Activities of multilateral development banks. Information digest.

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ADB to Help Modernize Kyrgyz Republic’s Largest Power Plant

2 December 2014

The Asian Development Bank (ADB) is extending an assistance package of $110 mln to help upgrade the Kyrgyz Republic’s largest power plant, Toktogul, which produces 40% of the country’s electricity supply and regulates power frequency for Central Asia.

The ADB-assisted project will fund the replacement of two of the four existing generator and turbine units, and associated equipment and structures at Toktogul, owned and operated by the country’s main generation firm, Open Joint-Stock Company Electric Power Plants (EPP). These physical upgrades will increase unit power output from the existing 300 megawatts (MW) to 360MW, boost unit efficiency by 2.5 percentage points, and improve the availability of generated power to 95% from the current 80%. At present, technical system losses of electricity have reached as high as 15% of the plant’s net supply.

The project will also underpin broader government efforts to improve finances, governance and management of the power sector. This will include preparation of a sector master plan, including 20-year demand projections, and an asset assessment and revaluation of seven power supply companies, along with Bishkekteploset, a heating and hot water distribution firm. It will also carry out a feasibility study on the rehabilitation of the Uch Kurgan hydroelectric plant and draw up a business process modernization plan for EPP.

The project will support an increase in domestic power supplies with a targeted rise from 9,000 gigawatt-hours (GWh) in 2014 to 11,400 GWh in 2025. It will also help bolster regional power exports, improve asset management and sector planning, and complement ongoing measures to rehabilitate other
ADB Continues Support to Improve Electricity Supply In Tajikistan

3 December 2014

The Asian Development Bank (ADB) has approved a $54 mln grant to improve the electricity supply to households and industry in Tajikistan.

The project aims to reduce energy losses through metering entire high- and medium-voltage transmission grid and expand transmission capacity in Panjakent district, northern Tajikistan.

The project will install about 1,100 wholesale electricity meters, current and voltage transformers and a settlement system. It will also build a new 95 kilometer transmission line connecting Rudaki and Ayni substations. The investment will also support ongoing restructuring of Barki Tojik to improve its operational efficiency.

The Government of Tajikistan and Barki Tojik will provide counterpart funding of $13 mln. Barki Tojik will be the executing agency for the project, which is due for completion in 2020.

ADB is the largest multilateral development partner in Tajikistan’s energy sector. Total ADB energy approvals have reached $430 mln. ADB projects focus on modernization of transmission and distribution facilities and sector restructuring and reforms.


Finance sector development

ADB’s 1st Private Investment in Tajikistan Supports Small Business Finance Through AccessBank

4 December 2014

The Asian Development Bank (ADB) has approved its first private investment in Tajikistan, a package of equity and loans for Access Bank Tajikistan (ABT) to support ABT’s business growth and boost financing for micro, small and medium-sized enterprises (MSMEs), and services in the regions outside Dushanbe.

The approved ADB financing of up to $11 mln equivalent includes an equity investment of up to $3 mln equivalent and loans of up to $8 mln. The loan comprises a $5 mln direct loan and a $3 mln B-loan with ADB acting as the lender of record.

ABT was set up in 2010 as a greenfield bank to serve low-income and MSME customers. ABT’s current shareholders include Access Microfinance Holding Aktiengesellschaft, European Bank for Reconstruction and Development, International Finance Corporation, and KfW, the German development bank.

Access Microfinance Holding, the majority shareholder, has a strong track record in establishing and managing greenfield banks that target MSMEs in eight low and lower middle-income economies in the Caucasus, Central Asia and Africa. LFS, one of the shareholders of Access Microfinance Holding, is providing management and capacity development services to ABT to boost services to MSMEs and farmers in Tajikistan by widening its regional branch outreach.

As well as providing long-term funds to support ABT’s growth, ADB’s investment package is expected to encourage mobilization of private financing in the finance sector and to stimulate public confidence in the banking system.

A related ADB technical assistance grant of $500,000 will allow ABT to strengthen its outreach to rural areas and boost staff skills, including in risk management.

EDB and the World Bank Group to collaborate in establishing the Global Infrastructure Facility

23 December 2014

Eurasian Development Bank (EDB) and the World Bank Group (WBG) signed the Collaboration Arrangement relating to the Global Infrastructure Facility (GIF) Partnership Programme. The document was executed by Igor Finogenov, Chairman of the Management Board at EDB, and Bertrand Badré, Managing Director and World Bank Group Chief Financial Officer.

The GIF will be an open global platform aiming at leveraging the efforts of the wide range of institutions currently engaged in supporting EMDE infrastructure with the participation of private infrastructure investors, coalescing around project preparation, structuring, and risk mitigation for individual infrastructure investments. The objective of the GIF will be to pool resources necessary to find solutions to significant infrastructure tasks in these countries and to implement large and complex projects with the prospective involvement of private capital.

The GIF intends to provide resources to prepare well-structured infrastructure projects, and to serve as an additional mechanism for accessing the expertise of all GIF partners, in combination with guidance from prospective private sector financiers into project structures.

In their Collaboration Arrangement EDB and the WBG agreed to take measures to develop cooperation in establishing the GIF. This work will involve, in particular, the determination of management options, operating mechanisms, areas of operation, and sources and uses of the GIF funds, including project selection criteria. The parties also agreed to coordinate their efforts in this area and to share best practices and their experience in preparing infrastructure projects.


Research

Russia, Belarus, Kazakhstan and Ukraine’s accumulated investment in Eurasia beyond the CIS increased by 68% over three years

10 December 2014

Despite the global economic crisis, accumulated foreign direct investment (FDI) by the CIS four largest economies in Eurasia beyond the CIS grew from $41.1 bln to $69 bln in 2010-2013. This is stated in the report Monitoring of Direct Investment by Russia, Belarus, Kazakhstan and Ukraine in Eurasia 2014 (MDI Eurasia) prepared by Eurasian Development Bank’s (EDB) Centre for Integration Studies. The report is based on the analysis of a large-scale database on FDI, developed by the EDB Centre for Integration Studies and the Russian Academy of Sciences’ Institute of World Economy and International Relations (IMEMO).

The report states that 89.8% ($62.6 bln) of all FDI accumulated by the four CIS countries in Eurasia are that of Russia. The top recipients of Russian FDI are EU countries, which accounted for more than 54% of all FDI in 2013. Italy’s share reached almost 14.8%, Germany’s 8.0%, the UK’s 5.8%, and Bulgaria’s 4.9%.

Beyond the EU, the top ten recipients are Turkey (10.9%), Iraq (6.8%), India (6.3%), Pakistan (5.8%), Bangladesh (5.3%), and Vietnam (3.3%). In recent years Russian FDI in the Middle East countries, as well as South Asia countries grew rapidly.

Kazakhstan does not expand its investment in Eurasia beyond the CIS at the moment ($4.5 bln), but has potential to significantly enhance its investment activity. Ukraine’s FDI totals $1.8 bln. Belarus has almost zero investment in Eurasian countries beyond CIS.

The leading corporate investor in Eurasia is Russian LUKOIL. The top ten investors include four more oil and gas companies: Gazprom, KazMunayGas (Kazakhstan), Rosneft and Zarubezhneft.


China’s accumulated FDI in Russia, Kazakhstan and Belarus doubles over five years
EDB to provide $80 mln to Polymetal for a project in Kazakhstan

11 December 2014

Eurasian Development Bank (EDB) and Polymetal signed a $80 mln non-revolving credit facility agreement to finance the development of the Kyzyl gold project in Kazakhstan.

The facility will be used to finance pre-construction expenses in 2015 and in the first six months of 2016, including the preparation of the feasibility study and design documents, purchasing of mining equipment, and investments in exploration and infrastructure. The drawdown period is 18 months.

The loan will be repaid in equal quarterly instalments starting from April 2018 with a final maturity date of 2 April 2020.


EDB to invest in Tajikistan’s agroindustrial sector

10 December 2014

Eurasian Development Bank (EDB) and Gallai Sugd signed finance lease agreements. The documents were executed by Rashid Kadyrov, Director of the EDB Representative Office in Dushanbe, and Farhod Kurbonov, General Director of Gallai Sugd, as well as Mirzoabbos Ohunov, Director of Gallai Shimoli, a subsidiary of Gallai Sugd.

