



Eurasian Development Bank

The role of Eurasian Development Bank in sustainable and low-carbon future of Central Asia

GCF Regional Dialogue with Eastern Europe and Central Asia Agenda

Conrad Albrecht, Managing director,
Directorate of Sustainability

March 20 2024

A Leading Multilateral Development Bank in Eurasia



6 Eurasian countries
8 offices



18 Years

of stable growth and investment
in sustainable development

285

successful national
development
projects and
integration projects

\$7bn

The EDB charter capital

\$4.8bn

current investment
portfolio

\$2bn

equity

The EDB invests in promoting better living standards for >200 million people living in Eurasian region

The EDB's Role and Management

THE EDB'S MISSION

Promoting the development of a market economy

Facilitating sustainable economic development

Spurring the expansion of trade and other economic ties

in the member states through investment

Strategic objectives

- Financing projects with an integration effect
- Financing national development projects
- Implementing new products and instruments
- Supporting manufacturing projects
- Promoting PPP initiatives in the member states
- Developing partnerships and alliances to source additional funding for projects in the member states

Long-term horizon (>15 years)

Focus on projects with significant and measurable social and development impacts, including infrastructure, green energy and digital projects

The Bank's Management



OLJAS
BEKTENOV

Prime Minister
of Kazakhstan,
Chairman of the
Bank's Council



NIKOLAI
PODGUZOV

Chairman of the
Management
Board

60%

of the
Management
Board based
in Central Asia

65%

of the Council
based in
Central Asia

70%

of the staff based
in Central Asia

The EDB is expanding its international network

As an entity regulated by international law, the EDB:

- has international legal status;
- has the rights of a legal entity on the territories of its member states;
- has special legal status affording it privileges and benefits in the member states.

- ✓ Operations supported by shareholders
- ✓ Status of a preferred creditor

OBSERVER STATUS



MEMBER OF ASSOCIATION



SUPPORTING INSTITUTION



SIGNED MEMORANDA WITH INTERNATIONAL ORGANISATIONS



PARTNER MULTILATERAL DEVELOPMENT BANKS



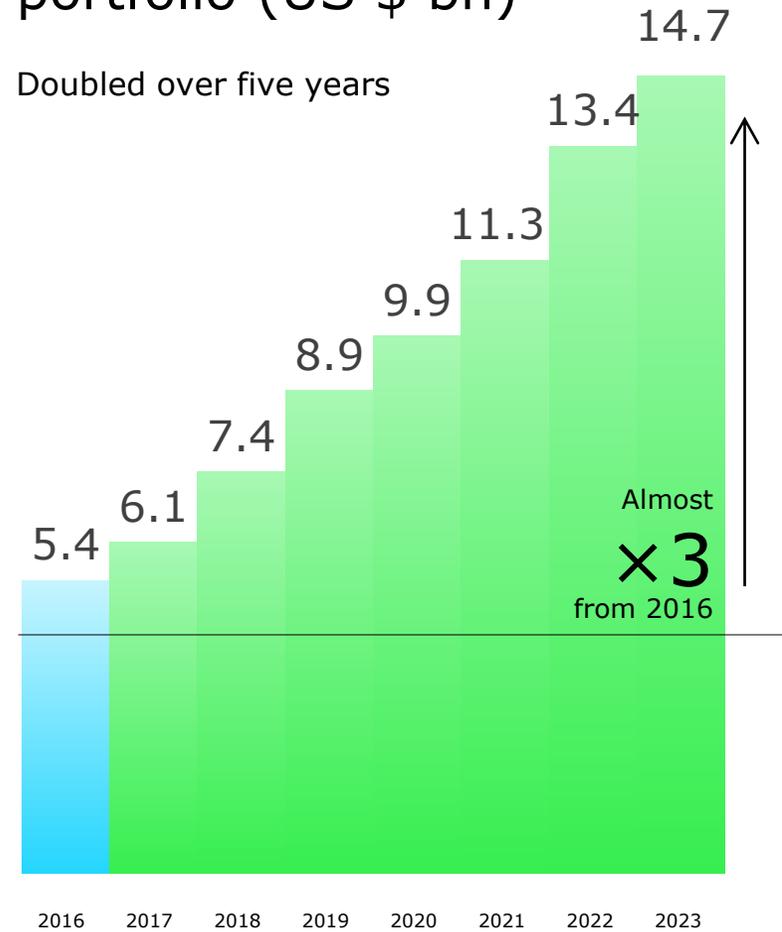
WIDE NETWORK OF PARTNERSHIPS WITH FINANCIAL INSTITUTIONS:

- Global Infrastructure Facility (GIF) Advisory Council
- Global Infrastructure Connectivity Alliance (GICA)
- International Swaps and Derivatives Association (ISDA)
- Expert Group for the Development of PPP Mechanisms within the EAEU at the EEC Advisory Committee on Entrepreneurship
- Kazakhstan Stock Exchange (KASE)
- Multilateral Financial Institutions' Working Group on Environmental and Social Standards

