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

31 March 2014 г.

**Asian Development Bank**

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**The World Bank**

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### Bond issues

- ADB Prices €1.5 bln 3-Year Benchmark Bond
- EIB launches its first GBP Climate Awareness Bond

### Small & Medium Enterprises

- EBRD supports financing for Small Businesses in Azerbaijan
- IFC and Center-Invest Bank to Finance for Small Businesses in Southern Russia
- IFC Helps Armenia’s Unibank Increase Lending to Small Businesses

### Infrastructure

- EBRD finances rolling stock purchase by Kazakh rail company, Olzha
- Financing of Road Construction Project in Armenia can start in 2014
  - Two new projects to be financed with ACF resources in the Kyrgyz Republic

### Education

- World Bank Supports Improvements in Education in Armenia

### Chemicals

- IFC Supports Modernization of Russian Chemical Industry Leader

### Energy

- World Bank Group Invests in Energy Trade between Central Asia and South Asia

### Finance

- EBRD offers mortgage facility to Belarussian businesses

### Agriculture

- Government of Japan provides US$2.8 mln grant to the Kyrgyz Republic
  - IFC Helps Improve Food Safety in Moldova to Boost Exports and Agribusiness

### Energy Efficiency

- EBRD and FINCA to support energy efficiency and small businesses in Kyrgyz Republic

### International Forums

- Common problems in the post-Soviet countries discussed in Krasnovark
  - EBRD invests in women entrepreneurs of Central Asia
  - EIB Eastern Partnership Committee Launched
  - Responsible Mining in Armenia: Opportunities and Challenges

### Research

- Belarus Needs To Secure Macroeconomic Stability
- Russian Economic Report 31: Confidence Crisis Exposes Economic Weakness
  - Statement at the End of an Article IV Mission to Azerbaijan
  - World Bank Presents its Diversified Development Report in Dushanbe

### Development assistance

- EBRD and BG Kazakhstan continue their support in western Kazakhstan
  - EBRD statement on financing for Ukraine
  - EBRD to step up engagement in Ukraine
  - IMF Announces Staff Level Agreement with Ukraine
  - IMF Executive Board Approves US$127.6 mln Extended Arrangement for Armenia
  - Institutional Strengthening of the Justice Sector in Kazakhstan
  - Supporting Sustainable Economic Growth in Moldova
  - World Bank Group President Meets Prime Minister of Ukraine

### Climate Change

- Kazakhstan Joins the Partnership for Market Readiness to Scale Up Climate Mitigation

### Social Sector

- World Bank Supports Integrated Social Service Delivery in Armenia
Asian Development Bank

Bond issues

ADB Prices €1.5 bln 3-Year Benchmark Bond

ADB raised €1.5 bln from its first euro-denominated benchmark bond. The proceeds from the 3-year bond will be part of the bank's ordinary capital resources and used in its non-concessional operations.

The bonds, with a coupon rate of 0.375% per annum payable annually and a maturity date of 3 April 2017, were priced at 99.860% to yield 16.9 basis points over the 0.5% German government notes (OBL #163) due April 2017.

The transaction was lead managed by BNP Paribas, Deutsche Bank, Goldman Sachs International, and HSBC.

The issue achieved wide primary market distribution with 33% of the bonds placed in Asia, 66% in Europe, Middle East and Africa, and 1% in the Americas. By investor type, 64% of the bonds went to central bank and official institutions, 19% to banks, 15% to fund managers, and 2% to other types of investors.

ADB plans to raise around $13 to $15 bln from the bond markets in 2014.

[Link to ADB news article]

Armenia

Infrastructure

Financing of Road Construction Project in Armenia can start in 2014

The feasibility study for the Project "Construction of the North-South Road Transport Corridor" (Phase 4) will be completed at end-April 2014. The project in the amount of US $100 mln is being prepared by EDB in its capacity of the Resources Manager of the EurAsEC Anti-Crisis Fund (ACF) and in cooperation with ADB. The Project is to be approved by the ACF Council, – tentatively in June 2014.

[Link to EDB press release]

Commonwealth of Independent States (CIS)

International Forums

Common problems in the post-Soviet countries discussed in Krasnoyarsk

Insufficient investment and human capital erosion are common problems in the post-Soviet countries. Vladimir Yasinsky, Member of the Management Board at Eurasian Development Bank (EDB) and Managing Director for Research, stated this at the World Bank's session titled Diversified Development: Making the Most of Natural Resources in Eurasia at the Krasnoyarsk Economic Forum, which was mainly focused on the report Diversified Development: Making the Most of Natural Resources in Eurasia prepared by the World Bank in cooperation with EDB and published in February. The authors of the report state that natural wealth has made it possible for the region’s countries to ensure an improvement in living standards for a significant portion of the population and to significantly advance their economies. They also point out that the countries with abundant natural resources need to ensure the proper management of incomes derived from their use, invest the generated revenue in the accumulation of physical and human capital and improve economic institutes, infrastructure and the educational system.

