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EIB activities in Russia

The EIB's activities in Russia are currently governed by a first mandate from the EU Member States for financing selected environmental projects in the Baltic Sea rim of Russia, notably in the St Petersburg and Kaliningrad areas, for projects with a mutual interest to the EU and Russia for up to EUR 100 million expiring in May 2005. The Framework Agreement between the Russian Federation and the European Investment Bank, which was signed on 6 December 2002 in Moscow, entered into force on 8 July 2004, enabling the EIB to be fully operational in Russia. The Framework Agreement covers all (present and future) lending activity in Russia.

In December 2003, the EIB Finance Contract for the first project, the St Petersburg Wastewater project – which is co-financed with the EBRD and NIB –, was signed for EUR 25 million and partly disbursed in December 2004 following fulfilment of the contractual conditions.

The second project approved by the EIB's Board of Directors and Board of Governors under this first mandate, St Petersburg Flood Barrier for an EIB loan of EUR 40 million, also co-financed with the EBRD and NIB, is at an advanced stage of negotiations with the Russian Federation, and could be signed in 2005. Conversely, the third project approved by the EIB's governing bodies, Kaliningrad Water & Environment for EUR 25 million, will not materialise by May 2005 (the deadline for the first mandate) due to institutional and budgetary issues in the Russian Federation; it might however be shifted to the second EIB mandate mentioned. The EIB is presently appraising further environmental projects in the Baltic Sea rim of Russia.

In December 2003, the European Council decided to grant the EIB a second mandate for Russia as well as, subject to certain conditions, Ukraine, Moldova and Belarus, for an amount of EUR 500 million for projects in the areas of "the environment, and transport, telecommunications and energy infrastructure on priority TEN axes with a cross-border aspect for an EU Member State". The final EU Council Decision rendering this second mandate effective/operational is expected in 2005. In the meantime, the EIB has been working closely with the EBRD and the NIB during 2004 to identify suitable projects for co-financing under the second mandate.

For more information on the EIB, visit the internet site www.eib.org.

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