### Rating
- **The Islamic Development Bank** "Aaa" credit rating was reaffirmed with a "Stable" outlook by Moody's.

### Finance sector development
- The Eurasian Development Bank (EDB) will provide a new RUB 175 mln loan to NBD Bank to finance SMEs in Russia.

### Municipal and Environmental Infrastructure
- EBRD and Switzerland finance wastewater improvements in Khujand, northern Tajikistan.
- Moldova to receive €10 mln to upgrade district heating in Balti.

### Microfinance
- **IFC Helps Microfinance Reach Entrepreneurs in Kazakhstan**

### Bilateral Cooperation
- **VEB and the Export-Import Bank of China Sign Framework Credit Agreement**
- World Bank and Islamic Development Bank join forces to improve quality and relevance of education.

### Agriculture
- EBRD participates in syndicated loan for Ukraine’s Kernel Group.
- **EIB supports Agri-Food Sector in Ukraine with €50 mln**

### Energy Efficiency
- **EBRD and Munganbank to boost energy efficiency in Azerbaijan**

### International Forums
- **EDB conducts its 9th International Conference on Eurasian Integration in Moscow**

### Improvement of IFIs efficiency
- **World Bank Group Launches New Global Infrastructure Facility**

### Corporate Sector
- **EU bank opens office and strengthens presence in Moldova**

### Mining
- **EDB to provide $11 mln to finance the production of polymetallic ores at the Armanis deposit in Armenia**

### Establishment of new development institutes
- **22 countries established Asian Infrastructure Investment Bank**

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**Activites of development banks in Eurasian countries. Information digest.**

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**Industry Studies, Strategy and Research Department**
## Statement by Asian Development Bank President Takehiko Nakao

24 October 2014

Given Asia's huge infrastructure funding needs, establishing the Asian Infrastructure Investment Bank (AIIB) to provide additional resources for infrastructure investments is understandable.

It is vitally important that AIIB adopt international best practices in procurement and environmental and social safeguard standards on its projects and programs.

Once AIIB is formally established, ADB is prepared to consider appropriate collaboration in areas of common priorities.

ADB, established in 1966 and with capital of $175 bln and large skills base, has contributed to infrastructure building and social development to reduce poverty in the Asia-Pacific region, working closely with regional and non-regional members. ADB itself is making efforts to make its operations even more efficient and client-oriented, and to increase its lending capacity to further support the region's needs.


## ADB Named Top Development Bank, Climbs Rankings to 5th Place in Aid Transparency Index

9 October 2014

The Asian Development Bank (ADB) has been named as the top rated development bank in the 2014 Aid Transparency Index (ATI), an independent measurement of transparency ranking 68 of the world’s leading donor organizations published on 8 October. ADB ranks fifth overall and is one of only seven organizations in the top category of “very good” in the 2014 ATI, compiled each year by British nongovernment organization Publish What You Fund.

ADB scored 83.8%, an increase of 26 percentage points over last year’s score, when it placed 10th overall. This makes it one of the biggest improvers of 2014, according to the ATI report.

The report praised ADB’s strong performance, with ADB receiving the top rate among development banks this year. Institutions in the very good category include UNDP, which is ranked first, followed by DFID, Millennium Challenge Corporation, the Global Alliance for Vaccines and Immunization, ADB, Sweden, and the World Bank.

Through 39 indicators, ATI assesses organizations’ overall commitment to transparency as well as the information they publish at the organization level and for individual activities. ADB’s 2014 publication of aid information under the International Aid Transparency Initiative (IATI) has been expanded to include 13 additional information fields, including project documents and subnational location data. ADB also updated the terms of use to be an “open license” for its Project Records Database.

ADB scored 100% for organization financial information; more than 90% on organization planning, basic activity and classification information; and 80% on performance information (results, conditions, and impact appraisal). Areas to improve on included financial data for individual activities, the report said.


## 22 countries established Asian Infrastructure Investment Bank

24 October 2014

Kazakhstan, China, Bangladesh, Brunei Darussalam, Cambodia, India, Kuwait, Laos, Malaysia, Mongolia, Myanmar, Nepal, Oman, Pakistan, the Philippines, Qatar, Singapore, Indonesia, Sri Lanka, Thailand, Uzbekistan and Vietnam became the signatories to the present memo of understanding on the foundation of the Asian Infrastructure Investment Bank (AIIB) with the forecasted registered capital of $100 bln.

Those attending unanimously approved the candidacy of the Deputy Finance Minister of China to head the AIIB
The AIIB will be headquartered in Beijing. The initial capital of ABII will be $50 bln, with the actual content of $10 bln. The main purpose of the new institution will be facilitating the implementation of infrastructure projects in Asia in order to reduce the gap in economic development. The priority areas of funding will be energy, transportation, logistics, urban and rural infrastructure.

The proposal to establish ABII was firstly expressed by President Xi Jinping at the APEC CEO Summit in Bali (October 7, 2013). The Asian Infrastructure Investment Bank (AIIB) is a crucial part of Beijing's efforts to extend its influence in the region. China also has chafed at its limited voice at other multilateral development banks, including the World Bank, International Monetary Fund and Asian Development Bank.

In July, World Bank Group President Jim Yong Kim said that he welcomed a new multilateral infrastructure bank, saying there was a "massive need" for new investment in this area.

Developing countries' infrastructure investment needs start at $1 trillion a year, Kim told reporters at the time, far in excess of private-sector investment of $150 bln.

ABII will complement the activities of the World Bank and the Asian Development Bank, but will focus on the development of infrastructure. Official opening and launch of the ABII are scheduled for late 2015.

According to news agencies.

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Black Sea Trade & Development Bank

**Corporate Sector**

**BSTDB Awarded for Transparency**

16 October 2014

As a result of an Annual Report Competition organized by the Banking Association for Central and Eastern Europe (BACEE), BSTDB received a Special Regional Award for the excellent presentation, outstanding transparency, and a wide scope of disclosure in its 2013 Annual Report.

BACEE is a non-profit organization founded in 1996 with the goal of promoting business relations among banks and financial institutions of Central and Eastern Europe. BACEE provides analytical and consulting services regarding business policies, transparency, and good practices on banks’ documentation in the CEE region.


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Eurasian Development Bank

**International Forums**

**EDB conducts its 9th International Conference on Eurasian Integration in Moscow**

9 October 2014

The 9th International Science-into-Practice Conference on Eurasian Economic Integration organised by Eurasian Development Bank (EDB) opened today at the President Hotel in Moscow.

The main objective of the conference is to search for the ways to deepen Eurasian integration in the context of the Agreement Establishing the Eurasian Economic Union (EEU), which will begin to function on 1 January 2015. The participants in the forum will discuss a wide range of issues relating to Eurasian integration, including the main areas for cooperation in the key economic sectors, the deepening of industrial cooperation, the movement of capital, and the establishment of uniform technical regulations and an interlinked labour market in the EEU.

The panel discussion will be about the possible areas for cooperation and interaction between the EEU and the European Union.

The most interesting papers by conference participants will be published in The Journal of Eurasian Economic Integration and the Eurasian Integration Yearbook published by EDB and on the Bank’s website (http://www.eabr.org/).


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Research
EDB researchers state an economic slowdown in CIS countries caused by the political crisis around Ukraine

16 October 2014

In Q2 of 2014 the GDP growth in CIS countries continued to go down and reached 0.9% year-on-year. This conclusion is made in the new issue of The CIS Macromonitor published by the Research Department of Eurasian Development Bank (EDB).

The report states that the key factor beyond the economic slowdown in the CIS was the political crisis around Ukraine. The resulting drastic growth in uncertainty, the outflow of capital from the region, and exchange rate fluctuations affected consumption and investment. As a result, the economic indicators of all the three groups of CIS countries (oil and gas exporters, labour exporters, and countries with diversified exports) worsened.

The growth in Azerbaijan’s GDP slowed down in the first six months and was 2.1% compared year-on-year. The recession in the oil and gas sector continued, although to a lesser extent: 3.9% in Q2 compared to 4.1% in Q1. Non-oil and gas sectors also grew at a slower pace of 7%, compared to 8.8% in Q1.

The macroeconomic situation in Armenia is characterised by a noticeable decline in economic activity caused by the worsened balance of payments. The growth in the country’s GDP slowed down significantly in Q2, to 2.3% year-on-year. The worsened balance of payments is confirmed by a decrease in international reserves. At the same time, state finance improved and the state budget had a surplus of 5% of GDP. Inflation decreased to 1.8% in June, because of low economic activity and discontinued increases in the prices of gas imports.


