

Monitoring of Sovereign Financing by IFIs and Development Agencies in Eurasia

Q1 2023



The source of information for this monitoring of sovereign financing operations in the region is the **Eurasian Fund for Stabilization and Development (EFSD) Sovereign Financing Database (SFD)** (Box 1). The database is available online [here](#).

Box 1. About the SFD Project

The SFD contains information on operations financed by 19 different donors from 2008 through 2022.

SFD objectives:



To compile a comprehensive regional database of sovereign financing, including investment loans, stabilisation loans, grants, and TA projects



To provide a regular quantitative and qualitative assessment of sovereign financing and make the data open to the public



To benefit government authorities as a source of systemic information by country/sector etc.



To benefit the donor community in order to ensure better coordination among IFIs

More information on the SFD methodology is available [here](#).

The monitoring covers approved financing by international financial institutions and development agencies in Q1 2023 in Eurasian countries, namely: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Russia, Tajikistan, Turkmenistan, and Uzbekistan. The review is based on information presented on official websites of international financial institutions: the Asian Infrastructure Investment Bank (AIIB); the Asian Development Bank (ADB); the World Bank (WB); the Eurasian Development Bank (EDB); the Eurasian Fund for Stabilization and Development (EFSD); the European Bank for Reconstruction and Development (EBRD); the European Investment Bank (EIB); the International Monetary Fund (IMF); the New Development Bank (NDB); and the Islamic Development Bank (IsDB). The review also offers information on operations of the following development agencies: GIZ (Germany), JICA (Japan), SDC (Switzerland), TIKA (Turkey), USAID (USA), AFD (France), UNDP, Abu Dhabi Fund for Development, and UN Women.

The approved financing is grouped into four types: stabilisation financing, investment financing, grants, and technical assistance projects.

As at 1 April 2023, the SFD included records of 5,113 operations worth USD 96.9 billion.

This monitoring exercise is based on IFI operations in Q1 2023 and covers:

- (I) approved projects of IFIs and development agencies;
- (II) new development agencies added in Q1 2023; and
- (III) a consolidated list of sovereign financing operations in Q1 2023.

I Activities of IFIs and Development Agencies

In Q1 2023, there were **19 approved sovereign financing operations by IFIs and development agencies worth USD 643 million** (Annex Table).

Within the framework of those operations, approved financing in the form of loans made USD 487.5 million, and that in the form of grants — USD 155.5 million.

In terms of the nature of financing, **investment financing prevails (USD 432.5 million, or 67.2% of total financing)**. It is followed by stabilisation financing of **USD 200 million**. At the same time, **technical assistance operations hold the top position** in terms of the number of operations — **7 operations** (Table 1).

Table 1. Types of Financing

Form	Repayable/ non-repayable	Number of operations	Amount, USD million	Total, USD million
Stabilisation	Loan	2	150	200
	Grant	1	50	
Investment	Loan	5	327	432.5
	Grant	4	105.5	
Technical assistance	—	7	11.1	11.1

Approved investment financing in the region targeted a wide range of areas, from energy to regional development. For instance, the implementation of the large-scale Aimags and Soums Green Regional Development Investment Programme has been launched in Mongolia. As part of that project, it is planned to approve USD 735 million of financing to be provided by the EIB and ADB, as well as the Government of Mongolia and the private sector. In Q1, ADB approved the allocation of USD 93 million under the project. In Tajikistan, development partners look into providing financial support to complete the Rogun Hydroelectric Power Plant construction project (Box 2).

Box 2. Financing for Rogun Hydroelectric Power Plant

In January 2023, the WB approved the Technical Assistance for Financing Framework for Rogun Hydropower Project (P178819). The project objectives are to strengthen the Rogun HPP Project's financial and commercial frameworks, to enhance its environmental and social sustainability, and to improve the transparency of the project.

The Islamic Development Bank is also considering the option of financing the Rogun Hydroelectric Power Plant project in the amount of USD 150 million, along with other projects in Tajikistan.

The demand for stabilisation support is very high in the region. In Q1, such support was approved for Armenia, Georgia, and Tajikistan in the **amount of USD 200 million, or 31.1% of the total sovereign financing.** This stabilisation financing was approved exclusively by the WB. However, it should be noted that there is much stronger focus on issues related to the climate agenda under those programmes (Box 3).

