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Russia and the Eastern Neighbours

EIB financing operations in Eastern Europe, the Southern Caucasus and Russia are carried out in close cooperation with the European Bank for Reconstruction and Development (EBRD) according to the terms set out in a tripartite Memorandum of Understanding between the European Commission, the EIB and the EBRD, which aims to bring together the expertise, capacity and comparative advantages of each participant for the successful implementation of the European Neighbourhood Policy and the EU-Russia Strategic Partnership. Under the new 2007-2013 mandate, EUR 3.7bn in EIB loans is available to finance investment in Russia, Ukraine and – subject to future Council agreement – Belarus in Eastern Europe, and in Armenia, Azerbaijan and Georgia in the Southern Caucasus. The EIB will provide long-term loans for projects that are of significant interest to both the EU and the country concerned in the transport, energy, telecommunications and environmental infrastructure sectors.

The first EIB loan for an environmental project in Russia, in St Petersburg, dates back to 2003. Two further environmental protection loans were signed in the following years, for projects also located in St Petersburg, for a total of EUR 85m. In 2007 no new loans were signed in Russia, but preparatory work was carried out on a number of PPP projects, notably the St Petersburg Western High Speed Diameter. The aim of this project is to implement a toll motorway across the western part of the city of St Petersburg, linking the northern and southern parts of the ring road and providing a direct connection to the city's Grand Port and with Finland.

The EIB became operational in Ukraine in 2006 and in 2007 signed its first loan in this country in support of motorway rehabilitation on the Pan-European Corridor between Kiev and Brody. 2007 also saw the EIB become operational in Moldova, where it signed its first financing operation, aimed at improving road connections with the European Union. The EIB lent EUR 30m for rehabilitation of roads linking the capital Chisinau to the EU border. This project, piloted by the World Bank (WB), is co-financed by the WB, the EIB and the EBRD. The WB and EBRD are also providing loans to rehabilitate the main North-South road axis in the country. The loans are closely coordinated with the International Monetary Fund and the European Commission.

The new mandate for 2007-2013 expands the EIB's activities in the EU's eastern neighbour countries to include the Southern Caucasus. In order for the EIB to become active in these new countries, Framework Agreements must be concluded between the Bank and the country concerned. In the Southern Caucasus, such a Framework Agreement was signed with Georgia in June 2007, while negotiations with Armenia and Azerbaijan are still ongoing, with a view to signing the agreements in early 2008.

For further information on the EIB, visit its website www.eib.org.

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