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EURASIAN FUND FOR
STABILIZATION AND DEVELOPMENT

SOVEREIGN FINANCING IN EURASIA: Trends and Areas

2023
ANNUAL
REPORT

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The Report continues a series of publications as part of a research project on monitoring sovereign financing in Eurasia. The analysis relies on a database maintained by the EFSD, drawing on information collected from the official websites of International Financial Institutions (IFIs) and their reports.

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Disclaimer

This Report uses materials of the Sovereign Financing Database as of 1 January 2024.

The data presented in the Report are collected from the official websites of International Financial Institutions (IFIs) and their reports. The data are provided for information purposes only and cannot be taken as exhaustive. Estimates of sovereign financing are conservative as only publicly available data from a limited number of IFIs and development agencies have been collected for the purposes of this Working Paper.

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List of Acronyms and Abbreviations

ADB	Asian Development Bank
AFD	French Development Agency
AIIB	Asian Infrastructure Investment Bank
CAREC	Central Asia Regional Economic Cooperation Programme
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
EDB	Eurasian Development Bank
EEAS	European External Action Service
EFSD	Eurasian Fund for Stabilization and Development
EIB	European Investment Bank
GCF	UN Green Climate Fund
GDP	gross domestic product
GEF	Global Environment Facility
GIZ	German Agency for International Cooperation
IFI	International Financial Institution
IsDB	Islamic Development Bank
MDB	multilateral development bank
NDB	New Development Bank
OECD	Organisation for Economic Cooperation and Development
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
TA	technical assistance
UN	United Nations
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development
WB	World Bank

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Summary



About the Sovereign Financing Database

The EFSD project on monitoring sovereign financing in the Eurasian countries has been **ongoing since 2022**. 3,647 new operations and 17 financing providers were added to the Database in 2023.

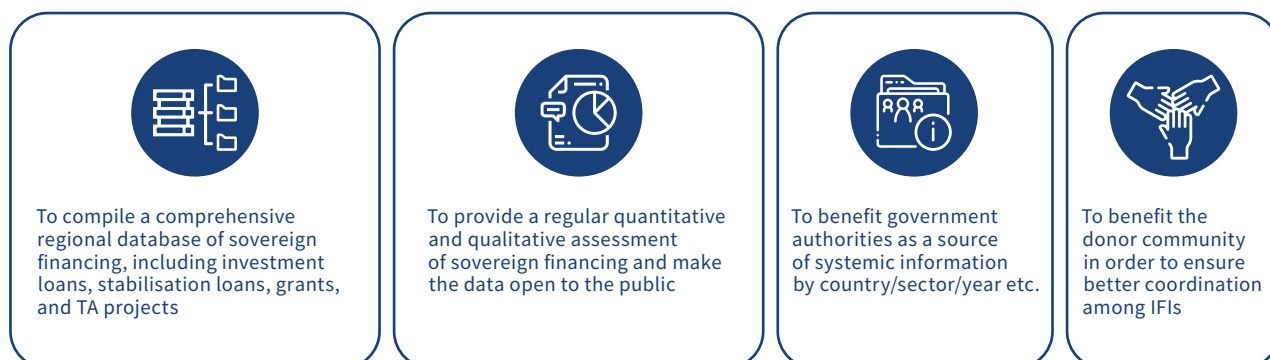


This Report is the first annual monitoring of sovereign financing in Eurasia and continues a series of publications as part of the **Sovereign Financing Database (SFD) Project**.

About the SFD Project

The SFD contains information on operations financed by 36 different donors from 2008 through 2023.

SFD objectives:



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

Key database indicators of sovereign financing are available [here](#).

The SFD is a purpose-built database that offers a comprehensive picture of sovereign financing in Eurasia. The SFD covers 11 countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Russia, Tajikistan, Turkmenistan, and Uzbekistan. It includes major IFIs and a wide range of development agencies in these countries. In addition to credit operations, the SFD collects data on a wide range of TA projects.

At year-end, the SFD covers 7,643 sovereign financing operations starting from 2008 worth USD 129 billion. In 2023, the number of operations included in the database doubled compared to the previous report, with the addition of new development bank agencies and China's financial institutions.



Features of Sovereign financing in Eurasia

In 2023, the total amount of approved financing from IFIs and development agencies was **USD 6.2 billion (337 operations)**, with IFIs accounting for USD 5.6 billion or 90.3% of the total.

The largest component of approved financing is investment loans in the amount of **USD 3.4 billion (75 operations)**, followed by stabilisation loans in the amount of USD 2.5 billion (11 operations).

ADB and the WB are the leaders in terms of approved sovereign financing in the region with a combined share of 59.7%.

30.7%

ADB provided financing in the amount of **USD 1.9 billion**

29.0%

WB provided financing in the amount of **USD 1.8 billion**

16.1%

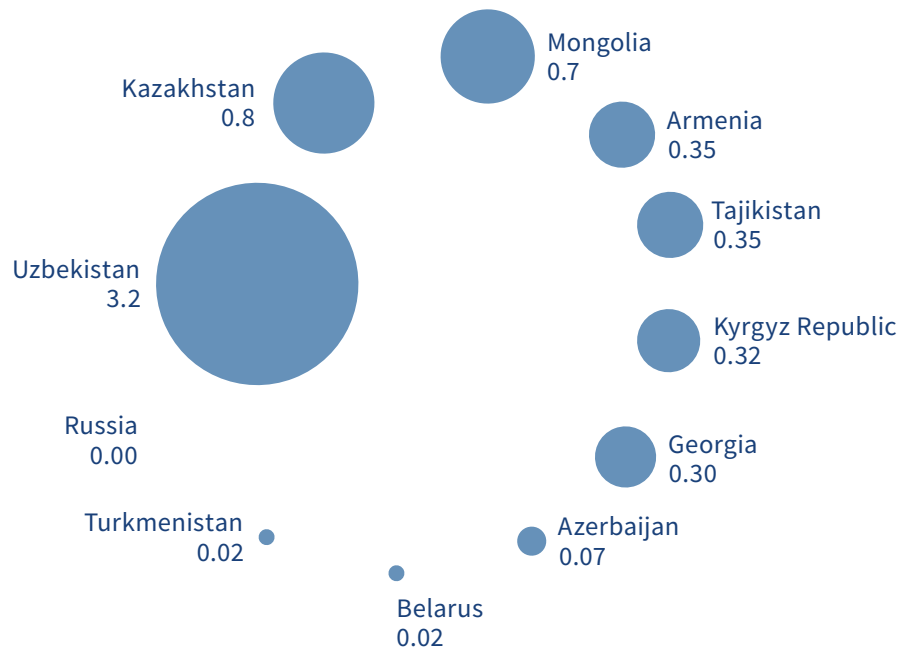
AIIB provided financing in the amount of **USD 1 billion**

6.4%

IsDB provided financing in the amount of **USD 396.7 million**

In 2023, Uzbekistan ranked first among 11 Eurasian countries in terms of approved financing, which amounted to USD 3.2 billion. This is 51.6% of the total approved financing in Eurasia (Figure A).

Figure A. Approved Financing in Eurasia, by Country, 2023, USD billions



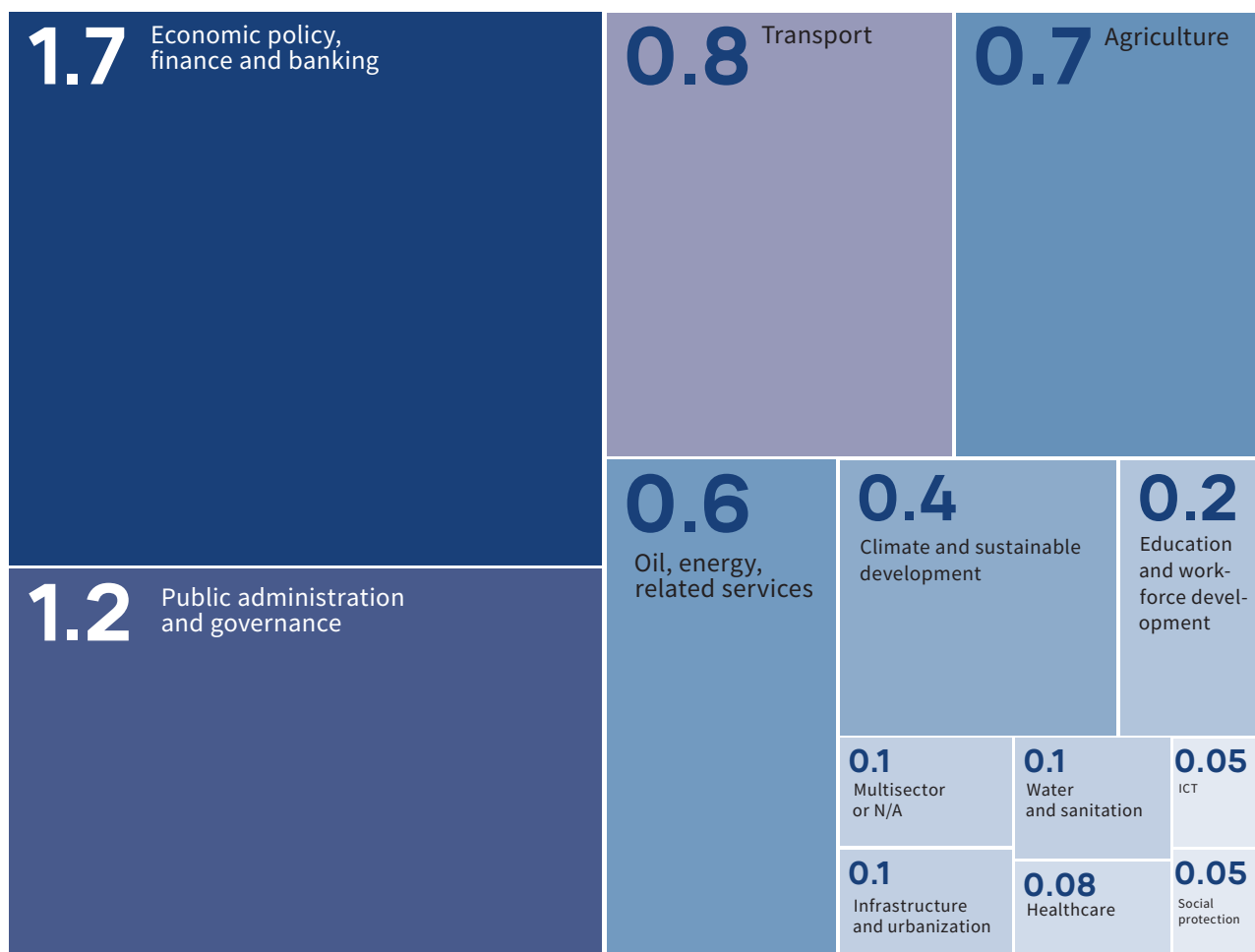
Source: EFSD database.

