Activities of multilateral development banks.
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President Nakao Seeks to Build A Stronger, Better, Faster ADB

4 May 2015

The Asian Development Bank (ADB) will become stronger, better and faster as it scales up its operations to eliminate poverty and promote sustainable development in Asia and the Pacific, ADB President Takehiko Nakao said today in his opening address to the 48th Annual Meeting of the ADB Board of Governors.

Mr. Nakao said that ADB must be better. To achieve this goal, ADB is strengthening its sector and thematic expertise and adopting a ‘One ADB’ approach to share knowledge and expertise across the bank.

ADB also needs to be faster, without compromising project quality and standards for safeguards and procurement. Mr. Nakao said that through recent internal reforms the bank has halved the internal processing time for procurement contracts.

In his address, Mr. Nakao said that ADB approved nearly $14 bln in loans, grants and equity investments in 2014. With cofinancing of over $9 bln, total financial assistance reached a record high of $23 bln.

He noted that through vigorous efforts to improve project implementation, ADB’s disbursements in 2014 had exceeded $10 bln, which is 17% higher than the previous year. Given the region’s large financing needs, Mr. Nakao said that ADB may ask for further support for a capital increase in the future.

The expanded financial capacity will allow ADB to increase its support for sustainable development in the region. With the post-2015 development agenda’s Sustainable Development Goals and a global pact against climate change expected to be ratified this year, Mr. Nakao said ADB will scale up support for sustainable infrastructure, education and health, and climate change action.

In infrastructure, ADB will focus on cross-border connectivity to promote trade, create jobs and increase incomes regionally; using public-private partnerships more effectively; ensuring the operational sustainability of infrastructure projects; and applying the highest standards for safeguard policies to protect people and the environment.

Assistance to education and health will double in line with ADB’s Midterm Review of Strategy 2020. ADB will expand its support for quality education with an emphasis on higher education and vocational training. Health assistance will be focused on improving the delivery and efficiency of health services and systems, including promotion of universal health coverage.

ADB and AIIB Agree to Collaborate for Asia

1 May 2015

The President of the Asian Development Bank (ADB) Takehiko Nakao, met with Mr. Liqun Jin, Secretary General of the Multilateral Interim Secretariat of the Asian Infrastructure Investment Bank (AIIB) on the sidelines of ADB's 48th Annual Meeting today.

Mr. Nakao and his staff and Mr. Jin and his team discussed for an hour future collaboration including cofinancing, and confirmed their commitment to working together for Asia.

They acknowledged the large infrastructure gap in the region, the critical role of infrastructure in supporting sustainable development and poverty reduction, and the importance of safeguard policies on environmental and social impacts of projects.

They agreed to continue sharing necessary information and further discuss concrete options for collaboration.


Public Private Partnership

ADB Signs First-Ever PPP Co-Advisory Agreement with Global Banks

4 May 2015

The Asian Development Bank (ADB) has signed a public-private partnership (PPP) co-advisory agreement with eight global commercial banks, a move aimed at accelerating the flow of private funds into critical infrastructure projects in developing Asia. This agreement is the first formal co-advisory framework between a multilateral development bank and international commercial banks.

The eight banks that signed the agreement are Bank of Tokyo-Mitsubishi UFJ, BNP Paribas, Credit Agricole CIB, HSBC, Mizuho Bank, Macquarie Capital, Societe Generale, and Sumitomo Mitsui Banking Corporation. The agreement was signed on the sidelines of ADB's 48th Annual Meeting of its Board of Governors, being held here from 2-5 May 2015.

Under the agreement, ADB and the eight banks can work together to provide independent advice to governments in developing Asia on how best to structure PPPs to make them attractive to the private sector and to manage the subsequent PPP bidding process. The governments will, however, make the final choice of PPP winning bidders.

ADB has estimated that developing Asia needs to spend $8 trillion between 2010 and 2020 on national infrastructure. Many governments hope to raise finance for energy, roads, railways, ports, airports, water, and other key infrastructure through PPPs.

ADB, with its co-advisors, will help clients assess the future income flows of projects, bring international best practices to PPPs, and develop PPP capacity in the region to deliver bankable transactions.

ADB has been supporting the efforts of countries in the region to improve their PPP regimes for some time. On 1 September 2014, it formally established the Office of Public-Private Partnership to provide independent transaction advice on specific deals and help countries improve their PPP knowledge and legal and regulatory frameworks.


Bond issues

ADB Prices $2 bln Global Benchmark Bond

28 May 2015

The Asian Development Bank (ADB) returned to the US dollar bond market yesterday with the pricing of a $2 bln 3-year global benchmark bond issue, proceeds of which will be part of ADB's ordinary capital resources and used in its non-concessional operations.

The 3-year bond, with a coupon rate of 1.125% per annum payable semiannually and a maturity date of 5 June 2018, was priced at 99.915% to yield 15.4 basis points over the 1% US Treasury notes due May 2018.

The transaction was lead-managed by Citi, Credit Suisse, HSBC and Nomura. A syndicate group was also formed consisting of Bank of America Merrill Lynch, BNP Paribas, Daiwa,
ADB, Azerbaijan Sign A $1 Bln MOU to Upgrade Power Distribution Network

5 May 2015

The Asian Development Bank (ADB) and Government of Azerbaijan have signed a Memorandum of Understanding for a $1 bln investment program to rehabilitate and expand the country’s power distribution network.

The agreement was signed on the sidelines of ADB’s Annual Meeting taking place in Baku from 2-5 May. The signatories were Baba Rzayev, chairman of state-owned Azerishig Open Joint Stock Company, which will carry out the program, Finance Minister Samir Sharifov for the Government of Azerbaijan, and ADB Vice President Wencai Zhang.

