# Activities of development banks in Eurasian countries. Information digest.

<table>
<thead>
<tr>
<th>The World Bank</th>
<th>European Investment Bank</th>
<th>Black Sea Trade &amp; Development Bank</th>
<th>European Bank for Reconstruction and Development</th>
<th>International Financial Corporation</th>
</tr>
</thead>
</table>

## Digests archive
- Subscription
- Integration studies of EDB

## Bond issues
- EIB’s first Climate Awareness Bond in CHF is also first of 2014

## Public Administration
- Comprehensive reforms are urgently needed to spur private sector-led growth and create jobs in Ukraine

## Small & Medium Enterprises
- EBRD boosts lending for Belarusian small businesses

## Water, Sanitation, Flood Protection
- EBRD, European Union and World Bank support water services in Talas, Kyrgyz Republic

## Strategy
- New EBRD strategy for Kazakhstan

## Environment
- World Bank and Russia Sign Loan Agreement for the Second National Hydromet System Modernization Project

## Trade and Investments
- EBRD in 4.6 billion rouble loan to Russian retailer Lenta

## Energy
- BSTDB supports modernization of the electricity distribution in Ukraine

## Finance
- EBRD long-term loan to Russia’s Rosbank Leasing

## Research
- Recovery remains slow in EBRD region

## Development assistance
- EBRD delivers strong support for emerging economies in 2013

## Corporate Sector
- EBRD invests in new segment of Russian service market
- IFC Supports Expansion of Online Retailers in Emerging Markets with Investments in Lamoda
EBRD, European Union and World Bank support water services in Talas, Kyrgyz Republic

Loan from EBRD and grants from EU and World Bank will fund water supply and wastewater improvements in the city where water borne disease is rampant.

Talas is a city in the north of the Kyrgyz Republic, close to the Kazakh border, with a population of over 45,000. One of the biggest priorities for the citizens is clean drinking water and rehabilitation of wastewater management. Currently the water losses are huge and supply intermittent. The wastewater system has collapsed and untreated wastewater forms pools in the basement of apartment buildings, with endemic water borne disease as a result.

Now three international organisations are putting together a financing package for a radical modernisation of the city’s water and wastewater services. The EBRD is providing a loan of up to €2 million. The EU’s Investment Facility for Central Asia is providing a capital grant of €1.85 million, which is the first allocation to the Kyrgyz Republic under the facility. The World Bank Global Environmental Facility’s Special Climate Change Fund is providing a capital grant of US$ 1.5 million (€1.15 million). In addition the local municipal water company will also receive technical cooperation funding from the Czech Republic, Finland, and the EU.

“As do many other areas in Central Asia, Talas has abundant sources of water. Its challenge is to ensure that clean and safe water reaches people and to restore wastewater management. The project we are supporting is going to greatly improve people’s lives”, said Larisa Manastirli, Head of the EBRD Bishkek Resident Office.

“These investments are very important for the Talas city and will have very positive effect on social and economic development of our population”, said the Mayor of Talas city, Anarbek Kushubekov.

The modernisation of water and wastewater services in Kyrgyz cities is a priority for the EBRD, which has developed a dedicated financing facility for the purpose. At present the EBRD has provided financing to six cities in the country to support critical investments in the water supply and waste water networks and is considering further expansion throughout the country to smaller cities.


ADB, Standard Chartered Bank Partner on Supply Chain Finance Program

The Asian Development Bank (ADB) signed an agreement with Standard Chartered Bank to support supply chain financing in Asia, the first partnership of its kind under ADB’s recently launched Supply Chain Finance (SCF) program.

The agreement is expected to finance more than $800 million in supply chain transactions, most of which will be directed through small and medium-sized enterprises (SMEs) that are supplying large companies with materials for intermediate and final production, as well as retail sales.

Under the agreement, ADB and Standard Chartered Bank will share the risk in the transactions. This will in turn support the development of intra-Asia supply chains as well as supply chains between Asia and other regions of the world.

Backed by its AAA credit rating, ADB’s SCF program complements its successful Trade
Finance Program (TFP). While ADB's TFP fills market gaps by providing guarantees and loans to banks, the SCF program will take commercial corporate risk and improve liquidity within the supply chains.

As part of the Clinton Global Initiative, Standard Chartered has also pledged to increase SME lending by approximately 45% in its footprint markets of Asia, Africa, and the Middle East over the next five years. Today's announcement builds on its commitment to offer continued flow of credit to SMEs, a sector that's vital to fuelling economic growth.


### Bond issues

**ADB Prices $1.5 Billion 5-year Global Bond Issue**

The Asian Development Bank (ADB) returned to the US dollar bond market yesterday with the pricing of a $1.5 billion, 5-year global benchmark bond issue, proceeds of which will be part of the bank’s ordinary capital resources and used in its non-concessional operations.

The bonds, with a coupon rate of 1.875% per annum payable semiannually and a maturity date of 12 April 2019, were priced at 99.814% to yield 23.90 basis points over the 1.50% US Treasury notes due December 2018.

The transaction was lead-managed by Citigroup, HSBC, Morgan Stanley, and RBC Capital Markets. A syndicate group was also formed consisting of Daiwa Capital Markets, Deutsche Bank, Goldman Sachs International, Nomura Securities, Standard Chartered Bank, and TD Securities.

The deal marks ADB’s first issue in the US dollar global bond market in 2014. The issue achieved wide primary market distribution with 31% of the bonds placed in Asia, 52% in Europe, Middle East, and Africa, and 17% in the Americas. By investor type, 38% of the bonds went to central bank and official institutions, 35% to banks, 17% to fund managers, and 10% to other types of investors.

ADB plans to raise around $13 to $15 billion from the capital markets in 2014.


### Kazakhstan

**Public Administration**

**Online Media Registration Opens for ADB's 47th Annual Meeting**

The Asian Development Bank (ADB) has opened online media registration for the 47th Annual Meeting of its Board of Governors, to be held at the Palace of Independence in Astana, Kazakhstan from 2-5 May 2014.

The theme of the 2014 Annual Meeting is ‘The Silk Road – Connecting Asia with the Changing World.’