Box 3. Climate Agenda in Stabilisation Financing

Under the Resilient and Sustainable Tajikistan Programme (P177930), the WB pays great attention to the climate agenda. In particular, the programme is expected to generate additional benefits towards the government's climate policy objectives in climate change adaptation and mitigation. These include the adoption of the Disaster Risk Financing Strategy (for adaptation), further improvement to social safety nets to respond to climate-linked disasters, especially in rural areas, and an increase in TALCO tariffs (for mitigation).

The WB's financing programme in Armenia (P176278) is designed to address the risks associated with climate change and supports the country's actions to mitigate the effects on the energy sector. Armenia is one of the countries in the Europe and Central Asia region that are most vulnerable to climate change¹. The warming in Armenia is expected to be at levels significantly above the global average². Without a focus on adaptation and disaster risk reduction, climate change would exacerbate inequalities. In particular, climate change is expected to increase the risks of droughts, floods, and landslides, creating a particular threat to poorer rural communities. A reduction in both the total arable land and the yield of staple crops would further threaten food production in Armenia. As for climate change mitigation, Armenia has committed to reduce greenhouse gas emissions by 40 percent by 2030 compared with the base year 1990. The reduction will require large-scale action in the energy sector, which accounted for almost two-thirds of total emissions in 2018.

TA projects are an important component of stabilisation and investment financing programmes. The TA tool was incorporated into and complemented ADB's investment financing project in Uzbekistan. The IMF, in turn, has been active in providing TA in the area of public administration through its regional centre in Almaty.

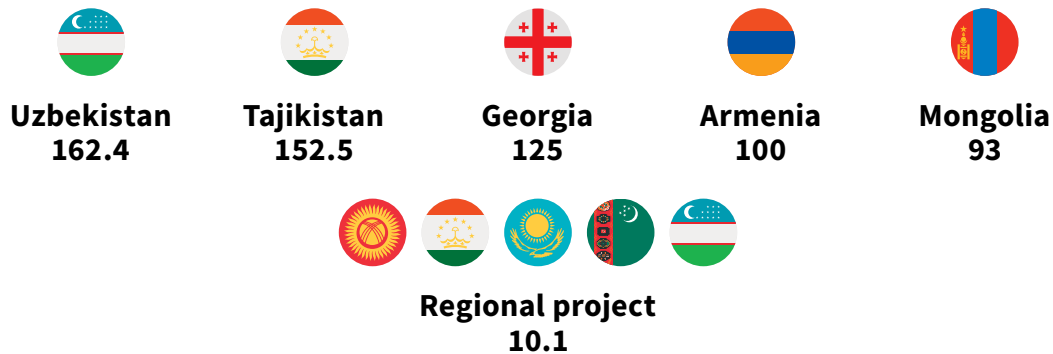
A major regional TA project worth USD 10.4 million was implemented by GIZ in the area of climate change and water supply. The beneficiary countries under the project are Kyrgyzstan, Tajikistan, Kazakhstan, Turkmenistan, and Uzbekistan.

1 World Bank, 2018. Report #124816-AM, Washington DC; and the Performance and Learning Review of the Country Partnership Framework, World Bank, 2022, Report #168425-AM, Washington DC
2 https://climateknowledgeportal.worldbank.org/sites/default/files/2021-06/15765-WB_Armenia%20Country%20Profile-WEB_0.pdf

BREAKDOWN BY COUNTRIES AND INSTITUTIONS

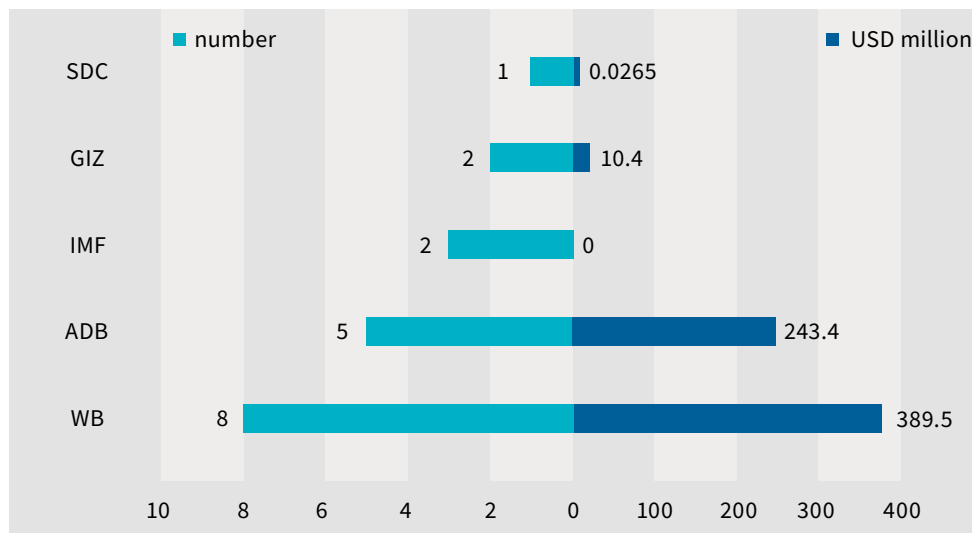
The leader in terms of approved financing in the region is **Uzbekistan, accounting for USD 162.4 million, or 25.3% of total sovereign financing**. It is followed by Tajikistan (USD 152.5 million), Georgia (USD 125 million), and Armenia (USD 100 million) (Figure 1).

