Activities of development bank in Eurasian countries. Information digest.

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Industry Studies, Strategy and Research Department

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ADB Supports Road and Water Sector Sustainability in Armenia

28 August 2014

The Asian Development Bank (ADB) approved a $49 mln loan and a technical assistance grant of $900,000 to support the sustainability of Armenia’s road and water sectors, which have deteriorated due to limited investments and challenges in the public management systems.

Armenia, a landlocked country, has a 7,700-km road network, much of which is substandard due to low investment and a lack of maintenance expertise. Efficient management of the road network is also hampered by a fragmented system of over 500 national, regional, and local managers who often have different capabilities and capacities. The country’s water services network is similarly challenged. Despite recent improvements, half the system needs upgrading and many rural residents lack access to clean piped water.

A unique feature of the program is blending the expertise and resources of government planning, finance, and sector agencies with civil society, user groups, and development partners. Together, all groups will help ensure a realistic course of action to address Armenia’s development needs in the road and drinking water sectors.

The program will produce a more integrated approach to road and water management with deeper reforms in both sectors. It has been designed in close coordination with the program beneficiaries and other development partners including the European Union, GIZ, KfW, IMF, and the World Bank to optimize synergies and support common development targets.

ADB’s Infrastructure Sustainability Support Program loan will be disbursed in two tranches subject to agreed-upon tranche release conditions. The $20 mln first tranche will be released when the loan becomes effective and the second tranche is planned for 2015. The technical assistance will complement the loan by improving capacity and ensuring effective and timely implementation of policy reforms.


Assets of Eurasian Development Bank made $4.3 bln for six months of 2014

6 August 2014

Eurasian Development Bank (EDB), rated by two major international rating agencies — Moody’s (A3) and S&P (BBB), has published its interim financial statements according to IFRS for six months of 2014.

For six months of 2014, EDB’s assets made $4,341.9 mln. The amount of loans disbursed
to customers increased by $130.9 mln or 5.6% over the reporting period, reaching $2,458.5 mln.

As at 30 June 2014, the Bank’s total liabilities were $2,707.0 mln, while the amount of debt securities issued by EDB made $2,439.8 mln, having declined during six months of 2014 by $345.8 mln or 12.4%.

For six months of 2014, EDB's total equity reached $1,634.9 mln.

EDB’s total comprehensive income comprised $2.7 mln for six months of 2014. At the same time, the Bank’s net profit went up to $5.8 mln compared to net loss of $37.9 mln for the same period of 2013.


Belarus

Mechanical engineering

**EDB to finance an upgrade of transformer production in Minsk**

18 August 2014

Eurasian Development Bank (EDB) will provide $15 mln to the Minsk Electrotechnical Plant named after Vasily Kozlov (METZ). The respective loan agreement on the financing of a project to upgrade transformer production was signed today in Minsk by Gennady Zhuzhlev, Deputy Chairman of the Management Board at EDB, and Alexander Radevich, General Director of METZ.

The loan will be used to re-equip manufacturing facilities with state-of-the-art high-tech equipment. The total project value is $55 mln. The loan agreement was made for seven years.

In accordance with the Bank’s Development Strategy for 2013-2017, this project is among investment priorities. It is particularly significant because energy-sector enterprises have a strong multiplicative effect on related sectors.

The main products of the plant are line transformers, low-power transformers, transformer substations, and low-voltage electric equipment.


Banking

**EDB to provide $10 mln to Belgazprombank**

29 August 2014

Eurasian Development Bank (EDB) will provide $10 mln to Belgazprombank (Belarus) to finance its clients’ projects.

In accordance with the documents signed the targeted loan facility will be provided for five years. The funds will be used to develop the agroindustrial sector in Belarus. Twenty percent of finance will be used to purchase agricultural machinery produced in EDB member states.

This transaction with Belgazprombank is EDB’s first project in the framework of its Programme for the Development of the Agroindustrial Complex approved in 2013.

EDB has been cooperating with Belgazprombank since 2011, when the two banks signed a $40 mln Framework Agreement, under which EDB provides loans to its Belarusian financial partner for trade finance.

