

**ENVIRONMENT DIRECTORATE  
ENVIRONMENT POLICY COMMITTEE  
TASK FORCE FOR THE IMPLEMENTATION OF THE ENVIRONMENTAL ACTION  
PROGRAMME FOR CENTRAL AND EASTERN EUROPE, CAUCASUS AND CENTRAL ASIA**

**MOBILISING FINANCE FOR ENVIRONMENTAL INVESTMENT PROJECTS IN EECCA AND  
SOUTH-EASTERN EUROPE**

**Fourth joint meeting of the Task Force for the Implementation of the Environmental Action Programme  
for Central and Eastern Europe (EAP Task Force) and the Project Preparation Committee (PPC)**

**21-22 September 2006, Berlin**

*This document will facilitate the discussion of the Agenda Items II and IV of the Joint PPC/EAP Task Force Session on Mobilising Environmental Finance, 21 September.*

***ACTION REQUIRED:***

*Delegates will be invited to:*

- comment on the ongoing work of the PPC on mobilising finance; and*
- consider contributing funds towards the current financing priorities highlighted by the PPC.*

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## **MOBILISING FINANCE FOR ENVIRONMENTAL INVESTMENT PROJECTS IN EECCA AND SOUTH-EASTERN EUROPE**

### **1. Introduction**

This document details the PPC's work on mobilising finance for environmental investment projects in EECCA and SE Europe since the last joint EAP Task Force/PPC meeting in Yerevan, November 2005. The paper consists of three sections which cover:

- Details of finance mobilised since November 2005;
- Details of new environmental project opportunities identified by the PPC since November 2005;
- Details of priority environmental investment projects that require donor grant co-financing, as identified by the PPC.

The current project pipeline is included at Annex 1.

### **2. Finance mobilised since November 2005**

#### *Municipal and environmental infrastructure*

The PPC has continued to support IFI investments in the areas of municipal environmental infrastructure, with a particular focus on water supply and sanitation, and solid waste management. Finance has been secured for three investment projects in this sector during the past year. See Table 1 for a summary of new finance mobilised in this sector since November 2005.

A full due diligence and feasibility study is currently being carried out for the Lake Sevan Environmental Project in Armenia, with finance from the EU's Water Investment Support Facility (WISF). A €5 million grant from the EU Water Initiative/Tacis Co-financing Facility has already been secured for this project. The EBRD envisages providing a €7.2 million loan component.

Grant funding has been secured for the Kutaisi Water Supply Project in Georgia from the Millennium Challenge Georgia (MCG) (€4.26 million) and Sweden (€2.8 million). This project is expected to be signed by the EBRD in September 2006, with a loan component of €2.9 million. A similar blend of donor grant funding has been secured for the Poti Water Supply Project, with contributions totalling €7.3 million received from the EU, MCG and Sweden. In both these cases a substantial grant component has been necessary in order to make the overall project affordable to the borrower and to remain within the IMF's limits on non-concessional lending.

The Pančevo Waste Water System Project in Serbia is being developed with finance provided by the EBRD (loan of €9.85 million), European Agency for Reconstruction (EAR) (grant of €2 million) and Italy (grant of €1.7 million). In addition, Italy financed the feasibility study and will finance the Technical Assistance (TA) that will complement this project. A grant of €2 million has been secured from the EAR to co-finance a solid waste management project in Cacak-Uzice, Serbia, involving the construction of a regional landfill site that will serve nine municipalities. This will complement an EBRD loan of €6 million.

**Table 1: Finance mobilised in the municipal environmental infrastructure sector since November 2005**

Project	Location	Project summary	Donor finance mobilised (€ million)
Lake Sevan Environmental Project	Armenia	Investment project to rehabilitate two operating wastewater treatment plants and build three new wastewater treatment plants in five municipalities around Lake Sevan.	EU (5.0) WISF has financed due diligence and feasibility study
Kutaisi Water Supply Improvement Project	Georgia	Investment project to improve access to water supplies and improve wastewater management through an efficient service which will mitigate the risk of water transferred diseases and environmental damage to the River Rioni.	MCG (4.26) Sweden (2.8)
Poti Water Supply Project	Georgia	Investment project to finance improvements in the municipal water supply system in the City of Poti.	EU (1.2) MCG (4.3) Sweden (1.5 + 0.3 TA)
Pančevo Waste Water System Project	Serbia	Construction of first line of waste water treatment plant and extension of the sanitary water network in the City of Pančevo, whose waste waters are currently discharged into the Danube river without any purification treatment.	EAR (2.0) Italy (1.7 + TA)
Cacak-Uzice Sanitary Landfill	Serbia	Construction of a regional sanitary landfill in compliance with EU rules to service nine municipalities in Eastern Serbia.	EAR (2.0)

**Box 1: Lake Sevan Environmental Project (Armenia)**

Wastewater treatment coverage is currently very low in Armenia, with most wastewater discharged into open water bodies either untreated or only partially treated. The main cause is the poor state of wastewater treatment infrastructure. Most wastewater treatment plants are out of operation and those that are still functioning are able to provide only mechanical treatment for a limited amount of the wastewater received. The objective of the project is to extend an EBRD loan of €7.2 million for the rehabilitation of two operating wastewater treatment plants and the construction of three new wastewater treatment plants. The total implementation cost of the project is estimated at around €14.6 million.