Figure 1. Approved Sovereign Financing, by Country, USD million



As to institutions, **the WB, ADB, and EIB are the leaders in terms of approved financing and the number of operations (Figure 2)**.

Figure 2. Breakdown by Institutions

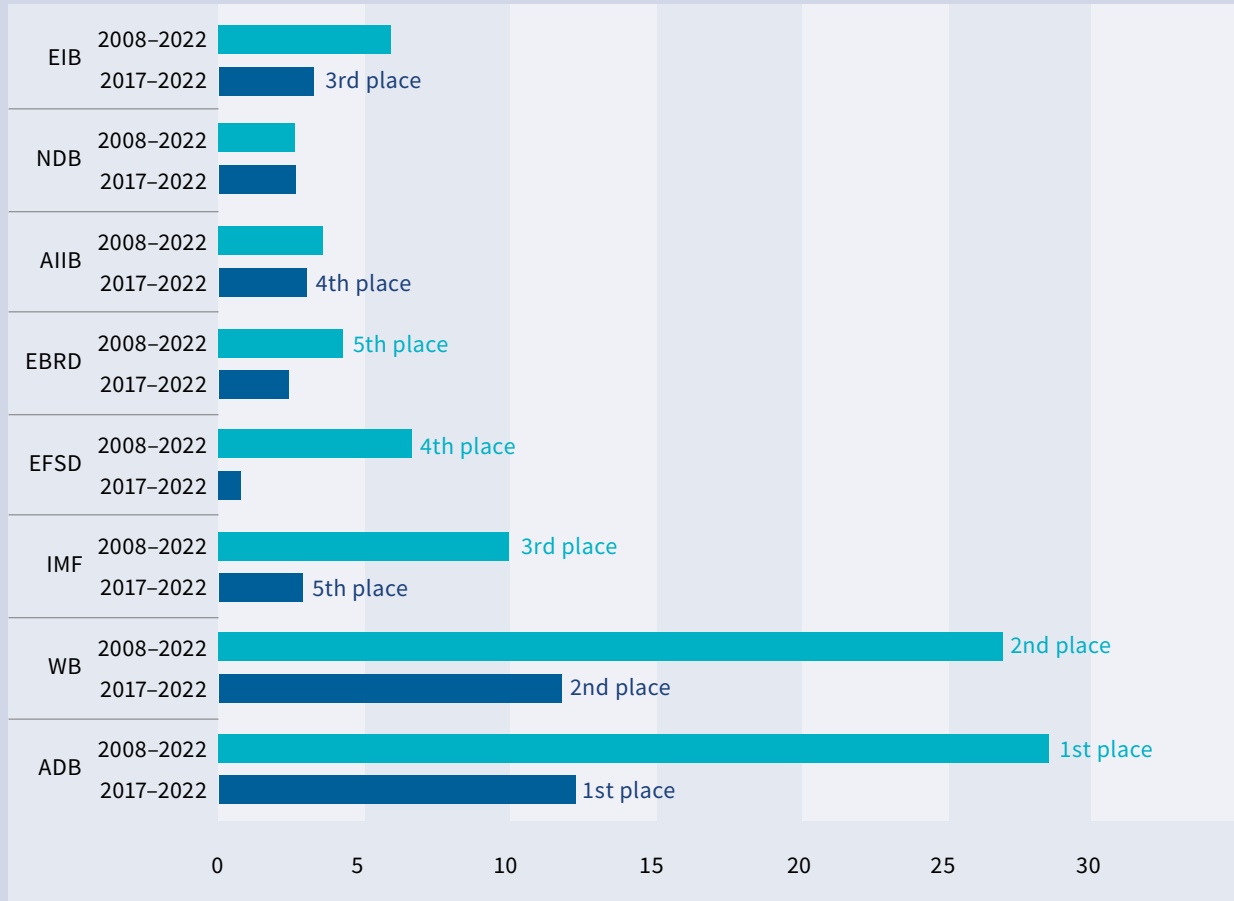


As to IFIs, the **WB** accounts for the largest number of approved operations: **8 operations worth USD 389.5 million**. During the period under review, ADB had **5 approved operations worth USD 243.4 million**. As to development agencies, there were 2 operations implemented by **GIZ in Georgia and at the regional level, as well as a project implemented by SDC in Mongolia**. The IMF has three TA projects implemented by the CCAMTAC in Almaty.

A review of sovereign financing in the region over the past six years has shown different results than that over the entire period of time covered by the SFD (Box 4).

Box 4. Major Creditors in SFD

In terms of financing approved over the past 15 years, ADB, the WB, the IMF, and the EFSD hold leading positions in the region, accounting for 75 percent of its total financing. However, if the focus is only on the past 5 years, certain changes can be noted. The WB (USD 11.8 billion) and ADB (USD 11.4 billion) still hold the first two positions, followed by the EIB (USD 3.3 billion), AIIB (USD 3 billion), and the NDB (USD 2.7 billion).



AIIB and the NDB, as “new players” among the IFIs, are active in providing financing to countries for infrastructure development and have also extended significant stabilisation support during the COVID-19 crisis.

II New Agencies in SFD

The SFD is a dynamic database whose scope will be expanded continually to cover new sovereign finance providers. Operations of the following development agencies since 2008 have been added in the context of the current SFD update: United Nations Development Programme (UNDP), Abu Dhabi Fund for Development (ADFD), and UN Women ([Box 5](#)).

Box 5. New Financing Providers in SFD

