Activities of multilateral development banks.
Information digest.

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**Eurasian Development Bank**

**Municipal and Environmental Infrastructure**

**ESDF and the Government of Armenia negotiate an investment credit for Armenia**

16 July 2015
The delegation of Eurasian Development Bank (EDB), as the Resources Manager of the Eurasian Stabilisation and Development Fund (ESDF), headed by Artak Azizyan, Head of ESDF Programmes, negotiated with the Government of Armenia the provision of investment by the ESDF for the Modernisation of Irrigation Systems project. The Armenian side was headed by Armen Gevorgyan, Deputy Finance Minister.

The sides agreed on a draft loan agreement, which will soon be presented to the ESDF Council for review. The agreement is preliminarily scheduled to be signed in September 2015.

The five-year Modernisation of Irrigation Systems project, with a total finance of $50 mln ( $40 mln provided by the ESDF as a soft loan, and $10 mln co-financed by Armenia) is expected to start in late 2015 — early 2016. It is part of the long-term national programme to rehabilitate and reconstruct the irrigation and drainage network in Armenia. The project aims to build and restore eight gravity systems (70.4 km), 8.1 km of main canals, 54.1 km of inter-farm canals, and 277.8 km of on-farm canals throughout Armenia.

It also plans to improve water users’ responsibility and management of water user associations.


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Kyrgyzstan

Council of the EFSD approves investment loans to Armenia and Kyrgyzstan

7 July 2015

The Council of the Eurasian Fund for Stabilisation and Development has approved two investment loans — to Armenia and Kyrgyzstan.

The investment loans will be provided to finance the projects of Irrigation System Modernisation in Armenia in the amount of $40 mln and Toktogul HPP Rehabilitation (Phase 2) in Kyrgyzstan in the amount of $100 mln.

At the meeting Council of the Fund also approved the Annual Report of Eurasian Development Bank on its activity as the EFSD Resources Manager for 2014.

The Council of the Fund has taken a decision in principle to provide a financial credit of $40 mln to Tajikistan in 2015-2016, while requesting the Manager and the Government of Tajikistan to work further on certain measures in the reform matrix to be supported with the credit. The Manager has also been instructed to continue preparation of its appraisals of requests from Armenia and Belarus for financial credits.

http://acf.eabr.org/e/info_acf_e/acfnews_info_acf_e/index.php?id_35=48821

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European Bank for Reconstruction and Development

EBRD and Idea Bank support Belarusian SMEs

6 July 2015

The European Bank for Reconstruction and Development (EBRD) is providing up to €7 mln to privately owned Idea Bank of Belarus under its framework facility to support local small and medium-sized businesses in the country.

Idea Bank specialises in providing financial services to over 800,000 clients, including micro, small and medium-sized businesses in Belarus. With a good network of branches and outlets across the country, it is well positioned to provide much needed longer maturity loans to domestic SMEs.

Belarusian small businesses contribute around 23 per cent to national GDP – this is more than in neighbouring countries such as Russia or Ukraine.

EBRD arranges $300 mln syndicated loan for Kazakh Railways

27 July 2015

The European Bank for Reconstruction and Development (EBRD) and a group of international commercial banks are providing a syndicated financing package of $300 mln in support of a comprehensive modernisation and restructuring programme of the Kazakhstani rail operator, Joint Stock Company National Company “Kazakhstan Temir Zholy” (KTZ).

KTZ is a national railway company which manages railway infrastructure and operates freight and a large share of passenger train services.

The EBRD will extend $150 mln of this amount for its own account and syndicate the remaining $150 mln to commercial banks. The syndicate comprises the following banks: Citibank, NA, London branch; Mizuho Bank, Ltd; Société Générale; Sumitomo Mitsui Banking Corporation; and the Bank of Tokyo-Mitsubishi UFJ, Ltd.

The signing ceremony took place in the EBRD headquarters in London, in the presence of representatives of the EBRD, KTZ and the Embassy of the Republic of Kazakhstan in the UK.