The EFSD member states¹ accounted for a third of the approved financing, or USD 1.8 billion, a decrease of USD 300 million compared to 2022.

The largest number of operations were in the area of economic policy, finance, and banking sector. They accounted for 28.4% of the total number of operations, or USD 1.7 billion, the bulk of which was stabilisation financing (Figure B).

¹ EFSD member states are Armenia, Belarus, Kazakhstan, Kyrgyz Republic, Russia and Tajikistan.

Figure B. Volume of Sovereign Financing, by Sector, USD billions



Note: Multisector and N/A are projects with no sector information or identified as multisector.

Source: EFSD database.

A new SFD element was financing from China's development institutions



The financing provided by China in Eurasia is of strategic importance for both China and the countries of the region. **The investment is mainly used to implement infrastructure projects within the framework of the Belt and Road Initiative and in the energy sector.**

The SFD contains information on 161 sovereign financing operations worth USD 12.1 billion for the period from 2008 to 2021². At the same time, a large share of China's finance is provided by two banks: the Export-Import Bank of China and the China Development Bank (USD 10.2 billion or 84.3% of the total financing).

² To keep track of Chinese financing in the Eurasian region, information was taken from AidData's Global Chinese Development Finance Dataset, Version 3.0 as of the end of 2021.

In terms of sectors, transport projects prevail within the framework of China’s financing. The transport sector accounts for USD 3.7 billion, or 30.6% of the total approved financing.

Trends in Sovereign Financing in the Region



MDBs are the key donors in the region in terms of the volume of financing.

They approved 91.2%, or USD 5.6 billion, of total financing. The remaining financing came from development agencies and climate funds.



MDBs dominated in the area of stabilisation support in the region.

The Policy-Based Lending (PBL) trend emerged during the COVID-19 pandemic, when MDBs provided a significant amount of emergency financing to their member states. In addition, several “new” MDBs, such as the AIIB and the NDB, implemented previously unused mechanisms and tested their emergency response capabilities during the 2020 pandemic.



MDB financing directly contributes to the achievement of 9 of the 17 Sustainable Development Goals in the Eurasian region.

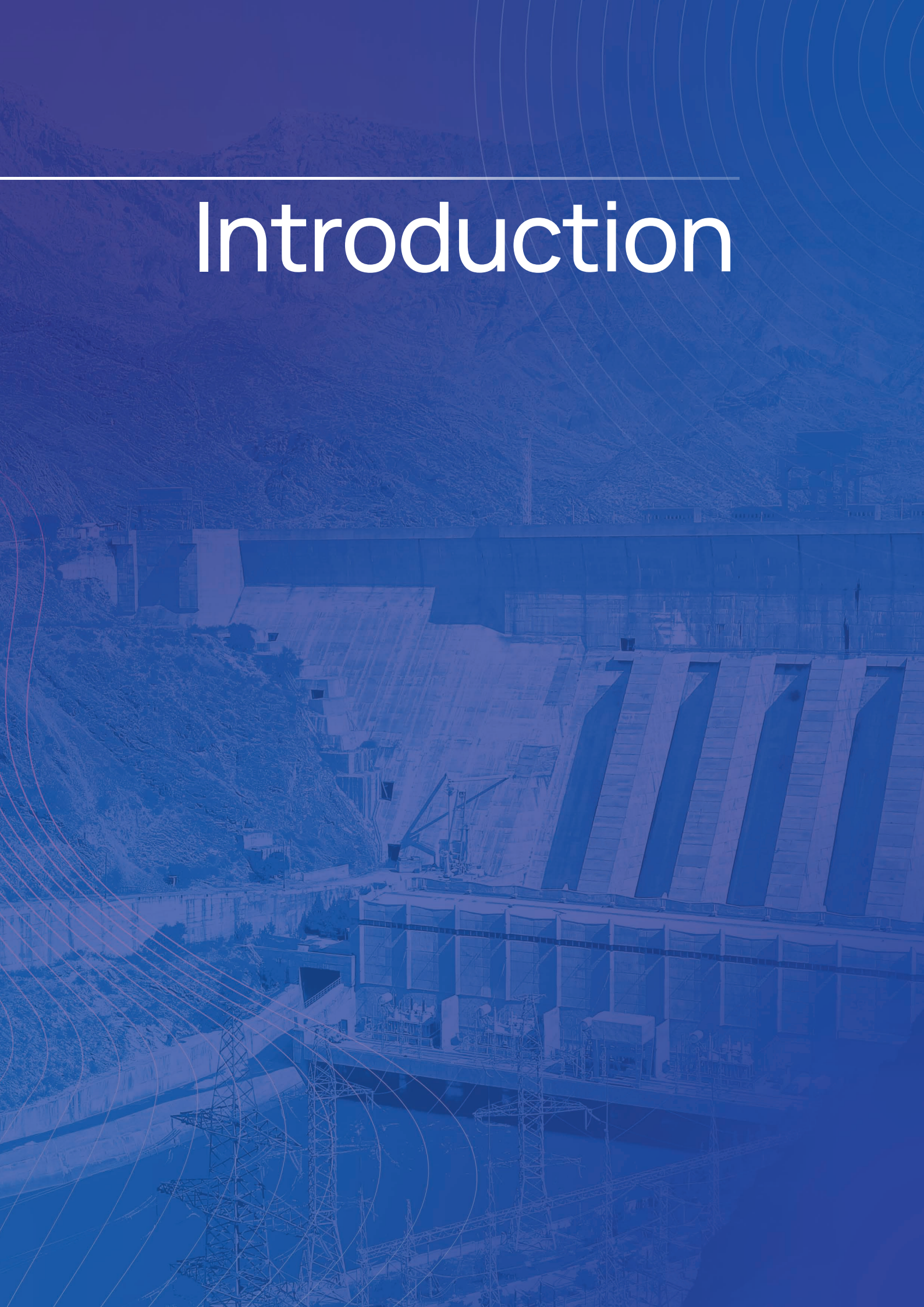
The data show that these are mostly infrastructure projects related to transport, social matters, and sustainable infrastructure (SDG 9). The second position is held by clean energy, with 13 operations totalling USD 589.5 million.



TA is in high demand by governments

and accompanies stabilisation and investment financing projects. The highest concentration of TA operations is in the areas of public administration and economic development.

Introduction



The global community is faced with an unprecedented combination of crises, including climate change, inflation, conflicts, and food shortages, **with developing countries being hit hardest**. These challenges are compounded by the mounting debt crisis in many countries, the residual effects of the COVID-19 pandemic, and devastating natural disasters. Against a backdrop of deteriorating economic growth prospects and dwindling budgetary resources, countries are finding it increasingly difficult to respond to these crises and invest in long-term development priorities, including health, education, social protection, and building resilience to shocks. The World Bank anticipates that developing countries will need an average of USD 2.4 trillion per year until 2030 to address global challenges related to climate change, conflicts, and pandemics.

Although **the Eurasian economies performed better in 2023 than International Financial Institutions (IFIs) predicted in their forecasts**, the deterioration in global financial markets, persistent inflation, and the fragmentation of the global economy had an adverse impact on them.

To improve the conditions for long-term sustainable and inclusive growth, structural and institutional transformations are needed, covering not only stabilisation but also infrastructure and social development objectives. To address this set of challenges, countries receive substantial support from IFIs in the form of concessional loans and grants. In this **context, the role of IFIs and sovereign development agencies in providing development finance and fiscal support to Eurasian countries gains prominence**.

The main goal of this Report is to inform the reader about the dynamics and trends (quantitative and qualitative analysis) of sovereign financing from 36 donors to 11 countries of the region in 2023.

The report consists of three chapters reviewing various aspects of sovereign financing in Eurasia. The first Chapter covers sovereign financing in the region, grouping data by volume, sector, and composition. The second Chapter reviews the financing provided by China's development institutions from 2008 through 2021³. The third Chapter focuses on current trends in sovereign financing. The Annexes contain information on the current country strategies of the largest IFIs in terms of approved financing in 2023, and a list of the major approved projects in 2023.

³ Data on China's financing are taken from AidData and are available only as at end-2021.



Sovereign
Financing
in Eurasia

1.1. Features of Sovereign Financing in Eurasia

In 2023, the total amount of approved financing from IFIs, development agencies, and climate funds was **USD 6.2 billion (337 operations)**, down by 25% compared to 2022 (USD 8.2 billion). The decrease in the volume of approved financing was driven by a USD 1.8 billion drop in investment financing. The share of IFIs in financing is prevalent at USD 5.6 billion, or 90.3% of the total.

269 projects were at the active implementation stage and 68 projects were completed. IFIs provided financing mainly in:



The largest component of approved financing is investment loans in the amount of **USD 3.4 billion (75 operations)**, followed by stabilisation loans in the amount of USD 2.5 billion (11 operations). The total volume of TA projects is insignificant — USD 0.3 billion, while the number of TA operations is high (251 operations).