The purpose of the transaction is the provision of finance to purchase equipment, complete the construction of production facilities and increase the company’s working capital. EDB will provide approximately $5 bln for seven years.

The project will make it possible to launch an up-to-date high-tech mill, which will process up to 150 tonnes of wheat a day, and the production of pasta.

This initiative is in line with EDB’s strategic objectives and mission. When making the decision to provide finance, EDB considered that the project would contribute significantly to ensuring sustainable economic growth in Tajikistan. It will also help to solve the country’s food security tasks and enhance the production of essential goods such as flour, pasta and bread.

Kanat Dosmukametov, Deputy Chairman of the Management Board at EDB, believes that the project will foster the advancement of single markets in the region since it will contribute to the development of trade between EDB member states and of a single production chain in the food market. In particular, Gallai Sugd purchases all wheat for flour and bread production from Kazakh producers. Therefore, the expansion of its production facilities will also promote trade between Kazakhstan and Tajikistan. In addition, the project will create approximately 76 new jobs.

EBRD invests in expansion of Green for Growth Fund

19 December 2014

The European Bank for Reconstruction and Development (EBRD) is boosting the activities of the Green for Growth Fund (GGF) with an investment of €25 mln, which will promote investments in renewable energy and energy efficiency projects in south-eastern Europe and the European Neighbourhood region (Armenia, Azerbaijan, Georgia, Moldova and Ukraine).

The fund was established in 2009, with the EBRD investing alongside founding investors – the European Investment Bank (EIB) and Kreditanstalt für Wiederaufbau (KfW). GGF provides funds to local financial institutions for on-lending to private households, small and medium-sized enterprises as well as direct financing to large companies and municipalities for investments in energy efficiency and renewable energy.

The additional means provided by the EBRD will support GGF to expand its activities following the extension of its mandate to the European Neighbourhood Region in 2012. Demand for sustainable energy financing also remains high in south-eastern Europe where the impact of the financial crisis still affects bank lending. At the same time energy intensity remains above best practice, which leads to significant costs for businesses, private customers and – last, but not least – the environment.

Promoting and financing the sustainable use of resources is one of the EBRD’s key priorities. From the launch of the Sustainable Energy Initiative in 2006 to 2013 the Bank invested €13 bln in 756 sustainable energy projects in 35 countries. These projects are expected to lead to annual CO2 emissions reductions of over 62 mln tonnes. In 2014 about one-third of all EBRD investments will be related to sustainable and renewable energy.


EBRD and EU help to improve solid waste management in Armenia

19 December 2014

The European Bank for Reconstruction and Development (EBRD) is providing a €3.5 mln loan to Armenia to finance the construction of the country’s first European Union (EU) compliant solid waste landfill. The loan is complemented by a €3.5 mln capital grant provided by the European Union Neighbourhood Facility.

The new landfill, to be located in the city of Hrazdan in Kotayk Province and managed by eight participating municipalities – Hrazdan, Abovian, Charentsavan, Tsakhkadzor, Byureghavan, Yeghvard, Nor Hachn and Sevan – will be operating as a commercially sustainable unit with modern solid waste management systems, covering the collection and disposal of municipal solid waste. This will provide major environmental and social benefits for some 215,000 people in the area covered by the facility.

The legal agreements were signed today in Yerevan by Armenia’s Minister of Finance, the participating municipalities and the EBRD.

This development represents a significant step forward in the implementation of the government’s plans to modernise and upgrade Armenia’s waste management system to European standards. It will serve as an example, raising public awareness of the importance of solid waste management.

On top of EBRD and EU financing the investment has received grant funding from donors. The government of Austria will support the implementation of the project and the corporate development of the landfill management company. The EBRD’s Shareholder Special Fund and the Early Transition Countries Fund are also providing additional grants.

EBRD supports Mark Formelle’s regional expansion

23 December 2014

The European Bank for Reconstruction and Development (EBRD) is providing a senior loan of up to $4 mln to a privately owned Belarusian garments producer Mark Formelle. The loan will finance the retail expansion of Mark Formelle’s operations in Belarus as well as the neighbouring markets of Russia, Ukraine and Kazakhstan and the restructuring of its balance sheet.

The company, which specialises in the production of garments such as T-shirts, sleepwear, underwear and other specialty clothing such as thermal underwear, is planning to almost double the number of its own branded retail outlets in Belarus and expand the franchisee chain in the region.

The EBRD has been successfully involved with the company since 2012 in the context of the EBRD’s Business Advisory Programme funded by the European Union. The Programme helped Mark Formelle to find a local marketing consultant to complete a customer survey, develop a brand concept aimed at target customers and develop a marketing plan to raise brand awareness.


EBRD lends $30 mln in tenge for Kazakh rail company Eastcomtrans

10 December 2014

The European Bank for Reconstruction and Development (EBRD) is stepping up its efforts to support the private sector in Kazakhstan by providing a financing package equivalent to $30 mln for one of the largest private railway operators in the country, Eastcomtrans LLP.

According to an agreement signed in Almaty, the funding will be provided in the Kazakh currency, tenge. The financing will be used to purchase up to 500 gondolas (open-top style rolling stock) or other assets used to transport general cargo. Part of the financing will be used for balance sheet restructuring.

The EBRD funding will support a private company operating in a sector where the state still dominates. Balancing the role of the state and the market is one of the EBRD’s priorities in its current country strategy for Kazakhstan. Work continues on a second part of the financing package, which will see the EBRD lend a further $25 mln to Eastcomtrans.

To date, the EBRD has invested over $5.7 bln in the economy of Kazakhstan, with over half of this financing supporting private-sector development.


EBRD lends KZT 10 bln to Bank CenterCredit for MSME support in Kazakhstan

23 December 2014

The European Bank for Reconstruction and Development (EBRD) is stepping up its efforts to support the private sector in Kazakhstan by providing a KZT 10 bln five year loan to Bank CenterCredit (BCC) for on-lending to micro, small and medium enterprises. At least 60 per cent of the loan proceeds will be distributed outside of the main cities of Almaty and Astana.

BCC, which is the sixth largest bank in Kazakhstan with a network of 20 branches, prioritises its work with MSME clients, and the EBRD loan will help it to improve access to financing to clients in the regions.

The loan will be guaranteed by JSC Entrepreneurship Development Fund “Damu” and will be accompanied by a technical assistance programme with the aim of facilitating further strengthening of BCC’s internal capacities in the MSME area.

This loan to BCC will be the first sub-operation under a new $200 mln Kazakhstan MSME Framework set up by the EBRD to expand access to medium term local currency funding for MSMEs in the country.

The funding will be channelled via local commercial banks, microfinance organisations and leasing
companies with a special focus on projects in rural areas, where access to long-term MSME financing is particularly constrained. The framework will be accompanied by technical assistance specifically tailored to the individual needs of each partner financial institution.


**Construction/Building materials**

**EBRD supports efficient cement plant in Shymkent, Kazakhstan**

3 December 2014

The European Bank for Reconstruction and Development (EBRD) is supporting energy efficiency in Kazakhstan by facilitating foreign direct investment in the refurbishment of one of the country's largest cement plants, based in the southern city of Shymkent.

A loan of up to 5 bln tenge (€20 mln equivalent) will be provided to Shymkentcement, the Kazakh affiliate of Italcementi Group, one of the largest cement producers in the world. In addition, the EBRD is subscribing to up to 1 bln tenge (€4 mln equivalent) of shares in Shymkentcement acquiring an equity stake of around 21 per cent.

The financing will facilitate the replacement of four existing “wet process” kilns with a new, energy-efficient “dry process” facility. An important example of private-sector FDI in the fast-growing Shymkent region, the project highlights the region’s attractiveness even at a time when the global investment climate remains uncertain.

The new plant will provide modern, efficient local production capacity to support the development of infrastructure, as well as helping to reduce carbon intensity in the Kazakh cement industry. Moreover, it will set a replicable example of introducing alternative fuels, the first time on such a scale in Kazakhstan.

The investment will also contribute to the ongoing EBRD policy dialogue with the Kazakh authorities in regard to CO2 emissions regulations and align the Kazakh emissions-trading systems with international standards.

Shymkentcement in turn will expand its comprehensive energy and environmental-management systems. The company will also undertake education initiatives, providing traineeships and placements in collaboration with local universities and colleges to spread knowledge about energy-efficient technology and environmental best practice.