The proceeds of the loan will be used to refinance KTZ’s eurobonds.

As part of the project, the EBRD will engage with KTZ on tariff system reform and the ongoing business transformation of the company. KTZ will also continue to implement sustainable energy technologies, which are a constant feature of its long-term cooperation with the EBRD.


Switzerland and EBRD support water services in Naryn

23 July 2015

The Government of Switzerland and the European Bank for Reconstruction and Development (EBRD) are continuing to increase their contributions to modernise water and wastewater services in the Kyrgyz Republic, thus improving people’s quality of life.

The new investment will address huge water losses and the urgent need to upgrade water and wastewater infrastructure in Naryn, the city of 36,000 people situated en route to China.

The Government of Switzerland and the EBRD will provide a total of €5.2 mln to improve the water and wastewater infrastructure. The EBRD will provide a loan of up to €2 mln, while the Government of Switzerland will provide capital grants of €3.2 mln for the project.

In addition, the municipal water company in Naryn will be supported by technical experts to improve the financial and operational management of Naryn Water Company.


EBRD helps Italian cable producer La Triveneta Cavi expand in Moldova

16 July 2015

The European Bank for Reconstruction and Development (EBRD) is supporting the expansion plans of the Italian cable manufacturer La Triveneta Cavi in Moldova with a €6.2 mln loan to its Moldovan subsidiary La Triveneta Cavi Development SRL.

The EBRD funding will co-finance the company’s plans for the construction of a €17.2 mln greenfield cable manufacturing plant in the newly-created industrial park in Strășeni, some 20 kilometres from the Moldovan capital Chisinau.

The plant will produce low and middle voltage electrical cables for use in buildings, industrial processes,
power distribution, telecommunications and data transmission. It will have the capacity of 12,000 tonnes each year and will initially employ up to 100 people.

Based in Italy’s Vicenza province, La Triveneta Cavi has been in the cable industry since 1965. This new plant in Moldova is the first time the company has invested abroad. They chose Moldova because of its geographical position, lower energy and labour costs.

Driving foreign investment in partnership with innovative investors is a priority for the EBRD in Moldova. The Bank has previously financed the expansion of the German automotive component supplier Draexlmaier and the construction of a greenfield plant by the Austrian automotive cables manufacturer Gebauer & Griller, both located in the Free Economic Zone of Bălți, Moldova’s second largest city.


**EBRD provides syndicated loan to major Ukrainian sunflower oil producer**

15 July 2015

The European Bank for Reconstruction and Development (EBRD) is arranging an $40 mln syndicated working capital loan to a Ukraine’s major Ukrainian sunflower oil producer and exporter Industrial Group ViOil (ViOil). In doing this, the Bank is allocating new funds to support primary food processing – an important sector for the revival of the Ukrainian economy.

The facility will consist of an A-loan of up to $20 mln for the EBRD’s own account and a B-loan of up to $20 mln, which will be syndicated to to ING Bank N.V. The proceeds of these loans will finance ViOil’s working capital needs associated with its oilseeds crushing operations.

Ukraine’s oilseed crushing industry was responsible for nearly half of the world’s sunflower oil output in 2014. ViOil is a good example of an export-oriented domestic business: this financing fits well into the Bank’s crisis response strategy for the agribusiness sector in Ukraine.

The deal will also help ViOil provide much-needed pre-financing to local farmers supplying oilseeds to the Group, and support the launch of joint production of high-oleic crops and oil with local farmers.

Ukrainian agribusiness remains a key sector for the EBRD, which committed funding worth over €250 mln in 2014 alone.


**IFC Global Bond Raises $2.25 Bln for Private Sector Lending**

9 July 2015

IFC, a member of the World Bank Group, today issued a $2.25 bln, five-year global bond as part of its regular program of raising funds for private sector development lending.

The issue generated an order book of $3.25 bln. The bond yields 1.705%. It priced at a spread of 16.2 basis points over U.S. treasuries, marking a solid start to IFC’s borrowing program for the fiscal year ending June 30, 2016.

