



Eurasian Development Bank



**EURASIAN FUND FOR STABILIZATION
AND DEVELOPMENT**

2017

ANNUAL REPORT

In the context of this Annual Report, the EFSD Resources Manager (the Manager, the Bank) stands for the Eurasian Development Bank discharging its obligations to the EFSD member states to manage the EFSD resources under the Agreement on the Management of Resources of the Eurasian Fund for Stabilization and Development.

The Annual Report covers the period from 1 January to 31 December 2017. The Report was prepared by the EFSD Resources Manager and Approved by the EFSD Council, which consists of plenipotentiary representatives of the EFSD member states, who are Ministers of Finance of the Fund member countries.

Due to rounding, the totals in the tables and the text of this Report may not equal the sum of indicators, and the totality of percentages in the figures may differ from 100 percent.

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ABOUT EFSD

The Eurasian Fund for Stabilization and Development is a Regional Financing Arrangement (RFA) used by its member states to support each other financially. On par with other RFAs, national standby arrangements, bilateral assistance agreements, as well as international financial institutions, the EFSD is part of the global financial safety net.

Since its establishment in 2009¹, the EFSD founding states (and members) have been the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, and the Republic of Tajikistan. The total of contributions of the Fund member states exceeds US \$8.5 billion. The countries' contributions are:

- Armenia – US \$1 million
- Belarus – US \$10 million
- Kazakhstan – US \$1 billion
- Kyrgyzstan – US \$1 million
- Russia – US \$7.5 billion
- Tajikistan – US \$1 million

The EFSD's mission is to help its member countries overcome negative effects of crises, to ensure their long-term sustainable development, and to foster economic integration among them. The EFSD does not mobilise funds in financial markets. The Fund uses three instruments to achieve its objectives:

Financial credits is the key EFSD instrument available to the governments of its members states to support their budget and / or balance of payments. The financing is conditional on the recipient's implementation of a package of measures aimed at the stabilisation and development of its economy. The recipient is to develop a reform programme independently and clear it with the EFSD.

Investment loans are primarily extended to support large-scale investment projects of the member states in such sectors as power generation, transport, and agriculture.

Grants to support social projects represent uncompensated project financing available to the Governments of Armenia, Kyrgyzstan, and Tajikistan to support the social sectors.

¹ The Fund was established as the Anti-Crisis Fund of the Eurasian Economic Community and was renamed the Eurasian Fund for Stabilization and Development in 2015.

OVERVIEW OF 2017

MARCH

An Agreement was signed to provide a US \$100 million EFSD investment loan to finance the project of commissioning of the second hydro generation unit of Kambaratinskaya HPP-2

APRIL

The third US \$300 million tranche of the financial credit was disbursed to the Republic of Belarus

JUNE

The fourth US \$300 million tranche of the financial credit was disbursed to the Republic of Belarus

JUNE

The Preliminary Application of the Republic of Tajikistan for a US \$40 million investment loan was approved to support the Nurek HPP Rehabilitation Project, Phase 1

OCTOBER

The Manager participated in the Second High-Level Regional Financing Arrangement Dialogue to discuss the issues of cooperation and coordination between RFAs and the IMF

OCTOBER

The fifth US \$200 million tranche of the financial credit was disbursed to the Republic of Belarus

NOVEMBER

The second competition for EFSD grants for social projects was announced

DECEMBER

The final third US \$100 million tranche of the financial credit was disbursed to the Republic of Armenia

ECONOMIC TRENDS IN GLOBAL ECONOMY AND EFSD MEMBER STATES

In 2017, the world economy was growing at a pace beyond expectations, demonstrating the highest rates since 2011, which had a positive impact on the primary commodity markets. According to the International Monetary Fund, the growth rate of the world economy accelerated to 3.8 percent against

3.2 percent in 2016. More than half of the world's economies, including both developed and developing ones, demonstrated a strong growth of GDP and foreign trade (Figure 1). The broad-scale economic growth helped to re-establish favourable conditions in global commodity markets, including an increase in prices

FIGURE 1. GROWTH OF GDP AND FOREIGN TRADE (in %)

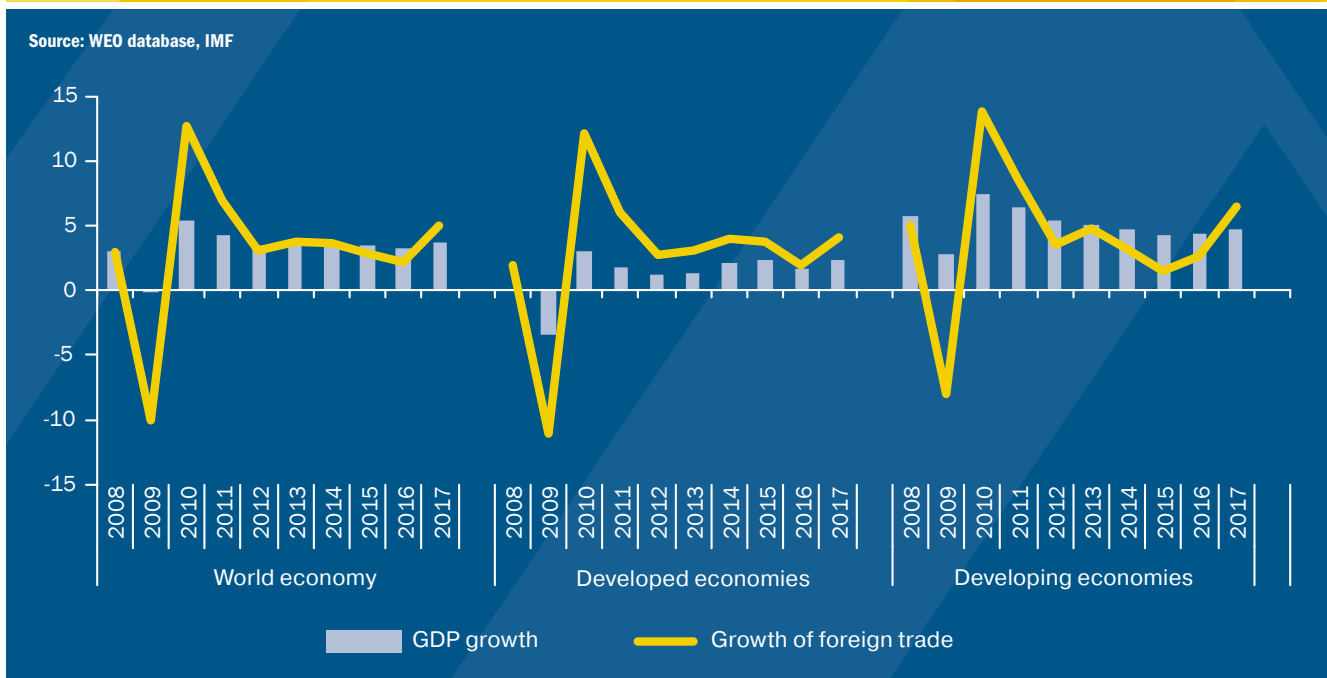


FIGURE 2. GROWTH OF PRIMARY COMMODITY PRICES (in %)