Ideas for a post-2015 development agenda that extends beyond the Millennium Development Goals will also be discussed, as well as ways for expanding and deepening regional connectivity. Leveraging fiscal policy to promote more inclusive growth and lessons learned from recent financial crises will also be highlighted.

A new ADB study on Asia's knowledge economies will be presented, with a particular focus on the region's investments in innovation, internet connectivity technology, education, and vocational training. The seminar will review a new index designed to measure creativity and productivity in Asia, and provide specific recommendations for strengthening knowledge economies in the People's Republic of China, India, Indonesia, and Kazakhstan.

A session on public-private partnerships (PPPs) will explore preferred models of PPPs, how to attract private and institutional investors, identify constraints that prevent successful PPPs, and discuss how organizations like ADB can help bridge the “bankability gap.”

About 3,000 participants including finance ministers, central bank governors, senior
government officials, and representatives from the private sector, academia, media, and civil society are expected to attend. Continuing efforts are being placed on enhancing the positive aspects of the social, economic, and environment and overall sustainable impact of ADB’s Annual Meeting.

Media participation is by invitation only. Invitation will be sent to accredited media starting 15 January 2014. Media who wish to be accredited can apply online. Online registration will remain open until 20 April 2014. Accredited media will have access to all major Annual Meeting events, including seminars.

http://www.adb.org/news/online-media-registration-opens-adbs-47th-annual-meeting

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Black Sea Trade & Development Bank

**Energy**

**BSTDB supports modernization of the electricity distribution in Ukraine**

The Black Sea Trade and Development Bank (BSTDB) announced a USD 30 million loan to DTEK Group, the largest energy company in Ukraine. The seven-year loan will be used by DTEK for corporate purposes, including the modernization of the Group’s electricity distribution network.

The BSTDB financing will have direct positive effects on the efficiency of Ukraine’s energy sector, improve the environmental and safety performance of the power distribution facilities of DTEK, and contribute to the country’s growth, economic development and employment creation.


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European Bank for Reconstruction and Development

**International Forums**

**Tbilisi will welcome EBRD Annual Meeting in 2015**

Annual Meeting of EBRD Board of Governors will take place in Georgian capital on 14-15 May 2015.


The announcement came after a meeting between the Prime Minister of Georgia, Irakli Garibashvili, and the EBRD President, Sir Suma Chakrabarti, at the World Economic Forum in Davos.

During the meeting, the EBRD President congratulated the Georgian Prime Minister on his recent appointment to the post. Georgia, hailed as a top reformer in the EBRD region, recently underwent a democratic transfer of power. President Chakrabarti highlighted that EBRD governors enthusiastically supported Tbilisi as the host city for the 2015 Annual Meeting.

The EBRD President also said that the EBRD looked forward to increasing investment in Georgia, and named the hydropower sector as one area in which investment is likely to grow.

The Tbilisi event will follow this year’s EBRD Annual Meeting in Warsaw which will take place on 14-15 May, in the National Stadium. The theme of the 2014 Annual Meeting in Warsaw will be “Changing Economies, Changing Lives”.

Recovery remains slow in EBRD region

Domestic policies will be key to longer-term outlook, says EBRD’s latest Regional Economics Prospects report.

A recovery this year in the regions where the EBRD invests is expected to be slow, despite improvements in the world’s most advanced economies, including in the United States and the Eurozone.

The EBRD’s economists see growth in the transition region of a modest 2.7 per cent in 2014, virtually unchanged from the November forecast, and after expansion of 2.0 per cent in 2013.

The EBRD’s latest Regional Economic Prospects report said emerging economies were still suffering from capital outflows that were likely to persist in light of the expected gradual tightening of US monetary policy.

Growth in Russia will only partially recover in 2014, to 2.5 per cent from 1.3 per cent last year. Commodity prices are no longer supporting growth and are limiting the scope for fiscal policy adjustment. Structural reforms and improvements in the overall business environment are needed to boost investment and lift Russia’s growth above 2.5 per cent a year, the government’s new projected long-term growth rate.

In Eastern Europe and the Caucasus, growth will strengthen to 2.0 from 1.2 per cent. Ukraine is expected to post small growth after virtually no growth in 2012 and a 0.8 per cent contraction in 2013.

Growth in Central Asia will remain relatively strong owing to a number of large natural resource projects in Kazakhstan, Mongolia and Turkmenistan. Growth is expected to decelerate somewhat in the Kyrgyz Republic and Tajikistan on account of weaker demand and lower expected growth of remittances from Russia.


Development assistance

EBRD delivers strong support for emerging economies in 2013

The European Bank for Reconstruction and Development provided strong support to emerging economies in 2013 to help them back to a path of recovery, despite a difficult investment environment.

Total investments for the year across all of the regions where the EBRD is active amounted to €8.5 billion, according to preliminary estimates, compared with financing of €8.9 billion the previous year.

These investments were achieved against a backdrop of general investor reluctance in the face of continued economic fragility.

The EBRD also remains well equipped to continue to roll out investments, after making a net profit in 2013 expected to be in line with the 2012 earnings of €1.0 billion. The earnings will largely be ploughed back into future financing.

The number of individual projects that the Bank financed in 2013 remained at near historic highs, at 392, compared with 393 in 2012, which was a record year.

Particularly difficult economic and investment conditions in Russia led to a reduction of investments there to €1.8 billion, from €2.6 billion in 2012. However, Russia has been and remains the largest country of operations for the EBRD and the Bank is fully committed to continuing its very deep involvement in the country.

The Bank’s investment in eastern Europe and the Caucasus held unchanged last year, at around €1.5 billion, while in Central Asia investment amounted to €550 million compared to €870 million in 2012.

Belarus

Small & Medium Enterprises

**EBRD boosts lending for Belarusian small businesses**

US$ 30 million loan for under-served sector of Belarusian economy.

In a move designed to boost lending to the small business sector in Belarus, the EBRD today extended a US$ 30 million loan to Belvnesheconombank (BelVEB), which, with 23 branches, has a wide footprint across the country.

