## Activities of multilateral development banks. Information digest.

### Asian Development Bank
- **European Bank for Reconstruction and Development**
- **The World Bank**
- **Islamic Development Bank**
- **Samruk-Kazyna**
- **Nordic Investment Bank**
- **European Investment Bank**
- **Black SeaTrade & Development Bank**

### Bond issues
- IFC Launches $100 mln Sukuk to Support Private Sector Development
- NIB issues inaugural EUR environmental benchmark
- World Bank Prices $1.25 bln 2-Year Floating Rate Global Bond

### Rating
- Standard & Poor’s Reaffirm IDB «AAA» Rating

### Finance sector development
- EBRD re-engages with Optima Bank in Kyrgyz Republic to support small business and trade
- EIB lends €50 mln to support private sector in Azerbaijan
- World Bank Provides New $500 Mln Loan to Strengthen Ukraine's Financial Sector

### Small & Medium Enterprises
- ADB Provides Further Support to SMEs in Kazakhstan

### Construction/Building materials
- ADB Supports Armenia's Drive to Build Earthquake-Resilient Schools

### Agriculture
- BSTDB Supports Agricultural Production and Export in Ukraine

### Energy Efficiency
- ADB $300 Mln Loan to Complete Advanced Electricity Meters Rollout
- Kazakhstan Launches Energy Efficiency Project

### Energy
- «Samruk-Kazyna» JSC group of companies signs agreement with Chinese companies worth $5.1 bln
- ADB Loan to Help Deliver Reliable Power in Northwestern Uzbekistan

### Industry & Trade
- EBRD supports urban regeneration in Lviv

### Metallurgy
- IFC Invests in Belarusian Aluminum Producer to Boost Private Sector Development

### Improvement of IFIs efficiency
- ADB, AIIB Agree to Identify Projects for Cofinancing

### All countries

## 30 September 2015

Asian Development Bank (ADB) President Takehiko Nakao and Liqun Jin, President-Designate of the Asian Infrastructure Investment Bank (AIIB), met today in the offices of the Multilateral Interim Secretariat of AIIB in Beijing, the People’s Republic of China (PRC), to discuss deepening cooperation between the two institutions.

During the meeting, Mr. Jin thanked Mr. Nakao for ADB’s support for the AIIB Multilateral Interim Secretariat since their first meeting in Baku, Azerbaijan, during ADB’s 48th Annual Meeting in May 2015, particularly in the preparation of AIIB’s operational policies including procurement and environment and social safeguards. They renewed their commitment to working together for the development of Asia, and agreed to start the process to identify ADB’s future projects that AIIB may be able to cofinance.

During their earlier meeting in May, they acknowledged the large infrastructure gap in the region, the critical role of infrastructure in supporting sustainable development and poverty reduction, and the importance of strong policies to ensure the environmental and social sustainability of projects.

Mr. Nakao extended an invitation to Mr. Jin to visit ADB Headquarters in Manila, Philippines, in the near future to deepen their partnership.
ADB Supports Armenia’s Drive to Build Earthquake-Resilient Schools

23 September 2015

The Asian Development Bank (ADB) is extending assistance of $89.3 mln to help Armenia build earthquake-resilient schools and scale up its capacity for responding to natural disasters in one of the most earthquake prone regions in the world.

Armenia has about 1,400 schools and around 1,000 of them require strengthening and reconstruction works at an estimated cost of $1.2 bln.

ADB’s loan and grant will support improvements to at least 46 priority schools. It will also help the target schools develop disaster preparedness and response plans, with earthquake awareness campaigns to be carried out in neighborhood communities for each school.

The assistance program incorporates lessons learned from ADB’s responses to natural disasters in other countries, including the recent Nepal earthquake. It will benefit around 58,700 students, teachers and other staff, as well as over 87,000 residents living near the target schools, who will have access to improved temporary shelters during earthquakes.

The government will provide counterpart support equivalent to $18.5 mln. The program will run for 5 years with an estimated completion date of November 2020.

It is ADB’s first results-based lending in the Central and West Asia region. The new lending modality was approved by ADB’s Board in 2013 to increase accountability and incentives for delivering and sustaining results, improve the effectiveness and efficiency of government-owned sector programs, promote institutional development and enhance development effectiveness.

ADB Provides Further Support to SMEs in Kazakhstan

14 September 2015

The Asian Development Bank (ADB) is providing a $228 mln loan to develop small- and medium-sized enterprises (SMEs) through participating banks and the state-owned, JSC Damu Entrepreneurship Development Fund (Damu), in Kazakhstan.

The project loan agreement was signed by Jinlin Yang and the Chairperson of Damu’s Management Board, Lyazzat Ibragimova.

Under the terms of the agreement, ADB will provide a 5 year loan to Damu, guaranteed by the Republic of Kazakhstan. Damu will make the funds available to DeltaBank, KazInvestBank, KazKommertsbank and Tsesnabank which will extend loans, denominated in tenge, to their SME clients.

The loan is the last part of a $500 mln Small and Medium Enterprise Investment Program multitranche financing facility approved by ADB in September 2010.