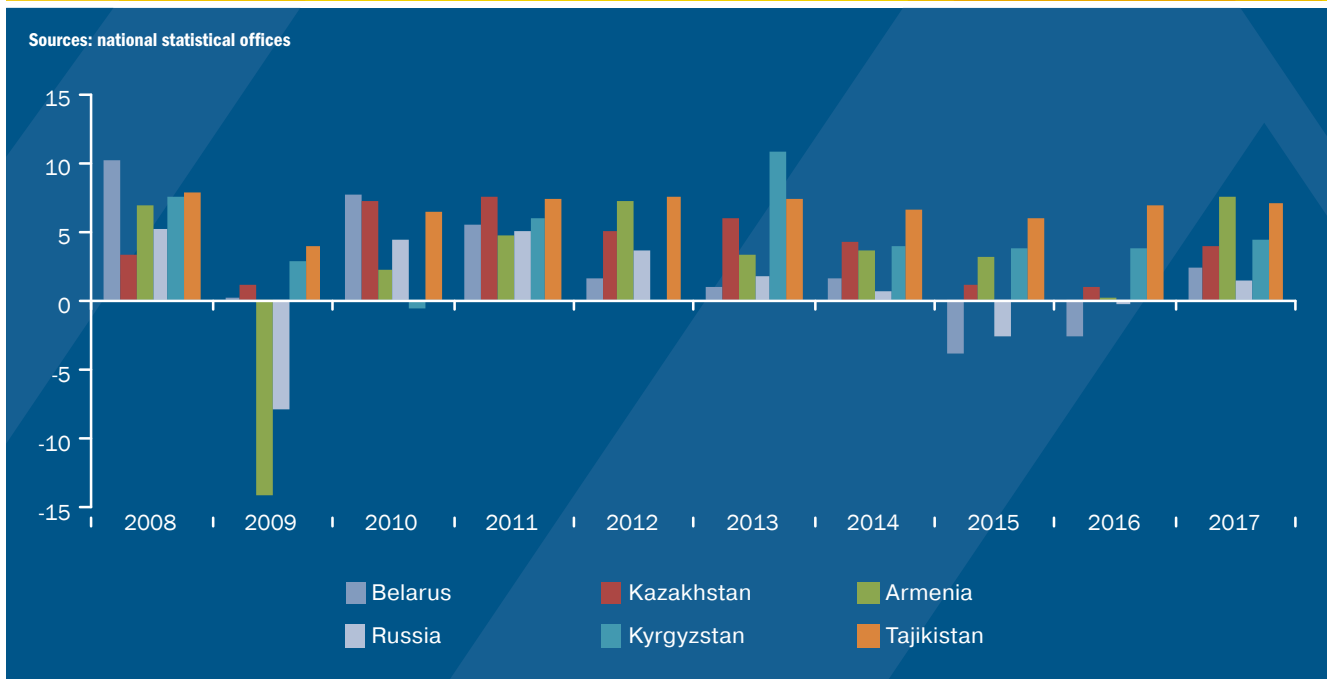
for basic commodities exported by the EFSD member countries, with the exception of prices for potassium and gold (Figure 2).

Against the background of favourable external conditions, the balanced monetary and foreign exchange policies implemented in 2017 supported the economic growth in the EFSD member countries and contributed to the growth of trade within the region. Being the main driver of economic development in the region, the Russian economy showed some moderate growth of 1.5% in 2017, supported by an increase in prices for exported primary commodities and

the implementation of flexible exchange rate policies. In the context of the favourable market conditions in the world commodity markets, the recovery growth of the Russian economy, as well as the growth of Kazakhstan's GDP reaching 4% (against 1.1% in 2016) spurred the economic activity in other lower-income EFSD member countries, which managed to expand their exports and benefited from an impetus to their domestic demand recovery due to higher remittances (Figure 3). Most of the countries maintained flexible exchange rate regimes² in 2017, which helped their economies adjust to the new terms of trade, reduced the vulnerability of the region's economies to external shocks, and at the same time built

² In Tajikistan, in spite of the declared intention to apply a flexible exchange rate, multiple exchange rate practices were observed during the year.

FIGURE 3. GDP GROWTH IN EFSD MEMBER COUNTRIES (in %)

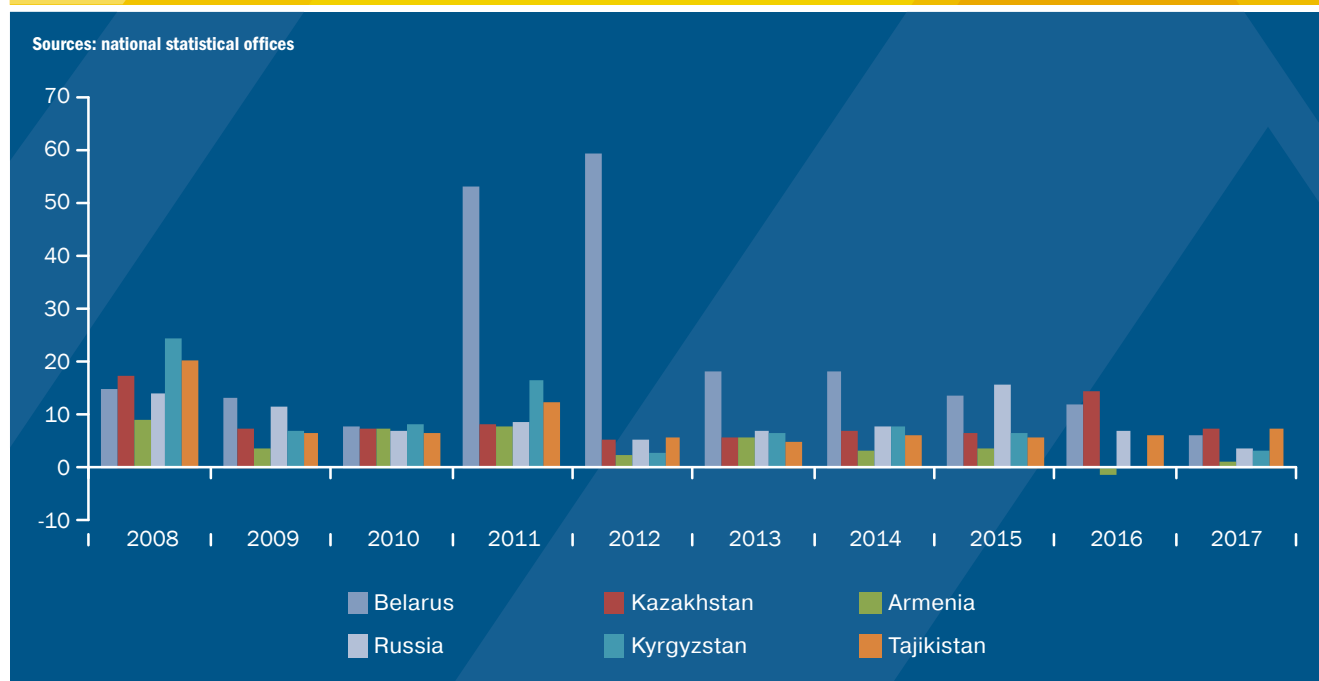


up the credibility of their policies with economic agents. Armenia performed the best in terms of its economic growth, with the GDP growing by 7.5% in 2017 against 0.2% in 2016. In Tajikistan, Kyrgyzstan, and Belarus, the GDP growth also accelerated in 2017, reaching respectively 7.1%, 4.5%, and 2.4% (Figure 3).

Balanced macroeconomic policies contributed to the stabilisation of inflation and public debt. The central banks of the EFSD member countries have made particular progress in stabilising their inflation (Figure 4). In general, a gradual loosening of the monetary conditions was combined with flexible exchange rate regimes and

disciplined fiscal policies across the region. In Russia and Armenia, the fiscal authorities continued to adhere to their fiscal rule, which helped to reduce the dependence of their economies on market factors, as well as to ensure their budget and debt sustainability. Other countries of the region demonstrated a moderate reduction of their fiscal deficits due to the growth of tax revenues and grants, as well as sufficiently prudent policies of budget expenditures in 2017. In the context of the balanced macroeconomic policies, the currency appreciation and economic growth helped stabilise the countries' public debt at a relatively safe level, despite its strong growth in previous years. Tajikistan was an exception, with its

FIGURE 4. INFLATION IN EFSD MEMBER COUNTRIES (in %)