The five-year loan will allow BelVEB to lengthen debt maturities when it on-lends to its private clients in micro, small and medium-sized enterprises (MSMEs) – a sector with huge potential but which is currently under-served sector.

BelVEB, which ranks among Belarus’s top six banks as measured by assets, has been an EBRD partner in Belarus since 2010, and is a subsidiary of Russia’s state development bank, Vnesheconombank (VEB).

BelVEB is an active lender to the MSME sector, and plans to extend loans largely in US dollars to sub-borrowers with US dollar-linked revenues. Local currency loans have remained costly in Belarus since the 2011 balance of payments crisis put the Belarusian rouble under strong pressure.

This is the EBRD’s third loan to BelVEB.


Georgia

Food Security

**Food safety conference in Tbilisi**

Food quality and safety standards were the focus of the forum “Food safety in Georgia: challenges and opportunities”, which took place in Tbilisi, Georgia today. The European Bank for Reconstruction and Development (EBRD) and the Food and Agriculture Organization of the United Nations (FAO), with the support of the Ministry of Agriculture of Georgia, organised this successful forum, which brought together private companies, government and other stakeholders to discuss forthcoming legislation to improve food safety and its potential impact on local agribusiness companies and farmers.

Top managers from over 60 local agricultural companies, leaders of farmers’ associations, and key policy-makers in government and the private sector examined changes currently under way in the country’s food safety and quality legislation, and the need to upgrade Georgia’s food safety and monitoring systems. The most significant changes include the Code of Food Safety, Veterinary and Plant Protection, which will take effect in spring 2014, and other major updates that will result from the Deep and Comprehensive Free Trade Agreement (DCFTA) between Georgia and the European Union (EU), which has been signed but not yet ratified.

The forum was opened by the Deputy Minister of Agriculture, David Natroshvili, the EBRD’s Director for Caucasus, Moldova and Belarus, Bruno Balvanera, and FAO’s Director of the Rural Infrastructure and Agro-Industries Division, Eugenia Serova. FAO and the EBRD are building on years of experience in food safety and quality standards in eastern Europe, Central Asia and the Caucasus to assist Georgia in harmonising its standards with those of the EU for improved domestic food security and international market access.

One anticipated result of the forum is the creation of a public-private policy dialogue platform between agribusiness and the government to pave the way toward modernized value chains and an improved investment climate, and to ensure that new measures will be implemented in an efficient and inclusive manner.

**Kazakhstan**

**Strategy**

**New EBRD strategy for Kazakhstan**

The European Bank for Reconstruction and Development (EBRD) has adopted a new 3-year strategy for its activities in Kazakhstan.

Kazakhstan is one of the largest countries of operations of the EBRD, with about US$ 6.5 billion invested over the last 20 years. In terms of reforms, Kazakhstan is the most advanced country in Central Asia, and is demonstrating strong economic growth supported by high oil prices. However many challenges remain, especially in the banking sector in the aftermath of the crisis, and corporate governance and business climate need to be further improved.

The strategy, which guides the Bank’s work in the country, defines the following priorities:

- **Diversification and support for the non-resource sector.** The EBRD is already the largest investor in the non-oil and gas sector of the economy. The Bank will continue to support the development of other sectors by financing projects that enhance productivity in the corporate sector, improve the business environment, promote modernisation of the agribusiness sector along the entire value chain and facilitate growth of the SME sector. The Bank will also work to further develop the banking and non-banking financial sectors.

- **Balancing the role of the state and the market.** The Bank will seek to assist the Kazakh authorities in balancing the roles of the state and the market by supporting growth of private sector enterprises. The Bank will also support policies aimed at commercialising public enterprises and making them more efficient, as well as upgrading infrastructure ensuring appropriate sharing of risks between the private and public sectors.

- **Promoting low-carbon growth and energy efficiency.** The Government’s recently announced Green Economy Strategy is a top national priority and the Bank will assist in implementing key aspects of the strategy through projects in energy, renewables, agriculture, water, waste management, transport, and other sectors.


**Kyrgyzstan**

**Small & Medium Enterprises**

**EBRD supports Kyrgyz food retail chain, NASH**

The EBRD is supporting the expansion of the Kyrgyz small retail food chain, NASH, with a US$ 840,000 loan, which will partially finance the purchase of additional premises, trade and warehouse equipment and the construction of new facilities. The loan has been made under a joint EBRD-EU programme for small business support.

The investment is driven by strong growth potential in the Kyrgyz retail market, where there is still a low concentration of retail chains in the capital, Bishkek, and in the rest of the country. The owner of NASH is a Kyrgyz entrepreneur with more than 10 years’ experience in distribution and five years in retail business.

NASH is one of ten projects in Central Asia that have been financed under the joint EBRD-EU SME Finance Facility for Central Asia, to which the European Union’s Investment Facility for Central Asia (IFCA) has provided €11 million of funds for credit enhancement support and technical assistance. The company and this project are assisted by technical cooperation funds provided by the EBRD and the EU’s IFCA.


**Moldova**

**Energy Efficiency**

**EBRD expands support for energy efficiency in Moldova**
In response to high demand for energy efficiency loans the EBRD is extending a further €7 million to BC Mobiasbancă - Groupe Société Générale SA for on-lending to private companies undertaking energy-saving measures and investing in renewable energy projects. A previous energy efficiency loan of €3 million to Mobiasbancă earlier this year has already been used.

The new loan comes under the Moldovan Sustainable Energy Financing Facility II (MoSEFF II), which provides loans to finance energy efficiency improvements in the private sector. The financing is complemented by EU grants to facilitate up to 20 per cent of the loan and to engage consultants to provide technical advice for energy-saving investments.

The EBRD financing will be used to help businesses invest in energy-efficient equipment, for example, to replace old production and heating equipment, rehabilitate and replace boilers, install meters and renovate thermal and electric energy distribution systems. It will also finance small-scale renewable energy projects such as solar water-heating systems, solar panel electricity systems, ventilation and conditioning systems, thermal insulation, gas boilers and biomass and biogas installations.

