

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
JUNE 2008 PROJECT PIPELINE UPDATE

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This report was last updated on June 30, 2008. The information contained on this report will reflect the status of each project and new project entries.

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I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29 billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website www.ebrd.com/oppo/procure/oppo/index.htm.

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to the difference between state sector projects, which are followed with international tendering processes, versus procurement under private sector projects, which are completed by the EBRD's client. With procurement under private sector projects, it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on

any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A.	Ukraine Railways: Rolling Stock Renewal Project	Ukraine	23 Jun 2008
B.	Rosevrobank - SME Loan	Russia	23 Jun 2008
C.	Enforta Expansion	Russia	20 Jun 2008
D.	ProCredit Bank Romania - A/B Loan	Romania	20 Jun 2008
E.	Procredit Bulgaria - A/B Loan	Bulgaria	20 Jun 2008
F.	Intersnack Regional Facility	Regional	20 Jun 2008
G.	Caucasus Online	Regional	20 Jun 2008
H.	ProCredit Ukraine - Senior MSE Loan	Ukraine	20 Jun 2008
I.	CEEP - Bank Republic	Georgia	20 Jun 2008
J.	Bank Republic Mortgage Loan II	Georgia	20 Jun 2008
K.	Bank Republic - MSME	Georgia	20 Jun 2008
L.	MCFF - Bank Republic - NRP	Georgia	20 Jun 2008
M.	MCFF - Bank Republic - Full Recourse	Georgia	20 Jun 2008
N.	Sinara Transport Machines	Russia	19 Jun 2008
O.	Petrovax Equity	Russia	19 Jun 2008
P.	IVC Vostok	Russia	19 Jun 2008
Q.	Russian Communal Systems - Pre Equity Financing	Russia	12 Jun 2008
R.	Viro	Croatia	6 Jun 2008
S.	Detsky Mir	Russia	6 Jun 2008

A.

Project name: Ukraine Railways: Rolling Stock Renewal Project

Country: Ukraine

Project number: 37921

Business sector: Transport

Public/Private: Public

Environmental category: C

Board date: 23 September 2008

Status: Passed structure review, Pending final review

Date PSD disclosed: 23 June 2008

Date PSD updated:

Project description and objectives: The proposed project will enable the Company to finance the acquisition of general purpose freight wagons, an integral part of a multi-staged Rolling Stock Renewal Programme, to renovate Ukraine Railways' ageing fleet, which has become a critical bottleneck of the country's transport system as the shortage and poor state of the freight rolling stock is now a potential threat to continued growth of the national economy. It is expected that the European Investment Bank will provide parallel debt financing.

Transition impact: Project will support the implementation of the approved commercialisation strategy and improve the quality and safety of its operations to meet growing demand. The areas of reform are wide-ranging and include unbundling and commercialisation of the company's various business units. The project will also include the transfer and dispersion of skills in the areas of fleet management planning and practices and the introduction of improved managerial skills in the operation and management of Ukrzaliznytsia's rolling stock through the adoption of the "Fleet Management Programme".

The client: Ukrzaliznytsia - The State Administration for Railway Transport of Ukraine, wholly-owned by the state of Ukraine.

EBRD finance: USD 385 million senior debt facility to be structured as A/B Loan.

Total project cost:	Up to USD 750 million
Environmental impact:	The Project was screened C/1. Initial findings of the corporate environmental, health, safety and labour audit show that UZ has or is currently implementing environmental, health, and safety management systems that are equivalent to those used in western railways and enterprises. Environmental impacts of new freight wagons will be positive, improving railway competitive position relative to road transport; conversion of UZ's wagon overhaul plants to new construction is not likely to present environmental problems. A corporate-wide environmental action plan will be developed to guide the Company's operations towards good international practice.
Technical cooperation:	The following non-reimbursable TC is proposed: Fleet Management Programme EUR 350,000: To provide UZ with assistance in efficient operation and maintenance of the new rolling stock (including environmental compliance) and recommendations for upgrading its wagon tracking system. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
EBRD contact:	Igor Storchak, Operation Leader: storchai@ebrd.com
Procurement or tendering opportunities:	Visit EBRD Procurement Enquiries: Tel: +44 20 7338 6794; Fax: +44 20 7338 7472, Email: procurement@ebrd.com
General enquiries:	EBRD project enquiries not related to procurement: Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 Email: projectenquiries@ebrd.com

B.

Project name:	Rosevrobank - SME Loan
Country:	Russia
Project number:	39096
Business sector:	Lending to banks

Public/Private:	Private
Environmental category:	FI
Board date:	25 June 2008
Status:	Board approved, Pending signing
Date PSD disclosed:	23 June 2008
Date PSD updated:	
Project description and objectives:	<p>The project envisages that the EBRD will provide a senior loan under the MPF for on-lending to small and medium-sized enterprises in Moscow, Saint-Petersburg and other Russian regions, where Rosevrobank operates.</p> <p>The EBRD's senior loan will help Rosevrobank to continue making progress with implementation of its development strategy that includes regional expansion and accelerated development of lending to small and medium-sized enterprises.</p>
Transition impact:	<p>The proposed transaction will provide long-term funding to Rosevrobank for the development of its lending to small and medium-sized enterprises including in the regions. The transaction will therefore promote the availability of financial services to the relevant segment of the Russian economy. The EBRD will also seek to support Rosevrobank in strengthening its institutional development.</p>
The client:	<p>Rosevrobank is a Moscow-based Russian bank with headquarters and several branches in Moscow, branches in St. Petersburg, Novosibirsk, Samara and Rostov-on-Don and representative offices 20 Russian regions.</p>
EBRD finance:	<p>The EBRD will provide a long-term senior loan for on-lending to the Russian small and medium-sized enterprises.</p>
Total project cost:	USD 30 million.
Environmental impact:	<p>Rosevrobank will be required to apply EBRD's Environmental Procedures for Local Banks to all commercial lending activities and to submit annual environmental reports to the Bank.</p>
Technical	None.

cooperation: For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact: Alexander Arkhipov
Head of International Business Development
Administration
Rosevrobank JSCB
24, Vavilova Street, Moscow 119991, Russia

Phone: 7(495) 938-3004,
Mobile: 7(495) 728-8612, 7(916) 668-6490,
Fax: 7(495) 938-3119
E-mail: A.Arkhipov@rosevrobank.ru

EBRD contact: Alexander Saveliev, Operation Leader:
saveliea@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

C.

Project name: Enforta Expansion
Country: Russia
Project number: 39439
Business sector: Telecoms and Media
Public/Private: Private
Environmental category: C
Board date: 22 July 2008
Status: Pending concept review
Date PSD disclosed: 20 June 2008
Date PSD updated:

Project description and objectives: The Project will allow ZAO Prestige Internet (the company), a wholly owned subsidiary of Enforta B.V., to finance the ongoing expansion of its wireless broadband services in regional centres throughout the Russian Federation.