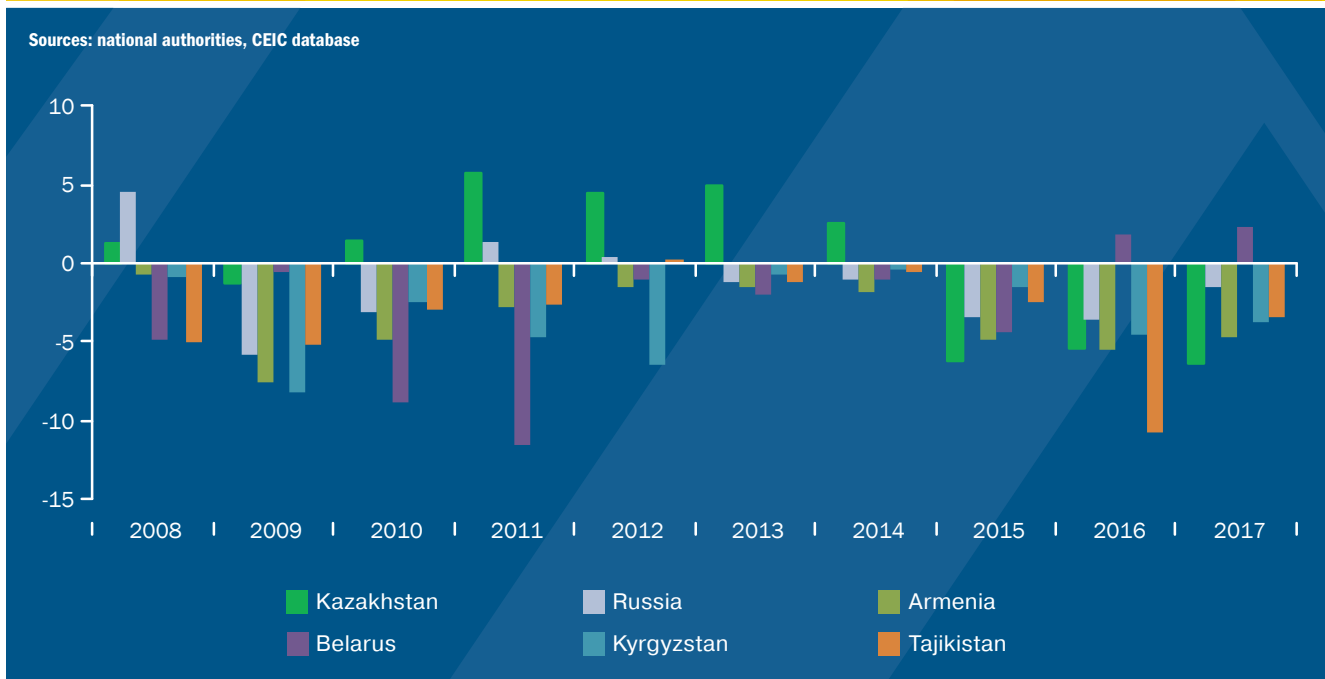


public debt increasing significantly due to its substantial borrowings in the external market (Figure 6).

The banking sector also demonstrated certain signs of recovery, adjusting to the new environment amid the rising public confidence in local currencies. However, despite some improvement in the asset quality, the capital and liquidity adequacy improvement, the banking sector continues to be a source of risks to the EFSD economies. The situation remains particularly tense in Tajikistan, where the process of bankruptcy and rehabilitation of the largest banks has undermined the credibility of the banking system.

The programmes supported with EFSD financial credits have had a positive effect on a number of key macroeconomic indicators in the participating countries. Maintaining moderately tight monetary conditions against the background of the augmented consolidated budget surplus in Belarus contributed to a significant deceleration of inflation. The balanced fiscal policies followed in Armenia allowed to bring down the budget deficit and maintain the debt sustainability at an acceptable level. Adopting the first ever Tax Code in Armenia and enabling its entry into force in 2018 through the harmonisation of the regulatory framework will facilitate an improvement in the tax policy effectiveness

FIGURE 5. STATE BUDGET BALANCE (in % of GDP)

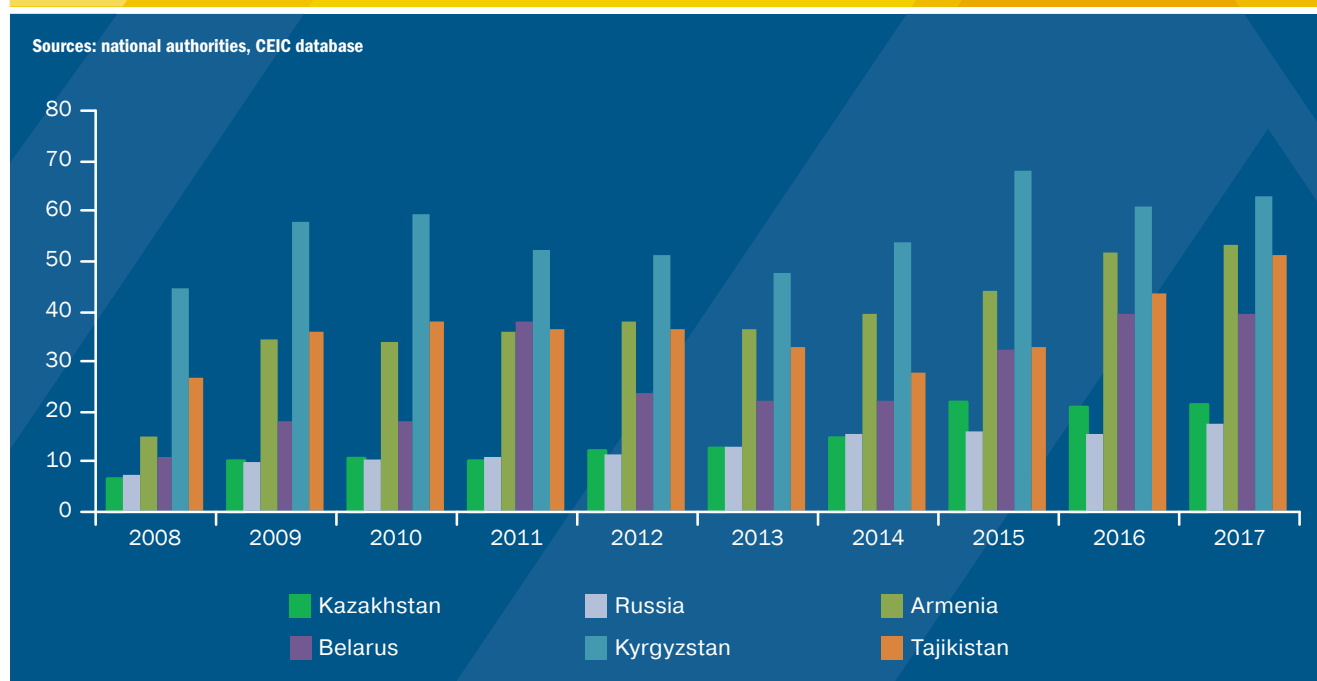


and growth of tax revenues to the budget in the medium term. In Tajikistan, the measures proposed by EFSD experts helped strengthen the country's exchange rate policies, thereby improving the health of the entire financial system, despite the persistent risks of renewed multiple exchange rate practices.

Despite the success achieved in maintaining the macroeconomic balance, there are still internal structural and institutional challenges that severely limit the economic capacity of the EFSD member countries. In this regard, many of the programme measures supported with EFSD financial credits and aimed

at addressing the structural challenges remain relevant. For example, in Belarus, the measures aimed at reducing the state involvement in the economy and improving the performance of state-owned enterprises through their transition to corporate management principles are of particular importance. To address this issue, it will be essential to take decisive steps in the labour market to reduce the level of excessive employment at state-owned enterprises and improve the labour mobility. In Tajikistan, further efforts are taken to develop recommendations on improving the effectiveness of the current system of tax and customs preferences. The human capital development, including access to modern education and healthcare

FIGURE 6. PUBLIC DEBT (in % of GDP)



services, remains an urgent task in most countries. These structural challenges can be partially addressed with support of EFSD grants for social projects.

In all the countries, the priority issues on their agendas include an improvement of the regulatory and institutional environment to foster the development of small and medium businesses and strengthen the competitiveness of their economies. To address these issues, it is necessary to implement strong and, in certain cases, unpopular structural reforms. For example, in Belarus, it is critical to implement reforms to create an enabling environment for

the private sector development by lowering the regulatory burden, establishing an efficient labour market, and creating a level playing field for the public and private sectors. In Tajikistan, given the high dollarization of the economy and the poor quality of assets of the banking system, it is necessary to strengthen the banking supervision and regulation, including prudential measures to more adequately assess credit risks. In Armenia, reforms are needed to strengthen the competition and improve access of new businesses to the market that will contribute to a more dynamic development of small and medium-sized enterprises, as well as to technology transfer and higher fixed asset investments.