In the framework of that agreement Belgazprombank financed over 160 foreign trade contracts of its clients in the light and food industry, mechanical engineering, chemistry, metallurgy, the power sector, and the construction materials sector.

Belgazprombank was set up in 1990 and is the authorised bank of the Gazprom Group in Belarus. It is one of the country’s largest banks, ranking seventh in terms of assets and equity. Today Belgazprombank is the strategic bank for non-governmental enterprises in Belarus.

Metallurgy

EDB provides a € 25 mln facility to the Alutech Group of Companies

28 August 2014

Eurasian Development Bank (EDB) and the Alutech Group of Companies signed today a € 25 mln loan facility agreement for three years. The facility will be available for the Group’s manufacturing enterprises Alumin Techno, Alutech Inc. and Alutech Door Systems.

In accordance with the agreement, the loan will be used to develop the Group’s business and ensure the supplies and exports of Belarusian metal products to Russia.

The Alutech Group of Companies is an international industrial and sales holding producing extruded aluminium profile systems, sectional doors, aluminium sections, and components for roller shutters. The holding comprises 27 companies: seven manufacturers (four in Belarus, one in Russia, one in Germany, and one in Ukraine), and 20 sales companies and local warehouses in Russia, Belarus, Ukraine, the Czech Republic, and Austria. Alutech is the leading producer of aluminium profile systems in Eastern and Western Europe and the leader in the CIS market in roller shutters.


Kazakhstan

Bond issues

EDB places bonds in Kazakhstan

18 August 2014

Eurasian Development Bank (EDB) placed its tenge-denominated securities (KZP03Y05E380) to the tune of KZT 20 bln in Kazakhstan.

The placement was made on 18 August at the Kazakhstan Stock Exchange (KASE) through a special auction. The bonds have a coupon rate of 7.2% per annum and will mature in five years.

The proceeds from this placement will be used to finance the Bank’s project operations in Kazakhstan.

In the framework of its first bond programme, which totals KZT 150 bln (in the tenge equivalent) and was registered by the Committee for the Control and Supervision of the Financial Market and Financial Institutions of the Republic of Kazakhstan, in December 2012 EDB made its first placement of tenge-denominated bonds for a total of KZT 9.9 bln, which will mature in 2017.

In April 2013 EDB registered its second bond issue within the first bond programme, totalling KZT 40 bln. The same month it made a successful placement of tenge-denominated bonds in the amount of KZT 15 bln, maturing in 2018. Both issues were rated A3 by Moody’s and are traded at KASE. In October 2013 EDB made an additional offering of the second bond issue to the tune of KZT 16.6 bln. The current total value of the second issue is KZT 31.6 bln.


European Bank for Reconstruction and Development

Oil & Gas

Azerbaijan
$ 10 mln loan to Azeri oil-service company Dalgidj

1 August 2014

The EBRD and Unibank are providing a $ 10 mln loan to Dalgidj LLC, an Azerbaijani oil-service company, for the expansion of the company’s activities. The loan will be used for the acquisition of a new remotely operated vehicle (ROV) and the construction of a new warehouse.

Dalgidj, a local private company, offers services such as diving inspections and underwater technical operations, which includes underwater welding and cutting at depths of up to 60 metres and ROV operations at depths of up to 1000 meters in the Caspian Sea. The company provides these services to large oil companies which are active in the Azerbaijani part of the Caspian Sea.

Strict technical and environmental requirements for offshore exploration are leading to an increased demand for underwater technical operations. Companies engaged in these activities are also facing strict requirements and strong competition. In these conditions professional staff and modern equipment are crucial for enterprises to succeed.

The loan comes under the EBRD’s Medium-Sized Co-financing Facility which was established with local banks to meet the financing needs of successful medium-sized private companies in early transition countries.


Energy Efficiency

EBRD and Demirbank to boost energy efficiency in Azerbaijan

20 August 2014

The European Bank for Reconstruction and Development (EBRD) is lending $ 5 mln to Demirbank to finance energy efficiency projects in the country. The facility will be used for on-lending to qualifying corporate and individual customers for industrial and residential energy efficiency projects and equipment.

