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India's Pacts with Azerbaijan & Uzbekistan

The Great Oil & Gas Boon

FOCUS: Powering Russia to Prosperity

REPORT: Exim Bank Excels in Silver Jubilee Year

PERSPECTIVE: Can India Tackle Global Poverty? Yes, says Prof. Hulme

EBRD NEWS: Priority for SMEs, Pvt. Investment

TOURISM: The Times of Timur & Land of Lakes

स्थापना दिवस वार्षिक अभिभाषण
COMMENCEMENT DAY ANNUAL LECTURE



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EXPORT-IMPORT BANK OF INDIA



Founder Chairman
Late Shri R.K. Prasad

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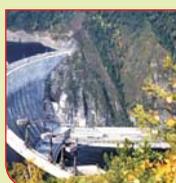
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Dear Reader,

Greetings. Energy has emerged as the key element of economic development, across the world. There is insatiable demand for energy from the fast-growing economies of countries such as India and China. Energy security is as important as food security, the two being interdependent. Having achieved food security, India is striving to achieve energy security. Towards this end, India's ONGC Videsh and GAIL have been looking at the prospects of acquiring oil and gas fields respectively in promising regions as distant as Latin America. Of course, Indian companies know that proximity matters most in terms of cost reduction in operations as well as imports. It is in this regard that the CIS region holds bright prospects for energy-starved India. Having blessed with huge oil and gas reserves, the CIS offers the big boon that India is looking for very keenly. The recent week-long visit of India's Minister of State for Commerce Jairam Ramesh to Azerbaijan and Uzbekistan has facilitated the signing of MOUs between ONGC Videsh and GAIL on behalf of India and their CIS counterparts. The cover story of the current issue of Indo-CIS Business covers this crucial cooperation in the field of oil and gas between India and the two oil and gas-rich CIS member-countries. Leading the CIS countries in energy is Russia, where energy-efficient projects are placed under a premium by the European Bank for Development and Reconstruction (EBRD). We carry a report under the focus section. India's Commerce Ministry has selected CIS, along with Africa and Latin America as the "Focus" regions for promoting bilateral trade. The Export Import Bank of India, which has been playing the pivotal role of a catalyst and facilitator by extending various lines of credit to financial institutions from these three regions, has announced excellent results for the financial year 2006-07, ending March. The current issue covers the Bank's performance in 2006-07, its Silver Jubilee Year. Since 1986, the Bank has been holding the Commencement Annual Day Lecture, inviting eminent personalities to deliver it and in 2007, it was Prof. David Hulme, an authority on issues concerning the eradication of poverty. We carry a detailed report of the lecture. At the annual general meeting of the EBRD, held recently, the Bank's President, Jean Lemierre reiterated EBRD's commitment to the promotion of small and medium enterprises (SMEs), corporate sector and private investment. The issue highlights the Bank's AGM proceedings. The tourism section takes you back to the times of Timur, the warrior-king, who ruled the region, what today is known as Uzbekistan and also Turkmenistan, the land of many lakes. The magazine carries, as usual all other regular features.

Wish you happy reading



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India Signs Energy Co-operation Pacts with Azerbaijan, Uzbekistan

CIS Oil & Gas Boon for India



The Commonwealth of Independent States (CIS) is becoming an increasingly important source of energy for big consumers such as India. The CIS region's hold on oil and gas reserves is very strong. No wonder, more and more international companies, including India's ONGC Videsh are zeroing in on the oil and gas-rich region to take advantage of the lucrative opportunities it offers.



India's initiative in exploring opportunities in the oil and gas sector of the CIS region found an expression during a recent visit of Minister of State for Commerce Jairam Ramesh to Azerbaijan and Uzbekistan. During his week-long visit to the two countries he signed a number of multi-sectoral agreements to boost bilateral economic relationships covering both investment and trade, with an emphasis on the oil and gas sector.

Ramesh held talks with Uzbekistan Prime Minister Savkit Mirziyayev following which the central Asian country has agreed to open technical talks with GAIL for enabling the Indian company to start exploration activity in natural gas in the gas-rich nation.

India, in its turn, has offered to help establish a training institute for gas technology in Tashkent, on the lines of the Jawaharlal Nehru IT Centre in the Uzbek capital that was inaugurated by Prime Minister Manmohan Singh last year. GAIL has identified four specific blocks for gas exploration. So far Russia, China and South Korea have invested in gas exploration in Uzbekistan.

Indian companies are also set to play a greater role in the development of Azerbaijan's rapidly expanding oil and gas industry following an agreement between India and Azerbaijan on cooperation in several areas including oil and gas sector.

This was the result of a meeting that the visiting Indian Minister had with Azerbaijan President Ilham Aliyev in Baku. During the meeting, Aliyev agreed to ONGC Videsh and SOCAR, the state-owned oil and gas exploration company of Azerbaijan starting talks for cooperation for ONGC Videsh's investments in hydrocarbon-rich Azerbaijan.

ONGC Videsh has already invested close to \$5 billion in 15 countries around the world, half of which is in Russia alone and that ONGC Videsh has much to offer to Azerbaijan, particularly in fields where production is declining. Aliyev sought India's assistance in enhanced oil recovery and deep sea drilling.

Ramesh offered GAIL's expertise in gas-based petrochemicals and city-gas distribution. To begin with, ONGC Videsh and GAIL was to participate in the Caspian Sea Oil and Gas

Exhibition being held in Baku in June.

In Baku, Ramesh signed the first-ever agreement with Azerbaijan for establishing the India-Azerbaijan Intergovernmental Commission on Trade, Economic, Scientific and Technological Cooperation. Accompanied by the Managing Director of ONGC Videsh, the Minister pursued India's interests for oil and gas exploration in Azerbaijan.

Since Azerbaijan also has vast resources of minerals and metals, senior officials from MMTC and the National Mineral Development Corporation (NMDC) accompanied Ramesh, to explore the possibilities of entering into a Memorandum of Understanding for cooperation in the mineral sector with the Azerbaijan Government.

BHEL has executed a major project for supply and installation of power generators. Indian pharmaceutical companies are also building their presence in Azerbaijan. The Minister's visit provided the right fillip to these efforts.

Ramesh also offered India's assistance in tapping the high wind energy potential in Azerbaijan. The Minister informed the Azerbaijan President that Indian companies like Vestas and Suzlon have become globally prominent and already about 4500 MW of wind energy capacity has been established in India.

During his talks with government leaders in both Azerbaijan and Uzbekistan, Ramesh expressed India's keenness in exploring

cooperation in other areas, notably, gold mining.

In Uzbekistan, Ramesh conveyed to the Prime Minister, India's interest in exploring gold in gold-rich Uzbekistan since India is now the world's largest importer of gold. The Uzbek government has agreed to consider a proposal from MMTC/ National Mineral Development Corporation (NMDC) for gold exploration but wants this proposal to include value-addition investments in Uzbekistan itself, like in gold jewellery. MMTC and NMDC were to formulate a proposal for submission to the Uzbek government in the following 30 days.

The Uzbek Prime Minister also scored the special cultural and political relationship that exists between India and Uzbekistan and said that the time was now ripe for taking the bilateral economic relationship to a new high.

In Azerbaijan, Ramesh briefed Aliyev about India's interest in exploring for gold in that country since India is now the world's largest importer of gold. MMTC and NMDC will work with their Azerbaijani counterparts to identify specific areas where prospecting and appraisal work can be undertaken.

Aliyev expressed deep appreciation of India's offer to help establish a centre for education and training in IT in Baku. The President agreed with the observations made by Ramesh that India's great strength lies in skills training and human resource development, particularly in management, law and science and technology. Of the 100 Azeri students who are to be sent abroad for higher education this year, it is expected that 20 will come to India.

Azerbaijan President and other leaders also expressed hope that Indian pharmaceutical companies would consider moving beyond distribution and set up manufacturing facilities in Azerbaijan.

Ramesh and Azerbaijan's Minister for Economic Development Haiyder Babayev also signed an agreement that sets up a Joint Intergovernmental Commission on Trade, Investment and Economic Cooperation.

The Agreement, which has been on the anvil for almost five years, is expected to provide a fillip to both commercial and cultural exchanges between the two countries. India has also offered technical assistance to Azerbaijan to facilitate its entry into the WTO. Meanwhile, President Aliyev accepted the invitation from Ramesh to visit India at the earliest.

Also accompanying the Indian Minister was Mukund Chaudhury, Managing Director of CLC Textiles, which has recently invested \$ 81 million in cotton spinning and yarn in Uzbekistan. A further investment of \$ 40 million is planned by CLC Textiles over the next two years. The Uzbek Prime Minister appreciated the operations of CLC Textiles and expressed Uzbekistan's keenness for similar investments by Indian companies in pharmaceuticals and leather. Ramesh promised to talk to Indian companies in this regard soon.



EBRD Places Premium on Energy-efficiency Projects

Powering Russia to Prosperity

The European Bank for Reconstruction and Development (EBRD) has been placing special emphasis on its Sustainable Energy Initiative, under which it finances energy efficiency projects and renewables, such as hydro and wind power.

In 2006 the EBRD's investment in sustainable energy totalled €750 million. The Bank also continued to support restructuring of the power sector, particularly in Russia.

Electricity Generation

In 2006 the EBRD provided financing of €390 million projects in the power and energy sector and attracted a further €900 million of syndicated funding in support of these projects. The countries to benefit included Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Poland and Russia. Financing was provided in the form of private sector loans, equity investments, local currency financing (provided in roubles), state-guaranteed loans, and loans without state guarantees.

The EBRD continued its major role in financing the restructuring of Russia's electricity sector with three major

transactions: Mosenergo, Hydro OGK, and OGK-5. The urgent need for investments to raise efficiency, to replace ageing infrastructure and to cut power losses was highlighted during the exceptionally cold spell in January and February 2006 when the power system came under considerable strain.

Early in the year, the Bank successfully syndicated to a group of commercial banks a large proportion (€124 million) of the EBRD's €190 million loan to the Moscow power utility, Mosenergo.

Provided to finance the cost of refurbishing 17 power stations in the capital and the surrounding region, the loan will help to meet the fast-growing demand for power and heat in Moscow and beyond.

The syndication was a milestone in the Russian rouble loan market in that it involved six leading international banks and the longest-ever tenor for a rouble transaction syndicated on the market. It was also the first time that the EBRD's syndicated loan structure (with the EBRD remaining lender of record for the full amount) had been extended to the local currency lending market.

Modernization Programme

Later in the year, the EBRD extended a 2.3 billion rouble (€66 million) loan to Hydro OGK, a subsidiary of Russia's main power utility RAO UES, for the modernisation of hydro power plants in the Volga-Kama cascade, one of the country's largest sources of hydro power. Nine commercial banks participated in a syndicate to provide a total of 4 billion roubles (€120 million). This transaction, with a tenor of 10 years, overtook Mosenergo as the longest-ever local currency loan to be syndicated. The modernisation programme will extend by at least a quarter of a century the life of nine power stations in the cascade. Once the reorganisation of Hydro OGK has been completed in about five years' time it will become the world's second-biggest hydro generating company.





Hydro-generation

Hydro generation is the main source of renewable energy in Russia, providing 20 per cent of all the power produced. It acts as the backbone of the power industry, stabilising supplies and maintaining the reliability of the country's entire system as well as generating economically efficient electricity. The government has now put Hydro OJSC in charge of developing all renewable energy resources in Russia, including wind farms, tidal and small hydro projects. The EBRD has secured grant financing from the Spanish government to assist Hydro OJSC in the development of a regulatory framework for wind farms.

The EBRD's third project in Russia's electricity sector was a €27 million equity investment in OJSC-5. This was provided through the first public offering of one of Russia's wholesale generating companies.

The EBRD significantly increased its investment in energy efficiency projects in 2006.

The EBRD's increasing focus on renewable energy was further demonstrated by an EBRD loan of €8 million to complete the modernisation of the Enguri dam and power station in Georgia. Enguri currently generates about 35 per cent of Georgia's power consumption, which should increase to 40-45 per cent when the modernisation

is completed.

Another renewable energy project signed by the EBRD in 2006 was a loan of up to €5 million to Cascade Credit, a credit organisation based in Armenia, for investments in mini-hydro and other renewable projects. This project is important for Armenia, one of the Bank's poorest countries of operations, as it should reduce the country's dependence on imported fuel for power generation and will increase the security of energy supplies.

In 2007 and beyond the EBRD will continue to focus on energy efficiency, renewables, the regional integration of power markets (particularly in south-eastern Europe), power market restructuring (for example, in Russia) and privatisation.

Energy Efficiency

The EBRD significantly increased its investments in energy efficiency in 2006. A total of €670 million of EBRD financing was devoted to achieving lower energy use per unit of GDP in the Bank's countries of operations.

Excluding supply-side projects, such as power generation and transmission, the Bank's investment more than doubled, to €415 million. This increase in business volume reflects the EBRD's growing emphasis on energy efficiency, as outlined in the Bank's new Energy Policy and in the launch of the Sustainable Energy Initiative (SEI).

Under the SEI, the EBRD aims to tackle climate change by addressing the wasteful and polluting use of energy. EBRD investments in energy efficiency, renewables and clean energy projects will be combined with donor-



funded initiatives to address the barriers to investment in sustainable energy.

Another reason for the higher volume of investment in 2006 is the reorganisation of the EBRD's energy efficiency team and greater understanding in the Bank's region of operations of how improvements in energy efficiency can help companies achieve greater competitiveness and reduce wastage at a time when the supply of energy cannot be guaranteed.

EBRD investment in the restructuring of Russia's electricity sector is helping to improve the reliability of power supply to cities throughout the country.

Charging up Russia's power sector

One of the most ambitious elements in Russia's project to dismantle old state controls of its economy is the reform of a once-centralised state electricity business, splitting it into separate generation, transmission and distribution companies and turning yesterday's unwieldy monolith into tomorrow's multi-player market.

As the Russian economy grows, and electricity consumption rises by more than 5.0 per cent a year (making it ever more important to rebuild the nation's outdated energy infrastructure), RAO UES, Russia's largest power utility, is being split into separate generation, transmission and distribution companies.

The EBRD's pivotal role in this giant reform is confirmed as the first shares in one of the new generation companies are sold to private investors. In November 2006 the EBRD threw its weight behind a landmark first initial public offering by one of Russia's six wholesale generating thermal companies by acquiring a minority



stake in OGK-5.

This investment is part of the strategy of OGK-5's controlling shareholder, RAO UES, to raise private funding on the open capital market for the investment programme. The Bank's decision to take about 7.5 percent of the equity publicly reaffirms the EBRD's support for the latest phase of Russia's power sector reform.

The EBRD participation in OGK-5 was conditional on the company agreeing to improve environmental performance and corporate governance. A Memorandum of Understanding was signed incorporating these requirements. European Bank for Reconstruction and Development.

The EBRD was particularly active in pursuing energy efficiency opportunities in the manufacturing sector where projects totalling €188 million were signed, an increase of 80 per cent. This high level of investment was due to the Bank's unique combination of energy efficiency expertise, systematic screening of energy efficiency issues in all EBRD projects, the practice of providing free energy audits to clients and increasing interest from the public and private sector in purchasing carbon credits generated by these projects.

Mittal Steel

One of the most important projects signed in 2006 was a €152 million investment in Mittal Steel in Ukraine, which included a €46 million component to finance energy efficiency improvements in the company's steel mills. This is a particularly significant investment as Ukraine remains one of the most energy-intensive countries in the industrialized world and its steel sector needs substantial financing to comply with modern requirements of energy





efficiency and to adjust to fast-rising energy costs. Elsewhere in Ukraine, the EBRD provided a €76 million loan to Alchevsk, an iron and steel works, to reduce greenhouse gas emissions. Both these projects involved the purchase of carbon credits.

Another way that the EBRD promotes energy efficiency is to provide targeted credit lines to local banks for on-lending to households and companies that wish to undertake energy efficiency projects. In 2006 this accounted for €81 million of the EBRD's energy efficiency investments, an increase of 40 per cent on 2005. New loans were provided to banks in Bulgaria and a new credit line framework was approved for Ukraine. The first loan under this new framework was provided to Kreditprombank.

The EBRD aims to roll out similar schemes in Croatia, Georgia, Hungary, Poland, Romania, Russia and the Slovak Republic. The EU has approved funding of €24 million to support credit lines in Bulgaria, Croatia and

Romania. Discussions with other donors are also under way regarding the grant component of these schemes.