Consistent with IFC’s practice, the proceeds of this issue will be swapped into floating-rate U.S. dollar funds that will be available for IFC investments in emerging markets. IFC has issued dollar-denominated global bonds each year since 2000 and last issued a global dollar bond in July 2014. All IFC bond issuances are rated triple-A by Standard & Poor’s and Moody’s.

The transaction was lead managed by Citi, Credit Suisse, Goldman Sachs International and Toronto Dominion.

IFC plans to raise $17 bln across a range of markets and currencies during its current fiscal year. Borrowings denominated in U.S. dollars account for over half of IFC’s funding program, with a growing
The World Bank Group's Board of Executive Directors today discussed and endorsed the 2015-2020 Country Partnership Framework (CPF) for Azerbaijan. This CPF represents a five year joint strategy of the World Bank Group comprising the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA). It aims at supporting Azerbaijan on its path toward sustainable, inclusive and private sector-led growth.

The CPF is underpinned by the Systematic Country Diagnostics (SCD) for Azerbaijan, the World Bank Group's comprehensive analysis of economic conditions, challenges and constraints that the country faces in the short and longer term. It proposes a program that will help address a selected set of those constraints, and which is well aligned with Azerbaijan’s own development priorities and the World Bank Group’s global twin goal of reducing poverty and boosting shared prosperity.

Over the past decade, Azerbaijan has made remarkable progress in reducing poverty and boosting shared prosperity. Poverty incidence declined from close to 50 percent of the population in the early 2000’s to about 5 percent in 2013, accompanied by growth of the middle class from about 4 percent to 29 percent of the population during the same period. These achievements were largely accounted for by a stellar economic performance with an economic growth rate of 13 percent on average and substantial public spending from oil revenues. In the current environment of low oil prices, slowdown of oil production and uncertain regional economic prospects, Azerbaijan is looking for a new growth model in which the private sector will play a central role.

The CPF focuses on two areas: Public Sector Management and Service Delivery and Economic Competitiveness, which are supported by eight specific objectives. Under the CPF’s first focus area, the World Bank Group will help the country strengthen public resource management, facilitate public service delivery and improve the quality of environmental assets. Under the second focus area, the World Bank Group will provide support for improving selected infrastructure networks, increasing the country’s financial inclusion, reducing regulatory burden on the private sector, and supporting economic activities in rural areas. The themes of governance and gender are recognized as critical for effective management of resources, social inclusion and accumulation of diversified assets and, as such, will be duly addressed across the whole CPF program.

The CPF objectives will be achieved through a number of ongoing operations and new interventions, both as investment lending and technical assistance. Advisory and analytical work that will be carried out by the World Bank Group will underpin the proposed lending projects as well as cater to the government’s emerging needs with “just-in-time” responses.

Small & Medium Enterprises

IFC Helps MCB Leasing Support Small Businesses in Azerbaijan

16 July 2015
IFC, a member of the World Bank Group, is helping MCB Leasing Azerbaijan support small and medium enterprises (SMEs), increasing their access to finance, creating jobs, and further boosting economic growth in Azerbaijan.

IFC is providing a $3 mln loan to MCB Leasing, which is among the top 10 privately owned leasing companies in Azerbaijan and serves clients across the country. Access to finance is the second biggest challenge for businesses in Azerbaijan, according to the World Economic Forum’s Global Competitiveness Report 2014-2015. Leasing services help provide financing alternatives as they allow businesses to finance the purchase of the important assets they need.

The loan is also part of IFC strategy to support South-South investments. MCB Leasing is majority-owned by MCB Bank Pakistan, the third largest private Pakistani bank and a long-term IFC partner aiming to expand into new international markets.

http://ifcextapps.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/734D2BB06687BD3185257E8400373D3F

International Monetary Fund (IMF)

Development assistance

International Financial Institutions Announce $400 Bln to Achieve Sustainable Development Goals

10 July 2015

The multilateral development banks (MDBs) and IMF today signaled plans to extend more than $400 bln in financing over the next three years and vowed to work more closely with private and public sector partners to help mobilize the resources needed to meet the historic challenge of achieving the Sustainable Development Goals (SDGs).