More than 90 per cent dependent on energy imports, Moldova spends over 30 per cent of its import budget on energy. Such a high level of dependency, coupled with obsolete energy infrastructure and a waste of resources by end-users, makes Moldova one of the most energy-intensive countries in the region. On average, Moldovan companies use three times more energy to produce the same output as companies in the European Union.


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**Trade and Investments**

**EBRD in 4.6 billion rouble loan to Russian retailer Lenta**

Long-term loan to fund expansion and efficiency investments

The EBRD signed an eight-year loan agreement under which it will provide 4.6 billion roubles to Lenta, one of Russia’s leading hypermarket operators. The loan will support financing of both Lenta’s regional expansion (including construction of two new distribution centres) and significant sustainable resource investments in both existing and new stores. Lenta will have 24 months to draw down the funds.

The EBRD Special Shareholder Fund financed a resource efficiency audit which was used in setting out Lenta’s investments in this area. Lenta’s planned investments will include the introduction of more efficient refrigeration and lighting methods and a programme of advanced waste management, waste water treatment and water purification in many of Lenta’s existing and new stores.

The energy consumption of Lenta’s operations is expected to materially decrease as a result of the efficiency programme. In pushing through this programme to make better use of resources, Lenta will set an example for the rest of the industry as retail facilities, particularly ones selling food, are energy intensive due to the need for bright lighting, air conditioning and food refrigeration.

Lenta opened 31 stores in 2013 and expects to maintain an accelerated pace of expansion in the coming years. Lenta’s continued expansion is expected to be financed by the company’s operating cash flows and available financing facilities, including the new loan from the EBRD.

The EBRD is Lenta’s second biggest shareholder, with other key shareholders being TPG Capital and VTB Capital. The EBRD has two nominees on the company’s Board of Directors.


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**Corporate Sector**

**EBRD invests in new segment of Russian service market**

A 1.8 billion rouble (EUR 40 million) EBRD convertible loan being made as part of a joint investment aims to help develop a new segment of the Russian service sector, the textile rental market. The goal is to make it more energy efficient while encouraging diversification
The investment in Cottonway Ltd., the holding for one of the leading players in this market, is being made in parallel with the Russian Direct Investment Fund (RDIF), which is also providing 1.8 billion roubles. The two transactions are being made on the same terms and conditions. RDIF, Russia’s newest sovereign wealth fund, is a subsidiary of Russia’s Vnesheconombank (VEB).

The textile rental market was virtually non-existent in Russia up to seven years ago but took off in 2008 when Russian state railways (RZD) decided to spin off its in-house laundry services, a non-core activity then badly in need of new investments.

The Cottonway group was one of the pioneers in the market’s evolution and now handles about 40 percent of RZD’s volumes in this business segment. The state railways remain the group’s single biggest customer. However, the client’s strategy is to continue diversification into the healthcare sector, hotels and fitness clubs. In addition to traditional laundry services, the textile rental market offers the delivery of packaged uniforms, towels, mats and bed linen in required condition.

The total value of this market in Russia last year was estimated to be USD 1.2 billion, a fraction of what it is worth in the United States and western Europe. Outsourcing has made an even smaller impact, accounting for 40 to 50 percent of the market.

Laundry services, which in Russia still account for over 90 percent of this market, leave a significant footprint on the environment. However, thanks to the planned introduction of state-of-the-art technology, the project will achieve a 50 percent more efficient use of water once the client has used the funds provided by the EBRD and RDIF to build various new laundry facilities that will allow the company to replace the premises it is currently leasing.

For gas, the savings are forecast at 25 percent while 10 percent less electricity will be consumed and 15 percent less detergents.

Cottonway is largest provider in this segment and is currently able to handle 400 tonnes of textiles a day. It employs about 2000 staff. The investment is due to give both the EBRD and RDIF one seat each on the company’s board of directors.


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**Finance**

**EBRD long-term loan to Russia’s Rosbank Leasing**

In an additional move to support Russia’s important leasing sector, the EBRD is providing a long-term loan of 500 million roubles to the leasing arm of Rosbank, the Russian banking group majority owned by France’s Societe Generale.

A five-year EBRD loan will allow Rosbank Leasing to offer local currency funding to the small and medium-sized enterprises (SME’s) which traditionally rely on this type of financing to acquire equipment and means of transport. In 2012, SME’s accounted for 21 percent of the Russian leasing sector’s business.

The share of leasing in Russia’s GDP has now reached 4.3 percent.

Russia’s leasing market is the world’s sixth largest, as measured by portfolios, and over 100 companies offer this service, yet the sector remains unregulated. This increases the importance of leasing companies having prudent risk management and underwriting procedures, a good network coverage and regional presence.

One of the competitive advantages of Rosbank Leasing is that it can use both its own and Rosbank’s banking network spread over 700 outlets in around 340 Russian cities in 70 of Russia’s 82 regions in order to reach clients. It also works through car, truck and construction machinery dealers.

Richard Jones replaces Ulf Hindstrom as new Head of Dushanbe Resident Office

The European Bank for Reconstruction and Development (EBRD) has appointed Richard Jones as the new Head of Resident Office (RO) in Dushanbe, from which the EBRD is conducting its investments in Tajikistan.

Mr Jones replaces Ulf Hindstrom, who is taking up a senior appointment at the Bank’s Resident Office in Tbilisi.

The new Head of RO will hold introductory meetings with local authorities on 27-29 January, including meeting the President of the Republic of Tajikistan, Mr Emomali Rakhmon, key government ministers and state committees.

This appointment coincides with the opening of the new EBRD office in the capital at 34 Rudaki Avenue in Tcell Plaza. The opening ceremony took place in Dushanbe on 27 January 2014.


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**Ukraine**

**Municipal and Environmental Infrastructure**

**EBRD organises financing programme of €11 million for the city of Lviv**

The European Bank for Reconstruction and Development (EBRD) is providing further assistance to the western Ukrainian municipality of Lviv, which has already embarked on an investment programme aimed at modernising its road and public transport network. The new financing package includes a loan of up to €6 million from the Bank and a parallel investment grant of up to €5 million from the German Ministry for the Environment, Nature Conservation and Nuclear Safety. It is designed to continue investments in Lviv’s transport infrastructure, with a focus on the urban tram network.