Transition impact:

The proposed project will

- enable the company to enhance its competitive position through the development and expansion of internet broadband, virtual private network and telephony services
- facilitate the use of pre-WIMAX and WIMAX technology to provide rapid connections to customers who have had limited or no access to the internet
- contribute to market expansion through introduction of new products based on wireless broadband solutions
- further fuel deployment of broadband internet, which has lagged in Russia due to the antiquated local telecoms infrastructure
- stimulate competition in Moscow and St Petersburg where the sector is dominated by fixed line incumbent operators thanks to good DSL infrastructure.

The client:

The Enforta Group, sponsored by the Sumitomo Corporation, private equity funds managed by Barings Vostok Capital Partners and private equity funds managed by Bessemer Venture Partners, is one of the largest wireless broadband Internet service provider in the Russian Federation.

EBRD finance:

Senior unsecured loan of USD10 million, or its RUB equivalent.

Parallel loan of up to USD10 million, or its RUB equivalent, to be arranged by a commercial bank.

Total project cost:

USD20 million, or its RUB equivalent.

Environmental impact:

Screened C/1. The Project is unlikely to be associated with any significant environmental issues. The environmental due diligence is currently under way. The Company will be required to comply with national and EU environmental, health and safety standards and to submit annual reports on environment, health and safety issues.

Technical cooperation:

None.

For consultant opportunities for projects financed by

technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Lee Sparkman, President
Mishina Street 56
Building 2, 6th floor.
127083 Moscow, Russian Federation

Website: www.enforta.com

Tel: +7 (495) 739-7559
Fax: +7 (495) 739-7559 x7777

EBRD contact:

Sebastien Bourillon, Operation Leader:
bourills@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

D.

Project name: ProCredit Bank Romania - A/B Loan
Country: Romania
Project number: 39038
Business sector: Small business
Public/Private: Private
Environmental category: FI
Board date: 22 July 2008
Status: Passed concept review, Pending final review
Date PSD disclosed: 20 June 2008
Date PSD updated:

Project description and objectives:

ProCredit Bank Romania (PCBR) is a specialist microfinance bank established in 2002 with the support of EBRD to provide financial services to micro and small enterprises (MSEs) in Romania. PCBR disbursed almost 90,000 loans to Romanian MSEs for amount of over EUR 520 million. The proposed project comprises a senior syndicated A/B loan up to €60 million including an EBRD A loan of up to EUR 15 million, while the B Loan will be financed by commercial lenders.

Transition impact:

The new financing will further assist PCBR in accessing international loan markets thus contributing to diversification of the commercial funding base and providing even greater access to MSEs. The project is expected to have a significant impact on the transition process. PCBR will continue to provide support to MSEs that would otherwise have limited access to formal sector finance which includes agricultural MSEs and those MSEs in rural areas. PCBR also supports the development of the financial sector by operating as a best practice institution committed to the principles of complete transparency and strong corporate governance.

The client:

ProCredit Bank Romania was established in April 2002 and is part of the international ProCredit Holding group, a network dedicated to developing microfinance banks globally.

As of December 2007, PCBR operated through 37 branches. Further branch network expansion is planned. From its establishment.

EBRD finance:

EBRD will provide an A loan of up to EUR15 million.

Total project cost:

Total project cost will be up to EUR 60 million, of which up to EUR 15 million will be EBRD's share.

Environmental impact:

ProCredit Bank Romania carries out its operations in accordance with the EBRD's "Environmental Procedures for Small and Micro Loans". In implementing these procedures, it will require its borrowers to comply, at a minimum, with national/local health, safety, environmental, and public consultation requirements.

Technical

The technical assistance (TA) for establishment of

cooperation: PCBR and for the acceleration of the regional expansion nationwide was provided by the US/EBRD SME Finance Facility, KfW and the by the Luxembourg government over the 2001 – 2005 period for a total amount of EUR 3.4 million. Full graduation from the EBRD’s technical contracts took place in January 2006. No further technical assistance funds are provided. For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact: Gian Marco Felice
General Manager
ProCredit Bank Romania

Tel: + 40 21 201 6000
Fax: + 40 21 201 6002
Email: gm.felice@procreditbank.ro

EBRD contact: Jana Sivcova, Operation Leader:
sivcovaj@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

E.

Project name: Procredit Bulgaria - A/B Loan
Country: Bulgaria
Project number: 38285
Business sector: Small business
Public/Private: Private
Environmental category: FI
Board date: 22 July 2008
Status: Passed concept review, Pending final review
Date PSD disclosed: 20 June 2008
Date PSD updated:

Project description and objectives:

ProCredit Bank Bulgaria (PCBB) was established in December 2000, with the support of EBRD to provide financial services to micro and small enterprises (MSEs) in Bulgaria. Since the start of operations, PCBB disbursed 137,000 loans to Bulgarian MSEs for a total volume of EUR1.2 billion.

The proposed syndicated A/B transaction of up to EUR 80 million will include an A Loan of up to EUR 20 million, while the B-Loan will be financed by commercial lenders

Transition impact:

The new financing will further assist PCBB in accessing international loan markets thus contributing to diversification of the commercial funding base and providing even greater access to MSMEs. PCBB will continue to provide support to MSEs that would otherwise have limited access to formal sector finance. PCBB will also support the development of the financial sector by operating as a best practice institution committed to the principles of complete transparency and strong corporate governance and will have a positive demonstration effect on banks operating in Bulgaria.

The client:

PCBB was established in 2001 and is part of the international ProCredit Holding group, a network dedicated to developing microfinance banks globally. The bank is headquartered in Sofia and is operating through its 75 branches across Bulgaria and is planning to grow its regional branch network further.

EBRD finance:

The EBRD will provide an EUR 20 million A Loan.

Total project cost:

The total cost of the project is up to EUR 80 million, including EBRD's portion of up to EUR 20 million.

Environmental impact:

PCBB carries out its operations in accordance with the EBRD's Environmental Procedures for Small and Micro Loans. In implementing these procedures, it will require its borrowers to comply, at a minimum, with national/local health, safety, environmental and public consultation requirements.

Technical cooperation:

PCBB benefited in past from USD 2.9 million of technical assistance funding to support establishment of the bank, regional expansion, environmental training and development of specialist agricultural lending products. No further technical assistance funds are provided. For consultant opportunities for projects financed by

technical cooperation funds, visit [procurement of consultants](#).

Company contact: Petar Slavov
General Manager
ProCredit Bank Bulgaria

Tel: +359 2 92171 02
Fax: +359 2 921 71 10
Email: P.Slavov@procreditbank.bg

EBRD contact: Jana Sivcova, Operation Leader: sivcovaj@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

F.

Project name: Intersnack Regional Facility

Country: Regional

Project number: 39263

Business sector: Agribusiness

Public/Private: Private

Environmental category: B

Board date: 22 July 2008

Status: Inactive

Date PSD disclosed: 20 June 2008

Date PSD updated:

Project description and objectives: The EBRD is considering a regional facility which will enable the Bank to provide equity investments in subsidiaries of Intersnack across the region on a deal-by-deal basis. The Intersnack Group is a market leader for savoury snacks in Germany and eastern Europe, where it has been expanding since the early 1990s either through acquisition or greenfield investments. In Romania and Bulgaria the proposed transactions are equity investments through a capital increase to

strengthen the companies' market position and competitiveness through the expansion of the current production facility. Further projects will be identified at a later stage.