**Public Private Partnership**

**‘Milestone Kazakh PPP’ event at EBRD attracts over 100 companies**

9 December 2014

The first public presentation of the Almaty Ring Road Concession project was held today in London, at the headquarters of the European Bank for Reconstruction and Development (EBRD). The presentation was led by representatives of the government of Kazakhstan, as well as by the International Finance Corporation (IFC), which acts as an advisor to the project, and the EBRD, which also provides advisory services and expects to become an investor in the project. The event, opened by Yerbolat Dosayev, the Minister of National Economy of Kazakhstan, was attended by over 100 representatives of international companies.

The Almaty Ring Road Concession project, also known as BAKAD, is the first public-private partnership (PPP) structured under the new regulatory framework for such ventures. Substantial amendments to the existing legislation were passed in June 2014 as part of a new reform programme in Kazakhstan. In its current form, the legislation creates the necessary conditions that enable international investors to invest in PPPs such as BAKAD.

The Almaty ring road project involves the construction of a 66 km road around Kazakhstan’s largest city, under a 20-year concession contract. The contract is based on an availability payment scheme, which means a lower risk for the operator (compensation is based on the number of lanes available instead of the less-predictable traffic volume). The authorities selected this project as a pilot, to demonstrate the viability of PPP/concession funding structures in the Kazakh road sector. The government mandated the IFC advisory team and the advisors appointed by the EBRD to prepare the project.

**EBRD and Kyzylorda Oblast in Kazakhstan to modernise municipal infrastructure in main city**

18 December 2014

The European Bank for Reconstruction and Development (EBRD) is launching an integrated approach to modernise municipal infrastructure facilities in Kyzylorda, the capital of the Kyzylorda region in southern Kazakhstan.

Several financing agreements, worth over $70 mln in total, were signed at the Bank’s Headquarters in London by EBRD President, Sir Suma Chakrabarti, and the Akim of Kyzylorda Oblast, Krymbek Kusherbayev, on 18 December 2014. The funds will be used to finance improvements in water and wastewater, heating, electricity and street lighting.

The EBRD will provide financing to three municipal companies in the city of Kyzylorda.

Up to $10 mln will be lent to Kyzylorda Su Zhuyesi, a municipal water management company, to rehabilitate and upgrade its infrastructure network. The project will result in better water and wastewater services, greater energy and water efficiency, reduced losses and improved environmental standards.

In addition, up to $24 mln, comprising an EBRD tranche of up to $18.5 mln and a tranche of up to $5.5 mln from the Clean Technology Fund, will be lent to Kyzylordateploelektrocentr, a municipal district heating and electricity production company. The financing will not only help to modernise the district heating network and production facilities, but will also introduce individual building-level heating substations to improve energy efficiency, cut losses and reduce CO2 emissions.

Lastly, up to KZT 4.5 bln ($24.7 mln equivalent) will be lent to the Kyzylorda Regional Electricity Company, a power utility company responsible for distributing electricity to the entire Kyzylorda region. Funds will be used to modernise the electricity distribution network, including installing modern metering and automated control systems, and upgrading electricity transformers and distribution lines. The project is expected to cut annual electricity losses by 30 million kWh, which is the equivalent of 30,000 tonnes of CO2 emissions.

The Bank is also considering lending up to KZT 2.3 bln ($12.5 mln equivalent) for modern, energy efficient street lighting in the city of Kyzylorda. The EBRD has already signed a pre-financing agreement with the oblast and city authorities to start preparing the project.

This wide-ranging modernisation programme in Kyzylorda is also supported by the government of Kazakhstan, which is providing a grant of up to KZT 3.9 bln ($21.7 mln equivalent) to co-finance water and district heating modernisation projects. This support comes as part of the Enhanced Partnership Framework Arrangement, which was signed between the Bank and the government of Kazakhstan in May this year.


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**$10 mln equivalent in financing for Bai Tushum Bank for on-lending to MSMEs in Kyrgyz Republic**

12 December 2014

The European Bank for Reconstruction and Development (EBRD) has arranged a $10 mln financing package for Bai Tushum Bank (BTB), one of its partner banks in the Kyrgyz Republic. For the first time, the German development finance institution, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH – is providing lending to Bai Tushum alongside the EBRD.

BTB will receive an EBRD loan in the local currency (som) equivalent of $2 mln. An additional $8 mln will be provided by DEG. The funds will be used for on-lending to micro, small and medium-sized enterprises (MSMEs) in the Kyrgyz Republic.

BTB has been operating in the micro lending market for over 14 years. It is a longstanding partner of the EBRD and the German KfW Group and has a particularly strong record in reaching out to small entrepreneurs throughout the country. It is the first microfinance company to successfully transform into
Building a stronger private sector in the Kyrgyz Republic

18 December 2014

The geology of the Kyrgyz Republic has much to offer to boost the country’s economic growth. Mineral source deposits notoriously include gold, which produces a fair share of its GDP. But the Kyrgyz mountains are also rich in a different type of material that feeds the construction industry: travertine marble.

Granit Yug is a small company based in the south of the Kyrgyz Republic that almost literally 'built' its fortune on the quarrying and processing of travertine ore, which it exports mainly to Kazakhstan, Uzbekistan and Russia.

Thanks to entrepreneurial determination and the firm backing of the EBRD, Granit Yug weathered difficulties including the 2010 political and social turmoil, an earthquake and avalanches on the project site, and managed to repay the EBRD loan in 2013. By then, Granit Yug, which employs 60 people, could count on improved technology, a well-established customer base and increasing demand for its quality product from Kazakhstan. It was time to expand and increase production. For local banks, supporting mid-market players like Granit Yug with larger and longer-loan terms presents a challenge due to the increased risk and less familiarity with this type of credit. To support both local banks and their potential private sector clients, the EBRD designed the Medium Sized Co-Financing Facility (MCFF), which co-finances loans extended by partner banks to selected enterprises and shares up to 50 per cent of their risk. In the Kyrgyz Republic, the risk-sharing component of the MCFF is supported by the European Union’s Investment Framework for Central Asia . In Early Transition Countries (ETCs), MCFF is also supported by the ETC Fund through specific training programmes for credit officials of participating banks.

With an MCFF loan worth $0.5 mln via the Kyrgyz Investment and Credit Bank (KICB), Granit Yug invested in brand new trucks to ensure continuous reliable supply of raw material to the plant.


EBRD co-finances new flour mill in southern Kyrgyz Republic

03 December 2014

A new flour mill will be built in the south of the Kyrgyz Republic thanks to a four-year loan of $4 mln being provided jointly by the EBRD and the Kyrgyz Investment and Credit Bank (KICB) to Elnur Dan LLC, a private firm established in 2004, which is currently the country’s third largest flour producer and a long-standing client of KICB.

Flour is the single most important food for the Kyrgyz Republic’s population of nearly 5.8 mln people; 38 per cent of the local diet is based on flour in some form.

Elnur Dan’s existing mill on the outskirts of the capital, Bishkek, produces 38,000 tonnes of flour annually and 4,000 tonnes of pasta. The new mill’s equipment is being imported from Turkey and will be built in the country’s most densely populated region, Jalalabad, where 1.1 mln people live.

At present, the south of the Kyrgyz Republic depends partly on flour supplies from the north of the country. These have to be transported by road, which raises costs for the local population. Elnur Dan’s new mill in the south of the Kyrgyz Republic will have the capacity to produce up to 170 tonnes of flour a day. By comparison, the capacity of the mill in Bishkek is 225 tonnes of flour a day.

The loan to Elnur Dan is being made under a special financing facility through which the EBRD and its partner banks can lend together to small and medium-sized enterprises (SMEs).

The joint EBRD-EU SME Finance Facility for Central Asia was created in 2012 to support direct lending to SMEs and indirect financing of SMEs via local banks in Kazakhstan, the Kyrgyz Republic, Tajikistan and Turkmenistan. Elnur Dan is one of around 20 projects in Central Asia financed under the joint EBRD-EU programme, to which the European Union’s IFCA has provided €11 mln of funds for credit enhancement support and technical assistance.

**Energy Efficiency**

**EBRD provides new funds for energy efficiency in Kyrgyz Republic via KICB**

23 December 2014

The EBRD has provided new lending to Kyrgyz Investment and Credit Bank (KICB), one of its partner banks in the Kyrgyz Republic, to increase financing for energy efficiency projects.