[Link to EDB press release]

Kyrgyzstan

Infrastructure

Two new projects to be financed with ACF resources in the Kyrgyz Republic

Two agreements on project financing—one for the Bishkek-Osh Road Rehabilitation and the other for agricultural machinery supplies—were signed in Bishkek between EDB and the Kyrgyz Republic. The documents were signed by Chairman of the EDB Management Board Igor Finogenov and acting Minister of Finance of the Kyrgyz Republic Olga Lavrova.

[Link to EDB press release]
Both projects are to be financed using the resources of the EurAsEC Anti-Crisis Fund (ACF), which are managed by EDB.

Under the first agreement, US $60 mln will be allocated to finance the rehabilitation of Jalal-Abad — Madaniyat section of the Bishkek-Osh road. The section stretches for 67 km connecting the northern regions of the country to the southern ones. The financing is to be provided for 20 years on concessional terms (1 % annual with a grace period of eight years).

Under the second agreement, EDB is to extend to the Ministry of Finance of the Kyrgyz Republic US $20 mln on the same terms to finance purchases of agricultural machinery for the Kyrgyz Republic. The financing will be used to buy around 4,200 units of agricultural machinery, mainly tractors with detachable equipment and combine harvesters. Around US $2 mln will be used to create the infrastructure for the after-sales maintenance of the machinery purchased.

Read more about EDB at http://www.eabr.org

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**European Bank for Reconstruction and Development**

**Azerbaijan**

**Small & Medium Enterprises**

**EBRD supports financing for Small Businesses in Azerbaijan**

EBRD is lending US$ 6 mln equivalent in local currency to FINCA Azerbaijan for on-lending to micro, small and medium-sized enterprises (MSMEs) in Azerbaijan. The EBRD’s facility will help FINCA Azerbaijan to further expand its lending operations, contributing to the development of MSMEs in the country. It will also allow the clients of FINCA Azerbaijan to take medium-term loans in local currencies, thus avoiding currency exchange risks. The loan to FINCA Azerbaijan aims to support the development of local microfinance activity, while satisfying the growing demand for financing from MSMEs in the country.

FINCA Azerbaijan is the largest microfinance institution in Azerbaijan in terms of number of clients. With 65 branches, it enjoys wide geographic coverage across the country, lending primarily outside of Baku. The company has been an EBRD client since 2006 and has received US$ 24 mln worth of financing, with its current outstanding exposure from the EBRD at US$ 18.5 mln, all in local currency.

The EBRD has been active in Azerbaijan since the country’s independence. To date the Bank has invested in 143 projects with over US$ 2.2 bln in various sectors of the Azeri economy.


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**Belarus**

**Finance**

**EBRD offers mortgage facility to Belarussian businesses**

EBRD is extending a €20 mnn loan to support business mortgage lending in Belarus. The loan to the Bank’s long-term partner Belgazprombank (BGPB) will help domestic businesses to obtain mortgages with longer tenor for the acquisition of office, industrial, trading and warehouse space. This facility will be the first business mortgage financing credit line provided by the EBRD to a Belarusian bank and the proceeds will be on-lent to businesses and individual entrepreneurs. It will help address the problem of local companies being obliged to finance long-term real estate business acquisitions through short-term loans. Currently business mortgages of a longer tenor are either rare or unavailable in Belarus. The facility will thus act as a benchmark for other potential financiers to engage in businesses mortgage financing through local banks.

Belgazprombank, established in 1990 and controlled by Russia’s Gazprom Group, began its cooperation with the EBRD in 1997. At the end of June 2013, it was ranked the seventh-largest bank in Belarus in terms of assets.


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**Kazakhstan**

**Development assistance**

**EBRD and BG Kazakhstan continue their support in western Kazakhstan**

EBRD and BG Kazakhstan signed an agreement to continue the second phase of their support programme for women and young entrepreneurs in the Burlinskiy district of western Kazakhstan in 2014.

The second phase of the programme will run for 12 months and employ €210,000 in donor funding from BG Kazakhstan to continue to support entrepreneurs and start-ups in western Kazakhstan,
aims to foster sustainable development in the region. Coaching and mentoring services will provide longer-term assistance for 40 new entrepreneurs, while business advisory projects will help existing businesses take the next steps for their development.

The EBRD has been helping small and medium-sized firms in the country to access business advice since 1998. To date, it has helped almost 1,000 enterprises, employing over €14 mln in donor funding and €6.3 mln in cost-sharing contributions from client enterprises.


