

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

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This report was last updated on **31 OCTOBER 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 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:

	Project name	Country	Date disclosed
A	First Lease (Hertz Ukraine)	Ukraine	28 Oct 2005
B	Promsvyazbank Subordinated Loan	Russia	28 Oct 2005
C	Rosbank Syndicated Loan	Russia	28 Oct 2005
D	SigmaBleyzer Southeast European Fund IV CV	Regional	28 Oct 2005
E	Connex Equity Investment	Regional	27 Oct 2005
F	BRE Hipoteczny Residential Portfolio Subparticipation Fac.	Poland	27 Oct 2005
G	GTC Belgrade II (19 Avenue)	Serbia and Montenegro	26 Oct 2005
H	Maxi Steel Group	Russia	25 Oct 2005
I	Mosenergo Post Restructuring Loan	Russia	25 Oct 2005
J	Zagreb Waste Water Treatment Plant BOT-increase of the loan	Croatia	25 Oct 2005
K	Tirana Municipal Roads Development Project	Albania	21 Oct 2005
L	European Fund for Southeast Europe	Regional	14 Oct 2005
M	Eskhata Bank Tajikistan- Equity Investment	Tajikistan	14 Oct 2005
N	TBC Bank	Georgia	14 Oct 2005
O	Chumak II	Ukraine	14 Oct 2005
P	Kazakh State Accumulation Pension Fund- Pre-privitization	Kazakhstan	12 Oct 2005
Q	Primsots Bank	Russia	12 Oct 2005
R	Azerdemiryol Bank Equity Investment	Azerbaijan	12 Oct 2005

A

Project name: First Lease (Hertz Ukraine)
Country: Ukraine
Project number: 35471
Business sector: Non-bank financial institutions
State/Private: Private
Environmental category: FI
Board date: 29 November 2005
Status: Passed concept review, Pending final review
Date PSD disclosed: 28 October 2005
Date PSD updated:

Project description and objectives:

The proposed project consists of a Senior Loan to First Lease, a Kiev based vehicle fleet leasing company owned by ALD International SA, which is part of the Société Générale Group. The loan will finance full service operating leases of passenger and light commercial vehicles to Ukrainian Corporates; with a significant part of the loan being used to finance leases to SMEs. The main objective of the project is to support the development of vehicle fleet leasing in Ukraine by providing long-term debt facility to First Lease.

Transition impact:

The transition impact of this project will arise from its support for the development of the Ukrainian leasing sector; promoting increased financial intermediation by supporting a major international vehicle fleet leasing group following its entry into Ukraine; increasing competition in vehicle fleet leasing; and supporting SME sector development.

The client:

First Lease was established in July 1999 to undertake vehicle fleet leasing to corporates in Ukraine and has operated under the Hertz franchise since 2001. Recently, ALD International SA, the vehicle fleet leasing company that is part of the Société Générale Group acquired First Lease.

EBRD finance:

Senior Loan of EUR 12 million.

Total project cost:

EUR 12 million.

Environmental impact:

First Lease will be required to apply EBRD's Environmental Procedures for Leasing Companies which includes compliance with the Bank's Environmental Exclusion List. All lease agreements between First Lease and its lessees will contain a provision in which such lessees agree to operate the leased vehicles in compliance with the applicable environmental, health and safety requirements of the Government of Ukraine and the local authorities.

Technical cooperation:

None.

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

Company contact:

F Hamain
First Lease
Frunze 69,
04080 Kiev,
Ukraine
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Email : f.hamain@hertz.com.ua

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:	Promsvyazbank Subordinated Loan
Country:	Russia
Project number:	36576
Business sector:	Lending to banks
State/Private:	Private
Environmental category:	FI
Board date:	29 November 2005

Status: Passed concept review, Pending final review
Date PSD disclosed: 28 October 2005
Date PSD updated:

Project description and objectives:

The proposed subordinated loan in the amount of USD 50 million is aimed to support the capital base of the bank in order to underpin continued growth of Promsvyazbank's regional branch network and increase of the business portfolio, mainly of the SME and retail segment of the market.

Transition impact:

The transition impact of the project is expected to be achieved in two main areas:

- Subordinated loan will support implementation of Promsvyazbank's business plan, which envisages diversification of client base through increased regional presence and more focus on SMEs and retail businesses.
- The project seeks to further support the institutional strengthening of Promsvyazbank in line with high standards of business conduct and corporate governance.
- The loan will also further contribute to improve the bank's ability to secure support from other long term finance providers and attract potential investors.

The client:

Promsvyazbank was established in 1995 as a specialised bank servicing the needs of large companies in the communication sector, however, over time it evolved into a universal bank offering the full range of services in over 20 Russian regions.

EBRD finance:

USD 50.0 million subordinated loan.

Total project cost:

USD 50.0 million.

Environmental impact:

Promsvyazbank will be required to continue to comply with EBRD's Environmental Procedures for Intermediated Finance through local banks,

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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Web site: www.psbank.ru

Business opportunities:

For business opportunities or procurement, contact the client company.

General inquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
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C

Project name:	Rosbank Syndicated Loan
Country:	Russia
Project number:	36215
Business sector:	Lending to banks
State/Private:	Private
Environmental category:	FI
Board date:	29 November 2005
Status:	Passed structure review, Pending final review
Date PSD disclosed:	28 October 2005
Date PSD updated:	

Project description and objectives:

The proposed project envisages a broadening of the EBRD relationship with Rosbank with new term financing consisting of:

- USD 30 million mortgage loan; and
- USD 100 million syndicated loan under A/B structure, with EBRD finance of USD 35 million.

The project aims to assist the bank in developing its business in favour of (i) private sector small and medium sized enterprises (SME) operating in the Russian Federation and of (ii) retail customers with an offering of residential mortgage products. Through syndication, the project will also contribute in further diversification of the bank's funding base.