ADB Loan to Help Deliver Reliable Power in Northwestern Uzbekistan

23 September 2015

The Asian Development Bank (ADB) has approved a $150 mln loan to expand and modernize the high-voltage power grid in the northwestern region of Uzbekistan, including the construction of 364 kilometers of new transmission lines and three substations in Karakalpakstan and Khorezm.

Uzbekistan has substantial primary energy resources, with total installed capacity for power generation reaching 13,500 megawatts, of which thermal accounts for 86% and hydro the remaining 14%. The government has adopted plans to increase energy efficiency, but aging infrastructure results in higher risk of outages, poor service quality, high maintenance costs, and increased transmission losses, all of which constrain economic activity in Karakalpakstan and Khorezm.

To address these problems, the funding will strengthen the regional power transmission network by constructing 364 kilometers of single-circuit 220 kilovolt (kV) overhead transmission lines connecting Takhiatash thermal power plant, Khorezm substation, and Ellikala substation. It will also expand and rehabilitate the existing Khorezm substation, open switchyards in the Takhiatash thermal power plant, and build a new 500/220 kV substation in Ellikala.

In addition, the project will help state-owned power utility Uzbekenergo boost its own management capacity through much-needed activities such as upgrading system planning and dispatch automation, strengthening assets management, and staff training.

Along with ADB’s loan from ordinary capital resources, the Government of Uzbekistan and Uzbekenergo will provide counterpart support of $105 mln. The project will run for nearly 4 years with an expected completion date of end December 2019.

ADB $300 Mln Loan to Complete Advanced Electricity Meters Rollout

18 September 2015

The project will help state-owned power utility Uzbekenergo boost its own management capacity through much-needed activities such as upgrading system planning and dispatch automation, strengthening assets management, and staff training.

Along with ADB’s loan from ordinary capital resources, the Government of Uzbekistan and Uzbekenergo will provide counterpart support of $105 mln. The project will run for nearly 4 years with an expected completion date of end December 2019.
The Asian Development Bank (ADB) has approved a $300 mln loan for the final stage of an ongoing program to introduce a country-wide advanced electricity metering system which will improve billing, cut power losses and strengthen the financial sustainability of the power sector.

Uzbekenergo, the state-owned utility, experiences high system losses and low tariff collection. This weak performance reflects a lack of investment in modern electricity equipment, including meters which are old, inaccurate and susceptible to tampering.

In response, Uzbekenergo requested support from international financial institutions, including ADB, for the introduction of advanced electricity meters. The “smart” meters allow the utility to remotely disconnect and reconnect supply without sending staff to the customer site, resulting in reduced revenue losses and meter tampering. The metering system also gives the utility the information it needs to identify and reduce overloading and technical losses, and helps customers manage their power use more efficiently.

ADB supported the first phase of the program, benefiting 1 mln customers. The fresh project loan will be used to install 3.1 mln advanced meters and associated equipment across the 5 regions, allowing Uzbekenergo to complete the nationwide rollout covering 6.3 million customers. The meters provide an innovative technology solution for ensuring transparency and fairness in power billing and improved customer service, and the initiative is the first of its kind and scale in ADB’s developing member countries.

The loan will also help fund staff training at Uzbekenergo, and carry out a public information campaign to raise awareness about energy efficiency. The project will run for almost 5 years, with an estimated completion date of end 2020.


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**Black SeaTrade & Development Bank**

**Ukraine**

**BSTDB Supports Agricultural Production and Export in Ukraine**

14 September 2015

The Black Sea Trade and Development Bank (BSTDB) contributed $20 mln to a syndicated pre-export finance facility granted to Kernel Group, a leading player in the Ukrainian agricultural market and one of the world’s largest exporters of sunflower oil.

The $350 mln one-year facility will be drawn to finance Kernel’s sunflower seed purchases, storage and processing into sunflower oil and meal to be sold on the export market.

The facility was provided by a group of international commercial banks, with ING Bank N.V. and UniCredit Bank Austria AG acting as coordinating lead arrangers and book runners


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**Eurasian Development Bank**

**All countries**

**EDB Council determines the areas to develop the Bank’s operations in the future**

2 September, 2015

The Council of Eurasian Development Bank (EDB) conducted its regular meeting, which was attended by Gagik Khachatryan, Minister of Finance, from Armenia; Vladimir Amarin, Minister of Finance, from Belarus; Karim Massimov, Prime Minister, and Bakhyt Sultanov, Minister of Finance, from Kazakhstan; Adylbek Kasymaliyev, Minister of Finance, from the Kyrgyz Republic; and Anton Siluanov, Minister of Finance, and Igor Finogenov, Advisor to the President of the Chamber of Commerce and Industry, from Russia.

The Council decided to focus the Bank’s operations on promising projects, which will help to attain the objectives of EDB as an international development bank, which fosters integration and industrial cooperation in the region.

During the discussion, the focus was made on the improvement of the Bank’s performance and its project activities. The members of the Council stated that the Bank’s priority should be investment projects, which could deepen integration in the region.

The Council instructed the Management Board to have consultations on the expansion of the Bank’s membership and the strengthening of its cooperation with other international financial institutions.


