directors and promote best business practices.

Transition impact:

The EBRD's investment is important in providing support for the Kyrgyz banking sector and increasing the availability of a wide range of financial products to local enterprises.
Effective corporate governance and high business standards will provide a good benchmark for other local banks.

The client:

Headquartered in Bishkek, Inexim is the second largest bank in the Kyrgyz Republic and the largest lender to the local economy, up from sixth position in 2003. The bank is an active participant of different IFIs programmes, including Kyrgyz MSE Financing Facility and Trade Facilitation Programme ('TFP') of the EBRD. In 2004 the bank received an award from the EBRD as the best TFP bank in the Kyrgyz Republic. Last year the bank opened three new branches in the regional centers of the country and now operates through 4 branches and 5 outlets.
The bank's primary business consists of corporate banking, trade finance, retail banking, plastic cards services, international payment and foreign exchange.

EBRD finance:

Equity investment of up to KGS 62.5 million.

Total project cost:

Approximately KGS 250 million, which includes participation of other shareholders in Inexim's capital increase.

Environmental impact:

Screened FI.
Inexim Bank will continue to carry out its operations in accordance with EBRD's Environmental Procedures for Local Banks across the full range of its operations. In implementing these procedures, Inexim Bank requires its borrowers to comply, at a minimum, with national health, safety and environmental requirements.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

Ruslan Boronbaev, Deputy Chairman of the Board
57, K. Akiev Street
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Website: www.ineximbank.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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Email: projectenquiries@ebrd.com

H

Project name:	Tnuva - Romania
Country:	Romania
Project number:	35934
Business sector:	Agribusiness
State/Private:	Private sector
Environmental category:	B
Board date:	20 September 2005
Status:	Passed structure review, Pending final review

Date PSD disclosed:
Date PSD updated: 19 August 2005

Project description and objectives:

The project will develop Tnuva `s green field dairy venture in Romania and consist of
(i) a major EU standards dairy plant for the manufacturing of fresh dairy products under Yoplait brand
(ii) a milk farm and a livestock feeding centre to ensure high quality milk supply.

Transition impact:

Transition impact of the project will be derived from the following:

- enhancing the skills of local staff in the dairy plant
- developing a state of the art dairy farm and feeding centre to serve as a best practice platform for local dairy farmers to emulate
- develop and improve local milk quality in addition to environmental and hygiene procedures.

The client:

TRD-Tnuva Romania Dairies SRL and TRM - Tnuva Romania Milk SRL –wholly owned subsidiaries of the Israel's leading food company Tnuva Central Cooperative for the Marketing of Agricultural Produce in Israel Ltd.

EBRD finance:

Up to €15 million equity participation.

Total project cost:

Up to €55 million.

Environmental impact:

Environmental Review Summary

1. Project Description
The proposed investment by the European Bank for Reconstruction and Development (EBRD) involves an equity investment in Tnuva`s green field dairy venture in Romania and consist of (i) the construction of a major EU standard dairy plant for the manufacturing of fresh dairy products under the Yoplait brand

and (ii) a milk farm and a livestock feeding centre to ensure high quality milk supply.

2. Environmental classification and rationale

The project has been classified B/1 according to the EBRD's Environmental Policy and Procedures as it involves the expansion of an existing farm and construction of a new dairy facility. These would be typically associated with limited direct environmental, health and safety issues, which can be readily identified and assessed as well as efficiently mitigated with modern technology and project design. For this reason the Bank conducted an environmental analysis of the expansion plans and environmental audit of the existing facilities. These studies took the form of a corporate environmental review.

3. Key environmental issues and mitigation

The findings of the review indicate that there are no significant environmental issues associated with the facility or the proposed project. The Company is Israel's leading food company 'Tnuva Central Cooperative for the Marketing of Agricultural Produce in Israel Ltd' and are fully committed to compliance with EU standards and Romanian regulations for environment, health and safety, ensuring that any environmental impacts will be efficiently prevented or mitigated.

Site:

Dairy - The dairy facility will be located 9km from Bucharest, close to the town of Popsti Leordeni. The closest residential building is 500 metres from the facility.
Farm – The farm is located 24.5km south east of Bucharest, near to the village of Adunatii Copaceni. The nearest residential buildings are about 1km away.