The facility will allow Demirbank to help local entrepreneurs and households to acquire and install more efficient equipment, appliances and materials, such as modern production facilities, double-glazed windows, insulation, gas boilers, solar water heaters and rooftop solar panels. The funds will also help these clients to reduce their energy bills and make their businesses and homes more cost-efficient.

The loan is part of the EBRD’s Caucasus Energy Efficiency Programme (CEEP), which provides loans to local partner institutions for financing industrial and residential energy efficiency improvements, promoting energy savings and helping to reduce greenhouse gas emissions.

The programme is supported by grant funding of €9.2 mln, comprising €4.6 mln from the European Union Neighbourhood Investment Facility (EU NIF) and €4.6 mln from the Austrian Federal Ministry of Finance, to be used for technical assistance and investment incentives for households.

In addition, the EBRD has engaged consultants to support banks, firms and households with technical advice for energy-saving investments. This support enables industrial clients and homeowners to make the transition from under-performing, low-quality equipment and materials, towards investment in better-performing, more efficient products that will deliver greater benefits throughout their lifetime.


Belarus

Improvement of IFIs efficiency

EBRD Managing Director for Eastern Europe and the Caucasus visits Belarus
26 August 2014
The EBRD Managing Director for Eastern Europe and the Caucasus, Francis Malige, is visiting the Belarusian capital Minsk on 26-28 August 2014 to meet senior officials, including the Minister of Economy Nikolai Snopkov, the First Deputy Minister of Foreign Affairs Aleksandr Mikhnevich and the Deputy Chairman of the Board of the National Bank Sergei Kalechits. Mr Malige is also planning to meet representatives of International Financial Institutions, the diplomatic community and existing EBRD clients.
This is the first visit to Belarus for Mr Malige since he assumed his new role as Managing Director for Eastern Europe and the Caucasus on 1 May 2014. Based in Kiev, he is responsible for leading the Bank’s operations in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.
EBRD operations in Belarus are determined by the Bank’s current strategy for the country, adopted in March 2013 and focusing predominantly on private sector development. Over the past three years the EBRD has nearly quadrupled its annual business investment and portfolio of projects in Belarus.
The EBRD is a major investor in the country. As of 1 August 2014 the Bank had committed over €1.4 bln through 65 projects.

Moldova

**Transport**

**EBRD helps upgrade Moldova’s road network**

20 August 2014
Moldova’s road network is improving and exporters can more easily transport goods to markets abroad thanks to the EBRD’s partnership with the European Union’s Neighbourhood Investment Facility (NIF) and the European Investment Bank (EIB).
Various investments totalling €670 mln will help upgrade over 830 km of key roads in the country, funding expected to have a significant impact in the comparatively small nation, which extends some 300km from north to south and only 100 km east to west.
With 3.5 mln inhabitants, Moldova has a limited internal market and the success of many entrepreneurs depends on exports. However, their products need to reach their destinations first. Along the way they have to overcome quite a few obstacles – often quite literally.
Mr Coşleţ’s business is only one of many examples of export-oriented businesses – in the agribusiness, machinery and other sectors. The opportunities for the Moldovan economy are great: over the last two years, the export volume to the EU, the country’s biggest trading market, has increased by more than 20 per cent.
Furthermore, it is expected to continue to grow with the establishment of a Deep and Comprehensive Free Trade Area.
This is clearly a long-term project of the three partners: the EBRD, the EU and the EIB, explained Octavian Costas, Senior Banker in the EBRD’s Chisinau office.
With funding from Luxembourg, the EBRD organised road safety trainings for various civil society stakeholders across the country, including NGOs working with children, teachers in schools, kindergartens and other most affected groups to complement the work on upgrading Moldova’s roads.
The course was developed and delivered by the UK charity Eastern Alliance for Safe and Sustainable Transport and the Moldovan non-governmental Automobile Club. It provided practical advice for drivers, passengers (including those with children), pedestrians, farmers on horse carts and other road users on how to stay safe.
EBRD lends to Ukrainian meat processor Globino

18 August 2014

The European Bank for Reconstruction and Development (EBRD) continues to implement its assistance programme for its existing Ukrainian corporate clients. The latest project under the €150 mln Ukrainian Corporate Support Facility, approved by the Bank in April 2014, is aimed at supporting Ukraine’s leading meat processing company Globino.