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**Belarus**

**New EFSD financial credit for Republic of Belarus**

3 September 2015

On 24-28 August 2015 a team of Eurasian Development Bank (EDB), Manager of the Eurasian Fund for Stabilisation and Development (EFSD, the Fund), led by Director of the EFSD Project Group Alisher Mirzoev, visited Minsk to continue consultations with the authorities of the Republic of Belarus to further develop a Reform Programme that could be supported with a new EFSD financial credit. During the visit, EDB experts met with First Deputy Prime Minister V. Matyushovsky, Minister of Finance V. Amarin, managers and experts of other ministries, agencies, and the National Bank, as well as representatives of international financial institutions.

The key objective of the Programme prepared by the Government and the National Bank of the Republic of Belarus and presented for the consideration of the Fund’s Council in early July 2015 is to achieve macroeconomic stabilisation and lay the ground for sustainable long-term growth by following tight monetary, prudent fiscal, and balanced income policies and implementing deep structural reforms aimed at reducing the role of the state in the economy and ensuring active development of the private sector. In particular, the Programme includes reduced financing of new government programmes that—combined with lower subsidies to support the housing and utilities sector by means of
Energy

EBRD financing of renewables overtakes thermal power generation

9 September 2015

The EBRD’s engagement in support of sustainable energy has passed a new milestone: for the first time the Bank’s investments in renewables overtook those for thermal power generation. This illustrates the EBRD’s commitment to both types of energy generation in order to strengthen sustainable energy.

Between 2006 and the end of 2014, the EBRD invested €16.4 bln in sustainable energy and climate change projects under the framework of the Sustainable Energy Initiative. Financing for renewable energy generation represented roughly 23 per cent or approximately €4 bln.

Meanwhile, the Bank’s investments in the overall power sector over the same period amounted to €9.8 bln. Of this total, €3.65 bln were invested in thermal power generation. This included the rehabilitation of existing infrastructure and investments in gas fired power plants, which support the further expansion of renewable energy as flexible back-up generation.

With these results the EBRD has become the largest renewable energy investor in the regions where it operates, and in many countries the Bank has pioneered the use of renewable energy resources.

The EBRD is combining financial instruments with technical cooperation and policy dialogue. The Sustainable Energy Initiative, launched in 2006 and expanded in 2013, aims to mainstream sustainable energy financing throughout the Bank’s projects. The percentage of EBRD financing for sustainable energy has grown from 15% in 2005 to 34% in 2014.

The EBRD can directly support single projects or engage under specialised facilities. The Sustainable Energy Financing Facilities (SEFFs) allow us to assist local partner financial institutions in developing their sustainable energy business lines and reaching out to smaller-scale projects. To date, the EBRD has launched SEFFs in 22 countries and offered SEFF credit lines to over 100 local partner financial institutions.

In a next step the EBRD is now bringing together efforts to improve water efficiency, water use optimisation and climate change resilience together under the Sustainable Resource Initiative (SRI) and integrate all those aspects into the Bank’s financing activities. Investment needs in refurbishment and expansion of water and sewage infrastructure are large across the EBRD regions, and efficiency in energy and water use is at the heart of such projects.


International Forums

IFIs back new global development agenda

25 September 2015

Multilateral Development Banks (MDBs) and the International Monetary Fund (IMF) have hailed today’s adoption of a sustainable development agenda for the next generation and are fully committed to stepping up their support to ensure its success.

At the United Nations General Assembly in New York taking place from 25-27 September, world leaders endorsed new Sustainable Development Goals, an ambitious agenda that aims to end poverty, promote prosperity and to protect the environment.


In July this year, at a Financing for Development conference in Addis Ababa, the institutions unveiled plans to scale up their finance and support for countries seeking to achieve the development goals, pledging to increase their financial contribution to more than $400 bln over the next three years.

They vowed to examine how they could increase their own financing and also to work to ensure a greater mobilization of domestic resources and expanded funding from the private sector.


Armenia

Good governance

Improving the business climate in Armenia
Commercial investments are the EBRD’s main tool for helping economies in their transition towards a well-functioning open market model. However, to make its impact even more effective, the EBRD uses another powerful lever for systemic change: policy dialogue.

To improve the business environment for small and medium-sized enterprises in the Caucasus and Central Asia, the EBRD’s Early Transition Countries (ETC) Initiative has, since 2007, helped establish investment councils that provide platforms for dialogue between businesses and policy-makers. These institutions have been supported by the donors of the ETC Fund.

In Armenia, for example, this resulted in the creation of the Business Support Office (BSO). The BSO provides a structured framework for discussion between the private and public sector on issues affecting the business environment and investment climate.

It raises key issues, provides technical assistance to the government in developing reforms, facilitates consultations with the business community and transmits feedback on proposed reforms to the authorities.

Over the last decade, Armenia has made considerable efforts to upgrade its commercial, administrative, tax and financial legislation and to improve the business environment. Measures to reduce unnecessary regulation and burdensome tax inspections are under way.

However, according to the latest Business Environment and Enterprise Performance Survey (BEEPS), Armenian firms see tax administration as a top obstacle to the business environment. Tax inspections are on average 18 per cent higher than in other countries of eastern Europe and the Caucasus.

The BSO discusses such constraints in investment councils with enterprises, business organisations and government representatives to find suitable solutions. One of the councils focused on reforming the checking system by introducing risk-based inspections and EU standards.

The reform was adopted and continues to be supported by the BSO. This is expected to make the system more efficient and protect consumers, cut the number of unnecessary inspections and reduce cases of corruption.