Investment financing accounts for the bulk of operations in terms of financing approved during the period under review (Table 1). Financing was provided in the form of both loans and grants. Loans accounted for USD 2.9 billion of approved financing, while grants stood at USD 400 million.

Table 1. Composition of Sovereign Financing, by Instrument, 2023

Type of operations	Financing, USD millions	Number of operations
Investment financing	3,392.0	75
Stabilisation financing	2,470.0	11
Technical assistance (TA)	312.4	251
Total	6,174.7	337

Source: EFSD database.

In general, investment loans are mainly used **in sectors such as infrastructure, human development, agriculture, healthcare, energy, public administration and governance**, and are usually provided for the implementation of medium- and long-term projects (5–10 years).

Transport projects prevail in investment financing (USD 650 million). ADB and the EBRD are leaders in terms of approved financing in the transport sector (USD 391.5 million and USD 193.2 million respectively).

Stabilisation financing is the second largest group of operations in terms of financing approved during the period under review. The bulk of this financing is aimed at budget support, balance of payments support, stabilisation of local currencies, and fiscal support, which may explain the large average size of operations. Of the total amount of financing, only USD 50 million was provided in the form of grants.

Stabilisation support in the region was provided only by Multilateral Development Banks such as ADB, the AIIB, and the WB. The largest amount of financing was approved by the AIIB — USD 670 million to Uzbekistan. The objective of the operation was to advance Uzbekistan’s transition to an inclusive and resilient market economy by supporting reforms to help create markets, improve fiscal risk management and public procurement, and support social inclusion and green resilience.

Technical assistance is the smallest group in terms of finance, but the largest in terms of the number of operations. TA operations are primarily aimed at professional development, creating and building the capacity for project implementation, and ensuring the institutional development of the beneficiary country. This explains the low average amount of financing per operation, since TA mainly covers the cost of paying experts engaged for the project. However, the sharing of knowledge and expertise through TA programmes is as important an element of development assistance as development finance itself⁴.

In 2023, Uzbekistan ranked first among 11 Eurasian countries in terms of approved financing, which amounted to USD 3.2 billion. This is 51.6% of the total approved financing in Eurasia (Figure 1). This financing mainly focused on the economic policy sector (USD 1.6 billion), agriculture (USD 0.5 billion), and transport (USD 0.4 billion).

Figure 1. Approved Financing, by Country, 2023, USD billions

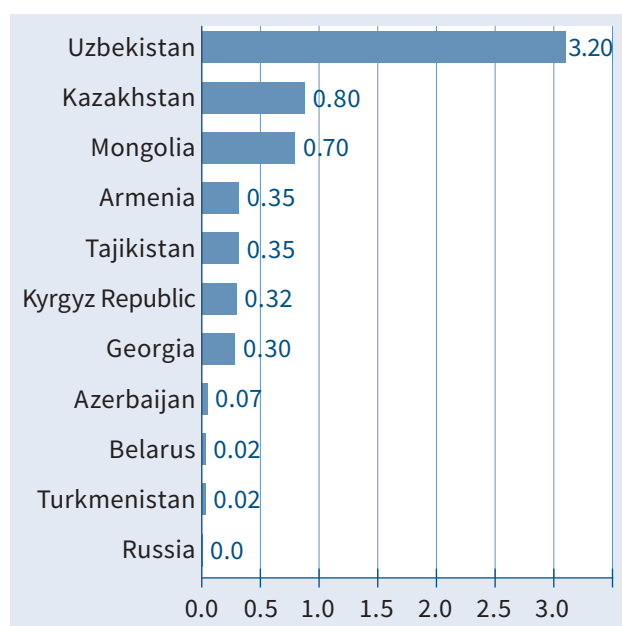
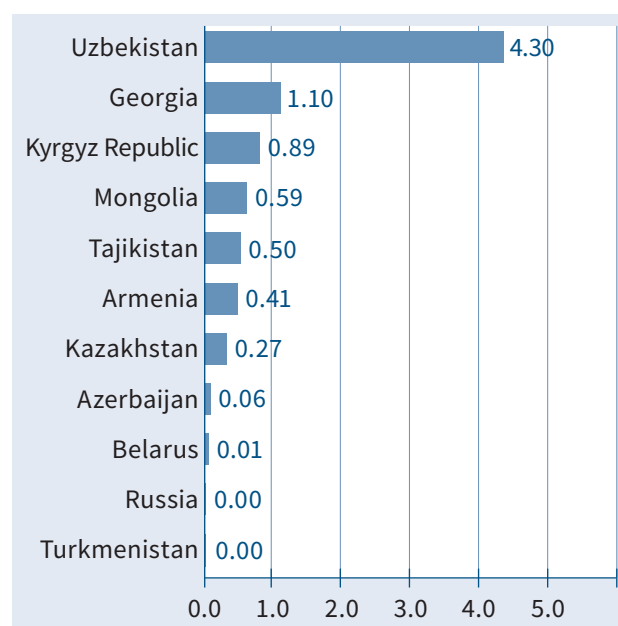


Figure 2. Approved Financing, by Country, 2022, USD billions

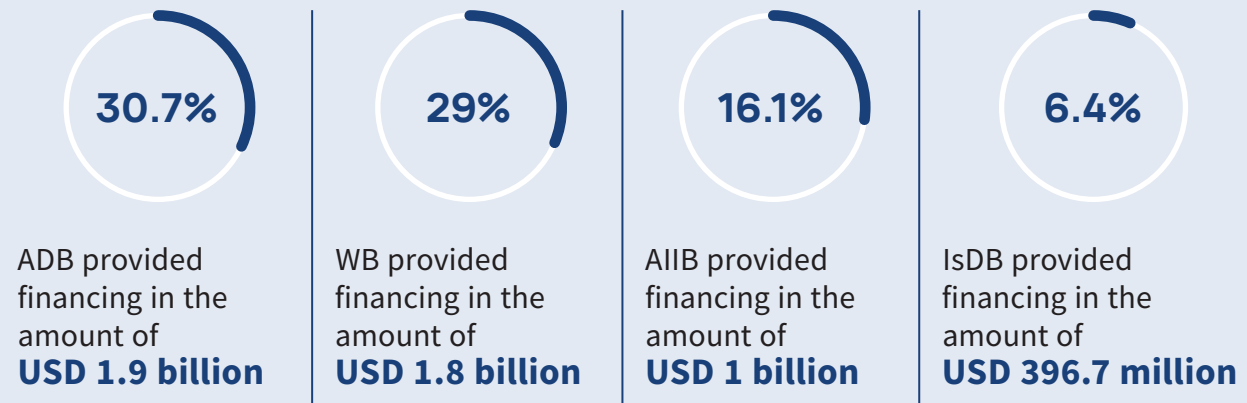


Source: EFSD database.

⁴ Vinokurov, E., Levenkov, A., Grichik, M. (2022) Technical Assistance of International Financial Institutions and Development Agencies in Eurasia. EFSD Working Paper, WP/22/1. EFSD: Moscow. Available at: <https://efsd.org/en/research/working-papers/international-financial-institutions-and-development-agencies-have-realized-more-than-2-900-technica/>

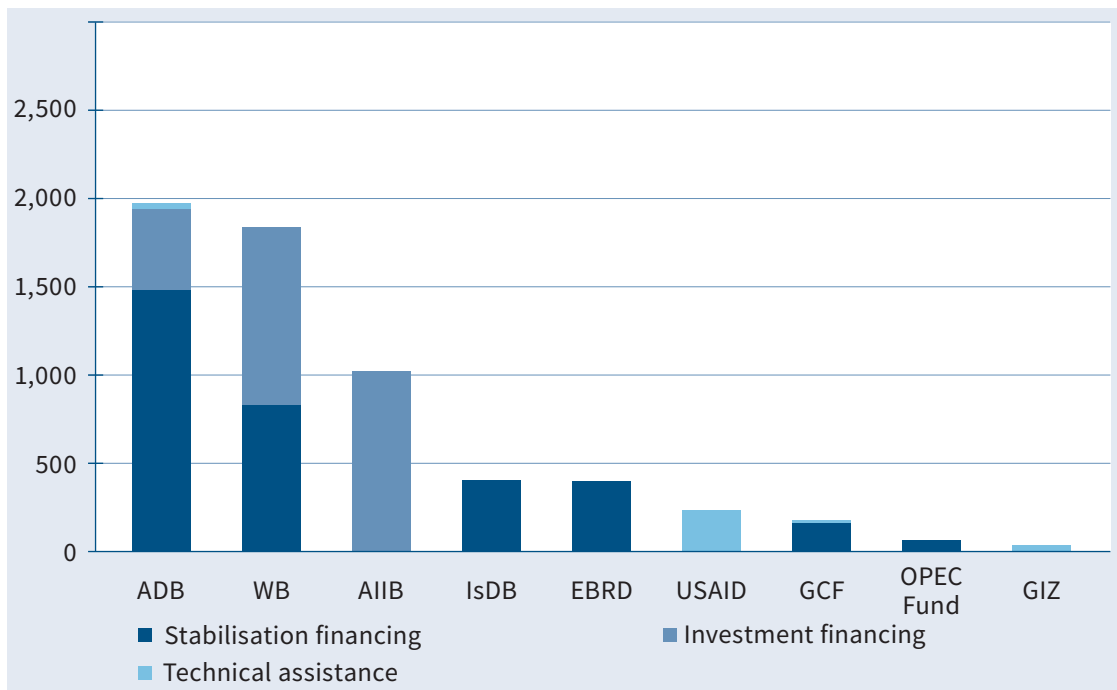
The EFSD member states accounted for a third of the approved financing, or USD 1.8 billion, a decrease of USD 300 million compared to 2022. This fact may indicate lower needs for such financing.