It became apparent at the early stages of project development that a substantial amount of grant co-financing would be required to advance the project. The reason is that the IMF has advised Armenia to assume public sector loans on a concessional basis only. To satisfy such concessionality requirements, a grant of about 40% of the project cost was needed for the EBRD standard sovereign terms and conditions to be compliant. Fortunately, €5 million of grant co-financing was secured through the EU Water Initiative/Tacis Co-financing Facility.

All the facilities to be built and rehabilitated belong to Armenia Water and Sewerage Company (AWSC). The Company is state-owned but operated by SAUR S.A. (France) under a four year management contract awarded through an international competitive tender. Cooperation and joint implementation of projects with a local regional water company managed by a large, reputable utility operator is an enormous advantage when working with smaller municipalities in a transition country. Municipal infrastructure projects are often constrained by the weakness of institutions at company, city and project entity levels. Working with a public-private local partner makes it possible to run a more commercially oriented operation which promotes financial discipline and cost recovery.

The project will also be the first direct example of cooperation between an IFI, donors and a number of smaller municipalities. It sets a useful precedent for future co-operation between provinces, small municipalities, IFIs and donors to structure bundled environmental projects in Armenia, and will have an important demonstration effect through efficient implementation and management support.

It is expected that the project will lead to substantial environmental improvements. The main impact will be a reduction in pollution in Lake Sevan and the Hrazdan River. This will increase the potential for eco-tourism and improve the quality of the environment in national parks, as well as obvious local environmental and health benefits. The project will also have positive regional environmental benefits, as the reduction in water pollution will improve environmental conditions in the Araks River and the entire Kura-Araks river basin.

***Box 2: Pančevo Waste Water System Project (Serbia)***

This project was initiated by Italy, which has been assisting the City of Pančevo since 2003. The city faces enormous environmental rehabilitation challenges due to a legacy of severe industrial contamination that was worsened by the impacts of the 1999 bombing. The water sector is one of the areas for intervention identified by Italian-funded consultants. A feasibility study has been prepared, showing the urgency for waste water treatment and sewerage network rehabilitation and expansion.

The City of Pančevo and Italy therefore approached the EBRD and the EAR to seek their support for the financing of the project. A financing package amounting to €15.8 million has been put together. The EBRD will extend a €9.85 loan for the construction of the waste water treatment plant and the extension of the sewerage network while the EAR will provide a €2 million grant for the construction of the main collector and the rehabilitation of sewerage facilities. Italy will provide a €1.7 grant for works and technical assistance, and the City of Pančevo will contribute towards the costs of land acquisition. The environmental benefits generated by this project will include the protection of the Danube River and underground water bodies, which currently suffer from the discharge of untreated water released by both residential customers and industrial facilities.

***Energy efficiency, renewable energy and emissions reduction***

The PPC has also supported the mobilisation of finance for a number of investment activities in the areas of energy efficiency, renewable energy and emissions trading. Over the past year the PPC Officer working in the EBRD's Energy Efficiency team has helped to set up a number of credit lines and facilities that will be used to support project investments in these areas. These include the Multilateral Carbon Credit Fund and the Bulgarian Energy Efficiency and Renewable Energy Credit Line.

Multilateral Carbon Credit Fund: the MCCF has been established by the EBRD and the European Investment Bank (EIB) as a key instrument in their strategy for combating climate change. It is designed to develop the carbon market in countries in transition to market economies by helping EBRD and EIB shareholders and other parties to meet their mandatory or voluntary greenhouse gas emission reduction targets. The fund will source and purchase carbon credits from projects financed by the EBRD and/or EIB in countries in transition eligible for EBRD operations. Typical projects generating carbon credits are switching fuel from coal/mazut to natural gas, renewable energy, energy efficiency, waste to energy, avoidance of gas flaring/venting and forestry. It will also facilitate 'Green Investment Schemes' in which the proceeds of state-to-state trading of carbon credits are used to finance climate friendly projects in the selling country. The MCCF also aims to stimulate and complement the participation of the private sector in the carbon market. The fund is open for private sector parties. In addition, specialized private firms, known as 'Carbon Managers', will play a key role in the MCCF operations.