The meat processor, based in the Poltava region, will use a $ 13 mln loan from the EBRD to address its liquidity and working capital needs as well as to overcome the difficulties and constraints caused by the financial crisis and the reduced availability of external funding.

In 2011 the EBRD signed a $ 25 mln loan to Globino Group for the modernisation of “Globinsky Meat Plant” and “Globinsky Pig Complex”.

The Bank is continuing to commit more resources to support the agribusiness sector, a key growth driver of the Ukrainian economy. Over $ 160 mln (€116 mln) has been provided by the EBRD to various agribusiness clients in Ukraine from the beginning of 2014.


EBRD renews $ 130 mln syndicated facility for Nibulon

12 August 2014

The European Bank for Reconstruction and Development (EBRD) has organised a new syndicated facility worth $ 130 mln for Nibulon, Ukraine’s leading grain trader for the ongoing crop harvesting and marketing season. The facility will replace the syndicated loan of $ 125 mln signed in 2012, which expired in June 2014.

The new facility will consist of an A loan of up to $ 30 mln for the EBRD’s own account and a B loan of up to $ 100 mln, which will be syndicated to commercial banks. Several banks, including ING and ABN Amro, have already committed their participation, which demonstrates growing confidence of international financiers in Ukraine’s agribusiness.

The transaction will help the Bank’s long-standing client Nibulon address working capital needs associated with crop origination, primary processing, transport and storage in the current environment of reduced availability of external funding in Ukraine.


EBRD extends support to Ukraine’s Astarta

28 August 2014

The European Bank for Reconstruction and Development (EBRD) is providing a €20 mln loan to Astarta, Ukraine’s leading agribusiness operator and sugar producer. The latest project under the €150 mln Ukrainian Corporate Support Facility will support the company’s working capital needs.

Astarta, listed on the Warsaw Stock Exchange, has been a major EBRD agribusiness client since 2008. The loan proceeds will support the company’s operations and address its liquidity needs in a time of reduced availability of external funding in Ukraine.

The Bank is continuing to commit more resources to support the agribusiness sector, a key growth driver of the Ukrainian economy.

Azerbaijan

**IFC Helps Turan Bank Support International Traders**

21 August 2014

IFC, a member of the World Bank Group, is helping Azerbaijan’s Turan Bank train its staff to reduce risks related to trade finance, provide better solutions for small international traders, and support expansion to foreign markets.

IFC’s Global Trade Finance Program (GTFP) advisory services are organizing a series of training programs to help the bank process trade transactions. The courses are designed to help participants understand international trade operations while reducing associated risks and costs, thereby promoting international trade and networking among banks.

Through GTFP’s advisory services, IFC has delivered close to 220 training programs, reaching more than 5,400 bankers in over 60 countries.


Belarus

**IFC Doubles Investment in Belarus, Boosts Foreign Trade**

5 August 2014

IFC, a member of the World Bank Group, doubled its investments in Belarus over the past fiscal year, helping boost foreign trade and improve access to finance for Belarusian exporters and other small and medium-sized companies.

During fiscal year 2014, which ended June 30, IFC committed a record $158 mln in Belarus from its own account, up from $80 mln the previous year.

In FY14, IFC committed $137 mln to five Belarusian banks under its Global Trade Finance Program (GTFP), which broadens access to finance for companies and reduces risks for local banks. GTFP launched in Belarus in 2009. Since then, IFC has provided a total of $350 mln in guarantees to Belarussian banks.

In addition, IFC provided a loan of up to $7 mln to Belarusky Narodny Bank to help expand access to finance for small and medium enterprises. Other initiatives over the past fiscal year included debt financing of $13 mln to Isobud, a leading producer of aluminum sandwich panels in Belarus, to support its expansion and modernization program.