Energy Efficiency

EDB and EY publish a joint report on possible improvements in energy efficiency in CIS industries

1 October 2014

Programmes to improve energy efficiency in the industrial sectors of Belarus, Kazakhstan, Russia, and Ukraine can promote reduced energy consumption and stability in the context of growing tariffs. This is the conclusion suggested in the Invisible Fuel report prepared by Eurasian Development Bank (EDB) and EY (former Ernst & Young).

The report analyses changes in energy efficiency rates for each country, industrial sectors, and separate enterprises. In particular, it calculates and reviews energy consumption ratios for sectors that consume the largest amounts of energy resources: metallurgy, fuel and energy extractive industries, electricity, gas and water production and distribution, oil products manufacture, and pulp and paper production. In addition, the report describes some successful projects aimed at reducing energy consumption through the improvement of energy efficiency, the creation of automated monitoring and accounting systems for energy sources, and the implementation of energy management systems at enterprises.

In terms of energy intensity of GDP, Belarus, Kazakhstan, Russia and Ukraine lag behind the global average significantly. In all the four countries the domestic energy balance is shifted towards the transport and services sectors, which increase their energy consumption. At the same time “historically” energy intensive industries have not demonstrated considerable improvements in their energy efficiency. This may be due to the high share of energy intensive production, which has not been reformed in a cardinal fashion, and the low added value of products on the whole.

The majority of companies surveyed (almost 90%) plan to reduce their energy intensity over the next five years. According to them, the main barrier to implementing investment projects to improve energy efficiency is the difficulty in raising finance. Other significant barriers highlighted by respondents include:

administrative barriers: difficulties in obtaining approvals and permits, the lack of support on the part of the state, and the outdated legislative framework; and

technical barriers: complicated technical solutions, and the lack of experience in planning and implementing successful energy efficiency projects.


EDB to provide $11 mln to finance the production of polymetallic ores at the Armanis deposit in Armenia

30 October 2014

Eurasian Development Bank (EDB) will provide a five-year loan to Sagamar for a total of $11 mln to implement an
investment programme, which envision the production of copper and zinc concentrate with controlled silver and gold content at the Armanis deposit of polymetallic ores.

The respective loan agreement was signed today in the town of Stepanavan by Gennady Zhuzhlev, Deputy Chairman of the Management Board at EDB, and Dmitry Ushkov, General Director of Sagamar.

The loan will be used to finance stripping and geologic exploration, purchase mining equipment and, partially, refinance current loans. The overall project value approximates $70 mln.

The Armanis deposit was the first Armenian mine to introduce a more environmentally safe technology of the dry stacking of tailings with water recycling.

Sagamar CJSC was set up in 2002. In 2007, the company (holding a licence to develop the Armanis gold and polymetallic deposit) became part of the GLOBAL METALS (ARM) Group of Companies. After entering the Armenian mining sector in September 2007, GLOBAL METALS began to develop the Armanis gold and polymetallic deposit, the Dastakert copper and molybdenum deposit, and the Lichkvaz Tey gold and copper deposit through its three mining enterprises: Sagamar, Molibdeny Ashkharh and LV Gold Mining. These three companies are coordinated by GLOBAL METAL’s branch in Armenia. The international team of GLOBAL METALS includes specialists from Armenia, Russia and Kazakhstan.


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Kazakhstan

**EDB and the Akimat of Kyzylorda Region sign a memorandum of cooperation**

30 October 2014

Eurasian Development Bank (EDB) and the Akimat (government) of Kyzylorda Region signed a memorandum of cooperation. The document was executed by Igor Finogenov, Chairman of the Management Board at EDB, and Krymbek Kusherbayev, Akim of Kyzylorda Region.

The parties to the memorandum agreed to cooperate in arranging finance for mining, processing, power, construction and other projects implemented in the region.

In accordance with the memorandum, the parties will focus on innovative projects, which are aimed at improving the competitiveness of local products, and on the development and fulfillment of projects, which envision the provision of loans to the real sector and SMEs and assistance to the region’s enterprises in arranging finance leases. The parties agreed to cooperate in attracting investment from Kazakh and foreign financial institutions.

EDB and the Akimat of Kyzylorda Region also agreed to cooperate in arranging corporate finance advice.


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Russia

**EDB to provide a new RUB 175 mln loan to NBD Bank to finance SMEs in Russia**

14 October 2014

Eurasian Development Bank (EDB) signed a loan agreement with NBD Bank today. Under the agreement EDB will provide a third loan to NBD Bank to finance small and medium-sized businesses, to the tune of RUB 175 mln. The agreement was signed by Dmitry Krasilnikov, Deputy Chairman of the Management Board at EDB, and Alexender Sharonov, Chairman of the Management Board at NBD Bank.

The project will make it possible for regional SMEs to get loans from NBD Bank in the roubles for up to three years. NBD Bank will select sub-borrowers on its own, in accordance with the criteria approved by EDB, and provide them sub-loans for business development. The funds will be used to provide loans to companies in Nizhny Novgorod, Kirov, Ivanovo and Penza Regions, the Chuvash Republic, and the Mari El Republic.

The loan is provided in the framework of the EDB Programme for the Support and Development of SMEs through the Provision of Targeted Loan Facilities to Financial Institutions. The previous two agreements with NBD Bank under the SMEs finance programme were signed in June 2012 and September 2013, for a total of RUB 160 mln and 96 mln respectively.

EAEC replaced with Eurasian Economic Union

10 October 2014

The Eurasian Economic Community of Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan (EAEC) ceases formally its existence on Friday. The community, organised on October 10, 2010, will wind up at a summit in Minsk, where leaders of these countries, including Russia’s President Vladimir Putin, will discuss further integration.

EAEC “has a large-scale legal base (215 agreements) for multilateral trade and economic cooperation, which offered a base for development of Eurasian integration.”

Back in 1994, Kazakhstan’s President Nursultan Nazarbayev voiced the ideal of Eurasian integration, but it was not supported by other CIS countries. On January 6, 1995, Russia and Belarus signed an agreement on the Customs Union. Later on, Kazakhstan, Kyrgyzstan and Tajikistan joined the Customs Union. In 1999, the countries entered an agreement on the Customs Union and the Common Economic Space, and on October 10, 2000 - an agreement on organisation of EAEC.

In August 2006, EAEC countries decided to organise from 2010 the Customs Union, which uses in mutual trade a single customs tariff, and on November 27, 2009, presidents of Russia, Belarus and Kazakhstan reached a decision to develop deeper the economic integration and to move towards the Common Economic Space. On May 29, 2014 presidents of Russia, Kazakhstan and Belarus inked an agreement on organisation of the Eurasian Economic Union from January 1, 2015. Kyrgyzstan and Armenia have announced they would like to join the Union.

The upcoming summit will also discuss consequences from Ukraine’s association with the European Union.


UNDP and EBRD Join Forces to Promote Sustainable Progress

7 October 2014

The United Nations Development Programme (UNDP) and the European Bank for Reconstruction and Development (EBRD) today signed a Memorandum of Understanding to drive and sustain growth and development that improves the quality of life for everyone in countries in Central and Eastern Europe, Central Asia, Mongolia, and the Southern and Eastern Mediterranean.

Through this partnership, the two organisations will work together on issues such as strengthening democratic governance, local economic development, gender equality, civil society, and regional cooperation and integration.

Through their global and regional networks, UNDP and EBRD will also share information about strategic priorities, needs and opportunities about possible new initiatives.


EBRD President calls for fresh approach for development bank cooperation

9 October 2014

Sir Suma Chakrabarti, the President of the European Bank for Reconstruction and Development, on Wednesday called for a fresh approach for cooperation among the world’s regional development banks to make their contributions to developing economies more agile and effective.

In a speech entitled "The new Multilateralism: The Role of Regional Development Banks", Sir Suma said the banks had to change in line with the evolving challenges facing their recipient countries. Their needs were no longer the ones that existed when the banks were conceived.

The President outlined four specific areas in the agenda for change.

The first was in the area of technology transfer, where the EBRD was already taking steps forward. The EBRD had developed a private-sector driven mechanism for climate finance and energy efficiency investments. Its Sustainable Energy Financing Facilities had successfully financed 55,000 loans via 80 banks in 19 countries where the EBRD has a
mandate to work.

As there was demand for this type of financing well beyond the EBRD’s region of operations, the Bank was pursuing a vision to transfer that model and mechanism to partners with a mandate to invest in other parts of the world.

Sir Suma secondly said recipients believed development banks could maximise their impact by considering joint ventures that could tap into proven tools, staff and financial resources without having to reinvent them in every region.

A third item would be the development of global platforms that cut across the individual institutions to bring together expertise on a particular development challenge. He referred specifically to the areas of climate change and infrastructure development.