ADB and the WB are the leaders in terms of approved sovereign financing in the region with a combined share of 59.7%.



ADB used all the financing instruments (Figure 3).

Figure 3. Total Approved Sovereign Financing, by IFI, USD millions



Source: EFSD database.

The WB was mainly active in Uzbekistan (65% of total WB financing). ADB was more active in Uzbekistan (41.7% of total financing) and Mongolia (25.8% of total financing). The AIIB approved financing only for Uzbekistan (USD 670 million) and Kazakhstan (USD 350 million).

ADB’s operations in the region supported the achievement of the operational priorities set forth in the ADB Strategy 2030:

- Addressing remaining poverty and reducing inequalities;
- Accelerating progress in gender equality;
- Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability;
- Making cities more livable;
- Promoting rural development and food security;
- Strengthening governance and institutional capacity; and Fostering regional cooperation and integration.

The WB’s priority areas of engagement with the countries include accelerating human capital development; skills formation and social inclusion; facilitating the transition to a green economy and building resilience to climate change; promoting private sector development and job creation; and improving institutional effectiveness.

In 2023, the EFSD continued to support its member states in achieving macroeconomic stability and development. In particular, the EFSD financed the budget support programme in Kyrgyzstan, with the final tranche of USD 80 million disbursed in 2023. The programme’s outputs included such important developments as the approval of the tariff strategy to support decisions on tariff increases, the adoption of standards and technical requirements for e-government, the establishment of a Road Fund and the adoption of regulations to form its resource part.

In terms of investment financing, the EFSD is implementing the final phase of the Bishkek — Osh Transport Corridor Rehabilitation Project in Kyrgyzstan, which will improve connectivity between the north and south of the country. In 2023, the EFSD also signed an agreement to provide an investment loan in the amount of USD 32 million for the implementation of the Modernisation of Irrigation Systems Project in the Republic of Tajikistan.

All IFIs use their own classifications of projects by thematic areas and sectors, and these classifications are often not comparable. We have therefore relied on expert opinion and grouped projects into 14 categories based on their description and sector. The categories include 398 different sectors covered by the database. They were indicated in project approval documents or on project official web pages ([Table 2](#)).

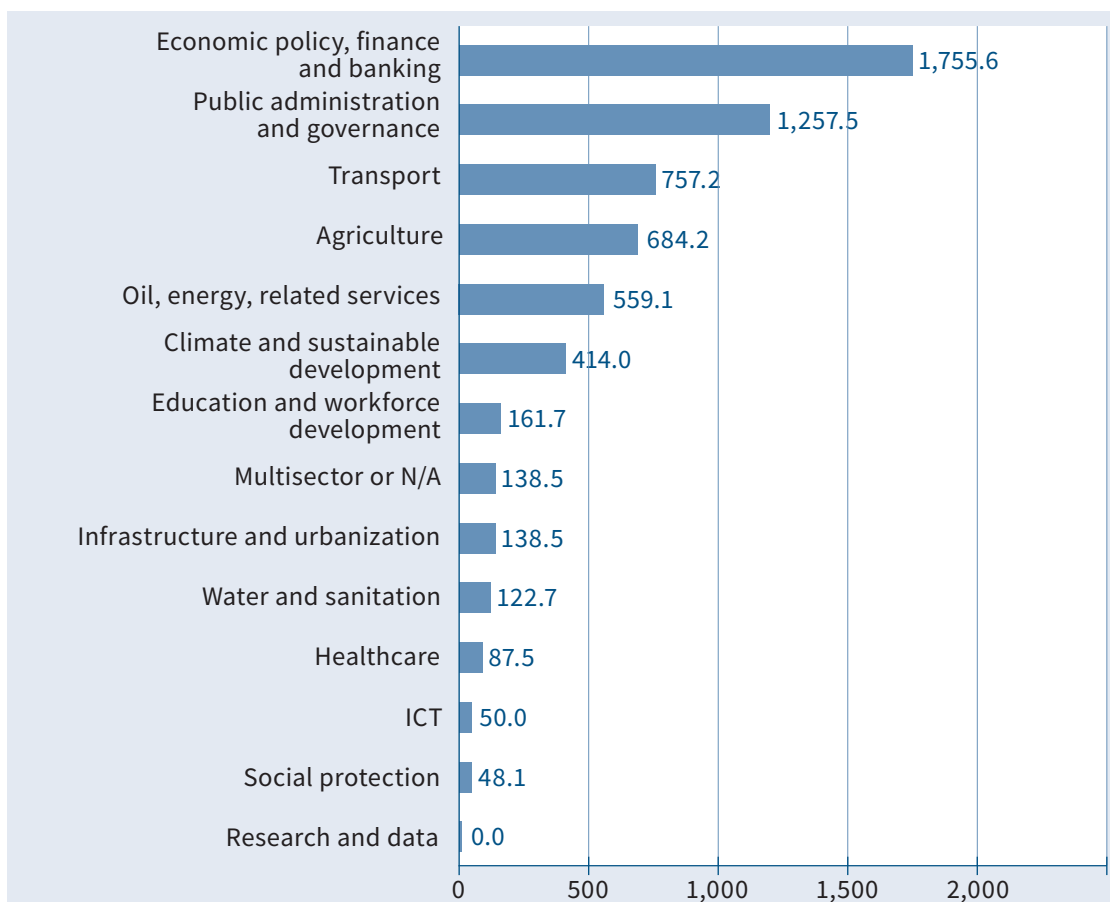
Table 2. Grouping of Projects by Thematic Area

Thematic area	Themes of operations within the area
Economic policy, finance and banking	Finance, fiscal and economic policy, trade, banking, tax administration, industry
Public administration and governance	Governance, public administration, private sector development
Multisector projects or N/A	Projects with no sector information or identified as multisector
Agriculture	Agriculture

Thematic area	Themes of operations within the area
Climate and sustainable development	Municipal and environmental infrastructure, environmental management, and climate change
Education and workforce development	Education and workforce development
Oil, energy, related services	Energy, mining sector
Healthcare	Healthcare
ICT	ICT
Security, law, and justice	Security, law, and justice
Infrastructure and urbanization	Infrastructure, urban and rural development, water supply and irrigation, waste management
Social protection	Social development, social protection and infrastructure, gender issues, humanitarian assistance
Transport	Transport
Research and data	Research, statistics

The largest number of operations were in the area of economic policy, finance, and banking sector. They accounted for 28.4% of the total number of operations, the bulk of which was stabilisation financing (Figure 4).

Figure 4. Volume of Sovereign Financing, by Sector, USD millions



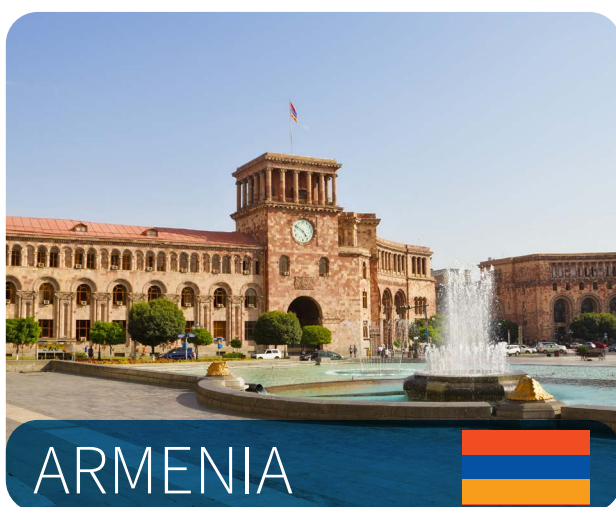
Note: Multisector projects and N/A are projects with no sector information or identified as multisector.

Source: EFSD database.

The analysis looked at the sectors with the most projects. It found two clear regional priorities: reducing economic and fiscal troubles from global crises and improving management practices. Stabilisation, investment financing, and TA can support both groups of projects.

1.2. Overview of Sovereign Financing in the EFSD Member States

The EFSD member States account for USD 1.9 billion or 30.6% of the total amount of approved sovereign financing. Kazakhstan has the most approved financing — USD 838.7 million. Followed by Armenia — USD 348.9 million, Tajikistan — USD 347.2 million, and Kyrgyzstan — USD 320.9 million.



\$348.9 million

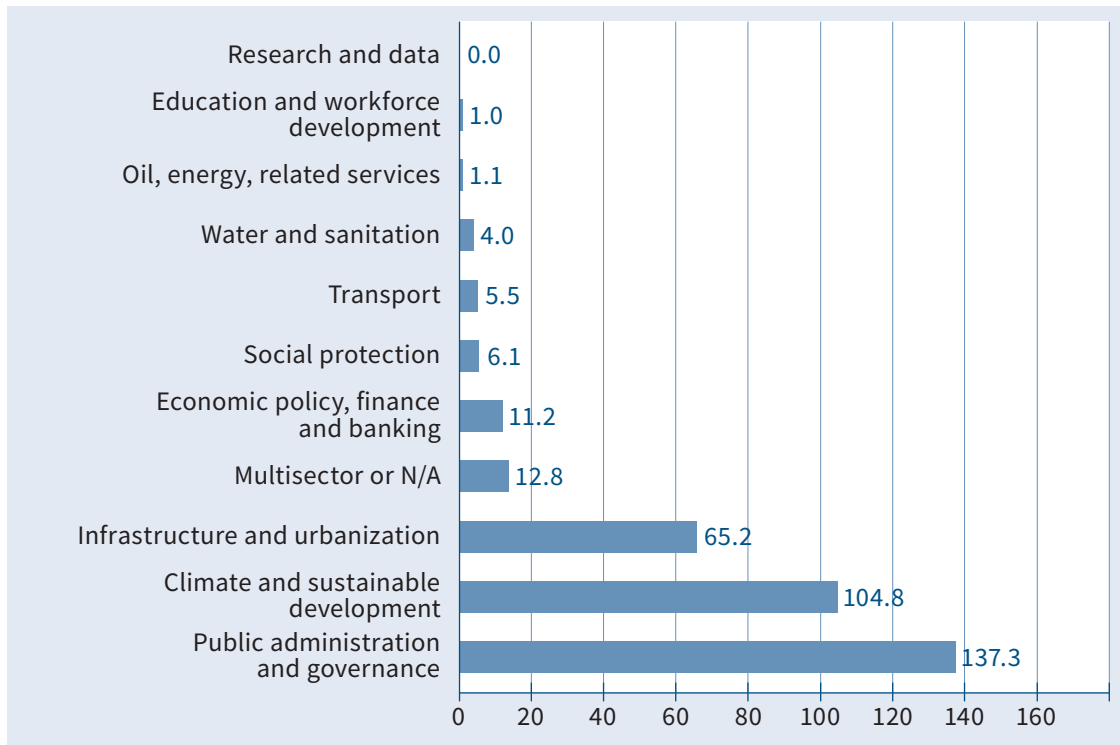
55 operations

The main creditor is **ADB**

There are 55 sovereign financing operations in the amount of USD 348.9 million recorded for Armenia. Among them are 45 TA operations, 9 investment financing operations, and one stabilisation programme. The largest amount of financing came in the form of investment financing at USD 181.2 million.

