



Financing in Eastern Partner Countries and Central Asia

The EIB finances projects in the Eastern Partner Countries: Armenia, Azerbaijan, Belarus¹, Georgia, Moldova, Russia and Ukraine on the basis of an EU Council and Parliament mandate for EUR 3.7bn in loans for the period 2007-2013. The focus is on projects that are of significant interest to the EU in the transport, energy, telecommunications and environmental infrastructure fields. Priority is given to investments in extended major trans-European network axes, projects with cross-border implications for one or more Member States and major projects fostering regional integration through increased connectivity. In Russia in the environmental sector, the EIB gives particular priority to projects within the framework of the Northern Dimension Environmental Partnership. In the energy sector, strategic energy supply and energy transport projects are of particular importance.

In May 2009 the Eastern Partnership Launching Summit invited the EIB to contribute to the development of the Eastern Partnership by financing sustainable investment projects. In this context the Bank started work on support for SMEs in this region. Such support is vital for sustainable economic development and the EIB's lending activities are intended to improve SMEs' access to long-term finance, which is particularly important in this time of financial crisis.

At end-2009 the EIB also established the Eastern Partners Facility for lending in the same countries using up to EUR 1.5bn from its own resources and at its own risk, with a ceiling of EUR 500m for lending to projects in Russia. In this framework, the EIB will extend loans and/or guarantees for EU investments, notably by European corporates, essentially under investment-grade structures in line with the EIB's usual criteria. Indirect equity investments in infrastructure funds of EU interest would also be eligible under this facility.

In 2009, the Bank signed three loans in the region amounting to EUR 232.5m, bringing total EIB lending in the Eastern Partner Countries to EUR 717.5m since 2003. In the Russian Federation the Bank provided EUR 115m for the upgrading and further development of the mobile telecom network to increase the quality and accessibility of broadband services, and EUR 17.5m to finance a further reduction of the pollution discharged by Saint Petersburg into the Gulf of Finland. In Ukraine, the Bank provided an intermediated loan of EUR 100m for SMEs as well as small and medium-sized energy and environment projects promoted by mid-caps and public sector entities.

The Bank supports individual projects in the region in close cooperation with the European Bank for Reconstruction and Development (EBRD), on the basis of a tripartite Memorandum of Understanding (MoU) signed between the EIB, EBRD and European Commission in December 2006. For some projects, co-financing by the EIB and EBRD is complemented by other international financial institutions (IFIs), such as the Nordic Investment Bank and/or the World Bank.

Among the Central Asian countries eligible for EIB financing (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), the Republic of Tajikistan was the first to sign a Framework Agreement providing the basis for the EIB's future lending in that country. EIB activities will be focused on the financing of major energy projects as well as on environmental protection projects of interest both to Tajikistan and the European Union – this in close cooperation with the European Commission, the EBRD and other IFIs operating in Tajikistan. Negotiations for a Framework Agreement with Kazakhstan progressed well in 2009 and will most likely be completed early in 2010.

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

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¹ Activity in Belarus is subject to a future Council and Parliament agreement.