ADB is supporting the program through a $750 mln multitranche financing facility with a $250 mln loan earmarked for the first phase. The funds will be used to upgrade and expand the power distribution lines, substations, and customer service lines, and to replace the existing electric meter devices with digital electric meters. Capacity building support will also be given to Azerishig Open Joint Stock Company to enhance its operational and financial performance.

The Government of Azerbaijan will provide counterpart funds of $250 mln.


Three ADB Private Sector Loans to Support Azerbaijan’s Finance Sector

2 May 2015

The Asian Development Bank (ADB) has approved financings of up to $120 mln to help three leading private sector financial institutions in Azerbaijan – AccessBank Azerbaijan, Finca Azerbaijan, and DemirBank – support the expansion of the agricultural sector and improve the delivery of financial services to micro, small and medium-sized enterprises (MSMEs).

The financings will help to reduce the reliance of the economy on oil and gas. They bring ADB’s total investments in Azerbaijan’s finance sector to over $215 mln since 2005.

Agriculture is the primary source of employment and income in Azerbaijan for nearly half the population, but jobs are mostly low wage and seasonal, and the sector suffers from low levels of productivity and investment. Small-sized farms, infrastructure and technology gaps, inefficient logistics and marketing, and minimal integration into agribusiness value chains have held back the sector’s potential. Limited access to finance and financial services also undermine agricultural investment.

MSMEs meanwhile employ around 42% of the labor force with many more individuals operating as micro-entrepreneurs. However, insufficient access to finance has substantially impeded their development with traditional security-based lending practices unable to accommodate informal operations or to address a lack of available collateral. The loans will support MSMEs and farmers to access investment capital, helping to improve regions outside the capital city.

The 5th Chief Negotiators’ Meeting on Establishing the Asian Infrastructure Investment Bank (AIIB)

20 May 2015

The 5th Chief Negotiators’ Meeting on Establishing the Asian Infrastructure Investment Bank (AIIB) was held on May 20-22, 2015 in Singapore. The Meeting was chaired by Mr. SHI Yaobin, Vice Minister of the Chinese Ministry of Finance and Permanent Chair of the Chief Negotiators' Meeting, and Mr. YEE Ping Yi, Deputy Secretary of the Singaporean Ministry of Finance. Representatives from 57 Prospective Founding Members of the AIIB and Mr Jin Liqun, Secretary General of the Multilateral Interim Secretariat on Establishing the AIIB, attended the Meeting.

The Meeting concluded discussions and finalized the Articles of Agreement (AOA) for the AIIB. Secretary General JIN Liqun reported to the Meeting on the progress to date in setting up the AIIB. In the three day Meeting, the Chief Negotiators also discussed the draft Environmental and Social Framework and draft Procurement Policy framework, among other topics. It is expected that the AOA would be ready for signing by the end of June and the AIIB would be operational by the end of this year.

Chief Negotiators have held 5 rounds of Meetings since the Signing of Memorandum of Understanding on Establishing the AIIB in Beijing in October 2014.


BSTDB issued CHF 100mln bond

8 May 2015

The Black Sea Trade and Development Bank (BSTDB) rated A2/A-/NR has issued its second Swiss Franc (CHF) bond. The CHF 100 mln unsecured bond, maturing in December 2019, with a coupon of 1.625% had Credit Suisse as sole bookrunner. The issuance attracted investors from private banks, asset managers, pension funds and insurance companies. The raised funds will assist BSTDB in increasing its development financing in member countries.


BSTDB discloses environmental and social information related to Shah Deniz II Operation in Azerbaijan

20 May 2015

BSTDB is considering providing a long-term debt to Lukoil Overseas Shah Deniz Ltd. (LOSD, Borrower, Company) for the Borrower's share in the Stage II development of the Shah Deniz, an offshore gas exploration and production project in Azerbaijan (Project). The Project will
include two additional bridge-linked offshore platforms, 26 subsea wells, 500 km of subsea pipelines, expansion of the Sangachal terminal and expansion of the South Caucasus Pipeline (SCP), a gas export pipeline system from Azerbaijan through Georgia to the Turkish border.

Shah Deniz II Project has been assigned Category A due to the potential to generate significant environmental and social negative impacts, which require an Environmental and Social Impact Assessment (ESIA) study to be carried out at the early stages of the project design so that all the risks and impacts are understood and effective prevention and/or mitigation measures are properly designed and incorporated in the general project design.

The ESIA has been conducted by British Petroleum (BP) – the Operator of Shah Deniz project and is available for review in the link below. The Bank's environmental and social due diligence is still ongoing and more relevant information will be disclosed as it becomes available.


**Eurasian Development Bank**

**Regional integration and cooperation**

**EDB continues to foster cooperation between the EU and the EEU**

15 May 2015

The future of Eurasian energy markets was the focus of discussion between EU and EEU officials and experts who took part in the high-level workshop in Laxenburg, Austria, this week.

The discussion took place in the framework of the international project Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space co-organised by the International Institute for Applied Systems Analysis (IIASA), Eurasian Development Bank (EDB), and the Eurasian Economic Commission (EEC).

The participants included Tair Mansurov, EEC Minister in charge of Energy and Infrastructure, and Peter Balas, Deputy Director General, DG Trade, European Commission. EDB’s representatives were Vladimir Yasinsky, Managing Director for Research, and Evgeny Vinokurov, Director of the Centre for Integration Studies. The discussion was focused on the most important energy challenges in the continent such as trade in oil and gas, construction and operation of oil and gas pipelines, and the EU Third Energy Package. In addition, experts provided various scenarios for the near ten to fifteen years and discussed how to develop energy trade between Russia and EU countries.