- Transition impact:** The Transition Impact potential of the regional facility is centred around Intersnack's ability and need to build an effective link to local potato farmers thereby building on the country's primary agriculture sector including the building up of storage capacity. Further, in any country of investment the Intersnack Group will improve quality standards across three dimensions (farming level, production level and contracting level) through its further expansion.
- The client:** Intersnack Group is market leader for savoury snacks in Germany and many other Eastern European countries. Intersnack is a subsidiary of "Pfeifer & Langen", the third largest sugar producer in Germany.
- EBRD finance:** A regional facility to be provided on a deal-by-deal basis in the form of equity investments in the subsidiaries of Intersnack across the region.
- Total project cost:** To be determined on a deal-by-deal basis.
- Environmental impact:** The project has been classified B/1 according to the EBRD's Environmental Policy and Procedures as it involves the construction of greenfield production plants and the operation of other processing plants. These would be typically associated with limited direct environmental, health and safety issues, which can be readily identified and assessed as well as efficiently mitigated with modern technology and project design. For this reason the Bank conducted an environmental audit of the existing facilities an environmental analysis of the expansion plans. These studies took the form of a corporate environmental review.
- Technical cooperation:** None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).
- Company contact:** Wibo van Kesteren
Finance Director
Telephone: +49-221-48 94-239
Email: wkesteren@intersnack.de
- EBRD contact:** Anja Langenbucher, Operation Leader:

langenba@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

G.

Project name: Caucasus Online

Country: Regional

Project number: 37951

Business sector: Telecoms and Media

Public/Private: Private

Environmental category: B

Board date: 22 July 2008

Status: Passed concept review, Pending final review

Date PSD disclosed: 20 June 2008

Date PSD updated:

Project description and objectives:

The proposed project will finance the construction, laying, commissioning and operation of a high capacity sub-sea cable to connect Georgia with Bulgaria, together with on-shore network extensions connecting the city of Poti to Tbilisi and Azerbaijan-Georgia border. This will enable Caucasus Online to route its own and transit traffic from other countries in Caucasus and, in the future, Central Asia, cost effectively to Europe and to sell spare capacity to operators in Europe to route their traffic from Europe to Georgia, rest of Caucasus, Central Asia and beyond.

Transition impact:

The project will support the development of a modern and competitive and effective telecommunications and internet services market in Georgia. This includes the promotion of network expansion thereby increasing access to telephony and internet services and improving the quality of services. Furthermore, the project encourages the development of innovative and advanced communication services and extends the

development of the sector beyond basic telephone services. Greater competition should enhance the speed, range and quality of these services as well as bring cost benefits such as cheaper international access.

The client:

Caucasus Online, the leading Internet Service Provider (ISP) and Long Distance communication provider in the Republic of Georgia. Caucasus Online has been operating since 1997 as one of the pioneers in the Georgian Internet Service market. In 2000 Mr. Mamia Sanadiradze acquired the Company and became its CEO. He holds 75% of the shares and the balance of the shares are held by GML International Limited 10% and TBC Bank 15%.

EBRD finance:

USD 35 million financing package composed of a senior secured debt and an equity investment in 5% share capital of Caucasus Online.

Total project cost:

USD 71.5 million.

Environmental impact:

The operation was classified B/0. The project could involve some specific environmental issues which can be readily addressed. Environmental due diligence is currently underway. Installation of sub-sea cable in the Black Sea between Georgia and Bulgaria and the construction of terrestrial extensions could have some environmental issues. These issues include as follows: official environmental approvals both in Georgia and Bulgaria, overall environmental, health and safety management systems, adequacy of the site selection, impacts on fisheries, marine ecology, bird population, archaeological sites, landscape and visual characteristics of the coastal sites, construction disturbance such as noise and traffic, construction worker safety and legal protection. Established environmental mitigation measures for installation of sub-sea cable are available through good international practice/standards (such as MARPOL 73/78). The Company should demonstrate as to how they adhere to good international practice/standards for the proposed operation. The project is required to comply with respective national and EU environmental, health, safety and labour standards. An Environmental Action Plan (EAP) should be developed and agreed for the project. The project will be required to comply with national and EU environmental, health and safety standards and requirements, implement an EAP and submit an Annual

Environmental Report to the Bank. The Bank will monitor the project's environmental performance during the life of the project through a review of the Annual Environmental Report as well as monitoring visit where necessary and adequate.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Vahan Mgebryan Chief Financial Officer
Caucasus Online LLC

E-mail: vahan@caucasus.net

EBRD contact:

Abduaziz Muminov, Operation Leader:
muminova@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

H.

Project name:

ProCredit Ukraine - Senior MSE Loan

Country:

Ukraine

Project number:

39181

Business sector:

Small business

Public/Private:

Private

Environmental category:

F1

Board date:

22 July 2008

Status:

Passed concept review, Pending final review

Date PSD disclosed:

20 June 2008

Date PSD updated:

Project description and objectives:

ProCredit Bank Ukraine (PCBU) was established in December 2000, with the support of EBRD to provide financial services to micro and small enterprises (MSEs) in Ukraine. Since its establishment, PCBU had disbursed

over 148,000 MSE loans for a total amount of USD 1.0 billion. A new senior loan up to USD 20 million being proposed will further assist PCBU in providing financing to MSEs in Ukraine.

- Transition impact:** The project is expected to have a significant impact on the transition process. ProCredit Bank Ukraine will continue to provide support to MSEs that would otherwise have limited access to formal sector finance. PCBU also supports the development of the financial sector by operating as a best practice institution committed to the principles of complete transparency and strong corporate governance.
- The client:** PCBU was established in December 2000 and is part of the international ProCredit Holding group, a network dedicated to developing microfinance banks globally. PCBU operates through its 67 branches throughout the Ukraine, planning to grow its branch network further.
- EBRD finance:** USD 20 million senior loan for on-lending to micro-small and medium enterprises.
- Total project cost:** USD 20 million for on-lending to MSEs.
- Environmental impact:** ProCredit Bank Ukraine carries out its operations in accordance with the EBRD's "Environmental Procedures for Micro and Small Loans". In implementing these procedures, it requires its borrowers to comply, at a minimum, with national/local health, safety, environmental, and public consultation requirements.
- Technical cooperation:** In the early years of operation, PCBU received approximately EUR 6 million in Technical Assistance. No further technical assistance funds are provided. For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).
- Company contact:** Susanne Decker
General Manager
ProCredit Bank Ukraine
Prospekt Peremohy 107a
03115 Kyiv, Ukraine
- Phone +38 044 5901020
Fax +38 044 5901001
- Email: s.decker@procreditbank.com.ua

EBRD contact: Jana Sivcova, Operation Leader: sivcovaj@ebrd.com
Business opportunities: For business opportunities or procurement, contact the client company.
General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

I.