Regulatory compliance:

Dairy – Construction of the dairy commenced in August 2005. The design and construction of the facility will be compliant with EU standards and Romanian standards and regulations.

Farm – The existing farm buildings will be renovated and a new milking station will be constructed. All equipment and practices will be compliant with EU standards and Romanian regulations including those on the welfare of animals kept for farming purposes and live animal transport.

Air emissions:

Dairy – Air emissions from the facility will be confined to those from the boiler, which will comply with national and EU standards.

Farm - Air emissions from the farm's boiler will comply with national and EU standards. Ventilation of the cow sheds will be in strict compliance with national and EU standards and will minimise issues associated with odour.

Water Supply:

Both sites will be supplied by on-site wells. The quality of the water will be assessed, if necessary pre-treated, and monitored and will meet national and EU regulations on potable drinking water.

Waste Water:
Dairy – The new dairy facility will incorporate a waster water treatment plant which will conform to EU standards.
Farm – Plans for improved waste water treatment at the farm are under development and will be designed to conform to national and EU standards.

Solid Waste Management:
Dairy – The dairy will carry out waste management in accordance with national and EU standards and will be recycled where facilities exist.
Farm - The most significant source of waste will be manure which will be dealt with in accordance with EU and national standards.

Health and Safety Management:
Health, safety and hygiene issues will managed in accordance with EU and national standards.

4. Environmental opportunities
As a new build the dairy will be incorporating modern equipment from the outset leading to efficient operation in terms of the consumption of water and energy. The planned refurbishment of the farm will also incorporate modern technology leading to more efficient and less impacting operation.

5. Disclosure of Information and Consultation
In accordance with EBRD policy the Company is required to carry out its actions in accordance with national requirements for public disclosure and consultation. Additionally, the Company will be required to disclose this summary of key environmental issues locally prior to final management review of this project.

6. Monitoring and Reporting
Monitoring of the company's environmental performance during the project will be conducted by the EBRD and will take the form of review of annual environmental reports supplied by the company and ad hoc visits by Bank staff. The Company will also be required to provide the Bank with immediate notification of any material incidents or accidents likely to have an effect on the environment or worker and public safety.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

Ms. Nicole Assif:
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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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I

Project name:	Bayteks
Country:	Uzbekistan
Project number:	36104
Business sector:	General manufacturing
State/Private:	Private sector
Environmental category:	B
Board date:	4 October 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	18 August 2005

Project description and objectives:

The proposed project involves the establishment of a modern textile plant in Uzbekistan to manufacture basic and polo T-shirts for export using locally available cotton yarn. The sponsors are private Turkish textile manufacturers, i.e. Baha Tekstil and Ultas. In view of the rising production costs in Turkey and increased competition in the global textile industry after the lifting of textile quotas in Jan 2005, the Sponsors decided to shift part of their operations to Uzbekistan, a low cost cotton growing country, in order to maintain their competitiveness.

Transition impact:

Uzbekistan is one of the world's largest producers of cotton and the second-largest exporter, yet only less than one third of the cotton is processed domestically. The rest is exported unprocessed, representing a big loss of potential earnings for the country.

The proposed project will promote

(i) economic development in Uzbekistan and contribute to its foreign exchange earnings by increasing the production and export of value added goods in an economically important key sector

(ii)

(iii) private sector development through the Bank's involvement in a manufacturing project undertaken by a 100% privately owned company. It will also have a good demonstration effect by signaling the commercial viability of cotton processing in Uzbekistan.

The client:

The Borrower is Bayteks, a private company established in Uzbekistan, which is majority owned by Ultas (a state-of-the-art spinning mill in Nigde) and Baha Tekstil (a knit-wear plant in Istanbul), both private Turkish companies.

EBRD finance:

USD 7 million senior loan.

Total project cost:

USD 29.3 million.

Environmental impact:

The Project was screened B/1.
Environmental and social due diligence, which is currently underway, will address relevant national employment laws and standards and International Conventions, particularly in relation to core labour standards. Information on the local suppliers of cotton will also be collected in relation to Conventions of the International Labour Organisation related to the employment of children and young people, discrimination at work, and forced labour. Other environmental issues associated with this type of project include wastewater discharge, air emissions, dyeing, noise and waste management. Worker health and safety issues may also be of concern particularly in relation to workplace noise exposure and cotton dust emissions. Preliminary due diligence indicate that the Sponsor operates all their existing facilities to the highest international environmental and social standards and the Uzbek facility is being built to ensure full compliance with international standards on health and safety, life and fire safety, core labour standards, and child labour.