SUMMARY OF EFSD ACTIVITIES IN 2017

In 2017, the EFSD disbursed US \$906.2 million in the form of financial credits and investment loans.

Disbursements under financial credits included three tranches of the second financial credit to Belarus totalling US \$800 million and the final third tranche of the financial credit to Armenia amounting to US \$100 million.

Disbursements under investment loans were US \$6.2 million, of which US \$6 million — under the investment loan to support agricultural machinery supplies to the Kyrgyz Republic and US \$0.2 million — under the investment loan to support the irrigation system modernisation in the Republic of Armenia.

In 2017, the EFSD current project portfolio grew by US \$110 million compared to 2016. The growth was a result of signing an EFSD Investment Loan Agreement to support the project of commissioning of the second hydro generation unit of Kambaratinskaya HPP-2 in the above amount.

The Republic of Belarus remains the major borrower of the Fund, accounting for 71% of the EFSD current project portfolio (Figure 6).

As at end-2017, the EFSD current project portfolio included 3 financial credits provided in the framework of budget and / or balance of payments support

TABLE 1. EVOLUTION OF DISBURSEMENTS
(in US \$ million)

Year	2010	2011	2012	2013	2014	2015	2016	2017
Amount	70.0	1,240.0	440.0	880.0	0.4	103.2	927.0	906.2

Source: EDB

TABLE 2. EFSD DISBURSEMENTS TO BELARUS IN 2017
(in US \$ million)

Tranche	Month	Amount
3 rd tranche	April	300
4 th tranche	June	300
5 th tranche	October	200

Source: EDB

TABLE 3. EFSD PROJECT PORTFOLIO AS AT 31 DECEMBER 2017

Проект	Страна	Направление/Тема	Объем, млн долл. США	Статус
Financial credit No. 1	Tajikistan	Budget support	70	Closed
Financial credit No. 1	Belarus	Balance of payments support	2,560	Closed
Financial credit	Armenia	Budget support	300	Loan Agreement signed
Financial credit No. 2	Tajikistan	Budget support	40	Loan Agreement signed
Financial credit No. 2	Belarus	Budget and balance of payments support	2,000	Loan Agreement signed
Construction of the North-South Road Corridor. Phase 4	Armenia	Transport	150	Loan Agreement signed
Irrigation System Modernisation	Armenia	Agriculture	40	Loan Agreement signed
Agricultural Machinery Supplies	Kyrgyzstan	Agriculture	20	Loan Agreement signed
Bishkek-Osh Road Rehabilitation Project. Phase 4	Kyrgyzstan	Transport	60	Loan Agreement signed
Toktogul HPP Rehabilitation. Phase 2	Kyrgyzstan	Power generation	100	Loan Agreement signed
Commissioning of the Second Hydro Generation Unit of Kambaratinskaya HPP-2	Kyrgyzstan	Power generation	110	Loan Agreement signed
Construction of Mastara Reservoir	Armenia	Agriculture	25.2	Preliminary Application approved
Toktogul HPP Rehabilitation. Phase 3	Kyrgyzstan	Power generation	40	Preliminary Application approved
Nurek HPP Rehabilitation. Phase 1	Tajikistan	Power generation	40	Preliminary Application approved
Total:			5,555.2	

Source: EDB

programmes totalling US \$2.34 billion (83%) and 6 investment loans totalling US \$480 million (17%). Most of the investment loans are related to the transport and energy sectors, with their financing amounting respectively to US \$210 million (7.5%) and US \$210 million (7.5%) (Figure 7).

In 2017, the EFSD Council approved the Preliminary Application of the Republic of Tajikistan for an investment

loan of US \$40 million to support the project of Nurek HPP rehabilitation (Phase 1).

Getting financial gains is not a priority for the Fund. However, its net profits, which mainly consist of the interest income under disbursed loans and credits, reached US \$105.5 million in 2017 against US \$95.3 million in 2016. At the same time, the EDB costs related to managing the EFSD resources were US \$4 million.

FIGURE 6. GEOGRAPHIC DISTRIBUTION OF EFSD CURRENT PROJECTS

Source: EDB

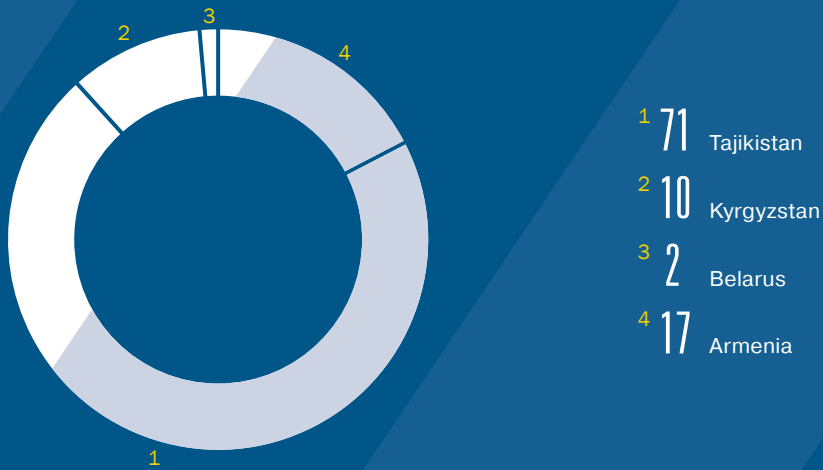
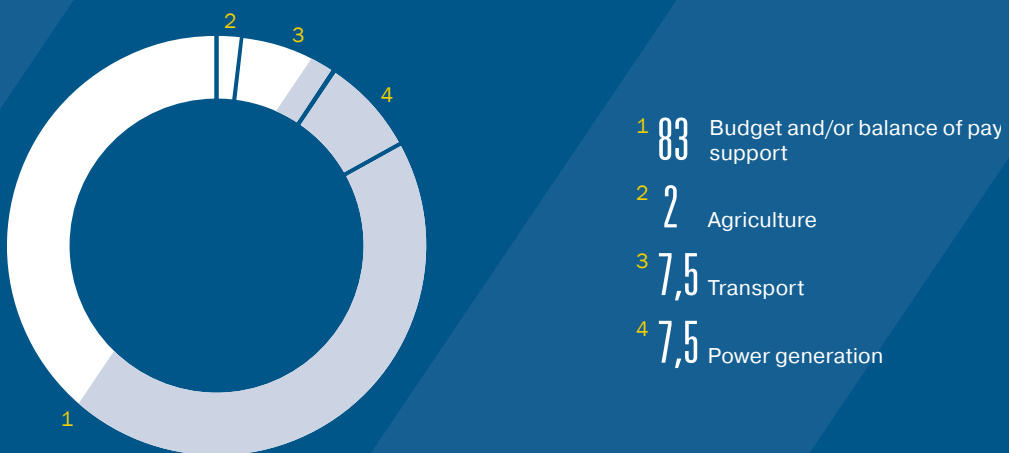


FIGURE 7. COMPOSITION OF EFSD CURRENT PROJECTS BY AREAS/SECTORS

Source: EDB



FINANCIAL CREDITS

The EFSD provides financial credits only to governments of its member countries to support their stabilisation programmes aimed at strengthening the resilience of their economies to external and internal shocks.

In 2017, Armenia, Belarus, and Tajikistan continued the implementation of their Financial Credit Agreements. The EFSD Council approved the disbursement of three tranches of the financial credit to the Republic of Belarus totalling US \$800 million, as well as the third and final tranche of the financial credit to the Republic of Armenia in the amount of US \$100 million.