Finally, the EBRD President proposed a pilot to see whether the individual development banks could develop joint country strategies reflecting their different mandates. He conceded that this might be a radical departure but he believed it would be in the clear interests of the recipient countries.


### Azerbaijan

#### Energy Efficiency

**EBRD and Muganbank to boost energy efficiency in Azerbaijan**

1 October 2014

The European Bank for Reconstruction and Development (EBRD) is lending $3 mln to Muganbank to finance energy efficiency projects in the country. The facility is provided for on-lending to qualifying corporate and individual customers, and will be used for energy efficiency and renewable energy projects.

The facility will allow Muganbank to help local entrepreneurs and households to acquire and install more energy efficient equipment, appliances and materials, including but not limited to modern production facilities, double-glazed windows, insulation, gas boilers, solar water heaters and rooftop solar panels. The funds will ultimately help those clients to reduce their energy bills and make their businesses and homes more cost-effective.

The loan is part of the EBRD’s Caucasus Energy Efficiency Programme (CEEP), which provides loans to local financial institutions to support industrial and residential energy efficiency improvements and renewable energy projects. Muganbank will be the EBRD’s third partner institution in Azerbaijan to secure an energy efficiency facility under CEEP.

The loan will be supported by grant funding from the European Union Neighbourhood Investment Facility, the EBRD Shareholder Special Fund and the Austrian Federal Ministry of Finance. The grants will be used for technical assistance and investment incentives for households.

The EBRD has engaged consultants to provide financial institutions, firms and households with technical advice for energy efficiency investments. This support enables industrial clients and homeowners to make the transition from substandard equipment and materials towards more energy efficient and better performing facilities, which will deliver greater results over their lifetime.


### Moldova

#### Bilateral Cooperation

**EBRD and Moldova join forces to improve investment climate**

22 October 2014

The European Bank for Reconstruction and Development (EBRD) has agreed a range of activities to support the government of Moldova to reform the business environment, encourage the development of the private sector and promote good governance.

Under a Memorandum of Understanding signed by Moldova’s Prime Minister Iurie Leanca and EBRD President Sir Suma Chakrabarti the two parties will join efforts to enhance the work of the EBRD-backed Economic Council to the Prime Minister; support the establishment of an independent mechanism to address concerns and complaints by businesses about instances of ill-treatment or unfair competition; develop alternative dispute resolution as well as arbitration procedures; and create a single, transparent registry of shares of Moldovan banks.

The EBRD will also provide additional technical assistance in areas such as public procurement and judicial capacity building. The parties will furthermore work together to improve corporate governance in state-owned enterprises, strengthen the Competition Council and enhance the capacity of Moldovan business associations.
Moldova to receive €10 mln to upgrade district heating in Balti

30 October 2014

Moldova has received a €7 mln loan from the European Bank for Reconstruction and Development (EBRD) to modernise district heating in its second largest city, Bălți. Moldovan Prime Minister Iurie Leancă and EBRD Deputy Director for Municipal and Environmental Infrastructure Lin O’Grady signed an agreement in this regard in Bălți today.

With a potential investment grant of €3 mln from the Eastern Europe Energy Efficiency and Environment Partnership (E5P), the total financing of €10 mln will be extended to the state-owned company CET-Nord JSC which provides district heating services to 75 per cent of the city’s population, as well as to numerous public buildings and commercial entities.

The company will use the financing to upgrade its district heating system, increase energy efficiency, reduce operating costs and CO2 emissions. Individual heating sub-stations will be installed in residential buildings, allowing customers to control heat supply and reduce energy waste. In addition, three energy-efficient combined heat and power generation plants will be installed. The heat generation system will be modernised to reduce losses and a coal-fired boiler will be converted to use locally sourced environmentally friendly biomass fuel.

As part of the project, the EBRD will also help design a programme to support corporate development at the CET-Nord JSC and help the company adopt a commercial approach to ensure it delivers reliable and sustainable services.

Upgrading Bălți’s district heating is likely to be the first project to tap into the E5P fund which Moldova has recently joined. E5P is a multi-donor fund pooling contributions from the European Union, as the largest contributor, and 12 countries to provide grant financing alongside loans from international financial institutions, including the EBRD, to help municipal authorities invest in concrete projects improving energy efficiency and the environment. It is expected that the E5P fund will be widely used across Moldova in the coming years.

The EBRD has also partnered with the Swedish International Development Cooperation Agency (Sida) which funded a study to determine the feasibility of this investment and will provide further funds to support CET-Nord JSC’s corporate development programme and the implementation of the project.


Tajikistan

EBRD and Switzerland finance wastewater improvements in Khujand, northern Tajikistan

16 October 2014

The European Bank for Reconstruction and Development (EBRD) and the Swiss State Secretariat for Economic Affairs (SECO) have joined forces to enable Khujand, the main city of northern Tajikistan, to modernise its sewerage network and to reconstruct an old wastewater treatment plant that had fallen into disuse after the collapse of the Soviet Union. This cooperation follows two previous successful projects by the EBRD and SECO to improve the city’s water supply.

Khujand is the capital of the Sugd region in northern Tajikistan, an ancient city that is now home to 165,000 people. It has a growing economy and potential for development in several sectors, including tourism. The city also has a significant need to upgrade its crumbling municipal infrastructure, in particular to improve wastewater management.

The EBRD is providing a $3.5 mln loan, and SECO is providing a capital grant of $5.35 mln, for Khujand Water Company, the water and wastewater utility.

Some of the new financing will also be used to upgrade the water supply, providing running water for the first time to about 15,000 people in settlements near Khujand.


Ukraine

Ukraine set to become largest EBRD trade finance beneficiary by end of 2014

The European Bank for Reconstruction and Development (EBRD) is stepping up its efforts in Ukraine, working to support the economy and the Bank’s clients through difficult times and to better prepare private enterprise for the return of growth.

One of the areas in which the EBRD is increasing its engagement is trade finance. The Bank’s Trade Facilitation Programme (TFP) works with eight local banks in Ukraine (and over a hundred more around the EBRD region) to enable their private corporate clients to continue their international trade. To date, the programme has supported trade transactions worth €1.5 bln in Ukraine, of which over €175 mln were processed in 2014.

The Trade Finance Programme partnered with Worldwide Expert Trade Finance conferences to bring to Kiev a two-day event dedicated to trade finance. The well-attended conference on 30 September and 1 October brought together bankers and experts from 12 countries.

The opening address at the conference was given by the newly appointed EBRD Managing Director for Ukraine, Moldova, Belarus and the Caucasus, Francis Malige. He touched on EBRD priorities in Ukraine, where the Bank aims to invest €1 bln this year, and praised the role of the TFP in supporting businesses.


Chernobyl project passes new landmark

27 October 2014

The construction of the New Safe Confinement in Chernobyl has passed a new landmark. The second half of the giant structure was successfully lifted to full height of 110 metres in a full-day operation on Friday, 24 October. Subject to weather conditions the two halves will now be joined before the end of the year.

The New Safe Confinement will transform Chernobyl reactor 4, which was destroyed in the 1986 accident, into an environmentally safe and secure site. The structure has a height of 110 metres, a length of 165 metres, a span of 260 metres and a weight of more than 30,000 tones. Its frame is a lattice construction of tubular steel members built on two longitudinal concrete beams. Never before in the history of human engineering has such a large structure been erected on a contaminated site.

The New Safe Confinement is being assembled in two halves. It will be equipped with automated heavy duty cranes. Once fully assembled, it will be slid over the current shelter housing reactor 4. The structure will prevent the intrusion of water and snow and provide equipment for the eventual deconstruction and dismantling of the old shelter and the remnants of the damaged reactor.

The structure will be strong enough to withstand a tornado and its sophisticated ventilation system will eliminate the risk of corrosion, ensuring that there is no need to replace the coating and expose workers to radiation during the structure’s lifetime of at least 100 years.

Physical work on the New Safe Confinement started with excavation works in late 2010. The first half of the arch was completed in April 2014, the second half has now reached its full height. The project is now scheduled to be completed by end-2017.

The cost of the entire Chernobyl Shelter Implementation Plan (SIP), of which the New Safe Confinement is the most prominent project, is estimated at around €2.15 bln based on a thorough and complete analysis of the final approved design of the New Safe Confinement and of the current advanced status of the design and installation of its auxiliary systems.