The size of the fund will be capped initially at €150 million for project-based carbon credits. At the moment both states and private companies have expressed interest in participating, with pledges exceeding €150 million. Luxembourg was the first state signing up, with a contribution of €10 million. Other interested parties are expected to do so before the end of 2006. While project-based credits will be available for acquisition by all participants, so far only sovereign participants can acquire carbon credits under 'Green Investment Schemes'. The identification, preparation, negotiation and monitoring of project-based carbon credit transactions will be conducted by up to three Carbon Managers. These will be private sector firms with specific skills in carbon purchasing. Each Carbon Manager will cover a defined sub-region on an exclusive basis. Carbon Managers will work under the supervision of the MCCF Secretariat, a team of dedicated staff from the EBRD and EIB. The Carbon Managers will be selected according to the EBRD's competitive selection procedures. Carbon credits purchased from projects by the Carbon Managers will be acquired by the EBRD acting for the account of sovereign participants, and by private participants directly. Participants will have the opportunity to approve, and decide whether to participate in, each carbon credit transaction submitted to them by the MCCF Secretariat. Project-based carbon credits will then be allocated amongst participants pro rata to their contributions.

Bulgarian Energy Efficiency and Renewable Energy Credit Line: The PPC Officer (Energy Efficiency) has also played an important role in the further development of this credit line. Following the successful implementation of the first phase, the EBRD has decided to extend the credit line by a further €55 million. This will be used by EBRD for on-lending to the private sector for industrial energy efficiency and small renewable projects. Significant TA and grant support for this operation have been provided by the Kozloduy International Decommissioning Support Fund (KIDSF), to which the EU is the main contributor. Further information can be found at: [www.beerecl.com](http://www.beerecl.com).

### **3. New environmental investment opportunities identified by the PPC since November 2005**

#### ***Project concepts identified by PPC Officers***

Over the past year the PPC has identified a number of new environmental investment opportunities in its countries of operation through the work of the PPC Officers. These project concepts will now be developed further, in partnership with EBRD banking teams. Some of the projects are at already advanced stage of development for which grant co-financing from international donors has been secured (for example the Lake Sevan project). Others are not yet at a stage at which they can attract grant or loan financing, however they may be able to do so in the future, subject to satisfactory progress with project development.

#### ***Municipal and environmental infrastructure***

Most of the project concepts identified over the last year are in the area of water supply and sanitation (see Table 2). Three have been identified in Early Transition Countries, thanks to the work of the EU-funded PPC Consultant, and as such provide an excellent example of the PPC's growing engagement with the EBRD's ETC Initiative. These projects will be eligible for technical assistance funding from the ETC Fund, which could greatly assist project development. However, there will still be a need to identify grant co-financing for many of these projects. Most ETC countries have limited ability to borrow, due to IMF limits on non-concessional lending. As EBRD can only lend on non-concessional terms, grant co-financing may be required to make the loans concessional. Furthermore, tariff affordability may also be a concern, and strengthen the case for grant co-financing.

**Table 2: New investment project concepts identified by the PPC in the WSS sector since November 2005**

Project	Location	Anticipated total project cost (€ million)	Summary of proposed project
Lake Sevan Environmental Project	Armenia	14.6	Investment project to rehabilitate two operating wastewater treatment plants and build three new wastewater treatment plants in five municipalities around Lake Sevan.
Bishkek Water Utility Restructuring	Kyrgyz Republic	17.6	Investment project to improve water supply services in Bishkek through rehabilitation of a substantial part of the water supply mains and distribution pipes, modernisation of the pumping equipment and installation of new water disinfection equipment.
Construction of the Chisinau – Strasheni – Calarash Pipeline	Moldova	9.0	Investment project to extend the existing water mains passing from Chisinau to Strasheni to the city of Calarash, thus enabling delivery of clean water to the city. The project will include building of mains pipes and pumping stations.
Cacak-Uzice Sanitary Landfill	Serbia	8.0	Construction of regional sanitary landfill in compliance with EU rules for nine municipalities of Eastern Serbia.
Pančevo Waste Water Treatment Plant	Serbia	15.8	Investment project to construct a waste water treatment plant to alleviate the problems caused by the discharge of chemical wastes into the River Danube.

#### *Energy efficiency, renewable energy and emissions trading*

The PPC is helping to develop a number of specific investment projects in the area of energy efficiency, renewable energy and emissions trading through the work of the PPC Officer in the EBRD's Energy Efficiency team. In some cases these projects have benefited from support from facilities or credit lines that the PPC has already helped to set up, such as the Clean Development Mechanism Project Support Facility for Early Transition Countries.

Specifically, the PPC Officer is helping a number of projects to access finance through the Kyoto Protocol's Clean Development Mechanism (CDM), through which reductions in greenhouse gas emissions achieved through energy efficiency projects are monetised. A summary of the projects which the PPC has supported through the development of CDM components during 2005-06 is given in Table 3.

