

**ANNUAL REPORT  
2018**

July 2019

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## Abbreviations and Acronyms

ADB	Asian Development Bank
agri	agriculture
AMF	Arab Monetary Fund
CMIM	Chiang Mai Initiative Multilateralization
CRP	BRICS Currency Reserves Pool
DAC	OECD Development Assistance Committee
DPO	development policy operation (World Bank)
EC	European Commission
EFSD, the Fund	Eurasian Fund for Stabilization and Development
ESM	European Stabilization Mechanism
FC	EFSD Council
FC	Financial Credit
FLAR	Latin American Reserve Fund
GFSN	Global Financial Safety Net
GNI	gross national income
IBC	interbank credit
IFI	International Financial Institution
IL	Investment Loan
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau
MDB	Multilateral Development Bank
OECD	Organization of Economic Cooperation and Development
OMD	EFSD Operations Management Department
PU	EFSD Project Unit
RFA	regional financing arrangement
SP	staffing position
US\$	United States Dollars
WB	The World Bank

EFSD financial statements are presented in US\$. Fiscal year: 1 January - 31 December

Exchange rates as of 31 December 2018:

Currency	US\$ 1
AMD	483.8
BYN	2.2
KZT	384.2
KGS	69.9
RUB	69.5
TJS	9.4

In the tables, figures and text, the totals have been rounded. Numbers may not sum due to rounding.

The views of the EFSD PU staff do not necessarily represent the views of EFSD shareholders or the EDB management as the manager of the EFSD resources.

## Summary

At the end of 2018, the EFSD portfolio comprised 15 projects with the total commitment amount of US\$ 5.475 billion approved by the Fund Council, including four projects totaling US\$ 45 million approved in 2018. Total disbursements reached US\$ 4.784 billion. Financial credits accounted for 90% of the portfolio and 99% of the funds disbursed over the entire period of the Fund's operations. In 2010-2018, EFSD delivered about 20% of IFIs net disbursements to Armenia, Belarus, Kyrgyz Republic and Tajikistan.

The anti-crisis mitigation capacity of the Fund totaled US\$ 5.4 billion, which is equivalent to 84% of the total normal access to IMF financing for the above countries, or 1.1 months of their total imports of goods and services in 2018 and 42% of their aggregate gross international reserves. Other elements of the Global Financial Safety Net recognized the role of the Fund as a key regional element of the GFSN. For example, it was substantiated by the policy paper "Collaboration between RFAs and the IMF" (2017) approved by the IMF Board of Governors and in the joint paper produced by staff of the EFSD PU and other RFAs "IMF-RFAs Collaboration: Motives, State of Play and Way Forward. Joint Proposal of RFAs" (2018). A number of RFAs started to show interest in the EFSD dual mandate of stabilization and development as an option for their potential further development. The EFSD goals are aligned in line with the UN Sustainable Development Goals until 2030 (SDGs), supported at the 2015 UN Summit by all the Fund members.

In 2017, the Fund Council decided to launch a series of administrative improvements. Their implementation began at the end of 2018:

- The EFSD Project Unit was established, which incorporated the Financial Credits and Investment Loans Teams, as well as the Support and Planning Division. Deputies of the Executive Director of the EFSD PU and acting Executive Director ad interim were appointed. Other changes were also made to the staffing plan;
- Dialog with shareholders was boosted to address the strategic priorities of the Fund and the quality of its portfolio;
- Work was intensified on improvement of the existing and development of new internal regulatory documents. In particular, new procurement policy and procedures for EFSD-financed projects were approved.

Effective institutional capacity of the Fund is only possible with the active support of shareholders, beneficiaries and partners of the Fund. At the same time, the financial position of the Fund has always been and remains satisfactory. Net income in 2018 amounted to US\$ 151.8 million, with administrative expenses equal to US\$ 4.2 million. With the partially outstanding bills of exchange duly taken into account, the total assets of the Fund exceeded US\$ 9.1 billion. Prudential planning and use of resources will enable effective realization of the potential accumulated over almost a decade of the EFSD operations.

## Introduction

In the wake of the 2008 crisis six states established the EurAsEC Anti-Crisis Fund. The need for a regional financial safety net to ensure protection of the states prevailed over the concomitant institutional efficiency risks. Such restrictions are specific for many “young” development institutions given their narrow operational specialization. Thus, the Fund has been working on building its institutional capacity.

The first milestone was achieved in 2014, when individual units were established for each key operation. In 2015, the Fund was renamed the Eurasian Fund for Stabilization and Development to reflect more accurately the range of its operational tasks. The Fund also acquired a new tool - a grant financing facility to support small-scale projects in social sectors.

The role of the Fund in the region of its operations is demonstrated by both consistent expansion of its portfolio, and the reputation it has earned from other members of the GFSN.

The EFSD promotes the implementation of a number of Sustainable Development Goals adopted at the UN Summit in September 2015:

Goal 1: No Poverty;

Goal 2: Zero Hunger;

Goal 3: Good Health and Well-being;

Goal 7: Affordable and Clean Energy;

Goal 8: Decent Work and Economic Growth;

Goal 9: Industry, Innovation and Infrastructure;

Goal 10: Reducing Inequalities Within and Between Countries;

Goal 13: Climate Action;

Goal 16: Peace, Justice, and Strong Institutions;

Goal 17: Partnerships for Sustainable Development.