Among IFIs, ADB provided the largest amount of financing — USD 138.6 million — followed by the WB with USD 100 million and USAID with USD 55.4 million. In terms of sectors, projects in the area of public administration and climate prevail (Figure 5).

Figure 5. Volume of Sovereign Financing, by Sector, USD millions



Armenia is in a quake-prone region. It is prone to earthquakes, which can cause big economic damage.



14
earthquakes

Since 2020, Armenia has experienced 14 earthquakes of magnitude 5



2700
earthquakes

and above and more than 2,700 earthquakes of magnitude less than 5

1,400
schools

There are about 1,400 schools in the country

431
schools

About 431 of them require reinforcement and rehabilitation

USD1.7
billion

The work will cost USD 1.7 billion

The country therefore needs financing for the climate agenda (Box 1).

Box 1



ADB has approved a USD 72.3 million loan to provide additional financing for the Government of Armenia to build earthquake-resistant schools. It will also help them to manage seismic disaster risks.

The programme builds on the previous programme of ADB, which approved a USD 88.5 million loan in September 2015 to support the Seismic Safety Improvement Programme (SSIP). The SSIP's aim was to rehab/upgrade 46 schools to meet global seismic safety standards.

The extra financing will back the Government's ongoing efforts. Aimed at fixing and strengthening school buildings to meet higher earthquake resistance standards. The funding will also help improve government emergency preparedness and response systems. Once completed, the assistance programme will benefit about 58,700 students, teachers and other staff, as well as more than 87,000 residents living near target schools who will have access to improved temporary shelters during earthquakes.

The largest project in Armenia in 2023 was the WB's USD 100 million Green, Resilient, and Inclusive Development Policy Operation for Armenia (DPO) approved in March. The programme aims to promote green, resilient, and inclusive development in Armenia by: (i) improving the rules for environmental management to help Armenia curb climate change effects; (ii) enhancing equity and promoting human capital development; and (iii) strengthening the anti-corruption framework and justice sector efficiency. The financing is an IBRD flexible loan with a five-year grace period and a total maturity of 19 years.



\$17.1 million

6 operations

The only creditor is **USAID**

Despite the closure of its office in September 2021, **USAID reports that six projects worth USD 17.1 million were implemented in Belarus in the area of civil society development in 2023.**

\$838.7 million

33 operations

The main creditor is **ADB**



There are 33 sovereign financing operations in the amount of USD 838.7 million recorded for Kazakhstan. Among them are 28 TA operations, 3 investment financing operations, and two stabilisation programmes. The largest amount of financing came in the form of stabilisation financing at USD 700 million.

Among IFIs, ADB and the AIIB provided the most financing

\$352.6
million

ADB

\$350
million

AIIB

\$124.3
million

EBRD

\$9.8
million

USAID

In terms of sectors, projects in the area of public administration prevail.

Technical assistance is in high demand in Kazakhstan. Almost half of the TA operations were implemented by the IMF through or together with the Caucasus, Central Asia, and Mongolia Regional Capacity Development Centre (CCAMTAC). The main themes of the TA projects included: macroeconomic forecasting and policy analysis, fiscal policy issues (public finance management, macro-fiscal issues, revenue management); monetary and financial sector issues (central bank operations, financial regulation and supervision); macroeconomic statistics (national accounts, price statistics, government finance and public sector debt statistics).

ADB has approved a new five-year Country Partnership Strategy (CPS) for 2023–2027 for Kazakhstan aimed at helping the country build a more diversified, inclusive, and sustainable economy. It focuses on three pillars: addressing climate change impacts and supporting decarbonisation; promoting inclusive economic growth; and strengthening governance. The priority sectors are energy, finance, public sector governance, transport, and urban development. The CPS is aligned with the Kazakhstan 2050 Strategy.

The largest programme in Kazakhstan in 2023 was co-financed by ADB and the AIIB for USD 700 million to support the country’s public finances. The aim of the programme is to assist in the implementation of fiscal management and financial sector reforms. The programme is supported by the AIIB COVID-19 Crisis Recovery Fund and co-financed by ADB (a Policy-Based Loan). ADB will also provide a technical assistance grant in the amount of USD 650,000 to support the implementation of key reforms under the programme.



\$320.9 million

34 operations

The main
creditor is

WB

There are 34 sovereign financing operations in the amount of USD 320.9 million recorded for Kyrgyzstan. This includes 20 TA operations and 14 investment financing operations. The largest amount of financing came in the form of investment financing at USD 304 million.

Among IFIs, the WB provided the largest amount of financing

\$181.3
million

WB

\$79
million

EBRD

\$45.2
million

ADB

\$9.8
million

USAID

In terms of sectors, projects in the areas of energy and transport prevail.

The largest project approved for financing in the transport sector was the Issyk-Kul Ring Road Improvement Project. The EBRD provided a loan in the amount of EUR 44.2 million (Box 2).

Box 2



The proposed project is an integral part of a longer 440 km Balykchy — Karakol — Balykchy road. The EBRD loan covers the financing of the road rehabilitation works and contract supervision services. After the project completion, the whole Balykchy — Karakol Road should comply with the Category II international technical standard.

The Project will close the remaining infrastructure gap on the 440 km long Issyk-Kul ring road. It is part of CAREC 1 corridor and is one of six priority transport links in the national Road Sector Development Strategy 2025. These links will foster economic development and connectivity, and strengthen Kyrgyzstan’s integration into regional markets.

In 2023, ADB approved a new strategy for Kyrgyzstan. In 2023–2027, ADB’s operations in Kyrgyzstan will focus on three pillars: enhancing economic opportunities for all; building resilience to climate change and disasters; and strengthening governance and private sector development. ADB will prioritise activities in the transport, energy, agriculture, and public sectors. The strategy is aligned with the National Development Programme of the Kyrgyz Republic until 2026 and the National Development Strategy for 2018–2040.

The largest amount of approved financing was under the WB Air Quality Improvement Project in Kyrgyzstan (USD 50 million). The Air Quality Improvement Project in Kyrgyzstan aims to strengthen the country’s capacity to manage air quality and reduce net particle matter and greenhouse gas emissions in Bishkek. The financing comes from the International Development Association (IDA), part of the WB that provides concessional lending, in the form of an interest-free loan for 50 years with a 10-year grace period. The project will be implemented by December 2030 by the Ministry of Natural Resources, Ecology and Technical Supervision and the Ministry of Finance in close cooperation with relevant government agencies, the Hydrometeorological Service (Kyrgyzhydromet) of the Ministry of Emergency Situations, Bishkek Mayor’s Office, commercial banks, and other key stakeholders.



\$347.2 million

43 operations

The main
creditor is

WB

There are 43 sovereign financing operations in the amount of USD 347.2 million recorded for Tajikistan. They include 34 TA operations and 8 investment financing operations. The largest amount of financing came in the form of investment financing at USD 250.2 million.

Among IFIs, the WB provided the largest amount of financing

\$242.5

million

WB

\$43.1

million

USAID

\$41.5

million

ADB

\$18

million

OPEC Fund

In terms of sectors, projects in the social sphere — education and health — prevail (Box 3).

Box 3



The inefficient school environment for teaching and learning is a major problem in Tajikistan. Access to general secondary education in Tajikistan is high (the enrolment rate was 96.6% in 2019), while academic performance remains low.

Most public schools are in dire need of improvement, with problems ranging from teachers' skills and competencies to physical education facilities. Only 55% of second graders can meet the oral reading fluency benchmark of 40 words in Tajik per minute, and by the fourth grade, where the benchmark is 80 words in Tajik per minute, this percentage drops to 41%. Testing in Russian showed similar results.

The duration of teaching and learning is going down due to the fact that students attend school in several shifts, which negatively affects their academic performance. In 2018–2019, 88% of students attended schools in two shifts, 5.2% in three shifts, and the remaining 6.6% attended schools in one shift⁵.