Technical cooperation:

None.

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

Company contact:

Mr. Haluk Bayatli
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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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J

Project name:	Azgres Power Plant Rehabilitation
Country:	Azerbaijan
Project number:	26891
Business sector:	Power and Energy utilities
State/Private:	State sector
Environmental category:	B
Board date:	1 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	16 August 2005

Project description and objectives:

JSC Azerenerji, the state-owned power utility in Azerbaijan Republic, is seeking the Bank financial support for the rehabilitation of eight units of 300MW dual fuel (heavy fuel oil/natural gas) fired at AzDRES power plant. The plant is located near the town of Mingechaur, 300 km west from the capital Baku. It has been in operation for more than 20 years and requires urgent modernisation. The asset is of significant importance for the country because it supplies the majority of the electrical energy consumed in Azerbaijan and the region. The objectives of the proposed project are to increase the plant's overall efficiency to bring the operation back to its design capacity and to enhance its reliability. The proposed project will also have a significant beneficial impact to the environment by reducing plant emissions and improving the plant's fuel use and efficiency.

EBRD financing will be prioritised for use on the rehabilitation of the turbine equipment and implementing environment improvement measures. Own finance from Azernerji will be used to finance urgent civil works for both a chimney and a cooling water tunnel.

Transition impact:

The proposed project will contribute to ensuring the long term financial viability of the electricity sector in Azerbaijan which is heavily subsidized at the present time.

In addition to improvements in plant efficiency and reductions in Azerenerji's cost structure brought about by project implementation, the Bank will also be working with the Azeri Authorities to facilitate necessary adjustments in electricity tariffs with the aim of introducing full cost recovery for the sector. This effort will be made taking into account affordability constraints posed by local household incomes and is therefore expected to be implemented gradually.

The client:

JSC Azerenerji, the state-owned power utility in Azerbaijan Republic.

EBRD finance:

The Bank will lend USD 100 million to Azerenerji backed by a Sovereign Guarantee from the Azeri State.

Total project cost:

The total project cost is USD 135 million excluding taxes and custom duties.

Environmental impact:

Environmental classification and rationale
The project was screened B/1, requiring an Environmental Audit and Environmental Analysis in line with the Bank's Environmental Policy and Public Information Policy. The modernisation of existing power units focussing mainly on improvising energy efficiency and operational control is associated with a number of environmental issues, which can be readily identified, assessed and mitigated as part of an Environmental Analysis.

An Environmental Audit and Analysis was undertaken by an independent consultant and Members of the Bank's Environment Department visited the site in 2004.

Key environmental issues and mitigation
The key environmental issues are air emissions associated with the use of heavy

fuel oil and/or gas. Due to the nature of fuel mix and site location, emissions from the plant are not judged as a having a significant adverse impact. The plant's main emissions are associated with Sulphur Dioxide (SO2) and Nitrous Oxide (NOx) emissions. The plant already relies on low sulphur fuel, which is locally availability (0.2% sulphur). The planned modernization will also upgrade existing boilers inclusive of the existing primary NOX control systems and the installation of low NOx boilers at the plant. This will improve the performance of the plant. The plant has made an assessment of the impact on local air quality, and the modelling did not identify any exceedance of national or EU ambient air quality standards as a result of operating the power plant.

As part of the investment programme an environmental management system and continuous monitoring will be incorporated into day-to-day operations during the implementation of the modernization programme.

Water consumption and wastewater discharges are a significant issue as the plant has an open circuit cooling systems. The plant will review and upgrade the existing cooling systems, although it is likely to remain an open once-through system. Discharged water is used mainly for irrigation purposes, and there have been no reported environmental issues. As part of the Action plan this issue will be further reviewed.
The plant is not associated with significant waste disposal problems due to the nature of fuel used. However, some hazardous and non hazardous waste needs to be disposed in licensed landfills. At present his is not well organized, and much of the waste ends up in the municipal landfills. As part of developing an environmental action plan this will be addressed to reduce environmental and human risk.

Contaminated land was not judged as a significant issue at this plant.