Transition impact:

- The proposed project will promote financial intermediation in Russia by using the broad regional network of Rosbank/OVK to reach Russian SME and retail customers with longer tenor funding, which is essential for capital financing and mortgages.
- The proposed project is 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.
- Through benchmarks for high standards of corporate governance, business practices and financial discipline, the project will further contribute to institutional building of the bank.
- EBRD's involvement in the syndicated loan transaction will contribute to broadening the range of financing partners and lengthening the maturities of funding provided by commercial banks.

The client:

Rosbank is a large universal bank, owned by Interros. The consolidation of banking business of the OVK banking group, which was purchased in 2003 by Interros, with Rosbank created one of the largest private banks in Russia with the second largest regional branch network after Sberbank.

EBRD finance:

Term Loan of USD 65 million (EUR 54 million).

Total project cost:

USD 130 million (EUR 108 million).

Environmental impact:

Rosbank will be required to comply with EBRD's Environmental Procedures for Intermediated Financing through Local Banks and Environmental Guidelines for Residential Mortgage Lending, including adherence to the Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety legislation, and submission of annual environmental reports to EBRD.

Technical cooperation:

None.

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

Company contact:

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Tel: +7 095 956 6727
Fax: +7 095 725 2404

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

D

Project name:	SigmaBleyzer Southeast European Fund IV CV
Country:	Regional
Project number:	36537
Business sector:	Equity funds
State/Private:	Private
Environmental category:	
Board date:	29 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	28 October 2005
Date PSD updated:	

Project description and objectives:

The proposed project is to invest in SigmaBleyzer Southeast European Fund IV operating primarily in Ukraine, Bulgaria and Romania. The Fund's target size is EUR 250 million.

The EBRD's key objectives in supporting the fund are:

- to provide equity capital to local private companies to help finance the expansion of their business
- to support the development of private equity fund management teams in Ukraine, Bulgaria and Romania;
- facilitate transfer of knowledge and create positive demonstration effects on other private sector companies.

Transition impact:

Transition impact will be achieved by:

- helping build a sustainable focused private equity fund management group in Ukraine and Southeastern Europe;
- SigmaBleyzer's hands on approach, support for the restructuring and/or development and corporate governance of investee companies
- the demonstration effects to other companies and investors in the region.

The client:

SigmaBleyzer Southeast European Fund IV C.V., a Netherlands Limited Partnership, whose General Partner is SEGF B.V., a Netherlands Limited Liability Company that is ultimately controlled by Michael Bleyzer, Lev Bleyzer and Valeriy Dema.

EBRD finance:

EBRD investment will be up to EUR 50 million, of which EUR 25 million will be committed at the second closing of the Fund, subject to a maximum of 20% of the total committed amount of the Fund. The other investors will include private investors as well as institutional investors in the region.

Total project cost:

Up to EUR 250 million.

Environmental impact:

The Fund will be required to implement environmental procedures based on the Bank's Environmental Procedures for Private Equity Funds, which include the Bank's Environmental Exclusion and Referral List. As a matter of policy, investee companies will be required to comply, at a minimum, with national regulations for environment, health and safety.

Technical cooperation:

None.

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

Company contact:

SigmaBleyzer; Mr Michael Bleyzer
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Tel: +38 044 244 94 90 or +1 713 621 3111

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

E

Project name:	Connex Equity Investment
Country:	Regional
Project number:	36260
Business sector:	Municipal and environmental infrastructure
State/Private:	Private
Environmental category:	C
Board date:	29 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	27 October 2005
Date PSD updated:	

Project description and objectives:

The proposed project...The proposed project is to provide new equity funding to Connex to expand its public transport services in CEE (Central and Eastern Europe), with an initial focus on the Czech Republic, Poland, Slovenia and Slovakia, followed by Bulgaria, Croatia, Hungary, Romania and Serbia. The transaction will contribute to increased private sector involvement in the passenger transport market in Central and Eastern Europe.

Transition impact:

This transaction will contribute to increased private ownership through the privatisation of publicly-owned entities and increased private sector participation in the regulated sector, notably urban, inter-urban and rail services. In addition to expansion of the current operations in Czech Republic, Poland, Slovenia and Slovakia, the Company will seek to establish a presence in several new countries, where there is little or no corporate private sector participation. Candidate countries are Bulgaria, Croatia, Hungary, Romania and Serbia. In both established and new markets, and in the competitive and regulated sectors, the Bank's investment will help to demonstrate the effectiveness of competition and private sector involvement in the provision of passenger transport services.

The Bank's role in the transaction will demonstrate to other investors that successful private equity investment in transport service companies can be achieved, despite the absence of a liquid securities market. The Bank's participation should therefore strengthen the confidence of future equity investors in the business and, in due course, lead to greater liquidity in the secondary equity market for public transport companies.

The client:

Connex Central Europe GmbH, a limited liability company organised in Germany (the "Company"), which is fully owned by Connex S.A. ("Connex" or "Sponsor"). Connex is a leading private European public transport operator and subsidiary of Veolia Environnement ("Veolia").

EBRD finance:

The project will consist of the subscription of up to 35% of the Company's capital and voting rights. Amount to be confirmed.

Total project cost:

To be confirmed.

Environmental impact:

The project was screened C/1 requiring an environmental audit of the company's existing subsidiaries in CEE. It was given a C rating as the expansion of Connex's services in central and eastern Europe (CEE) is likely to have minimal environmental impact. In a broader sense, as the project will promote and improve public transport it is likely to have a positive environmental impact in the region.

The environmental investigations focused on the company's ability to manage environmental, health, safety and labour issues; their capacity to conduct appropriate environmental due diligence of potential acquisition targets and their compliance with national regulations and EU standards for environment, health and safety. The findings of the review indicate that the Company/Sponsor are fully committed to compliance with national laws for environment, health, safety and labour (EHSL) and EU standards for environment, health and safety (as required by EBRD's Environmental Policy) and that there are no significant environmental issues associated with their current portfolio of CEE subsidiaries. Environmental action plans may be necessary for future acquisitions to bring them into compliance with the applicable laws and standards for EHSL. This will be determined on a case by case basis if the results of due diligence demonstrate a need for it. No other environmental, health and safety issues to raise at the moment.