Similarly, the BSO supported the work of the SME Development Council on tax reforms. This resulted in exemptions for family-run businesses with turnover under Dram 18 mln (approximately €34,000), and for IT start-ups with fewer than 30 employees.

The impact is significant, as the example of IT start-up TeTech shows. Its Deputy Director Vahag Minasyan sees the newly introduced tax reform as a real boost for the IT industry.

The BEEPS also found that young Armenian firms complained heavily about customs and trade regulations: on average, it took 8.6 days to clear customs for direct exports and 17.6 days for direct imports, more than elsewhere in the region. This is of particular concern for the Armenian economy which relies considerably on international trade.

The BSO has helped simplify the procedure for exporters to obtain certification of country of origin, cutting both waiting time and costs.


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**Finance sector development**

**EBRD provides first credit line under new Women in Business programme in Kazakhstan**

22 September 2015

Launching the new Women in Business programme in Kazakhstan, the EBRD is providing a local currency credit line for women entrepreneurs which will be on-lent via Bank CenterCredit, one of the EBRD’s partner banks in Kazakhstan.

The 3.7 bln tenge financing package will support female entrepreneurship and participation in the economy by helping women-led small and medium-sized enterprises (SMEs) to access finance, know-how and advice.

Although women make up more than half the population of Kazakhstan, they head only 40.7 per cent of active SMEs and contribute only 38 per cent of GDP. Across all sectors, SMEs run by men are generally larger than women-led SMEs, with an average of 3.73 employees for the former and 2.32 for the latter. Because of their larger businesses, men commonly receive larger loans. Women-led SMEs are able to access loans for smaller businesses but face difficulties in graduating to larger businesses. Women’s businesses in Kazakhstan, as in many other countries in the EBRD region, also have poorer access than men to information and technical support.

The Women in Business programme, which the EBRD has already successfully rolled out in Turkey, the Western Balkans and the Caucasus, combines credit lines to women owning or running businesses with know-how and advice provided through the EBRD’s Small Business Support programme supported by donors.

In May 2015 the government of Kazakhstan provided over $43 mln in grant financing towards several EBRD programmes aimed at promoting SMEs and regional investment.

Five out of the seven EBRD offices in Kazakhstan are dedicated to supporting micro, small and medium-sized businesses, and the Bank is planning to open more offices around the country.


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**Research**

**New study urges “diversification of Kazakhstan’s economy”**

17 September 2015

A new study identifies challenges and opportunities to help Kazakhstan and its regions to diversify its economy and boost its export capabilities.

The study, "Diversification of Kazakhstan’s economy: a capability-based approach", was produced by the strategy and public policy advisory firm WhiteShield Partners and funded jointly by the government of Kazakhstan and the EBRD's Shareholders' Special Fund.

Launched in Astana on 17 September, the study examines factors that support the development of knowledge-based export capabilities in each of Kazakhstan’s 16 regions. Analysing over 10 years of detailed regional export data for each sector, the report compares the development trajectories of the regions and identifies region-specific policy priorities.

Contrasting the experiences of three pairs of regions, the report identifies specific product areas that each region could potentially develop based on current knowledge and economic capabilities, from hydrometers and pyrometers for Atyrau to electrical light equipment in Pavlodar.

The report recommends that each region’s diversification strategy needs to take local circumstances into account. Regions that have already succeeded in developing new capabilities over the past ten years, such as Almaty, now need to focus more on innovation and moving up the value chain in sectors where they have comparative advantages. Regions with less developed capabilities need to broaden the skills and capabilities first, which can be achieved through policies focused on training, improvements in the business environment and better cooperation between regions.

The report also includes conclusions from a round table hosted by the Ministry of National Economy in July 2015 and chaired by Kairbek
EBRD supports small motor fuel distributor in West Kazakhstan

3 September 2015

The EBRD is continuing to support small and medium-sized enterprises (SMEs) in Kazakhstan with a new loan to Niet, a private retail distributor of motor fuel and LPG (liquefied petroleum gas).

Niet, a small regional player with origins in the West Kazakhstan region and presence in the Atyrau and Zhambyl regions, will use the loan of $1.8 mln to construct two new petrol stations near the cities of Kulsary and Atyrau. The company will also modernise and expand its existing petroleum depot.

Niet is fully owned by Olzha, a transportation and leasing company, which is an existing client of the EBRD.

As part of the project, Niet will improve its environmental and health and safety standards. The company is also working on improving its quality management system in cooperation with the EBRD's Small Business Support team.


EBRD re-engages with Optima Bank in Kyrgyz Republic to support small business and trade

15 September 2015

The largest bank in the Kyrgyz Republic, Optima Bank, and the European Bank for Reconstruction and Development (EBRD) have teamed up to expand access to financing to Kyrgyz small businesses and to facilitate foreign trade for local corporates.

Today, the two institutions have signed two loan agreements, for a $11 mln credit line for micro, small and medium-sized businesses, and for a $2 mln trade finance line under the EBRD Trade Facilitation Programme which will help Optima Bank to support more companies engaged in cross-border trade. Agreements for $20 mln in risk-sharing facilities for the financing of local businesses are expected to be signed later.