EBRD arranges financing package of €14 mln to improve district heating in Lutsk

24 October 2014

The European Bank for Reconstruction and Development (EBRD), the Eastern Europe Energy Efficiency and Environment Partnership (E5P) and the Clean Technology Fund (CTF) are 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 western municipality of Lutsk, for which the EBRD will provide a loan of up to €7 mln, which will be supported by a €3 mln loan from the CTF to the communal enterprise “Lutskteplo”. The project will also receive a grant of up to €4 mln from the E5P to which the European Union is the largest contributor. The proceeds will be used to improve energy efficiency, reduce energy losses, gas and electricity consumption and improve district heating services for almost 150,000 residents in Lutsk in almost 55,000 households.
The loan will finance the installation of 210 individual heating sub-stations and a bio-fuel boiler with a net capacity of approximately 2.5MW. It will also help decommission 11 inefficient basement boilers; replace 19 obsolete small boilers with modern high efficiency gas boilers; modernise 15 boiler houses; and replace almost 13 kilometres of distribution network pipes with pre-insulated pipes. Loan proceeds will also be used to install a computerised monitoring and dispatching system, which will control the network operations.

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.


Agriculture

**EBRD and private sector ready to invest in Ukraine’s agribusiness**

9 October 2014

The EBRD and its agribusiness clients met in Kiev this week to prepare a Private Sector Action Plan to boost the development of Ukraine’s agriculture sector and investment in it. CEOs of the firms at the consultations identified the sector’s most pressing investment challenges and outlined priorities to be proposed to the new Ukrainian government after this month’s elections. The International Financial Corporation and the UN’s Food and Agriculture Organization also took part in the discussions.

Between them, in 2014, ten of the companies present at the meeting have already exported $3 bln worth of agricultural products. It has been estimated that all EBRD agribusiness clients, together, employ more than 200,000 people in Ukraine and contribute more than $10 bln of exports yearly.

According to those at the meeting, the first priority for agribusinesses is a more stable environment for investment, including clear regulations on taxes and import and export requirements, standardised quality controls, and a functional land lease market that will eliminate land tenure issues.


**EBRD participates in syndicated loan for Ukraine’s Kernel Group**

15 October 2014

The European Bank for Reconstruction and Development (EBRD) is stepping up support for the Ukrainian economy by taking part in a $230 mln syndicated loan facility for Kernel Group of Ukraine, one of the largest vertically-integrated agricultural holdings in the country.

By committing $50 mln to the facility, the EBRD is sending an important signal of confidence to other investors and market players at a time of limited external funding in Ukraine.

The Warsaw Stock Exchange-listed Kernel is involved in grain handling, oilseed crushing and trans-shipment activity across Ukraine and Russia, and in farming operations in Ukraine.

The syndicated loan facility, arranged by Natixis, the international corporate, investment management and financial services arm of Groupe BPCE, the second-largest banking player in France, will support Kernel’s working capital needs associated with the procurement of grain in Ukraine and its subsequent storage, transportation and trans-shipment.

Through this project, the EBRD is continuing to support Ukraine’s agricultural sector, which accounts for over 15 per cent of GDP and is the main driver of the domestic economy.


**MDBs and IMF will promote economic environment conducive to long-term investment financing for infrastructure**

13 October 2014

The Multilateral Development Banks (MDBs), together with the International Monetary Fund (IMF), reaffirmed their commitment to promoting an economic environment conducive to long-term investment financing for infrastructure. They agreed to continue to work together in accordance with their mandates, expertise and resources and help their G20 members prioritize their investment needs in infrastructure, ensure an enabling environment for infrastructure
investments, and mobilize finance from a range of sources, in particular from the private sector.

The MDBs and the IMF responded to calls by the G20 to foster infrastructure investment in G20 countries.

The Australian G20 Presidency had made fostering investments, particularly in infrastructure and small and medium-sized enterprises, a priority to support economic growth, create jobs and improve productivity across the G20 countries.

President Hoyer emphasised that there is no shortage of global funds, but there are challenges in channelling them towards productive investments. As governments cannot finance large global infrastructure needs on their own, G20 nations will have to look into ways of mobilising private sector investors to deliver high-quality, inclusive and sustainable infrastructure.

The President also emphasised that stimulating investment in infrastructure will need to address further hurdles including weak strategic guidance and project selection, poor budget planning and project appraisal, and delays in completing projects.


EU bank opens office and strengthens presence in Moldova

27 October 2014

The European Investment Bank (EIB) is opening an office in Chisinau to support business, develop contacts with the public and private sectors, and strengthen relations with promoters, partner banks and other IFIs in Moldova.

The office was unveiled today by EIB Vice-President Wilhelm Molterer in the presence of Moldova’s Prime Minister Iurie Leanca, the Head of the EU Delegation to Moldova, Ambassador Pirkka Tapiola, Ambassadors of the EU Member States and representatives of Moldova’s Government and banking and business communities.

The EIB has signed 13 projects in the country since the start of its operations there in 2007, for a total loan volume of €586 mln in support of transport and water infrastructure, the agricultural and food processing sectors, and small and medium-sized enterprises. A sizeable portion of EIB loans has been accompanied by EU grants from the Neighbourhood Investment Facility.


EIB supports Agri-Food Sector in Ukraine with €50 mln

17 October 2014

The European Investment Bank (EIB) is lending €50 mln to LLC FIRMA ASTARTA-KIEV, a leading Ukrainian agroindustrial producer.

The EIB – the European Union’s bank – finances projects in Ukraine on the basis of an EU Council and European Parliament mandate for the countries of the Eastern Neighbourhood. The mandate allows the Bank to extend loans to support projects of significant interest to both the EU and its Eastern Neighbours, in the areas of local private sector development, social and economic infrastructure and climate change.

The European Commission has announced a comprehensive assistance package amounting to €11 bln over the coming years to support Ukraine under certain conditions. For its part, the EIB would contribute significantly to this package by providing lending over the next three years up to €3 bln should the political and operational conditions allow. The Bank will focus on energy and infrastructure investment as well as access to finance for SMEs.

Support to stabilize the Ukrainian economy and to take advantage of the new trade regime with the EU in the context of the DCFTA signed in June 2014 is particularly relevant.

**IFC Helps Microfinance Reach Entrepreneurs in Kazakhstan**

24 October 2014

IFC, a member of the World Bank Group, is providing a $5 mln loan equivalent in Kazakh Tenge to KazMicroFinance, a leading Kazakh microfinance institution, to increase access to finance for the country’s more than 80,000 entrepreneurs.

IFC is also signing an agreement with KazMicroFinance to help the company manage its foreign currency and interest rate risks.

While the number of microfinance institutions in Kazakhstan has grown in recent years, the microfinance market remains small, comprising just one percent of the aggregate credit portfolio of the country and offering significant room for growth.

IFC has provided nearly $900 mln in investments to Kazakhstan’s financial sector over the past four years, via equity participation, subordinated loans, senior debt, and trade finance products.

http://ifcextapps.ifc.org/ifcext/pressroom/ifcpressroom.nsf/0/1D8879069160E8F985257D7B00273751?opendocument

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**The IMF Launches Consultations with its External Advisory Group on Islamic Finance**

11 October 2014

The Interdepartmental Working Group on Islamic Finance (IDWGIF) of the International Monetary Fund (IMF) held its first meeting with its External Advisory Group (EAG) on October 9, 2014, in Washington, D.C. to discuss issues related to Islamic banking and the development of sukuk markets.

The discussions covered regulation and supervision, the scope for Islamic financial institutions to improve access to finance, including for small- and medium-sized enterprises, the implications of Basel III requirements for capital and liquidity on the industry, and the potential for enhancing Shari`ah and corporate governance. Participants also discussed development of sukuk market and its potential for financing infrastructure investment and for providing instruments to facilitate liquidity management and central banking operations.

The EAG was established by the IMF to help identify policy challenges facing the Islamic finance industry and facilitate coordination with those international institutions involved in establishing standards for the industry.


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**IMF Staff Reaches Preliminary Staff-Level Agreement on the First Review Under the Extended Fund Facility Arrangement**

1 October 2014

An IMF mission led by Mark Horton visited Yerevan during September 17–30 to conduct discussions for the First Review under the Extended Fund Facility (EFF) arrangement and the 2014 Article IV consultations. Upon return to IMF HQ, Mr. Horton made the following statement today:

"Armenia’s economic performance has slowed in 2014 in the context of Russia’s downturn and sluggish growth in Europe. Exports, remittances, and domestic demand are weaker, and growth is expected to decelerate to 2.6 percent this year from 3.5 percent in 2013. The external current account will widen somewhat and inflation will remain below the Central Bank of Armenia’s (CBA) target range (4 ± 1.5 percent). Policies in 2015 aim to support a pick-up of growth to 3.3 percent, but there are downside risks from a further slowdown in Russia and Europe. Over the medium term, decisive implementation of structural reforms and an improvement in the regional outlook will support higher growth."
The Fund-supported program is broadly on track. The June fiscal balance target was met by a large margin, reflecting under-execution of capital projects. The CBA met the June target for holdings of foreign exchange reserves. Structural reforms are advancing, although overall progress was mixed. Progress was registered in financial sector reforms, the adoption of an “open skies” framework for civil aviation, which is delivering increased flights at lower costs, and in preparatory work for overhauling bankruptcy processes. Delays in competition and regulatory reforms reflected the government transition this May.