KICB will receive a loan of $2 mln. The funds will be used for on-lending to businesses and households wishing to make energy efficiency improvements, for example buy more efficient equipment or install insulation. This will be the third such cooperation between the EBRD and KICB.

The framework under which the loan is being made, Kyrgyz Sustainable Energy Financing Facility, is one of the EBRD’s range of instruments to finance energy efficiency and small-scale renewable energy projects in the region. KyrSEFF offers credit lines and technical assistance to local banks, to enable them to finance small-scale sustainable energy projects. KyrSEFF is supported by the European Union’s Investment Facility for Central Asia (IFCA).

KyrSEFF is a $20 mln facility which is part of the EBRD’s wider Sustainable Energy Financing Facility. KyrSEFF financing includes grants covering from 10 to 35 per cent of the project cost provided by the European Union’s Investment Facility for Central Asia (IFCA).


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**Equity**

**EBRD halves its stake in Demir Kyrgyz International Bank CJSC**

10 December 2014

The European Bank for Reconstruction and Development (EBRD) is reducing its stake in Demir Kyrgyz International Bank CJSC (DemirBank) from 15 to 7.5 per cent, by selling half of its shares to the largest shareholder of DemirBank. The sale is part of the agreed exit strategy of the EBRD and International Finance Corporation (IFC) from their successful investment in DemirBank.

EBRD and IFC invested in DemirBank 17 years ago, when the bank was founded in the Kyrgyz Republic by a foreign sponsor. Since its establishment, DemirBank has become a pioneer in many fields of the banking sector. It has not only contributed to the development of the financial sector, but has also played a key role in corporate, small business and consumer lending.

DemirBank has also been vital in developing ties with other economies through its trade-finance activities and as a provider of long-term funding to local companies.

DemirBank is the first bank in the Kyrgyz Republic founded with foreign capital. Today, it is the leading retail bank and one of the top three banks in the country in corporate and SME banking and in terms of asset size.


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**Moldova**

**Industry & Trade**

**EBRD supports expansion of Moldova’s Unimarket**

29 December 2014

The European Bank for Reconstruction and Development (EBRD) is providing a $5 mln equivalent loan in Moldovan lei to support the expansion of Moldova’s fast-growing food retail chain Unimarket Discounter SRL (Unimarket).

Established in 2010, Unimarket operates a network of 35 small discount supermarkets, most of them in the capital Chisinau. Having secured a strong market position there, the company now aims to expand in the country’s regions.

Its $6.5 mln investment plan includes the opening of 17 new shops both in Chisinau and smaller cities like Hîncești, Dondușeni, Drochia, Edineț and Soroca. The company also plans to set up a new warehouse
and a logistics centre to service its retail network and improve cost efficiency.

As part of the investment programme, the company will spend €1 mln for energy efficiency measures. The planned improvements will lead to 29 per cent electricity savings and an almost 100 per cent gas saving as well as an annual CO2 emissions reduction of 493 tonnes.

Supporting food retail chains, like Unimarket, is part of the EBRD’s efforts to boost agribusiness, an important sector in many countries where the Bank works.


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**Tajikistan**

**Infrastructure**

**$ 5 mln from EBRD for road works in Tajikistan**

23 December 2014

The EBRD and international donors are supporting vital infrastructure in Tajikistan with a financing package of over $5 mln for critical maintenance of the national road network.

A loan of $2.54 mln and a capital grant from a multi-donor fund of $2.54 mln will be provided to expand an existing road maintenance project to which has already received a $4 mln loan from the EBRD and a $2 mln grant from the government of the Netherlands. More grant financing will be provided by donor funds for technical cooperation.

The financing will be made to the Republic of Tajikistan for purchase of equipment such as graders, excavators, trucks, laboratory and other equipment.

Another important road project financed by the EBRD is about to start. Tajikistan will receive $35 mln for rehabilitation and upgrade of the road from Dushanbe to the border with Uzbekistan. Funds will be disbursed when the road design is completed which is expected in the beginning of 2015.


**Municipal and Environmental Infrastructure**

**Better solid waste management for Norak in Tajikistan**

29 December 2014

The European Bank for Reconstruction and Development (EBRD) is continuing to support municipalities in Tajikistan in their efforts to improve people’s living conditions. A new deal will allow the municipality of Norak, a city of 27,000, get a modern dumpsite, create a new landfill and purchase solid waste collection and transportation equipment.

Currently waste collection in the city is in a dire condition, marked by the lack of proper collection points and the rise of unsanitary dumping sites.

The city, (also known as Nurek in Russian), is famous for its hydropower station, which boasts the second-tallest man-made dam in the world and the largest water reservoir in the country. Improved waste management will also increase the tourism potential for the region.

The EBRD is lending $2 mln, and the EBRD’s Shareholder Special Fund is providing an equal grant of $2 mln to the municipality-owned enterprise “Khojagii Manziliyu Kommunali” under a sovereign guarantee.

Technical cooperation for the project’s feasibility study was provided by the EBRD’s Early Transition Countries Fund for $355,000. The government of Austria will finance project implementation support for $600,000.

In addition, the project will also provide for a corporate development, stakeholder participation and a city support programme for US$ 440,000.


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**Ukraine**

**Finance sector development**

**EBRD channels more resources to support trade finance in Ukraine through Raiffeisen Bank Aval**

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The European Bank for Reconstruction and Development (EBRD) is stepping up its support to Ukrainian exporters and importers by increasing financing available under its Trade Facilitation Programme (TFP) to Raiffeisen Bank Aval by $80 mln to $150 mln.

The EBRD’s Trade Facilitation Programme promotes foreign trade to, from and within the EBRD countries of operations, including Ukraine. Through the Programme, the Bank provides guarantees to international confirming banks, taking the political and commercial payment risk of international trade transactions undertaken by banks in the countries of operations.

Raiffeisen Bank Aval – a long-term financial partner of the EBRD in Ukraine – has been for two decades promoting and supporting such important EBRD banking products as small and medium business finance, energy efficiency and renewable energy lending as well as trade finance.

The Bank’s Trade Facilitation Programme currently works with eight local banks in Ukraine to enable their private corporate clients to continue international trade. The TFP has supported trade transactions worth €1.57 bln in Ukraine to date, of which over €240 mln has been processed in 2014 so far.


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**Bilateral Cooperation**

EBRD opens new resident office in Lviv

2 December 2014

The EBRD is further strengthening its regional engagement in Ukraine by opening a resident office in Lviv. The new office, which opened today, will broaden the Bank’s outreach to businesses in the western regions of the country in line with its commitment to step up its efforts in Ukraine.

Since the beginning of 2014 the EBRD has already channelled over €800 mln to 27 projects in Ukraine and is firmly on course to invest around €1 bln into the national economy by year-end.

The Lviv office will initially focus on supporting small and medium-sized enterprises (SMEs) by
facilitating the provision of advisory services and by providing financing in western Ukraine.

In addition, the EBRD has also been very active in supporting Lviv’s infrastructure by offering modern urban solutions in public transport and district heating sectors. The Bank has also played a major role in improving Lviv’s position as a business hub by co-financing the M06 (Kiev-Chop) highway.

The Lviv office will initially be staffed by members of the EBRD Small Business Support (SBS) team, which provides small firms with the know-how they need to become successful and grow. SBS will offer local and regional SMEs services to improve their performance and product quality.


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**Environment**

**EBRD Governors approve further funds for New Safe Confinement in Chernobyl**

2 December 2014

Governors of the European Bank for Reconstruction and Development (EBRD) have approved additional Bank funding for the completion of the Chernobyl New Safe Confinement on the site of the 1986 nuclear accident. The EBRD Board of Governors is the Bank’s highest decision-making body representing its 66 shareholders.

The EBRD will provide an additional €350 mln in anticipation of a €165 mln contribution by the G7/European Commission. The G7 are also organising a pledging event for other potential donors that is due to take place in the spring of 2015, aiming to raise a further €100 mln which would close the entire funding gap of €615 mln. EBRD Governors confirmed that should third-country pledges amount to less than €100 mln, the difference would be covered by the Bank.

Following the Governors’ decision the grant agreement between the EBRD, which manages the international community’s funds for the Chernobyl project, and the Government of Ukraine will be amended within the next few days.