**Infrastructure**

**EBRD finances rolling stock purchase by Kazakh rail company, Olzha**

The EBRD is further supporting private sector involvement in Kazakhstan’s transport sector by increasing financing to JSC Olzha. Olzha, a joint stock company, will receive an additional $ 9 million – in addition to a loan of $ 24.8 million approved last year – to support the development and growth of the company. Olzha provides operating leases for freight wagons to corporate clients in Kazakhstan and beyond, mainly for the transportation of liquefied petroleum gas (LPG) and oil products. The company has been active in the market for the last 19 years. Olzha will use the new EBRD financing to purchase about 100 freight wagons and a locomotive, to meet market demand. Kazakhstan has one of the world’s largest railway networks. With its vast territory and lack of a significant water transport alternative, railways play a key role in the national transport sector, accounting for some 60 per cent of all freight movement.

Since the beginning of its operations in Kazakhstan, the EBRD has invested close to $ 6.5 billion in the country’s economy, with more than half of the Bank’s projects supporting the private sector.


**Kyrgyzstan**

**Energy Efficiency**

**EBRD and FINCA to support energy efficiency and small businesses in Kyrgyz Republic**

The EBRD is channeling $ 5 million to support the expansion of lending programmes by one of the largest and most successful micro-finance institutions in the Kyrgyz Republic. The credit line to the microfinance organisation FINCA, a long-standing client of the EBRD, will consist of two parts. $ 2 million will be allocated under the Kyrgyz Sustainable Energy Financing Facility (KyrSEFF) to finance companies and families wishing to make energy-efficiency improvements, and the remaining $ 3 million will finance micro and small businesses.

Since the start of its operations in the Kyrgyz Republic, the EBRD has invested approximately $ 630 million in about 110 projects across different sectors of the Kyrgyz economy.


**Tajikistan**

**International Forums**

**EBRD invests in women entrepreneurs of Central Asia**

EBRD announced the Symposium of Women Entrepreneurs of Central Asia and Afghanistan – a platform for high-level dialogue between the public and private sectors to take place on 27 and 28 March in the conference hall of the National Library of Tajikistan in Dushanbe city. The symposium aims to draw attention to the challenges faced by businesswomen and to discuss these issues. Topics are expected to include changes in the business environment, and identifying and overcoming key problems (such as limited access to information, lack of financial resources and training, unsupportive policy and regulatory frameworks).

A varied programme for the event will give entrepreneurs a chance to apply for presidential grants aimed at helping women in business. They will also work on building a database of women entrepreneurs for Tajikistan and will learn about good business practices from international experts. Participants will also have an opportunity to learn how to set up and manage their own businesses, understand mobile banking and work on proposals for an inclusive legal framework for women entrepreneurs. In addition, the National Association of Business Women of Tajikistan (NABWT) will announce the winners of the competition for Best Business Plan among Young Entrepreneurs 2013, and will launch the Woman Entrepreneur of the Year - Farah 2014 competition.

EBRD statement on financing for Ukraine

The European Bank for Reconstruction and Development stands ready to support the economy of Ukraine with investments of at least €5 bln over the period until 2020 as part of a coordinated international financial assistance programme in support of credible structural and macroeconomic reforms. That €5 bln amount could be exceeded if economic circumstances permit. The EBRD believes that it is essential for investor confidence that Ukraine agree a macro-economic stabilisation programme with the International Monetary Fund and that it tackle endemic corruption. The EBRD has been working over the last year on an Anti-Corruption Initiative with Ukraine and the Bank looks forward to making progress on this with the new authorities. The EBRD will work together very closely with the authorities in Ukraine to help put in place the appropriate conditions that will support investment in the country.


EBRD to step up engagement in Ukraine

The EBRD is planning an increase in its investments in Ukraine, including a return to sovereign lending for public sector projects, as part of an international economic support package for Ukraine. The EBRD could invest around €1 billion a year over the next few years, significantly raising its investments from the range of €550 to €750 million contemplated earlier in 2014. This increase is envisioned in the context of the response of the international community, including Ukraine’s agreement announced today with the International Monetary Fund for a macro-economic stabilisation programme. The EBRD will continue to monitor economic developments in Ukraine and will adjust its approach accordingly in support of its clients. The EBRD has a portfolio of investments in Ukraine of around €4.7 billion.

While the EBRD's emphasis on private sector projects will continue, the Bank will also return to sovereign lending for public sector investments after abstaining from pursuing them over the last 12 months.

To underpin its investments in Ukraine, the EBRD will reinvigorate its Anti-Corruption Initiative, which should help to address the country's acute problems of corruption and the unsatisfactory business climate.

In the private sector, the Bank will be active in both the corporate and financial sectors, and will also provide financing for energy efficiency projects. The Bank will aim to increase its funding specifically for small and medium sized enterprises and open a new office in Lviv to strengthen its support of this essential segment of Ukraine's economy. It will also stand ready to increase its support for trade financing, as necessary.