“The mission reached preliminary agreement on a policy framework for the rest of 2014 and 2015 that could form the basis for completion of the First Review. This includes a moderate expansion of the budget deficit in 2015 to support demand. Fiscal measures will also include efforts to strengthen capital spending execution, improve tax administration, and mitigate fiscal risks. The CBA will continue its commitment to a flexible exchange rate and inflation-targeting regime. Other reforms aim to enhance the financial sector, the business climate and competition, implement the new pension law, and ensure sustainability and greater efficiency in the energy sector.


Bilateral Cooperation

Statement at the End of an IMF Staff Visit to Azerbaijan

28 October 2014

A staff team of the International Monetary Fund (IMF) led by Raja Almarzoqi visited Baku during October 21-27, 2014, to assess macroeconomic developments and prepare for the Article IV Consultation mission in June 2015. The team held discussions with senior government officials and representatives of the private sector and the diplomatic community.

At the conclusion of the visit, Mr. Almarzoqi issued the following statement:

“Economic activity has been resilient to regional turmoil in light of limited economic links with Russia. GDP growth is projected at 4 percent in 2014 and 3½ percent in 2015, with a modest decline in oil output and a slowdown in non-oil growth associated with fiscal prudence and necessary macro prudential tightening. Inflation is projected to hover around 3 percent. Risks arising from low oil prices are mitigated in the short term by reserve buffers.

“The mission encourages the authorities to build upon recent progress toward fiscal sustainability by maintaining fiscal consolidation in the 2015 budget. While the budget oil price assumption of $90 per barrel is prudent, expenditure commitments arising from international events limit fiscal space. Further adverse oil price developments would warrant consideration of a reduction in spending. Nevertheless, the budget should be able to accommodate expenditures that will boost the geographical diversification of gas exports. Completion of the public expenditure and financial accountability assessment (PEFA) update will pave the way for improving public spending efficiency.


Bilateral Cooperation

IMF Staff Concludes Visit to Belarus

28 October 2014

An International Monetary Fund (IMF) team led by Mr. David Hofman visited Belarus during October 22–28. The team met with Prime Minister Mikhail Myasnikovich, Deputy Prime Minister Piotr Prokopovich, Chair of the Board of the National Bank of the Republic of Belarus Nadezhda Ermakova, Minister of the Economy Nikolai Snopkov, Acting Minister of Finance Maksim Ermolovich, officials from the Presidential Administration, and representatives from think tanks, business, and the diplomatic community.

At the conclusion of the mission today in Minsk, Mr. Hofman made the following statement:

“External pressures have eased somewhat on an improvement in the trade balance which reflects the resumption of potash exports and a reduction in imports as enterprises reduced their inventories and domestic demand moderated. A support loan from the Russian government helped to finance the substantial remaining current account deficit and sustained reserves, albeit at a low level. Meanwhile, GDP growth continues to be slow, but nevertheless inflation increased to over 20 percent (y-o-y).

“Partial policy tightening has helped contain demand but policies remain inconsistent. Wage growth has slowed but remains too high. Credit growth was also reduced but because directed lending volumes continue to be excessive, more viable commercial credits have unduly borne the brunt of the adjustment that was needed to lower overall lending growth.

“Without decisive further action, pressures are likely to return. The growth outlook remains difficult owing to domestic constraints and the weak external environment. Meanwhile the availability of additional external financing is highly uncertain. The trade balance is expected to deteriorate again as the destocking trend tapers off and seasonal factors weigh on imports in the later months of the year. The agreement with Russia to retain oil duties offers some relief from 2015 onward but slowing Russian growth and geopolitical tensions in the region pose downside risks.


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**IMF Staff Concludes Second Post-Program Monitoring Discussions in the Republic of Moldova**

7 October 2014

An International Monetary Fund (IMF) team headed by Mr. Max Alier conducted post-program monitoring (PPM) discussions with the Moldovan authorities in Chișinău during September 25–October 7, 2014. The PPM process is intended for member countries that have substantial IMF credit outstanding following the expiration of their programs.

At the conclusion of the visit, Mr. Alier made the following statement:

“Output is projected to recover next year, but risks are on the downside. Following the strong rebound in economic activity last year, growth will decelerate to about 2 percent in 2014 owing to a moderation in agriculture production, weaker economic activity in main trading partners, and restrictions on imports of Moldovan products. A recovery is projected next year as recently negotiated free trade agreements enter into effect and domestic demand recovers as election-related uncertainties dissipate. High international reserves and low public debt are important buffers but need to be combined with prudent macroeconomic and financial policies to mitigate the impact of risks.

“In 2014, the general government deficit will widen less than initially projected. However, this partly reflects large one-off nontax revenues and donor grants brought forward from 2015-17 that will, for now, more than offset significant wage and pension increases granted this year. Going forward, fiscal policy should aim at narrowing the deficit to 1½ percent of GDP (about 2½ percent excluding grants) by 2018, as required by the Fiscal Responsibility Law. This level of deficit would put public debt as a share of GDP on a downward trend and be consistent with projected financing availability. As a first step, the 2015 budget should aim to maintain the general government budget deficit below 3 percent of GDP, while protecting public investment and targeted social spending. In view of the country’s infrastructure needs, a small relaxation of the medium-term fiscal objective is in principle possible to accommodate productivity-enhancing investment projects if financing on reasonable terms is secured, and the additional investment is consistent with the economy’s absorption capacity.


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**IDB Board Approves nearly $815 mln towards Development Financing**

22 October 2014

The Board of Executive Directors of the Islamic Development Bank (IDB) at the end of its 300th meeting (which started on 19 October) at its headquarters in Jeddah, Saudi Arabia and under the Chairmanship of IDB President, Dr Ahmad Mohamed Ali, approved $814.2 mln for development financing.

The new financings were mostly allocated for sectors such as air transport, power, water, roads and human development in member countries as well as for education and vocational training in Muslim communities in non-member countries.

Amongst the approvals of the Board was $230.2 mln for Development of Sharm El –Sheikh International Airport Project (Phase-II) – Egypt. IDB has already contributed $226.8 mln to the project and with the new approval IDB contribution to the project reaches $457 mln.

In the power sector, the Board approved $152.5 mln for the Maria Gleta Power Plant (Phase I) in Benin. An amount of $60 mln went to the Bibiyana Base-Load Combined Cycle Independent Power Plant Project in Bangladesh.

In the water sector, the Board Members approved $128 mln for the Greater Beirut Water Supply Augmentation Project in Lebanon.
The roads sector received $118.5 mln of financing comprising: $80 mln for Upgrading of Kantchari-Diapaga-Benin Border Road in Burkina Faso as well as $38.5 mln for the Construction of Sanam-Tebaram Road in Niger which is part of a strategic road that connects the city of Niamey, Niger's capital to the Trans-Sahara route that in turn connects Algiers, Algeria's Capital to Lagos in Nigeria. Another $15 mln was approved for Rural Access Road Improvement Project in the Sylhet Division in Bangladesh.

For human development, the IDB Board approved $44.5 mln towards the Development of Higher Education in Uzbekistan and $31.6 mln for GIETRENK, Sierra Leone’s Community Driven Development (Phase-II).

Other approvals included $905,000 as grants for special assistance operations under IDB's Waqf Fund for five educational, cultural and vocational projects in Sri Lanka, Guyana, Germany, Ethiopia, and Austria.

The Board approved a $5.1 bln operation plan (not including the activities of the other members of the IDB Group) for the new fiscal year 2014-2015, as well as the administrative budget for the Bank and its Funds and Programs. The Board also reviewed a number of reports on the Bank’s operations and other activities.

http://www.isdb.org/irj/portal/anonymous?NavigationTarget=navurl://71cd39288bf9ac31b2b312401ca8eea7

Rating

The Islamic Development Bank “Aaa” credit rating was reaffirmed with a “Stable” outlook by Moody’s

26 October 2014

The reaffirmation of the “Aaa” credit rating of the Islamic Development Bank (‘IsDB’) by Moody's reflects its assessment of the Bank’s strong shareholder support and preferred creditor status, strong capital base and prudent financial and risk management policies, and solid liquidity levels.