In accordance with decisions of the EFSD Council, the third (US \$300 million), the fourth (US \$300 million), and the fifth (US \$200 million) tranches of the financial credit were disbursed to the **Republic of Belarus** in 2017. Due to the country's failure to meet a number of indicative targets aimed at improving the efficiency of state property management and mitigating the social impacts of these reforms, the third and fifth tranches were disbursed after the Republic of Belarus fulfilled the suspensive conditions recommended by the EFSD Council. In particular, the country's authorities expanded their Reform Programme with additional conditions for the

disbursement of subsequent tranches, mainly aimed at reforming the management of state-owned enterprises. As a result of meeting the conditions for the tranches, the quality of monetary and fiscal policies improved, which helped stabilise the macroeconomic situation, including a significant slowdown in inflation, maintaining a surplus of the augmented general government budget, a significant improvement in the current account balance, and replenishment of the gross international reserves. The implementation of structural reforms, aimed at raising the cost recovery through utility and transport tariffs for households, as well as reducing the net lending under government programmes, alleviated the burden for the budget related to subsidies to enterprises and banks, and facilitated a redistribution of financial resources of the banking system in favour of lending on market terms. Significant reforms were implemented to improve the business climate by simplifying the procedures governing the conduct of business. At the same time, the slow progress of reforms in the area of managing state-owned enterprises, characterised by significant excess employment and low efficiency, poses significant risks to the sustainability of the medium-term growth and improvement of the country's competitiveness. The unsatisfactory implementation of a number of structural

reforms under the sixth tranche, the assessment date for which is 1 October 2017, delayed the consideration of this tranche disbursement by the EFSD Council.

In view of the successful achievement of all the targets under the third tranche, the EFSD Council approved the disbursement of the final US \$100 million tranche to the **Republic of Armenia** in December 2017. The key reforms were aimed at improving the efficiency of public finance management, creating a more favourable investment climate, and liberalising the energy market in Armenia. Further efforts were also taken under the Programme to implement reforms to dedollarize the economy and improve the credibility of the banking system.

In 2017, the dialogue between the Manager and the authorities of the **Republic of Tajikistan** focused on the development of mechanisms of setting the official exchange rate to minimise the risks of renewed multiple exchange rate practices; the review of the tax and customs preference effectiveness; as well as settling the issue of the overdue debt of a legal entity, whose shareholder is the Government of the Republic of Tajikistan, to the Manager. By the date of the last decision of the EFSD Council to extend the period of availability of the financial credit to the Republic of Tajikistan-15 November 2017—the authorities of the Republic of Tajikistan had made significant efforts to improve their exchange rate policies, in particular the mechanisms of calculating and applying the official exchange rate. Amendments to Resolution of the Board of the National Bank of Tajikistan No. 127 of 29 September 2017, aimed at unifying the principles of exchange rate formation in various segments of the foreign exchange market, were proposed for the consideration of the Manager. In view of this progress, the EFSD Council adopted a decision dated 15 November 2017 to extend the period of availability of the EFSD resources to the Republic of Tajikistan until 1 March 2018, to legalise the agreements reached to minimise the risks of renewed multiple exchange rate practices, and adopt measures

cleared with the Manager to settle the overdue debt of the legal entity, whose shareholder is the Government of the Republic of Tajikistan, to the Manager. In line with the recommendation of the EFSD Council, further efforts were taken to adjust the principles of exchange rate formation in various segments of the foreign exchange market, and relevant proposals of the Manager were presented to the authorities of the Republic of Tajikistan on 22 December 2017.

INVESTMENT LOANS

As at 31 December 2017, the EFSD project portfolio consisted of 9 investment projects at different stages of implementation, including 6 active and 3 — at the preparation stage, totalling US \$585.2 million (growth of 2.6% against 2016). That covered 5 projects totalling US \$330 million in the Kyrgyz Republic, 3 projects totalling US \$215.2 million in the Republic of Armenia, and 1 US \$40 million project at the preparation stage in the Republic of Tajikistan.

The projects aim at strengthening transportation and logistics links both within the EFSD member countries and between them, ensuring growth of agricultural exports, improving the energy security, as well as fostering job creation and raising labour productivity.

As at 31 December 2017, disbursements under the current EFSD investment projects made US \$16.700 million, of which in the reporting period — US \$6.248 million.

Of that amount, US \$6.011 million were used to support leasing operations under the project of financing agricultural machinery supplies to the Kyrgyz Republic in 2017. The funds were spent to purchase 191 pieces

of machinery, while since the start of the project implementation 552 pieces of machinery have been purchased for a total amount of US \$7.67 million.

In the reporting period, US \$237,000 were disbursed to make an advance payment under the Irrigation System Modernisation Project in the Republic of Armenia. Considering the advance of US \$5 million disbursed in the previous reporting period, the work done under the project included the launch of construction, as well as a engineering and author supervision of the reconstruction of the main Garni canal and intrafarm networks of the Garni and Atsavan communities.

On 26 June 2017, the EFSD Council approved the Manager's appraisal of the Preliminary Application of the Republic of Tajikistan for an EFSD investment loan to support the Nurek HPP Rehabilitation Project (Phase 1) in the amount of US \$40 million.

On 28 February 2017, the EDB and the Kyrgyz Republic signed an EFSD Investment Loan Agreement to support the project of commissioning of the second hydro generation unit of Kambaratinskaya HPP-2 in the amount of US \$110 million.

GRANTS

EFSD grants represent a new type of financing for the Fund to support countries with a relatively low level of per-capita income compared to other EFSD member states. The EFSD is prepared to spend up to one tenth of its net profits to support national projects in such social sectors as health, education, social safety nets (including food security), and civil service efficiency. The amount of one grant can range from US \$0.5 million to US \$5 million.

The grant window operates on a competitive basis and opens for submission of applications at least once a year.

In 2017, the Manager performed the preliminary appraisal of 26 applications received from Armenia, Kyrgyzstan, and Tajikistan under the 1st Competitive Selection for EFSD grants. Based on the results of the preliminary appraisals, 7 applications were shortlisted.

On 26 June 2017, based on the results of considering the findings of the detailed appraisals of the shortlisted applications, the EFSD Council selected 3 applications in the area of healthcare to develop the terms of financing of the following projects:

Improving Non-Communicable Disease Prevention and Control in Primary Care Setting (Republic of Armenia) in the amount of US \$1 million.

The Caravan of Health (Kyrgyz Republic) in the amount of US \$2 million.

The Caravan of Health (Republic of Tajikistan) in the amount of US \$2 million.

In November 2017, the Manager announced the 2nd Competitive Selection of social projects to be financed with EFSD grants, with applications accepted until 15 January 2018. The total amount of the Fund's resources available in the form of grants under the 2nd Competitive Selection is US \$14,459,900.

EFSD COORDINATION WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

To achieve the tasks set by the EFSD member states for the Manager, it is essential to ensure active cooperation and interaction with the governments of the member countries, international financial organisations (IFOs), other Regional Financing Arrangements (RFAs), development banks, the donor community of its member states, non-profit organisations, and counterparts from the government and the private sector, as well as the civil society of the member states.

In its capacity of an observer, the Manager participated in the Europe and Central Asia region Capacity Development Trust Fund³. Such cooperation helps the Manager ensure a high level of project preparation, inter alia in the part of environmental and social policies. In particular, further efforts were taken in the reporting year in the framework of this Trust Fund under the Grant Agreement with the Republic of Armenia for the amount of US \$670,000 to prepare the Construction of Mastara Reservoir Project preliminarily approved by the EFSD Council.

The Manager was also represented in the “Donor Club” of the Kyrgyz Republic.

In 2017, the Manager participated in the Second High-Level RFA Dialogue to discuss the issues of cooperation and coordination within the international system of financial protection. As result, an agreement was reached on further development of relations between the participants of this process, including exchange of information and expertise.

³ The Europe and Central Asia region Capacity Development Trust Fund (ECAPDEV) was established in 2011 with the resources provided by the Government of the Russian Federation. The purpose of its grants is to support improvements in the preparation of investment projects and to enhance the institutional capacity of project implementation agencies.