In the public sector, the EBRD will revive its investment plans. These may include some major infrastructure projects that are critical to the recovery of the country's economy. The EBRD expects Ukraine's economic output to contract in 2014. The EBRD believes that the implementation of the economic and structural reforms which Ukraine has agreed with the IMF, along with the other support from the international community including our own, should eventually help return the country to economic stability and growth.


European Investment Bank

EIB launches its first GBP Climate Awareness Bond

On March 26, the European Investment Bank ('EIB') priced its first ever GBP-denominated Climate Awareness Bond (CAB). The issue carries an annual coupon of 2.250% and has a final maturity date of 7 March 2020. At GBP 500m, it is EIB’s largest CAB transaction this year. It was priced at G+30bp in line with the original guidance.

The transaction was driven by investors interested in its socially responsible features, mainly out of the UK. The issue was driven by major bank treasuries, some of which have recently established dedicated Socially Responsible portfolios.

Lead Managers for the transaction were Barclays, Deutsche Bank, HSBC, Royal Bank of Scotland and Scotiabank.
Within climate action, the EIB strongly supports renewable energy and energy efficiency, meaningfully contributing to the EU’s climate change and energy sustainability objectives. EIB’s overall lending in these areas in 2013 reached a record EUR 8.6bn, almost double the volume attained in 2012 (EUR 4.4bn). EUR 6.4bn was dedicated to Renewable Energy alone. The Bank’s funding strategy combines a consistent and transparent approach with flexibility and innovation, both in terms of product and maturity. In 2014, the Bank plans to borrow EUR 70bn. This is similar to the amount of EUR 72bn raised in 2013.


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**EIB Eastern Partnership Committee Launched**

The Committee was launched in the wake of the 2013 Vilnius Eastern Partnership Summit, providing the EIB an opportunity to develop a stronger relationship with the countries where it operates.

Since extending its activity to the Eastern Partnership region in 2007, the EIB has provided a total of EUR 3.2 bln in long-term loans in Armenia, Georgia, Moldova and Ukraine. The committee provided guidance on the EIB’s investment strategies in the partner countries and valuable input into the Bank’s indicative business plan for the coming years. Participants were also informed about the EIB’s potential for contributing to an EU support package for Ukraine with long-term loans of up to EUR 3 bln by 2016.

EIB will also be extending its operation to Azerbaijan after the entry into force of the Framework agreement of early 2013.


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**IFC Helps Armenia’s Unibank Increase Lending to Small Businesses**

IFC, a member of the World Bank Group, is helping Armenia’s Unibank increase access to finance for small and medium enterprises (SMEs) engaged in international trade transactions, boosting trade, economic growth, and job creation.

IFC will provide Unibank with a short-term revolving loan of up to $5 mln designed specifically to support trade working capital. Unibank will use the loan to provide finance for the trade and foreign currency working capital needs of SMEs, who often struggle to get the finance they need to expand and create jobs.

In December 2013, IFC provided Unibank with a $5 mln loan to address the long-term financing needs of its SME clients. IFC is also supporting the bank with advisory services aimed at improving risk management and SME credit processes.

Armenia became a member and a shareholder of IFC in 1995. Since then, IFC has invested $287 mln in 48 projects across a range of sectors, including financial markets, manufacturing, and mining. IFC advisory services provide advice on the financial sector, sustainable energy, business regulations, and food safety.

http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/4724FB1064D1503385257C9E00454187

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**IFC Helps Improve Food Safety in Moldova to Boost Exports and Agribusiness**

IFC, a member of the World Bank Group, is launching a new initiative to help Moldovan food producers enhance their food safety management practices, develop the country’s food processing industry, and open doors to new export markets.

On Friday, more than 50 policy makers, industry experts, food producers, and retailers gathered at a workshop in Chisinau, the first educational event on modern food safety management systems in the country. The IFC-organized event emphasized the importance of good food safety regulations, presented current and emerging trends on food safety, and addressed the issue of third party certification for producers.

IFC Advisory Services has helped the Moldovan government streamline regulations for agribusiness
since 2011. The advisory teams will now also work at an individual company level, offering in-depth analysis on how to improve food safety management systems, and support educational events to raise awareness.

Moldova is aspiring to open its agribusiness sector to European Union markets. Over the past several years the World Bank Group’s Investment Climate team has supported the government in reforming and simplifying the food safety framework. IFC also helps client companies implement HACCP, an internationally recognized food safety management system, and works with governments and industry experts to build local capacity through training programs and workshops.

IFC’s advisory work on improving food safety practices, reforming regulations, and improving the business environment in the agribusiness sector is supported by Austria, the Netherlands and Sweden.

For more information, visit www.ifc.org.