The EBRD also significantly improved energy efficiency in the municipal sector through an investment of €88 million in water supply and waste-water projects (for example, more efficient pumps), district heating transactions (reducing network

losses) and urban transport projects. For example, an investment in the transport network in Pula, a popular tourist destination on the Croatian peninsula of Istria, will promote increased use of public transport and significantly reduce air pollution and greenhouse gas emissions.

Finally, the power sector attracted €55 million of investments in energy efficiency in 2006, or €310 million if supply-side investments in generation and transmission are included. One of the highlights of 2006 was the Azdres project in Azerbaijan, which will dramatically reduce the carbon emissions of the country's largest plant thanks to a combination of energy efficiency improvements and a switch of fuel from heavy oil to gas.

An EBRD investment of €152 million in a Mittal Steel plant in Ukraine signed in 2006 includes €46 million to finance energy efficiency improvements. European Bank for Reconstruction and Development. ■

EBI Expands in Kazakh Beer Market

The European Bank for Reconstruction and Development (EBRD) is providing a loan of 5.2 billion Tenge (€31.7 million) to Efes Karaganda Brewery JSC, a wholly owned subsidiary of Efes Breweries International N.V. (EBI) to boost the company's expansion in Kazakhstan. The EBRD and EBI have been strategic partners since 1997.

The EBRD has played a key role in funding the growth of EBI's operations in Kazakhstan when the Bank financed the Company's construction of a green-field plant in Almaty in 2001. The new EBRD loan, which will be the first EBRD fixed interest rate loan denominated in Tenge,

will allow Efes Kazakhstan to expand brewing capacity to 2.1 million hectoliters from 1.3 million hectolitres and further develop marketing and distribution systems. The project supports Efes Kazakhstan's targets to strengthen its position through further expansion into premium segments of the market.

The signing ceremony took place on June 13 in Almaty with the involvement of Jean Lemierre, President of EBRD, Alejandro Jimenez, CEO and Chairman of the Board of Management of EBI as well as top management of both parties. ■

Net up 10.6 pc at Rs 299 cr in 2006-07;
Disbursements Zoom 47 pc to Rs 22076 cr

Exim Bank Excels in Silver Jubilee Year



Export-Import Bank of India (Exim Bank) has declared an all-round improvement in its performance during the financial year 2006-07 ending March. Exim Bank's Chairman and Managing Director **T.C. Venkat Subramanian**, announced the Bank's results for the year, the 25th silver jubilee year of the Bank's operations, recently in Mumbai.

The financial highlights include:

- Net Profit (after tax) at Rs. 299 crore, an increase of 10.6 percent over the previous year.
- Rs. 95.62 crore will be transferred to the Central Government as per the Exim Bank Act, as compared to Rs. 86.75 crore in 2005-06.
- Capital Adequacy (Capital to Risk Assets Ratio) stood at 16.38 percent.

BUSINESS PERFORMANCE

- Loan approvals aggregated Rs. 26762 crore during 2006 - 07 as compared to Rs. 20489 crore in the previous year, an increase of 31 percent. Disbursements aggregated Rs. 22076 crore, as compared to Rs. 15039 crore during the previous year, an increase of 47 percent. Loan Assets increased by 29 percent moving upwards to Rs. 23274 crore as on March 31, 2007 from Rs. 18028 crore as on March 31, 2006.
- Net NPAs formed 0.5 percent of net loan assets as on March 31, 2007.
- During the year, the Bank extended sixteen Lines of Credit (LOCs), aggregating US\$ 542 mn, covering 42

countries to support export of projects, goods and services from India. Seventy three LOCs covering eighty three countries in Africa, Asia, CIS, Europe and Latin America, with credit commitments aggregating US\$ 2.3 billion are currently available for utilisation, while a number of prospective LOCs are at various stages of negotiation. The Bank lays special emphasis on extension of LOCs as it is an effective market entry mechanism especially for small and medium enterprises.

- Project export contracts supported by Exim Bank amounted to Rs. 14000 crore and were secured by 21 companies in 20 countries.
- As on March 31, 2007, guarantees on book were at Rs. 3536 crore.

RESOURCES/TREASURY

- The Bank raised borrowings of varying maturities aggregating to Rs. 10621 crore, comprising Rupee resources of Rs. 6461 crore and foreign currency resources of US\$ 957 mn. equivalent.
- Market borrowings as on March 31, 2007 constituted 85 percent of the total resources.

- During the year, Government of India subscribed Rs. 50 crore towards capital of the Bank and Bank's paid-up capital increased to Rs. 1000 crore, which is equal to the current authorised capital of the Bank as on March 31, 2007. Government of India is in the process of increasing the authorised capital to Rs. 2000 crore.
- Foreign currency resources raised during the year included US\$ 269 million. equivalent by way of second issue of Samurai bonds/FRNs. FC resources of US\$ 688 million equivalent were raised through bilateral/club loans. As on March 31, 2007, the Bank had a pool of foreign currency resources equivalent to US\$ 2.57 billion.
- The Bank's domestic debt instruments continued to enjoy the highest rating viz. 'AAA' from the rating agencies, CRISIL and ICRA. As on March 31, 2007, outstanding Rupee borrowings including bonds and commercial paper amounted to Rs. 14534 crore.
- During 2006-07, Standard & Poor's and Fitch Ratings have upgraded the Bank's credit rating from BB+ to BBB-. The Japan Credit Rating Agency (JCRA) enhanced the outlook on the Bank's BBB credit rating to 'positive' from 'stable'. Taken together with the Baa3 rating from Moody's, the Bank at present holds investment grade rating on par with the India sovereign from four international credit rating agencies.

NEW INITIATIVES

Joint Venture with Khadi and Village Industries Commission

- The Bank is in discussion with the Khadi and Village Industries Commission (KVIC), to set up a joint Export Marketing Organisation that will contribute to capacity building of grassroots business enterprises, and promote exports of products from rural enterprises thereby resulting in inclusive growth. The Bank would help KVIC in identifying products with export potential, countries keen on importing such products and interested buyers abroad. The project will have an initial investment of Rs. 5 crore, of which Rs. 2 crore each will be contributed by Exim Bank and KVIC with the balance Rs. 1 crore to be subscribed by a number of NGOs / SHGs engaged in production of rural agro/handicraft products. While Exim Bank's Board has approved the investment, KVIC is in the process of obtaining approval of Government of India for their investment.

Rural Grassroots Business Initiatives

- The Bank has introduced an innovative facility to support globalisation of rural industries through its Grassroots Business Initiative. Towards this end, Bank

has consciously sought to establish, nurture and foster a variety of institutional linkages. One such example is a cooperation arrangement with the Confederation of NGOs of Rural India (CNRI), a non-profit organization with membership of 5000 NGOs spread across all provinces of India. Under this arrangement, Exim Bank assists CNRI members with capacity building, training and access to national and global markets.

- The International Finance Corporation (IFC), a member institution of the World Bank Group, has set up a display-cum-sales centre called 'Pangea' at Washington D.C. where agro and rural products from various developing countries are displayed. The Bank, in association with IFC, organised an 'India Day' at Pangea at which products produced by a number of NGOs / SHGs in India were displayed.

- The Bank is also actively involved in extending export market access support to rural products through innovative export marketing services, effectively utilising its overseas offices and institutional linkages, as also by extending lines of credit to overseas buying houses and department stores for importing a variety of products from India. Exim Bank has thus been able to leverage such lines of credit to promote export of agro and rural products, and has arranged for procurement of orders from Singapore, South Africa, Hungary, USA for such products.

Focus on SMEs

- Special Line of Credit from ADB: The Bank is negotiating a long term Line of Credit of US\$ 250 mn. from the Asian Development Bank, without Central Government guarantee, for extending loans to SMEs. The Bank will have an option to draw the funds in different currencies, as per the needs of its customers.
- Innovative Programme for SMEs: The Bank has entered into a cooperation arrangement with the International Trade Centre (ITC), Geneva for implementing a unique Enterprise Management Development Services program, which is an IT based facilitator to enable small enterprises to prepare business plans with the international market in focus. This is a pioneering initiative for supporting SMEs and for providing term loans and export finance facilities to the identified units to help them in their globalisation efforts. The Bank is partnering ITC in implementing this programme as a pilot project. The Bank thus supports small enterprises through capacity building and assistance in formulation of viable proposals. It is envisaged that the learning from this programme would be transferred to other developing countries, and thus assist in capacity creation

and institution building in the global arena.

Untied Loan of US\$ 100 million equivalent from the Japan Bank for International Cooperation

- During the year, Exim Bank entered into an agreement for an Untied Loan facility with the Japan Bank for International Cooperation (JBIC). The facility provides competitively priced resources equivalent to US\$ 100 million to the Bank, on long term basis, for onlending to eligible Indian borrowers. The proceeds will be onlent to corporates which have business relationships with Japanese companies, Indo-Japanese joint ventures and subsidiaries both in India as well as overseas and other eligible users.

Global Network of Exim Banks and Development Finance Institutions (G-NEXID)

- Exim Bank of India with the support of a number of other Exim Banks and Development Finance Institutions (DFIs) from various developing countries in Asia, Africa, Latin America and CIS have set up a Global Network of Exim Banks and DFIs called G-NEXID under the auspices of UNCTAD in Geneva to boost South-South Cooperation in trade and investment. The second Annual Meeting, held on March 22, 2007, witnessed the technical launch of G-NEXID's official website (www.gnexid.org), whose objective is to create competitive online presence, facilitate information and experience sharing, brand building, training and conduct of business among the member institutions. G-NEXID has been granted 'observer' status by UNCTAD.

US\$ 1 Billion Medium Term Notes (MTN) Facility

- During 2006-07, a Medium Term Notes (MTN) programme for US\$ 1 billion has been established by the Bank to facilitate raising of resources in the international debt capital market on a regular basis. The programme will offer flexibility to the Bank in terms of quantum, structure and timing of raising foreign currency resources.

Overseas Investment Finance Programme

- The Bank has a comprehensive programme in terms of equity finance, loans, guarantees and advisory services to support Indian outward investment. During the year, 28 proposals were sanctioned funded and non-funded assistance aggregating Rs. 1940 crore for part financing their overseas investments in 15 countries including Spain, UK, Indonesia, Malaysia, Norway, Brazil, Egypt, Israel, Iran, Dubai etc. Exim Bank has provided finance

to 176 ventures set up by over 147 companies in 54 countries so far. Aggregate assistance extended for overseas investment amounts to Rs. 4960 crore covering various sectors including pharmaceuticals, home furnishings, ready made garments, chemicals & dyes, computer software & IT, engineering goods, natural resources (coal & forests), metal & metal processing, and agriculture & agro-based products. Overseas investments supported by Exim Bank during the year include : acquisition of a Spanish company engaged in manufacture of branded generic formulations; acquisition of a large home textiles company in the UK; acquisition of South East Asia's largest Design & Build/EPC Company in Singapore; acquisition of a company in Indonesia which owns mining rights in Indonesian coal mines; acquisition of an agrochemical company in the Netherlands; acquisition of an oil drilling company in Norway; acquisition of a company in Malaysia which is the owner and operator of the largest integrated pulp and paper mill in Malaysia along with large concessions of forest land; setting up a wholly owned subsidiary in Sharjah, UAE for manufacture of liquid packaging (HDPE Drums).

Focus on Gulf Co-Operation Council Countries & Central Asia

- During the year, the Bank opened a representative office in the prestigious Dubai International Financial Centre, Dubai. The Dubai office of Exim Bank is expected to play a key, catalytic role in further enhancing trade and investment flows between India and the Middle East Region. By virtue of its strategic location, the office will also help Indian companies increase their business in the Central Asian and North African regions.

RESEARCH & PLANNING

- Five Occasional Papers were published by the Bank during the year, namely, Japanese and US Foreign Direct Investments in Indian Manufacturing: An Analysis; Maghreb Region: A Study of India's Trade and Investment Potential; Strengthening R & D Capabilities in India; CIS Region: A Study of India's Trade & Investment Potential and Indian Chemical Industry: A Sector Study. During the year, the Bank also published a Working Paper titled "Indian Construction Industry: Opportunities Abroad".

- The Bank also brought out a publication titled "Looking through the Kaleidoscope: India and Globalisation" which is a compendium of Exim Bank's Commencement Day Annual Lecture Series for the period 1986 to 2006, in commemoration of Exim Bank's Silver Jubilee. ■

Can India Tackle Global Poverty?

The processes of globalisation that have improved the lives of so many in recent times have not provided the chronic poor with opportunities and have often made their lives more miserable. They remain trapped in poverty. In a lucid and thought-provoking analysis, Prof. David Hulme talks about chronic poverty that is plaguing a billion people in the bottom rung of the global pyramid, ways and means of tackling this syndrome and what role India can play internationally to help mitigate this malaise. Excerpts of the Exim Bank Commencement Day Annual Lecture 2007, delivered in Mumbai recently.



David Hulme is Leverhulme Professorial Research Fellow and Professor of Development Studies at the School of Environment and Development, University of Manchester. He was the Founder-Director of the Chronic Poverty Research Centre (CPRC) and is currently an Associate Director of the CPRC, the Global Poverty Research Group (Universities of Manchester and Oxford) and the Brooks World Poverty Institute (BWPI) at the University of Manchester. Prior to these positions, he was Director of the Institute for Development Policy and Management (IDPM) at the University of Manchester (1992-1997).



Since 2000 Professor Hulme has directed the Chronic Poverty Research Centre, a collaboration of universities, research institutes and NGOs in Europe, Africa and Asia. The focus of CPRC has been on those who are trapped in poverty and are unlikely to be able to improve their own or their children's prospects despite the growing material wealth and technical knowledge of the world. This has involved research and policy advocacy with governments and multi lateral agencies.

Monitoring and implementation mechanisms have been Set up in an attempt to achieve the Millennium Development Goals and billions of dollars in foreign aid have been mobilised - though not as much as promised.

So, this brings me to the title of my lecture-Imagining Inclusive Globalisation: India's Role in Tackling Global Poverty. I intend to explore the role that India might play in steering the process of globalisation so that it is more likely to improve the lives of the world's poorest people. I shall look at this both in India and beyond India's national boundaries.

There is much evidence that globalisation has, in aggregate, improved the human condition. But globalisation has different impacts on different people. At the risk of oversimplification it could be held to have three main effects on wealth and well-being;

- It makes the rich very rich and makes the super-rich mega-rich

It makes a large number of people in the middle of the global wealth distribution better off, or likely to become better off in the near future, and improves their lives.

For a large group - sometimes called the 'bottom billion' but it may be more than that - it has not made life better and may have made things worse, sometimes much worse.

How might we re-shape globalisation so it helps, rather than hinders, the lives of this bottom billion- those people who are the losers from globalisation in both relative and absolute terms?

My task here is to explore the possibility of a more inclusive globalisation that reaches down to the bottom of the pyramid, recognising that globalisation has both positive and negative impacts.

The Chronic Poor - Trapped in Poverty

Defining and measuring poverty is a fiercely contested issue. In recent times, there have been significant conceptual and methodological advances in terms of appreciating the multidimensionality of poverty - particularly through the work of Amartya Sen - and in assessing the depth of poverty. However, time has been neglected in these conceptualisations - indeed one can argue it is the missing dimension of poverty.

There are three distinct forms that chronic poverty can take:

- Poverty that is experienced by people for all or most of their lives
- Poverty that is inter-generationally transmitted -when the childhoods that parents can create for their children make it highly likely that those children will become poor adults

- Premature deaths - when a person dies a preventable death because of poverty.

Much of what I shall talk about today is an elite analysis, but we need to recognise that chronically poor people have their own views about their condition and have personal agenda. A group of disabled women in Uganda provided my colleague, Charles Lwanga-Ntale, with a very vivid description:

'Chronic poverty is like that poverty that is ever present and never ceases. It is like the rains of the grasshopper season that beat you consistently and for a very long time. You become completely soaked because you have no way out ... some poverty passes from one generation to another, as if the offspring sucks it from the mother's breast. They in turn pass it on to their children'.

India & Chronically Poor

We should note at least three things :

- India is the country with the largest number of chronically poor people. This is a reflection on the country's huge population but also indicates the scale of the challenge it faces.