EDB supports integration projects and initiatives in Eurasia, including those related to overcoming crisis in relationships with the European Union. This forum continued a series of high-level workshops on interaction between the EU and the EEU in the area of trade, investment and sectoral cooperation, which will continue until the end of the next year. The Centre for Integration Studies provides expert support for these meetings.


**International Forums**

**EDB takes part in ADB meetings and conferences in Baku**

7 May 2015

The delegation of Eurasian Development Bank (EDB) took part in the annual meeting of the Board of Governors of the Asian Development Bank (ADB), which is traditionally held in the first days of May in one of its member states. The current 48th session was arranged in the capital of Azerbaijan.

In Baku, the EDB delegation comprising Alexey Cherekayev, Head of Project Team at the ACF, and Andrey Shirokov, Director of the Bank’s Representative Office in Bishkek, met with ADB’s Vice President Lakshmi Venkatachalam and directors of its regional and sector departments to discuss promising projects for co-financing and other areas for cooperation.
In 2013 EDB, as the Resources Manager of the EurAsEC Anti-Crisis Fund (ACF), and the ADB signed a framework agreement on co-financing investment projects. The agreement envisioned the joint financing of projects in the countries, which are members of both EDB and the ADB: Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan. EDB and the ADB agreed on the extent of their participation in projects and the most promising areas for cooperation in public (large infrastructure projects) and private sectors.

Under the agreement, the two regional development banks co-finance the construction of the Bishkek-Osh road corridor in the Kyrgyz Republic, and the North-South road corridor in Armenia. In the near future they plan to launch another joint project — the rehabilitation of the Toktogul hydropower plant in Kyrgyzstan.

In addition, Alexey Cherekayev and Andrey Shirokov met with Saroj Kumar Jha, the World Bank Regional Director for Central Asia, and Henry Kerali, the World Bank Regional Director for the South Caucasus, to discuss cooperation between EDB and the WB in Central Asia and Armenia.

The EDB delegation also took part in a number of sustainable development workshops and in the high-level donor conference arranged on occasion of the annual meeting of the ADB Board of Governors.


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**EBRD lights up Yerevan**

11 May 2015

The European Bank for Reconstruction and Development (EBRD) is providing $4 mln for a pilot project which will enable Yerevan, the capital of Armenia, to modernise its street lighting system by introducing new energy-efficient technologies.

The EBRD’s sovereign loan will be on-lent to the Street Lighting Company owned by the city of Yerevan. The loan is expected to be complemented by a capital grant of up to $2 mln from the Eastern Europe Energy Efficiency and Environment Partnership (E5P). Technical cooperation for project preparation was financed by the TaiwanBusiness-EBRD Technical Cooperation Fund and the EBRD’s own resources.

Yerevan has a population of 1.1 mln, roughly one-third of the total population of Armenia, and the street lighting network consists of old, inefficient and environmentally polluting mercury-based lights. The heavy-metal based content of the current lighting system contributes to energy waste and is a considerable environmental hazard. Due to the antiquated condition of the current system and the high percentage of lights that are not working, large parts of the city are not sufficiently illuminated.

To overcome this problem the pilot project will introduce new energy-efficient LED lighting, a control and monitoring system, pole replacement and renovation as well as power cable replacement. This will result in better service quality and improved environmental standards due to reduced energy consumption and the minimisation of operating and maintenance costs. Lighter streets will also be safer for pedestrians and motorists alike.


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**Belarus and EBRD agree on privatising a state-owned bank**

13 May 2015

The EBRD and the Belarus government have for the first time agreed to work together on
the privatisation of one of the country’s state-owned banks. This pioneering agreement marks a bold change in official policy and could open a new chapter in the history of the country’s banking system, 65 per cent of which is currently owned by the state.

A Memorandum of Understanding signed at the EBRD’s Annual General Meeting in Tbilisi today between EBRD’s First Vice President Phil Bennett and Belarus’s Deputy Prime Minister Vladimir Semashko envisages the government selling by 2020 its controlling stake in Belinvestbank, the country’s fourth-largest bank.

The EBRD is for its part ready to make pre-privatisation funding available on the condition that certain agreed goals are met that will strengthen Belinvestbank’s corporate governance and guarantee its independence as a commercial entity free from political influence.

The funding could include an equity investment in Belinvestbank, as well as setting up a trade financing line for the bank and providing it with loans aimed at fostering the growth of local small and medium-sized businesses.

Belarus’s Deputy Prime Minister Vladimir Semashko said the government of Belarus is satisfied that the EBRD excluded the project aimed at pre-privatisation support of Open JSC Belinvestbank from its “calibrated approach”. He, therefore, hoped this project would pave way for the removal of limitations and help broaden the Bank’s public sector operations in the country.


Kazakhstan

EBRD finance brings modern trams to Kazakh city of Pavlodar

22 May 2015

The EBRD is helping Pavlodar, a major city in the north-east of Kazakhstan, to modernise the tramway system that is crucial for public transportation in the city.

Pavlodar, one of the oldest cities of Kazakhstan, is home to over 330,000 people and most of them use trams as their main means of transport. The EBRD-supported project will modernise a third of the tram fleet by purchasing 25 new tram cars, fix rail junctions and upgrade other related infrastructure.

The EBRD will lend up to 2.5 bln tenge (€10 mln equivalent) to the municipal tram system operator, JSC Pavlodar Tram Management Company, which will also receive a capital grant from the government of Kazakhstan of up to 910 mln tenge (€3.71 mln equivalent).