Project name: CEEP - Bank Republic
Country: Georgia
Project number: 38290
Business sector: Lending to banks
Public/Private: Private
Environmental category: FI
Board date: 22 July 2008
Status: Passed concept review, Pending final review
Date PSD disclosed: 20 June 2008
Date PSD updated:

Project description and objectives: The EBRD is considering: Energy Efficiency line of up to USD 5 million under the Caucasus Energy Efficiency Programme. The Energy Efficiency line will be used for on-lending to private sector industrial entities to finance projects aimed to improve energy use in those entities.

Transition impact: The Energy Efficiency project will demonstrate the benefits of energy efficiency investments in terms of cost reductions through the expansion of energy efficiency lending in Georgia. It will demonstrate the effects of rational energy utilisation for improving industrial competitiveness in light of the dependency on imported oil and gas and rising energy costs in the region. The project is also expected to transfer and build expertise, among banks and companies, related to energy efficiency.

The client: Bank Republic is a subsidiary of Societe Generale, one of the leading financial services companies in Europe. It

is a universal commercial bank, ranking fourth in Georgia by total assets (USD 316 million as of 31 December 2007).

EBRD finance:

Energy Efficiency line of USD 5 million.

Total project cost:

USD 65 million.

Environmental impact:

Screened FI. Bank Republic has recently developed and adopted its own Risk Management Procedure, which also covers management of environmental risks. After the inclusion in EBRD's partner banks list the bank undertook implementation of EBRD's Environmental Procedures, including compliance with the FI Environmental Exclusion and Referral Lists. In January 2006 and February 2008 Bank Republic staff participated in the Environmental and Social Risk Management training programme organised by the Bank's Environment and Sustainability Department. Bank Republic complies with all national health, safety and environmental standards as well as with national employment laws and standards. Bank Republic will also comply with relevant Environmental Procedures within respective EBRD transactions and submit an Annual Environmental Report to EBRD.

Technical cooperation:

The Energy Efficiency credit line will be complemented by grant funding to engage consultants in order to prepare energy audits, review investment proposals, support companies in securing funding from BR and provide implementation support. The budget for the framework assignment is USD 2,398,000 funded by ETC, UK- DFID SEI Fund and CIDE-EBRD 2006/09 Fund.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Giorgi Kerkadze, IFI Relationship Manager
Bank Republic
2 Gr. Abashidze St,
0179 Tbilisi, Georgia

Telephone: +995 32 925555

E-mail: Giorgi.Kerkadze@republic.ge

EBRD contact:

Madina Sakbaeva, Operation Leader:
sakbaevm@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

J.

Project name:	Bank Republic Mortgage Loan II
Country:	Georgia
Project number:	38549
Business sector:	Lending to banks
Public/Private:	Private
Environmental category:	FI
Board date:	22 July 2008
Status:	Passed concept review, Pending final review
Date PSD disclosed:	20 June 2008
Date PSD updated:	
Project description and objectives:	Mortgage Credit Line in an amount of USD 20 million. The EBRD loan will be used to provide long-term financing to individuals for purchasing, constructing, renovating, repairing and/or re-mortgaging their real estate in Georgia, a market where mortgage lending is still underdeveloped.
Transition impact:	B) The Mortgage Loan will increase long-term funds available to a local bank, allowing access to mortgages for a larger number of people and increased competition in the market. The mortgage facility will continue supporting Bank Republic in implementing best international practice in its mortgage operations and developing standardised mortgage products.
The client:	Bank Republic is a subsidiary of Societe Generale, one of the leading financial services companies in Europe. It is a universal commercial bank, ranking fourth in Georgia by total assets (USD 316 million as of 31 December 2007).
EBRD finance:	Mortgage Credit Line of USD 20 million.

Total project cost:	USD 65 million.
Environmental impact:	Screened FI. Bank Republic has recently developed and adopted its own Risk Management Procedure, which also covers management of environmental risks. After the inclusion in EBRD's partner banks list the bank undertook implementation of EBRD's Environmental Procedures, including compliance with the FI Environmental Exclusion and Referral Lists. In January 2006 and February 2008 Bank Republic staff participated in the Environmental and Social Risk Management training programme organised by the Bank's Environment and Sustainability Department. Bank Republic complies with all national health, safety and environmental standards as well as with national employment laws and standards. Bank Republic will also comply with relevant Environmental Procedures within respective EBRD transactions and submit an Annual Environmental Report to EBRD.
Technical cooperation:	The Energy Efficiency credit line will be complemented by grant funding to engage consultants in order to prepare energy audits, review investment proposals, support companies in securing funding from BR and provide implementation support. The budget for the framework assignment is USD 2,398,000 funded by ETC, UK- DFID SEI Fund and CIDE-EBRD 2006/09 Fund. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Giorgi Kerkadze, IFI Relationship Manager Bank Republic 2 Gr. Abashidze St, 0179 Tbilisi, Georgia Telephone: +995 32 925555 E-mail: Giorgi.Kerkadze@republic.ge
EBRD contact:	Natalie Mouravidze, Operation Leader: mouravin@ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

K.

Project name: Bank Republic - MSME
Country: Georgia
Project number: 39321
Business sector: Lending to banks, Small business
Public/Private: Private
Environmental category: FI
Board date: 22 July 2008
Status: Passed concept review, Pending final review
Date PSD disclosed: 20 June 2008
Date PSD updated:

Project description and objectives:

Micro, Small and Medium Sized Enterprise Loan ("MSME") loan of up to USD 20 million, comprised of MSE and SME tranches of USD 10 million each. The MSME loan will assist Bank Republic to further develop and expand its lending activities to private sector Georgian entrepreneurs, particularly outside of the capital.

Transition impact:

By supporting one of the leading local banks, EBRD will add to the overall lending capability of the banking sector in Georgia. The MSME loan will increase supply of medium-term funding and will allow an increasing number of MSMEs to have access to bank financing. Financial intermediation will also be increased in smaller cities and towns as the majority of Bank Republic's expansion is expected to be outside of Tbilisi.

The client:

Bank Republic is a subsidiary of Societe Generale, one of the leading financial services companies in Europe. It is a universal commercial bank, ranking fourth in Georgia by total assets (USD 316 million as of 31 December 2007).

EBRD finance:

MSME loan of USD 20 million, of which USD 10 million will be for MSE and USD 10 million for

SME.

Total project cost:

USD 65 million.

Environmental impact:

Screened FI. Bank Republic has recently developed and adopted its own Risk Management Procedure, which also covers management of environmental risks. After the inclusion in EBRD's partner banks list the bank undertook implementation of EBRD's Environmental Procedures, including compliance with the FI Environmental Exclusion and Referral Lists. In January 2006 and February 2008 Bank Republic staff participated in the Environmental and Social Risk Management training programme organised by the Bank's Environment and Sustainability Department. Bank Republic complies with all national health, safety and environmental standards as well as with national employment laws and standards. Bank Republic will also comply with relevant Environmental Procedures within respective EBRD transactions and submit an Annual Environmental Report to EBRD.