**Table 3: Summary of CDM-related projects supported by the PPC since November 2005**

Project	Location	Project summary	Total project cost (€ million)
Armenia Renewable Energy Programme	Armenia	A joint EBRD/WB loan to support renewable energy projects (primarily mini-hydroelectric stations) through a financial intermediary. This innovative project involves bundling small-scale renewable energy projects, with resources from the EBRD's CDM Project Support Facility.	12.5

Project	Location	Project summary	Total project cost (€ million)
Rehabilitation of AzDRES Power Plant	Azerbaijan	Project to rehabilitate a major power station and selected transmission facilities with the aim of improving power system reliability and efficiency. The PPC is assisting in the development of the energy efficiency and fuel-switch project as a CDM project.	USD 127.7 mil.
Enguri Hydro Power Plant Rehabilitation	Georgia	A major project to rehabilitate the Enguri power plant is being developed by the EBRD, with grant financing from the EU. A CDM component is being developed in order to access carbon credit finance which will make the next phase of the rehabilitation bankable.	56.7
Georgian gas transmission pipeline rehabilitation	Georgia	An energy efficiency and environmental safety project aimed at rehabilitating the North-South main gas pipeline of the Georgian transmission system through a carbon credit financing structure.	USD 90.0 mil.
Interglass Energy Efficiency Project	Kyrgyz Republic	The EBRD is currently assisting the sponsor Interglass in developing its energy efficiency project as a CDM project. Financing is being made available from the EBRD's CDM Project Support Facility for Early Transition Countries.	5.5

#### *Biodiversity/environmental mainstreaming*

The PPC is also supporting the EBRD's Environment Department in the development of a project on reforestation and carbon sequestration in Hungary. This potential investment project would result in the conversion of large tracts of degraded land and retired pasturage into protected mixed growth woodlands, financed by carbon credit revenues. The project idea is being developed in partnership with a private investor and the feasibility study is already underway. If successful, this project would have a powerful demonstration effect as EBRD's first bio-carbon investment project, and could potentially be replicated across the region.

#### *Project concepts identified through Project Financing Workshops*

The PPC's plans to deliver a programme of Project Financing Workshops were presented at the last joint EAP Task Force/PPC meeting in November 2005. The primary objective of this programme is to build the capacity of project proponents, such as municipalities, to identify and prepare project concepts that can attract external finance from IFIs or other sources. It is also expected that the Project Financing Workshops will generate a flow of project concepts that can be taken up by PPC Officers and IFIs for further development and, potentially, financing. Further details of progress with the programme of Project Financing Workshops are given in the accompanying paper 'PPC report on activities during 2005-06 and planned activities and funding needs for 2006-07' (ENV/EPOC/EAP(2006)6).

The first Project Financing Workshop was held in Tbilisi, Georgia, in July 2006. Representatives of several municipalities participated in the workshop, which resulted in the identification of a number of investment project opportunities:

- Water supply improvements in the city of Kutaisi: construction of facilities to access alternative sources of potable water a city of 190,000 inhabitants;

- Solid waste management in the city of Kutaisi: construction of a landfill suite and improved waste collection and disposal facilities;
- Solid waste management in the city of Rustavi: improvements to existing systems for waste collection, transportation and disposal.

Subject to further development, the PPC may assist these municipalities in presenting these project concepts to donors and IFIs for consideration for financing.

#### 4. Current priorities for grant co-financing identified by the PPC

##### *Priority projects requiring additional finance*

The PPC has identified a number of priority IFI investment projects that are currently in need of additional grant finance in order to be developed further. These are presented in Table 4. Donor agencies in the PPC network are invited to consider whether they are able to provide any grant funding to help meet these investment needs. Expressions of interest should be directed towards the PPC Secretariat.

**Table 4: Priority investment projects requiring additional grant finance, identified by the PPC**

Project	Location	Summary of proposed project	Anticipated total project cost (€ million)	Donor contribution required (€ million)
Caplijna Water Supply	Bosnia and Herzegovina	Construction of a 50-km long pipeline to deliver drinking water to municipalities through two cantons.	10.0	3.0
Bijeljina Waste Water Collection System	Bosnia and Herzegovina	Construction of priority waste water collection network in the town of Bijeljina in order to prevent further pollution of underground water.	9.75	3.0
Skopje Water/Wastewater Rehabilitation Project	FYR Macedonia	An investment programme in the water and wastewater sector with the principal objective of reducing water losses.	13.7	3.0 Up to 0.6 TA
Skopje Urban Transport Project	FYR Macedonia	To finance the partial renewal of the public transport company's bus fleet which includes up to 100 new buses and maintenance equipment.	13.8	1.2 Up to 0.6 TA
Borjomi-Bakhuriani Water Supply Improvement Project	Georgia	Rehabilitation of the water supply and waste water treatment systems for the municipalities of Borjomi and Bakhuriani.	15.8	2.0
Tbilisi Metro Energy Efficiency Project	Georgia	To finance capital investments to improve energy efficiency, improve the reliability of the power system, and rehabilitate passenger cars.	16.25	5.0 0.3 TA