IFC is also implementing an advisory program in Belarus, focusing on improving the country’s business environment and investment climate. IFC also continued supporting Belarusian producers in their efforts to access new markets and become more competitive through enhancing their food safety practices. In the last fiscal year an agreement to help a leading Belarusian retailer, Rublovskiy Group, improve food safety was signed as IFC’s first integrated investment and advisory project in Belarus’ retail sector.

IFC’s total investments in Europe and Central Asia region reached a record $4.7 bln during FY14 in 117 projects, including $1.2 bln in funds mobilized from its partners.

http://ifcextapps.ifc.org/IFCExt/Pressroom/IFCPressRoom.nsf/0/2ACB41FAAD12FB5085257D2B0045AC35?opendocument

International Monetary Fund (IMF)

Ukraine

**IMF Completes First Review Under Stand-By Arrangement for**
Ukraine and Approves $1.39 Bln Disbursement

29 August 2014

The Executive Board of the International Monetary Fund (IMF) today completed the first review of Ukraine's performance under an economic program supported by a Stand-By Arrangement (SBA). The completion of this review enables the disbursement of SDR 914.67 mln (about $1.39 bln), which would bring total disbursements under the arrangement to SDR 2.97 bln (about $4.51 bln).

Overall, economic policies have generally been implemented as agreed in the program, as the Ukrainian authorities have persisted in taking difficult measures despite the volatile political situation. However, the conflict in the eastern part of the country is taking its toll on the economy and society, and compensatory measures will be critical to achieve key program targets agreed for 2014 and beyond. The program remains highly challenging and continues to hinge crucially on the assumption that the conflict will subside in the coming months.

In completing the review, the Executive Board approved waivers of nonobservance of performance criteria related to international reserve accumulation and the cash deficit of the general government on the basis of corrective actions taken. The Board also approved waivers of applicability of performance criteria related to the cash deficit of the general government, the cumulative change in net domestic assets of the central bank and publicly guaranteed debt. In addition, in light of the slight delay in completing the first review of the program, the Board approved the authorities’ request for merging the remaining two reviews scheduled for 2014, while keeping the total financing under the arrangement unchanged.

Ukraine's two-year SDR 10.97 bln (about $16.67 bln) SBA was approved on April 30, 2014 to support the government’s economic program, which aims to restore macroeconomic stability, strengthen economic governance and transparency, and launch sound and sustainable economic growth while protecting the vulnerable groups.


Islamic Development Bank

IDB Approves $ 987 Mln for New Development Projects

26 August 2014

At their 299th meeting, which commenced on Sunday, 24 August, the members of the Board of Executive Directors of the Islamic Development Bank (IDB) have approved $ 987 mln of financing for new socio-economic development projects in member countries and Muslim communities in non-member countries.

The approvals included several major projects such as: $ 226.8 mln for Development of Sharm El-Sheikh International Airport as well as $ 198 mln for the Assiut Oil Refinery Upgrade in Egypt; $ 179.3 mln for the Construction of Olama-Bingambo Section of the Olama-Kribi Road – Cameroon; $ 176 mln to Wadi Dayqah Water Supply Project – Oman, and $ 100 mln for the Construction of Modern Rural Housing Project (Phase-1) – Uzbekistan.

Other approvals were; $ 50 mln Line of Finance for the Africa Finance Corporation (an international institution based in Nigeria), $ 26.7 mln for the Construction of the Southern Coastal Highway Project (Phase V) – Lebanon, $ 20 mln for the Construction of Kushar Washha Road Project – Yemen, $ 10 mln Two-Step Installment Sale Facility in favor of the Government of Uganda to be used by the Uganda Development Bank to finance small and medium size projects as well as US$ 550,000 as grant under IDB’s Waqf Fund for three educational and vocational projects in Cambodia ($ 150,000), Italy ($ 200,000) and Vanuatu Republic ($ 200,000).
IDB President Dr. Ahmad Mohamed Ali, who chaired the meeting, stated that the Board reviewed a report on the administrative and organizational arrangements of the 39th annual meeting of the Board of Governors as well as the IDB 40th anniversary celebrations held in Jeddah, KSA, in late June.