In 2017, the Fund Council continued administrative improvements. By the end of 2018:

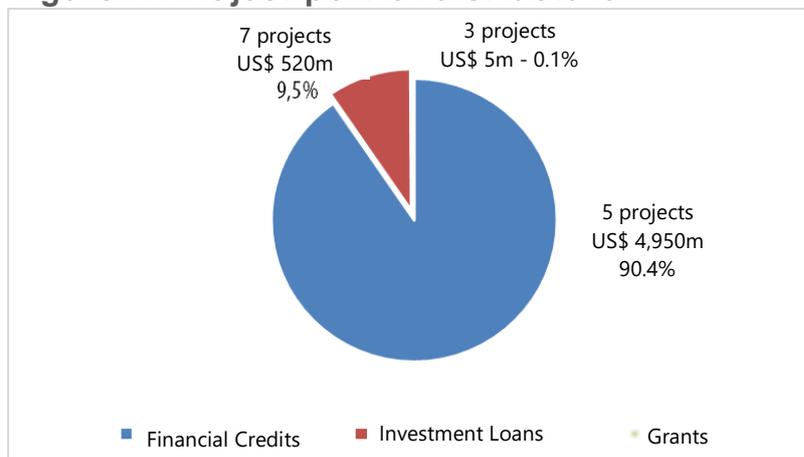
- The EFSD Project Unit was established, which incorporated the Financial Credits and Investment Loans Teams, as well as its Support and Planning Division;
- Deputies of the Executive Director of the EFSD PU and the acting Executive Director ad interim were appointed, as well as other changes were made to the staffing plan;
- Work was intensified on improvement of the existing and development of new internal regulatory documents. In particular, new procurement policy and procedures for EFSD-financed projects were approved.

This Report presents results of 2018 and includes six sections: (1) operations; (2) analytics; (3) anti-crisis capacity of the Fund; (4) dialog with shareholders; (5) building partnerships with other development institutions; (6) management of the treasury portfolio.

## Project Portfolio

As of the year-end of 2018, the Fund's portfolio contained 15 projects with cumulative commitments for US\$ 5,475.0 million<sup>1</sup>, of which 90% accounted for financial loans (Figure 1). The portfolio structure is consistent with the EFSD key objective – to support the macroeconomic stability of the member states. The predominance of financial credits (FCs) in the portfolio is due to the presence of two large-scale programs for Belarus with total commitments of US\$ 4,560 million.

**Figure 1. Project portfolio structure**



Note: The total commitments approved by the EFSD Council are shown as the cumulative sum as of 31 December 2018. For further details on the Fund's instruments see Appendix 1.

Source: Calculations of EFSD PU staff.

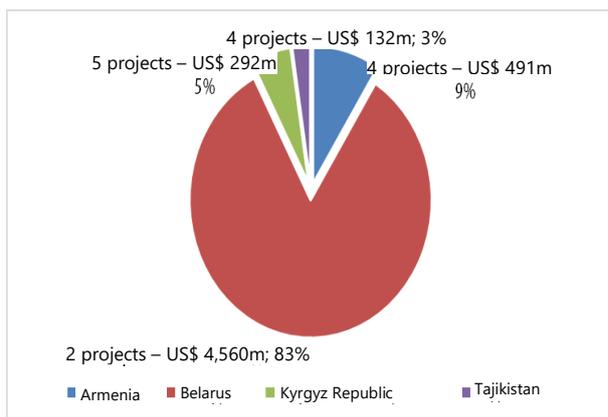
In 2018, the portfolio included four new projects with total commitments of US\$ 45 million. (Figure 2), including: an investment loan to Tajikistan (US\$ 40 million) and three grants for social projects (US\$ 5 million). Three projects totaling US\$ 44 million were approved in Q4.

At the year-end, the portfolio contained two closed projects<sup>2</sup> with total commitments of US\$ 2,630 million (FCs for Belarus and Tajikistan). There were no closed investment projects in the portfolio.

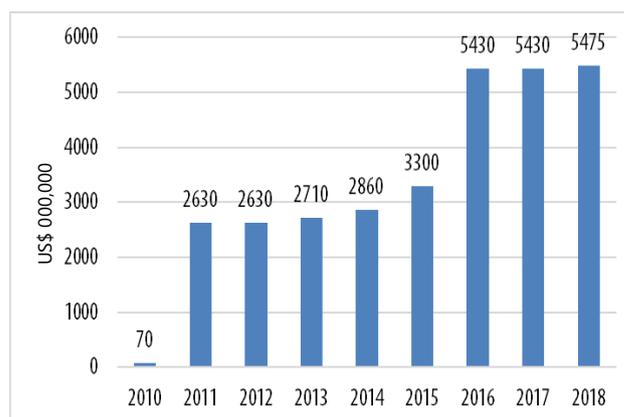
<sup>1</sup> The total amount is made up of commitments for all financial credits, investment loans and grants approved by the EFSD Council, including undisbursed amounts and closed projects, net of debt repayments of previous periods. See Appendix 2.

<sup>2</sup> The final stage of project cycle following the completion of all works under the project and the approval of the project implementation report up until repayment of the debt.