<b>Project</b>	<b>Location</b>	<b>Summary of proposed project</b>	<b>Anticipated total project cost (€ million)</b>	<b>Donor contribution required (€ million)</b>
Tbilisi Water Supply Improvement Project	Georgia	To finance the renovation of the Tbilisi municipal water supply system.	30.0	0.3 TA
Rustavi Water Supply Improvement Project	Georgia	Rehabilitation of the water supply system of the City of Rustavi.	7.8	1.2
Bishkek Water Utility Rehabilitation Project	Kyrgyzstan	To improve the quality of water supply services in the capital city of Bishkek by rehabilitating a substantial part of the water supply mains and distribution pipes, modernising the pumping equipment, and replacing the drinking water disinfection equipment.	13.5	5.0
Construction of the Chisinau – Strasheni – Calarash pipeline	Moldova	Extension of the existing water mains passing from Chisinau to Strasheni to the city of Calarash, thus enabling delivery of clean water to the city. The project will include the construction of mains pipes and pumping stations.	9.0	3.6 0.4 TA
Podolsk Water and Waste Water Project	Russia	Investments to include modernisation of waste water treatment plant.	16.0	0.9
Kazan Water and Waste Water Project	Russia	To improve the municipal water and wastewater infrastructure and services in the City, which will contribute significantly to decreasing the level of polluting discharges into the Volga River and the Caspian Sea basin.	26.0	0.6 TA
St. Petersburg District Heat Metering Project	Russia	To install and operate heat meters in 17,000 buildings serviced by local district heating companies. The project is a key integral part of the reform programme for district heating and municipal housing.	60.0	Up to 5.0 0.8 TA
South Tajikistan Water Rehabilitation Facility	Tajikistan	Rehabilitation of the water supply systems of the cities of Dangara, Guissar and Kulyob. For Dangara, improving the water intake system from a local reservoir by upgrading the pump and intake systems. For Guissar and Kulyob, the water supply distribution system will be rehabilitated and made more reliable.	10.5	3.0

### *Sustainable Energy Initiative*

The PPC is also supporting the establishment of the EBRD's Sustainable Energy Initiative (SEI), again through the work of the PPC Officer in the Bank's Energy Efficiency team. The SEI was launched in May 2006 and is intended to help EBRD to:

- Scale up its sustainable energy investments by more than doubling those in energy efficiency and cleaner energy to €1.5 billion between 2006 and 2008;
- Strengthen its capacity to deliver, through internal organisational changes that mainstream energy efficiency objectives throughout the EBRD with team by team targets and enhanced specialised support from a cross-cutting energy efficiency and climate change team;
- Work with other multilateral development banks (MDBs), international organisations and local bodies to enhance the impact of its policy dialogue and share best practice; and
- Establish a new partnership with donors to access the grant funds required to scale up structured financing packages of commercial finance combined with grant funds for capacity building and incentives.

The SEI will focus initially on scaling up tried and tested approaches in five key sectors: industrial energy efficiency, sustainable energy financing facilities through financial intermediaries, cleaner energy supply, renewable energy, and municipal infrastructure. The EBRD will also work with its two carbon funds to promote the development of a liquid carbon market in its region.

The EBRD hopes to attract substantial donor support for the implementation of the SEI. Initial responses from the Bank's shareholders to the SEI have been very positive. In order to take the Initiative forward the Bank will convene a twice-yearly Sustainable Energy Forum to which donors, recipient countries, MDBs and other relevant organisations will be invited. The first meeting of the Sustainable Energy Forum will be held in November 2006.

## Annex 1

## Project pipeline at August 2006

The following is a list of all projects/facilities being developed by PPC Officers since April 2003, as well as those projects that have been identified by the PPC as requiring additional grant funding.

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Bazenc Mini-Hydro Power Plant – Project under EBRD's Direct Lending Facility	Armenia	Energy / Heating	1.18	EBRD (1.1)	Netherlands (0.08)		Signed	This mini-hydro project in Armenia was identified during a survey for CDM projects. The Netherlands are providing support for the CDM baseline and validation studies, and the project is expected to have a strong demonstration effect for further mini-hydro projects. The loan is being provided through EBRD's Direct Lending Facility, which is designed to provide small loans.
Lake Sevan Environmental Project	Armenia	Water Supply / Sanitation	14.6	EBRD (7.2)	EU (5.0 + TA)		Concept reviewed	Investment project to rehabilitate two operating wastewater treatment plants and build three new wastewater treatment plants in five municipalities around Lake Sevan.
Armenia Renewable Energy Programme	Armenia	Energy / Heating	12.5	EBRD (5.5) WB (3.9)	ETC <sup>1</sup> (0.5)		Signed	Loan to financial intermediary which will invest in renewable energy projects, primarily mini-hydros. A PPC Officer is contributing to a TA component that will enable the monetisation of carbon emissions in individual projects.