Technical cooperation:

The Energy Efficiency credit line will be complemented by grant funding to engage consultants in order to prepare energy audits, review investment proposals, support companies in securing funding from BR and provide implementation support. The budget for the framework assignment is USD 2,398,000 funded by ETC, UK- DFID SEI Fund and CIDE-EBRD 2006/09 Fund.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Giorgi Kerkadze, IFI Relationship Manager
Bank Republic
2 Gr. Abashidze St,
0179 Tbilisi, Georgia

Telephone: +995 32 925555

E-mail: Giorgi.Kerkadze@republic.ge

EBRD contact:

Lilit Davoyan, Operation Leader:
davoyanl@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

L.

Project name: MCFF - Bank Republic - NRP

Country: Georgia

Project number: 38671

Business sector: Lending to banks

Public/Private: Private

Environmental category:

Board date: 4 September 2007

Status: Board approved, Pending signing

Date PSD disclosed: 20 June 2008

Date PSD updated:

Project description and objectives: Medium Sized Co-financing Facility ("MCFF") of USD 20 million, of which a USD 10 million loan with the full recourse to Bank Republic and USD 10 million Bank's risk participation in Bank Republic's loans with maturity up to 8 years. The MCFF will be used to provide medium- to long-term financing to Georgian private companies, clients of Bank Republic, to meet their requirements for larger loans. The EBRD will finance sub-loans which cannot be financed by the bank due to internal or regulatory risk diversification guidelines or policies.

Transition impact: The MCFF facility will help BR to ensure its prudent portfolio concentration and risk diversification and will enable it to support the longer-term financing needs of its clients. It will contribute to build up expertise among the bank's staff and sub-borrowers through training and project preparation. The facility will also help Bank Republic to apply higher requirements to clients' corporate governance and business standards in

line with the Bank's policy and practice and send a signal to the local private sector that observing these standards will facilitate access to finance.

The client:

Bank Republic is a subsidiary of Societe Generale, one of the leading financial services companies in Europe. It is a universal commercial bank, ranking fourth in Georgia by total assets (USD 316 million as of 31 December 2007).

EBRD finance:

Medium Sized Co-financing Facility of USD 20 million, of which a USD 10 million loan with the full recourse to Bank Republic and USD 10 million for the Bank's risk participation in Bank Republic's loans

Total project cost:

USD 65 million.

Environmental impact:

Screened FI. Bank Republic has recently developed and adopted its own Risk Management Procedure, which also covers management of environmental risks. After the inclusion in EBRD's partner banks list the bank undertook implementation of EBRD's Environmental Procedures, including compliance with the FI Environmental Exclusion and Referral Lists. In January 2006 and February 2008 Bank Republic staff participated in the Environmental and Social Risk Management training programme organised by the Bank's Environment and Sustainability Department. Bank Republic complies with all national health, safety and environmental standards as well as with national employment laws and standards. Bank Republic will also comply with relevant Environmental Procedures within respective EBRD transactions and submit an Annual Environmental Report to EBRD.

Technical cooperation:

The Energy Efficiency credit line will be complemented by grant funding to engage consultants in order to prepare energy audits, review investment proposals, support companies in securing funding from BR and provide implementation support. The budget for the framework assignment is USD 2,398,000 funded by ETC, UK- DFID SEI Fund and CIDE-EBRD 2006/09 Fund.

For consultant opportunities for projects financed

by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Giorgi Kerkadze, IFI Relationship Manager
Bank Republic
2 Gr. Abashidze St,
0179 Tbilisi, Georgia
Telephone: +995 32 925555

E-mail: Giorgi.Kerkadze@republic.ge

EBRD contact:

Natalie Mouravidze, Operation Leader:
mouravin@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

M.

Project name: MCFF - Bank Republic - Full Recourse
Country: Georgia
Project number: 39353
Business sector: Lending to banks
Public/Private: Private
Environmental category: FI
Board date: 22 July 2008
Status: Passed concept review, Pending final review
Date PSD disclosed: 20 June 2008
Date PSD updated:

Project description and objectives:	Medium Sized Co-financing Facility (“MCFF”) of USD 20 million, of which a USD 10 million loan with the full recourse to Bank Republic and USD 10 million Bank’s risk participation in Bank Republic’s loans with maturity up to 8 years. The MCFF will be used to provide medium- to long-term financing to Georgian private companies, clients of Bank Republic, to meet their requirements for larger loans. The EBRD will finance sub-loans which cannot be financed by the bank due to internal or regulatory risk diversification guidelines or policies.
Transition impact:	C) The MCFF facility will help BR to ensure its prudent portfolio concentration and risk diversification and will enable it to support the longer-term financing needs of its clients. It will contribute to build up expertise among the bank’s staff and sub-borrowers through training and project preparation. The facility will also help Bank Republic to apply higher requirements to clients’ corporate governance and business standards in line with the Bank’s policy and practice and send a signal to the local private sector that observing these standards will facilitate access to finance.
The client:	Bank Republic is a subsidiary of Societe Generale, one of the leading financial services companies in Europe. It is a universal commercial bank, ranking fourth in Georgia by total assets (USD 316 million as of 31 December 2007).
EBRD finance:	Medium Sized Co-financing Facility of USD 20 million, of which a USD 10 million loan with the full recourse to Bank Republic and USD 10 million for the Bank’s risk participation in Bank Republic’s loans
Total project cost:	USD 65 million.
Environmental impact:	Screened FI. Bank Republic has recently developed and adopted its own Risk Management Procedure, which also covers management of environmental risks. After the inclusion in EBRD’s partner banks list the bank undertook implementation of EBRD’s Environmental Procedures, including compliance with the FI Environmental Exclusion and Referral Lists. In January 2006 and February 2008 Bank Republic staff participated in the Environmental and Social Risk Management training programme organised by the Bank’s Environment and Sustainability Department.

Bank Republic complies with all national health, safety and environmental standards as well as with national employment laws and standards. Bank Republic will also comply with relevant Environmental Procedures within respective EBRD transactions and submit an Annual Environmental Report to EBRD.

Technical cooperation:

The Energy Efficiency credit line will be complemented by grant funding to engage consultants in order to prepare energy audits, review investment proposals, support companies in securing funding from BR and provide implementation support. The budget for the framework assignment is USD 2,398,000 funded by ETC, UK- DFID SEI Fund and CIDE-EBRD 2006/09 Fund.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Giorgi Kerkadze, IFI Relationship Manager
Bank Republic
2 Gr. Abashidze St,
0179 Tbilisi, Georgia

Telephone: +995 32 925555

E-mail: Giorgi.Kerkadze@republic.ge

EBRD contact:

Natalie Mouravidze, Operation Leader:
mouravin@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

N.