### Chemicals

**IFC Supports Modernization of Russian Chemical Industry Leader**

IFC, a member of the World Bank Group, will provide KuibyshevAzot, a leader in Russia’s chemical industry, with $150 mln in debt financing to support its expansion and modernization in order to make the company more competitive and boost economic development in Russia’s Samara region.

The financing package consists of a $75 mln loan for IFC’s own account and a $75 mln loan syndicated from three commercial banks. IFC’s mobilization will help KuibyshevAzot diversify its funding sources and improve foreign investors’ confidence in Russian industries.

Since 2003, IFC has worked with KuibyshevAzot to support growth, enhance corporate governance, improve environmental and social practices, and implement resource and energy efficiency improvements. IFC has been a KuibyshevAzot shareholder since 2008, and has provided the company with debt financing before.

Russia became a member and shareholder of IFC in 1993. Since then, IFC has invested more than $11 bln in 294 projects across a variety of sectors, including $3.3 bln in syndicated loans and other forms of mobilizations. IFC’s investment portfolio in Russia stands at $2.2 bln.

http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/3DE1B7F262D189C885257C9F003CDF56

### Small & Medium Enterprises

**IFC and Center-Invest Bank to Finance for Small Businesses in Southern Russia**

IFC, a member of the World Bank Group, will provide a loan of 600 mln Russian rubles ($16.5 mln) to Center-Invest Bank to help it expand access to finance for small and medium enterprises in the agribusiness sector in southern Russia.

IFC’s loan will help the bank increase lending to smaller businesses in less-developed frontier regions, with a specific focus on agribusiness, helping create jobs and diversify the local economy. This new financing builds on the long-term partnership between IFC and Center-Invest Bank that began in 2002.

Since 2002, IFC has provided Center-Invest Bank with about $70 mln in debt finance. IFC has also provided the lender with a host of targeted advisory services that helped the bank launch several pioneering financial products focused on energy efficiency.

Russia became a member and shareholder of IFC in 1993. Since then, IFC has invested more than $11 bln in the country, including $3.3 bln in syndicated loans and other forms of mobilizations, and has been involved in 294 projects across a variety of sectors. IFC’s investment portfolio in Russia stands at $2.2 bln.

For more information, visit: www.centrinvest.ru/en

### Microfinance

**IFC Makes New Investment to Extend Microfinance in Tajikistan**

IFC, a member of the World Bank Group, is providing a $5 million-equivalent loan to IMON International, Tajikistan’s leading microfinance institution, to expand lending to micro, small, and medium enterprises in the country’s remote and rural areas.

IFC’s investment will provide long-term local currency funding, which is scarce in the Tajik market, and help the company meet the needs of the over 75,000 entrepreneurs it serves through its branch network.

Since 2011, IFC has provided local currency funds to IMON International totaling $10 million to
boost lending to small businesses. In 2013, with IFC’s help, IMON International successfully rolled out deposit operations. This initiative is part of IFC’s broader effort to support micro, small, and medium enterprises in emerging Europe and Central Asia. During the 2013 fiscal year, which ended in June, IFC invested $2.25 billion in 82 financial markets projects to boost access to finance with a focus on fragile and conflict-affected states and the frontier regions of middle-income countries. For more information, visit www.ifc.org.

International Monetary Fund (IMF)

Armenia

IMF Executive Board Approves US$127.6 mln Extended Arrangement for Armenia

The Executive Board of the IMF approved a 38-month SDR 82.21 mln (about US$127.6 mln, or 89.4 % of Armenia’s quota) Extended Fund Facility (EFF) arrangement with the Republic of Armenia to support the authorities’ economic program. The approval enables the disbursement of SDR 11.74 mln (about US$18.2 mln), while the remaining amount will be phased over the duration of the program, subject to semi-annual program reviews. The program aims to support a rebound in economic activity, further progress in poverty reduction, inflation stabilization, and a reduction in outstanding fiscal and external vulnerabilities. Following the Executive Board discussion on Armenia, Ms. Nemat Shafik, Deputy Managing Director and Acting Chair, underlined the following points:

1. Growth and inflation remain volatile, the external current account deficit continues to be large, and poverty and unemployment are still high. The new 38-month EFF aims to support the authorities in addressing these challenges and to sustain Armenia’s access to international financial markets.
2. Fiscal policy will play a central role in the program. Delivering planned revenue gains and reducing the under execution of the public investment budget will be essential for successful implementation of the fiscal strategy. Another key measure is to monitor and mitigate fiscal risks.
3. The monetary policy will continue to be framed by inflation targeting in the context of a flexible exchange rate regime.
4. Growth-enhancing structural reforms will also play a central role in the new program. In this context, smooth accession to the Eurasian Customs Union, along with continuing growth of trade and other links with the European Union, will be essential to achieve diversification of markets, products, financial flows, and investors.
5. Risks to the new program appear to be manageable, and Armenia’s repayment capacity remains robust.