ADMINISTRATION OF TEMPORARILY IDLE EFSD RESOURCES

In 2017, the amount of temporarily idle EFSD resources administered by the Manager's treasury averaged at US

\$560.6 million. The EFSD gains from treasury operations made US \$5 million in 2017:

FIGURE 7. SIZE OF EFSD TREASURY PORTFOLIO (in US \$ million)

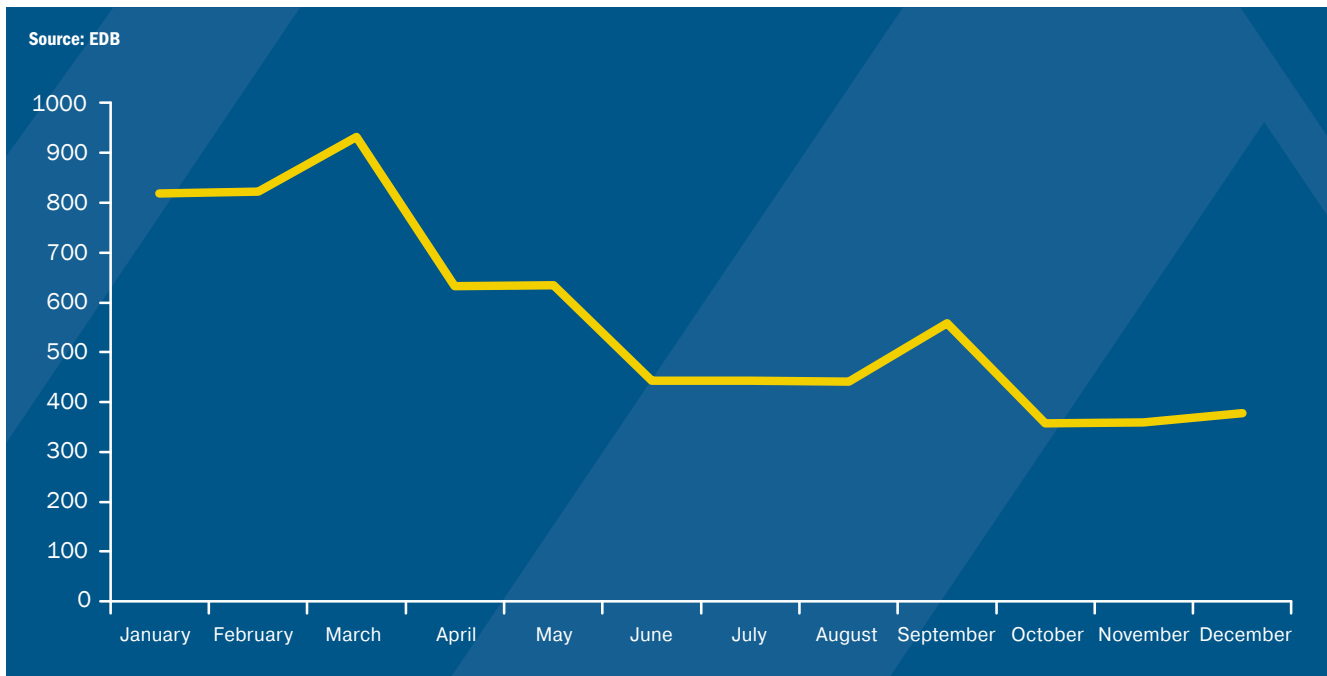
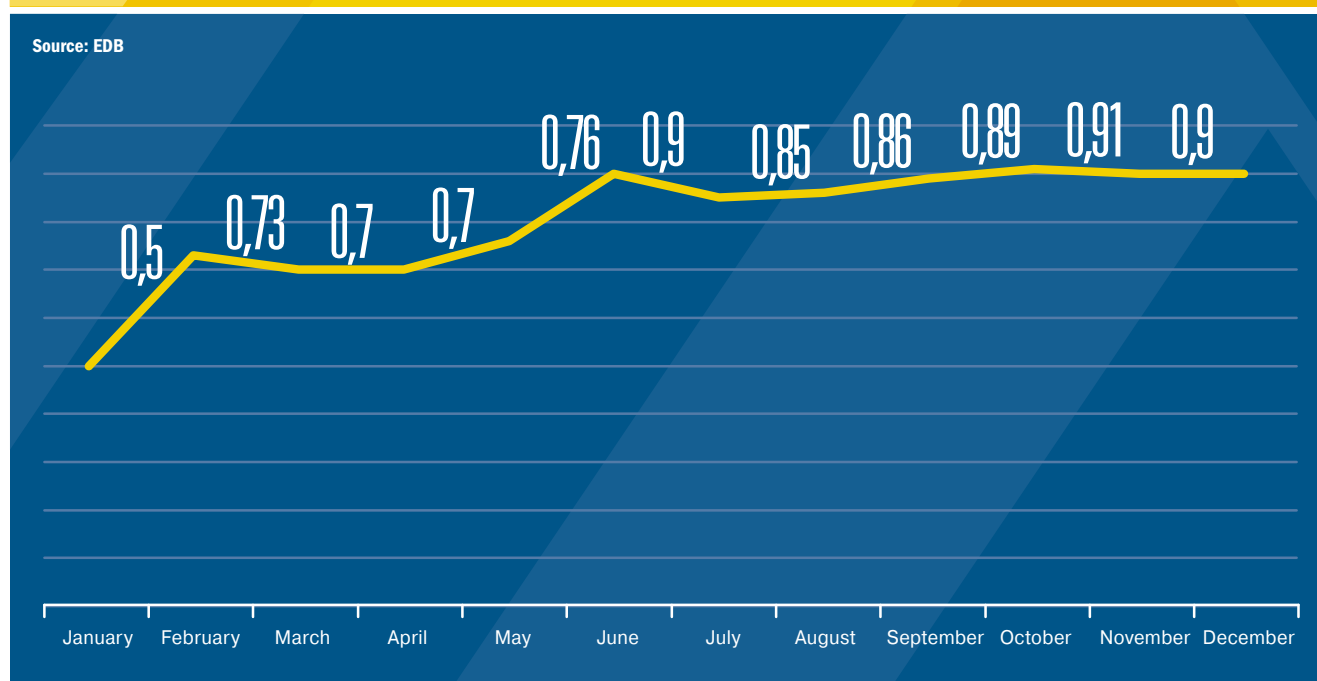


FIGURE 8. PERFORMANCE OF EFSD TREASURY PORTFOLIO (in percent)



As at 31 December 2017, the temporarily idle EFSD resources were invested in the following treasury instruments:

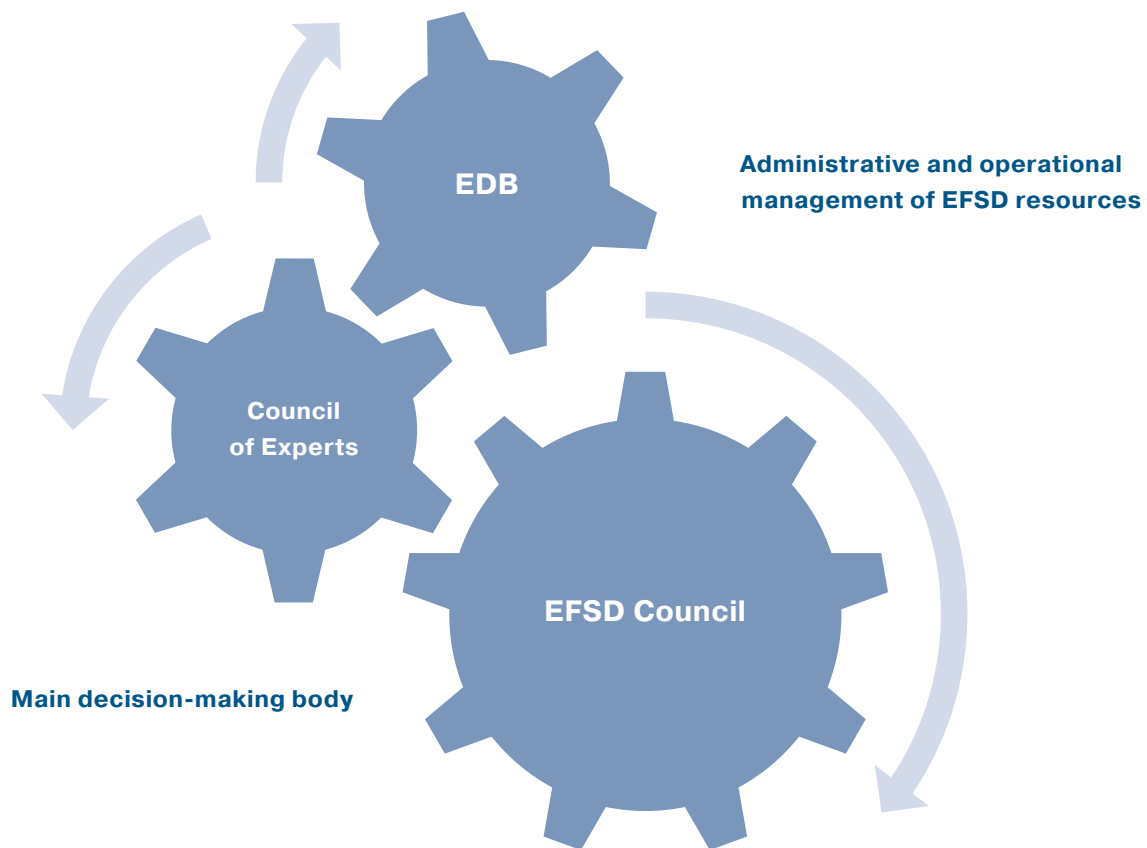
TABLE 4. EFSD PORTFOLIO COMPOSITION

Portfolio instruments	Share
Securities of international financial organisations and agencies	19.90%
Securities of EDB member countries	0%
US bonds	18.58%
Corporate securities	0%
Interbank loans	34.26%
Interbank loans in EDB	0%
Correspondent accounts	27.26%

ORGANISATIONAL SET-UP

The management of the EFSD resources is entrusted with the Eurasian Development Bank, which is responsible for coordinating the EFSD’s activity and performing operation and administration functions. All in all, there are three bodies engaged in the process of decision-making: the EDB acting in its capacity of the EFSD Resources Manager, the EFSD Council of Experts, and the EFSD

Council. The Fund member countries are represented in the EFSD Council by their Ministers of Finance. The EFSD Council is the supreme governing body guiding the Fund in its activity with support of the EFSD Council of Experts. The EFSD Council of Experts includes representatives of the Ministries of Finance of the EFSD member countries.



EFSD COUNCIL

Armenia
Vardan S. Aramyan
Minister of Finance



Kyrgyzstan
Adylbek A. Kasymaliev
Minister of Finance



Belarus
Vladimir V. Amarin
Minister of Finance



Russia
Anton G. Siluanov
EFSD Council Chairman,
Minister of Finance



Kazakhstan
Bakhyt T. Sultanov
Minister of Finance



Tajikistan
Qahhorzoda Faiziddin Sattor
Minister of Finance

EFSD COUNCIL OF EXPERTS

Armenia
Gor G. Gevorgyan
Assistant to the Minister of Finance



Kyrgyzstan
Bakyt T. Sydykov
Director of the Department
of International Cooperation,
Ministry of Finance



Belarus
Pavel P. Shulga
Head of the General Directorate
for International Financial Relations,
Ministry of Finance



Russia
Andrei A. Bokarev
Chairman of the Council of Experts,
Director of the Department
of International Financial Relations,
Ministry of Finance



Kazakhstan
Farida M. Mutaliev
Director of the Department
of International Financial Relations,
Ministry of Finance



Tajikistan
Sarvar Kurbonien
Deputy Head of the Budget
Directorate, Ministry of Finance

EFSD RESOURCES MANAGER

Eurasian Development Bank
Andrey Yu. Beliyaninov
Chairman of the Management Board

CALENDAR OF KEY EVENTS IN 2017

Date	Event
13 March 2017	The Manager and the Kyrgyz Republic signed an EFSD Investment Loan Agreement for the amount of US \$100 million to support the project of commissioning of the second hydro generation unit of Kambaratinskaya HPP-2.
27 April 2017	The Manager disbursed to the Republic of Belarus the third US \$300 million tranche of the financial credit based on the country's compliance with the conditionality for the tranche.
26 June 2017	The EFSD Council approved amendments to the Reform Programme of the Republic of Armenia supported with an EFSD financial credit.
29 June 2017	The Manager disbursed to the Republic of Belarus the fourth US \$200 million tranche of the financial credit based on the country's compliance with the conditionality for the tranche.
30 June 2017	The EFSD Council approved the Preliminary Application of the Republic of Tajikistan for an investment loan of US \$40 million to support the project of Nurek HPP Rehabilitation (Phase 1).
18 July 2017	The Manager's staff, in cooperation with the World Bank staff, participated in a joint mission to the Republic of Tajikistan related to the implementation of the project of Nurek HPP Rehabilitation (Phase 1). The mission members visited the Nurek HPP and analysed its overall technical condition.
11 August 2017	A team of experts of the Manager visited the Republic of Tajikistan to hold consultations with the country's authorities on the implementation of the EFSD Council's recommendations to amend the Reform Programme supported with the EFSD financial credit.
28 September 2017	A delegation of the Manager visited the Republic of Armenia, the Kyrgyz Republic, and the Republic of Tajikistan to discuss the terms of providing the first EFSD grants to support social projects.
6 October 2017	A team of experts of the Manager visited the Republic of Armenia to perform a preliminary evaluation of compliance with the conditionality for the third tranche of the financial credit.
11 October 2017	The Manager participated in the Second High-Level Regional Financing Arrangement Dialogue to discuss the issues of cooperation and coordination between Regional Financing Arrangements and the International Monetary Fund.
26 October 2017	The Manager disbursed to the Republic of Belarus the fifth US \$200 million tranche of the financial credit based on the country's compliance with the conditionality for the tranche.
1 November 2017	The Manager announced the second competition of social projects to be supported with EFSD grants.
7 December 2017	The Manager disbursed to the Republic of Armenia the final, third US \$100 million tranche of the financial credit based on the country's compliance with the conditionality for the tranche.

KEY DECISIONS OF EFSD COUNCIL

Date	Decision
<p>24 April 2017</p>	<p>To approve in general the Report on the Progress of Implementation of the Reform Programme of the Government and the National Bank of the Republic of Belarus supported with the EFSD financial credit (hereinafter referred to as the Programme), prepared by the Manager on the basis of the Report of the Ministry of Finance of the Republic of Belarus on compliance with the conditions for the third tranche of the EFSD financial credit and highlighting the failure of the Republic of Belarus to meet three indicative targets and one control target, aimed at setting a ceiling for the annual mobilisation of non-project-related government loans at no more than 75% of the annual sovereign debt repayment requirement;</p> <p>To approve the exemption of the Republic of Belarus from meeting the above control target. To introduce amendments to the Programme, as agreed with the Manager and Belarus, to reinforce the Programme with measures aimed at improving the efficiency of state-owned enterprise management (hereinafter referred to as the Amendments);</p> <p>To instruct the Manager to disburse the third US \$300 million tranche of the EFSD financial credit to the Republic of Belarus after the Manager receives an official confirmation from the Government and the National Bank of the Republic of Belarus that the Amendments have been introduced;</p> <p>By 1 June 2017, the Belarusian side, in cooperation with the Manager, is to develop proposals on additional measures aimed at achieving the Programme objectives and present them to the EFSD Council for its consideration.</p>
<p>26 June 2017</p>	<p>To approve the Report on the Progress of Implementation of the Reform Programme of the Government and the National Bank of the Republic of Belarus supported with the EFSD financial credit (hereinafter referred to as the Programme), prepared by the Manager on the basis of the Report of the Ministry of Finance of the Republic of Belarus on compliance with the conditions for the fourth tranche of the EFSD financial credit and highlighting the failure of the Republic of Belarus to meet one control target, aimed at setting a ceiling for the annual mobilisation of non-project-related government loans at no more than 75% of the annual sovereign debt repayment requirement;</p> <p>To approve supplementing the Programme with additional control targets for the disbursement of the sixth and seventh tranches of the EFSD financial credit preapproved by the Manager and the Belarusian side and at improving the efficiency of state-owned enterprise management;</p> <p>To exempt the Republic of Belarus from compliance with the control target specified in paragraph 1) of this decision and instruct the Manager to disburse the fourth US \$300 million tranche of the EFSD financial credit to the Republic of Belarus after the Manager receives an official confirmation from the Government and the National Bank of the Republic of Belarus that the additional control targets have been introduced to the Programme.</p> <p>To approve amendments to the Reform Programme of the Government and the Central Bank of the Republic of Armenia supported with the EFSD financial credit (hereinafter referred to as the Programme) in the part of the conditionality for the disbursement of the third tranche as agreed by the Manager and the Armenian side.</p> <p>Recommend to the Government and the Central Bank of the Republic of Armenia to furnish the Manager with a proof of evidence of amendments made to the Programme.</p> <p>To approve the Manager's Report on the results of the application appraisal in the framework of the first competition for EFSD grants for social projects and the Manager's appraisals of the applications;</p> <p>To approve the following list of projects with their conditionality to be developed by the Manager jointly with the potential beneficiaries:</p> <ul style="list-style-type: none"> • The Caravan of Health: the organisation of targeted preventive examinations of children and adults in rural mountainous and hard-to-reach areas of the Kyrgyz Republic using road trains consisting of mobile medical complexes; • The Caravan of Health: the organisation of targeted preventive examinations of children and adults in rural mountainous and hard-to-reach areas of the Republic of Tajikistan using road trains consisting of mobile medical complexes; • Improving non-communicable disease prevention and control in the primary care setting in the Republic of Armenia. <p>To approve the Manager's appraisal of the Preliminary Application of the Republic of Tajikistan for an EFSD investment loan to support the Nurek HPP Rehabilitation Project, Phase 1;</p> <p>To approve the conceptual framework of the Nurek HPP Rehabilitation Project, Phase 1, presented by the Republic of Tajikistan.</p>

