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New ADB Loan to Help Boost Credit for MSMEs in Kyrgyz Republic

5 June 2015
The Asian Development Bank (ADB) has approved a $10 mln loan to help Bai Tushum Bank (BTB) provide critically needed medium- and long-term funding to micro, small and medium-sized enterprises (MSMEs) in the Kyrgyz Republic.

The loan assistance will be complemented by capacity development technical assistance for BTB to develop mobile banking products, and run financial literacy training in rural areas.

The National Bank of the Kyrgyz Republic currently estimates the unbanked population in the country at 80%. The country's low level of financial sector development limits MSMEs' access to credit.

The ADB loan and technical assistance will allow BTB to build its capacity to improve its deposit mobilization and outreach to remote villages and farmers, thus promoting inclusiveness, as well as strengthen the bank's outreach to female entrepreneurs, and support gender equality policies within the financial institution.

BTB was established as a local microfinance institution (MFI) in 2000, and in 2012 became the first MFI in the Kyrgyz Republic to obtain a banking license. In terms of market share as of December 2014, BTB ranks sixth for total loans and eighth for total assets. BTB currently serves 32,000 clients and provides a diverse range of financial services to entrepreneurs, small corporations and MSMEs, which represent 40% of its portfolio.

The loan was approved under the new FAST framework which enhances ADB's ability to undertake smaller nonsovereign transactions through a streamlined approval procedure.


ADB Grant Supports New Reforms to Grow Private Sector

17 June 2015
The Asian Development Bank (ADB) is providing the Kyrgyz Republic a $20 mln grant to support a new round of reforms aimed at expanding the private sector’s role as a driver of sustainable economic growth.

ADB’s First Investment Climate Improvement Program from 2008 to 2014 helped reduce business costs in the Kyrgyz Republic by reducing the number of required business licenses and permits, implementing a one-stop shop business registration system, increasing access to finance—particularly through leasing—and creating a single window for pre-customs clearance.

Building on the progress made under the first program, the second program will support reforms to deepen access to finance and financial services, including the establishment of a risk-sharing facility for small and medium-sized enterprises. The enabling environment for public-private partnerships (PPP) will be further strengthened, and more PPP projects will be developed. Support will also be provided to help diversify trade and investment, improve transparency and ease of doing business, and enhance the country’s integrated tax administration system.

ADB’s assistance from its concessional Asian Development Fund will provide the budgetary support needed by the Kyrgyz government to cover part of its development financing needs as it rolls out its policy reforms. The reforms will be carried out over 3 subprograms, with the full program running for over 4 years, from July 2014 until October 2018.

**Corporate Sector**

**BSTDB Concludes the 17th Annual Meeting of the Board of Governors**

21 June 2015

The Board of Governors of the Black Sea Trade and Development Bank (BSTDB) held its 17th Annual Meeting of the Board of Governors under the Chairmanship of Mr. Giorgi Kadagidze, President of the National Bank of Georgia.

The Board of Governors approved the 2014 Annual Report and financial statements. The Bank posted a net profit for the tenth consecutive year, which amounted to over €14 mln. The Board of Directors approved 29 new operations for the total amount of €350 mln, a 30% increase over the previous year.

The Board elected the Governor for the Hellenic Republic as Chairman of the Board of Governors. The Governors for the Republic of Moldova and Romania were elected as Deputy Chairmen, for a period of one year until the next BSTDB Annual Meeting decided to take place in Greece in June 2016.


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**Eurasian Development Bank**

**Eurasian Economic Community (EurAsEC)**

**Corporate Sector**

**The EurAsEC Anti-Crisis Fund is renamed as the Eurasian Fund for Stabilization and Development**

19 June 2015

Starting 15 June 2015, the Eurasian Economic Community’s (EurAsEC) Anti-Crisis Fund is renamed as the Eurasian Fund for Stabilization and Development (EFSD). In addition to financial and investment credits, it will now provide grants to its member states. The respective resolutions were passed by the Fund’s Council on 2 July 2014. The member countries needed to implement internal procedures to sign protocols amending the Fund’s foundation documents.

Eurasian Development Bank (EDB), being the Fund’s Resources Manager, announces that these procedures have been duly completed and that the respective amendments were applied on a provisional basis from the date the protocols were signed until they were ratified. In Armenia, amendments will take effect as ratified.

The Fund has been renamed because of the abolishment of the EurAsEC as a result of the establishment of the Eurasian Economic Union (EAEU). In accordance with the protocols, the EurAsEC Integration Committee will pass its functions of the Fund’s secretariat to EDB and the Russian Ministry of Foreign Affairs will become the Fund’s depository.

The new name of the Fund embodies fully its concept and reflects its areas of operations. The possibility to provide grants has been envisioned in response to the requests made by the Fund’s member states. Grants will be provided from the Fund’s net profit to finance governmental social programmes.


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**European Bank for Reconstruction and Development**

**All countries**

**Bilateral Cooperation**

**EBRD President visits China**

25 June 2015

EBRD President Sir Suma Chakrabarti will visit Beijing on 26-28 June for meetings with the new Asian Infrastructure Investment Bank (AIIB) that will focus on ways in which the two institutions may cooperate in future.
He will attend the 4th Global Think Tank Summit on 27 June, where he will make a keynote speech on the subject of "Infrastructure and Growth in Asia: The role of AIIB and EBRD”.

There will be discussions with senior Chinese officials, including from the People’s Bank of China, the Chinese central bank. Sir Suma will make a separate speech at the conference on green growth prospects.

China is not a member of the EBRD and the Bank does not invest in the country. However, the EBRD would consider working with Chinese partners on joint investments in those countries which are recipients of EBRD finance.

The EBRD was founded in 1991 after the fall of the Berlin Wall to foster the development of market economies in former communist, centrally planned countries. It now invests in 36 countries stretching from central Europe to central Asia and the southern and eastern Mediterranean.

In his speech on infrastructure, President Chakrabarti will make clear that the EBRD is actively looking to cooperate with the AIIB, which has its headquarters in Beijing.

There has already been contact between the EBRD and the AIIB. The EBRD has shared its experiences in meeting the challenges of building up a new institution from scratch. It has outlined its own strategies, policies and business models and its approach to governance and procurement.

In his meetings in Beijing, Sir Suma will look ahead to more formal ties. “We are very keen to work together at the earliest possible opportunity,” he was expected to say. “The potential for synergy – and for making a real, lasting difference on the ground – is huge. And we are doing everything we can to realise that potential even now.”

The China visit will also be an opportunity for the EBRD to deepen its understanding of the Chinese market.

The Bank is eager to increase its activities with Asian companies, including from China, which can bring their expertise and finance to the countries in which the EBRD invests. Investment requirements in the EBRD regions remain significant and it is important for countries to be able to broaden the scope of their sources of potential financing.


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Climate Change

**Multilateral Development Banks provide $28 bln in climate finance in 2014**

16 June 2015

The world’s six large multilateral development banks (MDBs) delivered over $28 bln in financing last year to help developing countries and emerging economies mitigate and adapt to the challenges of climate change. The latest figures bring total collective commitments of the past four years to more than $100 bln.

In 2014, the six banks together provided over $23 bln dedicated to mitigation efforts and $5 bln for adaptation work, according to the fourth joint report on MDB Climate Finance.

The report reveals the important part the MDBs play in delivering development finance in a world shaped by climate change. It was prepared by the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB) and the World Bank Group (WBG).