The project will allow the extension of tram route 4, which would link the main residential area of Sykhiv with the city centre of Lviv. This extension to the Sykhiv suburb, which has a population of almost 150,000, is expected to increase passenger volumes on public transport by 25 per cent. It will improve the reliability and efficiency of ecologically-friendly, electric public transport and promote its use, thus significantly reducing the level of emissions from cars.

This new investment builds on the first project initiated by the city and the EBRD in 2009, most of which has now been successfully implemented. This project rehabilitated tram tracks, roads and relevant infrastructure along the two most heavily-used routes in Lviv, provided a traffic management system and funded the modernisation of tram infrastructure and depots and acquisition of refurbished rolling stock.

Technical cooperation support for this project has been provided by the European Commission, through its Neighbourhood Investment Fund.


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**Energy Efficiency**

**EBRD provides €20 million to improve district heating utilities in Luhansk**

The European Bank for Reconstruction and Development (EBRD) is providing further resources to modernise district heating systems in Ukraine, which account for 20 per cent of the country’s total CO2 emissions and consume almost 44 per cent of its resources for heat energy. These investments in district heating systems aim to increase energy and cost efficiencies, improve financial sustainability and support the regulatory reform of municipal utilities.

The latest of these projects will be implemented in the eastern municipality of Luhansk, for which the EBRD will provide a loan of up to €20 million to the Luhansk municipal communal enterprise “Teplokomunenergo” secured by the guarantee of the city of Luhansk and will be co-financed with investment grant funding of up to €5 million from the Eastern
Europe Energy Efficiency and Environment Partnership (E5P)* to which the EU is the largest contributor. The proceeds will be channelled to improve energy efficiency, reduce energy losses, gas and electricity consumption and improve district heating services for almost a quarter of a million residents in Luhansk in nearly 90,000 households.

The loan will finance the installation of 300 individual heating sub-stations and the decommissioning of 15 obsolete basement boilers. It will also enable the replacement of old small and medium-sized boilers with new gas boilers, the modernisation of 50 boiler houses, the replacement of almost 30 kilometres of distribution network pipes with pre-insulated pipes and the installation of a monitoring and dispatching system.

Technical assistance, in the form of consultancy services, necessary for both the preparation and implementation of the project was provided by the government of Sweden.


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**European Investment Bank**

**Bond issues**

EIB issues its first USD Global benchmark of 2014

On 7 January, the European Investment Bank (‘EIB’) priced a new Global benchmark issue in the 5-year tenor. This is the EIB’s first transaction of the year, and the first benchmark offering in the SSA sector so far in 2014. The issue pays a semi-annual coupon of 1.875% and has an issue price of 99.468% to give a spread of +29.7 basis points over the 1.500% UST due 31 December 2018.

The transaction was announced on Monday, 6 January.

Lead Managers for the transaction were Barclays, Goldman Sachs International and HSBC. Co-managers on the offering were Citi, Credit Suisse, Deutsche Bank and Nomura.

A written prospectus relating to this offering can be obtained by requesting such prospectus in writing or by telephone from EIB.


EIB’s first Climate Awareness Bond in CHF is also first of 2014

On 8 January, the European Investment Bank (“EIB”) priced a new CHF 350 million Climate Awareness Bond (CAB). The issue carries an annual coupon of 1.625% and has a final maturity date of 4 February 2025. This is EIB’s first CAB transaction of the year, and the first ever CHF-denominated Climate Awareness Bond. The issue was placed with Swiss investors.

Climate Awareness Bonds raise funds from fixed income investors to support EIB lending for renewable energy and energy efficiency. CABs thus provide investors with the opportunity to channel funds into projects contributing to climate action, while enjoying the excellent credit quality of EIB as an issuer.

Lead Managers for the transaction were Barclays, Credit Suisse and Deutsche Bank.

As the EU bank, the European Investment Bank applies a robust, comprehensive approach to climate action, in support of EU policy and its role as a global leader in this field. The EIB is among the largest financiers of projects to tackle climate change, having provided over EUR 13bn worldwide in 2012 alone. EIB’s 2013 to 2015 Corporate Operational Plan sets an annual target of over 25% of finance directed to climate action.

Within its climate action financing framework the Bank strongly supports energy efficiency and renewable energy investments. The EIB thus contributes to the EU’s climate change and energy sustainability objectives which foresee that by 2020, 20% of EU’s overall energy consumption should be met from renewable energy sources and energy efficiency should increase by 20%.

EIB’s lending for renewable energy and energy efficiency in 2012 reached EUR 3.3bn and 1.1bn, respectively.
EIB taps Climate Awareness Bond to a record EUR 1.5bn

On 13 January, the European Investment Bank (EIB) re-opened the EUR green bond market with the first transaction of the year, a EUR 350m tap of the Climate Awareness Bond (CAB) due 15 November 2019. Total size after the increase is a record EUR 1.5bn, which makes this issue the largest climate-themed bond outstanding in any currency. The transaction is the fourth tranche of this line, which was the first CAB to adopt the “mini-benchmark” ECoop format in July 2013. This format foresees a size of at least EUR 500m and EUR 250m minimum re-openings to build and enhance the benchmark character of a transaction upon actual demand. The issue carries an annual coupon of 1.375% and has been priced in line with the existing EIB ECoop curve at a reoffer yield of MS-1bp. The trade came on the same day as the release of the “Green Bond Principles” (GBPs) - voluntary guidelines published by a consortium of investment banks following broad market consultation. The GBPs aim to encourage transparency, disclosure and integrity in this market segment.

Climate Awareness Bonds (CABs) provide investors with the opportunity to associate their investment with projects contributing to climate action, while enjoying the excellent credit quality of EIB as an issuer. The funds raised via these issues are earmarked for disbursements to EIB lending projects within the fields of renewable energy and energy efficiency. These projects include, but are not exclusive to, respectively: renewable energy projects such as wind, hydropower, wave, tidal, solar and geothermal production, energy efficiency projects such as district heating, cogeneration, building insulation, energy loss reduction in transmission and distribution, and equipment replacement with significant energy efficiency improvements.