**Figure 2. Project portfolio geography**



**Figure 3. Project portfolio dynamics**



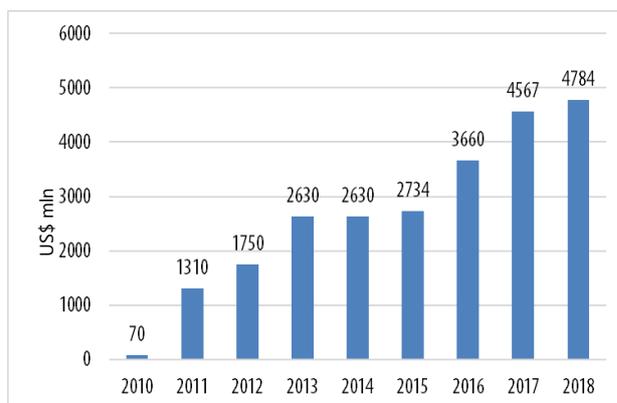
Note: The amount of commitments, including undisbursed, is shown net of cumulative debt repayments made up to 31 December 2018.

Source: Calculations of EFSD PU staff.

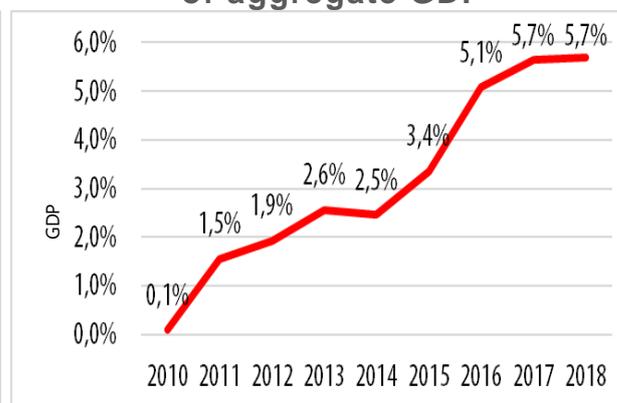
**Disbursements**

From the Funds inception to 31 December 2018, disbursements reached US\$ 4,784.1 million (Figure 4), of which 99.3% - under financial credits. At the year-end of 2018, disbursements reached 5.7% of the combined GDP of the four countries borrowed from the EFSD (Figure 5).

**Figure 4. Disbursements**



**Figure 5. Disbursements in per cent of aggregate GDP**



Note:

(1) Disbursements are shown as cumulative total accrued from the start of the operations up to 31 December 2018

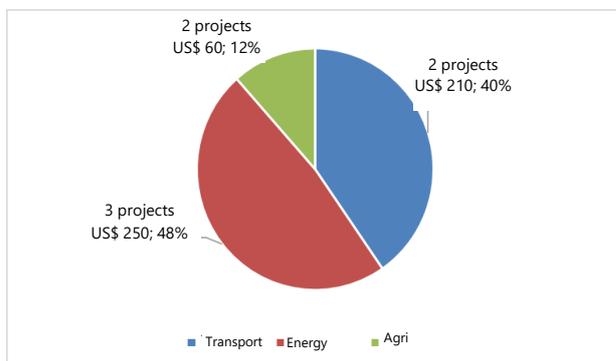
(2) same, in per cent of aggregate GDP of the borrowing states.

Sources: Calculations of the EFSD PU staff, data from the World Bank and national statistical services.

In 2018, the Fund disbursed US\$ 217.1 million, including US\$ 210.5 million - in the 4th quarter. US\$ 200.0 million was disbursed under financial credits, US\$ 16.9 million - under investment loans, US\$ 0.2 million under grants.

As of 31 December 2018, there were no disbursements for two investment projects : “North-South Road Corridor” in Armenia and “Kambarata HPP-2” in the Kyrgyz Republic.

**Figure 6. Sectors of investment loans**



Note:

Investment loans approved by the EFSD Council as of 31 December 2018

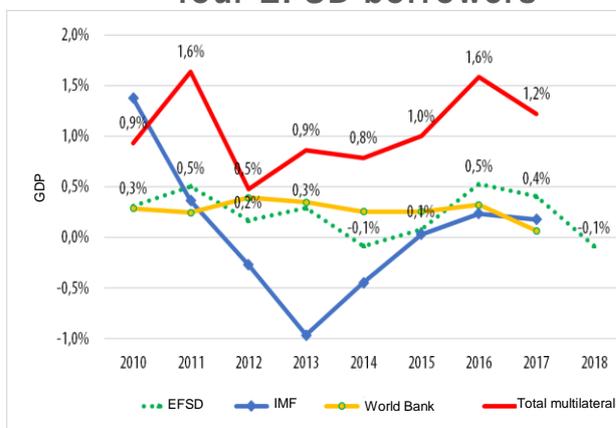
Source: Calculations of EFSD PU staff.