Of the total commitments in 2014, 91 percent came from MDBs’ own resources, while the remaining 9 percent, or $2.6 bln, came from external resources including bilateral or multilateral donors, the Global Environment Facility, and the Climate Investment Funds.

Among the regions, South Asia received the largest share of total funding, at 21 percent. Latin America and the Caribbean, non-EU Europe and Central Asia, Sub-Saharan Africa, and East Asia and the Pacific received 17 percent, 16 percent, 15 percent and 10 percent respectively.

About one-third (36 percent) of the total in adaptation funding went into agriculture and ecological resource projects, and 40 percent went into projects involving infrastructure (including flood protection), energy, and the built environment. Renewable energy was the most common mitigation project, drawing 35 percent of the funding. Energy efficiency accounted for 22 percent. The banks also invested heavily in sustainable transport, at 27 percent of the total.

The 2014 report is based on a joint MDB approach for climate finance tracking and reporting that counts only the project components directly providing mitigation or adaptation co-benefits.

Public Private Partnership

Infrastructure needs and public-private partnerships focus of global meeting at EBRD

16 June 2015

Public-private partnerships (PPPs) are the focus of a two-day global meeting which started today at the London Headquarters of the European Bank for Reconstruction and Development (EBRD).

The main theme of The PPP Days 2015 is “What would it take to double the right private investment in infrastructure in emerging markets?”

The event brings together public sector agencies, multilateral development banks (MDBs) and other international financial institutions (IFIs) as well as international organisations and private sector leaders. Representatives from G20, which in 2014 endorsed the creation of a Global Infrastructure Hub to drive progress on the infrastructure agenda, also join the meeting.

Recently, President Chakrabarti joined the heads of other MDBs and the International Monetary Fund in proposing a new approach to delivering financing for development. In a joint statement issued in April 2015, they said that achieving the new development goals will require “moving from billions to trillions in resource flows” and “that financing from private sources, including capital markets, institutional investors and businesses, will become particularly important.”

The PPP Days 2015 also highlight the importance of knowledge transfer in finding bankable and sustainable solutions to infrastructure challenges across the globe.

Launching today, is a new MDBs collaborative online effort that aims to be a one stop shop for PPP needs. The PPP Knowledge Lab is a new curated, comprehensive and easy-to-use online resource on PPPs.

Although the use of public-private partnerships to design, build and deliver infrastructure worldwide has grown enormously in the past decade, the availability of information to support governments and their advisors has not kept pace. The PPP Knowledge Lab, a joint effort between the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Islamic Development Bank and the World Bank Group fills that gap.

The agenda of The PPP Days 2015 also includes a presentation of the MDBs' project preparation facilities to broaden the pipeline of bankable projects; a live Google Hangout from the ongoing, massive open online course (MOOC) on PPPs; a presentation on MDBs’ wide-ranging analysis to deepen understanding of countries’ readiness for PPPs and the Global PPP Certification Programme, to train public sector officials around the globe and will culminate in a new best practice guide to delivering PPPs successfully. A qualification program is also being developed, among many other joint efforts.

In addition, 16 emerging market countries will present their priority PPP projects and programmes to investors.


Environment

EBRD sets up new fund for Central Asia’s uranium mining legacy

17 June 2015

The European Bank for Reconstruction and Development (EBRD) is setting up a new fund to deal with the legacy of Soviet-era uranium mining and processing in the Kyrgyz Republic, Tajikistan and Uzbekistan.

The new account with the name “Environmental Remediation Account for Central Asia” is being established at the request of the European Commission, which is providing an initial €8 mln, with additional funding under consideration. The fund will finance projects to rehabilitate high-priority sites in the countries where it will operate.

Central Asia served as an important source of uranium in the former Soviet Union. This led to a large amount of radioactive contaminated material from the mining industry being placed in mining waste dumps and tailing sites. Most of the mines were closed by 1995 but very little remediation was done.

The accumulated amount of radioactive contaminated material in the region is a threat to the environment and to the health of the population. Many of the uranium legacy sites are concentrated along the tributaries to the Syr Darya River, which runs through the densely populated Fergana Valley, the agricultural centre of the region which is shared by the Kyrgyz Republic, Tajikistan and Uzbekistan.
Energy Efficiency

Energy policy makers discuss climate technologies in Istanbul

16 June 2015

Energy efficiency, renewable energy and other low-carbon technologies are the focus of a joint workshop by the European Bank for Reconstruction and Development (EBRD) and the International Energy Agency (IEA) in collaboration with the Food and Agriculture Organization of the United Nations (FAO), and hosted by the Turkish Ministry of Energy and Natural Resources in Istanbul.

The two-day event on 15 and 16 June 2015 brought together over 60 policy-makers and experts in the energy sector from Azerbaijan, Belarus, Georgia, the Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan as well as Jordan, Morocco and Tunisia.

Many of these countries lag behind economies at a similar level of development when it comes to the sustainable use of energy, water and other resources. Policy-makers are therefore exploring ways to adopt climate technologies across industries in order to enhance national energy security, improve management of natural resources, reduce greenhouse gas emissions and pollution, and stimulate sustainable economic development more generally.

Participants of the workshop will discuss policies and investment conditions which are conducive to the development and transfer of energy efficiency and renewable energy technologies, including in agriculture, which is an important sector in most of these countries.


Belarus

EBRD promotes best practices in energy management among Belarusian companies

23 June 2015

The European Bank for Reconstruction and Development (EBRD) is presenting a newly developed energy management manual as part of its work under the Belarus Sustainable Energy Finance Facility (BelSEFF) designed to support projects in energy efficiency and renewable energy.

The manual, which will be unveiled during seminars in Minsk and Brest, will act as a guide for local businesses which are interested in introducing an energy management system. Once introduced, the system may help them reduce between 10 and 30 per cent of their total energy consumption, thus significantly lowering their energy-related costs and improving the environmental impact of their operations.

The BelSEFF, which was launched in 2012, provides dedicated credit lines to local partner banks to finance local small and medium-sized private businesses as well as eligible state sector companies. It has, to date, supported 47 projects worth $17.2 mln across the country, resulting in energy savings of around $8 mln of fuel imports and an annual reduction of CO2 emissions equivalent to annual emissions of 6,300 people.

The manual was developed by a consortium of consultants funded by the Ministry of Finance of the Czech Republic through its ODA Trust Fund. It addresses the fundamentals of energy management, offers guidance on how to implement international best practices in energy management standards and develop energy efficiency projects.

In the countries where it invests, the EBRD is a market leader in promoting investment in energy efficiency and renewable energy projects. Its business model for climate finance combines commercial project financing, technical assistance through market analysis, energy audits, training, awareness-building, policy dialogue to improve the regulatory framework for these investments, and grant co-
First large-scale solar plant in Kazakhstan receives EBRD backing

3 June 2015

A landmark renewable energy project in Kazakhstan will be co-financed by the EBRD and the Clean Technology Fund (CTF) with loans of well over €80 mln.

The EBRD will lend 14.06 bln tenge (€70 mln equivalent), and the CTF will lend €13.8 mln to the project which is pioneering the use of a non-recourse project finance structure.

The financing will be extended to Burnoye Solar-1 LLP, a project company founded by a joint Kazakh-UK venture, Samruk-Kazyna United Green LLP.

The venture is owned by UK-based United Green Energy Limited and Samruk Kazyna Invest LLP, the investment arm of Kazakhstan's sovereign wealth fund.