Additional support to the project will be provided by the regional government (Akimat).

Support from the EBRD and the government will be provided under the Enhanced Partnership established by the two parties in May 2014. The Partnership allows the EBRD and Kazakhstan to team up to support projects that directly improve people’s lives such as public transport and utilities.

The EBRD has made a priority of introducing PSCs into its projects with public utilities as a way of improving the quality of the services they provide and enhancing also their commercial viability.


Finance sector development

EBRD channels $5 mln in tenge to Kazakh micro and small firms through KMF

19 May 2015

The European Bank for Reconstruction and Development (EBRD) and KMF, the largest non-banking microfinance institution in Kazakhstan, continue their efforts to improve access to finance for micro, small and medium-sized enterprises (MSMEs) in the regions of Kazakhstan.

The EBRD is providing a financing facility for KMF equivalent to $5 mln in local currency,
tenge, which KMF will use for on-lending to local private companies. At least 60 per cent of 
the loan will be disbursed to clients outside large cities.

To date KMF has issued more than one million of loans worth over $1.2 bln throughout the 
country.

small-firms-through-kmf-.html

Small & Medium Enterprises

**EBRD to expand SME support with €41 mln from the government of Kazakhstan**

6 May 2015

The European Bank for Reconstruction and Development (EBRD) and the government of 
Kazakhstan have signed three agreements to provide €41 mln for technical cooperation 
projects, advisory support to small and medium-sized enterprises (SMEs) and a Women in 
Business programme.

Funds amounting to €22 mln from Kazakhstan’s Ministry of National Economy are dedicated 
to extending the EBRD’s support to SMEs for five years. Through its Small Business Support 
team, the EBRD provides advice by way of local consultants and international advisers to help 
SMEs develop their businesses, increase their competitiveness and grow. More than 850 SMEs 
will receive support under the SBS programme, while 500 business owners will benefit from 
sector-focused activities and 250 local consultants will receive training.

An €11.5 mln supplement to a Joint Technical Cooperation Account will be dedicated to 
technical assistance projects in Kazakhstan, including those in the municipal sector, and as a 
complement to banking projects.

Finally, $8.2 mln will be devoted to a new programme aimed at supporting women 
entrepreneurs in Kazakhstan.

government-of-kazakhstan-.html

Finance sector development

**EBRD and Bai Tushum Bank boost financing to Kyrgyz businesses**

14 May 2015

The EBRD and Bai Tushum Bank (BTB), one of the largest financial institutions in the Kyrgyz 
Republic, signed a participation agreement that will enable BTB to offer longer terms and 
larger loans to its clients.

The agreement means that BTB is joining the ranks of EBRD partner banks which benefit 
from a special co-financing mechanism through which the EBRD provides half of the financing 
and takes on half of the risk. The mechanism, known as a risk-sharing facility, makes lending 
to medium-sized businesses and large firms more affordable.

Bai Tushum was originally created as a microfinance institution (MFI) and in 2012 became 
the first MFI in Central Asia to successfully become a bank.

Bai Tushum previously focused on micro and small loans in rural areas, but since becoming 
a bank it has also been developing its customer base in the medium-sized enterprise segment. 
BTB will use the new EBRD facility for on-lending to larger enterprises. It will also benefit from 
this partnership by improving staff skills in corporate credit analysis and risk management.

businesses-.html

Oil & Gas

**KICB and EBRD support private Kyrgyz chain of petrol stations**


The Kyrgyz Investment and Credit Bank (KICB) and the European Bank for Reconstruction and Development (EBRD) are continuing to support medium-sized private companies in the Kyrgyz Republic through a special joint-financing mechanism which makes it possible to offer larger and longer-term financing.

A loan of $3 mln, which will be funded 50/50 by KICB and the EBRD, will be provided to Standard Oil, a private Kyrgyz company, to expand in more remote regions of the country, construct modern fuel depots and invest in more efficient trucks.

Standard Oil operates a chain of petrol filling stations under the Petroleum brand name across the country, with 80 stations already in operation and five new ones planned thanks to the new loan. Having originated in the less economically developed south of the Kyrgyz Republic, the company has grown to be the second-largest player in the sector.

This is the 10th joint project of the EBRD and KICB since 2012 that has provided longer-term financing to medium-sized enterprises in the Kyrgyz Republic. In one of the previous projects, a food producer in Osh, Shirin Sulaiman, received $1 mln in joint financing.

Supporting SMEs is one of the priorities of the new EBRD country strategy for the Kyrgyz Republic, approved in 2015.


The European Union is supporting the construction and rehabilitation of Moldova’s roads with €15 mln grant financing provided through its Neighbourhood Investment Facility (NIF).

The grant complements investments by the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) for a total of €300 mln.

An agreement in this regard was signed today between the Ministry of Transport and Road Infrastructure and the EBRD, the financial institution that manages the road rehabilitation programme.

Signing the document, Moldova's Minister of Transport and Road Infrastructure Vasile Botnari said that this important investment aims to support the authorities' efforts to improve the quality of the national road network.

The EU grant will be used for the construction of the six kilometre-long Bahmut bypass on the R1 Chișinău-Ungheni-Sculeni road to the Romanian border and the 8.5 km-long Vulcănești bypass on the M3 Chișinău-Giurgiulești road.

The construction works will include new earthworks, footbridges, water-management systems, and the relocation of utilities as well as the installation of road signs and road markings. The seven metre-wide roadway will consist of two lanes. In addition, a 40 metre-long bridge over the Cahul River will be built on the Vulcănești bypass.