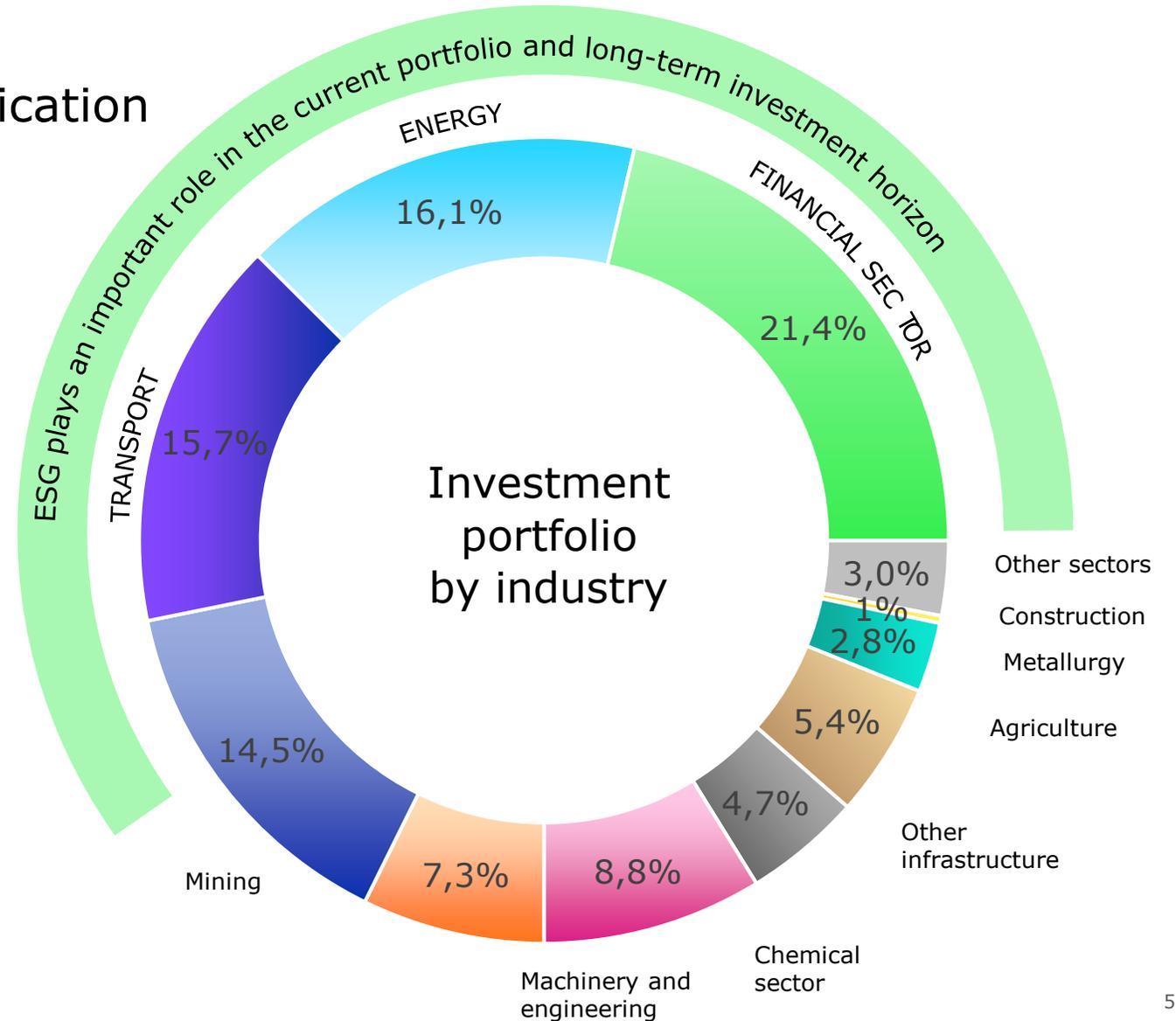
The EDB's Investment Portfolio for 1 January 2024 is \$14.7bn

Investment portfolio (US \$ bn)

Doubled over five years



Broad diversification



What Can We Do?

Project financing

Providing:

- Investment loans
- Limited recourse project finance (on our own or in syndicates with other financial institutions)
- Equity participation
- Structured trade finance
- Pre-export financing



Technical assistance in the preparation phase

- Co-financing or fully funding consultants' services and the preparation of tender documents
- Providing financial and advisory assistance to mitigate project risks, conduct feasibility studies, and improve project implementation



Government-level dialogues on cross-border projects

- Providing advice on how to structure project implementation
- Striking a balance between the scope of prospective projects vs constraints on sources of their funding
- Arranging and funding of applied as well as market and project-related research in the interests of the client



Information and research

- Providing information and research for integration processes in Eurasia
- Arranging and funding of applied as well as market and project-related research

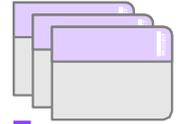


Technical Assistance Fund

The Fund makes it possible for the EDB to promptly respond to current needs and challenges in the development of its member states by financing preparation and implementation of investment projects, projects to strengthen regional integration, as well as applied and market research.