Technical cooperation:

None.

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

Company contact:

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Connex Central Europe
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10117 Berlin, Germany
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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

F

Project name:	BRE Hipoteczny Residential Portfolio Subparticipation Fac.
Country:	Poland
Project number:	35891
Business sector:	Property
State/Private:	Private
Environmental category:	FI
Board date:	13 December 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	27 October 2005
Date PSD updated:	

Project description and objectives:

The project will involve the establishment of an un-funded Residential Developments Sub-participation Facility (the "Facility") with BRE Bank Hipoteczny S.A., one of the main providers of mortgage loans to commercial and residential real estate projects in Poland. Bank would risk-share 35% of construction mortgage loan portfolio carried out by residential developers that are clients of BRE Bank Hipoteczny S.A. The operation would efficiently support the financing of small and medium size residential developers on a larger scale through a wholesale vehicle.

Transition impact:

The proposed facility would effectively support the financing of construction of new residential developments undertaken by small and medium sized developers operating in Poland by capitalising on BRE Bank Hipoteczny's sector experience and strong project pipeline. The project will support high standard of mortgage lending based on application of conservative lending principles. The Facility will allow for further growth of small and medium size developers that are following best business standards in their expansion of development activities in main regions in Poland. While the economy gains strength and the future demand for residential development grows in regional Poland these developers will be ready to undertake larger number of projects in developing regions stimulating at the same time the mobility of workforce.

The client:

Small and medium size residential developers operating in Poland's capital and regional cities. The developers will be identified by BRE Bank Hipoteczny. BRE Bank Hipoteczny S.A., established in 1999 is currently 100% owned by Atlas-Vermogenverwaltungs-GmbH and is part of Commerzbank AG Group. BRE Bank Hipoteczny S.A. is one of the main banks providing financing to real estate market in Poland. As a mortgage bank BRE Bank Hipoteczny S.A. activities are strictly regulated.

EBRD finance:

Under the facility, the EBRD would risk-share 35 per cent of the BRE Bank Hipoteczny of pool of loans extended to residential construction development projects. The facility will be available for 4 years. EBRD's financing shall be up to EUR 54 million equivalent.

Total project cost:

The total project cost shall be up to EUR 154 million equivalent.

Environmental impact:

Screened FI.

BRE Bank Hipoteczny will be required to implement the Bank's Environmental Guidelines for Residential Mortgage Lending. The appraisal will confirm, among other things, that projects comply with national requirements for environment, health and safety and do not involve activities included on the Bank's Environmental Exclusion List.

Technical cooperation:

None.

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

Company contact:

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BRE Bank Hipoteczny S.A.
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Poland
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Business opportunities:

For business opportunities or procurement, contact the client company.

General inquiries:

EBRD project enquiries not related to procurement:

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

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G

Project name: GTC Belgrade II (19 Avenue)
Country: Serbia and Montenegro
Project number: 36407
Business sector: Property
State/Private: Private
Environmental category:
Board date: 29 November 2005
Status: Passed concept review, Pending final review
Date PSD disclosed: 26 October 2005
Date PSD updated:

Project description and objectives:

The proposed project would finance the development, construction, letting and management of a Class A office development. It will consist of 20,580sqm gross built area above ground comprising 16,847 rentable sqm for office space in two buildings; 556 rentable sqm for retail and 9,138 sqm of underground garage for 266 parking spaces. The property will be situated in the prime area of New Belgrade just 10 minutes drive from the city centre and within close proximity to the major international hotels in the city. The Bank's role will be to arrange a senior loan of €18.0 million consisting of an A/B loan structure with EBRD A Loan of €8.2 million and B Loan of €9.8 million provided by RZB-Raiffeisen Zentralbank Oesterreich AG.

Transition impact:

The proposed project would contribute to the improvement of the market structure and competition by promoting the growth and quality of the primary property market in Belgrade. At the present the stock of western grade office buildings in Belgrade is much lower than that of comparable cities in the region both in absolute and relative terms. The proposed project would assist in alleviating the lack of western grade office space in Belgrade. In addition, it would provide for a long term loan with appropriate features, thereby introducing new

investment financing terms into Serbia, which are appropriate for commercial real estate transactions and very common in more advanced real estate markets.

The client:

The proposed project will be carried out through GTC Business Park d.o.o., a Serbian legal entity, which is wholly owned by GTC Real Estate Investment Serbia B.V., a subsidiary of the Globe Trade Centre Poland S.A.

EBRD finance:

Senior loan of EUR 18.0 million consisting of an A/B loan structure with an EBRD A Loan of EUR 8.2 million and a B Loan of EUR 9.8 million to be provided by RZB- Raiffeisen Zentralbank Oesterreich AG.

Total project cost:

EUR 23.4 million

Environmental impact:

Environmental review summary

Screening categories and rationale for classification Development, construction and management of the class A office building in Belgrade has some environmental impacts which can be readily identified and addressed through adequate mitigation measures and application of good international practice. For the above reasons, the EBRD has classified the project B/1, requiring an Environmental Analysis and Audit of the proposed project.

Information reviewed during the environmental appraisal

The environmental due diligence has been based on the review of the completed Environmental Questionnaire for Property Project and Annual Environmental Reports provided by the same Sponsor for the preceding property project in Belgrade.

Environmental impacts and mitigation measures

The sponsor has carried out soil test and presentation of the construction design to the public in accordance with local and national requirements. The initial construction permit was granted in September 2005 and other permits are underway. The environmental due diligence to date confirmed the following:

- The site is suitable for the project.

- No harmful materials such as asbestos and formaldehyde will be used for the construction.
- Sprinkler systems will be installed in the offices and garages.
- Smoke detective systems will be provided for the building.
- Waste water treatment and solid waste treatment provisions will be in place during the operation of the building.

The sponsor will be required to ensure that the project complies with national and EU environmental, health and safety standards and requirements. To achieve that, the Sponsor is committed to apply good international practice for all the aspect of the project.