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<sup>1</sup> Early Transition Countries Fund

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Rehabilitation of AzDRES Power Plant	Azerbaijan	Energy / Heating	USD 127.7 mil.	EBRD (USD 115 mil.)	ETC (0.08)		Approved	Investment into rehabilitation of the major generation station and selected transmission facilities with the aim of improving power system reliability and efficiency. PPC staff are assisting in the development of the energy efficiency and fuel-switch project as a CDM project.
Baku Solid Waste Management Project	Azerbaijan	Waste Management	10.0	EBRD (10.0)			Concept reviewed	Construction of EU compliant landfill segments, improvement of collection and possible construction of an incinerator.
Tuzla Waste Water System	Bosnia & Herzegovina	Water Supply / Sanitation	5.0	EBRD (5.0)			On hold	Construction of a wastewater treatment plant for the municipality of Zivinice to protect the water supply from Lake Modrac, the only viable source of potable water for the area.
Plava Voda Water Supply System	Bosnia & Herzegovina	Water Supply / Sanitation	20.0	EBRD (tbd)	EU (funding feasibility study)	To be quantified by feasibility study	Exploratory	Construction of a 30-km long pipeline to deliver drinking water to five municipalities.
Bijeljina Waste Water Collection System	Bosnia & Herzegovina	Water Supply / Sanitation	9.75	EBRD (5.5)	EU (funding feasibility study)	3.0	Concept reviewed	Construction of a priority wastewater collection network in order to prevent further pollution of underground water.
Capljina Water Project	Bosnia & Herzegovina	Water Supply / Sanitation	10.0	EBRD (tbd)		3.0	Exploratory	Construction of a 50-km long pipeline to deliver drinking water to municipalities through two cantons.

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Sofia Water Infrastructure PPP	Bulgaria	Water Supply / Sanitation	190.0	EBRD (20.0)	EU to finance WWTP		On hold (pending approval of tariff reforms)	To finance part of capital expansion programme of Sofiyska Voda, a joint venture between United Utilities, EBRD and the city of Sofia, encompassing modernisation of water supply and waste water collection infrastructure in Sofia.
Bulgarian Energy Efficiency and Renewable Energy Credit Line (BEERECL)	Bulgaria	Energy / Heating	125.0	EBRD (105.0)	KIDSF <sup>2</sup> (20.0)		Framework facility approved	A €50 million credit line for six Bulgarian banks to provide loans to sub-borrowers for industrial energy efficiency and renewable energy projects and a €10 million grant for technical assistance and incentives. In 2006 an extension was agreed for a further €55m loan from the EBRD and €10m grant from the KIDSF.
Primorsko-Goranska Regional Waste Project	Croatia	Waste Management	tbd	EBRD (tbd)			Exploratory	The project will finance regional waste management centres.
Osijek Water Supply and Sewerage Project	Croatia	Water Supply / Sanitation	11.0		EU (0.25)		Cancelled	Construction of a new wastewater treatment plant to treat sewage from Osijek City and the surrounding area.
Karlovac Water Supply and Sewerage Project	Croatia	Water Supply / Sanitation	36.0	EBRD (10.0)	EU (22.5)		Signed	Upgrade of water supply and wastewater sewer networks and construction of a waste water treatment plant.
Elektrostopanstvo - Implementation of an Environmental Management System	FYR Macedonia	Energy / Heating	0.2	n/a	Canada (0.2)		Approved	Stand-alone TA project, managed by EBRD, to assist in the implementation of an Environmental Management System at Elektrostopanstvo na Makedonija. The EMS constitutes a milestone in the privatization process which is supported by the EBRD.

<sup>2</sup> Kozloduy International Decommissioning Support Fund

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Adjara Solid Waste Management Project	Georgia	Waste Management	10.3	EBRD (2.0)	MCG <sup>3</sup> (3.3) Sweden (4.0)		Concept reviewed	Creation of an integrated solid waste management system for the Adjara region.
Poti Water Supply Project	Georgia	Water Supply / Sanitation	12.3	EBRD (2.5)	EU (1.2) MCG (4.3) Sweden (1.5 + 0.3 TA)		Approved	The project will finance improvements in the municipal water supply system.
City of Tbilisi Public Transport Project	Georgia	Transport	6.38	EBRD (3.1)	Netherlands (0.25)		Signed	The project is designed to help the municipal bus company to improve transport services.
Kutaisi Water Supply Improvement Project	Georgia	Water Supply / Sanitation	12.6	EBRD (2.9)	MCG (4.26) Sweden (2.8)		Approved	The project will aim to restore a regular (full-time) service in 50% of the city and improve the commercial viability of the Kutaisi Water Company. In addition access to water supply will be increased and wastewater services provided through an efficient service which will mitigate the risk of water transferred diseases and environmental damage to the River Rioni.
Enguri Hydro Power Plant Rehabilitation	Georgia	Energy / Heating	56.7	EBRD (USD 20.4 mil.)	EU (6.6)	7.3	Exploratory	A major project to rehabilitate the Enguri power plant is being developed by EBRD, with grant financing from the EU. A CDM component is being developed in order to access carbon credit finance which will make the next phase of the rehabilitation bankable.
Georgian Gas Transmission Pipeline Rehabilitation	Georgia	Energy / Heating	USD 90.0 mil.	EBRD (USD 50.0 mil.)	MCG (USD 40.0 mil.)		Concept reviewed	An energy efficiency and environmental safety project aimed at rehabilitating the North-South main gas pipeline of the Georgian transmission system through a carbon credit financing structure.