Work on the Burnoye Solar project started following the adoption in 2014 of the Renewables Law on which the EBRD – the largest renewable energy investor in its region - cooperated closely with the Kazakh government. Burnoye Solar will be located in the energy-deficit Zhambyl region in south Kazakhstan, in an area close to Western Europe-Western China highway. The project was implemented jointly by local and European contractors, with the advantage of ensuring a transfer of technology into the country. Taxes from the plant will be paid into the local budget.

Burnoye Solar was one of several project agreements signed by the EBRD President, Sir Suma Chakrabarti, during his working visit to Kazakhstan where he co-chairs the Foreign Investors Council with President Nazarbayev.

The EBRD is expecting to again increase its annual investments in Kazakhstan in 2015, after reaching a record $700 mln last year. So far this year, the EBRD has committed $400 mln to various projects there, including Burnoye Solar. The total EBRD lending to date in Kazakhstan is over $7 bln.

EBRD supports Astana airport upgrade, tariff reform with €42.5 mln loan

3 June 2015

The European Bank for Reconstruction and Development (EBRD) is supporting the development of Kazakhstan’s air transport sector with funding for a comprehensive programme to upgrade the airport in Astana.

Built before Astana became the capital of Kazakhstan, the airport has already reached full capacity. It urgently needs to expand so it can cope with an increasing flow of traffic and with spikes expected during future events such as Astana Expo in 2017.

The EBRD is providing a 15-year, 8.5 bln tenge (€42.5 mln) loan to JSC Astana International Airport (wholly owned by the railway operator KTZ) for the expansion and modernisation programme.

The Development Bank of Kazakhstan is also supporting the project with a 20-year loan for the same amount.

The runway, taxi and apron areas will be modernised and new lighting and meteorological equipment will be purchased in order to double the capacity of the airport. The project will bring the airport into compliance with UN civil aviation regulations in areas such as safety and standard of services.

The project will also include reforms to some important aspects of the airport’s operation. Private sector companies will be able to double the amount of non-aviation services provided to the airport, including sales of food and luggage handling.

An important aspect of the project is tariff reform in the air transport sector of Kazakhstan, which will affect all of the country’s airports, including the privately owned. The tariffs for regulated airport services, set as far back as 2004, will be made flexible and cost-reflective.
EBRD boosts competitiveness of Kazakh small businesses

12 June 2015

Optimal air conditioning and ventilation are essential for maintaining a healthy environment and efficient use of energy. Producing quality ventilation and filtering systems is therefore not just hot air but a great business opportunity.

Kazakh company Almaty Ventilation Plant (AVZ) seized this opportunity first in 2008, when the market in the region was dominated by foreign firms. Founded as a two-man operation working from an old car repair shop, AVZ has since grown and become an established producer of ventilation and climate control equipment in Kazakhstan.

What he found instead was a relatively small company with the ambitions of a serious competitor and great potential for export - and one indeed interested in guidance from an international industry adviser to make their plans a reality.

The advisory project, funded by the United States, focused on operational efficiency through the application of the Japanese principles of Kaizen, which means ‘improvement’. This methodology shapes every aspect of the enterprise, from processes to management, aiming at continuous optimisation of resources and results.

The principle of constant improvement is based on the inclusive participation of all 150 employees, each with her or his own expertise, in streamlining processes. Changes in small details such as more order in the display of utensils, better use of light or prompt cleaning of working surfaces, all make production smoother - more timely and less costly.

The adviser is an expert on Kaizen principles who had helped enterprises across Central Asia to introduce lean manufacturing techniques to their businesses. Thanks to this cooperation, AVZ established the optimal process flow for the four production lines in its new state of the art facilities under modern management.

Since the project was completed, the company has doubled its turnover. Currently AVZ is partnering with industry giants like LG to develop new products. Not hot air indeed and a great example of how the EBRD helps local businesses realise their potential and adapt their products for export.


EBRD lends €10 mln to private water utility in Shymkent, Kazakhstan

3 June 2015

The EBRD and the government of Kazakhstan are supporting a programme of water and wastewater improvements in the southern city of Shymkent with a combined financing package equivalent to €18 mln.

The Bank will lend up to €10 mln to a private water utility, TOO Vodnye Resourses Marketing, which provides water and wastewater services to Shymkent, to be used for modernising the water and wastewater services in the city. The government of Kazakhstan will provide a capital grant in tenge equivalent to €8 mln, and TOO Vodnye Resourses Marketing will invest the equivalent of €500,000 into the modernisation project.

Privately-owned Vodnye Resourses Marketing is among the best utility companies in the country in terms of its operational and financial performance, despite working in a low-income city. The new project will further demonstrate the benefits of involving private companies in providing public services in Kazakhstan.

The loan agreement between the EBRD and the company was signed in Astana during the visit of EBRD President, Sir Suma Chakrabarti.

The capital grant from the government will be provided under the Enhanced Partnership Agreement between the EBRD and the government of Kazakhstan, signed in May 2014, which sets out a programme of joint investment of EBRD and government funds into projects that improve people's lives.

EBRD supports better water services in Aktobe, Kazakhstan

3 June 2015

The EBRD and the government of Kazakhstan are continuing cooperation on a wide-scale programme to modernise public services in the country.

The Bank will lend up to 2 bln tenge (€10 mln equivalent) to the city of Aktobe’s municipal water and wastewater company, Akbulak, to be used for modernising the water and wastewater services in the city.

The company will also receive a capital grant of up to 1.4 bln tenge (€6.7 mln) from the state budget and co-financing of up to 350 mln tenge (€1.7 mln) from the local regional government (Akimat).

The capital grant will be provided under the Enhanced Partnership Agreement between the EBRD and the government of Kazakhstan, signed in May 2014, which sets out a programme of joint investment of EBRD and government funds into projects that improve people’s lives. Technical assistance is also expected to be funded by the government of Kazakhstan under the Enhanced Partnership.

In addition to improvements in the quality of water and wastewater services in Aktobe, the municipal company Akbulak will also increase efficiency and reduce water losses. The company will introduce a Public Service Contract which will help boost operational efficiency.

The EBRD and Kazakhstan are working on several other joint projects under the Water and Wastewater Infrastructure Modernisation Framework under the Enhanced Partnership umbrella.


EBRD helps improve district heating in Kazakhstan

8 June 2015

In Pavlodar, home to 400,000 people in Kazakhstan’s North East, the local district heating provider Pavlodar Heat Networks LLP, privately owned by Caepco, is now using the warmer weather to make next winter less harsh on consumers and on the environment by improving the system’s energy efficiency.

The city flourished in the 1970s as a Soviet industrial centre. Most building blocks date back to that period, when workers flocked to the city for jobs at large industrial enterprises. And so does the district system that supplies heat to every home.

The problem is that – as in the rest of Kazakhstan – there has been little investment into the maintenance of these heating systems in the past 40 years.

The result is huge energy waste and heat losses, with financial consequences for suppliers and consumers – and, of course, the environmental damage from increased CO2 emissions as a consequence of the combustion of coal for heating purposes.

Caepco’s investment in the modernisation of district heating networks is backed by an EBRD loan of $30 mln and further supported by $10 mln in co-financing from the Clean Technology Fund, part of the Climate Investment Funds.

A team of 15 guided by two engineers were busy a few week ago replacing large pipes in a pit on the margins of a major road. With temperatures rising, the speed of the works was picking up – these operations can only be carried out with temperatures above -15 degrees.