The EBRD and Optima Bank have already worked together expanding small business financing in the Kyrgyz Republic. Optima Bank, previously known as Unicredit Bank Kyrgyzstan, is now owned by ATF Bank Kazakhstan and is the largest bank in the Kyrgyz Republic.

Part of the financial package will allow Optima Bank to access medium-term local currency financing which it will on-lend to local businesses. Loans in the local currency som will help companies, especially those that have their revenue in Kyrgyz som, to avoid foreign exchange risk.

Supporting SMEs is one of the priorities of the new EBRD country strategy for the Kyrgyz Republic, approved in 2015.


EBRD supports urban regeneration in Lviv

25 September 2015

The Ukrainian city Lviv is getting a boost with the opening of Forum Lviv, a 35,000m2 modern retail and entertainment centre, financed with a €52.1 mln syndicated loan provided by the EBRD and Unicredit Bank, today.

The retail centre incorporates international and local retailers, as well as restaurants, cinemas and an entertainment area for children. The centre will create new jobs, help promote economic activity and stimulate environmentally-friendly regeneration in the municipality of Lviv.

As part of the project, Niet will improve its environmental and health and safety standards. The company is also working on improving its quality management system in cooperation with the EBRD's Small Business Support team.

Forum Lviv is the first retail and entertainment centre in the country, which will be certified according to the Building Research Establishment Environmental Assessment Method (BREEAM) – the highest-regarded seal of approval in the construction industry. This is particularly important for an urban regeneration project, which helped reclaim a derelict plot of land adjacent to the United Nations Educational, Scientific and Cultural Organization (UNESCO)-protected area.

The BREEAM assesses various aspects of the project, including health and safety procedures on site, energy efficiency solutions, liaison with neighbouring residents and many others. With its BREEAM certification, Forum Lviv is raising the bar in the construction industry and becoming a new benchmark for other real estate projects across Ukraine.

Forum Lviv is owned by Multi Veste Ukraine, a private joint stock company, majority-owned by Multi Corporation BV – a high-quality international real estate developer and operator. The successful commissioning of the retail centre, which is already 94 per cent leased out, sends a strong signal to international and domestic investors and retailers about the opportunities in the Ukrainian market.


EBRD paves the way for increased energy savings in Ukraine

7 September 2015

The private sector is now very much aware that energy savings are low-hanging fruit for businesses striving to become more competitive.

Many private households have also discovered the benefits of insulated windows, energy efficient washing machines, fridges and other cost (and carbon emission) cutters.

The EBRD has made a major contribution to this shift. Since 2006 it has invested €16.7 bln in sustainable energy projects. This has helped reduce carbon emissions equivalent to the annual electricity consumption of Romania.

It is a different story for public buildings, though, a sector which, for a long time, the EBRD has avoided.

In Ukraine, as in many other countries, existing legislation made it difficult for the private sector to help kindergartens, schools, hospitals and other such buildings become more energy efficient.

In ESCO projects, private sector companies help clients invest in energy efficiency. The aim is to cut expenditure on heating, lighting, ventilation and other elements.

The costs are no higher as the energy savings pay for the upgrade, while the ESCO in turn guarantees a specific level of service performance.

The Swedish International Development Cooperation Agency (Sida) provided €500,000 to cover the operational and legal costs of establishing a model law for Ukraine.

This included a detailed analysis of the existing obstacles, an outline of the reforms needed and guidance on how to draft the new law so that it meets best international practice.

To achieve the most impact, the EBRD coordinated its efforts closely with USAID, who are working to advocate legal change in the same field - with success.

The Ukrainian parliament approved the bill for the new law in May this year. This will enable the private sector, and more specifically ESCOs, to turn public buildings into more energy efficient, more comfortable places for their users.


Agriculture

Boosting investment in Ukrainian food and agriculture

15 September 2015

Agriculture is a shining light in an otherwise challenging economic landscape in Ukraine. At a conference staged in London today, international investors, government representatives and leading agribusiness companies from Ukraine discussed how they could bring even more investment in the country’s agriculture sector.

The event was jointly organised by the EBRD and the Ministry of Agrarian Policy and Food for Ukraine.

Oleksiy Pavlenko, Minister of Agrarian Policy and Food of Ukraine, called on investors at the conference to be part of Ukraine’s agribusiness success story, to be part of his country’s future.

Ukraine had ambitious plans to drive these reforms forward more quickly, he added.

As Gilles Mettetal, the EBRD Director for Agribusiness said in an article published by the Financial Times just ahead of the business forum, Ukraine’s economy may be battered but its agriculture is enjoying a period of record exports, defying geopolitical challenges and the conflict in the east of the country.

Despite losing control over some of its territory, Ukraine has retained its place as the world’s largest exporter of sunflower oil and was the third largest exporter of grains in 2014-15. Today, Ukrainian agriculture, which has shown overall growth during the past 15 years, is an industry worth $13.5 bln.

The EBRD, the largest financial investor in Ukraine, has long been an active investor and policy dialogue participant in the sector. It has invested over $1 bln in agribusiness in Ukraine over the past five years and attracted an additional $110 mln from commercial lenders.