<sup>3</sup> Millennium Challenge Georgia

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Institutional Capacity Building - Biodiversity Conservation	Kyrgyz Republic	Nature Conservation / Biodiversity	0.25	n/a	IFC (0.1) UK (0.1)		Approved	TA project, managed by EBRD, to promote private sector involvement in biodiversity conservation activities and to support institutional capacity building and local livelihoods in the Sary-Chat Ertash Zapovednik. The site is adjacent to the Kumtor Gold Mine, an EBRD investment project.
Bishkek Water Utility Restructuring	Kyrgyz Republic	Water Supply / Sanitation	17.6	EBRD (7.5)		5.0	Exploratory	Improvement to the quality of the water supply services in the capital Bishkek through a complex investment programme designed to rehabilitate a substantial part of the water supply mains and distribution pipes, modernise the pumping equipment and replace drinking water disinfection equipment.
Interglass Energy Efficiency Project	Kyrgyz Republic	Energy / Heating	5.5	EBRD (5.5)			Signed	The EBRD is currently assisting the sponsor Interglass in developing its energy efficiency project as a CDM project. Financing is being made available from the Bank's CDM Project Support Facility for the Early Transition Countries.
Construction of the Chisinau – Strasheni – Calarash Pipeline	Moldova	Water Supply / Sanitation	9.0	EBRD (5.0)		4.0	Exploratory	Extension of the existing water mains passing from Chisinau to Strasheni to the city of Calarash, thus enabling delivery of clean water to the city. The project will include building of mains pipes and pumping stations.
Pilot Biodiversity Funding Facility	Poland	Nature Conservation / Biodiversity	10.0	n/a	2.0 (pending negotiation)		In negotiation	This facility, managed by the EBRD, will provide sub-loans to SMEs in Poland whose operations impact on biodiversity. The project responds to a demand to engage the private sector in the protection and enhancement of biodiversity.
Sibiu Water and Waste Water Project	Romania	Water Supply / Sanitation	37.6	EBRD (10.0)	EU (25.5)		Signed	The rehabilitation and refurbishment of the water and waste water treatment plants in Sibiu to upgrade and extend the water supply and sewerage networks.

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Sustainable Energy Finance Facility	Romania	Energy / Heating	85.0 - 105.0	EBRD (75.0)	Canada (0.05)	10.0 - 30.0	Exploratory	A credit line to provide loans to sub-borrowers for industrial energy efficiency and renewable energy projects. A market potential of €500 million for sustainable energy projects has been identified in a recent market survey commissioned by the EBRD.
Arkhangelsk Municipal Water Services Project	Russia	Water Supply / Sanitation	25.5	EBRD (10.0)	EU (0.2) Luxembourg (0.2) NDEP <sup>4</sup> (8.2) Sweden (0.6)		Signed	Rehabilitation and modernisation of the water supply and sewerage infrastructure. This will result in improved water quality and standards of sewage treatment effluent, as well as energy savings with upgraded pumping and other electrical equipment.
St. Petersburg Northern Wastewater Treatment Plant Incinerator	Russia	Water Supply / Sanitation	90.4	EBRD (23.8) EIB (20.0) NIB (9.0)	NDEP (6.35) UK (0.46)		Signed	Construction of a sludge incinerator at the Northern Waste Water Treatment Plant to provide an environmentally sustainable solution to the sludge disposal problem in the northern part of St. Petersburg.
Komi Municipal Services Improvement Project - Syktyvkar	Russia	Water Supply / Sanitation	21.0	EBRD (10.0)	Canada (0.6) EU (0.3) Finland (0.3) NDEP (3.7) Sweden (0.5)		Signed	The investment project is designed to improve the quality of drinking water, the water supply and wastewater infrastructure, and services in the municipality of Syktyvkar.
Vologda Municipal Services Improvement Project	Russia	Water Supply / Sanitation	18.0	EBRD (10.6)	Finland (0.3)	3.85	Final reviewed	Investments are to include the construction of a new water treatment facility to improve drinking water quality, modernization of water pumping stations and network, installation of meters and modernisation of the existing wastewater treatment facilities in the City of Vologda.

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<sup>4</sup> Northern Dimension Environmental Partnership Support Fund



Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
St. Petersburg District Heat Metering Project	Russia	Energy / Heating	60.0	EBRD (27.0)		0.8 TA Up to 5.0 co-financing	Concept reviewed	To install and operate heat meters in 17,000 buildings serviced by local district heating companies. The project is a key integral part of the reform programme for district heating and municipal housing.
Kaliningrad District Heating Renovation and Reform	Russia	Energy / Heating	21.8	EBRD (12.0)	EU (0.3) NDEP (7.3) Sweden (1.7)		Final reviewed	The project will include the rehabilitation of the district heating system in Kaliningrad, the promotion of sound pricing policies and practices and the institutional development of the district heating utility.
City of Subotica – Municipal Infrastructure Reconstruction Programme	Serbia	Water Supply / Sanitation	14.0	EBRD (9.0)	EAR <sup>5</sup> (2.0)		Signed	The project will finance improvements to the municipal water services in the City of Subotica.
Novi Sad District Heating Project	Serbia	Energy / Heating	13.0	EBRD (10.0)			On hold	To finance the extension of the City's district heating network with the aim of addressing the heating needs of those areas of the City which are rapidly growing and still lack heating for the winter months.
Pančevo Waste Water Treatment Plant	Serbia	Water Supply / Sanitation	15.8	EBRD (9.85)	EAR (2.0) Italy (1.7 + TA)		Concept reviewed	Construction of a waste water treatment plant and extension of the sanitary network to alleviate the problems caused by the discharge of chemical wastes into the River Danube.
Cacak-Uzice Sanitary Landfill	Serbia	Waste Management	8.0	EBRD (6.0)	EAR (2.0)		Exploratory	Construction of regional sanitary landfill in compliance with EU rules for nine municipalities of eastern Serbia.
Sustainable Energy Finance Facility	Slovak Republic	Energy / Heating	75.0	EBRD (60.0)	BIDSF <sup>6</sup> (15.0)		Concept reviewed	The EBRD is developing a financing facility for sustainable energy projects in the Slovak Republic.