The project will overall benefit a total of 850,000 people and local businesses covering two other major cities, Ekibastuz and Petropavlusk.

This is the EBRD’s first project in the field of district heating systems in Central Asia. The EBRD’s Sustainable Energy Initiative addresses the global challenge of tackling energy efficiency and climate change in more than a quarter of its investments.

It represents one more step towards more sustainable use of energy and is another sign of renovation that - like the return of spring a few weeks ago – brings with it the promise of a better future.

EBRD helps Kyrgyz city Batken make water and wastewater services safer

9 June 2015

The European Bank for Reconstruction and Development (EBRD) and international donors are continuing to upgrade water and wastewater services in the Kyrgyz Republic, thus improving people’s quality of life.

The new investment in Batken will address huge water losses and the urgent need to modernise water and wastewater infrastructure.

Batken is the capital of the Batken province on the southern fringe of the Fergana Valley with a population of around 29,000. The EBRD is supporting the water infrastructure modernisation with a financing package of up to €4 mln. The package consists of an EBRD loan of up to €1.5 mln and capital grants of €2.5 mln from the multi-donor EBRD Shareholder Special Fund (SSF).

In addition, the municipal water company of Batken will receive technical cooperation support – funded by international donors – to help it implement the project and a corporate development and stakeholder participation programme.

The loan agreement was signed in Bishkek by the Minister of Finance of the Kyrgyz Republic, Adylbek Kasymaliev.

The modernisation of water and wastewater services in Kyrgyz cities is a priority for the EBRD in the country and the Bank has developed a financing facility expressly for this purpose.


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EBRD reduces stake in Russia’s Lenta

24 June 2015

The EBRD has today reduced its stake in Lenta, one of the largest retail chains in Russia. The Bank sold 17,833,000 global depositary receipts, representing 25 per cent of its holding, through an accelerated private placement on the London Stock Exchange.

The transaction was launched on 23 June 2015 and attracted strong interest and demand from a broad mix of institutional investors internationally. Credit Suisse Securities (Europe) Limited and Morgan Stanley & Co. International acted as joint bookrunners of the offering. Following the sale, the EBRD will continue to hold an 11.5 per cent stake in Lenta.

The EBRD has been working with Lenta since 2003, initially as a lender, and from mid-2007, as a shareholder. The Bank retains a representative on Lenta’s Board of Directors and remains committed to the company as well as to its other investments in Russia.


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EBRD joins syndicated facility for Ukraine’s Kernel Group

17 June 2015

The European Bank for Reconstruction and Development (EBRD) is pledging additional resources to Ukraine’s agribusiness by participating in a $65 mln working capital syndicated facility to Kernel Group (Kernel), one of the largest vertically integrated agribusiness holdings in the country.

The EBRD’s financing amounts to $20 mln. The facility will enable Kernel Group to secure working capital for its farming operations, and to obtain necessary pre-export financing for its own crop at a time when external funding to businesses in Ukraine is severely limited.

By signing this deal, the EBRD is implementing its Ukrainian Corporate Support Facility, approved by the Bank in April 2014 and designed to provide assistance for existing Ukrainian clients. It follows a syndicated facility of $230 mln to Kernel Group, in which the Bank participated in October 2014 by committing $50 mln.
**EIB and Armenia agreed to further intensify cooperation**

17 June 2015

The European Investment Bank (EIB) and the Development Foundation of Armenia have signed a Memorandum of Understanding (MOU) aimed at deepening their cooperation to identify and support potential projects in sectors eligible for EIB financing in Armenia. These involve developing the local private sector, upgrading social and economic infrastructure and addressing climate change.

The MOU was signed on 12 June by Mr Klaus Trömel, EIB Secretary General, and Mr Arman Khachatryan, Chairman of the Development Foundation of Armenia, on the occasion of a visit to the EIB by Mr Karen Chshmaritian, Minister of Economy of the Republic of Armenia.

The objective of the MOU is to further deepen the well-developed and close cooperation between the EIB and Armenia, which is focused on providing support to the economic and social development of the country, thereby improving the life of Armenia’s citizens.

Currently, the EIB lending commitment in Armenia covers ten projects and amounts to some € 212 mln. It supports a well-diversified investment portfolio important for the country’s development in the areas of transport, public transport, energy and water sector infrastructure, as well as SME support. The two parties discussed the future priorities of EIB activities in Armenia and the promising pipeline of new operations for the upcoming years.

**EIB supports power interconnection between Tajikistan and Kyrgyzstan**

11 June 2015

The European Investment Bank (EIB) has lent € 70 mln to Tajikistan to finance the construction of a 500 kV electricity power transmission line of 477 km to interconnect Tajikistan and Kyrgyzstan’s electricity networks and a 120 km line to strengthen the internal backbone network of Tajikistan. The objective is to increase the reliability of the electricity systems and allow development of the regional electricity trade in Central Asia.

The EIB will also finance the extension of three existing power substations: two in Tajikistan and one in Kyrgyzstan, and the construction of a new 500/220 kV substation located in Tajikistan.

The project is a part of a larger regional electricity scheme, the “Central Asia - South Asia Electricity Transmission and Trade” (“CASA-1000”) initiative, covering four Asian countries - Tajikistan, Kyrgyzstan, Afghanistan and Pakistan. It is essential for developing the conditions for sustainable trade in renewable electricity based on electricity generation from renewable hydropower resources in the countries concerned. It will alleviate shortages of power supply in the aforementioned South Asian countries and enhance export revenues in Tajikistan and Kyrgyzstan.

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EU Bank works towards supporting the agri-food sector in the Ukraine

5 June 2015

The European Investment Bank (EIB) and Ukraine have signed a Declaration of Intent to start a new initiative in the field of financing projects in the agri-food sector, to help the country benefit from the opportunities offered by the Deep and Comprehensive Free Trade Area ("DCFTA") established by the Association Agreement with the European Union.

The EIB will co-operate with Ukraine in order to establish a facility providing financing for selected value chains in the local agri-food sector. Such a facility would finance investments that strengthen the competitiveness of these value chains, in particular in the context of the DCFTA. The EIB would thus provide a sovereign loan to Ukraine that would further be on-lent by the government of Ukraine, via local financial institutions or directly, to support private and public entities within the selected value chains.

The project is expected to be supported further by the EU through grants made available by its Neighbourhood Investment Facility for blending and capacity building purposes.

The EIB has significantly stepped up its lending activity in the Eastern Partnership countries during the last four years to reach a record level of €1.2 bln in 2014. To date, EIB lending commitments amount to some €3.1 bln in Ukraine.


IFC Helps Countries in Europe and Central Asia Expand Access to Finance for Small Businesses

11 June 2015

IFC, a member of the World Bank Group, opened a conference here today to help countries in Europe and Central Asia explore the use of movable assets as loan collateral to improve access to finance for entrepreneurs and small businesses.

The two-day event highlights movable assets-based financial products and global best practices to regional financial institutions. Participants have come from Azerbaijan, Kazakhstan, China, the Kyrgyz Republic, Tajikistan, Tanzania, and Uzbekistan, as well as the World Bank Group.

Most small businesses have movable assets, such as vehicles, equipment, inventory, and accounts receivables. But financial institutions rarely accept these items as collateral. As a result, these businesses are unable to access the funds they need to grow and banks miss out on a viable market. Movable assets-based lending helps financial institutions unfreeze capacity and enable further growth.