The New Safe Confinement will make the old Chernobyl shelter and remnants of the damaged reactor safe and environmentally secure. Completion of the project is scheduled for the end of 2017. The total cost of the Shelter Implementation Plan, of which the New Safe Confinement is the most prominent element, is estimated to be around €2.15 bln.


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**Medicine and Pharmacy**

**EBRD sees potential for Ukraine pharmaceutical industry**

11 December 2014

Pharmaceutical industry in Ukraine has potential for growth; at the same time, the sector needs reform and better access to financing, the European Bank for Reconstruction and Development has said today in Kiev.

The EBRD, which has already worked with a number of pharmaceutical clients in Ukraine, has gathered prominent companies to discuss challenges and possible solutions at “Breakfast with the EBRD”. The event was held in the morning of the second day of the 2014 Ukrainian Pharmaceuticals Forum organised by Adam Smith Conferences.

The EBRD has invested over €500 mln in the pharmaceutical industry in its region of operations, including close to €95 mln in Ukraine. Most recently, the EBRD signed a loan agreement with Farmak for up to €8.5 mln to provide working capital and access to hard currency, which is a third EBRD loan to the company. Currently the Bank is considering two more projects in Ukraine’s pharma sector to the total of €15 mln.

For the EBRD, the pharmaceutical industry is an important component of its Knowledge Economy Initiative, whereby manufacturers rely on a steady stream of innovations to boost general productivity and competitiveness. In the sector, the Bank supports pre-privatisation projects, assisting upgrades of existing pharmaceutical facilities to increase production efficiency, new product development, and bringing companies up to Good Manufacturing Practice (GMP) standards. The EBRD will also consider companies that aim to produce original pharmaceuticals.

The European Investment Bank (EIB) is lending € 50 mln to finance projects promoted by SMEs in Armenia, particularly in the agro-processing, rural and tourism sectors.

The EIB loan is being granted to the Central Bank of Armenia, which will make the EIB funds available to well-established financial intermediaries for on-lending to smaller projects. The loan will target particularly the agro-processing and rural sectors, which play an important strategic role in terms of development.

Even though Armenia's SMEs account for the majority of businesses in the country, their contribution to GDP, employment, foreign trade and foreign investment remains low. The provision of affordable targeted loans to facilitate the adoption of modern technologies is a precondition for the development of the Armenian SME sector. The loan is in line with the objectives of the EIB's mandate for lending outside the EU, which focuses on the development of the local private sector, in particular support for SMEs, social and economic infrastructure and climate change mitigation and adaptation.


The European Investment Bank’s (EIB) President Werner Hoyer and Vice-President Laszlo Baranyay met with President Petro Poroshenko and with Prime Minister Arseniy Yatsenyuk in Kiev today, reaffirming the EU Bank’s support for the Ukrainian economy. They discussed current challenges and priorities for the country, as well as further loans to be provided under the EU support package.

During the visit, two loans were signed:

- A €150 mln loan to upgrade the gas transmission infrastructure along the Urengoy-Pomary-Uzhgorod pipeline; and
- A €85 mln loan to upgrade the storage and food-processing infrastructure of the MHP group, modernising its production capacity

The Urengoy-Pomary-Uzhgorod gas pipeline transports natural gas from Russia to Ukraine and the EU and also, through reverse flows, from the EU to Ukraine. The EIB loan contributes to improving the gas transmission infrastructure by financing the replacement of two compressor units and of around 119 km corroded pipeline sections. This will reduce fuel consumption and extend the operational lifetime of the pipeline. The project will be co-financed by the European Bank for Reconstruction and Development (EBRD) and PJSC Ukrtransgaz. The upgrade is fully secured by the EU comprehensive guarantee under the 2014-2020 External Lending Mandate.

The € 85 mln loan to MHP, a leading Ukrainian agri-food producer, will help enhance the country’s food supply and improve environmental sustainability, feed and food quality, and storage capacity. The project will also increase the resilience of Ukrainian agricultural production in relation to adverse climate events and climate change. It will generate additional employment in Ukraine’s rural communities, promoting the country’s economic development and its integration within international markets. Risk associated with the loan to MHP will be secured by the EU political risk guarantee.

EIB supports early recovery and SME sector in Ukraine with € 600 mln

22 December 2014

The European Investment Bank’s (EIB) agreed to provide two loans under the Bank’s 2014-2016 € 3 bln lending plan to Ukraine:

• € 200 mln to finance early recovery of small-scale damaged infrastructure in order to cope with the consequences of the conflict ravaging parts of East Ukraine
• € 400 mln in support of projects promoted by SMEs and midcaps

The Ukraine Early Recovery loan focuses on investments in the Ukraine Government-controlled Donetsk and Luhansk Regions and the surrounding areas of Kharkiv, Dnipropetrovsk and Zaporizhzhia. It will back undertakings to re-establish and improve public service delivery of water and sanitation, electricity, and heating. It also covers repairs to roads and railways and the reconstruction of destroyed bridges and the refurbishment of damaged public buildings, including administrative buildings, schools, health centres and hospitals, postal services, and other social infrastructure.

EIB funds will also help municipalities in regions that are accommodating a significant influx of internally displaced persons to better cope with the increased pressure on social infrastructure and shelter capacity.

The loan supporting investments by SMEs and midcaps is intended to address the scarcity of long-term funding in the private sector in Ukraine which has been aggravated by the current political and economic unrest. This is in line with the objectives of the EIB External Lending Mandate, which includes local private sector development, and in particular support to SMEs. This operation also covers the objectives set out by the Association Agreement and DCFTA agreement signed by the Ukrainian Government with the EU, aimed at establishing conditions for enhanced economic and trade relations between the Union and Ukraine.

Both EIB loan operations signed today are secured by the EU comprehensive guarantee under the EIB’s 2014-2020 external lending mandate.


IFC Helps Azerbaijan’s TuranBank Expand Lending to Smaller Businesses

29 December 2014

IFC, a member of the World Bank Group, is helping TuranBank expand lending to micro, small, and medium enterprises (MSMEs) in Azerbaijan, allowing those businesses to grow, create jobs, and contribute to the country’s economic development.

IFC is providing a $7 mln loan to TuranBank, which will help meet the lender’s long-term funding needs and support the growth of its MSME portfolio. Access to finance is one of the key challenges for smaller enterprises in Azerbaijan. IFC’s loan will address this by supporting the bank’s efforts to reach underserved businesses and low-income entrepreneurs, especially in rural areas.

IFC has been working with TuranBank since 2009, starting with a corporate governance program, continuing with SME banking and risk management advisory programs. In 2011, IFC provided the bank with a $7 mln loan to increase lending to small-scale entrepreneurs in Azerbaijan. IFC’s Global Trade Finance Program (GTFP) has recently provided a series of training programs to help the bank process trade transactions.

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IFC Helps Improve Access to Finance for Small Businesses in Azerbaijan
IFC Promotes Food Safety Standards to Help Azerbaijani Companies Meet Export Requirements and Increase Sales

24 December 2014

IFC, a member of the World Bank Group, and Azerbaijan’s National Confederation of Entrepreneurs are working to raise awareness about the benefits of modern food safety systems, encouraging food producers to improve food safety standards to help meet export market requirements, increase sales, and attract investment.

Today IFC and the Confederation of Entrepreneurs hosted a round table on food safety issues in Baku, bringing together leading food producers, consultants, and representatives of the government, retail chains, and agribusiness associations. The event emphasizes the importance of food safety standards to help agribusiness firms meet regional and export market requirements and provide a foundation for agribusiness industry to realize its full potential.

The event was part of IFC’s Agribusiness Standards Advisory Program in Europe and Central Asia, supported with funds from the Austrian Federal Ministry of Finance.

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IFC, Azerbaijan to Help Increase Agribusiness Productivity and Competitiveness

18 December 2014

IFC, a member of the World Bank Group, and Azerbaijan’s Ministry of Agriculture signed today an agreement which focuses on increasing the productivity and competitiveness of the country’s agriculture sector.

The IFC Azerbaijan Investment Climate Project, implemented by the World Bank Group Trade and Competitiveness Global Practice in partnership with Switzerland’s State Secretariat for Economic Affairs (SECO), will work with the ministry to support regulatory and other improvements in the seed sector.