Azerbaijan

Statement at the End of an Article IV Mission to Azerbaijan

IMF mission lead by Raja Almarzoqi visited Baku during March 4-17, 2014 to conduct 2014 Article IV consultation discussions. The team met with the Minister of Finance, Chairman of the Central Bank of Azerbaijan (CBA), other high level senior officials, and representatives of the private sector, civil society, and the diplomatic community.

At the conclusion of the visit, Mr. Almarzoqi touched upon the following issues:

1. The key challenge ahead is reducing the oil dependence, while fostering a diversified private sector-led growth.
2. The near-term economic prospects for 2014-15 are favorable, with growing non-oil gross domestic product and stable inflation. The main risk is a fall in oil prices.
3. Tightening of the fiscal policy should be followed by a decisive medium-term fiscal consolidation strategy.
4. Recent measures taken by the Central Bank of Azerbaijan to strengthen financial regulations will help ensure financial stability, but further actions are needed to increase the resilience of the system and competition in interest margins.
5. Actions to strengthen the rule of law (independence of the judicial system) and broaden anti-corruption efforts would help create a competitive private sector-led non-oil economy.

**Development assistance**

**IMF Announces Staff Level Agreement with Ukraine**

IMF mission worked in Kyiv during March 4-25, to assess the current economic situation and discuss the authorities’ economic reform program that could be supported by the IMF. At the conclusion of the visit, Nikolay Gueorguiev, Mission Chief for Ukraine, issued the following statement in Kyiv:

«The mission has reached a staff-level agreement with the authorities of Ukraine on an economic reform program that can be supported by a two-year Stand-By Arrangement (SBA) with the IMF. The financial support from the broader international community that the program will unlock amounts to US$27 bln over the next two years. Of this, assistance from the IMF will range between US$14-18 bln, with the precise amount to be determined once all bilateral and multilateral support is accounted for.

The agreement reached with the authorities is subject to approval by IMF Management and the Executive Board in April, following the authorities’ adoption of a strong and comprehensive package of prior actions aiming to stabilize the economy and create conditions for sustained growth».


**International Forums**

**Responsible Mining in Armenia: Opportunities and Challenges**

On March 25-26 at the Marriott Armenia Hotel, the Government of Armenia and the World Bank hosted an International Conference entitled “Responsible Mining in Armenia: Opportunities and Challenges”. The goal of the conference is to facilitate dialogue between the various stakeholders of the mining industry in Armenia by informing stakeholder groups about modern mining and international best practices. The conference is supported by the EBRD, IFC, and Embassies of the U.K., U.S., Germany and Canada.

“By engaging multiple stakeholders and the civil society, together, we aim to promote responsible mining in Armenia, learning from the best international practices. Armenia’s new mining code and the upcoming social and environmental regulatory framework will enhance the sector’s readiness for investments that are economically viable, socially responsible, environmentally sustainable.”, – noted Mr. Jean-Michel Happi, World Bank Country Manager for Armenia.


**Education**

**World Bank Supports Improvements in Education in Armenia**

The World Bank Board of Executive Directors today approved a $30 mln financing for the Education Improvement Project in Armenia. The project will support the improvement of school readiness for children entering primary education and the physical conditions in upper-secondary schools. It will also promote greater links between higher education institutions and labor market in Armenia. The new project will support improving the school readiness among those entering first grade by expanding preschool coverage in impoverished rural areas benefiting approximately 2,400 children per year. 17 high schools will be rehabilitated with enhanced construction and safety standards to benefit approximately 10,200 high school students in all regions.

Total financing of the project is $37.5 mln, of which $7.5 mln will be the Government’s contribution. The World Bank will provide a US$15 mln credit at a fixed interest rate of 1.25% per annum with a maturity of 25 years and a 5 year grace period, as well as a $15 mln IBRD loan of variable spread, with a 10 year grace period and the total repayment term of 25 years. Since joining the World Bank in 1992 and IDA in 1993, the commitments to Armenia total approximately US$ 1,818.04 mln.


**Social Sector**

**World Bank Supports Integrated Social Service Delivery in Armenia**

The World Bank Group’s Board of Executive Directors approved a $21.2 mln credit for the Social Protection Administration II Project (II SPAP) in Armenia. The project will support the Government of Armenia in improving social protection service delivery and strengthening analytical, monitoring
and evaluation functions of the agencies delivering social protection benefits and services by integrating of four existing agencies responsible for pensions, social assistance, employment and disability certification and setting up Integrated Social Protection Centers with upgraded facilities, integrated management information system, and new case management procedures. Total financing of the project is $25.5 mln, of which $4.3 mln will be the Government's contribution. The World Bank credit of $21.2 mln will be provided at a fixed interest rate of 1.25% per annum with a maturity of 25 years and a 5 year grace period. Since joining the World Bank in 1992 and IDA in 1993, the commitments to Armenia total approximately $1,839.06 mln.