This initiative is part of IFC’s Central Asia Financial Markets Infrastructure Project, implemented by the World Bank Group Finance and Markets Global Practice. The project aims to strengthen the financial infrastructure in Central Asia, the Caucasus, and the Western Balkans. The project is funded by the Government of Switzerland and Development Bank of Austria (OeEB).


IMF Staff Concludes Visit to Azerbaijan

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A mission of the International Monetary Fund (IMF) led by Raja Almarzoqi visited Baku during June 2-8, 2015, to assess macroeconomic developments and prepare for the Article IV Consultation mission in December 2015.

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

"Since late 2014, the Azerbaijani economy has been hit by the steep decline in oil prices, the strength of the U.S. dollar, and the wave of currency depreciations in the region that led to a sizable devaluation of the manat in February. The devaluation has improved the government’s balance sheet but raised financial vulnerability concerns, following the sharp rise in dollarization and affecting banks’ capital and manat liquidity. The Central Bank of Azerbaijan’s (CBA) reserves have broadly stabilized since mid-April, covering now a still comfortable 7 months of imports (external buffers including the oil fund amount to about 35 month of import cover).

The near-term macroeconomic outlook has deteriorated considerably. Non-oil GDP growth is expected to decelerate to 3.5 percent this year as the sizable fall in export revenue and the slow down in public investment will spillover in the private sector demand, already weakened by some loss of confidence after the devaluation. Some recovery in oil prices next year should help bring the non-oil growth to nearly 4.5 percent in 2016. Inflation is likely to reach 8.5 percent in 2015, due to lower demand and government’s action to prevent price increases early this year. With low oil prices, the current account surplus will narrow to 5 percent of GDP while the fiscal balance will swing into a deficit of about 7 percent of GDP. A sharp and possibly sustained decline in GDP cannot be ruled out if oil prices fall further or the post-devaluation stress in the banking system is larger than anticipated.

The mission supports the government’s plan to adjust fiscal spending to the new reality of substantially lower oil prices. The envisaged under-execution of the approved 2015 budget and the plans to present to the parliament a 2016 budget based on an oil price of $50 per barrel will help limit oil fund withdrawals, reduce risks of post-devaluation inflationary pressures, and bring public investment to more sustainable levels, consistent with capacity constraints and a strengthened focus on project efficiency. The implementation of recommendations from the recently concluded public expenditure and financial accountability assessment with the World Bank along with the submission of draft legislation to parliament in the Fall 2015 to put in place a pension reform consistent with recent IMF technical assistance (TA) will bring credibility to the medium-term fiscal consolidation strategy.

to have driven the 2014 current account deficit to around 9 percent of GDP, from an average of 3.3 percent during 2011–13. The exchange rate to the US dollar has been depreciating, notwithstanding efforts to slow that depreciation, and inflation is projected to reach double digits in 2015 due to exchange rate pass through.

Base and broad money expanded at a relatively moderate pace—13 percent and 7 percent, respectively—in 2014; private credit growth, however, remained robust at 32 percent. The placement of government deposits and National Bank of Tajikistan (NBT) foreign exchange deposits at commercial banks throughout 2014 supported the liquidity of several large banks and the refinance rate signaled loose monetary conditions for much of the year, with the NBT holding the rate at or below zero in real terms until late December 2014.


**IMF Managing Director Issues Statement on Ukraine**

12 June 2015

Ms. Christine Lagarde, the Managing Director of the International Monetary Fund (IMF), addressed the following letter about Ukraine to Members of the Financial Community on June 12, 2015:

The Ukrainian authorities have embarked on an ambitious economic program for 2015–18 aiming at deep-reaching macroeconomic adjustment and structural reforms. It includes a substantial fiscal consolidation and energy sector reforms, the rehabilitation of the banking system, the build-up of the National Bank of Ukraine’s (NBU) international reserves to prudent levels, and the improvement of the business environment to enhance the productive potential of the economy. The economic program is being supported by exceptional financing from the IMF under the recently approved extended arrangement (EFF) as well as by financial assistance from the EU, U.S., other International Financial Institutions, and bilateral partners.

For completion of the first program review, and in general for the program to go forward, IMF policies require, among other things, an assessment that the program is fully financed and public debt is sustainable with high probability. Achieving this depends critically on financial support from Ukraine’s private creditors, in addition to the significant assistance already committed from official partners. In this context, the IMF attaches great importance to reaching the three objectives under the debt operation announced by the authorities, namely (i) generating $15.3 bln in public sector financing during the program period; (ii) bringing the public and publicly guaranteed debt/GDP ratio to under 71 percent of GDP by 2020; and (iii) keeping the budget’s gross financing needs at an average of 10 percent of GDP (maximum of 12 percent of GDP annually) in 2019–25.

To ensure economic and financial stability, these objectives need to be achieved in a manner consistent with maintaining a strong international reserves position over the medium term, in line with projections under the program. In this regard, the NBU’s international reserves cannot be used for sovereign debt service without the government incurring new debt, which would be inconsistent with the objectives of the debt operation. Ultimately, Ukraine’s debt repayment capacity is limited by its fiscal capacity.

Rapid completion of the debt operation with high participation is vital for the success of the program, since Ukraine lacks the resources under the program to fully service its debts on the original terms. The IMF, in general, encourages voluntary pre-emptive agreements in debt restructurings, but in the event that a negotiated settlement with private creditors is not reached and the country determines that it cannot service its debt, the Fund can lend to Ukraine consistent with its Lending-into-Arrears Policy.

**IDB, Bill Gates and Donors to Fund $2.5 Bln Poverty Program**

15 June 2015

The Islamic Development Bank (IDB) and the Bill & Melinda Gates Foundation have formally launched a $500 mln grant facility, to be known as The Lives & Livelihoods Fund, to address poverty and diseases in IDB member countries. Through this innovative facility, IDB, the Gates Foundation and other donors will support over five years poverty-focused programs worth $2.5 bln in primary healthcare, disease control, smallholder agriculture and basic rural infrastructure in IDB member countries, especially in low income countries.

The announcement was made by the IDB Group Chairman, Dr. Ahmad Mohamed Ali and Mr. Bill Gates, Co-Chair of the Bill & Melinda Gates Foundation, at a high level event during the 40th Annual Meeting of the IDB Group held in Maputo, Mozambique. Dr. Ali stated that the $500 mln from The Lives & Livelihoods Fund will be deployed alongside $2 bln from IDB to scale-up support to pro-poor programs in IDB member countries over 5 years. He also announced the $100 mln grant contribution of IDB shareholders to the Fund, through the Islamic Solidarity Fund for Development (ISFD), the poverty alleviation arm of IDB.

Dr. Ali thanked Mr. Bill Gates for his personal commitment and unequivocal support, and for agreeing to contribute up to $100 mln to the Fund. Dr. Ali and Mr. Gates called on donors to support the Fund by contributing the remaining $300 mln of grant funding over five years.

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**Bond issues**

**IDB Raises Sukuk Issuance Ceiling from $10 Bln to $25 Bln**

15 June 2015

The 305th session of the Board of Executive Directors (BED) of the Islamic Development Bank held last week in Maputo, Mozambique, in conjunction with the 40th Annual Meeting of the Board of Governors of the IDB Group in the Mozambican capital, under the chairmanship of H.E. Dr. Ahmad Mohamed Ali, Chairman of the IDB Group, approved raising the current limit of the Bank’s medium term Sukuk issuance program from $10 bln to $25 bln.