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

**Samruk-Kazyna**

**Bilateral Cooperation**

**Head of «Samruk-Kazyna» JSC met with leadership of «Khazanah» and «Temasek» companies**

29 August 2014

Chairman of the Board of «Samruk-Kazyna» JSC Umirzak Shukeyev has met in Kuala Lumpur with the executive director of «Khazanah» holding Dato' Noorazman Abd Aziz.

Moreover, the sides discussed the transformation program of the Fund. U. Shukeyev invited the head of «Khazanah» to partake in the international conference on the occasion of the official launch of the transformation program which will be held in Astana on October 6-7.

In Singapore, the Kazakh delegation headed by U. Shukeyev held a round table with the executive director of «Temasek» holding - Ms Ho Ching. As noted by U. Shukeyev ‘innovation sphere is a promising direction for the partnership with «Temasek».

Kazakhstan delegation also met with the president of the government investment corporation of Singapore, Lim Guan Zion, and chairman of «Global Investments» Eun Khok Sohn. The parties talked over the prospects of long-term cooperation, in particular, joint investment projects.


**Corporate Sector**

**«Samruk-Kazyna» JSC holds first public meeting for potential investors on participation in Privatization program 2014-2016**

29 August 2014

«Samruk-Kazyna» JSC organized the first public meeting with potential investors to explain main provisions of the Assets sales program of the Group companies of the Fund for 2014-2016.

During the event, the leadership of the Fund and its subsidiaries clarified rules for the sales of privatized assets, and presented the most attractive facilities planned to sell before the end of this year.

Deputy Chairman of the Board of the Fund Yelena Bakhmutova noted that the event is aimed to establish contacts with the investor community, which will increase the ultimate effectiveness of assets sales program of the Fund.

Representatives of JSC NC «Kazakhstan Temir Zhol», JSC NC «KazMunaiGas», JSC «Kazatomprom» and JSC «Samruk-Energy» provided to investors basic financial and operating data on companies, implemented in the competitive environment in the coming months.

World Bank Procurement Reform: New Direction Endorsed

4 August 2014

Following the endorsement by Executive Directors of a new direction for the procurement of goods and services under World Bank-financed projects, the Bank is launching global consultations on the proposed reforms that will be held from August through November 2014.

At the center of the new procurement approach is decision-making based on value for money. When considering bids, the World Bank will take into account pre-defined non-price attributes, such as quality criteria, in addition to the price.

The new framework also introduces sustainable procurement, the use of procurement systems other than the World Bank’s, engagement with strategic suppliers, and a streamlined and more efficient approach to procurement complaints that will be centrally monitored and tracked. The World Bank is inviting all interested stakeholders to review the proposed procurement framework and submit comments through a dedicated consultation website. The comment period is open from August through November 2014. The World Bank will arrange to meet with shareholders and stakeholders from September through November to discuss the proposed new policy framework in detail. The World Bank will revise its proposal taking stakeholder feedback into account and will present a final policy to Executive Directors in 2015. Implementation is expected for mid-2015.


Bond issues

World Bank Issues a 10-Year Step-Up Callable Green Bond for Merrill Lynch Wealth Management Clients

20 August 2014

Today the World Bank (International Bank for Reconstruction and Development, rated Aaa/AAA) priced a $12.057 mln World Bank Step-Up Callable Green Bond sold to Merrill Lynch Wealth Management clients. Bank of America Merrill Lynch offered the step-up fixed rate bonds, which are callable after one year. The bonds will pay a 2.32 percent coupon per year for the first five years (stepping up to a maximum final coupon of 8.82 percent per year) and will mature on August 27, 2024, unless called earlier by the World Bank.

World Bank Green Bonds offer an opportunity for investors to support environmental solutions through a high grade fixed income investment. World Bank Green Bonds benefit from the triple-A credit strength of the World Bank and provide comparable returns to other World Bank bonds. World Bank Green Bonds support the financing by the World Bank of projects in its member countries that meet specific criteria for low carbon development. The types of eligible projects include alternative energy installations, funding for new technologies that reduce greenhouse gas emissions, reforestation, watershed management and flood protection among others.