Environmental opportunities

The project design includes the following environmental opportunities:
 (i) greeneries will be provided on the garage roof, and the site area will be generally upgraded; and (ii) energy efficiency will be addressed through the building design.

Monitoring

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 (AER) prepared for the project covering: (1) on-going performance of project-specific environmental, health and safety programmes, and (ii) the status of implementation of environmental mitigation measures.

Technical cooperation:

None

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

Company contact:

Hagai Harel, GTC International B.V. Tel: +31 20 664 88 84 Email: hagai@gtcinternational.nl

Business opportunities: For business opportunities or procurement, contact the client company.

General inquiries:

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

H

Project name: Maxi Steel Group
Country: Russia
Project number: 35924
Business sector: General manufacturing
State/Private: Private
Environmental category: B
Board date: 29 November 2005
Status: Passed concept review, Pending final review
Date PSD disclosed: 25 October 2005
Date PSD updated:

Project description and objectives:

The proposed Project will finance brown field construction of a 1 mln. t capacity mini-mill and a matching capacity rolling mill at one of the Maxi Steel Group's sites near Yekaterinburg. The Project will encompass the second step to a modern integrated state-of-the-art full cycle metallurgical facility, including continuous casting, two-strand rolling mill and a hardware plant, which will complement and partially replace the existing manufacturing structure of the Group.

Transition impact:

The Project will demonstrate the effect of advanced electric steel-making technology and organisational restructuring on the competitiveness of business. The Group will present a sample of a unique in Russia fully modernised steel complex with upstream integration. In the course of the Project implementation, the Group is committed to perfect its transparency, business practices and corporate governance.

The client:

Maxi Steel Group is the second largest metal scrap collector and processor in Russia and a growing player in the long products and steel hardware market. The Group comprises two metallurgical plants - Nizhnie Sergi and Revda Metallurgical Works (together NSMMZ) in Sverdlovsk region, and a vast network of ferrous scrap processing units.

EBRD finance:

Senior loan with a tenor of up to 7 years will have an A/B structure, with up to 50% of the facility syndicated to B-lenders.

Total project cost:

Total Project cost is estimated at EUR 220 million.

Environmental impact:

B/1 screened project.

The steel-making and rolling facilities are associated with a wide range of environmental, health and safety and social and labour issues. An Environmental Audit and an Environmental Analysis was carried out by external consultants retained by the Bank and verified by the Bank's expert. An Environmental Action Plan embracing both the existing facilities and the construction is being developed. The Project Summary Document will be updated as soon as the EAP will be agreed with the Bank.

Technical cooperation:

None.

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

Company contact:

Business opportunities: For business opportunities or procurement, contact the client company.

General inquiries:

EBRD project enquiries not related to procurement:

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

Email: projectenquiries@ebrd.com

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Project name:	Mosenergo Post Restructuring Loan
Country:	Russia
Project number:	35549

Business sector: Power and Energy
State/Private: Private
Environmental category: B
Board date: 29 November 2005
Status: Passed structure review, Pending final review
Date PSD disclosed: 25 October 2005
Date PSD updated:

Project description and objectives:

Financing of Mosenergo's urgent priority investments for the refurbishment of several combines heat and power plants ("CHPs") to improve the efficiency of operations. Up to USD 50 million RUR equivalent will also be used to finance optimization of the balance sheet (refinancing of short-term debt).

Transition impact:

The transition impact of the loan derives from the following:

The Bank's loan to a newly created generation company is a logical step in supporting the power sector restructuring and a follow-on expansion of the liberalised power market.

Investment in rehabilitation of the Company's power plants should result in increased efficiency and reliability, reduced losses and improved environmental performance of the Mosenergo's assets. This should improve the Company's competitiveness in the liberalising power market.

Through a representative with an observer status at Mosenergo's Board of Directors meetings the Bank will have an opportunity to monitor the Company's corporate governance practices related to the Project.

Through the proposed Technical Assistance, the Bank will work with the Company on further development of heat law and/or methodology.

The client:

Mosenergo Open Joint Stock Company (Mosenergo or the Company), a generation company that serves Moscow and the Moscow region and is a post-restructuring successor to a vertically integrated Moscow regional power utility. Mosenergo holds a B- long-term corporate rating with stable outlook from Standard & Poor's.

EBRD finance:

The Bank will underwrite up to USD 250 Million rouble equivalent (the Loan), consisting of:

- a. Tranche A in the amount of USD 100 Million rouble equivalent for the Bank's own account; and
- b. Tranche B to be syndicated in the amount of USD 150 million rouble equivalent.

Total project cost:

Up to EUR 1.24 billion.

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 modernization of existing power units focusing 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.

Key environmental issues and mitigation

The key environmental issues are air emissions (i.e. NOx) from the mainly gas fired units (92% of used fuel is gas). As a result of ongoing investment programmes the Company has achieved significant NOx emission reductions with emission down from 151 kT in 1993 to 67 kT in 2004. The investment programme will further reduce emissions by 2010. It should be noted that the share of the power utilities is approximately 5% of all emission in the atmosphere of the Moscow area.

Overall emissions from the plant are not judged as a having a significant adverse impact due to the nature of fuel mix, a lot of environmental measures and sites location. The planned modernization will also upgrade existing boilers inclusive of the existing primary NOx control systems and the installation of low NOx burners.

The plants are subject to regulatory control and all plants have valid permits. Russian air quality standards, notably for SO2 and NOx are substantially more stringent than comparable European Union standards. The investment

programme is aimed at ensuring compliance with Russian air quality standards and is structured to meet EU environmental standards. The Company will undertake a Best Available Techniques (BAT) assessment of operations in the future to further assess investment needs.

Greenhouse gas (GHG) emissions are currently around 50 mln t/yr. A GHG strategy will be developed in the future as part of the EMS to take account of the planned increase in the demand of electricity in the Moscow region.

Water use is a significant aspect of the plants operations. The planned investment programme aims to improve quality and reduce quantity of sewage from the plants.

The operations are not associated with significant waste disposal problems due to the nature of the fuel used. However, some hazardous and non hazardous waste needs to be located and utilized in licensed landfills. As part of developing a formalised environmental management system this will be addressed to reduce environmental and human risk.