Project name: Sinara Transport Machines

Country: Russia

Project number: 38793

Business sector: General manufacturing

Public/Private: Private

Environmental category:	B
Board date:	22 July 2008
Status:	Passed final review, Pending board approval
Date PSD disclosed:	19 June 2008
Date PSD updated:	
Local language translation:	Перевод на русский 
Date translation disclosed:	19 June 2008
Project description and objectives:	<p>The proposed project is an up to USD 65 million subordinated loan to the Company to: i) consolidate Lyudinovo Diesel Locomotives (LTZ), located in Kaluga region, into the Company’s holding structure, ii) finance installation of new equipment at LTZ and Ural Railway Engineering Plant (UZGM), located in Sverdlovsk region, and iii) finance energy efficiency projects identified by the EBRD at LTZ and UZGM sites.</p> <p>The financing will allow the Company to</p> <ul style="list-style-type: none"> (i) undertake priority investment programme to enable serial production of main-line electric locomotives, (ii) optimize its capital structure, (iii) raise the priority of energy efficiency projects.
Transition impact:	The project will promote competition, support new and existing product development and contribute to the development of Russia’s infrastructure. The transition impact will also derive from adoption by the Company of the best corporate governance standards.
The client:	OJSC Sinara Transport Machines, an open joint stock company, (the “Company”), holding and management vehicle for rail transport manufacturing assets of Sinara Group, a diversified investment management company headquartered in Ekaterinburg.
EBRD finance:	Up to USD 65 million subordinated loan.
Total project cost:	USD 289 million.
Environmental impact:	<p>Screening category and justification</p> <p>The project was screened as B/1 requiring an environmental due diligence consisting of an</p>

Environmental Audit of the existing production facilities in the Sverdlovsk and Kaluga Oblasts and an Environmental Analysis of the proposed investment plan to ascertain future compliance with national and the EU environmental standards.

Due diligence undertaken and outcomes

The environmental due diligence was undertaken by an independent international environmental consultant and included site visits to the Company headquarters in Yekaterinburg as well as site visits to the production facilities . During the due diligence meetings were also held with senior technical and production managers at the corporate and site levels.

The Company utilizes a number of operations, which can result in environmental impacts. These range from foundry and forge operations to welding and painting. Many of the operations require skilled labor and precision engineering. Some of the sites have a long history and the main assembly shop will regenerate old and unused facilities. The Company is engaged in a significant investment programme to modernize the existing facilities.

The environmental due diligence has confirmed that the current and planned operations are in compliance with National environmental standards and the planned investment programme will commission existing capacity and rationalize production. The new investment project is structured to meet EU environmental standards, albeit some of the existing operations would not fully meet state-of-the-art technology. The Bank is working with the Company through the implementation of the proposed Environmental and Social Action Plan (ESAP) to improve future operations and ensure compliance with international best practices. Overall, the proposed project will further improve the environmental performance of the plants and allow for higher energy efficiency levels and future compliance with best international environmental standards and practices. Based on the environmental due diligence an Environmental and Social Action Plan (ESAP) was developed and is being agreed with the Company. This includes the development of a systematic approach to environmental issues at the Company and individual site level, including the implementation of an environmental, health and safety management system as well as further investments to reduce energy use as well as improve the

abatement of air emissions and wastewater in line with best international practice. The Company will undertake additional BAT Assessment of existing operations once the ongoing production restructuring has been implemented and production reaches planned levels to review additional opportunities for further energy efficiency and environmental improvements.

Implementation requirements

- The Company will be required to provide the Bank with an annual environmental report, including updates on the ESAP (i.e. implementation status of the various projects), and notification on any material accidents or incidents
- The Company will implement the ESAP (as will be agreed with the Company) and an Environmental, Health and Safety Management System.
- The Company will conduct its business with due regard to National and EU environmental regulations and standards.
- The Company will facilitate periodic monitoring visits by Bank staff or appointed representatives, when deemed necessary.

Technical cooperation:

As part of the Project, EBRD has arranged an energy efficiency audit to help the Company assess potential for improved energy efficiency. The audit was conducted within EBRD's donor-funded Industrial Energy Efficiency Programme.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Evgeny Ivanovich Gritsenko
Deputy General Director
ZAO Sinara Group
Tel. (343) 310-3300

EBRD contact:

Artyom Sitnikov, Operation Leader: sitnikoa@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

O.

Project name:	Petrovax Equity
Country:	Russia
Project number:	38257
Business sector:	General manufacturing
Public/Private:	Private
Environmental category:	C
Board date:	22 July 2008
Status:	Passed final review, Pending board approval
Date PSD disclosed:	19 June 2008
Date PSD updated:	
Local language translation:	Перевод на русский 
Date translation disclosed:	26 June 2008
Project description and objectives:	<p>The EBRD is considering an acquisition of a minority equity interest in NPO Petrovax Pharm LLC, a niche pharmaceutical company organized under the laws of Russian Federation.</p> <p>The proceeds from the transaction will be used primarily in connection with (i) construction of an additional production line at the company's facility in Podolsk; (ii) research, development and commercialization of new products; and (iii) enhancement of the company's organizational structure and corporate governance standards.</p>
Transition impact:	<p>The transition impact in this Transaction will be achieved through:</p> <ul style="list-style-type: none">• Introduction of new products and technology – a portion of the transaction proceeds will be used to commercialize new pharmaceutical products currently in various stages of development.

- Improvement of corporate governance standards – the Bank’s investment will support the company in its post-transaction corporate governance improvement strategy. The goals of this strategy will include bringing international corporate governance practices to the company.

The client:	NPO Petrovax Pharm is a niche pharmaceutical company involved in development and production of branded drugs and vaccines. The company’s main activities include development, registration, production and distribution of patented scientific inventions, primarily in the fields of immunology and viral diseases.
EBRD finance:	Up to RUB 664.2 million.
Total project cost:	Up to RUB 664.2 million.
Environmental impact:	The proposed project has been screened C/1. A range of environmental, health and safety audits and assessments have been undertaken as part of the Bank’s due diligence. In December 2006, an environmental and social audit was conducted by independent consultants as part of the Bank’s monitoring programme. Along with a series of environmental reports from the Company, the Bank’s Environmental Specialist also visited the plant. All of the reports received, including the site visits, confirm that there are few, if any EHS risks associated with operation of the Company’s pharmaceutical plant in Podolsk. The plant has been built to a high standard and is operated in accordance with applicable national environmental, health and safety requirements, with GMP standards and in line with best international practice. An environmental action plan (EAP) has been developed and is being implemented in accordance with the Bank’s requirements. The new production line to be financed with the Bank’s equity will have no significant adverse environmental impacts and will be constructed and operated to EU and best international standards.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .

Company contact: NPO Petrovax Pharm
Mr. Arkadiy V. Nekrasov, General Director

Tel: +7 (495) 984-2754
Fax: +7 (495) 984-2753

Email: NekrasovAV@petrovax.ru

EBRD contact: Andrey Kalashnikov, Operation Leader:
kalashna@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

P.

Project name: IVC Vostok
Country: Russia
Project number: 37928
Business sector: General manufacturing
Public/Private: Private
Environmental category: B
Board date: 22 July 2008
Status: Passed final review, Pending board approval
Date PSD disclosed: 19 June 2008
Date PSD updated:
Local language translation: [Перевод на русский](#) 
Date translation disclosed: 20 June 2008

Project description and objectives: The proposed investment is for the construction and operation of a vinyl floor coverings plant with total annual production capacity of 30 mln m² per year in the Yaroslavl region of the Russian Federation.