The TAF works to promote economic growth, development of a market economy in the Bank's member states, and the expansion of trade and other economic ties among them in line with the Bank's mission.

TAF cumulative portfolio:
\$14.5m



100 projects

Technical assistance programmes

Preparing investment projects

- Structuring investment projects
- Preparing feasibility studies
- Preparing pre-project documentation
- Conducting market research
- Training and professional development of staff involved in the implementation of investment projects



Subsidising investment projects

- Subsidising interest rates for new projects selected by the EDB in strict compliance with the criteria approved by the Bank's Council
- Subsidies under this programme are provisional and partial



Expanding investment activity

- Improving investment attractiveness
- Arranging applied and market research
- Organising international conferences, workshops, etc.
- Consultancy on economic development issues



Providing humanitarian assistance

- Disaster response, assistance in conflict-affected regions
- Health emergency support
- Assistance to the population of participating States in food security crises



Analysis and Research

The Eurasian Development Bank is a recognised leader
in applied economic analysis in Eurasia

Macroeconomic expertise



Analysis and research as the basis for investment mega-projects

Unique methodology

Reuters Award for most accurate forecasts

Modern modelling complex

MACROECONOMIC
OUTLOOK
2024-2026



December 2023



Eurasian Development Bank

Cross-Border
Public-Private
Partnerships

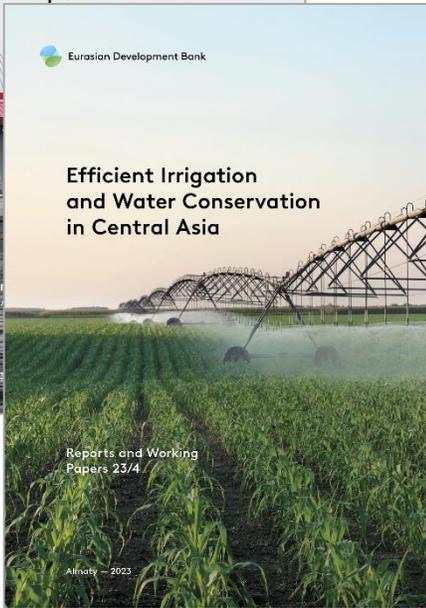


Reports and
Papers 23/3

Almaty — 2023

Eurasian Development Bank

Efficient Irrigation
and Water Conservation
in Central Asia



Reports and Working
Papers 23/4

Almaty — 2023

Eurasian Development Bank

EDB Integration
Business Barometer



Eurasian Development Bank

Eurasian Development Bank

EDB Monitoring
of Mutual Investments —
2023



Reports and Working
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Almaty — 2023

The Bank regularly develops and publishes:

- macroeconomic reviews
- analytical reports
- sector- and theme-specific reviews

58 publications
in 2021 – 2024

-  reports in Russian and English
-  macroeconomic reviews
-  macroeconomic forecasts and outlooks

Please use this QR code to download any of the EDB publications from its website



Strengthening the EDB's Unique Regional Role



Our goal:

+\$10.9bn
new investment by 2026

**№1 International
Financial
Institution**
in the countries of operation

Initiator

of cross-border investment
mega-projects for a total of about \$1.2bn

Leader

in implementing sustainable development
initiatives in the Bank's countries of operation

Partner

for the member states in digital transformation and
achievement of Sustainable Development Goals

2022–2026 Strategy

- Implementing the ESG platform
- Issuing green and social bonds
- Financing ESG programmes

- Supporting the countries' digital agendas to foster their digital development
- Implementing projects at cross-country, country, and corporate levels

Sustainable development

Digital competency

Financing strategy

Operational indicators

Enlargement strategy

- Attracting investors, diversifying instruments, and establishing a liquid bond curve
- Reducing the cost of funding
- Building up financing in national currencies

- membership and investment activities in the member states
- activities in the smaller economies
- capabilities by improving investment ratings and implementing the capitalisation plan