### Credit outstanding

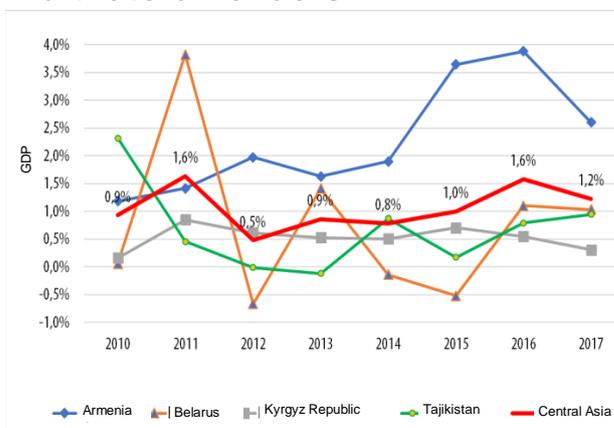
At the year-end of 2018, the EFSD credit outstanding equaled to US\$ 3,092.7 million, or 3.7% of the cumulative borrowers GDP.

As a regional financial arrangement (RFA), the EFSD performs primarily counter-cyclical functions and cannot consistently maintain positive flows of funds to the borrowing countries (similar to the IMF). In 2014 and 2018 small-scale outflows of the EFSD funds from borrowing countries was observed (Figures 7, 8).

**Figure 7. Net financial flows to four EFSD borrowers**



**Figure 8. Net financial flows, multilateral lenders**



Note: Net flows are calculated on the basis of the OECD DAC methodology as the difference between disbursed amounts and the ratio of principal repayments by the four borrowing member states of the EFSD to GDP.

Sources: Calculations of the EFSD staff based on the data of the WB (World Development Indicators) and the IMF (World Economic Outlook).

The EFSD made a tangible contribution to the external financing of the above four borrowing states. During 2010-2018 the Fund provided on a net basis about one fifth of the total funding received by them from all the participating IFIs (Figure 7). The levels of net flows to these four countries provided by the EFSD are commensurate with the amounts of the WB financing (0.28% and 0.27%, respectively, during 2010-2017).<sup>3</sup>

<sup>3</sup> Data on WB and other IFIs are available through to 2017.

The EFSD budget support operations were dominated by Belarus-related programmes, which, since the beginning of the Fund's engagement, drew funding in the amounts equivalent to 7.7% of GDP or US\$ 461 per capita (cumulative total as of the year-end of 2018). The data for Armenia and Tajikistan were lower. No financial credits were provided to the Kyrgyz Republic.

## Analytics

The efficiency of the EFSD operations is largely determined by the quality of its economic outlook. The growing risks of global crises call for a more integrated approach, a deeper understanding of the role of the EFSD member countries in the global economic architecture, and of their economic interconnectedness. The Fund should deploy its applied analytical research projects in close linkage to the needs of the member states. The analytical work of the Fund is no less important for building partnerships with other international financial institutions.

At the year-end of 2018, the toolbox of macroeconomic modeling of the EFSD PU included two models of financial programming, enabling preparation of forecasts only for Armenia and Belarus. Any efficient operation requires such models of each of the borrowing states. The Fund should proceed with developing both medium-term forecasting modeling tools (including for Russia and Kazakhstan, which have a significant influence on the economies of the borrowing states), and analyses of debt sustainability of the borrowing states.

In 2018, the EFSD PU prepared three analytical publications:

- Appraisal of structural gaps in Armenia;
- Overview of public debt of Armenia, Belarus, Kyrgyzstan and Tajikistan;
- "IMF-RFAs Collaboration: Motives, State of Play, and Way Forward" (in cooperation with AMF, AMRO, EC, ESM and FLAR).

Furthermore, during the year, 14 analytical shareholders' requests were fulfilled, by 9 more than in the previous year.

## Anti-Crisis Capacity of Fund

At the end of 2018, the Fund's anti-crisis lending capacity was equal to US\$ 5,407.5 million (6.4% of the aggregate GDP of the four borrowing countries).<sup>4</sup> This amount is equivalent to 83.5% of the total normal access to IMF financing for these countries,<sup>5</sup> or 1.1 months of their imports on goods and services in 2018. The international reserves of the borrowing member countries of the EFSD in 2010-2018 averaged 2.4 months of imports of goods and services, which is not enough to effectively take on crisis shocks. The resources of the Fund can substantially strengthen the reserve position of these countries.

## Dialog with Shareholders

Since the year-end of 2018 the Fund management has boosted the dialog with shareholders in dealing with strategic priorities of the Fund and the quality of its

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<sup>4</sup> The amount of funds due for encashment of the bills of exchange issued toward payment of the initial contributions to the Fund (Appendix 1) and temporarily idle resources net of undisbursed committed funds to be made available under duly executed loan and grant agreements.

<sup>5</sup> For example, as part of proposed stand-by and extended lending arrangements. The emergency funds allocation mechanisms used during the European debt crisis, have a much broader scope, and can exceed 1000% of a country's eligibility limit in the IMF.

portfolio. In the course of the dialog, the Kyrgyz Republic submitted a proposal to organize cooperation in the context of a jointly developed partnership strategy. This is normal practice for other IFIs, which should enable improvement of the development impact of the EFSD performance, as well as facilitate steady development of project operations. The practice of Country Partnership Strategies should be rolled out across all countries covered by the Fund's operations.