Moody’s also highlighted that IsDB is more strongly capitalized than other MDBs, with a lower leverage level, a key support to its Aaa standing. The “Stable” outlook reflects Moody’s assessment that the downward pressure on the “Aaa” ratings is highly unlikely.

The IsDB remains amongst the most highly-rated MDBs and the highest in the Muslim World. The ‘Aaa’ rating enhances the Bank’s financial capacity to fulfil its development mandate and play a leading role in the development of the Islamic Finance Industry.

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Samruk-Kazyna

Corporate Sector

Transformation Program of «Samruk-Kazyna» JSC involves improvement of investment approaches

10 October 2014

The transformation program of «Samruk-Kazyna» JSC involves improvement of investment approaches.

As the Chairman of the Management Board of «Samruk-Kazyna» JSC Umirzak Shukeyev told modernization of the fund under the transformation program involves the improvement of investment approaches, optimization of business processes and structure of the portfolio, as well as large-scale reorganization and «de-bureaucratization» of the fund.

The document was developed by the fund together with international consultants and aims to become one of the key tools for achieving the goals set out in the Strategy <i>“Kazakhstan-2050”</i> on entry into the 30 developed countries in the world.

The transformation program involves the implementation of the three main objectives: increasing the value of existing assets, portfolio optimization and improvement of corporate governance.

In order to increase the value of current assets it is planned to re-engineer business processes, review strategic key performance indicators (KPI) of the portfolio companies and their strategies in terms of achieving the goals of the strategic efficiency.

Portfolio optimization, in turn, implies simplification of the legal structure of ownership in portfolio companies, elimination of non-core business assets and social projects of the portfolio, the introduction of a new approach of active investment through the redistribution of funds between portfolio companies based on profitability and risk.

As part of the improvement of corporate governance it is planned to improve the efficiency of interaction with the government and regulators, strengthen sectoral teams of the Fund and change the role, powers and authority of the Board of Directors.
The Fund’s management announced plans to implement the Transformation program at the end of February this year. On April 23, 2014, Head of State instructed to finalize the document by September 2014. The Board of Directors of «Samruk-Kazyna» JSC has approved Transformation program at a meeting chaired by the Prime Minister of Kazakhstan Karim Massimov on September 5, 2014 in Astana. At the same time, it was announced that the Transformation Program of the Fund and the Action Plan for its implementation would be discussed in the near future at a meeting under the chairmanship of the Kazakh President.


«Samruk-Kazyna» JSC may invest in private equity funds of different countries

10 October 2014

The funds of «Samruk-Kazyna» JSC may be invested in private equity funds of different countries, but the first practical steps in this direction could be taken not earlier than one year, head of the fund Umirzak Shukeyev told in an interview with RIA Novosti.

According to him, «Samruk-Kazyna» currently is investing only within the treasury functions. Fund reinvests in projects within the country and abroad, the CEO of the fund noted.

Mr. Shukeyev noted that the fund’s group has a fairly large amount of temporarily free funds, so «Samruk-Kazyna» is a large depositor of Kazakh banks.

The CEO of the Fund responding to a question about private equity funds of which countries «Samruk-Kazyna» would like to invest said that while there is only the intention, although there is already interest from the developing countries.

At the same time, the top manager noted the presence of interest from Asian countries.

However, he did not rule out the fact that «Samruk-Kazyna» may invest in Russian private equity funds.

https://www.sk.kz/news/view/3997

Three assets of «Kazakhstan Temir Zholy» JSC worth 2.6 bln. tenge were sold within the Privatization program of «Samruk-Kazyna»

16 October 2014

Three companies of JSC NC «Kazakhstan Temir Zoly» (KTZ) were sold during regular trades that took place on October 10, 2014 on the electronic platform of the Ministry of Finance of the Republic of Kazakhstan.

«Seven companies of KTZ were placed on the trades via electronic tender. Electronic tenders for the realization of «BAS Balkhash 2004» LLP, «Birzhan Atyrau» LLP, «Gasyr-Mangistau» LLP, «Ak Beren» LLP were declared invalid due to lack of registered participants. At the same time, «Yertys Service» LLP, «MAK-Ekibastuz» LLP, «Kazykurt-South» LLP were sold for a total of 2.6 bln tenge,» General Director of «Samruk-Kazyna Contract» LLP Serikbek Yelshibekov told.

«Yertys Service» LLP was sold for 703.8 mln tenge, which is 15% higher than the starting price, «Kazykurt-South» LLP for 960.5 mln tenge (higher than the starting price 1.6 times), «MAK-Ekibastuz» LLP for 1.02 bln tenge (higher than the starting price 3.6 times). Four investors showed interest in the acquisition of «Yertys Service» LLP, seven investors-«Kazykurt-South» LLP, six-«MAK-Ekibastuz» LLP. Potential buyers have increased the price on these companies 12, 50 and 55 times, respectively, which indicates a high interest in these assets.

The transaction completion on sold companies is expected within two months. Invalidated trades of assets will be conducted again in the next 10 days.

«Kazykurt-South» LLP and «Yertys service» LLP companies prepare railway tanks for petroleum products, «MAK-Ekibastuz» LLP repairs service and technical wagons, provides maintenance and repair of diesel and electric trains.

As is known, the Government of the Republic of Kazakhstan jointly with «Samruk-Kazyna» JSC has developed Comprehensive privatization plan for 2014-2016 within the execution of the Kazakh President’s order. It is planned to privatize 106 assets and facilities of the Fund, 64 of which are scheduled to be sold in the private sector by the end of 2014. Implementation of the program is designed to reduce state involvement in the economy and strengthen its foundations by increasing the share of the private sector.

World Bank and Islamic Development Bank Join Forces to Improve Quality and Relevance of Education

12 October 2014

The World Bank Group and the Islamic Development Bank announced an agreement today to coordinate efforts on education as one of the most powerful instruments for reducing poverty and inequality and for laying the foundation for sustained economic growth. The initiative is aimed at developing joint strategies for improving education and training systems in member countries of both organizations, with a primary focus on the Middle East and North Africa region.

The Education for Competitiveness initiative was signed by World Bank Group President, Jim Yong Kim and his counterpart at the Islamic Development Bank Group, President Ahmad Mohamed Ali Al-Madani. The initiative will consolidate and build on collaborations already underway on research to boost the employability of Arab youth and in support of regional efforts to improve the quality of education. The Education for Competitiveness initiative will focus the full range of both organization’s resources and expertise on the entire educational spectrum from early childhood development through to higher education and jobs training. The initiative is motivated by the conviction that human development is essential for sustainable growth, and that it requires a sequenced combination of education, training, and labor market activities.

Each organization has identified a dedicated team that will form part of a joint working group. The initiative will organize all activities around three main pillars. The first, Education for Lifelong Learning, will focus on the quality of learning in levels K through 12, with an emphasis on promoting critical thinking and problem solving. This pillar will include support for policy reform, better governance of institutions and teacher training. The second, Education for Employment, will build on ongoing work on the relevance of education to labor market demand, with support for skills development for young people and women, training to encourage entrepreneurship and innovation, vocational education and job matching systems. The third pillar, Learning for a Competitive Economy, is aimed at building human capacity in areas where comparative advantages exist to strengthen the ability of national economies to adapt to changing global market conditions.

The Education for Competitiveness initiative is also intended to attract other international organizations and donors with similar goals, to increase the impact of development projects focused on training and education by broadening coordination and pooling resources, and avoiding the duplication of efforts.


Research

World Bank Group Integrity Report Calls for Sustained Global Interventions to Overcome Transnational Corruption Challenges

8 October 2014

Successful anti-fraud and corruption interventions in the coming decade will need to rely on concerted international efforts, country leadership and a set of principles guiding solutions and initiatives- according to the Annual Report issued by the Integrity Vice Presidency.

Since its establishment as part of an Integrity Office in 1999, the Integrity function at the World Bank Group has evolved into an Integrity Vice Presidency (INT) whose mandate is to prevent, deter and investigate fraud and corruption in bank-financed operations. As part of its strategic update, INT is looking into ways to spread its impact more effectively across regions while incorporating prevention and compliance as critical elements of its response to clients.

During this fiscal year, INT’s investigative results led to sanctioning of 71 firms and individuals for misconduct including corruption, collusion, fraud and/or coercive practices. As of the end of this fiscal year, the Integrity Compliance Office was actively engaged with 13 multinational companies. Preventive tools that were developed include the use of checklists for procurement staff to assist them in reviewing bids as well as changing project delivery models to allow for more diligent community oversight. INT is also investing in technology and data-driven solutions to help identify and stop fraud and corruption through reverse engineering of some of its cases.