Azerbaijan’s farm sector is the country’s leading employer and the base of its non-oil economy. The country has a strong comparative advantage in exporting fresh fruit and vegetables. However, an underdeveloped agri-food supply chain and low productivity remain key challenges. Insufficient access to quality inputs, especially seeds and seedlings, is a key constraint to improving crop productivity.

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IFC Helps Improve Business Climate in Kyrgyz Republic with new Website

23 December 2014

IFC, a member of the World Bank Group, has helped the government of the Kyrgyz Republic develop a website dedicated to state-mandated business inspections, part of an effort to improve the country’s business climate and stoke economic growth.

The new portal was unveiled today. It will help improve the efficiency and transparency of inspections in areas like sanitation, worker safety, and environmental protection. That is expected to reduce the amount of money enterprises spend on the inspection process, freeing up resources for business development.

The system, managed by the Ministry of Economy, will also help improve the quality of inspections, further protecting workers and the public.

The system, which will be shared across 12 inspecting agencies, includes a database of businesses, outlining their size, industry, risk profile, and inspection history. It also provides entrepreneurs with information about the inspection process and outlines planned inspections.

The initiative is part of IFC’s efforts to improve the investment climate in Central Asia by facilitating investments and reducing compliance costs for businesses. The Central Asia Investment Climate Program is made possible with financial support from the government of Switzerland and the United Kingdom’s Department for International Development.

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IFC Helps Tajik Food Producers Boost Competitiveness, Expand Markets

9 December 2014

IFC, a member of the World Bank Group, is expanding its advisory program on food safety in Tajikistan, helping local food producers increase productivity, sales, and access to local and international markets.

IFC will work with Tajik producers to improve measures throughout the food production and processing cycle to ensure products are safe for consumption. In its first event under the new program, today IFC brought together more than 20 food businesses and industry experts to learn modern food safety practices and standards.

Supported by the Austrian Finance Ministry, IFC’s Agribusiness Standards Advisory Program in Europe and Central Asia has helped attract more than $156 million of investment in over 80 IFC clients in Europe and Central Asia, generating $323 million in increased sales, in addition to greater efficiency and cost savings and improved waste and risk management and brand value.


IFC Promotes Agri-financing in Uzbekistan

15 December 2014

IFC, a member of the World Bank Group, is helping financial institutions and leasing companies in Uzbekistan expand their agri-leasing portfolios to make it easier for farmers to buy new equipment, boosting productivity and supporting economic development.

Today IFC and the Uzbekistan Lessors’ Association are bringing together more than 25 representatives of leading leasing companies and financial institutions to learn how to better manage the financial risks associated with leasing operations.

This initiative is part of IFC’s Central Asia Agri-finance Project, which aims to develop a set of agri-financing tools and training programs for financial institutions, aggregators, and farmers in the Kyrgyz Republic, Tajikistan, and Uzbekistan. The project is supported by funds from the Austrian Federal Ministry.
IMF Executive Board Concludes Second Post-Program Monitoring Discussions with the Republic of Moldova

17 December 2014

The Executive Board of the International Monetary Fund (IMF) concluded the second post-program monitoring discussions with the Republic of Moldova.

Output growth is projected to decelerate to about 2 percent in 2014, reflecting a moderation in agriculture production, weaker economic activity in main trading partners, and the impact of Russia’s restrictions on imports of Moldovan products. In 2015, growth is projected to recover to 3½ percent as recently negotiated free trade agreements enter into effect and domestic demand recovers with the dissipation of election-related uncertainties. Inflation is projected to remain within the National Bank of Moldova’s (NBM) inflation target range. After narrowing for three consecutive years, the current account deficit is projected to widen in 2015 as a consequence of a recovery in imports, and a projected decline in remittances growth.

Fiscal discipline has weakened ahead of the elections. Following a substantial adjustment in 2010-13, Moldova’s fiscal position is projected to deteriorate significantly, with the budget deficit excluding grants projected to widen from 3.8 percent of GDP in 2013 to 5.4 percent in 2014 and, in the absence of measures, to 7.1 percent in 2015. This reflects significant pre-election increases in wages and pensions, some ad hoc tax benefits, weaker economic activity, and measures to compensate those affected by trade restrictions.

Severe governance problems in the banking system continue to represent a risk to financial stability. Legislation restoring the NBM’s powers was recently enacted but enforcement of regulatory requirements on banks remains weak. Legislation to restore the regulatory powers of the National Commission for Financial Markets (NCFM) still needs to be enacted.

Statement by IMF First Deputy Managing Director David Lipton on his Visit to Ukraine

13 December 2014

Mr. David Lipton, First Deputy Managing Director of the International Monetary Fund (IMF) made the following statement today at the conclusion of his visit to Kyiv:

“I visited Kyiv on December 13, for meetings with the President, Prime Minister and their new economic team. I was impressed by their vision for an economic transformation of Ukraine, and by their commitment to decisive, front-loaded implementation of their reform agenda.

“A Fund team conducting technical discussions is expected to conclude its work by the end of the coming week. A mission to conduct policy discussions in the context of the Fund-supported program is expected to return to Kyiv early next year.”

During his visit to Kyiv, Mr. Lipton met with President Petro Poroshenko, Prime Minister Arseniy Yatsenyuk, Governor of the National Bank of Ukraine Valeriya Gontareva, Minister of Finance Natalie Jaresko, Minister of Economy Aivaras Abromavicius and their senior colleagues.

Statement by an IMF mission to Ukraine

19 December 2014

An International Monetary Fund (IMF) mission led by Mr. Nikolay Gueorguiev visited Kyiv during December 9-18. At the conclusion of the mission, Mr. Gueorguiev made the following statement today in Kyiv:

“The mission held productive technical discussions with the new economic team of the Ukrainian government and with the National Bank of Ukraine in the context of the Fund-supported program, covering key issues facing the economy. We found that the Ukrainian authorities are preparing to move decisively on a broad and comprehensive agenda to stabilize and reform the economy, while coping with the difficult challenges that emerged in the last year. In this context, we advanced substantially our mutual understandings of policy priorities going forward.

“Discussions will continue over the coming weeks, following the mission’s departure. The mission is expected to return to Kyiv for policy discussions with the Ukrainian authorities in January 2015.”


Samruk-Kazyna

Energy

Belarus, Kazakhstan and Russia discuss organization of inter-state electricity trade

2 December 2014

In Astana, experts from the Republic of Belarus, Kazakhstan and Russia discussed the organization of inter-state trade in electricity between the three countries.


On the first day of the seminar experts from the three countries, attracted by the Department of Energy of the Eurasian Economic Commission, exchanged views and experiences of trading of electric energy, discussed the development of an optimal model of organization of the interstate electricity trade between the three countries, applicable for Belarus, Kazakhstan and Russia in the existing conditions of the internal market of the three countries. The seminar presented reports on electricity trade between Belarus and Lithuania with the power exchange mechanisms of Nord Pool Spot, conducting of centralized trading of electric energy in the Republic of Kazakhstan, on the competitive selection of power on the wholesale market of the Russian Federation. Experts from the Republic of Belarus and the Russian Federation also visited the trading floor of JSC «KOREM», where the centralized trading of electricity is conducting and instrument panel control of the National Dispatch Center of System Operator (JSC «KEGOC»).

On the second day were presented reports on the prospects for the development of electricity markets of the three countries, as well as discussion of the project of the Concept of formation of a common energy market of the Eurasian Economic Union.

http://sk.kz/news/view/4046
**Bilateral Cooperation**

«Samruk-Kazyna» JSC group of companies concludes number of agreements with Chinese partners

14 December 2014

Kazakh-Chinese Business Council meeting with participation of the heads of two states took place on December 14, 2014 in Astana.

Representatives of the Kazakh and Chinese companies discussed the possibility of further development of cooperation in the framework of the three panel sessions - «Development of opportunities in energy, communications, logistics and transport», «Development of cooperation in the field of agro-industrial complex», «The role of small and medium-sized businesses in the development of trade and economic interaction.»

To date, a project for the construction of hydropower plant Kerbulak on Ili river worth 151.6 million dollars is under implementation. It will increase the capacity of Kapchagai HPP from the current 250 MW to 360 MW and compensate for peak loads of the southern zone of Kazakhstan. Among other examples of successful interaction U.Shukeev called the construction of the first section of the main gas pipeline «Kazakhstan-China», Moinak HPP in Almaty region, commencement of bitumen plant in Kazakhstan.