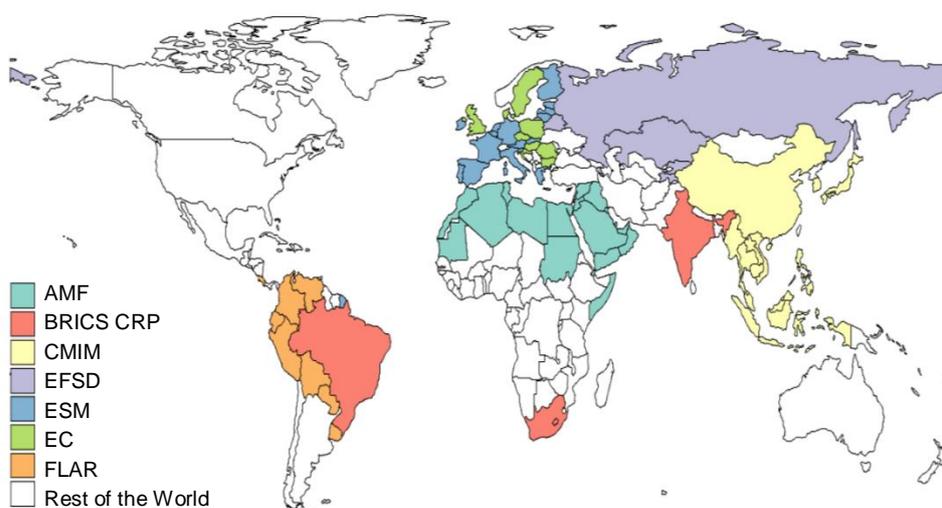
To strengthen the dialog with shareholders, it is necessary to expand the network of representative offices in all member countries. Wherever the Fund engages in project operations, its representatives should be endowed with sufficient authority to conduct ongoing dialog at the level of ministers and their deputies, as well as to respond as promptly as possible to their requests.

Since 2015, the EFSD PU has been exercising the functions of the Fund Secretariat. During 2018, seven meetings of the Fund Council were held in the format of written absentee voting (for details on the key decisions see Annex 6), and as many meetings of the Expert Council, of which 4 were held in the form of video conferencing and 3 by written absentee voting.

## Partnerships

In 2018, the EFSD intensified its engagement with the RFAs community, and earned recognition as one of the regional institutions of the global financial safety net (GFSN, see Drawing 1). The first analytical project was prepared jointly with other RFAs on cooperation issues within the GFSN.

### Drawing 1. RFAs geography



Source: *IMF-RFA Collaboration: Motives, State of Play, and Way Forward. A Joint RFA Staff Proposal. Oct. 2018*

In the 4th quarter of 2018, the EFSD took part in the third annual high-level RFA-IMF dialogue. This platform is extremely important for strengthening the positions of the EFSD in the GFSN professional community. Following the meeting, understanding was reached with leading RFAs and the IMF on exchange of experience and coordination of operations. At the end of 2018, the EFSD PU took part in an exchange of experience event on assessment of debt sustainability, hosted by the ESM.

The EFSD is not a legal entity, which diminishes the efficiency of partnership links. The IMF indicated the importance of the said legal status for an RFA<sup>6</sup>.

In 2018, the EFSD continued to actively cooperate with development banks, primarily with the World Bank and the Asian Development Bank on matters related to consultancy services, parallel financing of investment projects, and coordination of budget support programmes.

## Treasury Portfolio

At the end of 2018, the treasury portfolio amounted to US\$ 644 million, which was US\$ 267 million more than a year earlier (see Appendices 4 and 5).

Fluctuations of the liquidity available for Treasury investments are cyclical, and reflect the anti-crisis nature of the Fund's operations. Previously, the trend toward a build-up of liquidity was observed in 2013-2015. The year-end performance results show, that the Fund's net profit reached US\$ 151.8 million, which is 44% more than in 2017 (Figure 4).

**Figure 9. Liquidity**



Source: Calculations of EFSD PU staff.

<sup>6</sup> <https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/07/31/pp073117-collabo-between-regional-financing-arrangements-and-the-imf>

## Appendix 1. About the EFSD

The EFSD is a regional financing arrangement established by Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Russia and Tajikistan in 2009. The amount of initial contributions to the Fund totaled US\$ 8.5 billion. As of 31 December 2018, the Fund resources amounted to about US\$ 9.1 billion, including non-negotiable bills of exchange of some member states, which they provided as part of their initial contributions, and accrued interest income.

The EFSD is one of the regional institutions of the GFSN, which also comprises: international reserves (national level), swap arrangements (bilateral level), the IMF (global level). The major RFAs are: the European Stability Mechanism, the Chiang Mai Initiative Multilateralization (CMIM) supported by the AMRO Macroeconomic Research Office, the BRICS Currency Reserve Arrangement (CRA), the Latin American Reserve Fund (FLAR), and the Arab Monetary Fund (AMF).

The EFSD is the only RFA that operates under a dual mandate geared toward both macro-stabilization, and development financing objectives, which stems from the preferences of its shareholders to comprehensively address long-term development goals.

The EFSD uses three financial instruments:

- Financial credits for budget and/or balance of payments support.
- Investment loans for the implementation of national and inter-governmental investment projects.
- Grants to support public projects in social sectors.

The EFSD does not borrow funds from capital markets.

**The access limits** are determined as amounts of financing available to a member state and are approved by the Fund Council, with due consideration of all the above instruments.