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

Environmental opportunities
The proposed project is expected to bring significant environmental benefits as the upgraded plant will have a higher overall efficiency and substantial improvement will be made to the environmental management and operation of the plant. The increase in efficiency and fuel switching is likely to lead to significant emission reduction and possible carbon reduction opportunities. The ERBD is progressing this issue as a CDM project, and anticipates a significant amount of emission reductions to result from the project.

Summary of Environmental Action Plan
The company will be required to adhere to Azeri environmental, health and safety

regulations and EU environmental standards. All relevant permits will need to be obtained during the modernization period.

An Environmental Action Plan (EAP) has been developed following the due diligence and is currently being discussed. Around EUR 3 million has been earmarked for environmental improvements. The EAP will address 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 the power plant and associated auxiliary operations. An environmental management system will be developed at the plant within the next 2 years.

Disclosure of information and consultation
In the context of the EBRD's participation in the project, the Company will release locally a summary of relevant environmental issues associated with the project and summarise mitigation measures, action plans and other initiatives agreed

Monitoring and reporting
The Company will monitor the environmental impact of its operations in accordance with national law and regulations. The Bank 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)
(iii) the status of implementation of environmental mitigation and improvement measures. The Bank's representatives will also conduct periodic site supervision visits when deemed appropriate.
(iv)

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

Technical cooperation:

USAID is providing direct assistance to Azerenerji in preparing the Project feasibility study as well as the tender documents for the project.
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:
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Email: projectenquiries@ebrd.com

K

Project name:	CityMortgage Bank Equity and Debt
Country:	Russia
Project number:	35479
Business sector:	Financial institutions: Non-bank FIs
State/Private:	Private sector
Environmental category:	FI
Board date:	20 September 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	10 August 2005

Project description and objectives:

The proposed project consists of a loan to, and an option on the equity of, City Mortgage Bank in order to support the growth of its mortgage operations.

Transition impact:

Significant transition impact is expected in the following areas:
1. Supporting a specialist mortgage institution which facilitates the development of both the primary and the secondary mortgage markets.
2. Developing a standardised mortgage product with the objective to support the development of the secondary mortgage market, either through securitisation of mortgage bonds or by covered bonds.
3. Increasing the competition in the Russian mortgage sector. A healthy mortgage industry will assist in bringing increased flows of financing to the residential mortgage sector to promote property ownership and mobility of ownership which are important cornerstones for economic stability.

The client:

CityMortgage Bank, a specialised mortgage lending bank headquartered in Moscow and providing mortgage loans in Moscow, Moscow region, St. Petersburg and elsewhere in the country.

EBRD finance:

Loan of USD 25 million in total with an option to acquire shares in CMB for an additional investment.

Total project cost:

USD 25 million loan.

Environmental impact:

CityMortgage Bank will be required to comply with EBRD's Environmental Procedures for Intermediated Finance through local mortgage 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:

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Website: www.gorodskoi.ru

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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L

Project name:	Serbian Railways : Freight
Country:	Serbia and Montenegro
Project number:	35414
Business sector:	Transport

State/Private: State sector
Environmental category: B
Board date: 13 December 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 8 August 2005

Project description and objectives:

The proposed project consists of financing a programme of works which will cover infrastructure (to be financed by EIB) and the purchase of rolling stock (to be financed by EBRD). EIB and EBRD contracts will be financed on a parallel basis.
The objective of the project is to maintain the railway's capacity and increase its operating efficiency to enable it to handle current and projected demand as economically as possible.
The proceeds of the EBRD loan would finance purchase of freight wagons and a wheel lathe.

Transition impact:

The restructuring of the state owned companies has been on the top of the agenda of the IMF and the WB in Serbia. The government has been successful in launching the reform through concrete actions, such as the adoption of the Railway Law and establishment of a special unit responsible for a restructuring programme which is a key element of this Act. The transitional impact will be achieved through the following aspects of the project: (a) a programme of labour severance; (b) the divestiture of non-core activities; (c) network rationalisation; (d) the formal separation of infrastructure from operations; and (e) the establishment of a Public Service Obligation (PSO).

The client:

Serbian Railways is responsible for railway operations in Serbia.

EBRD finance:

The EBRD is considering a loan of EUR 60 million. In addition, grant funding from EAR has been obtained for the project implementation support. Grant funding is also being sought for the assistance in restructuring of Serbian Railways.
The EIB financing will be in the form of a loan of EUR 80 million.