Who are the Chronically Poor?

They include people who would be classified in a census as 'economically active' - especially casual labourers in agriculture and construction -and those who would be classed as economically inactive -older people, disabled people, young children. At times this division between working and dependent poor may be useful but we do need to note its shortcomings. Many non-economically

active poor people are working long hours on the margins of the informal economy - gleaning rice or coffee after harvest, minding orphans 24/7, and many other jobs.

At the risk of over-generalising about such a diverse set of people we can identify some common characteristics. Often, chronically poor people are those who are discriminated against - marginalised ethnic/religious and cultural groups, low castes, tribal people and nomadic people; refugees and internally displaced people; migrant labourers; disabled people and those with chronic ill-health



(especially with HIV/AIDS in Africa - but this disease is now doing its worst in India too). We also need to note that women and girls have increased likelihoods of being chronically poor and that households that appear non-poor can have members - daughters-in-law, domestic servants, widows - who are deeply deprived.

These structural factors are compounded by household level and life cycle factors - children and older people are more vulnerable to extended periods in poverty and households headed by older people, disabled people and children are likely to be trapped in poverty.

There are also national geographies to chronic poverty. The poorest are most likely to be living in remote areas with low agricultural potential that are not well connected to the national economy. Research in several countries reveals that chronic poverty is also an urban phenomenon and is growing rapidly, but we know little about the degree to which it is concentrated in specific areas or dispersed more generally.

Why are they Chronically Poor?

This is a big question that I can only scratch the surface of in a short time.

First amongst the maintainers comes the quantity and quality of economic growth. Countries or regions with no or slow or narrowly based economic growth are unable to provide opportunities for poor people to improve their livelihoods and so many poor households have no 'exit routes' out of poverty. The quality of growth is as important as the rate of growth for the chronically poor.

Second comes social exclusion and adverse incorporation, overlapping but distinct ideas. Social exclusion implies that people are trapped in poverty because they are discriminated against, stigmatised or invisible to other members of the society they live in.

The Narmada Dam

For example, the reduction in access to land, water, and common property resources that occurs when poor regions are incorporated



into national and global economies - a classic example would be those displaced by the Narmada Dam. This makes people dependent on jobs as casual labourers, which are extremely insecure. To ensure their survival in such vulnerable circumstances, poor people have to develop relationships with patrons and to 'stay secure' they enter into contracts that ensure they 'stay poor'.

Tackling Chronic Poverty in India

So, how can chronic poverty be tackled? Rather than doing this in general terms I focus on India. The first section looks at what can be done in India. The second looks at a question that I think has been neglected - what role might India play in helping the poorest outside of India?

To explore policies for tackling chronic poverty in India I use a simple framework from the World Bank's World Development



Report 2000/ 2001 . It identifies three fronts on which poverty must be battled.

- Opportunity (economic growth and employment)
- Empowerment (rights and democracy)
- Security (social support, social protection, law and order)

These three elements are closely interlinked and progress with any one of them is likely to be beneficial for the others. There is the image of a three legged stool - for the stool to work you have to have all three legs! The Report says that these three elements need to be treated in a non-hierarchical way, each is as important as the other.

I have concluded that while having no hierarchy may be an effective strategy for the moderately and transitorily poor, it is not optimal for the chronic poor. To assist people trapped in poverty we need a livelihood security first approach. Why? Because before most chronically poor people can think seriously about taking the risk of seizing new opportunities - changing employment, shifting to horticulture, borrowing the money to migrate to Mumbai - they need to know that they have the security to cope if things go wrong with their new strategy. In concrete policy terms this means public investment in social protection policies so that chronically poor people can think about seizing opportunities with a reduced risk of ending up destitute or excessively indebted.

Opportunity - India's Bold Step

In recent years the Government of India has taken a bold step in this direction with the National Rural Employment Guarantee Scheme (NREGS) to help stabilise the incomes of the rural poorest and ensure they have a fall back position if their household strategies fail. This promises the rural poor up to 100 days labour on public works per annum.

Empowerment

This takes us to the next leg of our three-legged stool. The World Bank calls this empowerment - enhancing the capacity of the poorest to demand that state institutions, and the private sector deliver the services they are supposed to deliver and do not exploit the poor through corruption or sub-standard services; and, strengthening the rule of law and order.

Economic Growth

And now to the third leg - economic opportunity. Economic growth is essential for concerted poverty reduction but that does not mean that all growth is good for the poor, as Dollar and Kraay of the World Bank erroneously announced some years ago. This is especially the case



for the poorest. For growth to benefit them policies are needed to match the capabilities of the chronically poor to the forms of opportunity that are opened up by globalisation induced growth.

Redistribution

A neglected aspect of the opportunity component concerns redistribution. There is both theoretical and empirical evidence that rates of economic growth and poverty reduction are higher in less unequal societies - South Korea, Taiwan and Japan are the outstanding historical examples. At the macro-level this means progressive taxation, both personal and business.

Tackling Global Poverty: What can India do?

The argument could be made that as India has so much poverty of its own, it should not engage with reducing poverty outside of India until

it has virtually eradicated domestic poverty. I can sympathize with this point but I would counter it with the argument that these circumstances do not mean that India should totally abandon the idea of helping poor people beyond its border. Rather, it should place a vastly lower weighting on this goal compared to the goal of national poverty eradication.

In a small number of countries - Denmark, the Netherlands, Norway, Sweden, and very recently the UK - a moral vision now dominates development cooperation. In other countries - for example, France, Japan and the USA - such moral visions have made slower progress.

First, if one compares India with China, India is a democracy and so there is political space for its citizens to attempt to influence policy. That's a start. Second, if one compares India with the USA, it has a political culture that envisages a significant role for the state in securing the welfare of its citizens - this is a key determinant of 'moral vision'. Third, India has been and is a global intellectual leader in conceptualising poverty and poverty reduction (ranging from Mahatma Gandhi's non-materialist philosophy, to V.M. Dandekar's pioneering approach to poverty measurement, to Ravi Kanbur's influential academic and policy work on

poverty reduction and, last but not least, to Amartya Sen's Nobel Prize winning work on human capabilities).

Fourth, India is full of 'social entrepreneurs', many of whom Exim Bank is starting to work with. Some are known internationally but thousands of others are quietly getting on with making their local area a better place for poor people. Fifth, India has played a pivotal role in the Non-Aligned Movement, seeking to achieve a better deal for Third World countries in relation to the Cold War superpowers and had the moral vision to take a global lead in the fight against apartheid.

India's Status & Image

Finally, India will need to think carefully about its image and status in an emerging global society. It is not difficult to identify fields where India could seek to build on its comparative advantage in this social enterprise.

Strengthening the technical capacity of African countries to collect data on poverty and analyse it.

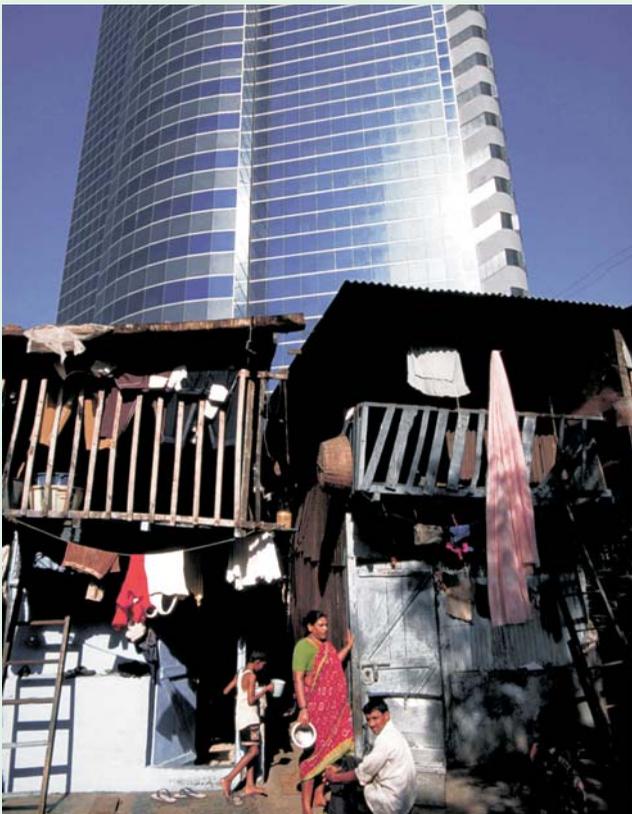
- Offering incentives to its pharmaceutical companies to develop low cost medicines for tropical diseases.
- Establishing world class technical institutions in Africa to create a generation of African IT specialists, genetic engineers and others who can link Africa to global technical advances.
- If the NREGS 'works' India could experiment with the transfer of this model to other countries.

Can India be a 'Social Superpower'?

Globalisation has helped tens of millions to escape poverty in recent years but there are still hundreds of millions trapped in poverty who have seen no benefits. In some cases, poor people's lives have been damaged by globalisation.

Between one-third and one-half of these chronically poor people live in India. While many of the country's economic and social policies have helped reduce national poverty rates there are deep problems in reaching the poorest people in poorly-performing states and reaching disadvantaged social groups.

To conclude - it seems almost certain that India will be an economic superpower by the middle of the 21st century. Its people now have the chance to ensure it becomes a social superpower by that time - but, have they got the moral imagination to push that goal forward? ■



'Russia Must Diversify into Sectors Other Than Oil & Gas'

Contrasting views about the direction of the Russian economy and its future relations with trading partners emerged at the EBRD Business Forum meeting held at Kazan in Russia recently. An Economics Panel discussion entitled "Russia in the world" was the highlight of the Forum's meeting.

Russia's rapid growth owes much to oil and gas exports and in recent years the Russian state has played an increasingly important part in this sector. Although panelists agreed on the need for the economy to diversify and involve more private capital, they were at odds over the extent to which this is happening in reality.

"The oil revenue that we receive has already spilled over to other sectors," said Arkady Dvorkovich, Head of Russia's Presidential Experts Directorate. "We are open to capital flows, to economic integration. We are taking advantage of opportunities for domestic growth and investing abroad."

Dvorkovich recognised that the role of the state in the Russian economy was "huge", but added: "Russia is going through a difficult and long transition from one society to another, one economy to another. It's hard to expect quick results ... (but) it is a country that can grow based on private initiative."

Sergei Guriev, head of the New Economic School in Moscow, agreed that sectors beyond oil and gas had enjoyed growth in Russia in parallel with the energy boom. In particular, he highlighted progress in manufacturing and services, which has been facilitated



by developments in the financial sector. "Enterprises no longer see credit as a constraint and it's less of a constraint for households," he said. "This explains why growth remains high even though oil output and prices are not growing. This would not have been predicted 10 years ago."

Economist and keen Russia watcher Lord Robert Skidelsky, however, expressed scepticism about the Russian government's commitment to reducing the country's dependence on hydrocarbons and rolling back state involvement. "Natural resource economies give elites too many incentives for short-term enrichment and power play," he said. "The last thing Russia's rulers want is well-specified property rights."

Lord Skidelsky warned that the "oil curse" increased Russia's exposure to trade shocks, harmed non-energy exports and reduced political leaders' accountability to citizens. "The clock is ticking away on Russia's oil bonanza," he said. "Russia desperately needs a new start, a new generation of public-spirited leaders who don't regard the patrimony as a source of plunder."

Lord Skidelsky also said there had been a lack of public investment in strengthening law and order, the health



system and education. Guriiev shared his concerns about under investment in the last two areas: "The Russian government is doing a lot, but there is much more to be done. This is an urgent issue to be considered."

Debate about Russia's trade relations centred on its bid to join the World Trade Organisation (WTO) and its commercial ties with the European Union, which, as Dvorkovich acknowledged, have experienced "frictions" in recent months.

Richard Baldwin, a professor at the Graduate Institute of International Studies in Geneva, said the WTO would benefit from Russian membership. "There will be massive changes to the world trading system in the coming decades. The EU and the US are no longer the only powers in world trade," he said, noting the rising influence of China, India and Brazil. "Russia is missing from this list of emerging markets."

Turning to Europe, Klaus Regling, the European Commission's Director General for Economic and

Financial Affairs, emphasized the already robust nature of trade ties between the EU and Russia and expressed a desire to see them strengthened. "Russia and the EU cooperate in many ways, some of which are unknown to the public," he told the panel. "The EU is deeply interested in promoting prosperity in our largest neighbour. Our interests are complementary."

Questions from the floor saw the debate shift back to Russia's so-called "oil curse". Guriiev noted that media freedom tended to decline when countries with lower levels of constitutional development discovered large oil reserves. "Media freedom has declined in Russia in recent years," he added. "Media freedom helps to reduce corruption. Hopefully media freedom will go up."

Finally, in response to a question about environmental protection, Dvorkovich pledged tough action on the part of the Russian government. "We take this very seriously and we believe we have to put substantial administrative resources into solving the problem, around the world," he said. "It's not purely a Russian problem." ■

Project to Reduce Volga Pollution

The European Bank for Reconstruction and Development (EBRD) has lent 350 million roubles (equivalent of €10 million) to reduce the flow of untreated sewerage discharged into the Volga River by Kazan, the capital of the Republic of Tatarstan and Russia's seventh biggest city with a population of 1.1 million.

The 10-year loan to Kazan Vodokanal, the city's wholly-owned water and wastewater management utility, will finance the rehabilitation of Kazan's main wastewater treatment plant.

This project will significantly decrease the level of untreated sewerage being discharged and thus contribute to a long-term reduction of the pollution load of the Volga River and the Caspian Basin, said EBRD President Jean Lemierre at a signing ceremony in Kazan on the sidelines of the Bank's 16th Annual General Meeting.

This is the EBRD's first municipal loan to a Tatarstan borrower and we are very glad



that Kazan joins a growing line of Russian cities taking advantage of the EBRD's Rouble financing, specially designed to free municipalities and other Russian entities with no access to export revenues, Lemierre added.

The project will also help modernise Kazan's municipal water supply and address the problem of water losses.

The governments of The Netherlands, Canada and Finland, as well as the European Union, are contributing significant donor funds to finance various aspects of the project's preparation and implementation. ■

Informal CIS Summit Discusses Further Reforms

An informal summit of the leaders of the Commonwealth of Independent States (CIS) was held recently in St. Petersburg in Russia. The summit, where all the 12 member-countries of the CIS region were represented, mainly focused on the ongoing reforms.

The leaders interacted with each other in order to promote and sharpen their relations. Uzbekistan President Islam Karimov held informal talks with leaders, including Russian President Vladimir Putin as the 11th International Economic Forum, held at the same time in the city.



Islam Karimov met with Russian President Vladimir Putin on June 9

The two leaders noted the expanding relations between two countries and the consistent co-operation between countries has developed a strong legal basis for them which is the Agreement of Allied Relations signed by presidents Islam Karimov and Vladimir Putin in November, 2005. The volume of trade turnover between the two countries in the past year has increased and reached more than \$3 billion. This testified the successful continuation of cooperation.

Over 450 joint ventures with participation of Russian investors have been established in Uzbekistan. Uzbek investments are involved in 284 joint ventures functioning in Russia. Over 80 representations of Russian companies and firms opened in Uzbekistan.

In 2006, Russian market received more than one million tons of various agricultural products from Uzbekistan.

India holds tremendous scope and opportunities to expand relations in the fuel and energy sector, metallurgy, communications, tourism and other spheres.

President Karimov also met Turkmenistan President Gurbanguli Berdimukhamedov.

During the meeting the two leaders exchanged opinions on the state of Uzbek-Turkmen relations, discussed the cooperation in the region and improvement in the economic cooperation between the two countries and reinitiated development of relations between them.

The leaders reaffirmed their commitment to continue closer integration with each other "We can confirm that... we will pursue integration within the Commonwealth)," said Kazakhstan President Nursultan Nazarbayev.

Nazarbayev, who currently holds the CIS presidency, spoke to the press. He said that the presidents of the former Soviet republics had agreed to discuss one issue a year.

The Kazakh leader said of the total 178 million migrants in the world, CIS migrants account for 10 percent of 130 million of workforce, highlighting discrimination against them across the ally countries.

Held on the sidelines of the 11th St. Petersburg Economic Summit, the 40-minute informal gathering also addressed economic issues.

The leaders reaffirmed their commitment to reform the CIS, comprising 11 states and criticized by some members as being too dominated by Russia.