<sup>5</sup> European Agency for Reconstruction

<sup>6</sup> Bohunice International Decommissioning Support Fund

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Khujand Water Supply Improvement Project	Tajikistan	Water Supply / Sanitation	4.9	EBRD (USD 1.2 mil.)	Norway (0.35) Switzerland (2.6)		Signed	The project concerns the rehabilitation of the water treatment plant and chlorination plant and will include the installation of water pumps and the rehabilitation of the pump stations and boreholes.
Tashkent Water Supply Improvement Project	Uzbekistan	Water Supply / Sanitation	USD 14.0 mil.	EBRD (USD 10.0 mil)			Signed	This investment project will enable the replacement of existing water pumps, valves and transformers, as well as the installation of a water distribution unit, pumping station, water meters and construction of a reservoir.
Ecair Eastern Europe Landfill Gas Utilisation	Regional	Energy / Heating	6.5	EBRD (5.0)	Netherlands (0.05 – 0.15)		Concept reviewed	An experienced project sponsor has developed a portfolio of landfill gas extraction and utilisation projects that result in greenhouse gas emissions reductions. A Carbon Credit revenue stream for these projects can be provided under the Joint-Implementation mechanism.
Renewable Energy Financing Entity	Regional	Energy / Heating	80.0	EBRD (20.0)	US (0.15)		On hold	The REFE will be a financing vehicle (structured either as a corporation or a fund) which will invest in small and medium-sized renewable energy projects (e.g. wind, hydro power, biomass and geothermal projects) across EBRD's countries of operation.
Multilateral Carbon Credit Fund	Regional	Energy / Heating	150.0	n/a	Luxembourg (10.0) Pledges received from: Belgium (Flanders), Finland, Spain, Sweden		EBRD and EIB approved	The Multilateral Carbon Credit Fund (MCCF) will facilitate the purchase of Carbon Credits from projects financed by the EBRD and/or EIB for both sovereign shareholders of the EBRD and private / non-sovereign contributors.

Project or facility	Location	Sector	Total project cost (€ million)	IFI loan Finance (€ million)	Donor TA and grant co-financing committed (€ million)	Identified needs for TA and grant co-financing (€ million)	Project status at August 2006	Project summary
Pro-biodiversity business in the steppe zones of the Eurasia region	Regional	Nature Conservation / Biodiversity	0.6	n/a	EU (0.6)		Approved	This pilot TA project is in support of the Tacis regional programme biodiversity component focusing on the steppe ecosystems covering parts of Kazakhstan, Moldova, Russia and Ukraine. The project will provide targeted TA, managed through EBRD, to selected micro, small and medium-sized enterprises that use biodiversity resources and that are willing to work towards creating pro-biodiversity businesses.
Austrian MEI Fund for South East Europe and the Russian Federation	Regional – Russia and SE Europe	Waster Supply / Sanitation Waste Management	0.6	n/a	Austria (0.6 including 0.1 extension)		Approved	To provide support in undertaking the necessary due diligence and appraisal work for specific municipal investment projects in Russia and SE Europe. Funds managed by EBRD.
CDM in Caucasus and Central Asia	Regional	Energy / Heating	0.9	n/a	Netherlands (0.9)		Approved	Funds, managed by EBRD, to assist project sponsors in monetising emission reductions by providing consultancy services for CDM Project Design Documents, host Country Letter of Approvals and Validation and Registration with the CDM Executive Board.
CDM Project Support Facility for Early Transition Countries	Regional	Energy / Heating	0.35	n/a	ETC (0.24)	0.11 (pending further application to ETC)	Approved	Funds, managed by EBRD, to assist project sponsors in monetising emission reductions by providing consultancy services for CDM Project Design Documents, host Country Letter of Approvals and Validation and Registration with the CDM Executive Board.
District Heating Support Facility	Regional	Energy / Heating	0.13	n/a	UK (0.13)		Disbursed	Funds, managed by EBRD, to structure district heating projects, focusing particularly on financial, technical, institutional and affordability issues during early project preparation stages.