Engaging with members of the World Bank Group’s International Corruption Hunters Alliance, a series of webinars was delivered this fiscal year to strengthen the capacity of heads of anti-corruption agencies, public prosecutors and attorneys general in financial crime detection and whistleblower protection. The third meeting of the Alliance is scheduled to be held by the end of 2014 at the World Bank Group Headquarters.


Improvement of IFIs efficiency
World Bank Group Launches New Global Infrastructure Facility

9 October 2014

The heads of some of the world’s largest asset management and private equity firms, pension and insurance funds, and commercial banks are today joining multilateral development institutions and donor nations to work as partners in a new Global Infrastructure Facility (GIF) that has the potential to unlock billions of dollars for infrastructure in the developing world.

World Bank Group President Jim Yong Kim said the presence of a broad range of institutional investors at the signing to launch the GIF sent a powerful message, with the most recent data showing that private infrastructure investment in emerging markets and developing economies dropped from $186 bln in 2012 to $150 bln last year.

Developing countries now spend about $1 trillion a year on infrastructure, but maintaining current growth rates and meeting future demands would require investment of at least an estimated additional $1 trillion a year through to 2020.

Kim said the GIF was being designed to tap into expertise from within and outside of the Bank Group to deliver complex public-private infrastructure projects that no single institution could address on its own.

Work has already started on a pipeline selection process and the GIF is talking to partners and beneficiary countries about several projects with the potential to transform developing economies, boost job creation, and improve the lives of poor people.


Belarus

Doing Business in Belarus: Paying Taxes Easier for Companies but the Pace of Regulatory Reform is Insufficient

29 October 2014

A new World Bank Group report Doing Business 2015: Going Beyond Efficiency shows that, in recent years, Belarus made progress in application of an electronic system for filing and paying contributions for the obligatory insurance for work related accidents—and by simplifying the filing requirements for corporate income tax and value added tax. On the other hand, the country increased the ecological tax rate and made bad debt provisions nondeductible for purposes of the corporate income tax. As a result, Belarus jumped in the global ranking of paying taxes from 107th in 2014 to 60th position in 2015.

This year's report ranks Belarus 57th among 189 economies. Belarus ranked among top performers in registering property, enforcing contracts and starting a business. The pace of regulatory reform in Belarus, however, remains insufficient to improve the country overall Doing Business ranking significantly. More needs to be done in several areas, namely, getting electricity, trading across borders and getting credit.


Kazakhstan

World Bank Group’s Managing Director Visits Kazakhstan, Discusses Development Priorities and Enhanced Collaboration

23 October 2014

Today, the World Bank Group’s Managing Director and Chief Operating Officer, Ms. Sri Mulyani Indrawati, paid an official visit to Kazakhstan. The main goal of the visit was to discuss the World Bank Group enhanced collaboration with Kazakhstan under the new Partnership Framework Arrangement signed in May 2014.

During the meetings with President Nursultan Nazarbayev, Prime-Minister Karim Massimov, and other high-level government officials, Ms. Indrawati encouraged Kazakhstan for continued prudent macroeconomic management and discussed further measures necessary for successful diversification of the economy.

Ms. Indrawati highlighted the new type of engagement that the Bank and Kazakhstan embark on under the Partnership Framework Arrangement. In coordination with other international financial institutions, the Partnership will involve design and implementation of programs in major areas to help sustain economic growth in Kazakhstan, promote private sector and innovation, and develop institutional and human capital. She noted that the Bank also
learns from Kazakhstan, as the country has become a source of good practices for other countries. At the regional level, the World Bank Group’s Managing Director and Chief Operating Officer highlighted the need for a cooperative approach to water resource management across Central Asia to sustain economic growth and mitigate climate change effects. Ms. Indrawati noted the progress Kazakhstan made in its regional and global integration efforts, and expressed the hope that the country will continue to facilitate regional dialogue and capacity development on the water and energy issues over the coming period.


**Moldova**

**Sound Financial Sector and Export Competitiveness Key to Minimize External Shocks and Reduce Poverty in Moldova**

2 October 2014

Moldova’s economy registered a 3.9 percent GDP growth in the first half of 2014, driven by higher exports and fixed investments. Despite an unfavorable regional environment due to the Russia-Ukraine crisis, Moldova’s external position has remained strong, but downward risks to the macroeconomic framework persist and will negatively affect growth for the rest of 2014, says new World Bank Moldova Economic Update.

The report highlights that Moldova’s external position has remained strong and monetary policies have been consistent with the inflation target of 5+/-1.5 percent. By end-August, consumer prices increased 5.1 percent year-on-year. On the one hand, low growth in domestic consumption, a good agricultural harvest and Russian restrictions on agro-food imports from Moldova (introduced in July-August), contributed to disinflationary pressures. On the other hand, continued soft stance of monetary conditions and depreciation of national currency to US dollar and Euro counterbalanced downward pressures on prices. Foreign exchange reserves declined by 4.4 percent in January-September but remain above 5 months of imports.

However, Moldova remains vulnerable to downside risks stemming from the external environment, fiscal pressures and weaknesses in the financial sector. GDP growth forecast in 2015-2016 is revised downward to 3 and 3.5 percent respectively, compared to April 2014 figures, due to expected weaker economic activity in Russia and Ukraine. Moldova should continue to implement prudent macroeconomic policies with low fiscal deficits and a flexible exchange rate subordinated to inflation to shelter from external vulnerabilities.


**Doing Business in Moldova: Better regulations are in place but further improvements can make it easier to do business in the cou**

29 October 2014

A new World Bank Group report finds that in the past year Moldova made it easier for local entrepreneurs to do business by implementing regulatory reforms in the areas of starting a business and paying taxes. Doing Business 2015: Going Beyond Efficiency finds that local entrepreneurs in 123 economies saw improvements in their regulatory environment in the past year. From June 2013 to June 2014, the report, which covers 189 economies worldwide, documented 230 business reforms—with 145 aimed at reducing the complexity and cost of complying with business regulations, and 85 aimed at strengthening legal institutions. Economies in Europe and Central Asia further improved the regulatory environment for local entrepreneurs, adding to the gains recorded in the past decade.

This year’s report ranks Moldova 63 out of 189 economies, a significant improvement of 19 places compared to the previous year. Moldova made starting a business easier by abolishing the minimum capital requirement. In addition, it made paying taxes easier for companies by introducing an electronic system for filing and paying social security contributions. On the other hand, it increased the minimum salary used for calculating the environmental tax liability, increased the employers’ health insurance contribution rate and introduced new filing requirements for value added tax. Areas where Moldova’s indicators are less favourable include construction permits, trade across borders and getting electricity.

The report this year expands the data for three of the 10 topics covered, and there are plans to do so for five more topics next year. In addition, the ease of doing business ranking is now based on the distance to frontier score. This measure shows how close each economy is to global best practices in business regulation. A higher score indicates a more efficient business environment and stronger legal institutions.

Doing Business in Russia: The Russian Federation Continues to Strengthen and Reduce the Complexity of Regulation

29 October 2014

A new World Bank Group report finds that in the past year, the Russian Federation made it easier for local entrepreneurs to do business by implementing regulatory reforms in the areas of starting a business and registering property.

Released today, Doing Business 2015: Going Beyond Efficiency finds that in the past year, the Russian Federation made it easier for entrepreneurs to open a new business by eliminating the requirement to deposit the charter capital before company registration as well as the requirement to notify tax authorities of the opening of a bank account. In addition, the country made transferring property easier by eliminating the requirement for notarization and introducing tighter time limits for completing the property registration. Such efforts have contributed to making Europe and Central Asia the second most business-friendly region after high-income economies in the Organization for Economic Co-operation and Development (OECD).

The Russian Federation ranks among the top 20 economies globally on two indicators: the ease of registering property and the ease of enforcing contracts. Obstacles remain in some areas measured by the report, however: entrepreneurs seeking to obtain an electricity connection or to import or export goods face considerable delays compared with global averages.

This year, for the first time, Doing Business collected data for a second city in economies with a population of more than 100 million. In the Russian Federation, the report now analyzes business regulations in St. Petersburg as well as Moscow. The data show that regulatory quality and efficiency are comparable in the two cities, with Moscow and St. Petersburg sharing similar laws and similar times, costs, and procedures for regulatory processes across the areas measured by the report.

The report this year expands the data for three of the 10 topics covered, and there are plans to do so for five more topics next year. In addition, the ease of doing business ranking is now based on the distance to frontier score. This measure shows how close each economy is to global best practices in business regulation. A higher score indicates a more efficient business environment and stronger legal institutions.