Georgian President Mikheil Saakashvili said he hoped Russia would gradually remove economic sanctions against his country.

Russia has introduced a ban on Georgia's key imports, mineral water and wine, citing quality concerns.

Moscow also restricted travel and other links to the small Caucasus nation following a bitter diplomatic row in September, further souring relations between the ex-Soviet allies. ■

WTO Entry Bid Abets Changes in Policy Perception

Is Russia Turning Towards Asia?

Is Russia changing the rules of the game in its relations with the European countries and turning towards Asia? That was the question as well as the issue debated during a panel discussion at the EU-Russia summit held near Samara recently.

Aleksander Shokhin, the president of the Russian Union of Industrialists and Entrepreneurs and a member of several official Russian deliberative bodies, said Russia was eager to join the World Trade Organisation (WTO) but needed to protect its interests. Shokhin regretted the "accumulation of distrust" between Russia and the European Union and urged European negotiators to "remove spokes" from the wheels of bilateral discussions.

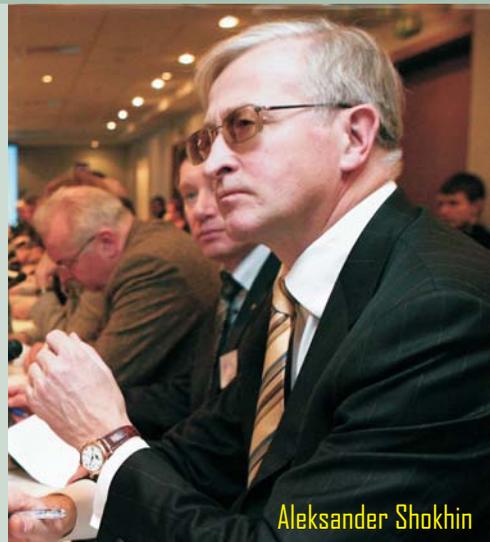
The question of how to draw investors to Russia's regions led to debate about foreign perceptions of the economic climate in Russia. Concerns about the extent of central government influence, for example, fuelled, what regional expert Alexander Rahr called "myths" about Russia, so how could these be countered?

Alexey Mordashov, CEO of Russian steelmaker Severstal, said his ties with public sector bodies were no closer than those of his European and American counterparts. "Western investors would have greater opportunities if they tried to understand the realities of a particular region," Mordashov added. "Sometimes Asian investors are more active, they spend their time focussed on the realities and less time on stereotypes."

The panel next considered the extent to which the federal government could help stimulate foreign investment in Russia's regions. Alexei Lavrov, the Head of Budget Policy at the Russian Ministry of Finance, argued that, following important administrative reforms, it was now up to regional authorities themselves to attract business and promote growth.

"Some regions have fulfilled their potential, others haven't," Lavrov said. "Central government can try to balance things out, but only to a certain extent." He said, adding, "the federal government was in favour of infrastructure projects as well as a "fiscal smoothing out that doesn't excessively punish rich regions while helping poor ones".

Lavrov urged foreign businesses to grasp the opportunity to influence local business practices in Russia's regions. "You should use common standards of corporate governance and use these attitudes to try to change local attitudes, instead of trying to adapt to local circumstances. Many regions are open to accepting these standards and the less developed the region, the greater the opportunity."



Aleksander Shokhin

When the debate turned to interventions from the floor, Andrew Levi, a diplomat at the British Embassy in Moscow, responded to what he called the "one-sided" nature of the panel's discussion on international relations. "The UK is the largest source of foreign investment in Russia. We want Russia to join the WTO," Levi said. He also suggested that when Russian companies seek to list on western stock exchanges, concerns about corporate reputation rather than political considerations were an issue. "I agree that wise people on both sides should address the real issues and try to solve them," Levi added, referring to tensions between the EU and Russia.

These comments spurred further discussion of Russia's ties with her western neighbours. Mordashov in particular was keen to emphasise that "Russia is a country on the right track", something which he felt foreign observers often fail to appreciate.

"We all underestimate the progress that has been achieved. When it comes to fiscal discipline, tax legislation or criminality in business, significant improvements have been made in the last 10 years," Lavrov said. "And the things we are talking about today would not have even been possible in 1988!" ■

EBRD Reiterates Mission Commitment at AGM

Priority for SMEs, Corporate Sector & Private Investment

- Jean Lemierre, president, EBRD



The European Bank for Reconstruction and Development (EBRD) has reiterated its commitment to the development of small and medium enterprises (SMEs), the corporate sector, with a special emphasis on private investment. This affirmation has found an expression at the Bank's annual general meeting held recently in Kazan in the Tartarstan province of Russia. Following are the excerpts of EBRD President Jean Lemierre's speeches both at the opening and closing sessions of the meeting, where Bank's board of directors debated various developmental issues.

The Bank's Mission

On the mission of the Bank, there is very strong continuing support for banking activity, SMEs, the corporate sector and the development of the private sector everywhere. I would say that there are three areas on which there is probably a stronger emphasis than in previous years. The first is, of course, energy efficiency and the way energy efficiency contributes to the anti-global warming process. The second is infrastructure. I have heard many strong statements about infrastructure and the private sector and the need for change. I will add a third point that I heard from many of you, and that is power. Clearly, growth in the region creates a need for better infrastructure and better power generation to supply the infrastructure needed for economies to continue to grow.

From the mission point of view, both geographically and on content, we should bring in the private sector even more to finance all these challenges, without of course forgetting the pure private sector, the corporates, SMEs and the way we do it.

EBRD Investment in Russia

Coming to Tatarstan was an important decision for the

EBRD. It represents both the frontier and the heartland of Russia, and is a symbol of the mix of cultures and religions and of a thriving society driving a growing economy.

It represents the future of Russia and the future of the EBRD as we focus our investments more and more on the vast country outside Russia's two biggest cities.

In all the countries where we work, the EBRD is financing at the frontier.

We are focusing on the geographical areas that most need investment to accelerate their transition to market economies, and on new areas of activity to meet the new needs in all our countries of operations.

In Russia, that means investing in

- infrastructure in transportation and in power sector projects in which the Bank has already invested -- €1 billion to modernise and upgrade it
- financing banks to finance industries
- small businesses and mortgages for families, and equity in supermarkets
- a discount airline a first in Russia
- Russian multinational high-tech company
- and helping cities across Russia to provide better municipal services such as trams and clean water and district heating to save energy.

The EBRD doubled the size and expanded the scope of its staff in Russia last year, with new offices in cities such as Yekaterinberg, Krasnoyarsk, Samara and Rostov. The EBRD plans a presence in all the federal regions of Russia.

Our business in Russia doubled to almost €2 billion,

representing 38 per cent of the Bank's 2006 business volume.

This is all part of the vision shared by the Russian authorities and the EBRD: a vision of working with the private sector to diversify and grow.

Oil and gas are producing enormous wealth, and the government is preserving that wealth wisely by investing it for future generations; but the Russian economy must strengthen its industrial force and diversify to build economic strength in every sector.



Investment in infrastructure will be crucial to support industries that will create jobs. With foreign or Russian investors; strong corporate governance will be a key to sustainable growth.

Russia has made huge economic strides by launching a transition to a democratic market economy.

Russia has opened to competition and further improvement of state institutions and fair transparent regulation will certainly accelerate economic success.

All of this flows from the choice Russia made 15 years ago to adopt the principles of a democratic market economy. And that choice has affected the way the Russian people think too.

Russians Stake their Future on Business and Industry

The EBRD is carrying out research to understand better how ordinary Russians right across the country see their lives and aspirations for the future.

One clear finding is that Russians do not want their country to be dependent on sale of raw natural resources.

They see their future as building on the best of their past - through industries that depend on engineering and technical skills, trained manpower and ability to market and trade, as well as raw materials.

Russians believe their country has great economic potential through industry.

If they have a universal concern, it is the state of their own surroundings.

Government surveys show that 66 per cent of Russians want better housing, and our own focus group research found that in cities big and small, rich and poor, everyone wants better municipal services.

The economic progress of the country can be read in the finding that urban Russians certainly do not feel deprived of the basics of life. But they do want more access to better consumer products. This is a picture of an emerging middle class.

What people fear is that they won't have access to healthcare and education.

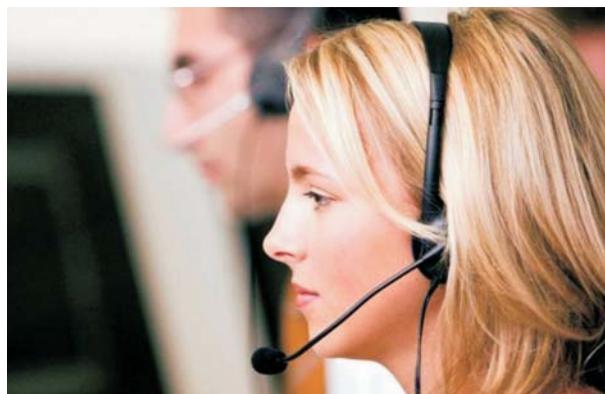
What they would like is the ability to enjoy more culture and they want to travel to learn and experience other environments.

These trends will shape the development of business and the economy of Russia.

But we learn even more: Russians associate, 'Soviet' times with stability and a sure future where people could count on the State for basic needs of life.

But Russians associate life today, in a market system, with 'opportunity' and 'possibilities'.

Unlike just a few years ago, today, business is widely accepted and entrepreneurship is increasingly respected.



People see smaller business not only as a way to thrive but equally as bringing personal freedom and independence.

Through donor funding, the EBRD has helped more than 400,000 Russians to start small or medium-sized businesses because, like those entrepreneurs, the Bank sees entrepreneurship as a stepping stone to both prosperity and an open society.

Entrepreneurs are able to use their position in the economy to support better regulation, fight corruption and back the political directions that give them and their families better lives.

That is what most Russians say they want.

It is clear that Russia has changed.

This country, with virtually no tradition of a market economy, has fundamentally adapted to a way of life that values choice and the freedom to pursue one's own destiny.

The ability to choose has become part of the definition of a middle class, thriving through a fair regulated market and anchored in democracy.

As so many countries have learned, the period of adaptation can be difficult, but the combination of open societies with open markets will clearly bring sustainable prosperity.

In today's connected world, open societies and open markets are an inevitable combination.

Integration of Russia with the World Economy

The EBRD shares another great vision with the policymakers of Russia: Russia needs to be firmly integrated into the world economy in order to attract investment and build its own economy.

It will require partnerships with foreign firms to build the infrastructure and industries Russia needs to develop.

Membership in the World Trade Organisation will be a crucial step for Russia linking into the global economy.

The launch of the process to join the Organisation for Economic Cooperation and Development offers a crucial dimension of economic and social policy development that will tighten international ties and underpin understanding.

It is a shared duty for us all to support Russia's efforts to lock in to global standards and practices through the international community and through investment.

Russia, rightly, sees foreign investment as a two-way process.

Russia is seeking the foreign financing and know-how that will accelerate its own development. At the same time, Russian firms are becoming real multinational enterprises and it is legitimate for them to turn to investment abroad.

This is a progression that is at the heart of all the international financial institutions, "that trade and investment bind countries into mutual cooperation, understanding and stability, permanently and pragmatically."

That is the story of the EBRD region.

EBRD Countries' Progress

Some of the EBRD's 29 countries of operations have made such progress that they will no longer need the kind of financing that the EBRD provides.

Ten EBRD countries made such political and economic progress that they became members of the European Union.

The EBRD and its Board have taken the view that eight of those new EU countries will have completed their transition to a full market economy by 2010.

After each country 'graduates' out of EBRD operations, beginning with the Czech Republic this year, the EBRD will no longer do new business, but will turn to working with investors from those countries to invest in EBRD countries further east.

Focus for the Future

The EBRD will do more work in Russia and in south-eastern Europe, Ukraine, Kazakhstan and the least advanced countries of the Caucasus and Central Asia.

Across these countries, the economy grew by a robust 6.8 per cent last year, driven by strong domestic demand stimulated by real increases in credit and wages.

Expansion is forecast to continue, at 6.3 per cent for the region and almost 7 per cent for the CIS countries, in 2007.

This healthy economic environment has helped to draw

record amounts of foreign direct investment to the region, with a sharp increase to \$65 billion.

This is the backdrop for the Bank's record business volume last year, and for our careful strategic planning for where to direct the EBRD's resources.

Over the past three years, the Bank has increased four-fold its financing to the poorest countries of the Early Transition Countries Initiative, including in Mongolia, which became a country of operations in 2006.

There was a parallel push to expand operations in south-eastern Europe through the donor-funded Western Balkans Initiative.

In these countries, the Bank takes on more risk and devotes more resources to project preparation with the help of donor countries.

The Bank financed 80 new ETC projects last year totalling € 290 million, and the biggest share of all Bank commitments last year was in the early and intermediate countries.

Across the region, there is a tremendous opportunity for adding to energy supply by avoiding waste of energy.

The EBRD took an early lead in helping countries realize

that opportunity by setting ambitious goals to promote sustainable energy, especially through energy efficiency improvements as part of our financing to industries.

And the Bank is working with municipalities to save energy, in transportation, district heating and efficient housing. Here, at the Annual Meeting in Kazan, we have enriched that discussion with regional governors from Russia and mayors from the EBRD region who are here.

In energy-rich countries and energy-importers alike, the economics, environment and energy supply agendas coincide, making promotion of sustainable energy a top priority for the EBRD.

As the Bank moves into more challenging investment environments, 20 percent of volume is now in the form of equity, which is a vehicle for setting high standards of business practice and corporate governance through participation on the boards of companies.

Financial institutions drive the real economy and the EBRD has developed forms of financing to match the evolving needs, from more mortgage and consumer finance lending for the growing middle class to lending in local currencies for municipalities trying to avoid exchange rate risk.

The EBRD has taken a prominent role in helping to deepen and strengthen capital markets to open competition through transparency and fair regulation.

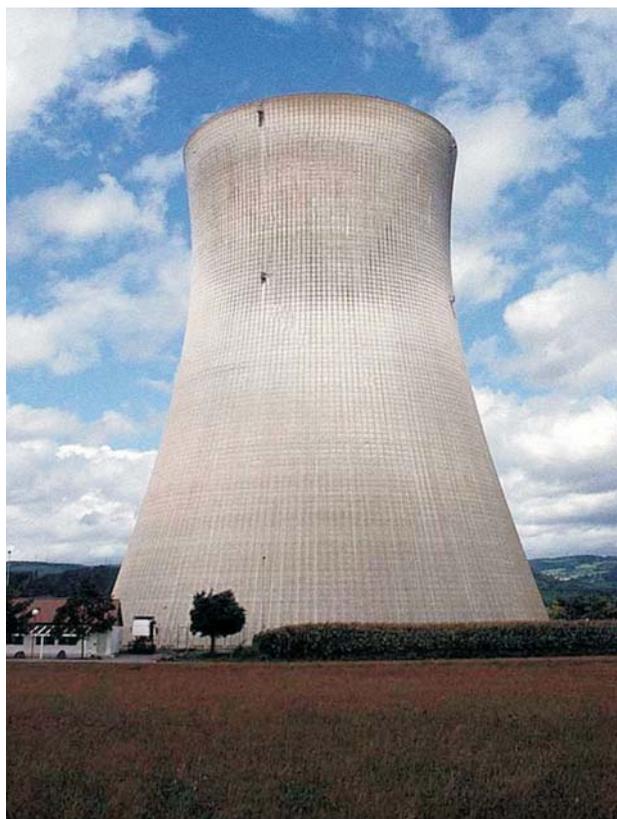
Underpinned by a new Energy Policy, the Bank has put sound sustainable practice at the centre of its operations.

The Bank's Environmental Policy is being reviewed this year, providing an opportunity for dialogue with many interested experts and non governmental organisations on how the EBRD can contribute to sustainability that is based on environmental protection and high social standards such as gender balance and respect for the rights of workers and ethnic communities.

This is the policy that underpins the EBRD priority of supporting and engaging with an active and dynamic civil society.

In total, the Bank committed €4.9 billion last year to 301 projects in many sectors, using many approaches to accelerate transition to a market economy.