European Investment Bank

Finance sector development

EIB lends €50 mln to support private sector in Azerbaijan

17 September 2015

The EIB on Wednesday (16th September) signed a € 50 mln loan agreement with International Bank of Azerbaijan, the country’s leading bank, to finance projects promoted by SMEs and midcaps.

This is the second loan the EIB has granted in the country based on its mandate from the EU covering the Eastern Neighborhood and Central Asia. In 2014 the bank signed a loan of €25 mln with AccessBank to support projects promoted by small and medium-sized enterprises.


International Financial Corporation

Bond issues

IFC Launches $100 mln Sukuk to Support Private Sector Development

10 September 2015

IFC, a member of the World Bank Group, announced today that it issued a $100 mln trust certificates through a special purpose vehicle, IFC Sukuk Company, in an effort to spur growth in developing economies.

The five-year Sukuk will support IFC’s developmental financing activities in the Middle East and North Africa (MENA), and other parts of the world. It will initially be listed on NASDAQ Dubai. An application has also been made to list the Sukuk on the London Stock Exchange. The transaction will be IFC’s second Sukuk issuance.

IFC, an AAA-rated global financial institution, carried out its first Islamic finance investment in 1995, supporting a leasing project in Pakistan. To date, IFC has approved about 28 Islamic financing transactions worth a total of $742 mln.

IFC Sukuk Summary Terms and Conditions
Issuer: IFC Sukuk Company
Obligor: International Finance Corporation (IFC)
Research

IFC Finds Export, Investment Opportunities for Armenian Fish Production

29 September 2015

A new study released today by IFC, a member of the World Bank Group, shows that improvements in productivity, output quality, and food safety standards, combined with market and product diversification, can increase the competitiveness of Armenian fish products and lead to greater access to export markets.

Armenia's aquaculture sector is an important employer, a key food provider, and an engine for export-driven economic growth. It is also one of the country's fastest-growing sectors. Yet its untapped potential remains significant - the Ararat Valley alone offers more than 300,000 tons of aquaculture potential. At the request of Armenia's Ministry of Economy, the IFC Armenia Investment Climate Reform Project has produced a sector review to pinpoint market imperfections and offer recommendations.

The report found that improving export and import procedures can help increase the competitiveness of aquaculture products. It also stressed the importance of addressing the challenges and opportunities of exporting to foreign markets, including the benefits of improved food safety practices, a stronger supply chain, and reduced administrative barriers.

The IFC Armenia Investment Climate Reform Project is implemented by the World Bank Group Trade and Competitiveness Global Practice, in partnership with Austria's Federal Ministry of Finance and Hungarian Partnership Funding/Hungary EXIM Bank.

http://ifcextapps.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/EA000D9BB3A2FB9585257EBC003F308B

Armenia

Development assistance

BOOSTING BUSINESS IN AZERBAIJAN

7 September 2015

These achievements are largely due to extensive public spending from oil revenues. But in the current environment of low oil prices, a slowdown in oil production, and uncertain regional economic prospects, Azerbaijan is looking for a new growth model in which the private sector plays a central role.

Access to finance is one of the biggest challenges for businesses in Azerbaijan, according to the World Economic Forum's Global Competitiveness Report, 2014-2015. Since 1995, when Azerbaijan became a member of IFC, about half of IFC's investments in Azerbaijan have been channeled through financial intermediaries, including banks and microfinance organizations, and prioritized increasing access to finance for micro, small, and medium enterprises (MSMEs) and women entrepreneurs.

Yet more can be done. IFC's investments and advisory services in the financial sector will remain a strategic priority, and IFC will continue to provide capital, liquidity, and trade finance to well managed private banks, prioritizing MSME, gender, and sustainable energy finance. But IFC also aims to help build capacity within the banking sector to better manage risks and improve corporate governance, while helping improve financial markets infrastructure and introduce customized financial products and services such as agri-finance and agri-insurance.

One example of how IFC's support works is Aqroinvest, a microfinance organization in Azerbaijan that struggled to attract investments mainly because of weaknesses in corporate governance.

Soon after, Aqroinvest attracted $2.95 mln in financing from Deutche Bank, Oikocredit, Bistum Bank Essen, and the Frankfurt School of Financial Services.

In recent years, Azerbaijan has made progress in improving the business environment as measured by the World Bank Group's (WBG) Doing Business report rankings and by the World Competitiveness Index. Yet some parts of the regulatory regime continue to be a challenge to entry and expansion in the private sector. To ensure balanced development and international competitiveness and generate more employment opportunities, the country needs to simplify its business environment for businesses outside the oil and gas sector.

For example, IFC's analysis of the horticulture value chain identified greater access to seeds, value chain strengthening, and regulatory streamlining as key improvements to encourage investment. Agriculture is the country's leading employer and the base of its non-oil economy. The country has a strong comparative advantage in exporting fresh fruit and vegetables.

Yet an underdeveloped agri-food supply chain and low productivity remain key challenges. IFC, through its future investment climate project (part of the World Bank Group Trade and Competitiveness Global Practice), plans to focus on these issues.

These are included in the new Country Partnership Framework (CPF) for Azerbaijan, endorsed by the WBG Board of Executive Directors in July 2015. The CPF covers the 2016 to 2020 fiscal years and outlines the WBG's support for sustainable, inclusive, and private sector-led growth in the country.