Дата	Решение
26 June 2017	<p>To approve the Manager's costs in the amount of up to US \$500,000 to be financed with the Fund's resources and associated with the mobilisation of independent consultants for the Nurek HPP Rehabilitation Project, Phase 1.</p> <p>To approve the Manager's Annual Report for 2016 on the management and administration of the Fund's resources.</p> <p>To take note of the Independent Auditor's Report prepared by Deloitte LLP and the Financial Statements of the EFSD for the year ending on 31 December 2016.</p> <p>To approve the Report on Implementation of the 2016 Work Programme financed with the Fund's resources (as at 31 December 2016).</p> <p>To approve the 2017 Work Programme financed with the Fund's resources.</p> <p>To approve the Manager's Administration Cost Estimate for 2017.</p> <p>To approve the Manager's Report on Implementation of the Administration Cost Estimate for 2016.</p> <p>To approve the Manager's Report on Implementation of the Administration Cost Estimate for 2015.</p>
29 September 2017	<p>To approve the Report on the Progress of Implementation of the Reform Programme of the Government and the National Bank of the Republic of Belarus supported with the EFSD financial credit (hereinafter referred to as the Programme), in the part related to the compliance with the conditionality for the fifth tranche disbursement, prepared by the Manager on the basis of the Report of the Ministry of Finance of the Republic of Belarus and acknowledging the failure of the Republic of Belarus to comply with the following four indicative targets:</p> <p>a) complying with the zero broad money growth ceiling;</p> <p>b) limiting the share of the state-owned sector in generation of the gross added value to no more than 45% in 2016 and adopting amendments to the Law on Regulatory and Legal Acts, aimed at introducing the regulatory impact assessment to evaluate the effect of regulatory and legal acts on the business environment;</p> <p>c) adopting a new version of the Law on Insolvency or Bankruptcy; and</p> <p>d) adopting the decision of the President of the Republic of Belarus on transfer to municipal ownership of at least 20 enterprises as asset packages of republican unitary enterprises and shares in republican ownership.</p> <p>To exempt the Republic of Belarus from compliance with the targets specified in paragraphs 1(a) and 1(b) of the decision.</p> <p>To approve the postponement of compliance with the target specified in paragraph 1 (c) of the decision, fixing it as a control target for the seventh tranche of the EFSD financial credit.</p> <p>To instruct the Manager to disburse the fifth US \$200 million tranche of the EFSD financial credit to the Republic of Belarus after the Manager receives from the Government and the National Bank of the Republic of Belarus a proof of evidence of amendments introduced to the Programme in line with this decision and compliance with the target specified in paragraph 1(d) of the decision.</p> <p>To approve the new version of the Procedure of Provision of Grants Using the EFSD Resources and put it into force from the date of its approval, declaring the previous version of the Procedure no longer in force.</p> <p>To establish the amount of the Fund's resources available for provision of grants under the second round of the competitive selection of projects at US \$ 14,459,900.</p> <p>To establish that the grants are to be provided to the EFSD member countries with the per capita gross national income of up to US \$3,955.</p>
15 November 2017	<p>To take note of the information presented by the Manager on different options of developing the EFSD social and environmental policies and procedures.</p> <p>To instruct the Manager, aided by the EFSD Council of Experts, to develop the EFSD social and environmental policy framework, allowing to mobilise consultants under the item of consultancy costs of the Manager's administration cost estimate.</p>
4 December 2017	<p>To approve the Report on the Progress of Implementation of the Reform Programme of the Government and the National Bank of the Republic of Armenia supported with the EFSD financial credit in the part related to the country's compliance with the conditionality for the third tranche disbursement, prepared by the Manager on the basis of the Report of the Ministry of Finance of the Republic of Armenia acknowledging the compliance of the Republic of Armenia with all the conditions for the disbursement of the third tranche of the EFSD financial credit.</p> <p>To instruct the Manager to disburse the third US \$100 million tranche of the EFSD financial credit to the Republic of Armenia.</p>

ACRONYMS AND ABBREVIATIONS

ADB – Asian Development Bank

ASEAN+3 – Association of Southeast Asian Nations, China, Japan and South Korea

BRICS – A group of five countries: Brazil, Russia, India, China, and South Africa

EFSD, the Fund – Eurasian Fund for Stabilization and Development

IFO – International financial organisation

IMF – International Monetary Fund

RFA – Regional financing arrangement

SAARC – South Asian Association for Regional Cooperation

The Bank, the Manager – Eurasian Development Bank

USA, US – United States of America

WB – World Bank

EFSD Project Block:

1st Zachatievskiy Pereulok, house 3, block 1,
Moscow, 119034
Russian Federation
Phone: +7 (495) 6450445
www.efsd.eabr.org

EDB Headquarters:

220 Dostyk Avenue, 050051 Almaty
Republic of Kazakhstan
Phone: +7 (727) 244 40 44
Fax: +7 (727) 244 65 70
www.eabr.org

EDB Representative Offices:

26/1 V. Sargsyan St., Business Centre "Erebuni-Plaza",
8th floor, office 811, 0010 Yerevan
Republic of Armenia
Phone: +374 (10) 54 01 02
Fax: +374 (10) 54 13 52
E-mail: rep_yerevan@eabr.org

33 Konayev St., Business Centre "Astanalyk", 11th floor
010000 Astana, Republic of Kazakhstan
Phone: +7 (7172) 50 20 05
E-mail: tm_rep_astana@eabr.org

7th floor, Business Centre "Sozidanie"
48 Aini St., Dushanbe, 734024, Republic of Tajikistan
Phone: +992 (41) 800 04 44
Fax: +992 (41) 800 03 33
E-mail: tm_dushanbe@eabr.org

70 Myashnikov St., office 310
220030 Minsk, Republic of Belarus
Phone: + 375 (17) 306 54 64
Fax: + 375 (17) 306 54 65
E-mail: tm_Minsk@eabr.org

21 Blvd. Erkindik, 720040 Bishkek
Kyrgyz Republic
Phone: +996 (312) 66 04 04
Fax: +996 (312) 66 21 46
E-mail: tm_rep_bishkek@eabr.org

Press Centre:

Phone: +7 (727) 244 05 45 ext. 6147 (Almaty)
e-mail: pressa_efsd@eabr.org



<https://efsd.eabr.org/>