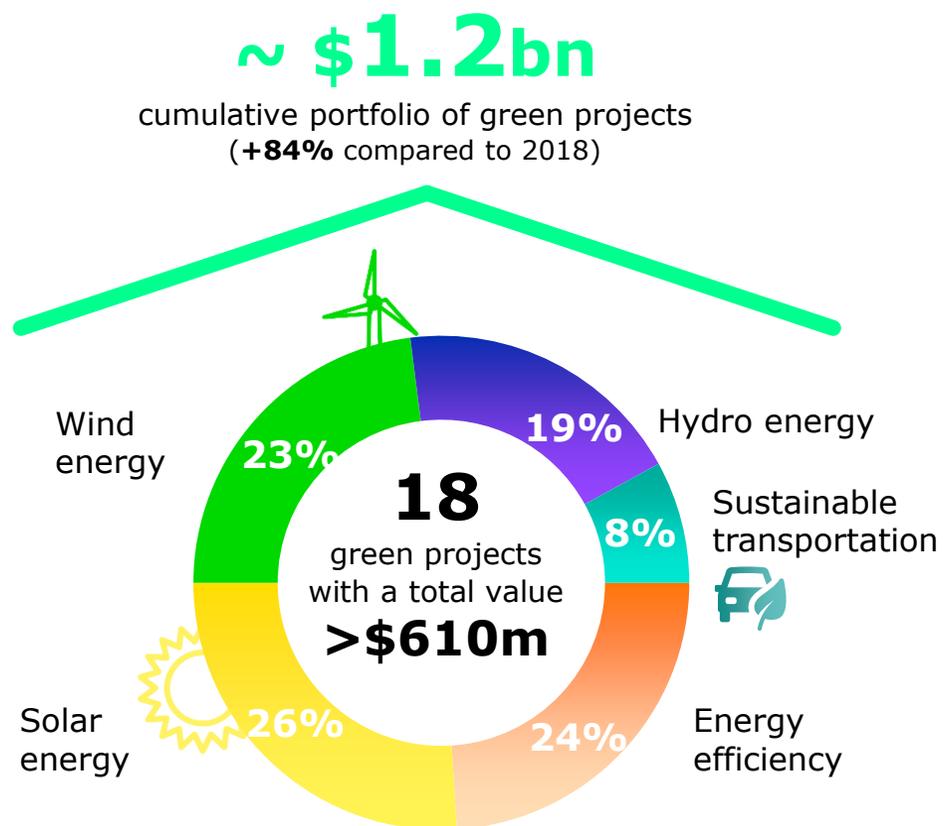
- Building up the lending portfolio
- Diversifying the portfolio and financial and investment products
- Participating in strategically important projects in the EAEU+ and in financing high-tech and digital projects
- Expanding the product range



Promoting sustainable development

Unleashing the potential of climate finance in the region in a timely manner is one of the Bank's main goals.

Development of renewable energy is among the key priorities of the member countries' energy sectors



The EDB implements the best international practices for responsible finance

Participates in international associations and agreements on sustainable development and climate change



Water Finance Coalition

Explores the potential of the region's green economy



Integrates ESG aspects across all business processes through the Sustainability Committee



Undergoes ESG assessment by rating agencies



Green and social bonds

In 2021, bonds were issued for a total amount of 40 billion tenge in accordance with ICMA standards

To align EDB's sustainability approach with best practices and its experience, the Regulation on E&S Framework has been updated

Regulation on Environmental and Social Framework describes the Bank's approach to selecting projects, assessing exposure to adverse environmental and social impacts, enhancing positive contributions to environment and society and regularly monitoring performance of the project.



The last version (Environmental and Social Responsibility Policy of the Eurasian Development Bank) was developed in 07.08.2020



EDB Methodology for project categorization was updated basing on the current needs and practical cases



The updated Regulation was internally approved by the Sustainability Committee and its Working Group

KEY CHANGES FROM THE PREVIOUS VERSION

REVISED:

- written commitments to national/international agreements and standards
- environmental and social analysis of the Project that contains several processes
- the memo template aligned with new procedure and the Bank's internal processes

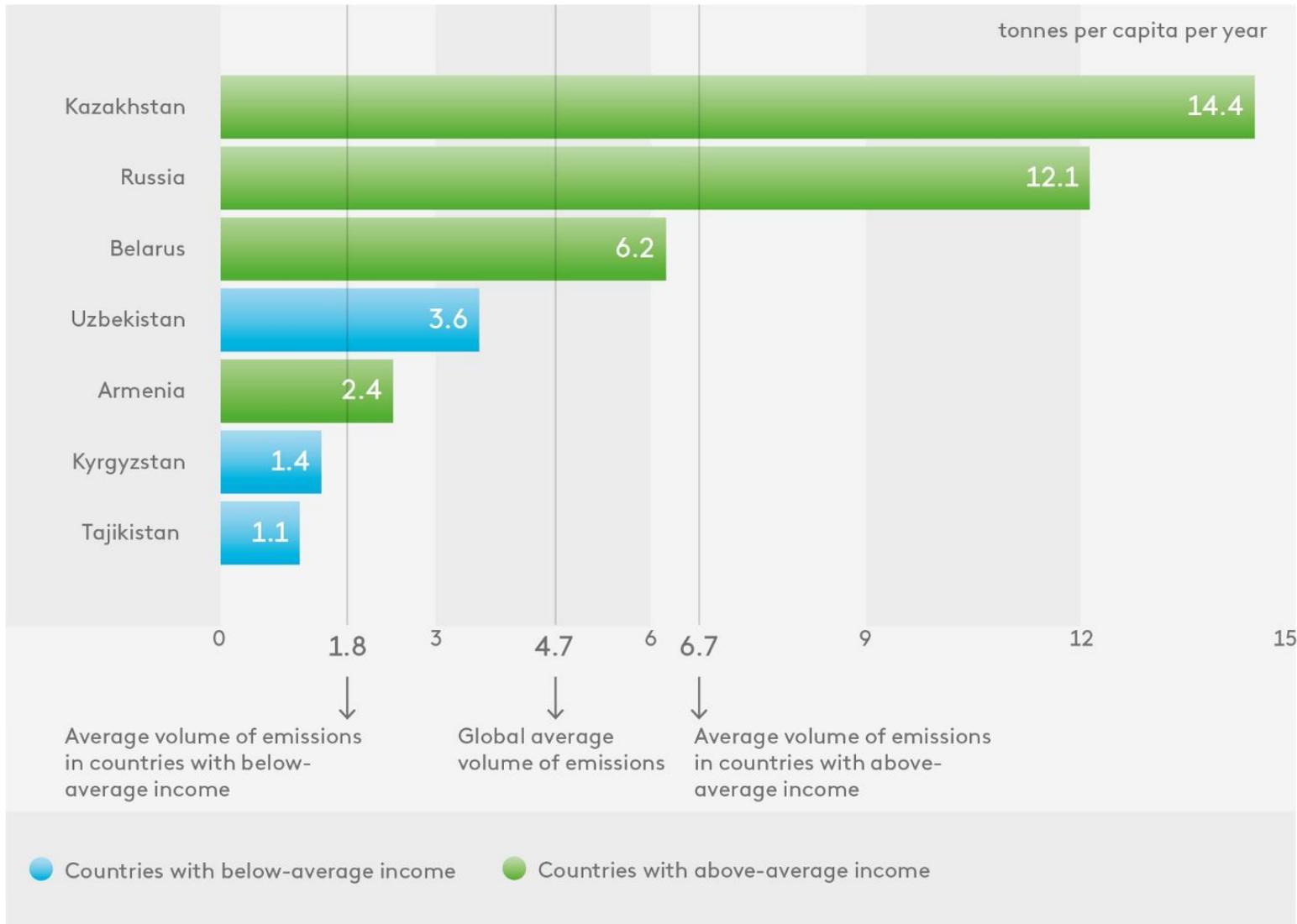
EXPANDED:

- list of prohibited, and socially dangerous and environment-damaging activities in the Exclusion List
- client due diligence, including on commitment to sustainable corporate practices
- range of provided recommendations
- range of social effects assessed

DEVELOPED:

- the Banks own standards – [E&S Project Safeguards](#)
- the company's ESG risk assessment – [Borrower's ESG Profiling](#)
- data collection forms for better statistical records:
 - on positive contributions: [E&S project contributions form](#)
 - on monitoring: [Monitoring Questionnaire](#)

CO₂ emissions per capita in the region on average exceed the global average emissions

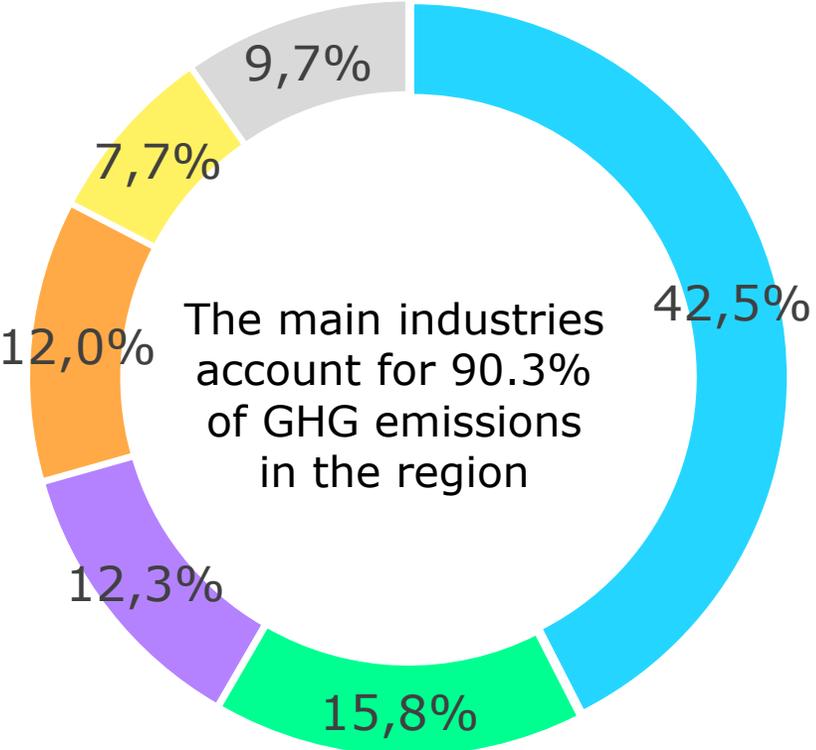


9,9

the population-weighted average amount of CO₂ emissions in the region (tons per person).

- **Kazakhstan and Russia** have the highest carbon dioxide emissions per capita, both in comparison with other countries in the region and with global averages.
- **In Kazakhstan**, this is explained by the predominance of coal-fired power; **in Russia**, by the relatively high energy intensity of the economy (1.6 times higher than the global average) and emissions generated in the oil and gas sector.
- The low level of emissions per capita in **Kyrgyzstan** and **Tajikistan** is associated with a large share of hydroelectric power plants in the energy sector.