The **United Nations Development Programme (UNDP)** works in nearly 170 countries and territories, helping them to end poverty, reduce inequalities in all their dimensions, and build capacity to ensure the countries' development. The UNDP plays an important role in helping the countries achieve the Sustainable Development Goals.

ADFD's mission is to help developing countries achieve sustainable economic growth and reduce poverty. To that end, ADFD provides financing in the form of sovereign loans that meet preferential conditions in accordance with the requirements of the Organisation for Economic Cooperation and Development.

All human development and human rights issues have a gender dimension. **UN Women** focuses on priority areas that are fundamental to women's equality, which can pave the way for progress across the board.

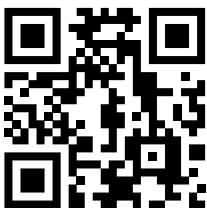
14 ADFD operations worth USD 268 million in eight countries (excluding Georgia, Mongolia, and Kazakhstan) were added to the SFD. On a country-by-country basis, Turkmenistan accounted for USD 149.5 million, or 57.9% of the total ADFD financing. ADFD provided investment financing primarily for the development of transport infrastructure, energy, and healthcare.

951 UNDP operations worth USD 127 million were added to the database. On a country-by-country basis, the leaders in terms of the number of operations were Uzbekistan (119 operations worth USD 32.5 million), Tajikistan (97 operations worth USD 23.2 million), and Kyrgyzstan (88 operations worth USD 22 million). In terms of sectors, projects in the areas of public administration, climate agenda, and sustainable development, as well as healthcare, prevail.

The SFD was expanded with **8 UN Women operations worth USD 2.4 million**. Kyrgyzstan and Belarus received the largest support from that institution in the amount of USD 1.3 million and USD 0.9 million, respectively.





The next issue of the Monitoring will be released in the first decade of July and will focus on reviewing operations of IFIs and development agencies in Q2 2023.





EFSD publications are available [here](#).