Due to the expertise and skill of the staff, and to propitious market conditions, profits rose to €2.4 billion in 2006. ■



EBRD Evolves New Kyrgyz Strategy

Creating Business Climate to Attract Fresh Private Funds

The European Bank for Reconstruction and Development (EBRD) has called upon the government of Kyrgyz Republic to create a business

The EBRD is committed to support these endeavors and will focus its activities on the following:

- **Fostering the private sector:** The development of private businesses remains the EBRD's key objective, with investments targeting agribusiness, property and tourism, natural resources and consumer services to contribute to the diversification of the country's economy. The Bank will expand its successful programme to finance micro and small enterprises.
- **Improving the competitiveness of the financial sector:** The EBRD will continue to support the development of the sector by focusing on strengthening its partners and introducing new products. The Bank will also work with the National Bank on supervision issues with a view to strengthening the sector.
- **Support for critical infrastructure:** The EBRD will focus on non-sovereign infrastructure projects. The country has urgent investment needs in generation and distribution of electricity and gas, municipal waste, water, heating and urban transport.



- **Policy dialogue:** The Bank will enhance its dialogue with the government about the investment climate and bottlenecks affecting local and regional investors, in coordination with other international financial

institutions, donors and the business community.

To-date, the EBRD has invested €185 million in 50 projects in the Kyrgyz Republic and mobilised another €538 million from its partners. The country is part of the Early Transition Countries Initiative which allows the Bank to target local enterprises and smaller investments through a custom-made approach to financing, blending technical assistance and streamlined processing.



climate that supports existing investors and attracts much needed new investments in private industrial and financial companies.

EBRD has felt it necessary to evolve a new strategy for the Kyrgyz Republic, the country continues to be at risk to external or internal shocks, Despite prudent and successful macroeconomic policies, The country still faces major challenges, even after its major March 2005 reforms initiative, known as the "Tulip Revolution"

The key challenge, the EBRD finds, is to create an environment which is conducive to the development of a sustainable private sector. To achieve this goal it is necessary to tackle corruption, increase transparency and corporate governance, improve tariff regulations and facilitate the consolidation of the financial sector. Another priority is to improve the country's infrastructure and energy network. ■

\$8.8 EBRD mn Loan for SBK

The European Bank for Reconstruction and Development (EBRD) is providing a \$8.8 million loan to Slobzhanska Budivelna Keramika (SBK), a leading facing and ceramic brick producer in Ukraine. Loan proceeds will contribute to SBK's investment programme, which envisages construction and launch of a greenfield plant for porous brick production blocks in Kiev region. It will also help to upgrade and expand the existing production lines at SBK plants located in the regions of Ukraine (cities of Kharkiv, Romny and Irpen).

This deal marks a successful continuation of the EBRD and SBK relationship following the acquisition of 12 percent of SBK shares by the Bank, which was completed in April 2007. The Bank is planning to increase its stake in the company to 25 percent plus one share by the end of 2007.

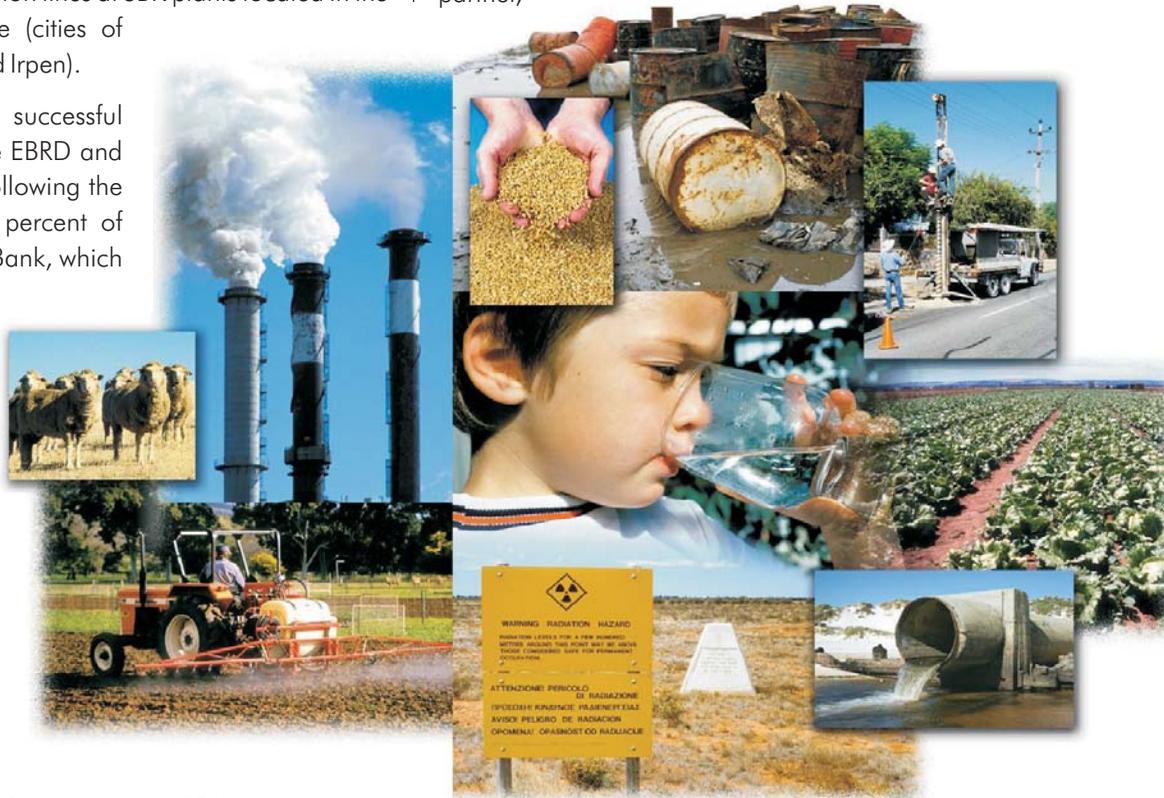
After the completion of the investment programme, partially funded by this transaction, SBK is expecting to nearly double its capacity to more than 250 million brick units per year by the end of 2009.

Slobzhanska Budivelna Keramika will achieve the highest EU environmental standards by introducing the latest environmentally sound technologies from leading European equipment producers and improving the environmental and energy efficiency standards of new buildings in Ukraine. In particular, SBK will start production of Poroton-type bricks - one of the most ecologically friendly modern walling materials.

It should also be mentioned that the transaction has the

potential to increase consumer choice by expanding the range of available products. Finally a successful greenfield investment is likely to lead to the entry of other big players in the Ukrainian brick market.

According to SBK President Igor Dalichuk, EBRD's participation in projects implementation, not only as a shareholder of the company but also as a financial partner,



is SBK's strategic achievement. This agreement will make a significant contribution to company's long term objectives. It will help to double the existing output and introduce new products clinker bricks and porous ceramic blocks to realise complex construction solutions, he said.

The European Bank for Reconstruction and Development is the biggest financial investor in Ukraine. As of the end January 2007 it had committed over €2.87 billion through more than 130 projects. ■

Kazakh Offshore Supply Base Wins EBRD Support

The European Bank for Reconstruction and Development (EBRD) is funding the development of the first privately-owned permanent marine support and supply base in Kazakhstan with a \$32 million loan and a \$10 million equity investment. The loan will be split in equal shares between the EBRD and commercial banks. The equity investment will provide the Bank with representation at the participants' meetings of the project company Balykshy which will contribute to the application of the highest corporate governance and environmental standards.

Balykshy, majority-owned by US-listed Caspian Services Inc, will construct, equip and put into operation a marine support and supply base in the Bay of Bautino on the North Caspian Sea coast. The development, located in a sheltered natural and ice-free harbour, will respond to the rapidly growing demand by off-shore oil operators for fuel, water and a range of other support and supply services.

Kazakhstan is poised to become one of the world's top 10 oil exporters within the next decade. The number of national and international companies active in the exploration of the country's huge reserves is growing, and so are the needs for support services. Infrastructure currently available on the North Caspian Sea coast is insufficient to service the needs of the off-shore oil operators and the need for marine base



facilities is becoming increasingly urgent. The Balykshy base will be constructed alongside a State-owned facility currently being developed.

Peter Reiniger, EBRD Business Group Director, underlined that the project is the first infrastructure project in Kazakhstan to be sponsored by a fully private company. The EBRD will contribute to demonstrate that there is room for private players in the rapidly expanding industry servicing the needs of oil and gas companies. The Bank's involvement will also guarantee that highest environmental standards are being met during construction and operation, he added. ■

Ukrainian Bank Gets \$100 mn EBRD Loan To Fund SMEs, Efficient Energy Projects

The European Bank for Reconstruction and Development (EBRD) is making a \$100 million A/B loan to Kreditprombank of Ukraine to boost credit to private enterprises, including SMEs, especially to finance energy efficiency projects.

The transaction will allow Kreditprombank, one of the fastest growing Ukrainian banks, and its clients to benefit from the availability of long term funding from commercial sources. This is the longest maturity loan available to a local bank, otherwise only available to the large top-five banks or foreign owned banks in Ukraine.

The EBRD is financing \$28 million under the "A loan" with maturity of four years, while a \$72 million "B loan" has been syndicated to commercial banks. Up to \$35

million of the proceeds will be used specifically to finance energy efficiency investments undertaken by Kreditprom's clients. Technical Cooperation funding for energy efficiency project preparation, evaluation and marketing is provided by the Swedish and Austrian governments.

According to Ludmila Rasputnaya, Chairman of the Board of Kreditprombank, this syndication is very important for their bank in terms of pricing and maturities in international markets. Without the EBRD participation such syndication would hardly be possible, she added.

EBRD is the biggest financial investor in Ukraine. As of the end January 2007 it had committed over €2.87 billion through more than 130 projects. ■

EBRD Magic Lamp & The Spirit of Enterprise



What do a professional dancer, the former director of a state shoe factory and a tannery owner have in common? They run small businesses in Mongolia and all have applied advice from the EBRD's TurnAround Management (TAM) programme to make their businesses grow.

It wasn't easy though. As Mongolia abandoned its 70-year-old Soviet-style one-party state in 1990 and went through political and economic reforms, Mongolians saw their economy collapse. State factories stopped production. Poverty spread quickly over this huge country as people with guaranteed state salaries woke up unemployed.

Zorigt Namjaa and 4,000 others working for the state shoe factory lost their jobs in a single day after the plant was privatised and the new owner decided to produce textiles instead.

Namjaa, the factory's former director, hid the news from his wife, who had just had a baby. "Every morning I left home to do the first job I could find. And every evening I returned with a single thought in my mind to use my experience to start a small shoe business."

This time go private

He finally started Sinuous in 1997 with just five workers

and the conviction that private is better than state. The company made little profit. Entering the Mongolian market, let alone competing with Chinese imports, seemed almost impossible until Namjaa received a phone call from the Mongolian Chamber of Commerce in January 2002.

An official explained to Namjaa that the EBRD's TAM programme could provide Sinuous with advice on restructuring the business to increase profit, improve product quality, reduce costs and explore local and export markets.

"Had I found my genie and the lamp?" recalls Namjaa. The TAM programme employs experienced business leaders to give advice to small businesses in ex-communist countries. The cost of this programme is covered by the EBRD's donor-backed Mongolia Cooperation Fund.

Pietro Papa, an Italian TAM expert on shoemaking, soon became Sinuous' genie. He spent more than two months with Namjaa and his team helping to build a future for their company. His advice helped Namjaa to identify buyers, price his products, create new designs, train staff and set up a showroom in the factory to attract more business.

Production increased and so did the number of workers: 30 staff from the old state shoe factory decided to join Sinuous. The client list has also grown, with Sinuous winning big contracts to provide shoes for workers in local mining companies and cement factories.

"By the end of the TAM assistance in 2004, I couldn't but appreciate the knowledge it had passed on to my company," says Namjaa. That explains why he advised his leather supplier to get in touch with TAM in Mongolia.

Give us knowledge

Mongol Sevro, a former state-owned tannery, was founded in 1967. Tumenzulii Tserenbaljir and his family became the new owners in 1993. It was potentially a profit-making business with the capacity to treat one million animal skins, each selling at \$8. Four years after privatisation, however, profit was just \$7,000.

"Our technology and equipment was 40 years old, in some cases," explains Tserenbaljir. In 2002, Mongol Sevro qualified for TAM assistance. An ambitious Tserenbaljir asked three TAM experts whether they could help him produce leather of a quality equal to that produced by Italian tanneries.



The answers were found by researching the best chemicals to treat leather, improving the ironing process and applying modern techniques when colouring and finishing the edges.

In 2004, Mongol Sevro saw growth at last. The leather became almost as good as that produced in Italy, yearly profit increased to \$120,000 and, as well as supplying leather to locals, the company exported to China, Croatia, Spain and Poland.

"We in Mongolia had no tradition of running private businesses," says Tserenbaljir. "Courage was all we had and TAM gave us the knowledge."

A dancer's dream of beer

Ballet is wonderful, but it doesn't pay the bills, especially in a former communist country where subsidies for artists and athletes died along with the command market in the early 1990s. That's why Chingis Tseveen-Ochir of the Mongolian Dance Theatre gave up ballet and turned to beer brewing.



In 1993, Tseveen-Ochir and a business partner set up Mongolia's first private brewery, Khurd Trade. With just a few workers and only 10 customers to supply, Khurd Trade produced 600 litres of beer per day.

The business caught on with consumers and competitors, so that by 2003, Tseveen-Ochir had 38 other brewers to contend with. That was when he turned to the EBRD's TAM programme to improve Mongol shar airag beer and Khurd Trade's management.

"TAM experts introduced us to modern fermentation techniques and convinced us to invest in purchasing a new filtering machine. Our beer tastes better now," explains Tseveen-Ochir.

Customers must have thought the same: Khurd Trade's sales grew quickly and the number of wholesale buyers (pubs, restaurants and retailers) reached 80.

Explains Tseveen-Ochir: "Working with TAM experts made us understand that our beer could only get better. We thought that Mongol shar airag was good enough for Mongolian standards but it is now as good as any international brand."

Holding a request for sponsorship of an arts event in his hand, he muses: "I often wonder what my life would have been like, had I continued to be a dancer. Certainly I wouldn't be sponsoring events by the Mongolian Dance Theatre!"

Harnessing Natural Resources in a Safe Environment

The most significant project of the European Bank for Reconstruction and Development (EBRD) in 2006 in the natural resources sector was a €9 million investment in Caspian Services to support the development of a supply base in the North Caspian Sea.

The base will serve the needs of a wide range of offshore oilfield operators, providing fuel and water supplies, vessel repair services and crew change facilities. It will be constructed on the eastern coast of Bautino Bay, north of Port Aktau in Kazakhstan. By providing support for a private sector operator in a government-dominated market, the project will promote competition and is expected to lead to further market expansion of supply and support services in the oil industry.

One of the EBRD's earlier projects was carefully reviewed in 2006 to ensure that it remains in keeping with the Bank's strict requirements regarding governance and business standards. When Russia's two largest aluminium producers, SUAL and RUSAL, formed a 50:50 partnership regarding a mining project in Komi near the Arctic Circle, the EBRD worked closely with RUSAL to develop a comprehensive corporate governance programme, including corporate ownership disclosure, the publication of financial information and the appointment of independent directors. As a result, the EBRD is fully committed to disbursing its loan to SUAL, which was originally agreed in 2004.