**Belarus**

**Belarus Needs To Secure Macroeconomic Stability**

Macroeconomic stability and fundamental structural reforms are important for putting Belarus on a sustainable growth path, says a World Bank Economic Update for Belarus. A weak external environment, accumulated macroeconomic imbalances, and delays in structural reforms have put Belarus on a low growth path. Real GDP grew tepidly at 0.9 percent in 2013. This weak growth came mainly from expansion in domestic demand while net exports registered a sharp decline. Inflation stayed high at 16.5 percent by the end of the year. On the fiscal front, while government budget achieved a small surplus, recapitalization of state-owned banks weakened the fiscal position. Externally, current account deficit reached over 10 percent of GDP. The economic outlook for 2014 shows significant challenges ahead if global conditions remain weak, domestic macroeconomic problems continue, and structural reforms are delayed. Immediate corrective actions – macroeconomic stabilization and carefully-sequenced structural reforms – are needed to put Belarus on a robust growth path.

The current World Bank investment lending portfolio in Belarus includes 4 operations for a total amount of $467.5 million. Since Belarus joined the World Bank in 1992, commitments to the country have totaled $955 million. In addition, grant financing totaling $23.7 million has been provided to about 30 programs including those with civil society organizations. http://www.worldbank.org/en/news/press-release/2014/03/28/belarus-needs-to-secure-macroeconomic-stability-and-undertake-sequenced-structural-reforms-to-strengthen-competitiveness

**Central Asia**

**World Bank Group Invests in Energy Trade between Central Asia and South Asia**

The World Bank Group’s Board of Directors approved today $526.5 million in grant and credit financing for the Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000) for four countries: Afghanistan, Kyrgyz Republic, Pakistan, and Tajikistan. This transmission infrastructure project will put in place the commercial and institutional arrangements as well as the infrastructure required for 1,300 megawatts (MW) of sustainable electricity trade. The total project cost is estimated at $1.17 billion and several other development partners will provide financing for CASA-1000, including the Islamic Development Bank and United States Agency for International Development. CASA-1000 will build more than 1,200 kilometers of electricity transmission lines and associated sub-stations to transmit excess summer hydropower energy from existing power generation stations in Kyrgyz Republic and Tajikistan to Afghanistan and Pakistan. The project will finance the engineering design, construction, and commissioning of transmission lines and three new converter stations. The power generation stations that provide the energy to be traded over CASA-1000, including Toktogul in Kyrgyz Republic and Nurek in Tajikistan, are already in place. In addition to the infrastructure investments, the World Bank Group will also provide country-specific community support programs through a Multi-Donor Trust Fund and the Afghanistan Reconstruction Trust Fund. These programs will help improve livelihoods in communities living along the project corridor and facilitate revenue-sharing. An Inter-Governmental Council has been established to supervise the design and implementation of these programs.

Of the total project financing, Afghanistan will receive $316.5 million in the form of an IDA grant; Pakistan will receive $120 million in IDA credit; Kyrgyz Republic will receive $45 million in IDA grant and credit, of which $6.75 million as a grant and the rest as a highly concessional credit; and Tajikistan will receive $45 million in grant financing. The Government of Tajikistan has allocated
$15 million from its own budgetary resources to support construction costs. 

Development assistance

Kazakhstan

**Institutional Strengthening of the Justice Sector in Kazakhstan**

The World Bank Group’s Board of Executive Directors approved a $36 mln loan to Kazakhstan for the Justice Sector Institutional Strengthening Project. The objective of the project is to improve the key legal arrangements governing the relationship between the state, businesses and citizens, as well as to improve the efficiency, transparency and access to justice services in Kazakhstan. The new project is designed to help strengthen the implementation of key elements of the legal and institutional framework. The project is envisaged as a technical assistance to provide capacity-building and monitoring and evaluation support over a 5-year period. The implementation will start once the country approval process is completed.

Kazakhstan joined the World Bank Group in July 1992. Since then, the World Bank has become a major development partner with commitments of $6.8 bln for 40 projects.


Climate Change

**Kazakhstan Joins the Partnership for Market Readiness to Scale Up Climate Mitigation**

The World Bank welcomes Kazakhstan’s joining the Partnership for Market Readiness (PMR) - a grant-based global partnership for capacity building to scale up climate mitigation, and supports the PMR’s decision to admit Kazakhstan as a Technical Partner by providing a $1 million grant to support implementation of the National Emission Trading Scheme.