On this occasion the BED commended the success recorded by the Sukuk Issuance Program since it began in 2003. The Board stated that this is a reflection of the high status and confidence that the Bank continues to enjoy in the international financial arena, in which IDB has been rated more than 12 consecutive years with “AAA” , the highest international credit rating available, by the three major international credit rating agencies – Standard & Poor’s, Fitch and Moody’s. This is in addition to the designation of the IDB as “Zero-Risk Weighted” Multilateral Development Bank by the Basel Committee on Banking Supervision in 2004 and by the European Commission in 2007.

The $10 bln so far raised as part of the IDB’s Sukuk program have been utilized to finance various development programs in member countries, particularly infrastructure projects. This is at a cost much lower than that of the beneficiary countries if they had raised the funds themselves from the international markets.

During the meeting, the Board approved participation in several development projects in member countries and some Muslim communities in non-member countries for $450 mln. Details of this participation are as follows:

I:- Development Projects:

- Republic of Mozambique: $200 mln for participation in electricity transmission from Shimuwara village in central Mozambique to Nakala in the north to meet the growing demands for electricity. The project entails the expansion of the electricity network infrastructure to ease transmission of electricity from the proposed new production stations in the west-central of Mozambique by 2019.
- Republic of Kazakhstan: Provision of $70 mln for the importation of agricultural equipment as contribution to the development of the country’s agricultural sector.
- Kyrgyz Republic: Provision of $12 mln for the reconstruction of the alternative 50 km expressway linking the northern part of the country to the south. The sector in which the IDB would contribute in financing is the one linking Bilkishi and Jalalabad cities.

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IsDB «AAA» Rating reaffirmed by Fitch Ratings

28 June 2015

The Islamic Development Bank “AAA” credit rating was affirmed with a “Stable Outlook” by Fitch on 23 June 2015. The ratings and the stable outlook reflect the intrinsic strengths of IsDB; in particular its strong capitalisation, high liquidity levels and well-diversified portfolio compared with other regional multilateral development banks (MDBs). Fitch also recognized the Islamic Development Bank (IsDB)’s capitalisation as being among the strongest in the universe of MDBs.

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

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World Bank Announces Its 100th Green Bond – An Equity Index-Linked Note For Retail Investors In The U.S.

1 June 2015

The World Bank (International Bank for Reconstruction and Development or IBRD, rated Aaa/AAA) is pleased to announce that it is offering unsecured and unsubordinated debt securities based on the performance of the Ethical Europe Equity Index (the “Notes”) in the United States. This follows the successful conclusion of its first equity-linked green bond for retail investors in the United States which was issued on May 22, 2015.

BNP Paribas Securities Corp. assisted the World Bank to develop the Notes, and will also underwrite the issue. The Notes will be offered to investors in the United States beginning June 1st 2015.

Since its first green bond launched in 2008, the World Bank has raised over $8.3 bln through about 99 green bonds in 18 different currencies all over the world. This transaction will be the World Bank’s 100th green bond. This centennial issuance is the latest milestone for the World Bank, a pioneer of the growing green bond market.


World Bank Responds to Investor Demand for Safety and Stability with a New USD Global Bond

16 June 2015

The World Bank (IBRD, Aaa/AAA) priced a $3.5 bln long 2-year transaction, responding to demand for safe haven, cash alternative assets amidst global market uncertainty. In the context of significant market volatility, the oversubscribed, high-quality orderbook was characterized by extremely strong central bank and official institution demand. There were over 70 orders from investors across the globe taking part in the transaction. The long 2-year represents the sixth and final World Bank USD benchmark transaction of its 2014-2015 fiscal year and refreshes the short-end of the World Bank curve with a new liquid reference point in advance of the new fiscal year. The joint-lead managers for this global bond are BNP Paribas, Citigroup, Goldman Sachs and JP Morgan.

The long 2-year USD benchmark carries a semi-annual coupon of 1.000% and matures on November 15, 2017. It offers investors a yield of 1.004%, which is equivalent to a spread of 32.25 basis points over the 0.625% U.S. Treasury note due May 2017, and 10 basis points below mid-swaps, again achieving the tightest mid-swap spread seen in a supranational issuer this year.

http://treasury.worldbank.org/cmd/htm/World-Bank-Responds-to-Investor-Demand-for-Safety-and-
World Bank’s Green Growth Bond 07/2023 for Italian Retail Investors Closes at $83.54 Mln

16 June 2015

The World Bank (International Bank for Reconstruction and Development or IBRD, rated Aaa/AAA) is pleased to announce that the total issue amount of green bonds linked to the performance of the Ethical Europe Equity Index, known as World Bank Green Growth Bonds, has exceeded $500 mln in total notional outstanding. This milestone was reached following the successful conclusion of the World Bank’s first Green Growth Bond for retail investors in Italy (Green Growth Bond 07/2023), which closed on Friday, June 12, totaling $83.54 mln.

The World Bank first issued a green bond linked to the Ethical Europe Equity Index in August 2014, a €50 mln private placement with BNP Paribas Cardif. Since then, the World Bank has issued a series of Green Growth Bonds - both institutional private placements as well as retail offerings, across geographical regions and investor bases. The World Bank’s first equity index-linked Green Growth Bond for retail investors was in Belgium in January 2015, for a total of $91 mln. Thereafter, the World Bank diversified the program to reach other investors in Europe, including Switzerland, Luxembourg and France, as well as investors in Asia (Hong Kong and Singapore) and the US. Following the close of the subscription period for the most recent Green Growth Bond 07/2023 for Italian retail investors, the World Bank has raised more than $500 mln through Green Growth Bonds - approximately $365 mln from international retail and high net worth investors and approximately $165 mln through institutional private placements with European insurance companies, pension funds and private banks.

Green Growth Bonds form part of the World Bank’s Green Bond program. Since its first green bond launched in 2008, the World Bank has issued 100 green bonds in 18 currencies, totaling over $8.4 bln equivalent.


World Bank Launches Bond in Zambian Kwacha

18 June 2015

Today, the World Bank (International Bank for Reconstruction and Development, IBRD, rated Aaa/AAA) launched a Zambian Kwacha (ZMK) 200 mln 5-year fixed rate note. This is the fourth ZMK bond issued by the World Bank since its last issuance in 2014.

The sole underwriter for the transaction is J. P. Morgan Securities plc.

Transaction Summary:
Issuer: World Bank (International Bank for Reconstruction and Development, IBRD)
Issuer rating: Aaa/AAA
Amount: ZMK 200 mln (USDeq. 27.4 mln)
Settlement date: June 29, 2015
Maturity date: June 29, 2020
Issue price: 100%
Coupon: 14%
Denomination: ZMK 10,000
Listing: Luxembourg Stock Exchange
Clearing system: Euroclear / Clearstream
Lead manager: J. P. Morgan Securities plc.
ISIN: TBD


World Bank Issues its First iSTOXX Europe ESG Index-Linked Green Bond

18 June 2015

Today, the World Bank (International Bank for Reconstruction and Development, IBRD, rated Aaa/AAA), announced its first iSTOXX Europe ESG index-linked green bond (the “Notes”) for institutional
investors in Europe. The $50 mln 10-year structured World Bank Green Bond is linked to the performance of the Euro-denominated, price return variant of the iSTOXX Europe ESG Select 30 Index. World Bank Green Bonds raise funds for projects seeking to mitigate climate change or help affected people adapt to it. Examples of the types of projects supported by World Bank Green Bonds include renewable energy installations, energy efficiency projects, and new technologies in waste management and agriculture that reduce greenhouse gas emissions and help finance the transition to a low carbon economy. They also include financing for forest and watershed management and infrastructure to prevent climate-related flood damage and build climate resilience.