The investment will allow IVC to consolidate its

position on the Russian market, will foster competition in the sector and will substitute imports by locally manufactured floor coverings.

Transition impact:

The transition impact potential of the Project is derived primarily from setting standards for the Russian vinyl floor coverings industry. The project will channel Western technologies and know-how as well as industry expertise into the Russian vinyl floor coverings manufacturing sector.

Fostering competition in a sector currently dominated by a one player is another merit of the Project. The project will also promote import substitution.

The client:

OOO IVC Vostok, a company set up in Russia by IVC N.V. to construct and operate vinyl floor coverings plant. IVC N.V., a Belgian company, 2nd largest European producer of vinyl floor coverings.

EBRD finance:

Subscription for IVC Vostok's equity capital for up to RUB 370 million (EUR 10 million equivalent).

Total project cost:

Total project will cost approximately EUR 71 million.

Environmental impact:

Environmental classification and rationale

The proposed investment by the European Bank for Reconstruction and Development (EBRD) involves an equity investment to support the construction and operation of PVC flooring manufacturing facility on the south western outskirts of the City of Yaroslavl. According to EBRD's Environmental Policy and Procedures this project has been categorised B/1.

Information reviewed during the environmental appraisal

The construction and operation of PVC flooring manufacturing facility would be typically associated with limited direct environmental, health and safety issues, which can be readily identified and assessed as well as efficiently mitigated with modern technology and project

design. For this reason the Bank conducted an environmental analysis of the expansion plans and environmental audit of the existing facilities. These studies took the form of a corporate environmental review.

IVC N.V. submitted a range of information to the Bank including a Phase I Environmental Site Assessment and Phase II Soil Investigation reports both conducted by independent international environmental consultants; environmental impact OVOS documentation, etc. The Bank's Environmental and Sustainability Department staff met with Company management and technical staff. The Bank's aim was, among other things to assess the site; the current environmental, health and safety performance and practices of the company and the ability of the future facility to comply with Russian Federation and applicable European Union environment, health and safety ("EHS") standards.

Key environmental issues and mitigation

The Company currently operates in Belgium and Luxemburg to international environmental, health and safety standards. They have a good record of regulatory compliance and have little environmental impact.

The site identified for the green-field construction is part of land put aside for the new industrial park of "Novoselki". The previous use of the site was for agriculture and soil investigations identified no contamination and no other environmental issues. The site contains no residential dwellings. The Company is committed to international best industry practice. The facility will be built and operated to Russian Federation and European Union Standards for environment, health and safety including during the construction phase. An Environmental Action Plan will not be required for this project.

Environmental opportunities

The Company is aware of the benefits of eco-efficiency and is already committed to implementing actions which minimize energy use and water consumption. Such actions include the recycling of heat and water within the plant.

Disclosure of information and consultation

The Company will carry out its activities in accordance with Russian Federation requirements for public disclosure and consultation. Additionally, the Company is disclosing this summary of key environmental issues locally, in accordance with EBRD requirements, prior to the EBRD's final management review of the project.

Monitoring and reporting

The company will provide the Bank with an annual environmental report and immediate notification of any incidents or accidents likely to have an effect on the environment or worker and public safety.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Nijverheidslaan 29, 8580 Avelgem, Belgium
Website: www.ivcgroup.com

EBRD contact:

Serdar Annamukhamedov, Operation Leader:
annamuhs@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

Q.

Project name: Russian Communal Systems - Pre Equity Financing

Country: Russia

Project number: 39188

Business sector: Energy efficiency
Public/Private: Private
Environmental category: C
Board date: 17 June 2008
Status: Board approved, Pending signing
Date PSD disclosed: 12 June 2008
Date PSD updated:

Project description and objectives:

Ahead of its dissolution in July 2008 and through an auction held on 22 May 2008, the Russian state electricity company RAO UES agreed to sell to Indville Management Ltd., an affiliate of Integrated Energy Systems, its 25 percent plus one share stake in Russian Communal Systems (“RKS”) for a price consideration of RUB 3.1 billion.

The project involves a Pre-Equity Financing in the form of a loan to Indville Management allowing it to acquire the RKS shares sold by RAO UES by settling the auction price. This Pre-Equity Financing transaction may be followed by an equity transaction whereby the Bank would consider buying itself a minority equity stake in RKS, under terms to be negotiated after signing of the Pre-Equity Financing and subject to all relevant approvals as well as the publication of the corresponding project summary document in due course.

Transition impact:

Transition impact will be realised through:
(i) promotion of competitive tendering, as RKS will agree to only pursue new opportunities where the award is done on a competitive basis and in a fair and transparent manner;
(ii) setting standards for business conduct as RKS will commit to proceed with its reorganization in a fair and transparent manner and to implement IFRS accounting as well as establish medium-term business planning procedures; and
(iii) RKS and Integrated Energy Systems will develop and agree with the Bank on an action plan within 6 months of the first disbursement, which shall provide for the rebalancing of the RKS contract portfolio in accordance with a detailed schedule and in accordance with a pre-agreed criteria that provide

both the public and private entities a balanced risk-return profile.

The client: Indville Management Ltd., a company controlled by Integrated Energy Systems.

EBRD finance: Pre-Equity Financing in the form of a loan of up to RUB 3.1 billion.

Total project cost: Up to RUB 3.1 billion.

Environmental impact: Screened C/0. The proceeds of the proposed Pre-Equity Financing will not be used to finance any CAPEX investments and, therefore, there are no environmental impacts associated with this project. The Borrower, Indville Management, does not have or operate any physical assets, therefore no environmental audit is needed.

However, there are risks associated with the potential second stage of this transaction which may involve the Bank taking a minority equity position in RKS. RKS provides municipal water, wastewater, district heating and electricity distribution services and operates a broad range of assets. Due diligence would be carried out prior to the Bank's potential equity investment is proposed for Board consideration. The due diligence would include a Corporate Environmental, Health, Safety and Social Audit as well as audits of individual RKS assets, operations and investment programmes. Following these audits an Environmental and Social Action Plan (ESAP) satisfactory to the Bank would be developed. There would be a new PSD for the equity transaction which would summarise the due diligence findings and the ESAP.

Technical cooperation: None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact: tba

EBRD contact: Svetlana Radchenko, Operation Leader:
radchens@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

R.

Project name:	Viro
Country:	Croatia
Project number:	39200
Business sector:	Agribusiness
Public/Private:	Private
Environmental category:	B
Board date:	8 July 2008
Status:	Passed final review, Pending board approval
Date PSD disclosed:	6 June 2008
Date PSD updated:	

Project description and objectives:

The EBRD is considering providing up to EUR 40 million senior secured loan to finance the comprehensive modernisation of Viro Tvrnica Secera, Croatia's leading sugar producer with sales of EUR 102.1 million in 2007. The company is planning this modernisation programme in order to improve its cost competitiveness and energy efficiency in advance of Croatia's anticipated EU accession. Alongside the modernization programme, the EBRD might finance a potential capacity expansion programme of the company.