This offering of green bonds is consistent with the Sustainable Energy for All Initiative. It demonstrates how green bonds are attracting new capital, not only from institutional investors, but also from individual investors. This is the third time World Bank Green Bonds have been offered to individual investors through Bank of America Merrill Lynch. The World Bank has been a leader in developing the Green Bond market from an issuer’s standpoint, while Bank of America Merrill Lynch continues to be a leader in the development of this market as an underwriter. Merrill Lynch Wealth Management, an innovator in the rapidly growing social impact investing arena, was the first U.S. wealth management firm to offer such World Bank Green Bonds to U.S. individual investors.

World Bank Supports Ukraine’s Banking System

7 August 2014

The World Bank’s Board of Executive Directors today approved a $500 mln operation to finance the First Programmatic Financial Sector Development Policy Loan in Ukraine to support a program of high-priority reform measures in the country’s banking sector.

In particular, reform measures supported by this loan – the first in a series of two – will strengthen the financial, operational, and regulatory capacity of the Deposit Guarantee Fund (DGF) for the resolution of insolvent banks. At the same time, the operation will support efforts to improve the solvency of the banking system through independent diagnostic assessments of the largest 35 banks in the country. Finally, this operation will assist the authorities in strengthening the supervisory framework to make the banking sector more efficient, transparent, and resilient.

This operation is part of the World Bank Group’s broader crisis-response support package announced in March this year, which aims to provide Ukraine with up to $3.5 bln by the end of 2014.


VEB plans to invest in Da Vinci Private Equity Fund II L.P.

7 August 2014

State Corporation ‘Bank for Development and Foreign Economic Affairs (Vnesheconombank)’ and Da Vinci Capital Management Limited (DVC) signed a Memorandum of Understanding.

On behalf of Vnesheconombank the Memorandum was signed by Chairman Vladimir Dmitriev and on behalf of DVC - by the Fund’s Executive Partner Oleg Jelezko.

The parties plan to provide financial support for small and medium-sized enterprises, implement infrastructure projects as well as projects in high technologies and innovations, energy efficiency and energy conservation, healthcare and pharmaceuticals on the territory of the Russian Federation.

Under the Memorandum VEB intends to explore the possibility of participating in Da Vinci Private Equity Fund II L.P. The expected participation share is about $60 mln. The funds are scheduled to be invested in projects worth from $20 to 200 mln, which are in line with requirements of the Memorandum on Vnesheconombank’s financial policies and strategy. Participation in projects might be carried out through providing credits and guarantees.

The Memorandum’s implementation would assist in raising direct investments for Russia.


VEB purchases the Sukhoi Company’s block of shares

Aerospace
29 August 2014
In pursuance of instructions given by the Russian President and the Russian Government on stabilizing the financial position of the Sukhoi Civil Aircraft Company (CJSC) on August 28, 2014, Vnesheconombank purchased 10,234,199 shares of the Sukhoi Company (OJSC) as part of conducting an additional issue of shares.

The sum of the transaction was about 25 bln rubles. The Sukhoi Company (OJSC) used this sum to increase its participation in the capital of the Sukhoi Civil Aircraft Company (CJSC). This will allow the Sukhoi Civil Aircraft Company (CJSC) to manufacture up to 60 new Russian SukhoiSuperjet 100 short-range aircraft per year (25 planes were manufactured in 2013) and reduce its debt burden.

The state’s financial support was provided to boost the leading investment project in the domestic aircraft industry.


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**Risk management**

**EU sanctions won’t have any significant influence on Vnesheconombank Group’s activity**

1 August 2014
VEB expresses its regret over the European Union’s (EU) decision on including Vnesheconombank and its subsidiary banks – Svyaz-Bank and bank GLOBEX into the EU sanction list.

The imposed sanctions limit Vnesheconombank’s access to EC countries long-term capital market instruments (with more than 90 days to maturity) and they are effectively similar to those imposed against the Bank earlier by the U.S.

Vnesheconombank reaffirms that the sanctions imposed by the EU won’t have any significant influence on Vnesheconombank Group’s activity.

Vnesheconombank is to continue to fulfill its obligations to investors, creditors and other counter parties in full and as usual.