The pain points of most countries in the region are similar, and the region is especially vulnerable to climate change effects



- Energy
- Industry
- Transport
- Building maintenance
- Agriculture
- Other sectors*

Note: * Includes absorbing capacity of forests.
 Source: Climate Watch (2019), calculations of EDB analysts.

- The **energy** sector of the countries of the region, as well as in the world, forms the bulk of greenhouse gas emissions.
- **Industrial** emissions are most significant for Tajikistan and Russia.
- **Fugitive emissions** associated with the extraction, transportation and processing of oil and gas make up a large volume in Russia.
- Emissions in the **transport** sector are most significant for Armenia and Belarus, in the **housing** sector – for Kyrgyzstan and Kazakhstan in connection with coal-fired electricity generation.
- Emissions from **agriculture** predominate in Kyrgyzstan and Tajikistan.

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	Tajikistan	Turkmenistan
Energy	13,3%	48,6%	42,5%	16,2%	44,1%	10,6%	30,1%
Industry & construction	9,3%	11,6%	12,1%	13,3%	17,0%	24,3%	10,7%
Transport	21,0%	18,4%	6,2%	8,8%	13,3%	7,9%	8,4%
Building maintenance	14,4%	7,3%	16,3%	37,5%	11,3%	6,5%	14,3%
Agriculture	17,9%	30,7%	10,3%	40,4%	4,9%	37,3%	19,7%

All countries of the Eurasian region have set voluntary climate commitments, but their achievement is costly

Country	GHG emissions target by 2030 compared to 1990	GHG emissions in 2020 compared to 1990*	Carbon neutrality target
Armenia	Decrease by 40%	Decrease by 61,5% (in 2019)	2050
Belarus	Decrease by 28%-35%	Decrease by 39%	-
Kazakhstan	Decrease by 15% (by 25% in case of international support)	Decrease by 11,1%	2060
Kyrgyzstan	Decrease by 15.97% (by 43.62% in case of international support)	Decrease by 40.4% (as of 2019)	2050
Russia	Decrease by 30%	Decrease by 35.1%	2060
Tajikistan	Decrease by 30-40% (by 40-50% in case of international financial and technical assistance)	-	-
Uzbekistan	Decrease by 35% (*to the level of 2010)	Growth by 6.7% for the period of 1990-2017	2050 but only for electricity production

Estimates on the cost of achieving carbon neutrality:

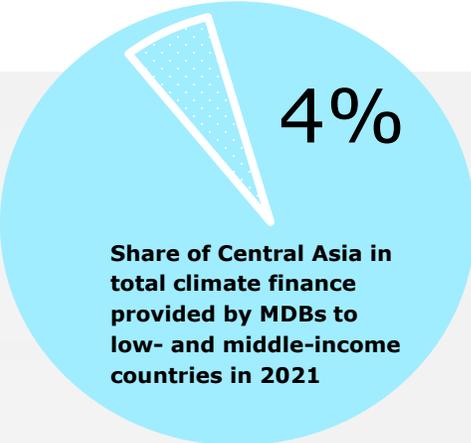
- Kazakhstan (2060) – \$666.5 billion
- Russia (2060) – \$6.5 trillion
- Kyrgyzstan (2050) – \$10 billion

Sources: the Register of the UNFCCC, the World Bank, Sberbank, the EEC, calculations of EDB analysts (* taking into account LULUCF)

Multilateral development banks can encourage private sector investment in green projects, mitigating risks

CLIMATE FINANCE FOR MDBS IN LOW- AND MIDDLE-INCOME COUNTRIES, 2021 (\$ million)

	684	<ul style="list-style-type: none"> • Special Programme for Central Asia • Financing for Sustainable Rural Development in Uzbekistan (\$200 million)
	2.746	<ul style="list-style-type: none"> • Focus on infrastructure and technological climate projects • The share of climate finance in the total volume is 50% by 2025
	3.371	<ul style="list-style-type: none"> • Contributes to carbon-neutral growth in Kazakhstan, Kyrgyzstan, Tajikistan • The volume of the portfolio of green projects in the region is about €1 billion
	4.764	<ul style="list-style-type: none"> • The share of climate finance in the total volume is 75% by 2030 • The volume of adaptation financing is \$ 34 billion by 2030 • The ASEAN Green Recovery Platform (\$655 million)
	4.777	<ul style="list-style-type: none"> • Green Economy Financing Facility (>€4 billion), contributing to the reduction of 7 million tonnes of emissions per year, partnership with the Global Environment Facility (GEF) in the Eurasian region • The share of green financing in the total volume is 50% by 2025)
	27.989	<ul style="list-style-type: none"> • Water and Energy Program for Central Asia (\$2.5 billion in 2023) • Support the International Fund for Saving the Aral Sea and the Regional Environmental Centre for Central Asia



The EDB finances renewable energy projects in Central Asia

SOLAR POWER GENERATION FACILITIES. 305 MW

PROJECT

Construction of 305 MW of solar power generation facilities under an electricity purchase agreement in Kazakhstan



\$231m
2019 – present
Kazakhstan



ARKALYK WIND POWER STATION. 45 MW

PROJECT

Construction of a 45 MW wind power plant in Arkalyk region of Kazakhstan



\$43m
2023 – present
Kazakhstan



CONSTRUCTION OF KULANAK HYDROPOWER PLANT. 100 MW

PROJECT

Construction and operation of "Kulanak" Hydropower Plant with a capacity of 100 MW on the Naryn River in the Naryn region of the Kyrgyz Republic LLC "PP "Naryn"



\$44m
2023 - Present
Kyrgyz Republic



CONSTRUCTION OF SEVEN SOLAR POWER PLANTS. 35 MW

PROJECT

Construction and operation of 7 solar power plants with a total capacity of 35 MW in the Republic of Armenia. The project is being implemented in cooperation with the group of companies Optimum Energy.