Comprehensive Structural Reforms Needed to Bolster Growth, Create Jobs, and Reduce Poverty, Says World Bank

27 October 2014

Tajikistan’s economic growth is slowing and vulnerability to shocks is increasing while Tajikistan faces a range of external and domestic risks, according to the latest Tajikistan Economic Report by the World Bank.

Tajikistan’s economic growth moderated to 6.7 percent in the first half of 2014, down from 7.5 percent a year earlier, as activity slowed in almost all sectors. Weaker world economic growth and lower prices for cotton and aluminum adversely affected the major export-oriented industries, pushing total industrial growth below 3 percent from nearly 7 percent a year earlier. Lower inflows of remittances due to the slowdown in Russia have translated into lower domestic demand and slower growth in services and housing construction. Though growth in agricultural output also moderated due to heavy rains and low temperatures, it was still a healthy 6 percent. Fixed investment grew swiftly as the public investment program got underway.

According to the report, GDP growth is projected to ease to 6.5 percent in 2014 because of the spillover effect from the slowdown in Russia and in export sales. The main risks to the near-term outlook relate to vulnerabilities and governance issues in the financial sector, fiscal risks from state-owned enterprises, a slower recovery in the prices of aluminum and cotton, and a further slowdown in activity in Tajikistan’s main trading partners.

The World Bank’s Economic Report on Tajikistan concludes that over the medium-term, prudent macroeconomic management and structural reforms directed towards diversification and better integration into global and regional markets could create more economic opportunities and reduce Tajikistan’s vulnerability to shocks. Investing in human and institutional capital could support productivity improvements and job creation, and ultimately speed up the transition to a more sustainable growth model.
**Education**

**Key Reforms in Higher Education Discussed in Tajikistan**

28 October 2014

Results of the Russia Education Aid for Development Project (READ), including the introduction of the University Entrance Examination as a fair and transparent tool for university admissions in Tajikistan, were discussed in Dushanbe on October 28. Deputy Prime Minister of Tajikistan, Marhabo Jabbori, World Bank Country Manager, Patricia Veevers-Carter, and Ambassador of Russia to Tajikistan Igor Lyakin-Frolov opened the workshop, which was attended by representatives of the government entities, donor agencies, and civil society organizations.

The Russia Education Aid for Development Project (READ), financed by the Russian Federation and administered by the World Bank, provided $4.1 mln to build the institutional capacity of the National Testing Center (NTC) and support design and introduction of the Unified University Entrance Examinations (UEE). The Dushanbe workshop marks the closure of the READ grant financing implemented in Tajikistan in two phases, from May 2009 to October 2014.

The National Testing Center was founded by the Government of Tajikistan in 2008 as a first step in establishing a national education assessment system, with the goal of contributing to improved access to and quality of education in the country. In addition to the READ grant, the World Bank supported the NTC through the Education Modernization Project with a US$2 million International Development Association (IDA) grant for the construction of the NTC building and provision of furniture and equipment. The Open Society Foundation provided US$1.5 million for capacity building of the national experts and the NTC staff in the assessment area.

After stages of design, evaluation and pilots in 2012 and 2013, the NTC launched the UEE process in December 2013, and in May 2014 it was administered nation-wide for the first time, including the allocation of university places.

In addition to the university admission test, the NTC is expected to administer other types of large scale national and international student learning assessments to provide key information to policy makers and citizens on what children are learning in school, and to help identify areas for improvement.


**Ukraine**

**Staying on the Reform Path Critical to Restoring Growth and Stability in Ukraine**

2 October 2014

Recent trends point to a sharper decline in real GDP in 2014 and a slower recovery in 2015 compared to earlier projections. In its recent Ukraine Macroeconomic Update, the World Bank projects real GDP to fall by 8 percent in 2014 and by 1 percent next year, down from 0 percent in 2013.

Conflict in the east is mainly responsible for these lower forecasts as it has disrupted economic activity, made collection of taxes difficult, adversely affected exports, and hurt investor confidence. Meanwhile, weak revenue performance, rising spending pressures and a growing Naftogaz deficit make fiscal adjustment more challenging. The current account deficit has adjusted because of the sharp depreciation, but balance of payment pressures remain high due to large external debt refinancing needs, low FDI (Foreign Direct Investment), and limited access to external financing.

Risks to these forecasts are high and cannot be fully mitigated. A prolonged confrontation in the east, constrained credit supply due to risks in the banking sector, constrained domestic consumption, and investment demand all pose risks and affect prospects for recovery. Efforts to restore sustainable public finances could prove to be more challenging than expected, leading to a slower fiscal adjustment path than envisaged in the IMF SBA. Pressures are exacerbated by Naftogaz – a major fiscal risk.

In a Special Focus note, the World Bank outlined the importance of structural reforms to increase productivity and jumpstart growth. Macroeconomic and financial sector stability is fundamental to sustained recovery and growth. Equally important are improvements in governance and fighting corruption to increase efficiency in the use of public resources and improve service delivery. Utility and energy sector reforms are important for improving service delivery in a cost-effective manner while containing financial imbalances. Meanwhile, improving regulatory quality is essential for private enterprises to flourish. While reforms are being undertaken, it is very important to strengthen and better target the social safety net so that the poor and vulnerable are protected.
Doing Business in Ukraine: Ukraine Continues to Improve its Regulatory Environment for Entrepreneurs Despite Turmoil

29 October 2014

A new World Bank Group report finds that, despite economic crisis and political upheaval, Ukraine continued to improve the regulatory framework for entrepreneurs in 2013/14. Factoring in this year’s report expansion of several indicator sets, Ukraine’s standing on the ease of doing business improved from 112th to 96th over the past year.

Doing Business 2015: Going Beyond Efficiency finds that, in the past year, important progress was recorded in the areas of registering property and paying taxes – two separate indicators for which Ukraine improved by over 25 positions and enabled considerable time reductions for entrepreneurs. To cite just one example, in 2013/14, Ukraine made it easier for entrepreneurs to pay their taxes by introducing an electronic system for filing and paying labor taxes. In light of this initiative, the number of tax payments was reduced from 28 to 5 and the time to pay taxes also reduced from 390 to 350 hours.

For instance, it takes 277 days on average for an enterprise to connect to electricity grid in the capital city of Kyiv. This is among the highest time in the world, only five economies require more time. Similarly, the cost and time to import and export in Ukraine are among the highest in the region. For example, in Ukraine, it costs $1 880 for an entrepreneur to export a standard container overseas, while in Albania it only costs $745.

For the first time, Doing Business collected data for two cities in the 11 economies with a population of more than 100 mln. This year's report also expands the data in three of the 10 topics covered, with further plans to expand on five additional indicators in next year's report. The Doing Business rankings are now based on the distance to the frontier measure. Each economy from the 189 economies measured is evaluated based on how close their business regulations are to the best global practices. A higher score indicates a more efficient business environment and stronger legal institutions.

The report finds that Singapore tops the global ranking on the ease of doing business. Joining it on the list of the top 10 economies with the most business-friendly regulatory environments are New Zealand; Hong Kong SAR, China; Denmark; the Republic of Korea; Norway; the United States; the United Kingdom; Finland; and Australia.


VEB and the Export-Import Bank of China Sign Framework Credit Agreement

13 October 2014

In the presence of Russian Prime Minister Dmitry Medvedev and Premier of the State Council of the People’s Republic of China Li Keqiang, Vnesheconombank and the Export-Import Bank of China signed a framework credit agreements for an amount of $2 bln.

On behalf of Vnesheconombank the agreement was signed by Chairman Vladimir Dmitriev and on behalf of the Export-Import Bank of China – by Vice President Yuan Xingyong.

The agreement provides for extending long-term loan facilities to fund projects to be implemented on the territory of the Russian Federation including in the Far East and Siberia. In the parties’ opinion, this will make it possible to expand trade and economic cooperation between the two countries.


Vnesheconombank and the Russian Economic Development Ministry Expand Cooperation in Foreign Economic Activity

15 October 2014
In the course of the Council for Foreign Economic Activity (FEA) under the Russian Economic Development Ministry meeting, Vnesheconombank and the Russian Economic Development Ministry signed an agreement on cooperating in foreign economic activity.

On behalf of Vnesheconombank the agreement was signed by Chairman Vladimir Dmitriev and on behalf of the Ministry – by Economic Development Minister Alexei Ulyukayev.

The parties agreed upon main lines of cooperation in foreign economic activity as well as identified mechanisms for making joint efforts designed to expand the export of Russian products, works, services and technologies. The agreement is designed to consolidate efforts by the Bank and the Ministry to assist Russian companies on the part of the state in gaining access to foreign countries’ markets and in enhancing their export potential.