At the 8th Partnership Assembly meeting held on March 3-5, 2014 in Mexico and attended by 100 participants from 30 countries, Kazakhstan was admitted as a Technical Partner of the PMR by successfully presenting its proposal for technical support to implement its National Emissions Trading Scheme. A Technical partnership implies financial assistance for targeted technical support to complement the country’s domestic actions in developing or implementing its emissions trading scheme, carbon tax or another market instrument which serves the objectives of the PMR. Following approval of the Terms of Reference for specific activities within the country, the World Bank expects to begin supporting Kazakhstan’s domestic actions. The World Bank highlights that the PMR grant will be another area of support in strategic and key areas complementary to the large donor effort in strengthening Kazakhstan's Emissions Trading Scheme.

The Partnership for Market Readiness brings together developed and developing countries, provides a platform for sharing experience, fosters new and innovative market instruments, and builds market readiness capacity for countries. It is a country-led initiative that builds on individual countries’ mitigation priorities and their development of market instruments. For more information, please visit – http://www.thepmr.org/events/eventlist/pa/partnership-assembly-meeting-pa8-mexico-city.


Kyrgyzstan

Agriculture

**Government of Japan provides US$2.8 mln grant to the Kyrgyz Republic**

The World Bank and the Ministry of Finance of the Kyrgyz Republic have signed an agreement for the US$2.8 mln grant from the Japan Social Development Fund (JSDF) to increase agricultural productivity through support for the expansion of the community seed fund system in the Kyrgyz Republic. The funds will be managed by the Government and the project will be supervised by the World Bank.

The proposed project activities will provide support to the development of the community seed fund system by:
- training community seed fund mobilizers;
- assisting in creation of about 90 Community Seed Funds (CSFs) and providing training to the CSF members;

• providing high quality seeds and fertilizers to the members of newly created CSFs and women self-help groups.

Overall, the grant will benefit 4,000 rural citizens in all 7 oblasts of the country. The project will be implemented by the Ministry of Agriculture and Land Improvement of the Kyrgyz Republic, with the implementation unit based in the Agribusiness Competitiveness Center under the Government of the Kyrgyz Republic.


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**Moldova**

**Supporting Sustainable Economic Growth in Moldova**


The new operation supports a number of important structural reforms through: i) strengthening the regulatory framework to improve predictability of the business environment, facilitate competition and reduce regulatory compliance costs; ii) strengthening financial sector stability, promoting transparency of shareholding, and easing conditions for access to finance; iii) improving the public investment management framework, making investment subsidies in agriculture more efficient and equitable, and improving coverage of well-targeted social assistance programs.


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**Russia**

**Russian Economic Report 31: Confidence Crisis Exposes Economic Weakness**

Russia’s economy is navigating an economic downturn with real GDP growth slowing to an estimated 1.3 % in 2013 from 3.4 % of 2012. The lack of more comprehensive structural reforms has led to the erosion in businesses’ and consumers’ confidence, which became the decisive factor for the downward revision of the World Bank’s November growth projections for Russia, says the World Bank’s Russian Economic Report №31 launched on March 26 in Moscow. In the past, the lack of comprehensive structural reforms was masked by a growth model based on large investment projects, continued increases in public wages, and transfers – all fueled by sizeable oil revenues. Recent events around the Crimea crisis have compounded the lingering confidence problem into a confidence crisis and more clearly exposed the economic weakness of this growth model.


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**Tajikistan**

**World Bank Presents its Diversified Development Report in Dushanbe**

The main findings of the new World Bank report “Diversified Development: Making the Most of Natural Resources in Eurasia” were discussed in Dushanbe with government officials, businessmen, civil society organizations, independent experts, and development partners. The report, which studies economic development in the twelve countries of Eurasia, including Tajikistan, recommends focusing less on diversification of exports or production and more on investment in national assets, particularly built capital and economic institutions.

Another important finding of the report is that integration into global markets is a key factor of success, as it helps create prosperity regardless of diversification. The report compares three sub-regions – East Asia, Central Europe, and Eurasia – and draws the conclusion that all of them succeeded by integrating into global markets using their comparative advantage: labor in East Asia, capital in Central Europe, and natural resources in Eurasia. Eurasia can do even better by
expanding its trade with East Asia in addition to strengthening established links with Western Europe.


World Bank Group President Meets Prime Minister of Ukraine

World Bank Group President Jim Yong Kim met today with the Ukrainian Prime Minister Arseniy Yatsenyuk to discuss the current situation in the country and World Bank Group assistance to Ukraine. President Kim expressed hope that the situation in Ukraine will stabilize soon and confirmed the Bank’s commitment to further supporting people of Ukraine during the difficult transition.

World Bank Group announced that it aims to support reforms in Ukraine and provide up to $3 bln in 2014. This assistance would come on top of the ongoing investment and guarantee program of about $3.7 bln, supporting improved basic public service delivery in areas such as water supply, sanitation, power and roads, and supporting the private sector.

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