Contaminated land control regularly take place according to the schedule by means of observations and analysis of groundwater from the net of piezometric stations at the CHPs.

Asbestos containing materials are not used at the plants now, but exist at some non-refurbished equipment and the investment programme will include the development of an asbestos management plan to address this issue.

Part of the investment programme is aimed at introduced a formalised environmental, health and safety management system and continuous monitoring at all 17 plants is to be undertaken by 2012. This will allow for further strengthening of the current environmental, health and safety management system at the Company in line with best international practice.

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. Future investments may result in the potential for JI and CDM projects.

Summary of Environmental Action Plan

The company will be required to adhere to Russian 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 based on the results of due diligence and is currently being discussed. 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 incorporating all operational units will be developed by 2012.

The following upgrades are planned:

- Upgrade of boilers including installation of low NOx burners;
- Upgrade of wastewater treatment facilities;
- Noise reduction measures, and
- Improvements in cooling tower operation in order to reduce vapour emissions.

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 continue to 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. This will include:

(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 Company.

Technical cooperation:

Technical Assistance will be sought to facilitate development of heat law.

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

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J

Project name:	Zagreb Waste Water Treatment Plant BOT-increase of the loan
Country:	Croatia
Project number:	36606
Business sector:	Municipal and environmental infrastructure
State/Private:	Private
Environmental category:	
Board date:	29 November 2005
Status:	Pending concept review
Date PSD disclosed:	25 October 2005
Date PSD updated:	

Project description and objectives:

The increased loan proceeds will be used for capacity increase of the waste-water treatment plant and the construction of the supporting infrastructure and drainage canals. The initial loan is utilized for design, construction, and maintenance of the first waste-water treatment plant for the city of Zagreb on a Build Operate Transfer (BOT) basis for 28 years. Objective of the transaction: To achieve a treatment of municipal waste water to comply, in stages, with EU standards.

Transition impact:

The project introduces the private sector to the provision and financing of municipal waste-water services through a process of full international competitive bidding.

The client:

The borrower is Zagrebacke Otpadne Vode d.o.o., a special-purpose, limited liability company incorporated in Croatia and owned by a sponsor consortium consisting of RWE AQUA GmbH (owned indirectly by RWE AG) and SHW Hölter Wassertechnik GmbH (fully-owned subsidiary of Berlinwasser Holding Aktiengesellschaft).

EBRD finance:

The EBRD would provide an increase of EUR 15.31 million to the existing senior debt of EUR 55.2 million. EBRD loan is syndicated to Dexia and Bank Austria. Kreditanstalt für Wiederaufbau (KfW) provides parallel financing of EUR 104.5 million and will increase its loan size proportionally by EUR 16.7 million.

Total project cost:

EUR 250 million.

Environmental impact:

This project was screened A/0, requiring an environmental impact assessment (EIA) for the proposed investment project. An EIA study was carried out by an independent local consultant.

The findings of the EIA indicate that some environmental impacts will be caused by civil engineering works, such as higher noise levels, dust caused by soil excavation and management and disposal of excavated soil and waste. These impacts will be temporary and will be managed by applying international good working practices.

Once the waste-water treatment plant is completed, its operation will cause limited local impacts such as aerosol emissions, odour and noise, and will require adequate provisions to prevent chemical spills and to ensure adequate sludge management. Relevant mitigation measures are proposed and will be implemented during construction, start-up and subsequent operation and maintenance of this facility.

A monitoring programme will be prepared, which will include monitoring of surface water quality (the river Sava), sludge management and disposal, ground-water quality and air emissions. Noise level and any potential impact on flora and fauna will also be monitored according to Croatian and EU environmental standards.

Technical cooperation:

None.

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

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K

Project name:	Tirana Municipal Roads Development Project
Country:	Albania
Project number:	36228
Business sector:	Municipal and environmental infrastructure
State/Private:	State
Environmental category:	
Board date:	29 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	21 October 2005
Date PSD updated:	

Project description and objectives:

The proposed project will finance a comprehensive road transport rehabilitation project in Tirana, which is divided in two phases. Phase I envisages the

rehabilitation and up-grading of a section of Tirana Ring Road, one of Tirana's main connection arteries. The section is 3.34-km long which will be re-habilitated and widened. Phase II aims at the rehabilitation and development of other priority components of Tirana's municipal roads. The project will significantly improve the traffic flow and release the congestion on one of the main streets in the City

Transition impact:

The project will focus on assisting the City of Tirana in two aspects through Technical Assistance during implementation:

(i) Creditworthiness Enhancement Programme (CEP) aimed at helping the City in monitoring and controlling the City's fiscal revenues and expenditures; plan the City's capital expenditures and organise the City's Treasury Department; and to improve anti-corruption controls and establish an on-going monitoring regime that encourages fair competition and transparency in the provision of municipal services.

(ii) Evaluating the role of the Municipal Transport Department and the City Transport Company focusing on re-organising the City's Transport Department and Transport Company with the objective to develop urban transport plans improving public transport and traffic management and parking in the City.

Project description and objectives:

The proposed project will finance a comprehensive road transport rehabilitation project in Tirana, which is divided in two phases. Phase I envisages the rehabilitation and up-grading of a section of Tirana Ring Road, one of Tirana's main connection arteries. The section is 3.34-km long which will be re-habilitated and widened. Phase II aims at the rehabilitation and development of other priority components of Tirana's municipal roads. The project will significantly improve the traffic flow and release the congestion on one of the main streets in the City.

Transition impact: The project will focus on assisting the City of Tirana in two aspects through Technical Assistance during implementation:

(i) Creditworthiness Enhancement Programme (CEP) aimed at helping the City in monitoring and controlling the City's fiscal revenues and expenditures; plan the City's capital expenditures and organise the City's Treasury Department; and to improve anti-corruption controls and establish an on-going monitoring regime that encourages fair competition and transparency in the provision of municipal services.