⁵ The World Bank (2023) Tajikistan's Education Outcomes to Improve with Support from a New World Bank Project. Available at: <https://www.worldbank.org/en/news/press-release/2023/02/23/tajikistan-education-outcomes-to-improve-with-support-from-new-world-bank-project>

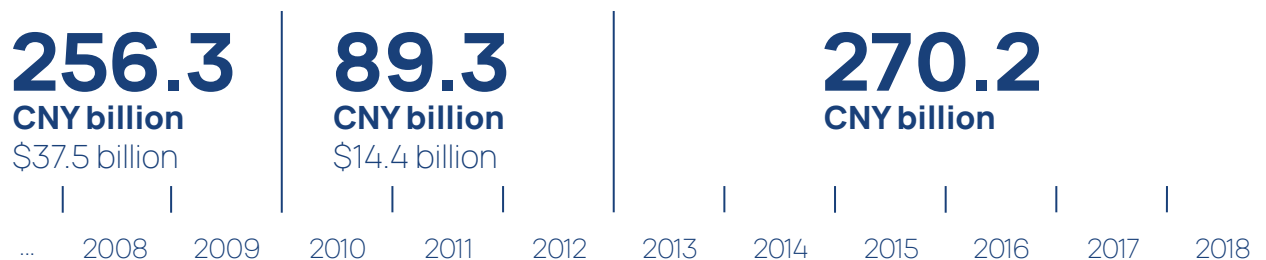
To address these challenges, the WB has approved a USD 50 million grant aimed at systemic changes to improve teaching and learning outcomes, upgrade schools, and expand opportunities for student assessment.

In terms of stabilisation financing, the largest project in 2023 was a WB grant worth USD 50 million to support key reforms aimed at improving the business environment, enhancing public sector governance, and building resilience to shocks.



Financing from
China's Development
Institutions

China is an important donor of development finance worldwide. The only official source of statistics on China’s foreign aid are three official documents published by the State Council Information Office in 2011, 2014, and 2021. According to those documents, as at end 2009, China’s assistance to foreign countries stood at CNY 256.3 billion (USD 37.5 billion). The scale of aid continued to expand from 2010 to 2012, totalling another CNY 89.3 billion (USD 14.4 billion). From 2013 to 2018, the total amount of financing reached CNY 270.2 billion⁶.



China’s development institutions play an important role in development finance in Eurasia, complementing traditional donors of international development finance. The financing provided by China in Eurasia is of strategic importance for both China and the countries of the region. The investment is mainly used to implement infrastructure projects within the framework of the Belt and Road Initiative and in the energy sector.

To account for China’s financing in Eurasia, information on financing provided by China was taken **from AidData’s Global Chinese Development Finance Dataset, Version 3.0 (Box 4).**

Box 4

AidData was founded by William and Mary’s Global Research Institute, Development Gateway, and Brigham Young University. The database aims to make information on development finance more transparent, understandable, and effective by providing access to records on development finance activities of most donors of official assistance.

The database is a unique comprehensive and detailed data set that covers 20,985 projects in 165 low- and middle-income countries supported by loans and grants from China’s official sector institutions worth USD 1.34 trillion. It contains information on projects from 2000 through 2021.

The SFD was expanded by adding the financing from four institutions: **the Export-Import Bank of China, the China Development Bank, the China Ministry of Commerce, and the China International Centre for Economic and Technical Exchanges (Box 5).**

⁶ UNDP (2021) China’s Overseas Development Finance: Review of Flows and Definitions, and Potential Support for SDG Attainment in Partner Countries. Available at: <https://www.undp.org/china/publications/chinas-overseas-development-finance-review-flows-and-definitions-and-potential-support-sdg-attainment-partner-countries>

The SFD contains information on 161 sovereign financing operations worth USD 12.1 billion for the period from 2008 through 2021.

At the same time, the lion's share of China's finance comes from two banks:



the Export-Import Bank of China and the China Development Bank
\$10.2 billion

Box 5

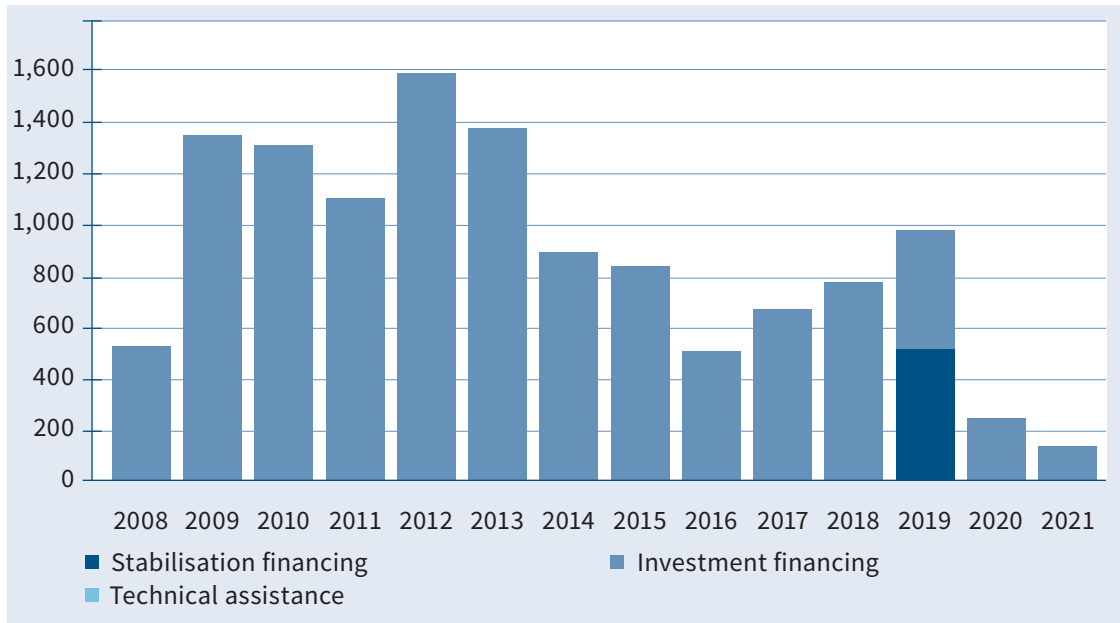


Established in 1994 under the State Council of the People's Republic of China, the Export-Import Bank of China (Exim Bank of China) is a state-owned bank whose capital is wholly owned by China's Government. Its head office is located in Beijing.

The primary objective of the Exim Bank of China is to carry out the country's industrial, manufacturing, foreign economic and financial policies. It supports the export of machinery, electronics, integrated equipment, and new and high technology products. It also helps develop competitive enterprises under overseas contracts and investments, plus works to promote foreign relations, trade, and economic cooperation.

96% of financing, or USD 11.6 billion, was in the form of investment financing (Figure 6).

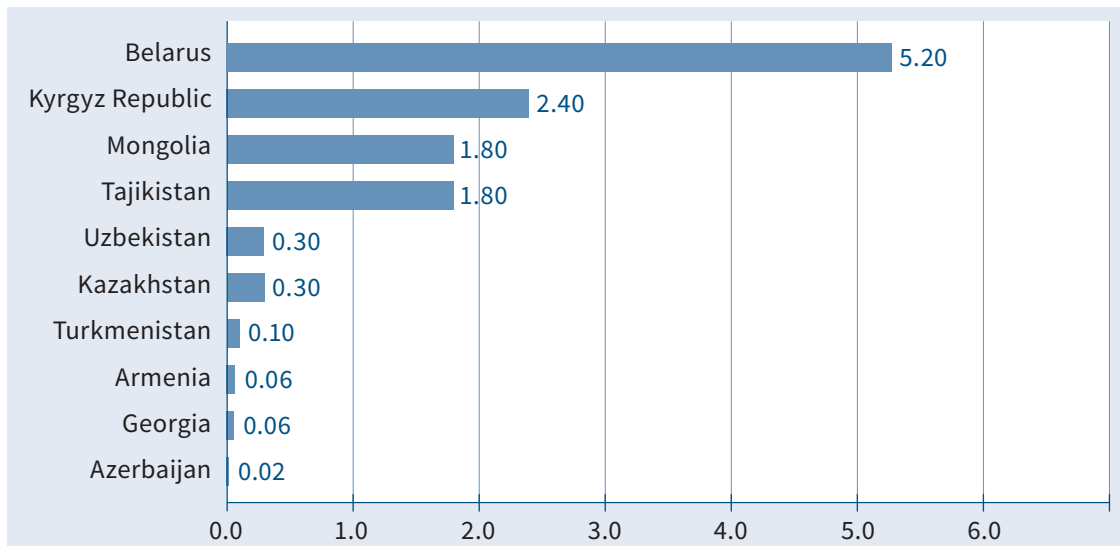
Figure 6. Composition of Sovereign Financing, by Instrument, USD millions



Source: EFSD database

EFSD member states accounted for USD 9.7 billion or 80.5% of total approved financing in the region. The leader was Belarus with USD 5.2 billion in financing (Figure 7).