\$27,5m
2022 – present
Armenia



EREYMENTAU WIND POWER PLANT. 50 MW

PROJECT

Construction of a 50 MW wind power plant under an electricity purchase agreement near the town of Ereymentau



\$60m
2019 – present
Kazakhstan



All regions:

\$422m

worth of renewable projects in the current investment portfolio, including projects to construct solar, wind and hydro power plants

As of 01 January 2024

\$674m

invested since 2015 in the construction of renewable energy facilities

As of 01 January 2024

Renewable energy projects account for

47.5%

of the Bank's portfolio in the energy sector and

8,8%

of current investment portfolio

As of 01 January 2024

> 500,000 tonnes per year

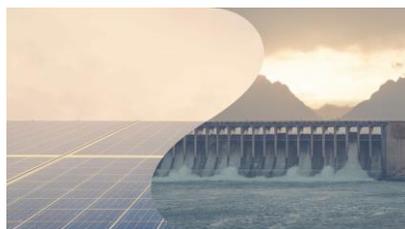
less CO₂ emissions after all the projects under the renewable energy programme are completed

Implementing Key Investment Mega-projects is a priority until 2026

Key mega-projects



Eurasian Transport Network



Central Asian Water and Energy Complex



Eurasian Commodity Distribution System



EAEU digital transformation

is a key objective of economic development in the EDB region

Implementing mega-projects using digital solutions to a maximum extent

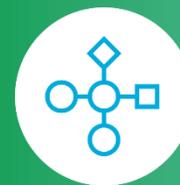
Potential effects

>1.5%

additional annual GDP growth in the Central Asian region

≈1.5 p.p.

fostering employment



Promoting the key advantages of economic integration in key sectors



Enabling long-term economic growth in the Bank's member states

≈2 p.p.