(ii) Evaluating the role of the Municipal Transport Department and the City Transport Company focusing on re-organising the City's Transport Department and Transport Company with the objective to develop urban transport plans improving public transport and traffic management and parking in the City.

The client:

The City of Tirana is the capital and largest city in Albania. The City is headed by the Mayor and the City Council. The City is responsible for providing, organising and financing urban transport infrastructure in the City.

EBRD finance:

Loan of EUR 8 million.

Total project cost:

EUR 8 million.

Environmental impact:

The project has been classified IEE, requiring an Initial Environmental Examination.

Environmental, health, safety and social issues associated with the planned road rehabilitation and widening of a 3.34 km long section of the existing ring road into four-lane road cannot be readily identified on the basis of the information available to date. The content of the second phase to rehabilitate and develop other priority components of Tirana's municipal roads has not yet been defined and it is not possible to assess the environmental impacts. Therefore, an Initial Environmental Examination (IEE) will be carried out to determine the environmental category (A or B) of the project and the environmental due diligence and public consultation and disclosure requirements. The project can in general terms be expected to bring about an environmental benefit through diverting traffic away from and relieving traffic congestion in the centre of Tirana. However, people directly affected by the road construction and increased traffic impacts of the widened road may perceive the development adversely.

An Environmental (and Social) Action Plan (EAP) will be developed as part of the environmental due diligence and agreed between the Company and the Bank to address corrective and mitigation measures needed. Public disclosure and consultation will be carried out in accordance with Albanian and EBRD requirements, which will be determined in the IEE.

This section will be updated and amended as soon as the IEE has been conducted, and also when 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

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L

Project name:	European Fund for Southeast Europe (EFSE)
Country:	Regional
Project number:	36415
Business sector:	Lending to banks
State/Private:	Private
Environmental category:	FI
Board date:	
Status:	Passed concept review, Pending final review
Date PSD disclosed:	14 October 2005
Date PSD updated:	

Project description and objectives:

The European Fund for Southeast Europe (“EFSE”) will be a privately managed public/private investment fund which will provide financing for micro, small and medium-sized enterprises (“MSMEs”), as well as housing and rural finance, through financial intermediaries in a number of countries in Southeast Europe.

The EFSE will initially provide financing to Bosnia and Herzegovina, Serbia and Montenegro, and Kosovo, and may expand to other Southeast European countries.

EFSE will have equity funding from the existing donor funds from the European Commission, Bundesministerium fuer wirtschaftliche Zusammenarbeit und Entwicklung, Swiss Agency for Development and Cooperation and the Netherlands Development Finance Company. Mezzanine financing will be provided by EBRD, KfW, IFC and FMO. And the private sector will be providing financing at the senior debt level.

The fund will be managed by an experienced private investment manager.

The objectives of the fund are to:

Provide development finance in Southeast Europe through the local financial sector, focusing primarily on the needs of MSMEs:

Contribute to strengthening the financial sector

Deliver MSME, rural and housing development products in Serbia & Montenegro, BiH and Kosovo

Gradually expand its geographical reach in Southeast Europe and develop its products through co-financing and leveraging;

Attract additional private sector investors to Southeast Europe through investment in the Fund.

Sub-projects:

View a list of sub-projects for this and other framework projects.

Transition impact:

Transition impact: The transition impact of the proposed investment will arise mainly from the following two aspects:

(i) Supporting entrepreneurs: the Fund is another tool for further promoting the growth of the grass-roots sector in these countries.

(ii) Market deepening and broadening: within 1-2 years the Fund intends to finance around 20-30 financial intermediaries providing EUR 2-4 million to each one. This will enable commercial banks and MFIs to expand their product range, providing loans to MSMEs, for housing and in certain cases targeting clients in rural areas.

(iii) Demonstration effect: Commercial financing is rarely available to local institutions due to perceived high risks. Successful lending will attract other foreign investors to the region and the sector.

The client:

Commercial banks, microfinance institutions and other financial intermediaries. The Fund will be managed by a private Investment Manager, selected through an international tender process.

EBRD finance:

Commercial banks, microfinance institutions and other financial intermediaries.

The Fund will be managed by a private Investment Manager, selected through an international tender process.

Total project cost:

EUR 212.1-257.1 million for the first closing.

Environmental impact:

The fund will be required to adopt and implement environmental risk management procedures in accordance with the EBRD Environmental Procedures for Small and Micro Loans, which will include EBRD's Environmental Exclusion and Referral List. Sub-borrowers will be required to comply, at a minimum, with national standards for environment, health, safety and labour.

Technical cooperation:

EUR 2 million out of the initial closing will be set aside for a development facility to provide borrowers with technical assistance as needed. The facility will be replenished annually from the net income of the Fund (up to 0.1% of annual net income).

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

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Business opportunities:

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M

Project name: Eshkata Bank Tajikistan - Equity Investment
Country: Tajikistan
Project number: 35744
Business sector: Lending to banks
State/Private: Private
Environmental category: FI
Board date:
Status: Passed concept review, Pending final review
Date PSD disclosed: 14 October 2005
Date PSD updated:

Project description and objectives:

The operation consists of an equity investment in 21.1% of newly issued shares. The investment will support the development of a small independent regional private Tajik bank in its endeavour to meet new minimum capital requirements of US\$ 5.0 million, as recently set out by the National Bank of Tajikistan. It will also secure Eshkata Bank's sustainable development and growth, strengthening its operations, and enhancing its competitive position in the region.

The project also aims at providing additional financing to support the excellent performance of Eshkata Bank in micro and small enterprise (MSE) lending under the Tajikistan MSE Finance Facility (TMSEF). A USD 2.5 million senior loan will be provided to Eshkata Bank for onlending to MSEs nationwide.

The Bank's investment will mobilise an investment by ShoreCap International, a Chicago-based private equity fund seeking to take minority positions in locally managed microfinance banks operating in transition economies. ShoreCap International will invest alongside EBRD on pari-passu terms.