Figure 7. Approved Financing, by Country, 2008–2021, USD billions

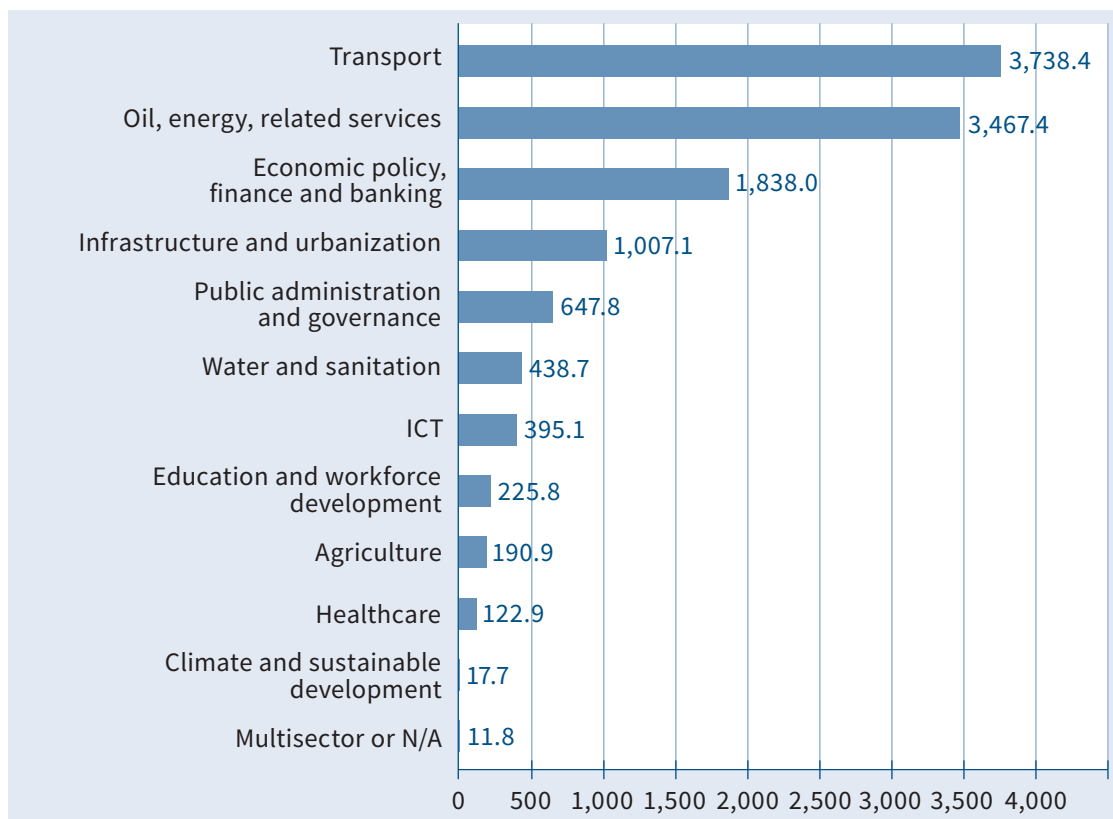


Source: EFSD database

The only stabilisation support programme from China’s institutions was the one in Belarus. On 16 December 2019, the Shanghai branch of the China Development Bank and the Ministry of Finance of Belarus signed an agreement on a CNY 3.5 billion (USD 500 million) “emergency” loan. The loan had a maturity of 5 years and an interest rate of 4.86%. The loan proceeds could be used by the borrower to repay previous loans, build up the country’s foreign exchange reserves, and facilitate trade between China and Belarus.

In terms of sectors, projects in the transport sector prevail. The transport sector accounts for USD 3.7 billion, or 30.6% of total approved financing (Figure 8).

Figure 8. Volume of Sovereign Financing in the Region, by Sector, USD millions



Source: EFSD database

The largest project in the transport sector **worth USD 399 million** was financing by the **Exim Bank of China of the Kazarman – Jalal Abad Section and the Balykchy – Aral Section of the Alternative North-South Road Project in Kyrgyzstan** (Box 6).

The energy sector (USD 3.5 billion) ranks second in terms of approved financing. The Exim Bank of China provided a concessional loan of USD 178.9 million to Tajikistan for the implementation of the second phase of the 400 MW Dushanbe CHP-2 Project. The loan was provided on the following terms: a maturity of 20 years, a grace period of 5 years, and an interest rate of 2%.

Financing from China’s institutions is conditional, i.e. the terms of loan contracts often include preliminary conditions of contract award to Chinese contractors, as well as preferential use of Chinese equipment, materials, and labour for project implementation.

China’s financing is not always transparent. For example, there is no publicly available data on tendering and procurement processes. In many cases, companies are awarded contracts directly by China’s institution, avoiding more public competitive bidding⁷.

⁷ Bräutigam, D. (2010) China, Africa and the Global Aid Architecture. African Development Bank Group Working Paper. African Development Bank: Tunis. Available at: <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/WORKING%20107%20%20PDF%20E33.pdf>

Box 6



The Project involves the construction of the Alternative North-South Road, sections Kyzyl-Zhyldyz — Aral (km 183–195), Kazarman — Jalal Abad (km 291–433), including a 3.7 km tunnel through the Kok-Art Pass, for a total length of 154 km.

According to the Export-Import Bank of China's loan procedures, the Chinese party is the contractor. The Trade Mission of the Chinese Embassy officially recommended China Road and Bridge Construction as the contractor for the project.

China has become an active international creditor over the past 20 years. Its loans have helped finance many large-scale projects in more than 100 developing countries. The large size of China's loans and differences in governance in recipient countries have raised concerns about their debt sustainability.

In response to concerns about debt sustainability, China has increasingly focused on financing risk control and management. At the second Belt and Road Forum held in Beijing in April 2019, China's Ministry of Finance presented the Belt and Road Initiative Debt Sustainability Framework (BRI-DSF). Based on the International Monetary Fund (IMF)/World Bank Debt Sustainability Framework for low-income countries, the BRI-DSF focuses on debt sustainability by providing a set of assessment methods to identify debt sustainability risks of a borrowing country. In addition, in 2018, the People's Bank of China launched the China-IMF Capacity Development Centre to build the human capital and enhance institutional development in China's BRI-linked partner countries.

In general, China's development institutions play an important role in expanding development finance globally, complementing traditional donors of international development finance. China's institutions provide finance to many low-income and higher-risk countries to support large-scale and long-term infrastructure projects.



Trends in Sovereign Financing in the Region

The following main features of sovereign financing in 2023 can be identified.

MDBs are the key donors in the region in terms of the volume of financing. They approved 91.2%, or USD 5.6 billion, of total financing. The remaining financing came from development agencies and climate funds.



Stabilisation Support

MDBs dominated in the area of stabilisation support in the region. The Policy-Based Lending (PBL) trend emerged during the COVID-19 pandemic, when MDBs provided a significant amount of emergency financing to their member states. In addition, several “new” MDBs, such as the AIIB and the NDB, implemented previously unused mechanisms and tested their emergency response capabilities during the 2020 pandemic (Box 7).

Box 7



The AIIB established a temporary COVID-19 Crisis Recovery Facility (CRF) totalling up to USD 10 billion. The objectives of the facility include financing the most urgent health system needs, assisting national governments to respond to the economic impact of the pandemic by ensuring economic resilience, and financing liquidity shortfalls in various sectors of the economy. The facility supports both public and non-public sectors.

In June 2020, the NDB approved the COVID-19 Pandemic Accelerated Emergency Response Programme. The NDB agreed to allocate resources to the following objectives: first, to implement health system measures to detect, contain, and stop the spread of COVID-19, build the response capacity and prevent outbreaks; second, to strengthen social protection systems; and third, to implement economic recovery programmes.

It should also be noted that the focus on issues related to the climate agenda has significantly increased in stabilisation programmes. For example, the WB promotes the climate agenda through the Resilient and Sustainable Tajikistan Programme (P177930). 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 of social safety nets to respond to climate-related disasters, especially in rural areas, and an increase in TALCO tariffs (for mitigation).












Investment Financing

MDBs play a major role in the sustainable development agenda. There are four key areas of MDB operations related to sustainable development: scaling up development finance; mainstreaming the SDGs into business processes (project conditionality and appraisal); advancing the agenda and setting standards; and mobilising private finance⁸.

MDB investment financing is a key contributor to achieving the SDGs. It is cross-sectoral in nature, including climate, biodiversity, agriculture, energy, and urban development.

MDB financing directly contributes to the achievement of 9 of the 17 Sustainable Development Goals (SDGs) in Eurasia (Table 3).

Table 3. Approved MDB Projects in 2023 and their Linkages to SDGs

Linkages to SDGs	Number of operations	Amount, USD millions	Share, %
 1	1	150	4.8
 3	2	51.45	1.6
 4	3	120	3.8
 6	3	51	1.6
 7	13	589.5	18.8
 8	4	237.5	7.6
 9	16	1,340	42.7
 11	5	173.8	5.5
 13	13	419.4	13.3

Source: EFSD database

According to expert estimates, these are mostly infrastructure projects related to transport, social matters, and sustainable infrastructure (SDG 9). The second position is held by clean energy, with 13 operations totalling USD 589.5 million, followed by climate action. However, it is difficult to make accurate sector-based estimates of the contribution of operations to the SDGs, as some projects may be attributed to more than one SDG within the same sector, and there may be an indirect link between a sector and an SDG.

⁸ Morozkina, A., Grigoryev, L. (2024) The NDB and SDGs: Does the Bank Fulfill Its Mandate? Contemporary World Economy, 1(3) Available at: <https://cwejournal.hse.ru/index.php/cwejournal/morozkina-grigoryev-3-2023>



Technical Assistance

TA is in high demand by governments and accompanies stabilisation and investment financing projects. The highest concentration of TA operations is in the areas of public administration and economic development.

In addition to IFIs, development agencies are active in implementing TA programmes in the region. **Half of all TA operations under the identified programmes are USAID projects**, while the number of TA programmes of other agencies is much smaller, largely due to the low transparency of project data.

The IMF accounts for almost one-fifth of all TA operations (45 operations). IMF TA projects cover several sectors and are implemented by the relevant capacity development departments in cooperation with the IMF's Regional Capacity Development Center (CCAMTAC), and short-term experts. Topics covered include macroeconomic, fiscal, monetary and financial, legal, and statistical issues.