New EIB EUR 3bn 10-year benchmark meets with strong demand

On Tuesday 21st January 2014, the European Investment Bank issued its first new Euro Area Reference Note (EARN) of 2014. The bond was priced at a spread of mid-swaps +22bps, from initial pricing thoughts of mid-swaps plus low to mid 20s. This equated to a spread at the time of pricing of +49.5bps over the Bund 2% due August 2023.

EIB announced the intention to issue a new 10-year EARN benchmark on Monday, 20th January, making EIB a first-mover in the 10-year EUR in the supra/agency segment. Lead managers collected indications of interest overnight. Order books were officially opened on Tuesday morning, 21st January, with the price guidance of mid swaps +23bps area. The orderbook met with strong initial momentum, and grew to larger than EUR 3bn after an hour and a half of bookbuilding. The orderbook closed at 11.30am London time at EUR 4.4bn, with orders from 123 investors. The deal size was set at EUR3bn at this time with final pricing at mid-swaps +22bps.

European investors accounted for the majority of orders, taking 72.6% of allocations. Asia was also strong, with 27.4%. In terms of investor type, there was strong and balanced interest from asset managers, central banks and bank treasuries, which is noteworthy for this longer maturity.

With this issue EIB has raised EUR 11.7bn or close to 17% of its EUR 70bn funding programme for 2014.
IFC Doubles Global Rupee Bond Issuance to Support India’s Capital Markets

IFC, a member of the World Bank Group, today increased by INR 10 billion (approximately $161 million) an outstanding three-year global Indian rupee bond to promote capital market development and encourage foreign investment in India.

The issue doubles the amount of the first IFC global rupee bond, issued in November 2013 under the $1 billion IFC global rupee bond program.

The transaction was upsized from INR 3 billion in response to strong investor demand. Investors included asset managers, private banks, insurance companies, and central banks, in Asia, Europe and the U.S.

IFC global rupee bonds are denominated in Indian rupee but settled in U.S. dollars, with all principal and coupon payments tied to the U.S. dollar-rupee exchange rate. IFC converts bond proceeds from dollars into rupees on the domestic spot exchange market, and uses the rupees to invest in the country.

JP Morgan and TD Securities acted as lead managers for the transaction.

IFC Global Rupee Bond Summary Terms and Conditions
Issue amount: INR 10 billion (approximately $161 million equivalent)
Pricing date: January 13, 2014
Settlement date: January 21, 2014
Maturity date: December 3, 2016
Coupon: 7.75%
Listing: Luxembourg, Singapore
http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/C1E21591245911DF85257C6D00735EE9

IFC, Belarusky Narodny Aim to Expand SME Finance in Belarus

IFC, a member of the World Bank Group, is providing a loan of up to $7 million to Belarusky Narodny Bank to help expand access to finance for small and medium-sized enterprises and drive the country’s economic development.

Belarusky Narodny Bank, a mid-sized bank with branches in the capital, Minsk, and three regional cities, is one of a few private financial institutions in Belarus focused on lending to SMEs, which often struggle to obtain financing.

Over the last several years, IFC has supported Belarusky Narodny Bank with a range of financial products, including debt, equity investments, and trade finance.

http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/275D6A2B28E3414585257C670043772F

World Bank Group Helps Georgia Increase International Taxation Transparency to Boost Investor Confidence

The Investment Climate Advisory Services of the World Bank Group has helped the Georgian government streamline international taxation procedures to improve transparency, protect tax revenues, and boost investor confidence.

The Georgia Investment Climate Project has helped Georgia's Ministry of Finance develop a legal framework and will now help implement new transfer pricing rules. Transfer pricing is usually applicable when two related companies—such as a parent company and a
subsidiary, or two subsidiaries of a common parent—trade with each other, so the new rules help the government ensure fair taxation and foster an attractive investment climate.

Nodar Khaduri, the Minister of Finance of Georgia, said: “The new rules in international taxation will help companies comply with transfer pricing regulations easily, while also ensuring public interests are protected. This is a step forward in our efforts to support private sector development in Georgia.”

The new rules allow companies to seek advance pricing arrangements, giving the private sector more clarity on transfer pricing matters. The rules are in line with the best practices of the Organization for Economic Co-operation and Development and provide guidance on issues of major concern to developing countries, providing a high level of certainty for investors regarding their obligations in Georgia.

The regulations will be published in English as well as Georgian, for maximum coverage among foreign investors, and the Georgia Investment Climate Project will offer training to private companies on the consequences of the new rules.

The Georgia Investment Climate Project is implemented by IFC, a member of the World Bank Group, in partnership with the Federal Ministry of Finance, Austria, BP and its Oil and Gas Co-venturers, and the Norwegian Trust Fund for Private Sector and Infrastructure.

http://ifcext.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/1194C1204DCFA64685257C69003AF1BE

Corporate Sector

IFC Supports Expansion of Online Retailers in Emerging Markets with Investments in Lamoda

IFC, a member of the World Bank Group, will invest in Lamoda, online retailer rapidly adding jobs and expanding choices for consumer goods in developing countries. Lamoda operates predominantly in Russia and Kazakhstan.

IFC will invest up to €10 million in Lamoda. “Internet companies are speeding up modernization of the retail supply chain in developing countries, which promotes consumer spending—a key component of economic growth,” said Atul Mehta, IFC Global Director for Manufacturing, Agribusiness, and Services. “Their investments in logistics, information technology and marketing are rapidly generating employment, especially for women and young people.”

Lamoda is Russia’s leading online retailer offering a large range of products from apparel, shoes, accessories, to beauty & home. The company focuses on providing a wide online selection of fashion brands and superior customer service running a dedicated courier fleet. Since 2012, Lamoda also operates the leading online shop in Kazakhstan.

http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/33D7599791C58B2A85257C6E004C59CA

Finance

IFC Partners with IIB and Transcapitalbank to Improve Energy Efficiency and Encourage Women in Business

IFC, a member of the World Bank Group, is providing Transcapitalbank with a five-year $50 million loan to help the bank expand access to finance for small and medium enterprises (SMEs), helping them improve energy efficiency and encourage female entrepreneurs across Russia.