Transition impact:

The project's transition impact will be most prominent in the following areas:

- (1) support of a private bank committed to the principles of sound banking and transparency, thus setting benchmark for standards of corporate governance;
- (2) support of a regional bank headquartered outside of the capital city;
- (3) enhancement of competition and promotion of financial intermediation;
- (4) reinforcement of internal risk management systems and upgrading IT platform of the bank;

(5) development of institutional efficiency, transference and dispersion of skills; and (6) further increase of access to efficient and tailored finance for MSEs in the country.

The ongoing capacity building programme under TMSEF will also strengthen Eskhata credit skills and procedures by training dedicated MSE loan officers and establishing MSE departments in most current and future branches/outlets nationwide.

The client:

Eskhata Bank, a small privately owned bank headquartered in the city of Khujand in the Northern Tajikistan. The bank is primarily focused on servicing MSE clients and has been providing a strong competition to larger rivals operating in the region.

EBRD finance:

Equity investment through acquisition of newly issued ordinary shares.

USD 2.5 million senior loan for MSE finance.

Total project cost:

USD 2,500,000 and equity investment amount.

Environmental impact:

The client complies with EBRD's Environmental Procedures for Intermediated Finance through Local Banks and for Micro and Small Loans, including compliance with applicable national environmental, health and safety requirements, adherence to the Environmental Exclusion and Referral List. Submission of annual environmental reports to the Bank and nomination of an officer responsible for environmental issues are part of the project covenants.

Technical cooperation:

Institutional building consultants to be selected in connection with the equity investment.

TA consultants for the MSE finance capacity building programme under TMSEF have already been contracted. TA funds have been committed by USAID, the EU, and the Early Transition Country Fund, as well as by DFID and SECO in the initial phase.

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

Company contact:

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Business opportunities:

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N

Project name:	TBC Bank
Country:	Georgia
Project number:	36420
Business sector:	Lending to banks
State/Private:	Private
Environmental category:	FI
Board date:	15 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	14 October 2005
Date PSD updated:	

Project description and objectives:

The proposed project consists of a senior syndicated loan of up to USD 17 million of an A/B structure (B-Loan to be syndicated) to TBC Bank, a leading Georgian commercial bank for on-lending to its private sector business customers.

The facility will support the diversification of TBC's funding and the expansion of its SME and corporate client base in Georgia.

Transition impact:

The project will have a significant transition impact in the following areas:

The first loan borrowed on the international syndicated loans market by a Georgian company would provide positive demonstration effect by demonstrating that commercial financing of banks is achievable in Georgia.

The syndicated loan provided to TBC Bank will help the bank to diversify its funding base and open a possibility for TBC Bank to attract funding directly from the commercial debt markets in the future.

Supporting the development of the private companies and banking sector in Georgia by increasing medium-term financing to the productive sector of the economy through domestic banks thereby facilitating the strengthening of the domestic production.

The client:

TBC Bank headquartered in Tbilisi is a leading commercial bank and the largest lender to small and medium size enterprises in Georgia through 11 branches across the country.

EBRD finance:

A senior term loan of up to USD 17 million, with an A/B structure, B loan to be syndicated.

Total project cost:

USD 17 million.

Environmental impact:

TBC Bank will be required to comply with EBRD's Environmental Procedures for local banks, including ensuring compliance with the applicable national environmental, health, safety and labor standards and regulations, adherence with EBRD's Environmental Exclusion and Referral Lists 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.

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O

Project name:	Chumak II
Country:	Ukraine
Project number:	36306
Business sector:	Agribusiness
State/Private:	Private
Environmental category:	B
Board date:	15 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	14 October 2005
Date PSD updated:	

Project description and objectives:

The proposed Project comprises the expansion of the Company's production facilities and purchase of new equipment, the introduction of innovative packaging solutions and financing of the working capital needs in relation to increasing operations.

Transition impact:

The transition impact potential for this investment remains substantial:

The project will enhance backward linkages through the local agricultural supply chain as most of the companies raw materials are sourced from the agricultural sector in southern Ukraine. The Company will assist the local farming community with machinery training and technical assistance as well as with negotiations with input suppliers.

Through introducing new high-quality value added products, efficient packaging, labelling and innovative solutions, the Company will further expand the existing markets for tomato and oil based products and bring substantial development to the emerging markets of condiment and cooking sauces. The improved technology and higher efficiencies will increase the competition in the sector

The client:

Chumak is a leading food processor located in southern Ukraine, is involved in the production of tomato paste based products, edible oil, mayonnaise, pickled and canned vegetables and is an owner of the brand names “Chumak” and “Daryna”.

EBRD finance:

USD 16.0 million term loan and USD 10.0 million revolving credit line.

Total project cost:

Up to USD 77.0 million.

Environmental impact:

The project is screened B/1 requiring an environmental audit and analysis of the facilities and the proposed expansion plans. These studies will be undertaken by independent consultants and any necessary remedial actions will be structured into an environmental action plan to be agreed with the Company. The Company will be required to comply with both national and EU standards for environment, health and safety and provide the Bank with an annual environmental report on any environmental action taken in the year. Following completion of the studies this PSD will be updated to reflect the findings.

Technical cooperation:

None.

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

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P

Project name:	Kazakh State Accumulation Pension Fund - Pre-privatisation
Country:	Kazakhstan
Project number:	35060
Business sector:	Non-bank financial institutions
State/Private:	Private
Environmental category:	FI
Board date:	15 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	12 October 2005
Date PSD updated:	

Project description and objectives:

The proposed project is a two stage transaction. Initially the EBRD intends to make a pre-privatisation equity investment in the Accumulation Pension Fund GMPF (the "Company"), the largest pension fund management company in Kazakhstan (measured by number of individual accounts). At this stage the EBRD expects to subscribe to a capital increase in order to acquire an initial 9.99% stake. Subsequently the EBRD intends to purchase a further 10% of the equity of the Company at privatisation which is planned for 2006.

The project has two main objectives. Firstly, the EBRD's investment will facilitate the transfer of ownership of the Company from state to private hands. In conjunction with the EBRD's initial investment the Government of Kazakhstan will commit to privatise the Company during 2006.