The two bypasses will reduce operational costs for road users by 10-15 per cent, creating more comfortable and safer conditions for both freight and passenger transport.

To date, the EU has supported the rehabilitation of 23.7 kilometres of the Balti-Sărăteni road and the 7 kilometre-long Ungheni bypass which is currently under construction.

These efforts are part of a large programme to build and rehabilitate 700 kilometres of Moldovan roads, supported by donors and international financial institutions.


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Tajikistan and EBRD agree to work on energy reform

15 May 2015

On 15 May 2015, during the EBRD Annual Meeting of the Board of Governors, the Government of Tajikistan and the EBRD signed a Memorandum of Understanding (MoU) detailing the reform agenda which is the precondition to the financing of the landmark regional electricity transmission project, known as CASA 1000.

The project, which involves a number of other international financial institutions and donors, including the World Bank and the European Investment Bank, will consist of many elements. The EBRD is considering financing the modernisation of Tajikistan’s domestic transmission infrastructure.

The EBRD financing will be subject to reform of Tajikistan’s state-owned energy company, Barki Tojik. As part of its modernisation agenda, the company will set out third-party access rules for the transmission line and an independent energy regulator will be established.

EBRD Managing Director for Energy and Natural Resources, Riccardo Puliti, signed the MoU with Djamoliddin Nuraliev, 1st Deputy Chairman of the National Bank of Tajikistan, who represented the Government of Tajikistan.

CASA 1000, which stands for “Central Asia-South Asia”, is a planned transmission line which is envisaged to span four countries and to bring hydro-generated electricity from the two Central Asian countries, Tajikistan and the Kyrgyz Republic, to electricity-hungry Afghanistan and Pakistan.

Previously, as part of its focus on the electricity sector in Tajikistan, the EBRD arranged a financing package of $75 mln for modernisation of the Qairokkum Hydropower Plant in the north. The project will include an innovative climate resilience mechanism.


Ukraine

EBRD and Ukraine's agriculture sector partner for reform

21 May 2015

The EBRD organised a high level meeting in Kiev yesterday to deepen its partnership with Ukraine’s government and agribusinesses to boost investment and exports, while reinforcing the role and competitiveness of the private sector.

Agribusiness was the only sector in Ukraine to register growth last year. Such growth can continue despite the country’s economic difficulties, if the business climate is improved, red tape is slashed and its agriculture strategy 2015-2020 is implemented with key private sector companies and investors.

Chaired by Ukraine’s Minister of Agrarian Policy and Food of Ukraine, Oleksii Pavlenko, EBRD Director for Agribusiness, Gilles Mettetal, and EBRD Director for Ukraine, Sevki Acuner, the meeting brought together more than 20 leading agribusiness companies, six sector associations, Ukraine’s Minister of Infrastructure, its deputy Minister of Finance, members of Parliament, the National Bank of Ukraine, FAO, and the IFC.

Agribusiness CEOs and heads of associations highlighted the need to maintain a predictable tax regime, move away from export restrictions and price regulations, and eliminate unnecessary barriers to imports of foreign technology and agricultural inputs.

Access to credit and working capital was identified as vital in the current economic downturn.

Crop receipt programs piloted and supported by the EBRD, IFC and FAO can make a difference for both small and larger farmers, it was agreed. Innovative financing to cooperatives should be explored as another channel to deepen EBRD’s engagement in the country.

The EBRD and Ukraine’s Ministry of Agrarian Policy and Food will work together on a Memorandum of Understanding (MoU) to deepen their cooperation on the basis of private sector priorities, challenges and solutions identified at the meeting, it was announced. This can be a first step to a public-private partnership for strategic export commodities.

For example, Ukraine’s grain sector alone needs at least $5 bln for modern storage and $1.2 bln for grain railway wagons by 2023. Private sector participants confirmed their
readiness to partner with the government and invest in infrastructure development, alongside
government investments in river and port logistics.

At an EBRD-led consultation with major local and international companies prior to this
meeting, over 20 CEOs indicated their willingness to invest up to €2.5 bln in Ukraine’s
agriculture over the next three years, subject to effective assistance from the authorities in
tackling identified obstacles to investment.

To implement the MoU, the EBRD and FAO are planning to provide more regular support to
facilitate public-private consultations through a mechanism that supports agribusiness
companies and the government in the implementation of key reforms in the context of
Ukraine’s agriculture strategy.

reform.html

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IMF Executive Board Concludes 2015 Article IV Consultation with
the Republic of Belarus

18 May 2015

On May 13, 2015, the Executive Board of the International Monetary Fund (IMF) concluded
the Article IV consultation1 with the Republic of Belarus.

Belarus continues to be highly vulnerable to economic shocks, as was illustrated by the
turbulence in foreign exchange and debt markets late last year. Frequent bouts of
expansionary macroeconomic policies, in a context of deep structural rigidities, have fueled
inflation and external imbalances and left Belarus dependent on ad hoc external support.

Selective policy tightening and a Russian loan helped Belarus navigate large external
imbalances during much of 2014. Yet the slide of the Russian ruble in the fourth quarter
triggered acute exchange market pressures in Belarus, which eventually prompted a stepwise
devaluation of the rubel by 30 percent against the dollar starting in late December. Meanwhile,
real GDP grew by about 1½ percent in 2014, primarily driven by the recovery of potash
exports, while inflation hovered around 18 percent.

In 2015, growth has slowed sharply as high uncertainty, reductions in real incomes,
administrative measures, and declining trade with Russia weighed on activity. The inflationary
impact of the exchange rate depreciation has been muted by a ban on price increases that was
eventually lifted in April. The exchange rate has stabilized and bond spreads have narrowed,
while macroeconomic policies have tightened further in a context of increasingly constrained
external financing.