Since its inaugural green bond in 2008, the World Bank has now raised more than $8.5 bln equivalent through over 100 green bonds in 18 currencies.

Summary Terms of the Notes:
Issuer: World Bank (International Bank for Reconstruction and Development, IBRD)
Issuer rating: Aaa/AAA
Amount: $50 Mln
Settlement date: July 3, 2015
Coupon: 0%
Maturity date: July 3, 2025
Redemption Amount: 100% + a Supplemental Payment Amount linked to performance of the iSTOXX Europe ESG Select 30 Index multiplied by a Participation Rate (PR).
Issue price: 100%
Listing: Luxembourg Stock Exchange
Clearing systems: Euroclear, Clearstream
Lead managers: J.P. Morgan Securities plc.

Armenia

Energy

World Bank Supports Exploration of Geothermal Resources in Armenia

8 June 2015

The World Bank Board of Executive Directors today approved a $8.55 mln grant for the Geothermal Exploratory Drilling Project (GEDP) for Armenia. The new project is to confirm whether the geothermal resource at the Karkar field is suitable for power generation and, if confirmed, to involve the private sector in the development of a geothermal power plant.

The objective of the Government is to construct a geothermal power plant at the Karkar site in Sjunik region upon the confirmation of the availability of the resource. Unlike other renewable energy technologies, such as wind, solar, and hydro, it is not possible to validate the geothermal resource with sufficient confidence for commercial development without performing exploratory drillings at depth to assess specific parameters of the geothermal field.

The selection of the Karkar site for exploratory drilling is based on field investigation works completed for two prospective sites, which were deemed the most promising by the local and international geothermal experts. The field investigation works at the prospective sites were supported under the Armenia Geothermal Project, financed by the Global Environmental Facility (GEF) and completed in 2012.

The Government will use Scaling-up Renewable Energy Program (SREP) resources for Stage 1 of the Karkar geothermal project to carry out the exploratory drilling and, if the resource is confirmed, to assess the feasibility of a geothermal power plant at Karkar and support involvement of the private sector for the full development of the geothermal power project.

Stage 2 of the Karkar project would be the construction of a geothermal power plant. The early-stage analyses suggested that a 28 MW geothermal power plant with a total estimated cost of US$90-100 million could potentially be constructed at the site. The potential geothermal power plant could be developed with a mix of public and private capital. In addition. The development of geothermal power would contribute to the reduction of greenhouse gas emissions.

The R2E2 Fund will implement the project since it has the required capacity and experience in implementing Bank financed projects. The Fund is a non-profit organization established by the Government in 2005 with the mandate to promote the development of renewable energy and energy efficiency markets in Armenia and to facilitate investments in these sectors.
Kazakhstan Signs Loan Agreement on Fostering Productive Innovation Project

9 June 2015

The Government of Kazakhstan signed a $88 mln loan agreement today with the World Bank to foster productive innovation in Kazakhstan. The five-year project will be implemented by the Ministry of Education and Science of the Republic of Kazakhstan to promote high-quality and nationally relevant research and commercialization of technologies.

The loan agreement was signed by Bakhyt Sultanov, Minister of Finance, on behalf of the Government of the Republic of Kazakhstan, and Ludmilla Butenko, Country Manager for Kazakhstan, on behalf of the World Bank (International Bank for Reconstruction and Development). The project is the first in a series under the Partnership Framework Arrangement signed in May 2014 between the World Bank and the Government of Kazakhstan.

The 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 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 the social sector.

The total project cost is $110 mln, including $88 mln financing from the World Bank and $22 mln co-financing from the Government of Kazakhstan. The project will be launched once it is ratified by the Parliament of the Republic of Kazakhstan.


World Bank Helps Identify Agricultural Risks for Kazakhstan

3 June 2015

The World Bank’s "Agricultural Risks Study on Kazakhstan and Central Asia" was discussed today in Astana.

The study finds that agricultural production in Kazakhstan varies by about 27 percent from one year to the next, mainly due to fluctuations in weather. Rising temperatures associated with climate change are projected to amplify this annual variability, with increasing vulnerability to drought, pests and diseases, particularly in the case of wheat - the country's leading crop. In the northern steppe and forest steppe, where crop production is generally rain fed, grain production experiences a serious drought two out of every five years.

The concentration of crop production into wheat has grown since the Soviet period, and today accounts for some 85 percent of the total area planted with cereals. This specialization has come at the expense of forage crops, and more generally at the expense of the kind of crop diversification that is associated with adaptation capacity and climate smart agriculture.

Responding to a request by the governments of Central Asia, the World Bank carried out the National Agriculture Sector Risk Assessments for Kazakhstan, Kyrgyz Republic, and Tajikistan.

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

1 June 2015

The World Bank has updated its economic outlook for Russia for 2015 and 2016 to reflect a further stabilization of global oil prices. The new most likely scenario is more optimistic and assumes an average oil price of $58.0 per barrel for 2015 and of $63.6 per barrel for 2016.

On this basis, real GDP is projected to contract by 2.7 percent in 2015, before reaching 0.7 percent in 2016, and 2.5 percent in 2017. This is an improvement to the Bank’s April outlook when real GDP was projected to contract by 3.8 percent in 2015 and modestly decline by 0.3 percent in 2016.

Consumption is projected to decline in 2015 and 2016, following a negligible expansion in 2014. Investment activity would recover slowly in 2016 and more prominently in 2017, contingent on a removal of lingering structural problems and improvement in business and consumer sentiments, as sanctions are expected to phase out by the end of 2016.


**ADB Operations in Tajikistan Remain Strong – Performance Review**

2 June 2015

The performance of projects and programs supported by the Asian Development Bank (ADB) in Tajikistan remains strong; they have successfully helped improve people’s lives through better road connectivity and more reliable power supply.

These were among the key findings of the Annual Country Portfolio Performance Review conducted by ADB and the Government of Tajikistan recently.

The findings were presented at a meeting with government officials, project implementation units, and ADB staff last week. The meeting was jointly chaired by Kodiri Kosim, Chairman of the State Committee on Investments and State Property Management, and Mr. Yu.

Tajikistan joined ADB in 1998 and as of 31 December 2014, ADB’s cumulative commitments to Tajikistan totaled around $1.3 bln comprising 23 loans for $373 mln, 27 grants for $853 mln, and 75 technical assistance grants for $51 mln. Around 83% of ADB’s portfolio is concentrated in three key sectors: energy (36%), transport (35%), and agriculture and natural resources (12%).

The Government and ADB successfully resolved issues identified during previous portfolio reviews, including strengthening monitoring and evaluation capacity of implementing agencies, and improving project linkages to sector institutional frameworks.

The review also showed improvements in many areas of ADB operations, including timely submission of audited financial statements and better safeguard performance. The Government and ADB will continue to further improve procurement processes for projects and programs, with ADB planning a procurement risk assessment for Tajikistan in 2015.


**World Bank Scales Up Project on Improved Primary Health Care Services in Tajikistan**

22 June 2015

The World Bank Board of Executive Directors approved today an allocation of additional financing of $10 mln from the International Development Association for the Tajikistan Health Services Improvement Project, which, since August 2013, is working to improve the coverage and quality of basic primary health care services in Tajikistan.
The Tajikistan Health Services Improvement Project aims to improve maternal and child health by piloting a performance-based financing (PBF) scheme, under which incentive payments are provided to rural health facilities for better coverage and quality of basic primary health care services. Currently it is implemented in eight districts of Khatlon and Sughd regions, covering 314 health facilities and approximately 1.86 million people.