The institutions—the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, World Bank Group (referred to as the MDBs), and the International Monetary Fund—announced their plans in the lead-up to the Third International Conference on Financing for Development in Addis Ababa, July 13-16.

The SDGs are ambitious and demand equal ambition in using the “billions” of dollars in current flows of official development assistance (ODA) and all available resources to attract, leverage and mobilize “trillions” in investments of all kinds—public and private, national and global.

ODA, estimated at $135 bln a year, provides a fundamental source of financing, especially in the poorest and most fragile countries. But more is needed. Investment needs in infrastructure alone reach up to $1.5 trillion a year in emerging and developing countries. Meeting the staggering but achievable needs of the SDG agenda requires everyone to make the best use of each dollar from every source, and draw in and increase public and private investment. The MDBs—the engines of development finance—are looking to a range of options for scaling up.


Kyrgyzstan

Bilateral Cooperation

Statement at the Conclusion of an IMF Staff Mission to the Kyrgyz Republic

15 July 2015

An International Monetary Fund (IMF) mission led by Edward Gemayel visited Bishkek from July 9-15, 2015, following approval on April 8 by the IMF Executive Board of a new three-year arrangement under the Extended Credit Facility (ECF).

At the end of the visit, Mr. Gemayel issued the following statement:

“The economy has been resilient in spite of the economic slowdown in Russia and the region, although the risks to the outlook remain on the down side. According to the National Statistics Committee preliminary June data, non-gold growth reached 4.4 percent and 12-month inflation slowed to 4.5 percent, notwithstanding the exchange rate depreciation of 5.8 percent since the beginning of the year.
However, worker remittances fell by 25 percent in the first 5 months of the year; trade continues to slow down, and nonperforming loans (NPLs) and deposit dollarization increased further.

"The pursuit of a sustainable fiscal policy is essential to preserve macroeconomic stability. Signs of fiscal slippages in the second half of this year in the run-up to the fall parliamentary elections are worrisome. In particular, the mission urges the government to avoid new recurrent spending commitments unless these are financed by new permanent measures to increase revenue. Following the appropriate pause in fiscal consolidation this year to accommodate the external shocks the economy is facing, it is critical that fiscal consolidation resumes in 2016. The mission encourages the government to prepare next year's budget in this spirit in order to maintain public debt at sustainable levels.

"The timely completion of the first review will hinge on the completion of key reforms. While the passage of the Banking Code through the first parliamentary reading is welcome, its downgrade to a law despite the efforts of the government, is a source of concern. It is critical that the final version of the Code preserves the key features of the legislation, which aims at modernizing the banking resolution framework in line with international standards and enhancing the independence of the central bank. The mission calls for the speedy initiation of the audit of the Debt Resolution Agency (DEBRA). Delays in making a decision regarding the signatory authority to select an auditor may result in missing the October deadline for finalizing the audit.


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21 July 2015

The New Development Bank (NDB) opened in Shanghai on Tuesday to finance infrastructure projects, mainly in BRICS countries.

BRICS countries are the world’s major emerging economies: Brazil, Russia, India, China and South Africa. BRICS leaders signed an agreement to establish the bank during their sixth summit in Brazil in July, 2014. The bank will start operations at the end of this year or early in 2016.

Chinese Finance Minister Lou Jiwei, Shanghai Mayor Yang Xiong and NDB President K.V. Kamath from India attended the opening ceremony.

The NDB will supplement the existing international financial system in a healthy way and explore innovations in governance models, Lou said at a seminar following the ceremony.

On the relations between the NDB and the AIIB, Lou said both the NDB, initiated by the five members of BRICS, and the AIIB proposed by China, showed how emerging economies could improve global infrastructure and reform global economic governance. The two will complement each other, as they are different in membership and have different directions. The global demand for infrastructure funding is huge, he said.