In addition IFC has mobilized a €20 million loan from International Investment Bank (IIB), earmarked for energy efficient SME projects. With these investments IFC champions energy efficiency and social inclusion in Russia, creating more business opportunities for women.

This is the first cooperation between IFC and IIB in Russia, and is consistent with their shared strategy of encouraging energy efficiency and the use of renewable energy among...
SMEs, to help them expand in a sustainable manner, noted Nikolay Kosov, Chairman of the Board of IIB.

http://ifcext.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/30C42CFF5F9F9F2085257C68002D1731

**Ukraine**

**Agriculture**

**IFC Invests in Ukraine’s IMC to Support Innovation, Sustainable Agriculture**

IFC, a member of the World Bank Group, has provided long-term financing to Industrial Milk Company (IMC) to help increase grain production and land cultivation and promote innovative farming practices, strengthening Ukraine’s agricultural sector.

IFC’s investment includes a $30 million loan and warrants for up to $20 million. It will help the company expand in Ukraine’s northern and central regions and increase grain production, contributing to global food security.

IMC is participating in a pilot project aimed at increasing productivity across the agricultural value chain in Ukraine. The project is being implemented by the IFC advisory program Sustainable Development of Medium and Small-Scale Farmers in Ukraine, in partnership with Austria’s Finance Ministry.

IMC, a producer of agricultural crops and raw milk and meat, currently has about 120,000 hectares in northern and central Ukraine and plans to increase the land under cultivation to about 285,000 hectares by 2019.

IFC has already invested over $800 million in Ukraine’s agribusiness sector, supporting projects across the value chain, from farm production to processing and distribution. IFC is also implementing an extensive advisory program, including projects focusing on simplifying agribusiness regulations, improving access to finance to farmers, improving food safety standards, and helping modernize supply chains and improve resource efficiency.

http://ifcext.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/F49AB31716942E3A85257C63003E09BF

**IFC, AGI Team Up to Boost Ukraine’s Agriculture, Reduce Harvest Losses**

IFC, a member of the World Bank Group, is partnering with Ag Growth International (AGI) to bring new grain storage technologies to Ukraine’s agricultural sector, helping small and medium-sized producers reduce losses and contributing to global food security.

IFC and AGI, a leading producer of grain handling, storage, and conditioning equipment, will develop and roll out a nationwide education campaign on new technologies for post-harvest grain storage. The technologies will also be tested at pilot farms in different Ukrainian regions. At a later stage, the campaign will launch new financial products to improve farmers’ access to finance.

The initiative is part of a broader IFC advisory program, Sustainable Development of Small and Medium-Sized Farms in Ukraine. Under the program, IFC works with market participants to make innovative technologies and high-tech solutions available to small and medium-scale farmers. Bayer is a key private sector partner for the program. It provides farmers with broader access to agricultural knowledge, technologies and agricultural inputs such as improved seeds and innovative crop protection solutions.

IFC launched the six-year advisory project last year in partnership with the Austrian Ministry of Finance. IFC supports the entire agriculture and food value chain, from farm production to collection, processing and distribution, and has already invested over $800 million in Ukraine agribusiness.

http://ifcext.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/7E3A4E3FBC9A353185257C66
Leading International Rating Agencies Reaffirm IDB’s ‘AAA’ Rating

The three leading international rating agencies, Standard & Poor’s, Moody’s and Fitch Ratings, have all reaffirmed their credit rating of the IDB for 2012 with a stable outlook. The ratings reaffirmed by these agencies are as follows: Standard & Poor’s: AAA, A-1+Stable; Fitch Ratings: AAA, F-1+Stable; Moody’s: Aaa, P-1 Stable. The IDB is currently the highest-rated institution in the Muslim world and among regional and international multilateral development banks. The ratings are underpinned by the Bank’s strong financial profile, the relevance of its policies, continued shareholder support for successive capital increases and prudential financial and risk management policies. The IDB is a multilateral development bank that was established with the purpose of fostering the economic development and social progress of its member countries and Muslim communities in non-member countries in accordance with the principles of Islamic financing. The IDB will celebrate its 40th anniversary on the occasion of the next Annual Meeting of its Board of Governors, to be held in Jeddah, Saudi Arabia during 25-26 June 2014, and will continue its reform exercise in order to achieve the objectives of its 2020 Vision. For further information, please visit our website www.isdb.org or contact us by email on ratings@isdb.org.

Deputy Prime Minister of Kazakhstan Convenes IDB Group’s High Level Regional Forum in Almaty

A high level regional forum organized on 15 January by Islamic Development Bank (IDB) Group was held in Almaty, Kazakhstan, home to the Group’s regional office as part of preparations underway to mark its 40th anniversary celebrations due to be held concurrently with the 39th Annual Meeting of the Board of Governors of the Bank in Jeddah, Kingdom of Saudi Arabia, 25-26 June, 2014. The forum which was attended by a number of ministers of the countries in the region including Kazakhstan, Afghanistan, Albania, Azerbaijan, Iran, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan focused on candid assessment of the Group’s performance during the past four decades and discussed future challenges and regional/global priorities and strategies for the next 10 years.

Chairing the meeting, Kazakhstan’s Deputy Prime Minister, Minister of Industry and New Technologies, IDB Governor, HE Aset Issekeshev, in his opening statement, praised the constructive role IDB Group has been playing in his country and the region. He then referred to the issuance of US$ 100 million Sukuk (Islamic bonds) in Kazakhstan in 2012 and elaborated on his country’s readiness to further promote the Islamic financial sector both domestically and regionally.

In his statement to the forum, President of the IDB Group, Dr. Ahmad Mohamed Ali, underlined the Group’s commitment to spearheading regional and global integration, promoting sustainable growth and intra-investment, developing the Islamic financial sector, continuing process improvement and encouraging innovation in a fast changing world while
centering efforts on bringing down the wall of inequity. He then invited the senior officials and experts of the member countries to deliberate on ways and means to enhance access to capital markets, promote the use of Awqaf and Zakat vehicles to ensure social justice, defuse tensions and protect the underprivileged segments of the societies through enhancing competitiveness and human development.