In calculating the Limits, all assets and uncashed bills of exchange available to the Fund are taken into account (contributions, proceeds from investment of temporarily idle resources and from debt finance transactions, donations, and other proceeds) net of Fund Resources Manager`s costs and expenses.

The country eligibility limit is set for each member state pro rata the size of its gross national income per capita (GNI).

The Limits are updated, revised and reallocated by the decision of the Fund Council upon recommendation of the Fund Resources Manager annually and, if necessary, during the financial year as part of the process of approval of the Program of Operations.

On 25 February 2010, the Fund Council approved the Limits shown in Table 1. As of 31 January 2019, the Limits were rearranged, but were not updated or revised.

**Table 1. Access limits as of 31 January 2018**

Member state	Approved Limit (%)	US\$ Limit* (million)	Limit balance	
			US\$ million	(%)
Armenia	13%	1192.3	702.3	59%

Belarus	21%	1926.0	-956.8**	-50%
Kazakhstan	24%	2201.2	2201.2	100%
Kyrgyz Republic	3%	275.1	-14.9**	-5%
Russia	37%	3393.4	2421.8	71%
Tajikistan	2%	183.4	67.4	37%
Total	100%	9171.5	5392.7	59%

## Appendix 2. EFSD Projects as of 31 December 2018

US\$ million

Full name of project	Short name	Type	Country	Status <sup>1</sup>	Commitment
<b>SECTION 1. Project Portfolio</b>					
Financial Credit to Republic of Belarus # 1	FC RB1	FC	Belarus	Closed	2560.0
Financial Credit to Republic of Belarus # 2	FC RB1	FC	Belarus	Active	2000.0
Financial Credit to Republic of Armenia	FC RA	FC	Armenia	Active	300.0
Financial Credit to Republic of Tajikistan # 1	FC RT1	FC	Tajikistan	Closed	70.0
Financial Credit to Republic of Tajikistan # 2	FC RT2	FC	Tajikistan	Active	20.0
Construction of North-South Road Corridor (Phase 4)	North-South Road	IL	Armenia	Active	150.0
Start-up of Second Generator Unit of Kamarata HPP-2	Kamarata HPP-2	IL	Kyrgyz Republic	Active	110.0
Rehabilitation of Toktogul HPP. Phase 2	Toktogul HPP	IL	Kyrgyz Republic	Active	100.0
Rehabilitation of Bishkek-Osh Road Section, Phase IV	Bishkek-Osh Road	IL	Kyrgyz Republic	Active	60.0
Rehabilitation of Nurek HPP. Phase 1	Nurek HPP	IL	Tajikistan	Approved	40.0
Modernization of Irrigation Systems	Irrigation	IL	Armenia	Signed	40.0
Funding of Agricultural Machinery Supplies	Leasing	IL	Kyrgyz Republic	Signed	20.0
Health Caravan (Republic of Tajikistan)	HC RT	Grant	Tajikistan	Approved	2.0
Health Caravan (Kyrgyz Republic)	HC KR	Grant	Kyrgyz Republic	Approved	2.0
Prevention of Non-communicable Diseases	NCD	Grant	Armenia	Signed	1.0
<b>Total Project Portfolio</b>					<b>5475.0</b>
<b>SECTION 2. Project Pipeline</b>					
Construction of Mastara Reservoir	Mastara Reservoir	IL	Armenia	Application	25.2
Rehabilitation of Aral-Suusamyrd Road	Aral-Suusamyrd Road	IL	Kyrgyz Republic	Prel. application	105.0
Rehabilitation of Uch-Kurgan HPP	Uch-Kurgan HPP	IL	Kyrgyz Republic	Prel. application	45.0
<b>Total Project Pipeline:</b>					<b>175.2</b>

Note: Closed - FC approved report on the use of funds; Signed - financing agreement is signed; Approved - FC approved the application for project financing; Application - application for funding received; Prel. application - preliminary application for funding received.

Source: Calculations of EFSD PU staff

## Appendix 3. Statement of Profit or Loss and Other Income for 2018

<i>US\$ 000</i>	Year ended 31 December <b>2018</b>	Year ended 31 December <b>2017</b>	Year ended 31 December <b>2016</b>
Interest income	130,915	109,393	95,997
Reversal of provision for expected credit losses on interest bearing assets	24,922	-	-
<b>NET INTEREST INCOME</b>	<b>155,837</b>	<b>109,393</b>	<b>95,997</b>
Net gain on financial assets available-for-sale	(6)	5	-
Net loss on transactions in foreign currency	-	-	(1)
Fee and commission income	19	-	-
Fee and commission expenses	(30)	(27)	(29)
<b>Operating income</b>	<b>155,820</b>	<b>109,371</b>	<b>95,967</b>
Operating expenses	(4,018)	(3,846)	(648)
<b>NET PROFIT</b>	<b>151,802</b>	<b>105,525</b>	<b>95,319</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that are or may be subsequently reclassified to profit or loss:</i>			
Net change in fair value of financial assets at fair value through other comprehensive income	51	-	-
Net change in fair value on financial assets available-for-sale	-	19	74
<i>Total Items that are or may be subsequently reclassified to profit or loss</i>	<i>51</i>	<i>19</i>	<i>74</i>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>51</b>	<b>19</b>	<b>74</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>151,853</b>	<b>105,544</b>	<b>95,393</b>