Following the meeting «Samruk-Kazyna» JSC signed a number of agreements in the fields of energy, transport, oil and gas. In particular, JSC «NAC «Kazatomprom» reached an agreement with the Chinese General Nuclear Power Corporation (CGNPC) to expand and deepen mutually beneficial cooperation in the field of nuclear energy, «Samruk-Energy» signed memorandum of cooperation with the China International Water & Electric Corporation for the development of Sheleksky region and the transfer of Kensu river into Bestyubinsk reservoir.

Meanwhile, JSC «NC» KazMunayGas» and China National Petroleum Company (CNPC) agreed to enhance technical cooperation in the oil and gas industry, including alleged increase of oil recovery in the South Turgai basin. «KazMunaiGas - Processing and Marketing» JSC contracts with partners to establish a production of diesel fuel, synthetic natural gas and other petrochemicals.

http://sk.kz/news/view/4065

**Mining**

ThyssenKrupp selected as partner of «Samruk-Kazyna» for production modernization at Bogatyr section

25 December 2014

«Samruk-Kazyna» group of companies has identified partner in the project on cyclic-flow technology of extraction, crushing, averaging and transportation of coal at Bogatyr section. The contract between «Bogatyr» LLP and the world's leading manufacturer of mining equipment and technology - «ThyssenKrupp Industrial Solutions AG» was signed on December 22, 2014. According to the contract, ThyssenKrupp will implement engineering, manufacture and supply of equipment, as well as provide services for installation, commissioning and training of personnel for the project.

Completion of the project is planned in 2019.

The implementation of the project will allow to:

- produce additionally 8 million tons of coal of stable quality;
- increase in production capacity by 20% and in productivity by 35%;
- increase coal production for the growing needs of the energy industry of Kazakhstan and Russia, providing fuel to the new station Balkhash thermal power plant, as well as existing and expanded Ekbastuz TPP-1, Ekbastuz TPP-2, other stations of Kazakhstan and Russia;
- modernize existing production with the replacement of obsolete mining equipment for new equipment;
- «Bogatyr Komir» – Kazakh-Russian joint venture to mine coal production with the participation of «Samruk-Energy» (a subsidiary of «Samruk-Kazyna» JSC) and United Company RUSAL.

World Bank Disburses $75 mln for Armenia Policy Reform Program

23 December 2014

The World Bank today disbursed the full amount of the $75 mln Second Development Policy Operation (DPO) for Armenia to support a wide range of critical reforms under implementation by the Government of Armenia. The World Bank remains fully committed to helping the country as it adjusts to the volatile regional and global economic developments and builds a stronger economy that creates jobs, which is Armenia’s long-term development challenge.

The Operation supports reform measures implemented by the Government under five main objectives.

1. Strengthening the business environment through the reduction of inspections burdening businesses, implementation of the “single window approach” for customs clearance of goods, and creation of a new institutional structure for the oversight of the aviation sector to increase transparency and improve accountability.

2. Improving access to credit with measures to create a modern framework for secured transactions, which will allow the use of moveable assets as collateral for better access to finance.

3. Improving efficiency and transparency of the civil service with a stronger performance evaluation system and broader use of e-government systems.

4. Expanding social protection by extending the coverage of the waiver of co-payments in medical institutions to the households covered by the Family Benefits Program.

5. Improving fiscal space and the management of public infrastructure and environmental resources through reporting estimates of the revenue impacts of major tax expenditures, implementation of an Action Plan on Drinking Water Sector Reforms, and adoption of legislative and regulatory improvements that strengthen environmental and social (E&S) guidelines in the mining sector.

The Second DPO in the total amount of $75 mln is an IBRD flexible loan, with a variable spread and a 14.5-year grace period, and repayment of over 25 years.


World Bank Support to Enhance Road Connectivity and Safety, Transit Potential in Belarus

19 December 2014

The Board of Executive Directors of the World Bank today approved a $250 mln loan to the Republic of Belarus for a Transit Corridor Improvement Project to enhance transport connectivity, border crossing procedures, and road safety in Belarus. The project supports improvement of sections of the M6 Transit Corridor linking Minsk and Grodno as part of the national strategy to connect all six Oblast centers to high standard roads. It will help to address border crossing delays at the western border facing Poland by streamlining customs clearance procedures, thereby facilitating growth in trade.

As a result of the border management enhancement component of this project, the handling capacity of the Bruzgi border crossing point is expected to increase from the current 700 trucks to 1,700 trucks per day. The activities will be complemented by IFC advisory work studying constraints in border clearance procedures and recommending business process improvements.

The project will also support improved road safety and network management through a more market-orientated approach to the development of roadside services and the development of a Traffic and Road Safety Coordination Center.


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The project will also support improved road safety and network management through a more market-orientated approach to the development of roadside services and the development of a Traffic and Road Safety Coordination Center.

World Bank to Promote High-Quality Innovations in Kazakhstan

22 December 2014

The World Bank Group’s Board of Executive Directors today approved a $88 mln loan to help Kazakhstan foster innovation by promoting high-quality nationally relevant research and commercialization of technologies.

The Fostering Productive Innovation Project will contribute to improving critical areas, such as capacity for innovation, quality of scientific research institutes, company spending on research and development, and university-industry collaboration in research and development. The project will introduce the bottom-up competitive selection procedures open to all sectors of the Kazakhstan economy that intend to nurture a dynamic productive sector in the country, particularly a segment of private start-ups.

The loan will finance competitive grants to scientist groups developing commercially viable high-quality research and ideas; and to Kazakh research institutes, design bureaus, and engineering laboratories upgrading their test sites as members of productive technology consortia in agriculture, extractive industries, manufacturing, as well as inclusive innovation consortia in social sector. Grants will also support the Kazakhstan-related research projects by postdoctoral fellows working or studying abroad, including establishment of educational consortia.

Early stage financing will be available for innovative small- and medium-enterprises to complement existing financial instruments and solutions suitable to different stages of start-up development.

In addition, the project is expected to significantly strengthen the capacity of key institutions of the National Innovation System by introducing market-oriented approaches in the selection and support of innovation projects and technology start-ups.

The implementation of the five-year project (2015-2020) will start after the country approval process is completed.

The Fostering Productive Innovation Project will be financed through a variable-margin $88 mln IBRD loan, with a 15-year maturity period and a 5-year grace period, with $22 mln in co-financing from the Government of Kazakhstan.


World Bank Revises Its Growth Projections for Russia for 2015 and 2016

9 December 2014

The World Bank has updated its economic outlook for Russia for 2015 and 2016 to reflect a further decline and increased volatility in global oil prices. The revised outlook is articulated through three scenarios – a baseline, an upper, and a lower-case – based on different oil price assumptions.

The new baseline, or most likely scenario, assumes an average oil price of $78 per barrel for 2015 and of $80 per barrel for 2016. On this basis, real GDP is projected to contract by 0.7 percent in 2015, before increasing by 0.3 percent in 2016.

During 2016, investment activity is projected to remain below its 2014 level, constrained by lingering structural problems and persistent negative business sentiments resulting from geopolitical tension and economic policy uncertainty.

The lower-case scenario assumes an average oil price of $70 per barrel in 2015 and $72 per barrel in 2016. In this scenario, the Russian economy is projected to contract by 1.5 percent in 2015, before expanding mildly by 0.3 percent in 2016. Investment would contract by more than under the baseline scenario.

The uppercase scenario assumes an average oil price of $85 per barrel for 2015 and $90 per barrel for 2016. At these prices, the Russian economy is expected to avoid a recession in 2015 and to achieve an expansion of 0.5 percent in 2016. As in the other two scenarios, net exports are expected to be the main contributor to growth, replacing consumption growth, which is likely to come to a standstill. Investment is still expected to decline, though by less than in the other two scenarios, due to restricted access to external capital and high borrowing costs. In 2016, investment and consumption growth would start their gradual recovery and begin to contribute positively to growth.

World Bank Country Manager for Tajikistan Visits Agriculture Project Site in Khatlon Province

10 December 2014

World Bank Country Manager for Tajikistan Patricia Veevers-Carter and the Government of Tajikistan project team visited the Khatlon Province earlier this week to meet with beneficiaries and partners of the Second Tajikistan Public Employment for Sustainable Agriculture and Water Resources Management Project (PAMP II) financed by the World Bank. The project aims to benefit over 770,000 people in twelve districts of Khatlon Oblast through temporary public employment opportunities and rehabilitation of important irrigation and drainage infrastructure. It is a follow up project to a successfully completed first project, which benefitted over 43,000 households through public works and improved access to irrigation.