The project focuses on the following main activities: piloting the use of performance-based incentives to primary health care facilities; training of primary health care doctors and nurses; reconstruction of selected primary health care facilities and provision of basic medical equipment; and building capacity at the central, regional, and district levels to manage and implement the PBF scheme. The additional financing will support the scaling up of these activities to an additional four districts in Khatlon, the Regions of Republican Subordination, and Badakhshan provinces. It will also finance the reconstruction of over 20 additional primary health care facilities.


Agriculture

World Bank Helps Create Temporary Employment Opportunities in Agriculture in Tajikistan

22 June 2015

The World Bank Board of Executive Directors approved today an allocation of additional financing of $12 mln from the International Development Association for the Second Public Employment for Sustainable Agriculture and Water Resources Management Project (PAMP-2), which focuses on improving agricultural production and creating temporary employment in rural districts of Tajikistan.

The Second Public Employment for Sustainable Agriculture and Water Resources Management Project was launched in June 2013 to benefit 770,000 people residing in twelve districts of Tajikistan through temporary public employment and rehabilitation of important irrigation and drainage infrastructure. It also supports the development of improved policies and institutions for water resource management, including by providing support to the Water User Associations and building capacity of the irrigation sector institutions in Kofarnihon river basin. Up to date, the project created temporary employment opportunities for over 11,000 people, as a result of which is 3,350 kilometers of irrigation canals were manually cleaned. The project is financed by the Global Agriculture and Food Security Program and International Development Association grants at total amount of $45.9 mln.

The Additional Financing of $12 mln will expand the public works component of the PAMP-2 project in order to create additional temporary employment opportunities for 10,000 more vulnerable rural population in the view of the economic slowdown, decreasing remittances and anticipated risks to households’ food security. These activities will allow rehabilitating 2,800 km of irrigation infrastructure to improve irrigation of 70,000 hectares of land in six new districts, including Shahrtuz, Qabodiyon, Vakhs, Qumsangir and Dangara in Khatlon Oblast and Vahdat in the Regions of Republican Subordination. Increased employment opportunities in agriculture could be especially beneficial for women who make up more than half of the work force in agriculture.

The main implementing agency of the project is the Agency for Land Reclamation and Irrigation. All elements of the public works and infrastructure rehabilitation are implemented in close partnership with local authorities, Water User Associations, village leaders, and civil society organizations involved in the project implementation.


Good governance

World Bank Continues Supporting Public Financial Management Reforms in Tajikistan

1 June 2015

The World Bank Board of Executive Directors approved today an allocation of $10 mln to finance the Public Finance Management Modernization Project (PFM-2), which aims to improve the effectiveness and
transparency of public financial management in Tajikistan. The United Kingdom Department for International Development (DFID) is co-financing the project in the amount of $11 mln, bringing the total project cost to $21 mln.

The Public Finance Management Modernization Project-2 will continue supporting the Government of Tajikistan in improving the effectiveness, control and accountability of public expenditure. The project will support modernization of the automated financial management systems to strengthen the budget planning, budget execution, treasury, accounting and financial reporting functions across government entities. It will also strengthen accounting and financial reporting capacities of selected state-owned enterprises. The project will focus on strengthening the regulatory and institutional framework for public procurement and support implementation of an e-Procurement system. In addition, the project will help the Chamber of Accounts to develop and implement an appropriate audit methodology to carry out compliance and performance audits. In line with the Government’s E-Government Concept, the project will also provide support in strengthening the regulatory framework for e-Government services in Tajikistan, as well as in developing a pilot of selected e-Government services. The PFM-2 will be implemented by the Ministry of Finance of the Republic of Tajikistan from 2015 to 2021.

The Agency for Statistics under the President of Tajikistan (TajStat) has launched a new official poverty series and methodological note using a new approach in measuring poverty, marking a significant milestone in Tajikistan’s ability to monitor and strengthen the country’s poverty reduction efforts. The new National Poverty Measurement Methodology for Tajikistan was endorsed in April 2015 by Tajikistan’s Council for Poverty and Middle Class Measurement (Poverty Council) under the Ministry of Economic Development and Trade. The new approach is based on international best practice and was developed in partnership with the World Bank Group and with financial support from the UK’s Department for International Development (DFID).

The World Bank Group and the Government of Tajikistan have been partnering in collecting, analyzing, and reporting high-quality poverty data. A series of trainings, study tours, and conferences were organized to strengthen the capacity of the TajStat and the Ministry of Economic Development and Trade, making TajStat equipped to measure poverty independently using this new approach. The methodology is a critical step in the design and monitoring of Tajikistan’s National Development Strategy for 2016-2030 and Mid-Term Development Strategy for 2016-2020, as it will help the Government to collect comprehensive and reliable household data and to report on poverty trends and indicators on a regular basis.

The World Bank Group and DFID will continue to work with TajStat and the Poverty Council to further improve the management and implementation of the Household Budget Survey in Tajikistan to enable its wider use and utilization for broader policy decisions.

The figure below shows poverty trends in Tajikistan calculated by TajStat using the approved methodology and Household Budget Survey data, and reported on a quarterly basis. The national poverty rate in Tajikistan dropped from 37.4 percent to 32 percent between 2012 and 2014, and the extreme poverty rate (measured by food poverty line at 2,250 Kcal per person a day) dropped from 20 percent in 2012 to 16.8 percent in 2014.


VEB and CO.MO.I. Group SA intend to continue working on creation of VEB’s customers financing mechanism
In the course of St. Petersburg International Economic Forum Vnesheconombank and CO.MO.I. Group SA signed a Letter of Intent.

On behalf of Vnesheconombank the Letter was signed by Chairman Vladimir Dmitriev and on behalf of CO.MO.I. Group SA - by Managing Director Tarcisio Picco. The parties agreed to continue joint cooperation on arranging trade financing of Vnesheconombank’s customers under their contracts with Italian suppliers.

CO.MO.I.Group SA is an international group of companies established in 1984. It is comprised of companies based in Italy, Luxemburg and Switzerland. The Group is specializing in providing services to private corporate customers in assets trust management as well as in providing consulting services.


18 June 2015

State Corporation ‘Bank for Development and Foreign Economic Affairs (Vnesheconombank)’ and the Federal Agency for Research Organizations (FARO) entered into an agreement on cooperation.

On behalf of Vnesheconombank the agreement was signed by Chairman Vladimir Dmitriev and on behalf of FARO - by its Head Mikhail Kotyukov.

The agreement provides for developing all-round and efficient cooperation to enhance public private partnership that is instrumental in implementing investment projects. The parties identified the following basic lines of their cooperation:

• developing innovation activities that make it possible to identify technological innovations as a result of research and development;
• enhancing research activities focused on developing new products and technologies;
• creating conditions for introducing research and development results in the real economy.

The Federal Agency for Research Organizations (FARO) is a federal executive authority responsible for regulatory and legal regulation and for providing government services on organizing activities undertaken by its subordinate organizations in such sectors as science, education, healthcare, agro-industrial complex as well as in managing federal property of its subordinate organizations. The Agency performs functions and exercises powers of the founder and the owner of federal property vested in its subordinate organizations. The Agency is run by the Government of the Russian Federation.