Annex 1

Current Country Strategies of IFIs with the Largest Volume of Approved Financing, 2023





	ADB ⁹	WB	EBRD	EFSD
Armenia	Country Partnership Strategy (2019–2023)	Country Partnership Framework for the Period FY19–FY23	Armenia Country Strategy 2019–2024	Eurasian Fund for Stabilization and Development Strategy for the Republic of Armenia 2022–2026
Azerbaijan	Country Partnership Strategy (2019–2023)	Country partnership framework for the period FY2016-20	Azerbaijan Country Strategy 2019–2024	–
Belarus	–	–	–	Eurasian Fund for Stabilization and Development Strategy for the Republic of Belarus 2022–2026
Georgia	Country Partnership Strategy (2024–2028)	Country partnership framework for the period FY19–FY22	Georgia Country Strategy 2021–2026	–
Kazakhstan	Country Partnership Strategy (2023–2027)	Country Partnership Framework 2020–2025	Kazakhstan Country Strategy 2022–2027	–
Kyrgyzstan	Country Partnership Strategy (2023–2027)	Country Partnership Framework for the Period FY24–FY28	Kyrgyz Republic Country Strategy 2019–2024	Eurasian Fund for Stabilization and Development Strategy for the Kyrgyz Republic 2022–2026
Mongolia	Country Partnership Strategy (2021–2024)	Country Partnership Framework for the Period FY21–FY25	Mongolia Country Strategy 2022–2027	–
Tajikistan	Country Partnership Strategy (2021–2025)	Country Partnership Framework for the Period of FY19–FY23	Tajikistan Country Strategy 2020–2025	Eurasian Fund for Stabilization and Development Strategy for the Republic of Tajikistan 2022–2026
Turkmenistan	–	–	–	–
Uzbekistan	Country Partnership Strategy (2019–2023)	Country Partnership Framework for the Period FY2022–FY2026	Uzbekistan Country Strategy 2024–2029	–

Source: materials from the official websites of IFIs

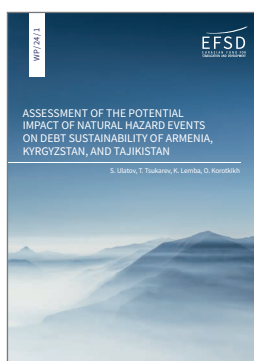
⁹ Strategies for Armenia, Azerbaijan, Turkmenistan, Uzbekistan for 2024–2028 are in the process of development and should be adopted this year.

Annex 2

Major Approved Projects in 2023

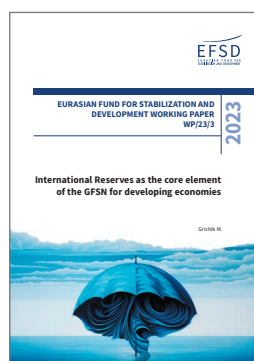
Country	Project title	Creditor	Amount, USD millions	Description	Link to the project
Uzbekistan	First Inclusive and Resilient Market Economy Development Policy Operation	AIIB	670	The Operation's objective is to advance Uzbekistan's transition to an inclusive and resilient market economy by supporting reforms to help create markets, improve fiscal risk management and public procurement, and support social inclusion and green resilience.	
Uzbekistan	Rural Development Project	IsDB	260	Financing to support the development of critical infrastructure and social services in Uzbekistan. These agreements aim to promote sustainable economic growth, enhance rural development, and improve early childhood education in the country.	
Uzbekistan	Distribution Network Digital Transformation and Resiliency Project	ADB	200	The Distribution Network Digital Transformation and Resiliency Project aims to rehabilitate medium voltage distribution substations and associated overhead lines across the country and modernise the distribution system operations.	
Kazakhstan	Fiscal Governance and Financial Sector Reforms Programme (Subprogramme 1)	ADB	350	The aim is to develop and implement the Fiscal Governance and Financial Sector Reforms Programme in Kazakhstan.	

Source: EFSD Sovereign Financing Database



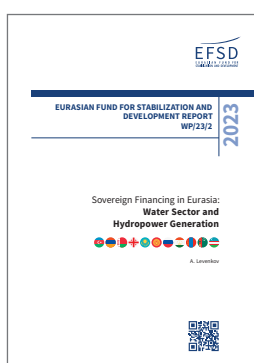
Working paper WP/24/1
(RU/EN)
Assessment of the Potential Impact of Natural Hazard Events on Debt Sustainability of Armenia, Kyrgyzstan, and Tajikistan

The paper presents an algorithm that can be used to assess the impact of natural hazards on macroeconomic indicators and debt sustainability of various countries.



Working paper WP/23/3
(RU/EN)
International Reserves as the core element of the GFSN for developing economies

The paper assesses factors affecting the decision of developing economies on the source of anti-crisis support. The study showed that international reserves are the most sought-after instrument among all the elements of the GFSN.



Working paper WP/23/2
(RU/EN)
Sovereign Financing in Eurasia: Water Sector and Hydropower Generation

The purpose of this Working Paper is to analyse operations of IFIs, climate funds, and development agencies in the water and HPP sector between 2008 and H1 2023 in 11 countries of the Eurasian region.



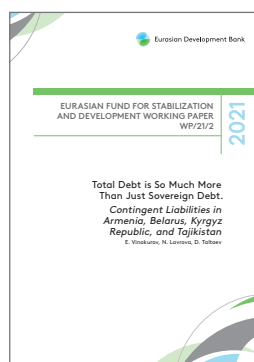
Working Paper WP/23/1
(RU/EN)
Introduction to the EFSD Sovereign Financing Database.

In this Working Paper the Sovereign Financing Database (SFD) Methodology is presented and also quantitative and qualitative analysis of sovereign financing operations in 11 countries of the region from 2008 to 2022 is carried out.



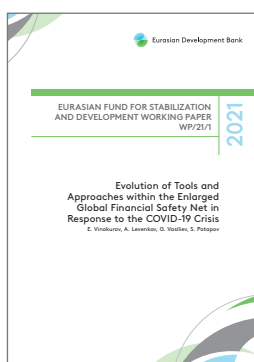
Working Paper WP/22/1
(RU/EN)
Technical Assistance of International Financial Institutions and Development Agencies in Eurasia.

The purpose of this analytical document is to review technical assistance projects implemented by international financial institutions and development agencies in 2009–2021 in 11 Eurasian countries with a detailed thematic and institutional breakdown.



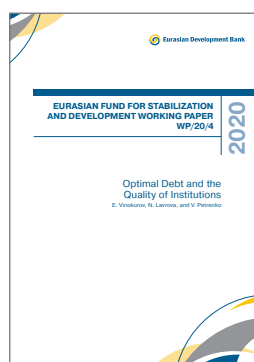
Working Paper WP/21/2
(RU/EN)
Total Debt is So Much More Than Just Sovereign Debt. Contingent Liabilities in Armenia, Belarus, Kyrgyz Republic and Tajikistan

The study aims to contribute to understanding the potential risks and impacts of both explicit and implicit contingent liability shocks on government fiscal and debt positions in the EFSD recipient countries. Special attention is paid to the significance of state-owned enterprises and their role in countries' debt positions.



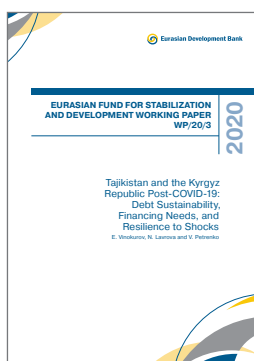
Working Paper WP/21/1
(RU/EN)
Evolution of Tools and Approaches within the Enlarged Global Financial Safety Net in Response to the COVID-19 Crisis

This working paper provides the analysis how the GFSN responded to pandemic on global level and on regional level (in the EFSD countries).



Working Paper WP/20/4
(RU/EN)
Optimal Debt and the Quality of Institutions

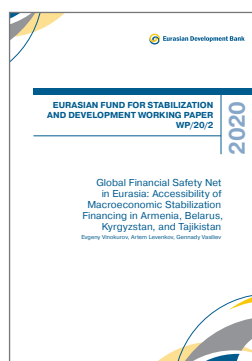
Amid the COVID-19 pandemic policymakers now face the dilemma of whether to stimulate infrastructure development by raising debt, which may reduce future flexibility, or to strengthen their fiscal positions.



Working Paper WP/20/3
(RU/EN)

Tajikistan and the Kyrgyz Republic Post-COVID-19: Debt Sustainability, Financing Needs, and Resilience to Shocks

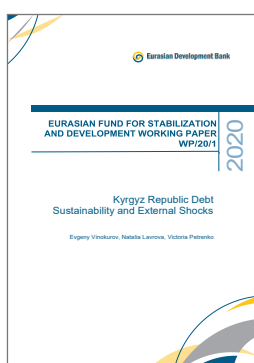
The COVID-19 outbreak has revealed the sensitivity of economies and their debt positions to a wide range of disruptions.



Working Paper WP/20/2
(RU/EN)

Global Financial Safety Net in Eurasia: Accessibility of Macroeconomic Stabilization Financing in Armenia, Belarus, Kyrgyzstan, and Tajikistan

The document estimates the availability of stabilization financing for Armenia, Belarus, the Kyrgyz Republic, and Tajikistan based on three approaches.



Working Paper WP/20/1
(RU/EN)

Kyrgyz Republic Debt Sustainability and External Shocks

The document examines the resilience of the Kyrgyz debt under three stress-scenarios: (1) a global recession, (2) a financial crisis, and (3) the combination of a global recession and a financial crisis.



Working Paper WP/19/2
(RU/EN)

Achieving Stabilization and Development Objectives in a Single Agenda: The Experience of the Eurasian Fund for Stabilization and Development

This working paper analyses the experience of the EFSD, which suggests that in the context of low-income countries, the RFA's stabilisation mandate may benefit from complementing it with developmental agenda.



Working Paper WP/19/1
(RU/EN)

The Eurasian Fund for Stabilization and Development: A Regional Financing Arrangement and Its Place in the Global Financial Safety Net

The objective of the first working paper is to bridge the gap in understanding the dynamics of EFSD development and its place in the Global Financial Safety Net (GFSN) and the region's financial architecture.



Sovereign Financing in Eurasia in 2023: Trends and Areas

The **Eurasian Fund for Stabilization and Development (EFSD)** amounting to US\$8.513 billion was established on June 9th, 2009 by the governments of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, and the Republic of Tajikistan. The objectives of the EFSD are to assist its member countries in overcoming the consequences of the global financial crisis, ensure their economic and financial stability, and foster integration in the region. More information about the EFSD is available at: efsd.org/en/.

EFSD Working Papers and Reports are the main format of the Fund's public research. They reflect the Fund's research on global, regional, and country economic trends, economic modelling, macroeconomic analysis, sectoral analysis, global financial architecture, and other issues. EFSD publications are available at: efsd.org/en/research/.

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