Further promotion of Public Private Partnership (PPP), additional support for the private sector, syndicating regional projects, enhancing the Islamic financial sector and knowledge dissemination amongst IDB Group member countries were amongst the issues raised during the open

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**Nordic Investment Bank**

**Bond issues**

**NIB issues new Kauri and taps 2024 Kangaroo**

On 14 January, NIB priced a new five-year NZD 425 million bond. The bond which is due January 2019 has an issue/reoffer price of 99.978052% and pays a semi-annual coupon of 4.875%. With this transaction, NIB's outstanding Kauri volume totals NZD 2.25 billion consisting of seven lines with maturities between years 2014 and 2024.

NIB also increased its Kangaroo line due February 2024 with a further AUD 125 million, taking the outstanding line to AUD 525 million. NIB's outstanding Kangaroo volume is now AUD 3.675 billion consisting of six lines with maturities between years 2014 and 2024.

http://www.nib.int/news_publications/1390/nib_issues_new_kauri_and_taps_2024_kangaroo

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**The World Bank**

**Research**

**World Bank: Global Economy at Turning Point**

The world economy is projected to strengthen this year, with growth picking up in developing countries and high-income economies appearing to be finally turning the corner five years after the global financial crisis, says the World Bank's newly-released Global Economic Prospects (GEP) report.

Global GDP growth is projected to firm from 2.4 percent in 2013 to 3.2 percent this year, stabilizing at 3.4 percent and 3.5 percent in 2015 and 2016[1], respectively, with much of the initial acceleration reflecting stronger growth in high-income economies.

Growth in developing countries will pick up from 4.8 percent in 2013 to a slower than previously expected 5.3 percent this year, 5.5 percent in 2015 and 5.7 percent in 2016. While the pace is about 2.2 percentage points lower than during the boom period of 2003-07, the slower growth is not a cause for concern. Almost all of the difference reflects a cooling off of the unsustainable turbo-charged pre-crisis growth, with very little due to an easing of growth potential in developing countries. Moreover, even this slower growth represents a substantial (60 percent) improvement compared with growth in the 1980s and early 1990s.

Growth in developing Europe & Central Asia strengthened in 2013 to an estimated 3.4 percent, bolstered by improved exports to high-income Europe and continued strength in energy-exporting Central Asian countries. With strong trade and financial links with high-income Europe, the Central and Eastern European economies will benefit most from the
recovery but the growth impetus from stronger exports will be partly offset by weaker domestic demand due to ongoing banking sector restructuring, tighter international financial conditions, and ongoing or planned fiscal consolidation in several countries. The mix will keep growth stable at 3.5 percent in 2014, gradually lifting to 3.7 and 3.8 percent in 2015 and 2016, respectively. Risks include a return to weakness in the Euro Area or Russia, disorderly adjustment to tighter global financial conditions, and further sharp declines in commodity prices.

The full report and accompanying datasets are available at www.worldbank.org/globaloutlook

**Belarus**

**Development assistance**

**World Bank Regional Director visits Belarus to introduce new World Bank Country Manager for Belarus**

The World Bank Regional Director for Belarus, Moldova and Ukraine Mr. Qimiao Fan is on a three-day working visit to Minsk to introduce Mr. Young Chul Kim, new World Bank Country Manager for Belarus, taking the post on January 15, 2014.

The World Bank Regional Director will have meetings with the Prime-Minister and key counterparts in the Government and the National Bank to discuss the first results and coordinated approach to the implementation of the World Bank Group Country Partnership Strategy for Belarus for the period of 2014-2017. Meetings with civil society and academia will be devoted to discussion of opportunities for civil society and beneficiaries participation in the World Bank Group supported operations.


**Environment**

**World Bank and Russia Sign Loan Agreement for the Second National Hydromet System Modernization Project**

A Loan Agreement for the Second National Hydromet System Modernization Project (Roshydromet-2), financed by an IBRD loan, has been signed today by Alexander Frolov, Head of the Federal Service on Hydrometeorology and Environmental Monitoring of the Russian Federation, and Michal Rutkowski, World Bank Country Director and Resident Representative in Russia. The Loan Agreement has been signed in accordance with a Government of the Russian Federation Directive guiding the Russian Federal Service on Hydrometeorology and Environmental Monitoring to ensure the implementation of the project.

On September 17, 2013, the World Bank Group’s Board of Executive Directors approved a US$60 million loan to co-finance the Second National Hydromet System Modernization Project (Roshydromet-2). The total project cost is US$139.50 million, including US$79.50 million earmarked in the Russian Federation’s Foreign Borrowing Program.

The project will finance investments in capacity building, infrastructure system enhancement, and quality of service delivery. The project has three components: Strengthening of Information Communication Technology infrastructure and systems delivering weather, climate and hydrological data and information; Modernization of observation networks; and Institutional and regulatory strengthening, improved service delivery to clients, and better preparedness for emergencies.

Comprehensive reforms are urgently needed to spur private sector-led growth and create jobs in Ukraine

Ukraine’s private sector has the potential to drive the country’s long-term economic growth and create jobs, but many obstacles are standing in the way for this potential to be fully realized, according to a new report published by the World Bank Group.

The report entitled “Opportunities and Challenges for Private Sector Development in Ukraine” focuses in particular on the prospects for small and medium-sized enterprises (SMEs) and identifies important obstacles to their growth.

The report identifies a weak regulatory environment, limited access to finance, low level of competition, and most importantly, poor implementation of legislation, weak public sector governance and endemic corruption as the most serious obstacles to growth.

Because of these obstacles, the private sector has not been given a full chance to grow, as reflected in the largely stagnant structure of the country’s industry and exports, low levels of industrial productivity, low inflow of high value-added FDI, especially in export-oriented manufacturing, and the relatively limited role of SMEs in the economy.

The report recommends that Ukraine should fight state capture and corruption by fully opening the legislative process to public review, introducing regulatory impact assessment procedure for new legislation, and ensuring full transparency and civil society involvement in public procurement and monitoring of state aid.