Total project cost:

EUR 162 million.

Environmental impact:

The environmental impacts associated with this investment are not considered to be significant and will, most likely, be limited to ensuring the environmental soundness of the freight wagons. Environmental due diligence will be undertaken in accordance with the Bank's revised Environmental Policy and Procedures (July 2003) and in line with the Environmental Performance Standards and Good Practices related to Railway Modernisation. A representative from the Environmental Department will visit the site to determine the level of the environmental work and consultation, if any, required.

Technical cooperation:

TC funds from EAR in an amount of EUR 1.3 million to assist with the implementation of this project.

TC funding is being sought for the assistance in restructuring of Serbian Railways with an estimated cost of EUR 0.75 million.
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:

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M

Project name: Project Sunshine
Country: Russia
Project number: 35225
Business sector: Transport
State/Private: Private sector
Environmental category: C
Board date: 20 September 2005
Status: Passed structure review, Pending final review
Date PSD disclosed:
Date PSD updated: 5 August 2005

Project description and objectives:

The EBRD loan will finance the acquisition of a fleet of 12 used Boeing 757-200 aircraft. VIM Airlines, an airline established in Russian Federation, will operate the 12 acquired aircraft. Approximately 85% of the fleet capacity will be used on major international charter routes from Russia and the remaining 15% of the capacity will be used on a number of domestic regular routes.
The Bank’s financing will be complemented by a junior secured loan from Kazkommertsbank, a junior subordinated loan from Meridian Capital and an equity investment from Center Capital Group, VIM Airlines’ majority shareholder.

Transition impact:

By supporting the development of an airline with a renewed fleet of aircraft and with a strong commercial orientation, the Project will facilitate competition in Russia’s civil aviation sector. It is expected, among others, that the ability of VIM Airlines to offer competitive tickets and a better quality service will create competitive pressures on other airlines pushing them to increase efficiency and cost rationalisation.
The project will also demonstrate efficiency and safety-enhancing features including:

- **Fleet management**
  The entire fleet of VIM Airlines is homogenous and capacity will be optimised through modern route optimisation techniques which are new in Russia, in particular, VIM Airlines is able to utilise its fleet at rates higher than the average because of aggressive fleet utilisation

- **Enhanced maintenance and safety approach**
  Modern maintenance and fleet management has been introduced in VIM Airlines, including implementation of the latest recommendations from European and US air safety agencies, thus assisting the Russian market to move to international standards of safety and continuous maintenance.

The client:

VIM Airlines, a private aviation company headquartered in Moscow. VIM Airlines is operating on all major Russian international charter routes and on a number of regular routes within Russia. The Borrower will be Meridian Leasing, a special purpose leasing vehicle, which will own and finance lease the aircraft to VIM Airlines.

EBRD finance:

The EBRD financing will be a USD 92 million asset backed senior secured loan, consisting of an A-loan of USD 51.5 million for the EBRD’s own account and a B-loan of USD 40.5 million for the account of participant banks. The loan is backed by a fleet of 12 Boeing 757 aircraft which VIM Airlines is providing as collateral.

Total project cost:

USD 162 million.

Environmental impact:

The project has been screened C/1.
The fleet of 12 second-hand Boeing 757-200 aircraft comply with international safety and environmental (noise, fuel efficiency and engine emissions) requirements. Independent due diligence has reviewed the Company's existing maintenance practices and has confirmed that they meet international standards and are compatible with international safety requirements. Prior to signing the Bank will be conducting an independent air safety audit and the financing agreements will include covenants on air safety and maintenance standards.
The Bank will evaluate the project's compliance with the applicable environmental, health and safety requirements during its lifetime by reviewing annual environmental reports prepared by VIM Airlines. The Bank's representatives will also conduct periodic site supervision visits when deemed appropriate.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

VIM Airlines
Shipok street #4, Building #1
115093 Moscow,
Russian Federation

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement

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N

Project name: Argus Capital Partners II
Country: Regional
Project number: 35987
Business sector: Equity funds
State/Private: Private sector
Environmental category: FI
Board date: 6 September 2005
Status: Passed final review, Pending board approval
Date PSD disclosed:
Date PSD updated: **5** August 2005

Project description and objectives:
The proposed project is a regional private equity fund with a target size of EUR 150-200 million. The Fund will invest for long-term capital appreciation through privately-negotiated transactions in equity of companies operating in the Czech Republic, Hungary, Poland and other countries in central and eastern Europe.