increase in the share of food in mutual trade among the member countries

>30%

increase in freight turnover among the member countries

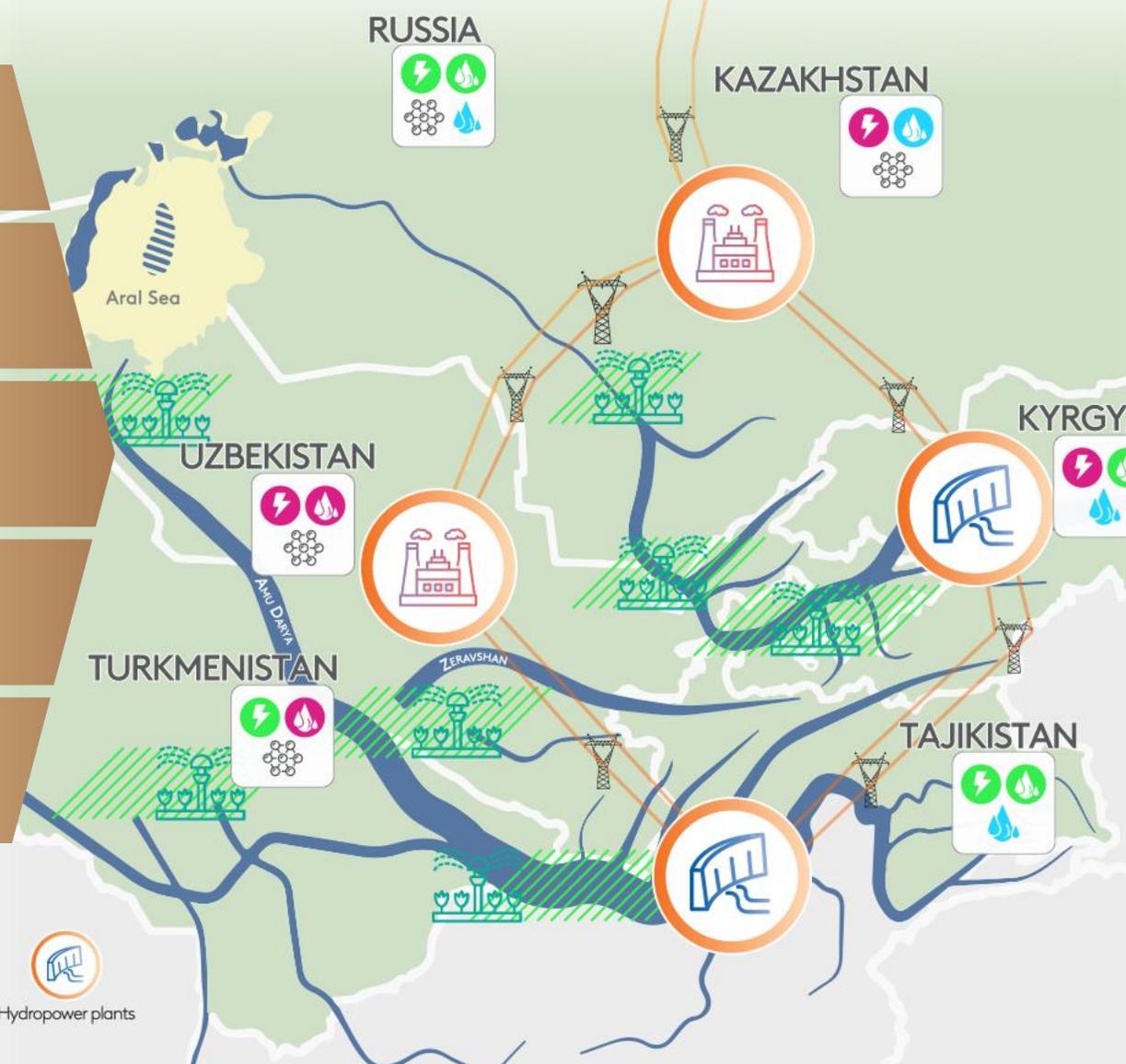
Central Asian Water and Energy Complex

Infrastructure modernisation and joint development



By 2030

- Increase in population size by **17%**
- Crop yield volume is expected to increase by **45%**
- If current trends continue, **water intake** will increase by **10%**
- Demand for **electricity** will increase by **34%**
- CO2 emission is expected to be reduced (Kazakhstan, Uzbekistan) by **16%**



- 77%** Untapped hydro potential
- x2** Potential increase in efficiency of water use for irrigation
- x5** Capacity reserve to increase energy exchange between countries
- by **40%** Water deficit is reduced, when hydro power plants are in irrigation mode



Power availability: deficit (red lightning), balanced (blue lightning), proficit (green lightning)

Water supply: low (red water drop), balanced (blue water drop), high (green water drop)

Resources: Hydrocarbon (grey cluster), Water (blue water drop)

Central Asian Water and Energy Complex

Projects implemented with the support from the Bank

Projects

Project value, \$m



Construction and operation of HPP Kulanak
Kyrgyz Republic (100 MW)

127



Design of small hydropower plants
Kyrgyz Republic (100 MW)

60



Transition from coal to gas-fired at Almaty CHPP-3
with an increase in station capacity
Kazakhstan (480 MW)

750



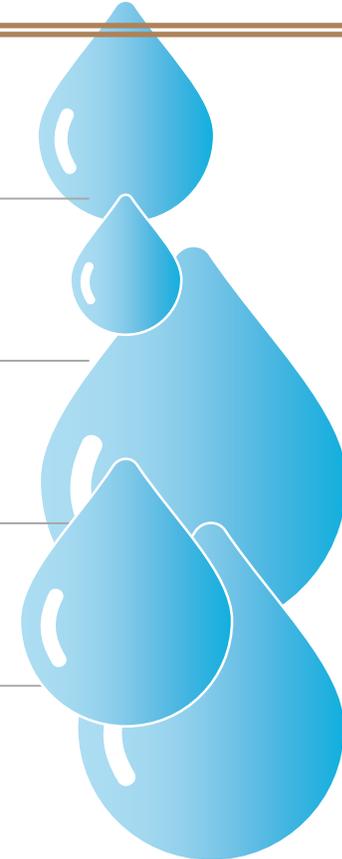
Reconstruction and expansion of Astrakhan-Mangyshlak aqueduct
Kazakhstan (+60 m³/day)

260



Construction of solar and wind power plants
Kazakhstan (353 MW)

331



EDB supports efforts in low-carbon transition and welcome partners for transition finance

Financing reconstruction of Almaty CHPP-3 through organizing inaugural issuance and investing in Sustainability-Linked Bonds



- Almaty CHPP-3 reconstruction includes switching from coal to gas and results in specific GHG emissions reduction by 62% by 2030
- It is the first sustainability-linked bonds issuance in Central Asia, and the inaugural issuance of the lender (up to \$ 520 million)
- Benchmark for attracting further investments in sustainable projects: the issuance is compliant with ICMA and LMA principles which is verified by SPO

EDB supports efforts in low-carbon transition and welcome partners for transition finance

Opportunities

Country	Share of coal in energy supply of total energy supply, 2021	Total coal supply TJ (terajoule), total 2021	Trend change 2000-2021
Armenia	0.3%	479	↑43%*
Belarus	3.1%	35 601	↓12%
Kazakhstan	48.8%	1 403 955	↑70%
Kyrgyzstan	26.1%	44 644	↑127%
Russia	15.4%	5 363 160	↑7%
Tajikistan	26.4%	40 498	↑7 810%

Source: IEA. *2002-2021.



Eurasian Development Bank



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