The NDB will have an initial authorized capital of $100 bln, and initial subscribed capital of $50 bln "equally shared" among the five founders.

Equal shares among the five members will ensure equal dialogue and serve as a model for innovation to global governance, said Xu Xiujuan, a researcher with the Institute of World Economy and Politics of the Chinese Academy of Social Sciences.

The five BRICS countries are home to 42.6 percent of the global population, 21 percent of the world's economy and nearly half of the world's forex reserves, but have been marginalized in the global financial landscape. For example, in the World Bank, the five have a total of only 13 percent of voting rights, while the United States alone holds 15 percent. A similar picture can be seen at the International Monetary Fund (IMF).

The IMF agreed in 2010 to give emerging economies greater vote in decision-making, but the reform has been blocked by the United States, despite the fact that more than 140 countries have approved it.

Other regional development banks are mainly dominated by developed countries. Developing countries complain that loans from organizations like the World Bank always come with strings attached.

Demand for new infrastructure is climbing across the world, but some rich countries are increasingly hesitant to lend, said Shen Yi, an expert on BRICS countries with the Fudan University in Shanghai.

Through improved infrastructure the NDB can make the sustainable growth of developing countries a
Development Banks Agree Common Approach to Measure Climate Finance

9 July 2015

The world's leading development finance institutions have taken an important step forward in tracking more consistently the flows of finance that help countries and people deal with the effects of climate change.

The six large multilateral development banks (MDBs) and the International Development Finance Club (IDFC), a network of national, regional and international development banks, have agreed on a common set of principles to track financial commitments that help countries prepare for and build resilience to the impacts of climate change.

The ability to track systematically the flows of finance that support climate adaptation makes an important contribution to helping societies deal more effectively with the negative effects of climate change.

Labelled, the Common Principles for Climate Change Adaptation Finance Tracking, the initiative builds on a similar agreement earlier this year to define and track mitigation finance, the funding aimed at combating climate change.

By increasing transparency of climate finance flows, the agreement on the two common principles for tracking climate finance will help to build confidence that money is flowing to help deal with this major global challenge.

It is an important signal ahead of this year's COP21 conference in Paris that aims to deliver a global agreement on climate.

The multilateral banks include 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.


World Bank issues $3.5 bln in a 10-Year Global

22 July 2015

The World Bank (IBRD, Aaa/AAA) today priced a $3.5 bln 10-year USD Global, its first Global bond of the new 2015-2016 financial year commencing July 1, 2015.

It represents the World Bank's first 10-year offering since their $4 bln Global in November 2014 and adds a new liquid point on the World Bank's USD curve in the 2025 segment. It is also the largest 10-year Global transaction by a supranational so far this year.

The transaction was significantly oversubscribed with over 80 orders, a final order book of $4.5 bln and strong Bank Treasury and Fund Manager Participation. The joint-lead managers for this global bond are Barclays, Deutsche Bank, HSBC and TD Securities.

The 10-year USD benchmark carries a semi-annual coupon of 2.5% and matures on July 29, 2025. It offers investors a yield of 2.535%, which is equivalent to a spread of 22.6 basis points over the 2.125% U.S. Treasury note due May 15, 2025.

Vnesheconombank Fulfills Its Obligations Under Domestic Series BO-01 Bonds Put Offer

21 July 2015

State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" on July 21, 2015 successfully fulfilled its obligations to purchase bonds from investors in the course of the put offer under its RUB 20 bln Series BO-01 exchange bonds issue.

The coupon rate of the bonds was set at 11.80% per annum till maturity in one year.

Under the current put offer Vnesheconombank bought 281,000 bonds with the total par value of about RUB 281.1 mln.

During the secondary placement of the purchased bonds the investors’ order book was closed in advance, as the demand for the Series BO-01 exchange bonds exceeded their offer many times.

Arrangers of the BO-01 exchange bonds put offer and secondary placement are REGION Broker Company and VTB Capital.