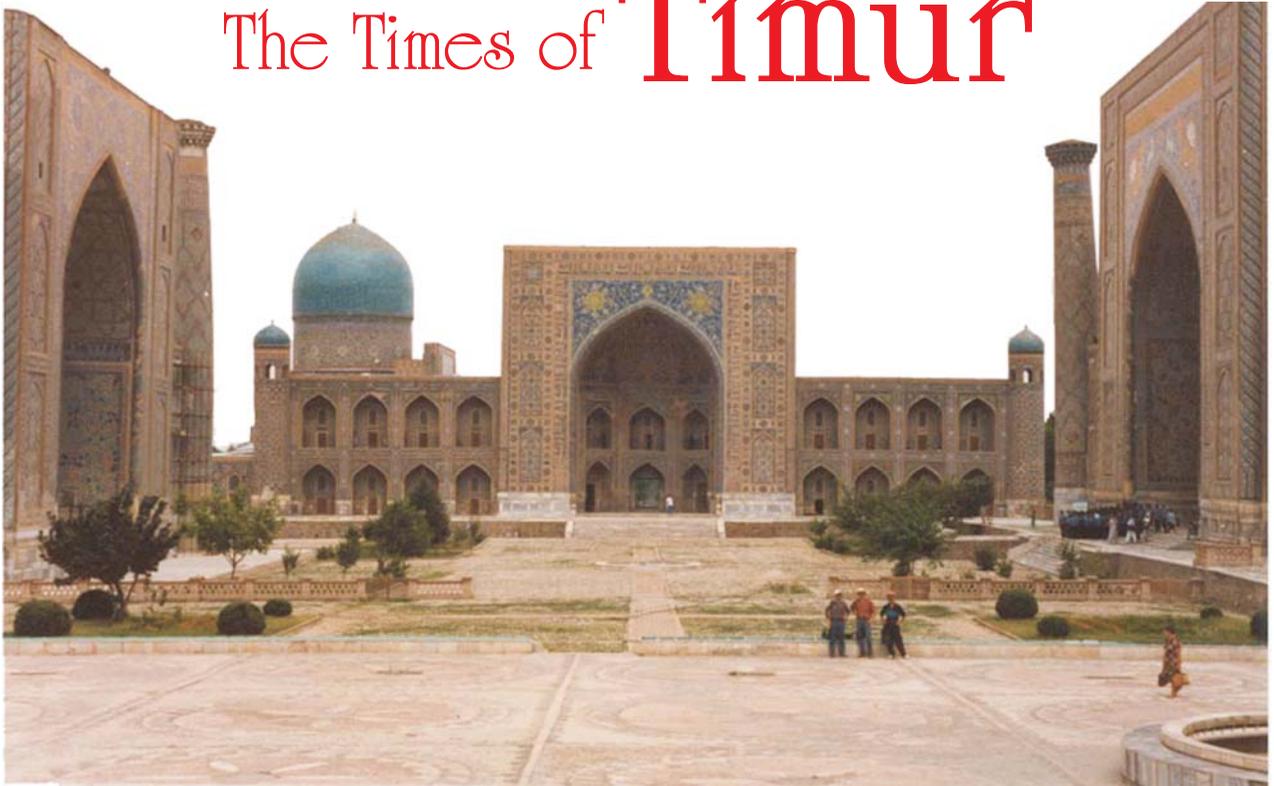
Throughout 2006 the EBRD continued to monitor construction of Sakhalin II, which will produce offshore oil and gas from Russia's far eastern coast. Since 2001, when the EBRD was originally asked to partially finance the project, the Bank has worked with Sakhalin Energy to ensure that the project could meet the expectations - especially the environmental standards - of EBRD financing.

In 2006 the EBRD continued to encourage the highest standards of environmental protection in the design and construction phases of the project. The Bank worked with Sakhalin Energy on many enhancements and conducted an extensive consultation process in Russia, Japan and London. Following a significant change in the ownership of Sakhalin Energy, the EBRD announced in January 2007 that it would no longer consider the current financing package. While the Bank is open to discussion with the new shareholders, any future relationship would have to be based on a new proposal from Sakhalin Energy that the Bank would review to determine if criteria for eligibility are met.

A new scheme, begun in 2006, involves encouraging natural resource companies to undertake systematic financing of environmental projects. This initiative is likely to see its first results later in 2007, when a Russian oil company is expected to sign its first "environmental" loan. The Bank expects this first project to act as a model for other companies to follow. ■



Uzbekistan: Traveling Back to The Times of Timur



Uzbekistan has well preserved relics from the time when Central Asia was a center of empire, education, and trade. Uzbekistan cities including Samarkand, Bukhara, Khiva, Shakhrisabz and Tashkent live on in the imagination of the West as symbols of oriental beauty and mystery.

Samarkand

One of the oldest cities of Uzbekistan and in the world is Samarkand, situated in the valley of the river Zarafshan, established during the middle of the first century BC under the name Marakanda and later known as Afrosiab. The numerous monuments of Samarkand and its suburbs impress tourist with their beauty and splendour. The refined architectural shapes, intricate ornamentation, mosaics, blue-tile domes and facades are interesting for all who visit these beautiful buildings. It is the second largest city of Uzbekistan and is of the same age as the city of Babylon or Rome. Poets and

historians of the past called it "Rome of the East, The beauty of sublunary countries, the pearl of the Eastern Moslem World". Its advantageous geographical position in Zarafshan valley put Samarkand to the first place among cities of the Central Asia.

During centuries Registan Square was the center of Samarkand. The word Registan means "sand place".



There was a river running there many ages ago, before building the first Madrassah on the square. Years passed, the river dried out and left lots of sank there, that was the first place where the first Madrassah was built in the beginning of the 15th century and named Registan square. As the Madrassah was first built, all the holidays, parades, festivals and Sunday bazaars took place.

The ensemble consists of three Madrassahs: Ulugbek Madrassah (15th century), Sher - Dor Madrassah (17th century) and Tilla-Kari Madrassah (gold covered) (17th century).

During centuries Samarkand was gained by different nomadic and half nomadic generations, which always were destroying, sacking, and leaving ruins after them. Samarkand saw the three largest tragedies.

- The first one is related to the time of Aleksandra Macedonian's gains in 329 year BC; the city was fully destroyed, citizens were exterminated. After reconstruction of the city there was a development of different crafts, the east and Greek cultures mixed together, and this left its sign in the history of Samarkand.

- The second tragedy is related to 8th century, when Arabs were gaining the Central Asia. Starting from 8th century Islam became the main religion in Central Asia. Before that time there were different religions in Central Asia but the main was Zoroastrianism. And only Arabs with sword and fire, destroying people brought new religion Islam to Central Asia. And till now it is still main religion here.

- Third tragedy is related to 13th century, when Chenghiz Khan was gaining the central Asia. When the city was destroyed, Samarkand came to the new decline. And only in 14th century when Timur came to the power Samarkand was reconstructed. 14-15th centuries are called the Renaissance because Timur brought scientists from each aggressive crusade. In particular he was assisted in development of different sciences in Central Asia.



Bibi Hanim

Its construction was started in 1399, after successful campaign of Timur to India. Mosque was under construction for five years. Its structure was finished in 1404. By Timur's idea Bibi Hanim mosque had to eclipse all that he had seen before in other countries. Architects, artists, masters and craftsmen from many East countries were involved in construction. Two hundred stonemasons from Azerbaijan, Fars, Hindustan and other countries were working inside the mosque, and five hundred workers in mountains near Pendjikent were working under production and trimming of stones and sending it to Samarkand. Masters and craftsman gathered and drive together from all parts of the world put into construction their traditions and experience.

Shakhi-Zinda

On south-east slope of Afrosiab is situated one of the notable architectural ensemble of Samarkand-Shakhi-Zinda necropolis. It consists of 11 mausoleums, built on to each other during 14-15th centuries in series.

Going up the magnificent stairs of Shakhi-Zinda and entering into



the cool twilight of the narrow corridor, a visitor makes a kind of journey into the heart of time. The first mausoleum from the left was thought as mausoleum of Timur's friend and teacher astronomer Kazi-Zade Rumi.

Going up by 36 footsteps of old stairs you find yourself in the open gallery. Here from the left and right are mausoleums burial-vast of closest relatives of Timur and confidant of court.

First mausoleums from the left and right Emir-Zade mausoleum and Emit-Husin mausoleum belong to confidant people of his court.

Next mausoleum from the left belongs to Timur's niece Shadi-Mulk aka. She died when she was very young that is why Timur ordered to build mausoleum of the most elegant form, to show beauty and youth of his niece. Timur's sister Shirin-Bibi aka was managing the construction of this mausoleum. After finishing of this construction, she ordered to build mausoleum for herself against her niece's mausoleum. Both these mausoleums were built in 1371-1373 years.

Next row of mausoleums is called nameless because all these mausoleums were built in 11th century and during Chenghiz Khan's invasion almost all of them were destroyed.

Gur-Emir

Gur-Emir means "grave of Emir". It was built in 1404 for Timur's grandson Muhammed Sultan. He had to become heir apparent of throne after Timur, but in 1404 he died and Timur ordered to build big mausoleum for his beloved grandson. In 1405 Timur died in Otrar city and his sons decided to move his body and bury him near his favorite grandson. From that time this mausoleum was called "burial-vault of timurids". Here two sons of Timur were buried-Shahruh and Miranshah, also second grandson Ulugbek, spiritual director of Timur Muslim sheikh from Medin-Mir Seid Bereke and some Shah-Hodja.



Gur-Emir Mausoleum consists of several parts: yard of Muhammed Sultan ensemble, to the right of mausoleum hanaka (the place where Muslims can pray), to the left is medresse and in the center the mausoleum itself decorated from each side with minarets. Unfortunately neither the medresse nor hanaka were saved. In 1996 it was big reconstruction here when Samarkand celebrated 660 years from Amir Temur's birthday. Original design is saved inside. Decorators only drew on original thin layer of paint.

Every headstone is made from marble, only Timur's headstone is from nephritis, it was brought by order of Ulugbek and put on grave of Timur. All headstones in upper mausoleum are saved very well, but in lower because of floods almost all of them were destroyed. Lattice that set off all headstones was made in 15th century from marble by Ulugbek order.

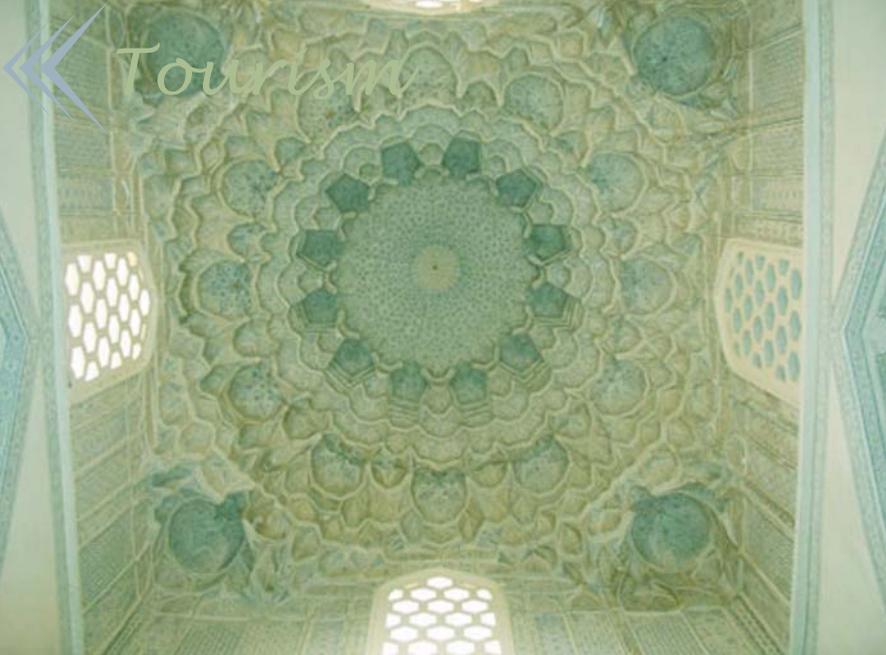
Afrosiab Museum

Afrosiab-is the name of mythical king Turan and one of the legendary heroes of the epic poem "Shahnama" written by Firdousi. Under this name is known the place where ancient Samarkand was situated.

Now Afrosiab is a huge gathering of lifeless hills sided with modern city from north side. But distant past life was boiling here. Because of this explains steadfast interest of our scientists to Agrosiab.

On the site of ancient settlement were found wonderful example of poured and not poured earthenware ornamental crockery, many terracotta statuettes, fragments of ossuariys, things from glass, different work tools, women decorations, coins, and etc. Archeological findings give clear image about way of life of ancient Samarkand during many centuries of its existence.





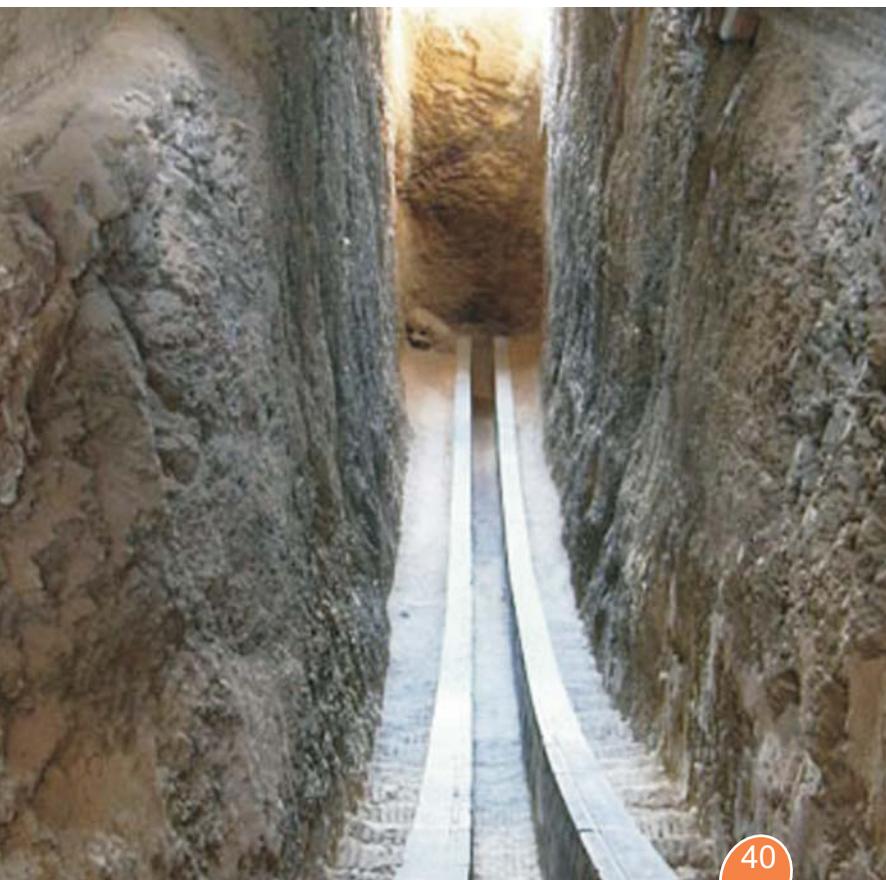
It is proved that settling of city type on Afrosiab existed earlier two thousand and half years ago. The city was enclosed with strong defensive walls inside of which were citadel-shahrisatn, cathedral mosque, dwelling houses and craft workshops. The territory of city was crossed by straight paved streets and divided into blocks-guzars.

The museum is built on the territory of Afrosiab. Where gathered archeological findings of 4th century AC till 13th century AC.

Several buildings 6-7th centuries were opened. Their walls are decorated highly artistic wall paintings made with glue colors on loam stucco.

Ulughbek's Observatory

Among historical monuments of Samarkand observatory takes particular place, constructed by Ulughbek in 1428-1429 on one of the



hills on height, at the bottom of Chupanat altitude. In the words of Babur, who saw the observatory, it was a three-storied building covered with beautiful glazed tiles, in a round form 46 meters in diameter, 30 meters in height. In the main hall a huge instrument was placed for observations of moon, sun, and other stars of the vault of heaven. Observatory was unique construction for its time.

Contribution of creation astronomic catalog-"Zidji-Gurgani", known as "Star tables of Ulughbek" belongs to Ulughbek. Whole galaxy of great scientists was working on them for a long period and finished them to 1437.

"Everything that observation and experience had known about planets movement, is delivered for keeping to this book"-Ulughbek was writing. In this work basics of astronomic observations are summarized, made by eastern scientists.

Exactness of observations of Samarkand astronomers is amazing because they were made without help of optical instruments, with unaided eye. Astronomic tables contents coordinates of 1018 stars. His catalog did not lose its value in our days. With amazing exactness made the calculation of the length of star year, which by Ulughbek's calculation is equal to 365 days 6 hours 10 minutes 8 seconds. Actual length of star year by modern data is 365 days 6 hours 9 minutes, 6 seconds. Thus the mistake is only less that one minute.

After Ulughbek's death observatory was destroyed and robbed by religious fanatics. Only in 1908 archaeologist Vyatkin found first document where location of observatory was mentioned. Unfortunately only underground part of sextant and basis of the building were saved. By the documents found, scientists made the model of the observatory. ■



Turkmenistan A LAND OF LAKES & CURATIVE SPRINGS

Turkmenistan is a republic in Central Asia. The geographical position of the Republic is more advantageous than that of its neighbors due to the outlet to the Caspian Sea. However, one can also see sandy deserts with barchans when traveling far inland. Turkmenistan is the country of deserts and oases as well as unique historical and cultural traditions. The most ancient civilizations of the world prospered on its territory. Turkmenistan is definitely the country of contrasts, especially today, when the cities of the republic have completely changed and become more similar to European mega cities. But despite all the changes, their Oriental character has been preserved in special architecture, decoration of buildings, numerous mosques and ancient monuments.