Transition impact:

Transition impact stems from demonstration effects through sound investments in growing privately owned companies in central and eastern Europe. The general partner is expected to adopt a hands-on approach by taking board positions in portfolio companies and transferring technical expertise and know how. Through the significant involvement of its local teams, the Fund is expected to contribute towards the transfer of vital investment skills to local managers based in the region. The Bank's investment will also support the fund manager in its transition from a captive into an independent private equity manager following spin-off from its original sponsor, and thereby help build an independent fund management institution capable of raising and intermediating long term capital locally.

The client:

Argus Capital Partners II LP is a private equity fund to be established as Jersey limited partnership under the Limited Partnerships (Jersey) Law 1994. ARGUS Capital (General Partner II) Limited will be the Managing General Partner and will provide advice and assistance with respect to investment decisions and other activities of the Fund.

EBRD finance:

Commitment to invest up to EUR 30 million. The co-financing is expected from a range of institutional investors, including European, Asian, Middle Eastern and US institutional investors.

Total project cost:

Target size of the Fund is EUR 150-200 million; maximum allowed size is EUR 250 million.

Environmental impact:

The Fund will follow the EBRD's Environmental Procedures for Private Equity Funds. In implementing these procedures, the Fund will assess potential environmental issues associated with its investments which are required to comply, at a minimum, with local/national health, safety, labour, environmental and public consultation requirements.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

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O

Project name: Sakha (Yakutia) Regional Municipal Services Development Prog
Country: Russia
Project number: 35294
Business sector: Municipal and environmental infrastructure

State/Private: State sector
Environmental category: B
Board date: 6 September 2005
Status: Inactive
Date PSD disclosed:
Date PSD updated: 4 August 2005

Project description and objectives:

The proposed project would involve loans to the City of Yakutsk (the City), State Unitary Enterprise "Yakutsk Vodokanal" (the Vodokanal) and State Unitary Enterprise of Communal and Housing Services (GUP ZHKH) of the Republic of Sakha (Yakutia). The project would focus on priority investments that reduce operating costs and finance general rehabilitation and upgrading of the heating and water systems in the City and smaller municipalities of the Republic of Sakha (Yakutia) (the Republic). The project would also finance institutional strengthening of service companies and the Republican Government and the municipal authorities in the City.

Transition impact:

The project is likely to have significant demonstration effects, as it will be the first long-term municipal infrastructure loan on a regional scale in the Russian Far East. The transition potential of the operation relates to optimisation of budget expenditures related to provision of communal services in the remote northern settlements with harsh climate conditions; commercialisation of water and heating services in the city of Yakutsk and northern settlements through tariff reform, optimisation of subsidies to low income residential consumers and through development and reorganisation of operating companies providing services to municipalities in the Republic on a basis of an incentive based Service Contracts. The project will also contribute towards strengthening of corporate governance standards in operating companies through introduction of IFRS for financial reporting.

The client:

The borrowers will be (i) the City; (ii) the Vodokanal; (iii) GUP ZHKH. The Republic will provide a guarantee and project support undertakings to support the project.

EBRD finance:

Lending programme to include: (i) a loan up to RUB 300 million (EUR 8.5 million) to the City; (ii) a loan up to RUB 350 million (EUR 10 million) to Vodokanal; (iii) a loan up to RUB 1000 million (EUR 28.4 million) to GUP ZHKH.

Total project cost:

RUB 2,500 million (EUR 71 million)

Environmental impact:

The project has been screened B/1 requiring environmental analyses of the two components of the proposed multi-sector municipal services development programme.
The environmental analysis indicates that the project would have a positive overall benefit on public health and the environment. The operation will enable the Republic and the City to (i) reduce pollution of the drinking water by upgrading its water intake facilities and distribution network; (ii) reduce pollution of the local rivers by rehabilitation of wastewater collection network; (iv) reduce greenhouse gas emissions from the heating plants by increasing efficiency of boilers and heating systems as a whole. The project will meet Russian environmental, health and safety standards and will contribute towards achieving compliance with relevant EU environmental standards.
Temporary environmental impacts may be generated during construction and land-take, such as increased level of noise, dust and traffic (in the City). Such temporary impacts, however, will be minimised through the incorporation of good management practice including forewarning and signing of works, restriction of working hours, development of traffic management schemes offering alternative routes to traffic and pedestrians, etc.