The outlook is for a recession and continued external pressures. With Russia—the largest
trading partner—in a downturn, the Belarusian economy is projected to contract by 2¼ percent
in 2015, led by falling exports. The current account deficit is expected to remain around 7
percent of GDP—contributing to significant financing needs. The devaluation is forecast to push
inflation to 22 percent this year despite weak domestic demand. In the medium term, it is
expected that financing constraints will force current account adjustment, while growth will
remain weak reflecting structural rigidities.

http://www.imf.org/external/np/sec/pr/2015/pr15227.htm#P30_2721

Kyrgyzstan

IMF Staff Concludes Visit to the Kyrgyz Republic

28 May 2015

An International Monetary Fund (IMF) mission led by Edward Gemayel visited Bishkek from
IMF Statement on Discussions with Ukraine on First Review under the Extended Fund Facility Arrangement

31 May 2015

An International Monetary Fund (IMF) mission visited Kyiv during May 12-29 to hold discussions on the first review under the Extended Fund Facility Arrangement (EFF) in support of the authorities’ economic reform program (see Press Release No. 15/107).

At the conclusion of the visit, Mr. Nikolay Gueorguiev, mission chief for Ukraine, made the following statement today in Kyiv:

“The mission held constructive discussions with the authorities on policies needed to complete the first review under the EFF arrangement. Understandings were reached on most issues and discussions will continue in the comings days to finalize a staff-level agreement than can be taken for approval to the IMF management and the Executive Board.

“The authorities’ commitment to the reform program remains strong. All performance criteria for end-March were met and all structural benchmarks due in the Spring are on course to be met, albeit some with a delay. This good program implementation has been achieved notwithstanding an exceptionally difficult environment, in part related to the unresolved conflict in the East, which took a heavier than expected toll on the economy in the first quarter of 2015. Accordingly, the mission has revised down growth projections for 2015 to -9 percent and projects end-year inflation at 46 percent. Inflation was mostly driven by one-off pass-through effects of the large exchange rate depreciation in February as well as the needed energy price increases.

“In recent months, signs that economic stability is gradually taking hold are steadily emerging. The foreign exchange market has remained broadly stable. Gross international reserves, although still very low, have increased to $9.6 bln at end-April. Banks’ deposits in domestic currency have been recovering. The budget outturn in the first months of 2015 was stronger than expected, partly due to temporary factors.

IMF Staff Completes 2015 Article IV Mission to the Republic of Uzbekistan

13 May 2015
An International Monetary Fund mission led by Mr. Raja Almarzoqi visited Tashkent on April 29−May 12, 2015 to hold discussions on the 2015 Article IV consultation.

At the conclusion of the mission, Mr. Almarzoqi issued the following statement:
“The economy of Uzbekistan has been resilient in an increasingly difficult external environment, characterized by weak economic activity in Europe and Russia and low oil prices. Following solid growth performance—8.1 percent—in 2014, growth remained robust and GDP increased by 7.5 percent in the first quarter of 2015. Strong public investment and a strategic re-orientation of gas exports from Russia toward China have shielded the economy, so far, from the slowdown experienced by other countries in the region. The external position continues to be strong, but the current account surplus has narrowed. Annual inflation, based on an alternative consumer price index (CPI) measurement by IMF staff, declined to a single-digit around 9 percent through March 2015.

“Fiscal policy remains prudent. Following a small fiscal surplus on a consolidated basis in 2014, the budget execution in the first quarter of 2015 registered a balanced outturn, owing to lower-than-budgeted spending. Investment remains an important component of public spending.

“Monetary policy remains accommodative. The Central Bank of Uzbekistan has cut its policy rate, the refinance rate, from 12 to 9 percent since January 2014. The growth of credit to the economy remains strong. The depreciation rate of the official exchange rate of the Uzbek sum has been slower than currencies of the trading partners.

“The banking sector remains stable, well capitalized and highly liquid. A centralized collateral registry system was launched in 2014, which contributed to broadening access to finance.

http://www.imf.org/external/np/sec/pr/2015/pr15216.htm

“Samruk-Energy” JSC signed a number of agreements on development of innovative technologies

22 May 2015
«Samruk-Energy» JSC signed a number of bilateral documents aimed at development of cooperation in elaborating innovative technologies during VIII Astana Economic Forum7Chairman of the Board of «Samruk-Kazyna» JSC Umirzak Shukeyev prior to the signing ceremony stressed the importance of these agreements, which have been made possible as a result of «Samruk-Kazyna” Fund visit to Silicon Valley in California (USA).

CEO of Primus Power Corporation Tom Stepien and Chairman of the Board of «Samruk-Energy» JSC Almasadam Satkaliyev signed strategic partnership agreement which provides for the implementation of the pilot project followed by the establishment of a joint venture for production and supply of energy storage systems EnergyPod® in the Republic of Kazakhstan.

Memorandum of Understanding with “Stanford University” Research University was signed by Professor Friedrich Prinz (Friedrich Prince, Professor of Stanford University). The document lays the foundation for sustainable and long-term scientific and technical, educational and innovational cooperation.