Most tourists are attracted to Turkmenistan by the unique natural landmarks: tremendous flora - forests of wild fruit and nut trees, juniper forests on mountain slopes, pistachio savanna forests, saxaul forests, flood-plain tugais; diverse fauna - Central Asian leopards, argalis, koulans, goitered gazelles; enchanting sceneries - from picturesque mountain ridges to lifeless desert sands, from green oases to the sea coast.

Lakes and springs

Lake Sarakamysh is the largest lake of Turkmenistan. Its area exceeds 2, 200 sq km. Sarakamysh natural reserve was

made for protection of water fowl - pelicans, cormorants and coots.

The well-known Bakharden Cave hosts an underground Lake Kou-Ata. Its area is 1, 050 square meters, average depth - 6 m, and temperature of water +33...+37°C. The water there is distinguished by surprising purity and transparency. Lake Mollagara is a not drying saline. The water there is so salty that the human body is pushed onto the surface. The depth of the lake varies from 60 m up to 1.5 km depending on the season. The world's famous therapeutic mud-baths are located there.

Lake Yuazkhan is a closed freshwater lake in the Kara Kum Desert. There valuable breeds of fishes and water fowl found their home. Lakes Archman, Berzengi, Bakharden are thermal springs of mineral hydrosulphuric groundwater. The latter are considered unique world famous natural landmarks. 60 m below Kov-Ata cave entrance there is a warm hydrosulphuric lake of 72 m length and 30 m width, with the area of 108 square meters. The average depth is 10 m. The water temperature is +37° C. The lake is very attractive due to its turquoise water and therapeutic properties.

Crater Lake Rozoviy (Pink) Porsyghel is of mud-volcanic origin. It is known mainly due to the fact that its pink colored waters cover the conduit of the ancient mud volcano. Not far from it on the western slopes of Chokrak plateau there is Crater Lake Zapadny (Western) Porsyghel with salty and hot water of dirty-grey color. Truly amazing are such thermal sources as Archman, Parkhai, Ovezbaba, Khodzhakainar and sub thermal spring Edzheri.

Waterfalls

One of the most beautiful waterfalls of the country is the Bolshoi (Big) Nokhur waterfall. The water falls from 30 m height. Equally beautiful are the Koshtemir, Umbadere and Kyrkghyz waterfalls. There are other waterfalls in the north part of the country, for example, the Kyrkdeshk Rapids with a canyon to the north of Lake Sarykamysh.

Mount Bayuadag hosts about 40 hot, warm and cold springs with various water formulas. Kara Bogaz Gol is a huge sea basin stretching to the north and the west. In one of gorges of Sumbar Valley is located a picturesque Gochdemir waterfall with crystal-like waters falling like shimmering openwork curtain.

Plains and Plateaus

Missirian Plain. The remains of large ancient irrigated areas with traces of ancient irrigational structures have survived there. Khodzha-i-Pihl Plateau of Kugitangtau ridge is known worldwide due to its nearly 1,000 well preserved traces of ancient pangolins - dinosaurs of Jurassic period. All in all there are about 1.5 dozen various traces from 30 to 92 cm in length. The most unique are the dinosaur traces found on the western slope of the Kugitangtau ridge. There on the limestone surface aged about 140 million years (Jurassic period) one can see around 500 traces of dinosaurs. This quantity and variety of dinosaur traces is the richest in the world. Kaplnkir or Tigrovoye (Tiger) Plateau (near to Ashgabat) is the most beautiful place for pedestrian tours across Turkmenistan. Chinki Plateau Ustyurt. A historical place with lengthy (up to 40 m) ledges abundant in vertical steeps and well saved grottoes and caves bearing traces ancient people activities.

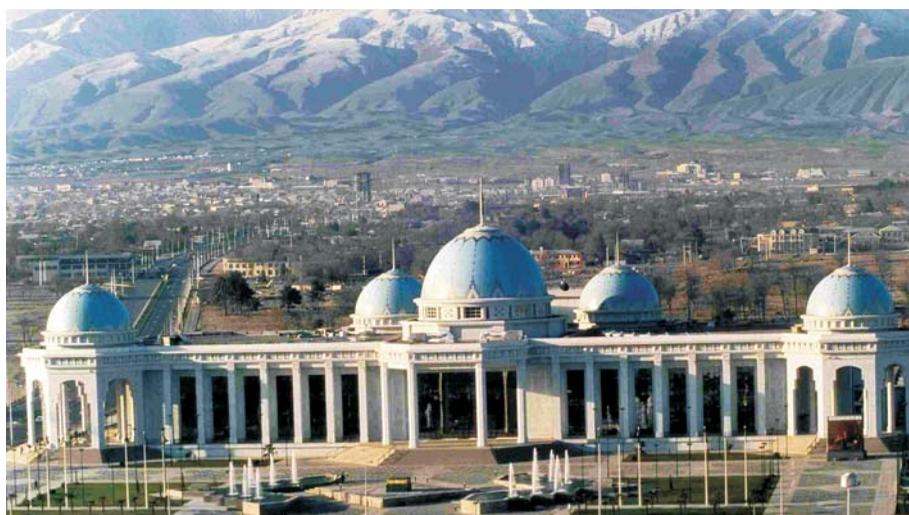
Mountains

The Kughinang Mountains with the highest peak of Turkmenistan - Airibaba (3,137 m). The Bolsoi (Big)

Balkan is a mountain range in the Kara Kum Desert. There archeologists found the human remains of the Stone Age.

The scenery of Mount Syunt is peculiar due to the rear plant species thickly covering its slopes. Red and orange canyons of Yuanghikala and Yyuanghusu are breathtaking indeed.

In the vicinities of Makhtumkuli village stand the Lunar Mountains. These mountains look extremely strange: they have rounded sagged forms of pink-cream or grey - almost white colors which change their shades after a rain and depending on humidity shimmer with practically all colors of a rainbow ... the Lunar Mountains look more like giant cakes than the landscape elements. It is an extremely rare occasion when you stumble upon accidental shrub which makes this "alien" scenery look a little more "earthy".



Caves

Turkmenistan is famous for its caves. The most known of them are the Karlyuk caves. They are located on the slope of Kugitangtau Ridge and are considered unique natural sanctuaries, they are equal to none in entire Eurasia they are by right included in the list of the World Legacy of UNESCO. The Karlyuk caves are typical representation of various karst forms. There have been found around 60 caves with total length of 50 km, with galleries, passages, halls, labyrinths. The caves are rich in wandering formations of plaster, calcite, aragonite in the form of stalactites, stalagmites, stone curtains etc.

A lot of caves have not been explored yet. Kov-Ata Cave is unique due to its hydrosulphuric lake. The cave is well-known as an inhabitation of the largest colony of bats. ■

Russian Cuisine - Rich & Varied

The vast multicultural expanse of Russia makes Russian cuisine just as varied and rich. Peasant food that was found amongst the rural populations became the foundation to traditional Russian cuisine. Due to the harsh environment that many peasants found themselves in, they would live off the earth, which included a diet of berries, fish, honey, mushrooms and the game that was hunted.

Russian caviar is known the world over and has been recognized as one of Russia's most popular and best known exports. While this expensive delicacy may not have originated in here, it has become synonymous with Russia.

diet to most Russians, and lasted well into the 20th century. Eastern cooking methods were added to the making of Russian cuisine, due to Russia's close proximity to Persia and the Ottoman Empire.

Smoked meat, pastry cooking, green vegetables, salads, wines and chocolate are few culinary items that were introduced in the 16th to the 18th century. Although most of these refined foods were only available to the rich and aristocratic circles in Russia, it added to the Russian cuisine and meals that would become traditional Russian dishes.

Soup has always been vital to the Russian cuisine during the ages, and can be divided into seven different groups of soup. Traditional soups ranged from borsch, ukha, teur and Shchi. Cold soups are based on kvass, light soups and stews feature water and vegetables, while noodle soups are incorporated with meat, milk and mushrooms. Soups that are based on cabbage are called Shchi, with thick soups such as rassolnick and solynaka being based on meat broth. Grain and vegetable based soups, as well as fish soups that complete the traditional soups list.

Three very basic variations make up the traditional meat dishes in Russian cuisine. Studen, or Kholodets, is a meat dish that is made from jellied pork meat or veal. Spices and vegetables are added, and it is usually served with mustard or grinded garlic, together with horse radish and smetana. In the past, most meat dishes were accompanied by cereals and porridges. Pelmeni is made from a minced meat filling which is wrapped in a thin layer of dough. Any meat is used and can be filled with beef, lamb, or pork. It is also the national dish of Russian Siberia, as the dish can be frozen and stored in large quantities. Lastly, there is Shashlyk, which is a skewer with marinated meat that is grilled.

Other traditional dishes also include Blini which is a form of pancake and Syrniki which is made from fried curd fritters. Most traditional drinks are no longer on the Russian cuisine list, such as kvass, medok, sbiten and mors. ■

Many Russians would grow crops of barley, wheat, rye and millet, from which they could produce breads, cereals, beer and vodka. Soups and stews that were made from the poultry and meats that were hunted, were richly flavored and popular meals throughout the cold winter months. The invasions by the Mongols and the Tartars in the thirteen century brought new techniques to the peasants such as making sour milk, grilling meat, and the use of spices. Clotted sour milk became a staple





Vodka. Imbibing the Spirit of Russia

For centuries now the alcoholic beverage known as vodka has long been associated with Russia. Vodka is often seen as having originated in Russia. However, the truth of the matter is that the origins of vodka cannot be traced back to one particular location.

It is largely believed that vodka was first produced in the grain-growing regions of Poland, Lithuania, Ukraine, Belarus and Russia. For centuries people living in these parts of the world frequently made use of the beverage and even Scandinavians are known to have drunk vodka on occasion. It must be concluded, therefore, that the referral to vodka being a 'Russian' drink has come about due to the fact that Russia is perhaps one of the best-known countries wherein the drink originated. It may also have something to do with the fact that there are several well-known brands of Russian vodka on the international market, but other European brands are virtually unknown.

Ancient Russian vodka likely took the form of a drink called 'bread wine'. This popular drink started to emerge from about 950 CE onwards and it contained relatively low alcohol content (no more than 60 percent) and was sold in taverns across the country for a low price. In the 17th century, the term 'vodka' was used to refer to an herbal tincture which contained up to 75 percent alcohol and which was used for medicinal purposes. It would seem that sometime during the 18th century, the alcohol

content of vodka increased and this name started to be substituted for the name 'bread wine'. A decree dated 8 June 1751 regulated the ownership of vodka distilleries, using the name 'vodka' in this official government document. Soon vodka became the key

target of government taxes in Tsarist Russia. At times, vodka sales would account for some 40 percent of state revenue! During the 1860s, the government promoted vodka to quite a large extent, making it the drink of choice around the country. However, when the government monopoly on the beverage was revoked, prices plummeted and vodka became available to everybody not just the well-to-do. Vodka has since enjoyed one of the highest alcohol consumption rates in Russia, currently making up about 70 percent of all alcohol consumed in the country.

Today, Vodka is one of the most consumed distilled beverages in the world. It is made by fermenting grain or potatoes, after which the resulting liquid is distilled until it reaches the desired alcohol level. The result is a colorless liquid that is mainly comprised of alcohol and ethanol. The alcohol content may range from 35 percent to 50 percent but the ideal is said to be 38 percent. Today vodka-flavored, light alcoholic beverages have been produced by the Russian vodka company known as 'Smirnoff'. The brand is distilled in as many as 130 countries across the globe and these sweeter drinks have become increasingly popular amongst younger members of the drinking fraternity. Vodka is also frequently mixed to create other drinks, such as the 'Bloody Mary', the 'Vodka Tonic' and the 'Screwdriver' ■

**Индия Подписывает договора
об Энергетическом Сотрудничестве
с Азербайджаном и Узбекистаном**

Нефть и газ СНГ - благо для Индии



Содружество Независимых государств (СНГ) становится все более и более важным источником энергии для крупных стран-потребителей таких, например, как Индия. Регион СНГ имеет значительные запасы нефти и газа. Неудивительно, что все больше и больше международных компаний, включая индийскую нефте-газовую компанию ОНГС Видэщ (ONGC Videsh), рассматривают этот богатый нефтью и газом регион как открывающий новые выгодные возможности.



Инициатива Индии по изучению возможности в нефтегазовом секторе региона СНГ нашла выражение во время недавнего визита Министра Торговли по Штату Джайрама Рамеша в Азербайджан и Узбекистан. В ходе своего недельного визита в обе страны он подписал несколько многопрофильных соглашений, направленных на улучшение двусторонних экономических отношений, в том числе включающие вопросы инвестиций и торговли особенно в нефтяном и газовом секторах.

Рамеш провел переговоры с Премьер-министром Узбекистана Савкитом Мирзияевым, по результатам которых была достигнута договоренность о начале технических переговоров с ГЭЙЛ (GAIL) по разведке природного газа индийской компанией в этой богатой газом Центрально-Азиатской стране.

Индия, в свою очередь, предложила помочь создать институт по обучению газовой технологии в Ташкенте, по образцу Центра Информационной Технологии им. Джавахарлала Нехру в Узбекской столице, который был открыт Премьер-министром Манмоханом Сингом в прошлом году. Компания ГЭЙЛ определила четыре блока для газовой разведки. Россия, Китай и Южная Корея уже инвестировали в разведку газа в Узбекистане.

В соответствии с соглашением между Индией и Азербайджаном о сотрудничестве в различных областях, включая нефтяного и газового сектора, индийские компании будут также играть большую роль в развитии быстро расширяющейся нефте-газовой промышленности Азербайджана

Таким был результат встречи, состоящей между индийским министром и президентом Азербайджана Илхамом Алиевым в Баку. На переговорах с Алиевым было достигнуто соглашение, в соответствии с которым индийская нефте-газовая компания ОНГС Видэщ (ONGC Videsh) и государственная нефтегазо-разведовательная компания Азербайджана СОКАР (SOCAR) начнут переговоры о сотрудничестве в области инвестиций ОНГС Видэша в богатый углеводородом Азербайджан.

Индийская нефте-газовая компания ОНГС Видэщ уже инвестировала почти 5 миллиардов долларов США в 15 странах мира, половина инвестиций приходится на одну Россию. У компании ОНГС Видэщ есть что предложить Азербайджану, особенно на тех нефте-газовых месторождениях, где уменьшается производство. Алиев заинтересован в помощи Индии в расширении добычи нефти и глубоководного бурения.

Рамеш предложил использовать экспертизу компании ГЭЙЛ в вопросах нефтехимических веществ на основе газа и распределении бытового газа. Для начала, ОНГС Видэщ и ГЭЙЛ должны будут участвовать в Выставках Нефти и Газа Каспийского моря, проводимых в Баку в июне.

В Баку, Рамеш подписал первоначальное соглашение с Азербайджаном о создании Индо-Азербайджанской Межправительственной Комиссии по Торговому, Экономическому, Научному и Технологическому Сотрудничеству. Сопровождаемый Управляющим директором ОНГС Видэщ, Министр добился заинтересованности Индии в нефтяной и газовой разведке Азербайджана.

Так как Азербайджан также имеет обширные ресурсы полезных ископаемых и металлов, в ходе визита Рамеша сопровождали высшие должностные лица ММТС и Национальной Корпорации по Развитию Минералов (NMDC) с целью изучения возможностей подписания с Правительством Азербайджана Меморандума о сотрудничестве в минеральном секторе.

БХЭЛ (BHNL) выполнил крупный проект по поставке и установке энергогенераторов. Индийские фармацевтические компании также увеличивают свое присутствие в Азербайджане. Посещение Министра обеспечило правильный стимул к этим усилиям.

Рамеш также предложил помощь Индии в эксплуатации потенциала ветренной энергии в Азербайджане. Министр сообщил президенту Азербайджана, что индийские компании такие как Вестас (Vestas) и Сузлон (Suzlon) приобрели мировую известность и что порядка 4500 МВт мощности ветренной энергии уже было установлено в Индии.