In Kurghan Tube, Ms. Veevers-Carter met with local civil society organizations who play an important role in the project implementation. They carry out awareness raising, community mobilization, and monitoring and evaluation activities jointly with the population and local administration to ensure that the temporary employment program is transparent and covers the poorest households, and that any complaints by affected people are addressed.

Ms. Patricia Veevers-Carter discussing the benefits of the public employment program with one of the beneficiaries in Rumi district.

Furthermore, the project improves access to banking services, as all beneficiaries’ earnings are deposited in their bank account, which is often the first time that a beneficiary opens such an account.

In Rumi District, the World Bank Country Manager met with participants of the manual cleaning of on-farm irrigation canals. The project implementation has started in the first three target districts - Jomi, Rumi and Jilikul – with more than 4,000 people being employed in cleaning of the canals. The project helped clean the total of 1,211 km of the prioritized secondary and tertiary canals and 223 km of collector and drainage networks. It also helped rehabilitate 16 km of irrigation canals, 590 outlet gates, and 197 observation wells in these three districts.


Poverty Measurement Methods and Institutions Discussed in Tajikistan

12 December 2014

Best international practices and national approaches in measuring poverty were the focus of the international conference held in Dushanbe today. The conference was hosted by the Ministry of Economic Development of Tajikistan in partnership with the Agency for Statistics under the President of Tajikistan, the Center for Strategic Studies under the President of Tajikistan, and the World Bank, as members of the Council for Poverty and Middle Class Measurement.

First Deputy Prime-Minister Davlatali Said and World Bank’s Poverty Practice Manager in Europe and Central Asia Carolina Sanchez-Paramo opened the conference, which was attended by representatives of the government, donor agencies, media, and civil society organizations. The conference presented global poverty measurement methods and limitations, compared national poverty measurement and institutions with international experience, and discussed the proposed National Poverty Measurement Methodology for Tajikistan.

The proposed National Poverty Measurement Methodology is based on the Household Budget Survey (HBS) and is the first country-owned methodology. Previously, from 1999 to 2009, poverty in Tajikistan was measured using the Tajikistan Living Standard Surveys (TLSS). However, the two approaches – HBS and TLSS – employ different survey designs, and therefore, the data they produce are not comparable. The new approach is based on international best practice of measuring poverty and will help the Government of Tajikistan to collect comprehensive and reliable household data and to report on poverty trends and indicators in Tajikistan on a regular basis.

World Bank Finances Expansion of Power Transmission in Ukraine

22 December 2014

The World Bank’s Board of Executive Directors today approved a $378.425 mln loan for the Second Power Transmission Project to improve the reliability of the power transmission system and support the implementation of the Wholesale Electricity Market in Ukraine. With this new project, the Bank is stepping up its support for the country’s energy sector reforms.

The new investment will support efforts to develop plans for renewable power integration, applying smart grid solutions at power transmission. It will also support the implementation of the Wholesale Electricity Market and Balancing Market mechanisms and enhance electricity market competitiveness by aligning the Ukrainian network with the European Network of Transmission System Operators for Electricity. This will help to strengthen not only national, but also regional energy security.

The new project will help the national energy company Ukrenergo to design and implement high-priority transmission system rehabilitation measures and upgrades, increasing the system’s reliability. It aims to make substations more efficient through reducing the number of outages, while strengthening electricity market performance. This will be done across the Central and Northern power systems, the country’s two major regional networks, covering almost one-third of Ukrainians who will get more stable electricity supplies.

The project includes a $48.425 mln loan provided by the Clean Technology Fund (CTF), which will be used to assist Ukrenergo in the design and installation of the next generation of modern communications, grid management, and control systems, which will enable large-scale integration of wind and solar energy resources and improve management and operation of the transmission network.

In addition, the project provides $2.5 mln of institutional support to Ukraine’s Ministry of Energy and Coal Industry for the implementation of energy sector reforms in line with its commitments within the Energy Community and the EU Association Agreement.


Vnesheconombank to fund the supply of Russian equipment to the Republic of Belarus

22 December 2014

Vnesheconombank and Open Joint Stock Company Savings Bank Belarus (OJSC JSSB Belarusbank) signed an agreement on providing up to 500 mln rubles to fund National Union “Belarus Railway”.

Under the agreement, Vnesheconombank’s credit facilities are to be used to pay for equipment to be supplied to National Union “Belarus Railway” by Russian companies to modernize diesel-powered locomotives.

The said transaction is being conducted by Vnesheconombank as part of providing support for Russian high-technology products exports.

OJSC JSSB Belarusbank was founded in 1922 and is the largest financing institution by the amount of assets.

VEB to launch an electronic system of supporting Russian exports

1 December 2014

Vnesheconombank is to launch internet-portal “Financial Support for Russian Exports”. In accordance with a decision taken in 2013 by the Government of the Russian Federation, Vnesheconombank was appointed as coordinator for activities on providing comprehensive support for exports of Russian products, works and services and it is also responsible for considering requests for such support in a single window mode.

The introduction of the internet portal “Financial Support for Russian Exports” has become a practical solution for the task set. Using this system, foreign purchasers of Russian products, works services and Russian exporters can apply to Vnesheconombank for obtaining funding.

The said system provides for using personal account for registered users in which the applicant can keep track of his application consideration status on-line.

A single window electronic service concept is an advanced highly efficient approach to organizing interaction with interested customers of consulting and other services.

As part of its activity on supporting exports of Russian industrial and agricultural products, Vnesheconombank extends credits to foreign purchasers of Russian products, provides pre-export financing and guarantee support. Vnesheconombank Group’s subsidiaries also offer solutions in insurance and government guarantee support.


Infrastructure

Vnesheconombank intends to participate in funding the project on the construction of the Moscow-Saint Petersburg toll highway

5 December 2014

As part of the “Transport Week” VEB and Two Capitals Highway LLC signed a Memorandum on cooperation and interaction in implementing the project on the construction and operation of a toll highway “The High-Speed Motorway Moscow – Saint Petersburg at sections km 543 – km 646 and km 646 – km 684”.

On behalf of Vnesheconombank the document was signed by Deputy Chairman – Member of the Board Sergei Lykov and on behalf of Two Capitals Highway LLC – by first deputy president – board chairman of VTB Bank Vasily Titov (by proxy).

Under the Memorandum VEB intends to explore the possibility of participating in funding the project through extending credit facilities to Two Capitals Highway LLC. Removal of economic growth restrictions including development of transport infrastructure is one of the Bank for Development’s top-priority lines of activity. VTB Bank is also planning to participate in funding the construction of the motorway.

The project worth 88.6 bln rubles is being implemented on the principle of public private partnership. In order to coordinate the work on the project’s implementation, the parties have agreed to set up a working group.

Two Capitals Highway LLC - a consortium formed by VTB Bank and VINCI Concessions S.A.S., represented by State Company Russian Automobile Roads signed a concession agreement with the Russian Federation represented by State Company Russian Automobile Roads on funding, construction and operation on a paid basis of “The High-Speed Motorway Moscow – Saint Petersburg at sections km 543 – km 646 and km 646 – km 684”. Under the concession agreement, the consortium undertakes to build sections of the motorway, operate and maintain them, collect road toll at the sections that are to be leased out to the company.

The High-Speed Motorway Moscow – Saint Petersburg – M11 will run from the Moscow Automobile Ring Road to the automobile ring road around Saint Petersburg and it will run parallel to the existing M10 (Russia) – an alternative free of charge motorway. At present, they have completed the construction of the km 258-km 334 section bypassing VyshnyVolochek. The section was opened to traffic on November 28, 2014. The current project is to become the second section of M11 and it will be implemented on the terms of concession. Construction of the first section (km 15 – km) in the Khimki and Solnechnogorsk districts of the Moscow region bypassing Khimki is being carried out on the basis of the concession agreement signed with North-West Concession Company LLC in 2009, the construction is scheduled to be completed in 2014. Construction of a new high-speed highway Moscow - Saint Petersburg is scheduled to be completed until 2018.