Technical cooperation:

Loan financed TC:

- Design, Procurement and other implementation support (up to EUR 3.0 million)

Grant financing will be sought for:

- Project Implementation Unit training and project implementation support (EUR 350,000)
- Corporate development assistance for the Vodokanal and GUP ZHKH aimed to enhancing its commercial viability and institutional capacity (EUR 800,000).
- Lender's Supervisor (up to EUR 200,000).

Previous Technical Cooperation included:

- The Feasibility Study for the Project was prepared by Jacob Gibb under the Joint Environmental Programme (JEP-2) framework financed by the EU

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

P

Project name:	Rusfinance Rouble Loan
Country:	Russia
Project number:	35762
Business sector:	Financial institutions: Non-bank FIs
State/Private:	Private sector
Environmental category:	FI
Board date:	
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	4 August 2005

Project description and objectives:

The proposed project is a senior loan of RUB 860 million to Promek Bank, a consumer finance bank that belongs to Societe Generale Group. The proceeds of the loan will go towards financing the portfolio of consumer loans in the Russian Federation.

Transition impact:

The proposed Russian Rouble loan will further advance the availability of local currency funding for banks lending to Russian citizens. Lack of funding, especially of local currency funding, is a major impediment to growth in the Russian consumer finance sector.
The project will increase the competition in the consumer finance market in Russia by supporting the entry of a new strong foreign strategic investor. This helps to expand the market both through lowering over time the interest rates and an increased range of local currency credit products.

The entry of Societe Generale will demonstrate that western business practices and strong corporate governance can be implemented in banks in the Russian consumer finance sector. SG will bring its consumer finance business practices to Promek and hence set an example of best practices in business conduct and consumer protection to other market participants.

The client:

Promek Bank is a Samara based consumer finance bank. It was recently acquired by Rusfinance S.a.S. Rusfinance is a consumer finance bank, 68 % owned by Societe Generale, France ('SG') and 32 % by Baring Vostok Capital Partners, Russia.

EBRD finance:

RUB 860 million (USD 30 million) senior term loan for financing the development of consumer finance portfolio.

Total project cost:

USD 30 million

Environmental impact:

There are no environmental risks associated with the consumer financing, therefore there will be no environmental requirements associated with this operation.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

Maurice Caulliez, CFO, Rusfinance
Tel: +7 095 540 7000
Fax: +7 095 789 6921

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

Q

Project name: Pietro Barbaro River Shipping Company
Country: Russia
Project number: 35861
Business sector: Transport
State/Private: Private sector
Environmental category: B
Board date: 6 September 2005
Status: Passed structure review, Pending final review
Date PSD disclosed:
Date PSD updated: 2 August 2005

Project description and objectives:

The proposed project provides a long-term loan and equity to finance part of the acquisition costs of up to 13 vessels (8 product tankers and 5 barge ships) to be employed for the transportation of oil products in the Russian rivers.

Transition impact:

The Bank will be co-investing with a Foreign Direct Investor (Pietro Barbaro SPA, Italy) in a project which will promote competition in the Russian river shipping sector. The Bank's involvement will promote the enhancement of safety and environmental standards of the river fleet currently trading in this sector as well as encouraging good business practice by local ship-owners and managers.

The client:

A Holding Company to be registered in a jurisdiction acceptable to the Bank and majority owned by Pietro Barbaro Spa, an established Italian shipping company specialising in oil transportation in the international deep sea tanker markets.

EBRD finance:

A senior loan of up to USD 72 million, to be structured as an A/B loan and up to USD 8 million of equity investment.

Total project cost:

USD 103 million.

Environmental impact:

The project was screened B/0. The project vessels will obtain the relevant national and international certificates (MARPOL, SOLAS, and IOPP) prior to operation. The company will be required to provide evidence that the newly-built vessels will comply with national and international safety and environmental standards.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

Company contact:

Website: http://www.pietrobarbaro.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

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
E-mail: Gene.Harris@mail.doc.gov or 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/oppor/procure/opps/index.htm. An updated list of EBRD publications can also be found on the main website 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 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