В ходе переговоров с правительственными лидерами как Азербайджана так и Узбекистана, Рамеш продемонстрировал

заинтересованность Индии в сотрудничестве в других областях, в частности, в добыче золота.

В Узбекистане, Рамеш сообщил Премьер-министру о заинтересованности Индии в добыче золота в Узбекистане, так как Индия теперь является самым большим в мире импортером золота. Узбекское правительство согласилось рассмотреть предложение по разведке золота от ММТС и Национальной Корпорации по Развитию Минерала (NMDC), при этом оно должно быть дополнено предложением по инвестициям в самом Узбекистане, таким как инвестициями в производство ювелирных изделий из золота. ММТС и NMDC должны сформулировать предложение для предоставления его Узбекскому правительству в течение последующих 30 дней.

Узбекский Премьер-министр отметил близкие культурные и политические взаимоотношения между Индией и Узбекистаном и подчеркнул, что теперь наступило время подъема двусторонних экономических отношений на новую высоту.

В Азербайджане, Рамеш проинформировал Алиева о заинтересованности Индии в добыче золота в этой стране, поскольку Индия теперь является самым большим в мире импортером золота. ММТС и NMDC будут работать с соответствующими азербайджанскими компаниями, чтобы определить области для будущих работ по разведке и оценке месторождений

Алиев высоко оценил предложение Индии о помощи в создании центра образования и обучения Информационным Технологичам в Баку.

Президент согласился с Рамешом в том, что Индия особенно сильна в обучении и развитии персонала, особенно в таких областях как менеджмент, законодательство, наука и технологии. Ожидается что из 100 студентов Азери, которые будут отправлены в этом году за границу для получения высшего образования, 20 прибудет в Индию.

Президент и другие лидеры Азербайджана выразили надежду, что индийские фармацевтические компании рассмотрят свое развитие и будут не только распространять фармацевтические продукты, но и установят производственные мощности в Азербайджане.

Рамеш и Министр по Развитию Экономики Азербайджана Хайдер Бабаев также подписали соглашение в соответствии с которым будет создана Совместная Межправительственная Комиссия по Торговому, Инвестиционному и Экономическому Сотрудничеству.

Ожидается что соглашение, которое готовилось почти пяти лет, обеспечит стимул развития как коммерческих, так и культурным взаимоотношений между двумя странами. Индия также предложила техническую помощь Азербайджану по вхождению его в ВТО. Тем временем, президент Алиев принял приглашение от Рамеша посетить Индию в ближайшее время. Индийского Министра также сопровождал Муканд Чаудхери, Управляющий Директор Текстильной компании СЛС Текстайлс (CLC Textiles), которая недавно инвестировала 81 миллион долларов США в хлопок и ткани Узбекистана. Дальнейшие инвестиции на сумму 40 миллионов долларов США запланированы СЛС Текстайлсом в течение следующих двух лет. Премьер-министр Узбекистана оценил работу СЛС Текстайлса и выразил высокую заинтересованность Узбекистана в подобных инвестициях индийских компаний в фармацевтическую и кожную промышленности. Рамеш пообещал переговорить об этом в скорое время с индийскими компаниями. ■



Чистая прибыль возросла на 10,6% до 2,99 миллиарда рупий в 2006-07 г.; Выплата увеличилась на 47% до 220,76 миллиарда рупий.

Эксим Банк добился превосходных успехов в юбилейный год



Экспортно Импортный банк Индии «ЭКСИМ Банк» объявил о всестороннем улучшении результатов своей деятельности в финансовом 2006-07 году, завершившимся в марте. Недавно в Мумбее председатель Эксим Банка и управляющий директор Т.С Венкат Субраманиан объявил о результатах достигнутых в год 25 юбилея банковских операций.

Важные статьи бухгалтерского учёта

- Чистая прибыль после налогообложения составила 2,99 миллиарда рупий, на 10,6% больше чем в предыдущем году.
- 956,2 миллионов рупий передано центральному правительству, соответственно Акту Эксим Банка, по сравнению с 867,5 миллионов в 2005-06 г.
- Достаточность основного капитала «коэффициент рискованных активов» равнялся 16,38%

РЕЗУЛЬТАТЫ БИЗНЕСА

- Утверждение кредита агрегировалось на 267,62 миллиарда рупий в 2006-07г., по сравнению с 204,89 миллиарда рупий в предыдущий год, показав увеличение на 31%. Агрегировавшаяся выплата равнялась 220,76 миллиарда рупий, по сравнению с 15,39 миллиарда рупий в предыдущий год, увеличившись на 47%. Активы заёмов увеличились на 29% подымаясь до 232,74 миллиарда рупий к 31 марта 2007 г. от 180,28 миллиарда рупий соответственно показателям на 31 марта 2006 г.
- В этот год банк предоставил 16 кредитных лимитов, агрегируя 542 млн US\$, охватывая 42 страны, чтобы поддержать экспорт проектов, товаров и услуг из Индии. 73 кредитных лимита, охватывающих 83 страны Африки,

Азии и Латинской Америки с кредитными обязательствами составляющими 2,3 миллиардов US\$ сейчас могут быть предоставлены для использования, в то время как ряд перспективных кредитных лимитов сейчас оговариваются. Банк уделяет особое внимание предоставлению кредитных лимитов, так как это является эффективным механизмом выхода на рынок особенно для малых и средних предприятий.

• Чистый безнадежный кредит составил 0,5 % чистых активов заёма 31 марта 2007 г.

• Контракты по экспорту проектов, поддерживаемые Эксим Банком составляют 140000 миллионов рупий и были заключены с 21 компанией в 20 странах.

• Обеспечение кредита по отчётам составило 35,36 миллиарда рупий к 31 марту 2007 г.

РЕССУРСЫ/УПРАВЛЕНИЕ КАССОВЫХ ОПЕРАЦИЙ

• Банк поднял кредиты с различными сроками платежа, агрегирующимся до 106,210 миллиарда рупий, состоящих из рупьевых ресурсов в 64,61 миллиарда рупий, и валютных ресурсов, эквивалентных 957 миллионов долларов США.

• Рыночные займы к 31 марта 2007г составили 85 % от всех ресурсов.

- В этот год правительство подписало на акции стоимостью 500 миллионов рупий, внесённые в капитал банка и оплаченная часть акционерного капитала банка увеличилась до 10000 миллионов рупий, приравнявшись с нынешней суммой Разрешённого к выпуску акционерного капитала в соответствии с показателями 31 марта 2007 г. Правительство Индии находится в процессе увеличения суммы разрешённого к выпуску акционерного капитала до 20000 миллионов рупий.
- Валютные ресурсы полученные в течении этого года включают 269 миллионов долларов США, полученных благодаря второму выпуску облигаций/краткосрочных обязательств с изменяющейся процентной ставкой под названием Самураи. Ресурсы фиксированных расходов эквивалентных 688 миллионам долларов США были получены от двусторонних/клубных займов. К 31 марта 2007г. объединённые финансовые ресурсы были эквивалентны 2,57 миллиардам долларов США.
- Инструменты внутренних займов банка продолжают получать высший рейтинг - 'AAA' от рейтинговых агентств CRISIL и ICRA. К марту 31, 2007, сумма неоплаченных рупевых займов, в их числе облигации и коммерческие составила 145,34 миллиарда рупий.
- В течении 2006-07, Standard & Poor's и Fitch Ratings повысили кредитный рейтинг банка от BB+ до BBB. Японское кредитное агентство (JCRA) улучшило оценку кредитного рейтинга BBB банка от стабильного до положительного. Совокупно с рейтингом Baa3 данным Moody's, сейчас банк может хвалиться рейтингом равносильному суверенному Индии, данному четырьмя международными кредитными агентствами.

НОВЫЕ ИНИЦИАТИВЫ

Совместные предприятия с комиссией по делам кхади и деревенской индустрии.

- Банк ведёт переговоры с комиссией по делам кхади и деревенской индустрии (KVIC) по учреждению организации экспортного маркетинга, которая будет содействовать возможностям создания деловых предприятий на низовых народных уровнях, и поощрять экспорт продукции сельских предприятий, таким образом приводя к учитываемому всё росту. Банк поможет KVIC идентифицировать продукцию с экспортными потенциалами, страны заинтересованные в импорте такой продукции и интересующихся в этом покупателей. Первоначальные инвестиции банка составят 50 миллионов рупий, из которых каждые 20 миллионов рупий, рупий, будут внесены Эксим Банком и KVIC, и баланс 10 миллионов рупий, рупий, будет пожертвован рядом неправительственных организаций NGOs / SHGs занятых производством сельского/ агро ремесла. В то время как совет Эксим Банка одобрил инвестиции, KVIC находится в процессе получения одобрения правительства Индии для этой инвестиции...

Инициативы сельского массового бизнеса

- Банк ввёл иновационные условия для поддержки

глобализации сельской индустрии в виде инициатив сельского массового бизнеса. С этой целью, банк осознанно стремится установить и развивать различные институционные связи. Одним из таких примеров является сотрудничество с конфедерацией неправительственных организаций сельских районов Индии (CNRI), это некоммерческая организация, в состав которой входят 5000 неправительственных организаций NGO, находящихся во всех штатах Индии. В соответствии с этой договорённостью Эксим банк помогает членам CNRI в создании деловых возможностей, обучении и выходе на национальные и международные рынки.

- Международная финансовая корпорация (IFC), член института всемирной банковской группы, создал центр показа и продажи называемый 'Pangea' в Вашингтоне D.C., где демонстрируется агро продукция из различных развивающихся стран. Банк в ассоциации с IFC, организовал День Индии в Pangea, где были показаны товары произведенные рядом неправительственных организаций -NGOs / SHGs - в Индии.

• Банк так же активно вовлечен в оказании поддержки в экспорте и сбыте сельской продукции с помощью инновационных экспортно-маркетинговых услуг, эффективно используя свои заморские офисы и институционные связи, давая линии кредита зарубежным домам закупщикам и уневермагам, для импорта ряда продукции из Индии. Таким образом Эксим Банк смог поднять такие линии кредита на цели развития экспорта сельской продукции и помог получить заказы из таких стран, как Сингапур, ЮАР, Венгрия И США.

Фокус На банковском обслуживании среднего и малого бизнеса

- Специальная договорённость о предоставлении займа на оговоренную сумму с Азиатским Банком Развития АБР: Банк ведёт переговоры по кредитному лимиту на долгосрочной основе чтобы получить 250 миллионов долларов США от АБР, без гарантий центрального правительства, с целью предоставления кредитов мелким и средним предприятиям. У банка будет выбор получать финансы в различных валютах, в соответствии с требованием клиента.

• Иновационная програма банковского Обслуживания среднего и малого бизнеса банк начал сотрудничество с Международным Торговым Центром (МТЦ) в Женеве с целью осуществления уникальной програмы по развитию управленческих услуг для предприятий, основанной на информационной технологии, которая поможет небольшим предприятиям подготовить деловые планы, имеющие в виду международные рынки. Это пионерская инициатива для поддержки мелких и средних предприятий и предоставлении кредитов и финансовых условий для экспорта продукции мелких и средних предприятий в различные страны мира. Банк в партнёрстве с МТЦ осуществляет эту програму как экспериментальный проект. Таким образом, банк

поддерживает небольшие предприятия в создании возможностей и помогает формулировать жизнеспособные предложения. Предполагается передать опыт этого эксперимента другим развивающимся странам, таким образом помогая создавать мощности и институциональные возможности на глобальной арене Кредит на сумму эквивалентную 100 миллионам долларов США от Банка Японии по международному сотрудничеству.

- В течении года Эксим Банк подписал соглашение по объединённому кредиту с Банком Японии по международному сотрудничеству (JBIC). Соглашением предусматриваются предоставление банку конкурентно оценённых ресурсов эквивалентных 100 миллионам долларов США на долгосрочных основах, для кредитования правомочных индийских заёмщиков. Доход может быть доступен для корпораций имеющих бизнес с Японией, индийско-японским СП и дочерним компаниям как в Индии, так и зарубежом..

Глобальная сеть Эксим Банка и развитие финансовых институтов(G-NEXID)

- Эксим Банк Индии с поддержкой ряда других Эксим Банков и финансовых институтов по развитию - (DFIs)- из различных развивающихся стран Азии, Африки, Латинской Америки и СНГ организовали, под эгидой UNCTAD в Женеве, глобальную сеть Эксим Банков и финансовых институтов по развитию (DFIs) называемую G-NEXID, с целью расширения сотрудничества по торговле и инвестиции в рамках Юг-Юг. На второй ежегодной встрече, состоявшейся 22 марта 2007 года был открыт официальный вебсайт G-NEXID's (www.gnexid.org), чьей целью является создать конкурентное присутствие онлайн, содействовать обмену информацией и опытом, создать брэнды, обучать и вести бизнес с странами- членами институтов. G-NEXID получила от UNCTAD статус наблюдателя.

Условия для среднесрочных векселей на 1 миллиард долларов США

- В течении 2006-07г. Банк ввёл в силу програму среднесрочных векселей (MTN) на сумму в 1 миллиард долларов США, чтобы содействовать созданию на регулярных основах ресурсов на международных рынках заёмного капитала. Эта програма будет содействовать гибкости Банка в терминах количества, структуры и сроков создания валютных резервов.

Зарубежная инвестиционная финансовая програма

- Банк имеет всеобъемлющую програму, охватывающую акционерный капитал, кредиты, гарантии и службу предоставления советов для индийской зарубежной инвестиции. В течении года были санкционированы 28 предложений по фондовой и не фондовой поддержке на сумму 19,40 миллиарда рупий для частичного финансирования их зарубежных инвестиций в 15 странах в их числе Испания, Великобритания, Индонезия, Малазия, Норвегия, Бразилия, Египет, Израиль, Иран,

Дубай и др. До сего времени Эксим Банк предоставил финансы 176 предприятиям созданным 147 компаниями в 54 странах. В целом, помощь предоставленная для зарубежной инвестиции равняется 49,60 миллиарда рупий, охватывая различные сектора, в их числе, фармацевтика, бытовая продукция, готовая одежда химические вещества, красители, програмное обеспечение и ИТ, инженерные товары, природные ресурсы (уголь, лес), металл и обработка металла и сельскохозяйственная продукция. Зарубежные инвестиции, поддерживаемые Эксим Банком в ходе этого года включают приобретение испанской компании, производящей брендовые генитические формуляции; приобретение большой текстильной компании в Великобритании; приобретение крупнейшей в южно-восточной Азии проекторско- строительной компании ЕРС в Сингапуре; приобретение в Индонезии компании, которая имеет права на горную разработку угольных шахт; приобретение агрохимической компании в Нидерландах; приобретение нефтебурильной компании в Малазии, являющейся владельцем и оператором крупнейшего завода по производству бумаги в Малазии вместе с большой концесией лесовых земель; установление полностью принадлежащей банку дочерней компании в Шариа в ОАЭ для производства жидких упаковок (ящики HDPE).

Фокус на совет по сотрудничеству стран региона Персидского залива и Центральную Азию

- В течении этого года банк открыл офис представительства в престижном международном центре в Дубаи. Дубайский офис Эксим Банка будет играть ключевую, каталитическую роль в дальнейшем расширении торговли и инвестиционных потоков между Индией и регионом Среднего Востока. Благодаря его стратегическому расположению, офис так же поможет индийским компаниям расширить свой бизнес в Центральной Азии и регионе Северной Африки.

ИССЛЕДОВАНИЕ И ПЛАНИРОВАНИЕ

- В течении этого года банк опубликовал пять неперiodических изданий а именно – японская и американская прямая иностранная инвестиция в производственный сектор Индии: Анализ; Регион Магхреб: Исследование потенциалов торговли и инвестиции Индии; Упрочение научных-исследовательских способностей в Индии; Регион СНГ: Исследование торговых и инвестиционных потенциалов и индийская химическая индустрия: Исследование по секторам. В течении этого огода банк так же опубликовал рабочую газету под названием "Индийская строительная индустрия: возможности за границей".

- Банк так же опубликовал издание под названием "Смотри через каледоскоп: Индия и глобализация", которое является кратким руководством серий ежегодных лекций Эксим Банка в период между 1986 – 2006 годами, в честь ознаменования серебряного юбилея Эксим Банка. ■