## Appendix 4. Statement of Financial Position as of 31 December 2018

(US\$ 000)	31 December 2018	31 December 2017	31 December 2016
<b>ASSETS</b>			
Cash and cash equivalents	135,639	231,692	324,772
Loans member states	3,042.40	3,234.40	2,685.40
Financial assets available-for-sale	508,650	144,931	493,463
Receivables from member states as outstanding contributions	-	-	-
Other assets	165	11	426
<b>TOTAL ASSETS</b>	<b>3,686,540</b>	<b>3,611,189</b>	<b>3,504,434</b>
<b>LIABILITIES</b>			
Payables to Eurasian Development Bank	1,499	1,234	62
Other liabilities	1,683	1,837	1,798
<b>Total liabilities</b>	<b>3,182</b>	<b>3,071</b>	<b>1,860</b>
<b>NET ASSETS attributable to Fund member states</b>	<b>3,683,358</b>	<b>3,608,118</b>	<b>3,502,574</b>
<b>Net assets attributable to Fund member states represented by:</b>			
Paid-in contributions by Fund member states	3,058,985	3,058,985	3,058,985
Revaluation reserve for financial assets at fair value through other comprehensive income	57	-	-
Revaluation reserve for financial assets available-for-sale	-	6	(13)
Increase in net assets attributable to Fund member states	624,316	549,127	443,602
	<b>3,683,358</b>	<b>3,608,118</b>	<b>3,502,574</b>

## Appendix 5. Statement of Cash Flows for 2018

<i>(US\$ 000)</i>	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received on loans to member states	121,265	103,888	92,350
Interest received on cash and cash equivalents	2,338	1,546	838
Interest received on financial assets available-for-sale	6,785	1,439	2,525
Fee and commission received	19		
Fee and commission paid	(30)	(28)	(31)
Operating expenses paid	(3,823)	(2,259)	(4,045)
<b>Cash inflows from operating activities before changes in operating assets and liabilities</b>	<b>126,554</b>	<b>104,586</b>	<b>91,637</b>
<b>Changes in operating assets</b>			
(Increase)/decrease in loans to member states	140,900	(548,355)	(568,406)
Decrease/(increase) in other assets	(165)	8	6
<b>Net cash (outflow)/inflow from operating activities</b>	<b>267,289</b>	<b>(443,761)</b>	<b>(476,763)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Redemption and sale of financial assets at fair value through other comprehensive income (2017 and 2016: available-for-sale)	8,095,122	5,610,603	2,490,705
Purchase of financial assets at fair value through other comprehensive income (2017 and 2016: available-for-sale)	(8,458,464)	(5,259,922)	(2,259,641)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(363,342)</b>	<b>350,681</b>	<b>231,064</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from contributions made by member states	-	-	260,000
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>260,000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(96,053)</b>	<b>(93,080)</b>	<b>14,301</b>
CASH AND CASH EQUIVALENTS at beginning of year	231,692	324,772	310,471
<b>CASH AND CASH EQUIVALENTS at end of year</b>	<b>135,639</b>	<b>231,692</b>	<b>324,772</b>

## Appendix 6. Key Decisions of EFSD Council in 2018

Date	Decision
28/02/2018	<p><b>On the progress in implementation of the Reform Program of the Government and National Bank of Tajikistan, funded by the EFSD financial credit</b></p> <p>Take note of the information of the Manager, the National Bank of the Republic of Tajikistan and the Ministry of Finance of the Republic of Tajikistan on the work done insofar as it relates to minimizing the risks of reverting to practices of using multiple exchange rates and settling overdue arrears of OAO Tojiksodirotbank payable to the Eurasian Development Bank.</p>
	<p><b>On the provision of an EFSD grant to the Republic of Armenia for financing the project “Improvement of prevention and control of non-communicable diseases in primary health care”</b></p> <p>Approve the requested EFSD grant to be extended to the Republic of Armenia in the amount of US\$ 1 million to finance the project “Improvement of prevention and control of non-communicable diseases in primary health care”.</p>
25/06/2018	<p><b>On the report on implementation of the Program of Operations financed by the Fund for 2017, and the Program of Operations financed by the Fund for 2018</b></p> <ol style="list-style-type: none"> <li>1. Approve the report on the implementation of the Program of Operations financed by the Fund for 2017 (as of 31 December 2017).</li> <li>2. Approve the Program of Operations financed by the Fund for 2018.</li> </ol>
	<p><b>On the Administrative Budget of the Manager for 2018, and the Report on the implementation of the Administrative Budget in 2017</b></p> <ol style="list-style-type: none"> <li>1. Approve the Administrative Budget 2018.</li> <li>2. Approve the Budget Implementation 2017.</li> </ol>
	<p><b>On the Annual Report of the Manager on administration and management of the EFSD resources in 2017</b></p> <ol style="list-style-type: none"> <li>1. Approve the Annual Report of the Manager on administration and management of the EFSD resources in 2017.</li> <li>2. Take note of the Report of independent auditors of TOO Deloitte and the Financial Statements of the EFSD for the year ended 31 December 2017.</li> </ol>
	<p><b>On further steps in reforming the EFSD and approval of the Regulation on the EFSD Project Unit at the Eurasian Development Bank</b></p> <p>Approve the Regulation on the EFSD Project Unit at the Eurasian Development Bank.</p>
	1.4.
10/11/2018	<p><b>On the sixth tranche of the EFSD financial credit to the Republic of Belarus</b></p> <ol style="list-style-type: none"> <li>1. Approve the Progress Report on the Reform Program of the Government and the National Bank of the Republic of Belarus, financed by the EFSD financial credit (hereinafter - the Program), insofar as it relates to compliance with the requirements for disbursement of the sixth tranche of the said financial credit, prepared by the Manager based on the relevant report of the Ministry of Finance of the Republic of Belarus.</li> <li>2. Approve disbursement of the sixth tranche of the EFSD financial credit to the Republic of Belarus in the amount of US\$ 200 million.</li> </ol>
21/11/2018	<p><b>On the Procurement Policy and Procedures for projects funded by the EFSD</b></p> <ol style="list-style-type: none"> <li>1. Approve the Procurement Policy for projects financed by the EFSD (hereinafter - the Policy), as amended.</li> </ol> <p>Establish hereby that under the financing agreements committing the EFSD resources, signed prior to the date hereof, the previous Policy,</p>