Secondly, the project will help to prepare the Company for privatisation. The EBRD will support the Government of Kazakhstan in attracting a strategic investor and the Company in reviewing and upgrading key business and control functions as well as its corporate governance. This process will be aided by technical cooperation funds.

Transition impact:

The project will enable the privatisation process of the Company to commence. The initial share subscription by the EBRD will further promote private ownership and confidence in Kazakhstan's financial system. In addition, the commitment of the Kazakh Government to continue the privatisation process should ensure that a key 'private' pension fund management company is ultimately controlled by a strategic investor with detailed pension fund management experience. The project will also have an important impact on the Company itself, by continuing the process of improving the Company's business and operations. This will include setting standards for corporate governance as well as commercial improvements and important upgrades to systems and risk management. Improvements will initially be promoted via an institution building programme to be put in place as part of a technical assistance package (see below) while the entry of a strategic investor is expected to ensure continued longer-term improvements.

The client:

Accumulation Pension Fund GNPF, a pension fund and asset management company owned by the National Bank of the Republic of Kazakhstan (64%) and the Government of the Republic of Kazakhstan (36%).

EBRD finance:

Dependent on pricing agreed with a strategic investor at privatisation.

Total project cost:

Dependent on pricing agreed with a strategic investor at privatisation.

Environmental impact:

Screened FI.

Kazakhstan State Accumulation Pension Fund GNPF will be required to adopt and implement EBRD's Environmental Guidelines for Passive Investments including the Environmental Exclusion and Referral List for all its operations and submission of an annual environmental report to the Bank as part of the monitoring process.

Technical cooperation:

EUR 350,000 TC funds have been provided by the Canadian International Development Agency (CIDA) to support the Company management in formulating and implementing an institutional building programme to promote

privatisation and to better safeguard pension assets. The technical cooperation programme has the following three key components:

- Improvement of corporate governance and organisational structures;
- Improvement of operational systems and management efficiency, including asset management, risk management, MIS, IT, data management and accounting;
- Improvement in strategic management, marketing and business development.

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

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Business opportunities:

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Q

Project name:	Primsots bank
Country:	Russia
Project number:	36221
Business sector:	Lending to banks
State/Private:	Private
Environmental category:	FI
Board date:	15 November 2005
Status:	Passed concept review, Pending final review

Date PSD disclosed: 12 October 2005

Date PSD updated:

Project description and objectives:

The proposed project envisages providing a loan of RUR 90 million (USD 3 million equivalent) to Primotsbank, a private bank operating in the Far East for on-lending to SMEs. The Project is aimed at supporting the bank's SME lending programme with longer tenors, which will benefit the local SME sector which is currently underserved by local banks.

Transition impact:

The transition impact potential of the Project arises from (i) increased financial intermediation in favour of SMEs, (ii) enhanced competition in the local banking sector, and (iii) implementation of good governance principles and high business standards in a regional bank operating in the Far East.

The client:

Primotsbank, a small privately owned regional bank established in 1993 and located in the Far East with a good regional network and a strategic focus on SME lending.

EBRD finance:

A four-year senior loan of RUR 90 million (equivalent of USD 3 million).

Total project cost:

RUR 90 million (equivalent of USD 3 million).

Environmental impact:

Primotsbank will be required to comply with EBRD's Environmental Procedures for SME financing 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:

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R

Project name:	Azerdemiryol Bank Equity Investment
Country:	Azerbaijan
Project number:	35808
Business sector:	Lending to banks
State/Private:	Private
Environmental category:	FI
Board date:	15 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	12 October 2005
Date PSD updated:	

Project description and objectives:

Up to USD 2.5 million investment to acquire, as part of a capital increase, 25% plus one share in the share capital and voting rights of Azerdemiryolbank (“ADB”), a privately held joint-stock bank incorporated in Azerbaijan. The proposed equity investment is part of the EBRD’s strategy to support viable private banks that can challenge the dominant state-owned leading banks and increase consolidation and competition in the banking sector in Azerbaijan.

Transition impact:

The transition benefits are seen mainly in the following main areas:

- Challenging the state-owned incumbents, increasing competition among the leading private banks and fostering consolidation in the sector.

- Setting standards for corporate governance, protection of minority investors and demonstration of replicable behaviour primarily through the introduction of new supervisory and management board structures.

The client:

ADB is a privately owned joint-stock bank incorporated in Azerbaijan, with total assets of USD 29 million and total equity of USD 5.7 million at 2004 year-end.

EBRD finance:

Up to USD 2.5 million equity investment in ordinary shares as part of a capital increase.

Total project cost:

Up to USD 2.5 million.

Environmental impact:

Screened FI.

The Azeridemiryolbank will have to comply with and incorporate EBRD Environmental Procedures for Intermediated Financing (April 2003) into its loan appraisal process and nominate a member of the management responsible for implementation of environmental procedures. The Azeridemiryolbank and its sub-lending activities will be required to comply with the Bank's Exclusion and Referral Lists and submit an annual environmental report summarising the portfolio of sub-lending activities with an indication of environmental risk category, and containing information on the implementation of the Banks' Environmental Procedures as well as any other information on environment, health, safety and employment related matters to the Bank.

Technical cooperation:

EU TACIS funded TC for strengthening of ADB's SME credit process is already provided (on a shared based with 4 other participating banks) via its participation in the Azerbaijan Multi-bank Framework Financing Facility. Further TC for the implementation of Institution Building Programme, funded by ETC Fund, will be launched along with the EBRD's equity investment.

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

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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 Commercial Service EBRD Liaison Office (CS-EBRD):** CS-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:

Alice Davenport
Senior Commercial Officer
Commercial Service EBRD Liaison Office

OR

Ayşe Özcan
Senior Commercial Specialist
Commercial Service EBRD Liaison Office

Tel: 44-20-7588-8490, fax: 44-20-7588-8443.

Web: www.buyusa.gov/ebrd

E-mail: Alice.Davenport@mail.doc.gov or Ayşe.Ozcan@mail.doc.gov.

Note: CS-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppo/procure/oppo/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