Memorandum of Understanding between «Samruk-Energy» JSC and the University of California at Berkeley was signed by Professor Daniel Fletcher (Daniel Fletcher, Professor of University of California). In the future, the implementation of the partnership program will promote the development of human capital and increasing the economic performance of
The World Bank

Bilateral Cooperation

World Bank and International Investment Bank Foster Collaboration

14 May 2015

The International Bank for Reconstruction and Development (IBRD) and the International Investment Bank (IIB) have launched the implementation of a Memorandum of Understanding (MoU) to set the framework for collaboration between the two development institutions in the broad areas of development finance, financial management, and corporate governance. The MoU was signed by Laura Tuck, World Bank Vice President for Europe and Central Asia, and Nikolay Kosov, Chairman of the Board of the International Investment Bank.

The MoU defines key thematic areas for cooperation, including but not limited to:

• Improving the efficiency of financial instruments which the IIB currently uses, and the development of new ones
• Capacity-building to further strengthen IIB’s project cycle
• Diverse aspects of corporate governance, treasury and risk management practices
• Improvement of compliance procedures and development of independent accountability mechanism
• Cooperation and consultations in respect of raising capital and participation in investment funds
• Business and strategic planning
• Facilitation of IIB’s participation in professional networks of international and national development banks
• Strategic communications

The first World Bank’s knowledge transfer program will support the IIB in further strengthening its governance and anti-corruption mechanisms, in order to fully align them with the practices of leading multilateral development institutions.


Bond issues

World Bank Launches New Green Growth Bond 07/2023

18 May 2015

The World Bank is pleased to announce the launch of a new investment solution designed for retail investors in Italy: the Green Growth Bond 07/2023. By choosing this green bond linked to an equity index, investors can benefit from the potential growth of the equity market and, at the same time, support the financing by the World Bank of projects with a positive climate impact. This is the first time that such a bond product has been launched by the World Bank for retail investors in Italy.

The World Bank’s Green Growth Bond 07/2023 will be offered to investors in Italy starting May 18, 2015, at which time all relevant information about the product and distributing banks will be available at www.GreenGrowthBond.com.


World Bank Issues Close to $30 Mln Green Growth Bonds Linked to

«Samruk-Energy» JSC.
http://sk.kz/news/view/4206
Ethical Europe Equity Index

18 May 2015

The subscription period for the World Bank (IBRD, rated Aaa/AAA) unsecured and unsubordinated debt securities based on the performance of the Ethical Europe Equity Index (the "Notes") closed last week. This is the first equity-linked green bond launched by the World Bank for retail investors in the United States. The subscription period lasted a total of 4 weeks, from April 20, 2015 to May 14, 2015.

This product allows investors to benefit from the growth potential of an equity index while at the same time, supporting projects financed by the World Bank that have a positive impact on climate change. This initiative follows the recent successes of similar Green Growth Bond offerings in Europe and Asia.

BNP Paribas Securities Corp. worked with the World Bank to develop the Notes, and has also underwritten the issue.

Transaction Summary:
Issuer Rating: Aaa (Moody’s)/AAA (S&P)
Amount: $29,687,000
Trade Date: May 15th, 2015
Issue Date: May 22nd, 2015 (five Business Days after the Trade Date)
Maturity Date: May 22nd, 2025
Issue Price: Each Note will have an Issue Price and an initial offering price of $1,000.
Coupon: None


Moldova

World Bank Helps Moldova Build Resilience to Disasters and Climate Risks

19 May 2014

The World Bank’s Board of Executive Directors today approved a $2 mln additional financing to the Republic of Moldova for the Disaster and Climate Risk Management Project, which will support the State Hydrometeorological Service’s ability to forecast severe weather and improve the country’s overall capacity to prepare for and respond to natural disasters.

The new funding complements the original $10 mln project and aims to reduce Moldova’s susceptibility to natural disasters, particularly in agriculture and related sectors, and diminish the country’s economic vulnerability to droughts, floods and other natural shocks. Over the past four years the ongoing project has supported a range of activities in hydro-meteorological services, civil protection and climate smart agriculture, including the establishment of the Emergency Command Center for disaster response, creation of a mobile weather and market information alert system, and operationalization of a Doppler radar system to forecast severe weather.

The objectives of the Disaster and Climate Risk Management Project and additional financing are to:

• Strengthen severe weather forecasting capacity and ensure that users of meteorological information, both public and private, are presented with more localized, specific and timely forecasts and warnings;

• Improve disaster preparedness and emergency response through strengthening the capacity of the Emergency Command Center to manage emergencies and disaster response coordination among government agencies; and

• Support adaptation to climate risks in agriculture through practical application of agro-meteorological information in the agriculture sector in order to increase its resilience towards adverse weather effects.

### Agriculture

**World Bank Supports Moldova’s Fruit Farmers**

**19 May 2014**

The World Bank’s Board of Executive Directors today approved a $12 mln additional financing to the Republic of Moldova for the Agriculture Competitiveness Project, which will support small-scale farmers in coping with difficulties in exporting to Russia.

Moldovan agricultural and food exports to the Russian Federation were subject to reinforced import controls through 2013 and 2014. The most affected export items were wine, and summer varieties of apples and plums. Prior to the strengthening of import controls, approximately 30 percent of the country’s wine exports, valued at $35 mln, 93 percent of apple exports, valued at $43.7 mln and 80 percent of plum exports, valued at $21.1, went to the Russian Federation.

The $12 mln will be used to provide targeted compensatory grants to small-scale apple, plum and grape growers, with farms of less than 15 hectares, who sold their produce domestically for processing in the fall of 2014. The grants will compensate about 50 percent of the difference between the estimated normal price and the processing sales price in 2014. By helping fruit growers and essentially the rural economy, the new funding will focus on sustaining existing gains in the agriculture sector and will complement the longer-term support under the main Agriculture Competitiveness Project focused on strengthening the export competitiveness of Moldova’s agriculture.