Azerbaijan

Metallurgy

Belarus
The restructuring agreement is a vital complement to economic reforms, and an essential step toward creating fiscal space, external sustainability, and the banking sector is being repaired so that banks are sounder and can start to provide credit again. The recent debt stabilization is taking hold and the economy shows signs of turning the corner. This achievement is a tribute to the courageous work of the Ukrainian authorities.

Alutech's main markets are Belarus, Russia, and Ukraine. Over the past few years, the company has boosted its exports to European markets, with its share in Europe growing several folds in the last four years. The company is committed to continuing with its geographical diversification and has also launched sales to the United States, Latin America and Australia.

Alutech has been an IFC client since 2010. Its aluminum products are widely used in industrial, residential and commercial real estate development.

Standard & Poor's Reaffirm IDB «AAA» Rating

2 September 2015

Standard & Poor’s, one of the world’s leading credit rating agencies reaffirmed the Islamic Development Bank’s (IDB) ‘AAA’ credit rating with a “Stable Outlook” for the 14th consecutive year. The ratings and the stable outlook are driven by the extremely strong financial and business profiles of the IDB.

IDB remains amongst the most highly-rated MDBs. It is expected that the ‘AAA’ rating will further enhance the Bank’s financial capacity to fulfill its development mandate and play a leading role in the development of the Islamic Finance Industry.

Dr. Ahmad Mohamed Ali, Chairman of the IDB Group, congratulated all member countries, IDB Board Members and the staff for this excellent achievement. He renewed IDB’s commitment to exert maximum efforts to realize the objectives of the 2020 Vision and aspirations of its member countries.

NIB issues inaugural EUR environmental benchmark

11 September 2015

The issue has a final maturity of 19 September 2022 and pays an annual coupon of 0.375%. The transaction was priced at 99.176% to give a spread of 23.3 basis points over DBR 1.50%, due September 2022.

The transaction met a strong response in European markets with investors in the Nordic countries accounting for 25% of the demand. Asset managers, pension funds and insurance companies subscribed for over half of the transaction, central banks and official institutions about 16%, and the remaining 33% was placed with bank treasuries. The book exceeded €650 mln and consisted of 36 orders.

This is the first EUR-denominated NIB Environmental Bond (NEB) and the second environmental benchmark in 2015, following the SEK five-year transaction completed in April.

Bond Summary Terms

Rating: Aaa/AAA (Moody’s/S&P)
Issue amount: € 500 mln
Issue date: 10 September 2015
Settlement date: 17 September 2015
Coupon: 0.375%, payable annually
Maturity date: 19 September 2022
Reoffer spread: Mid-swap -16 bps
Benchmark: DBR 1.5% due September 2022
Reoffer vs. Benchmark: +23.3 bps
Reoffer price: 99.176%
Reoffer yield: 0.495% annual
Format: Eurobond
Joint Lead Managers: Bank of America Merrill Lynch, CA CIB and HSBC

NIB’s new global benchmark re-opens USD market

23 September 2015

The issue has a final maturity of 29 September 2020, pays a semi-annual coupon of 1.5 per cent and has an issue price of 99.669 per cent to give a spread of +12 basis points over the UST 1.375 per cent due August 2020, equivalent to 6 basis points over midswaps.

The transaction received strong investor demand from the outset. The final book was over $1.8 bln, with 45 investors participating in the transaction. Bank treasuries accounted for the largest share of demand (52 per cent), while strong interest also came from central banks and official institutions (35 per cent). In terms of geography, distribution was spread across all major centers with EMEA 56 per cent, the Americas 34 per cent and Asia Pacific 10 per cent.

Bond Summary Terms

Rating: Aaa / AAA (Moody’s / S&P)
Issue amount: $ 1 bln
Issue date: 21 September 2015
Pricing date: 22 September 2015
Settlement date: 29 September 2015
Coupon: 1.50% payable semi-annually
Maturity date: 29 September 2020
Reoffer spread: Mid swaps + 6 bps, UST 1.375% 08/19 + 12 bps
Reoffer price: 99.669%
Reoffer yield: 1.569% s.a.
Format: Global
Joint lead managers: J.P. Morgan, RBC, TD Securities
Co-lead managers: ANZ, Nomura and Standard Chartered

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

http://www.nib.int/news_publications/1699/nib_issues_inaugural_eur_environmental_benchmark

http://www.nib.int/news_publications/1704/nib_s_new_global_benchmark_re-opens_usd_market
«Samruk-Kazyna» JSC group of companies signs agreement with Chinese companies worth $5.1 bln

2 September 2015

During the visit of President Nursultan Nazarbayev to China «Samruk-Kazyna» JSC group of companies has signed agreements with Chinese companies in the field of transport, energy, nuclear, metallurgical and chemical industries worth $5.1 bln.

In particular, «Kazakhstan Temir Zholy» NC JSC and Jiangsu Provincial People's Government signed an agreement on strategic partnership in Lyunyungan port city and free economic zone «Khorgos - Eastern Gate». According to the document, the parties will work together on the projects in transport logistics, block trains transport, the construction of terminal and warehouse infrastructure in «Khorgos - Eastern Gate».