Annex

Table. Approved Financing by IFIs and Development Agencies, Q1 2023

	Programme title	Creditor	Type of financing	Amount, USD million	Approval date	Sector	Description	Link to the project
Armenia								
1	Green, Resilient, and Inclusive DPO	WB	SFL	100	24 March 2023	Public administration	The development objective of this programmatic DPO series is to promote green, resilient, and inclusive development in Armenia, by fostering climate change mitigation and adaptation, improving the regulatory framework for environmental management.	
Georgia								
2	Public Finance and Public Sector Debt Statistics	IMF	TA	n/a	20 March 2023	Finance	The main objective was to further support the Ministry of Finance in expanding the coverage of tax reporting to include state-owned enterprises that operate on a non-market basis.	
3	EPF Assistance Measure for Georgia	GIZ	TA	0.0265	11 March 2023	Finance	Security system control and reform	
4	First Green and Resilient Georgia DPO	WB	SFL	50	24 March 2023	Public administration	To support Georgia in greening economic activity, mitigating fiscal risks, and building the institutional capacity for better access to land, water, and financial services.	

	Programme title	Creditor	Type of financing	Amount, USD million	Approval date	Sector	Description	Link to the project
5	Georgia Resilient Agriculture, Irrigation, and Land Project	WB	IFL	75	24 March 2023	Agriculture	The project development objective is to: (a) improve irrigation, and drainage services, and agricultural production in project areas; and (b) strengthen national irrigation and land management institutional capacity for climate resilient planning.	
Kyrgyz Republic								
6	Enhancing Risk-Based Supervision	IMF	TA	n/a	n/a	Finance	Project objective: To support the National Bank in its efforts to improve the risk-based supervision system and related elements.	
Mongolia								
7	Risk-Based Supervision	IMF	TA	n/a	n/a	Finance	Project objective: To discuss with the Bank of Mongolia planned activities for upcoming missions on risk-based supervision.	
8	Improving the National Urban Search and Rescue (USAR) Capacities of Mongolia	SDC	TA	0.217	20 January 2023	Security	Objective: To improve the national emergency response capacities of Mongolia in the area of Urban Search and Rescue (USAR).	

	Programme title	Creditor	Type of financing	Amount, USD million	Approval date	Sector	Description	Link to the project
9	Aimags and Soums Green Regional Development Investment Programme	ADB	IFL	45	22 March 2023	Regional development	The Aimags Green Regional Development Investment Programme will promote a green territorial development model and urban-rural linkages in Mongolia. Aimags will become anchors of climate-smart agribusinesses that promotes sustainable and low-carbon pasture management.	
			IFL	45				
			IFG	3				
Tajikistan								
10	Technical Assistance for Financing Framework for Rogun Hydropower Project	WB	IFG	15		Energy	Objective: To strengthen the Rogun HPP Project's financial and commercial frameworks, enhance its environmental and social sustainability.	
11	Resilient and Sustainable Tajikistan DPO	WB	SFG	50		Public administration	The programme development objective is to support the authorities in increasing resilience and sustainability of growth by improving the business environment, the integrity of the financial sector, and financial inclusion.	
12	Learning Environment – Foundation of Quality Education	WB	IFG	50	13 July 2022	Education	The development objective of the Tajikistan Learning Environment – Foundation of Quality Education Project is to enhance the quality of teaching and learning environments in selected general secondary schools.	
13	Social Protection Modernisation and Economic Inclusion Project	WB	IFG	37.5	24 March 2023	Social protection	The objective of the project is to support the Government of Tajikistan in protecting poor and vulnerable households from shocks, promoting economic inclusion, and improving social protection systems.	

	Programme title	Creditor	Type of financing	Amount, USD million	Approval date	Sector	Description	Link to the project
Uzbekistan								
14	Economic Management Improvement Programme, Phase 2 (Subprogramme 1)	ADB	SFL	150	09 February 2023	Public administration	Project objective: To support transformation of Uzbekistan's economy by strengthening fiscal management, improving governance and operations of state-owned enterprises, and enhancing public sector accountability.	
15	Economic Management Improvement Programme, Phase 2 (Subprogramme 1)	ADB	TA	0.4	09 February 2023	Public administration	TA to support the main programme	
16	Scaling Solar 2 Independent Power Producer	WB	IFL	12	07 March 2023	Energy	Project objective: To improve debt sustainability and transparency.	
Regional project								
17	Climate-Sensitive Water Resource Management (Kyrgyzstan, Tajikistan, Kazakhstan, Turkmenistan, Uzbekistan)	GIZ	TA	10.4	n/a	Water supply	Project objective: Climate-sensitive integrated water resource management at the regional level.	

Note: SFL stands for stabilisation financing in the form of a loan, SFG — for stabilisation financing in the form of a grant, IFL — for investment financing in the form of a loan, IFG — for investment financing in the form of a grant, and TA — for technical assistance.