Transition impact:**Corporate restructuring**

Viro will invest in the modernization of its production facilities, which will generate positive effects in the production process. The benefits will be generated by:

- (1) lowering operational cost through technological innovation, which will increase Viro's processing capacity;
- (2) energy efficiency investments will result in a reduction of energy consumption of approximately 30%. In line with that, the Bank has carried an energy efficiency audit at the company's factory

site.

Backward linkages and transfer of know-how

The company works with small and medium size farmers, as well as cooperatives, supporting their activities through pre-financing of their needs, such as providing seeds, fertilizers, etc. Viro's financial support is also associated with strong technical assistance and transfer of know-how to the farmers. The company has embraced a significant programme to enlarge the area under cultivation and to improve the yields. Viro has started collaborating with the LIZ Sugar Beet Institute in Germany to help improve the land efficiency and increase know-how with the sugar beet growers. As a result of this project, the company is planning to increase sugar beet yields from 7.3 t/ha to 10 t of sugar/ha within a three year period through efficient land management and farmer education.

The client:

Viro is Croatia's leading sugar producer, with sales of EUR 102.1 million in 2007. The company holds a 68% market share in Croatia and exports approximately 43% of its sales. The company processes about 80,000 tonnes of raw sugar and 60,000 tonnes of sugar from beet sugar per annum, and is HACCP certified. In June 2007, Viro was awarded the Halal certificate for sugar, thus becoming the first sugar factory in Europe with such a certificate.

EBRD finance:

Up to EUR 40 million senior secured loan out of which EUR 20 million of the loan will be offered to B-Banks.

Total project cost:

Up to EUR 52 m

Environmental impact:

Screening category and justification

The project was screened as B/1 requiring an environmental due diligence consisting of an Environmental Audit of the existing sugar plant and an Environmental Analysis of the proposed investment plan to ascertain future compliance with national and the EU environmental standards.

Due diligence undertaken and outcomes

The environmental due diligence was undertaken by an independent international environmental consultant and included site visit to the company. During the due diligence meetings were also held with senior technical and production managers at the corporate and site levels.

Viro operates the largest sugar processing facility in Croatia, which has been subject to a comprehensive modernization programme, which is currently being implemented with the main investments to be made in 2008 and 2009. The majority of the investments are intended to facilitate two main objectives:

- Significantly increase capacity of the plant and by exploiting economies of scale substantially increase productivity; and
- Significantly reduce energy consumption and improve resource efficiency of the plant by selectively adding installations or substantially retrofitting and upgrading existing one's.

As a result the site expects to reduce unit costs, decrease energy consumption by up to 30% and also reduce dependency on cold weather in winter time by being able to faster process sugar beet during the campaign. CO2 emissions are expected to decrease by at least 20%.

The environmental due diligence has confirmed that the plant is in compliance with National environmental standards and is in general compliance with European Union IPPC requirements as set out in the IPPC Reference Document on Best Available Techniques (BREF Note) in the Food, Drink & Milk Industries. The proposed project will further improve the environmental performance of the plant and allow for higher energy efficiency levels and future compliance with the IPPC Best Available Techniques (BAT) requirements. Based on the environmental due diligence an

Environmental and Social Action Plan (ESAP) was developed and is being agreed with the company. This includes the development of a systematic approach to environmental issues at the company, including the implementation of an environmental, health and safety management system as well as further investments to reduce energy use as well as improve the abatement of air emissions and wastewater in line with best international practice. The company will also establish a more formalised and structured stakeholder engagement programme.

Implementation requirements

- The company will be required to provide the Bank with an annual environmental report, including updates on the ESAP, and notification on any material accidents or incidents
- The company will implement the ESAP (as will be agreed with the Company) and an Environmental, Health and Safety Management System.
- The company will conduct its business with due regard to National and EU environmental regulations and standards.
- The company will facilitate periodic monitoring visits by Bank staff or appointed representatives, when deemed necessary.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Mr Damir Baric, Viro Tvornica Secera d.d.
Email: damir.baric@secerana.hr

EBRD contact:

Vedrana Jelusic, Operation Leader:
jelusicv@ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

S.

Project name: Detsky Mir
Country: Russia
Project number: 38050
Business sector: General manufacturing
Public/Private: Private
Environmental category: C
Board date: 22 July 2008
Status: Passed final review, Pending board approval
Date PSD disclosed: 6 June 2008
Date PSD updated:

Project description and objectives:

The EBRD is considering providing a loan of up to USD 50 million to OAO Detsky Mir Centre (“Detsky Mir” or the “Company”) to finance the further expansion of the retail network of Detsky Mir into Russia’s regions. Detsky Mir is the largest retailer of children’s goods in Russia and the CIS.

The company aims to open over 100 new stores in the regional cities of Russia by 2011.

Transition impact:

The transition impact potential of the Project is derived primarily from supporting the development of the organised retail market for children’s goods in the regions of Russia and the development of logistics to support the planned vast regional retail network. The organised retail market is expected to increase the level of service, the efficiency standards and the quality and safety of the goods proposed in the regions.

The Project will also

- (i) support the transfer of up-to-date skills, (including modern merchandising and extended customer services, into the remote Russian regions)
- (ii) support the development of the Russian retail industry in line with the best international practices.

The client:	Detsky Mir is the largest retailer of children’s goods in Russia and the CIS. Detsky Mir is incorporated in Russia and is 100% owned by JSFC Sistema.
EBRD finance:	The EBRD will provide a loan of up to USD 50 million to Detsky Mir.
Total project cost:	Total project will cost approximately USD 100 million.
Environmental impact:	Screened C/1. Environmental due diligence including the reviews of the Bank's Corporate Environmental Questionnaire and Purchasing and Supplier Management Questionnaire indicates that the company and its operations are in compliance with national environmental, health, safety and labour standards as well as good international practice. The Company ensures that the toys sold in their outlets meet ISO 9001:2000, European standards of toys' safety, GOST 257799 (national standards) and national Sanitary Regulations and Norms. The Company also ensures that every outlet shop meets their life and fire safety technical standards developed in accordance with the national norms. The Company is required to ensure that the project meets relevant national and EU environmental, health, safety and labour standards and submit an Annual Environmental Report to the Bank.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	OAo Detsky Mir Centre Website: www.det-mir.ru
EBRD contact:	Almaz Toigonbaev, Operation Leader: toigonba@ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.
General enquiries:	EBRD project enquiries not related to procurement: Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 Email: projectenquiries@ebrd.com

III. ADDITIONAL INFORMATION AND ASSISTANCE:

- a. **US Advocacy Center-EBRD Liaison Office (AC-EBRD):** AC-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

Sanford Owens
Senior Commercial Officer
Sanford.Owens@mail.doc.gov

Gurjit Bassi
Commercial Specialist
Gurjit.Bassi@mail.doc.gov

Stephanie Wake
Commercial Assistant
Stephanie.Wake@mail.doc.gov

At the Advocacy Center - EBRD Liaison Office
Tel: 44-20-7588-8490, fax: 44-20-7588-8443.
Web: www.buyusa.gov/ebrd

Note: AC-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppo/procure/oppo/index.htm. An updated list of EBRD publications can also be found on the main website www.ebrd.com