	<p>referred to therein, shall continue in effect as approved by the Fund Council on 10 July 2013 (Minutes # 11). The newly adopted Policy shall apply to the above agreements as it relates to aspects unaddressed in the previous version.</p> <ol style="list-style-type: none"> <li>2. Approve the Procurement Procedures for projects financed by the Eurasian Fund for Stabilization and Development, and authorize the Manager to make modifications and supplements thereto, which, according to the Manager, do not affect substantive policy matters, subject to subsequent notification of the Fund Council about the said modifications and supplements.</li> <li>3. Request the Manager to proceed with the development of model procurement documentation for approval by the Manager, and authorize contracting consultants for this purpose whose services should be paid from the item "Consulting Services" of the Manager's Administrative Budget.</li> </ol>
	<p><b>On the progress of preparation of projects for the 1st round of competitive selection for the provision of EFSD grants</b> Take note of the information of the Manager on the progress of the preparation of projects for the 1st round of competitive selection for the provision of EFSD grants.</p>
29/12/2018	<p><b>On the plan of action to ensure the safe operation of the Kambarata HPP-2 and extension of the EFSD investment loan availability period for the project "Start-up of Second Generator Unit of Kambarata HPP-2"</b> Approve the Plan of Action submitted by the Kyrgyz Republic to ensure safe operation of the Kambarata HPP-2.</p>
	<p><b>On the proposed EFSD investment loan for financing the project "Rehabilitation of the Nurek HPP. Phase 1"</b></p> <ol style="list-style-type: none"> <li>1. Approve the Manager's Appraisal Report on the Application of the Republic of Tajikistan and for an investment loan from the Fund to finance the project "Rehabilitation of Nurek HPP. Phase 1" (hereinafter the Project)</li> <li>2. Approve the requested EFSD investment loan to be extended to the Republic of Tajikistan in the amount of US\$ 40 million to finance the Project.</li> <li>3. Request the Manager to evaluate and sign the Memorandum of Understanding between the Manager and the World Bank on matters related to financing of the Project.</li> </ol>
	<p><b>On the proposed amendments to the EFSD Investment Loan Agreement for financing the project "Rehabilitation of the Toktogul HPP. Phase 2"</b></p> <ol style="list-style-type: none"> <li>1. Approve the reallocation of the EFSD investment loan funds intended for Phase 2, in view of savings realized on the purchase of hydraulic generator units 2 and 4 of the Toktogul HPP, to finance the replacement of generator units 1 and 3 of the same hydropower plant.</li> <li>2. Request the Manager to draw up and sign, in consultation with the Kyrgyz Republic and the ADB, the required amendments, both to the EFSD Investment Loan Agreement between the Manager and the Kyrgyz Republic and to the Cofinancing Agreement between the Manager and ADB.</li> </ol>
	<p><b>On completion of funding the Reform Program of the Government and National Bank of Tajikistan by the EFSD financial credit</b> Acknowledge the information of the Manager on the completion of financial support of the Reform Program of the Government and the National Bank of the</p>

	Republic of Tajikistan by the EFSD financial credit, provided pursuant to the Agreement between the Manager and the Republic of Tajikistan, dated 15 August 2016, due to the expiry of the credit availability period on 15 May 2018.
	<b>On provision of the EFSD grant to the Kyrgyz Republic to finance the project “Health Caravan” in Kyrgyz Republic</b> Approve the requested EFSD grant to the Kyrgyz Republic in the amount of US\$ 2 million for financing the project “Health Caravan” in Kyrgyz Republic.
	<b>On provision of the EFSD grant to the Republic of Tajikistan for financing the project “Health Caravan” in the Republic of Tajikistan</b> Approve the requested EFSD grant to the Republic of Tajikistan in the amount of \$ US2 million to finance the project “Health Caravan” in the Republic of Tajikistan.
	<b>On the EFSD Program of Operations for 2019</b> Approve the Program of Operations of the Eurasian Foundation for Stabilization and Development for 2019.