### Development Cooperation

**Development banks of EAEU member states sign a Memorandum on Cooperation**

**8 May 2015**

As part of the Supreme Eurasian Economic Council’s meeting at Heads of State level – members of the Eurasian Economic Union (EAEU), Vnesheconombank, Development Bank of the Republic of Belarus and the Kazakhstan Development Bank signed a Memorandum on Cooperation in Investment and Trade-Economic Sectors.

The Memorandum’s implementation would promote sustainable economic development and stimulate trade-economic and investment cooperation between Union-member countries. The parties agreed to upgrade mechanisms for lending between the financing institutions, cooperate closely upon implementing joint investment projects and help to promote exports of products of EAEU member countries.

In order to efficiently organize interaction, a Council of EAEU Development Banks is expected to be established.

The Memorandum provides for a possibility to join it by financing institutions of other EAEU member states.

The Eurasian Economic Union is an international organization for regional economic integration. It has international legal personality and is established by the Treaty on the Eurasian Economic Union.

The Member-States of the Eurasian Economic Union are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation.

The Union was created to comprehensively upgrade, raise the competitiveness of and cooperation between the national economies, and to promote stable development.

**International Forums**

**VEB Chairman participates in the D20 meetings**

26 May 2015

Vnesheconombank Chairman Vladimir Dmitriev participated in the third meeting of the Heads of the G20 financial development institutions - the D20 and a conference devoted to development of infrastructure as a main instrument for long-term development (the city of Istanbul, the Turkish Republic).

The Heads of the G20 financial development institutions discussed issues of cooperation between the G20 development banks and their interaction with international financing institutions and regional banks and a role of financing institutions in developing social infrastructure. A special emphasis was placed on development banks’ capabilities to raise long-term investments for infrastructure projects.

The heads of the G20 financial development institutions approved a final statement.

The fourth meeting of the G20 financial development institutions is scheduled to be held in China in 2016.

A meeting of the Long-Term Investors’ Club (LTIC) Coordinating Committee was also held in the course of which they discussed main lines of the Club’s and its management bodies’ activity. VEB is a member of LTIC.

As part of the D20 meetings, VEB’s management and executives of partner banks: the European Investment Bank, Italian Bank Cassa Depositi e Prestiti, the Development Bank of South Africa, the Industrial Development Bank of Turkey held meetings in a bilateral format.

Vnesheconombank initiated meetings of the G20 financial development institutions in the D20 format. The first meeting held in 2013 resulted in a joint D20 statement on the role of development institutions in improving the world’s financial and an economic system. At the second meeting of the heads of the D20 financial development institutions held in Rome in 2014, VEB put forward an initiative on including representatives of D20 format financial institutions in national delegations for them to participate in meetings of the D20 Investment and Infrastructure Working Group (IIWG).


**Bond issues**

**Vnesheconombank Fulfills Its Obligations Under Domestic Series BO-16v Bonds Put Offer**

8 May 2015

State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)” on May 7, 2015 fulfilled its obligations to purchase bonds from investors in the course of the put offer under its $500 mln Series 16v exchange bonds issue.

Under the current put offer Vnesheconombank bought 333,500 bonds with the total par value of $333.5 mln.

The coupon rate of the bonds was set at 4.75% per annum till the next put offer in one year.


**Bilateral Cooperation**

**VEB and the China Development Bank Sign a Framework Credit Agreement**

8 May 2015

In the course of Chinese President Xi Jinping’s formal visit to Russia, Vnesheconombank and the China Development Bank (CDB) entered into a framework credit agreement worth $8bln.
Vnesheconombank and the Vietnam Development Bank Agree to Cooperate

13 May 2015

In the course of the 38th Annual Meeting of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) being held in the city of Nha Trang (Vietnam), Vnesheconombank and the Vietnam Development Bank signed a Memorandum of Understanding.

On behalf of VEB the Memorandum was signed by Deputy Chairman Anatoly Ballo and on behalf of the Vietnam Development Bank – by Director General Tran Ba Huan.

The Memorandum provides for enhancing all-round cooperation, the two banks’ joint participation in implementing investment projects, and in programs of trade and export financing as well as sharing experience on main lines of the two development institutions’ activity.

The Memorandum’s implementation would help to promote exports of Russian products to Asian countries and enhance economic ties between Russia and Vietnam.

Vietnam Development Bank (VDB) was established in 2006 according to the Decision of the Prime Minister of Vietnam based on the reorganization of Development Assistance Fund. The bank’s main function is to raise capital from domestic and foreign counteragents to pursue investment, credit and export policy of the state as well as expand international cooperation. The bank is responsible for funding major government projects by way of extending subsidies, investment and export credits as well as credits against government guarantees.


VEB and the Export-Import Bank of China to fund the production of electrolytic metallic manganese

8 May 2015

In the course of Chinese President Xi- Jinping’s formal visit to Russia, Vnesheconombank and the Export-Import Bank of China (Eximbank) entered into an agreement on a credit line. Under the agreement Exim bank is to provide VEB with 3.9 bln Chinese yuan for a period of up to 15 years.

On behalf of VEB the agreement was signed by Chairman Vladimir Dmitriev and on behalf of the Export-Import Bank of China – by Chairman Hu Xiaolian. A signing ceremony was held in the presence of Russian President Vladimir Putin and President of CPR Xi-Jinping.

This agreement was signed to fund an investment project “Production of electrolytic metallic manganese for manufacturing special steels on the basis of ores of the Usinsk deposit in the Kemerovo region”. The project is being implemented by CJSC CHEK-SU.VK. VEB raises credit facilities in Chinese currency for the first time to fund an investment project in Russia.