Also, «Masalskoye mining and processing complex» LLP (subsidiary of «Tau-Ken Samruk» NC" JSC) and the China National Corporation for Technical Import and Export agreed on the construction of mining and metallurgical complex with a capacity of 1 million tons per year of steel based on iron ore deposit Masalskoe in Akmola region.

«Samruk-Energy» JSC, Development Bank of Kazakhstan and the State Development Bank of China decided on the basic conditions for financing of the project «Construction of a wind farm in Shelek corridor with capacity of 60MW with the prospect of expanding to 300 MW». For the development of green energy in Almaty region, China Development Bank will provide a loan totaling 120 million dollars, the Development Bank of Kazakhstan - 35 million dollars.

«Kazatomprom» JSC has signed an agreement with CNEIC corporation (China Nuclear Energy Industry Corporation) on the transit of uranium products through China to the United States and Canada. This will allow the company to diversify its supplies of uranium products.

«United Chemical Company» LLP signed an agreement on financing and implementation of the project «Production of glyphosate and phosphorus trichloride» in Zhambyl region. Thus, the project will be implemented together with a Chinese company HUALU, and the State Development Bank of China will provide 100 million dollars.

«KazMunaiGas - Processing and Marketing» JSC and China Kingho Energy Group have signed an agreement to establish a joint venture - «Karaganda Sisiai» LLP. The company will be the operator of the project «Construction of the complex processing of coal in Karaganda region». The purpose of the project is to introduce new technologies to produce synthetic liquid coal fuels.

These business agreements will significantly expand cooperation of «Samruk-Kazyna» JSC group of companies with China in the non-oil sectors, thus this will contribute to the diversification of the economy of Kazakhstan.

http://sk.kz/news/view/4271

World Bank Prices $1.25 bln 2-Year Floating Rate Global Bond

23 September 2015

The World Bank (International Bank for Reconstruction and Development, IBRD, Aaa/AAA) today priced a 2-year $1.25 bln Floating Rate Note (FRN).

The transaction is the largest USD FRN transaction of 2015 from a Sovereign, Supranational and Agency (SSA) issuer, and the largest FRN new issue priced since the World Bank’s $1.5 bln 2-year transaction in January 2013. The transaction had over 25 orders, including several new USD investors for the World Bank, taking advantage of this unique opportunity. The joint-lead managers for this global bond are BMO Capital Markets, Credit Suisse and Goldman Sachs International.

This 2-year USD FRN benchmark carries a coupon of 3-month USD LIBOR flat, paid quarterly, and matures on September 30, 2017.

Transaction Summary:
Issuer rating: Aaa/AAA
Maturity: 2-year
Amount: $1.25 bln
Settlement date: September 30, 2015
Coupon: 3-month USD LIBOR flat
Coupon payment dates: Paid quarterly on September, December, March and June 30 of each year, commencing on December 30, 2015
Maturity date: September 30, 2017
Issue price: 100.00%
Listing: Luxembourg Stock Exchange

*On September 24, 2015, IBRD agreed to further increase the principal amount, the new total outstanding principal amount is $1.5 bln.


World Bank Supports Modernization of Education in Belarus

17 September 2015

The Board of Executive Directors of the World Bank today approved a $50 mln loan to the Republic of Belarus for a new Education
Modernization Project aimed to improve access to quality learning environment in 120 general secondary schools, and strengthen student assessment and education management information systems of the country.

Like many countries in the region, Belarus has faced a steady decline in the number of school-age children over the past two decades. In response, the Government has undertaken an ambitious effort to consolidate the education network, adjusting the school infrastructure in line with demographic trends. As a result of this project, an estimated 25,000 boys and girls affected by school optimization are expected to benefit from an improved learning environment through rehabilitation of school facilities and provision of the necessary laboratory equipment for physics, chemistry, biology, and information technology.

The project also aims to modernize the management of the education sector and bring it in line with international best practices. With the help of a World Bank grant, Belarusian Authorities are currently evaluating how their system collects and uses information for evidence-based policymaking. Under the loan, existing approaches to student learning assessment and data analysis will be strengthened to achieve better system performance and improve student learning outcomes.

Although Belarus has a national system of education quality monitoring, it has never participated in a major international assessment of student learning, having little comparable data about the quality of secondary education and how it evolved over time. The project will facilitate Belarus’s participation in an internationally comparable system of student learning assessment – the Program for International Student Assessment (PISA) – for the first time in 2018 and to be carried out every three years thereafter.


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Kazakhstan

Energy Efficiency

**Kazakhstan Launches Energy Efficiency Project**

14 September 2015

Today, the Ministry of Investments and Development jointly with the World Bank officially launched the Kazakhstan Energy Efficiency Project to improve the energy efficiency in public and social facilities and to create the enabling environment for sustainable energy efficiency financing.

The project focuses on reduction in energy use of public buildings such as schools, kindergartens, hospitals, and street lighting, to demonstrate energy cost savings and social co-benefits. As a first activity, the project will support 19 social facilities (8 schools and 11 kindergartens) in Atyray, Mangistay, Kyzylorda, Karaganda, Pavlodar and East-Kazakhstan oblasts for upgrade during the construction season of 2016.

Over the last few years, Kazakhstan has made a good progress in establishing the energy efficiency institutional platform by setting up the State Energy Registry and improving the legislation and regulations. Further plans are to introduce energy efficiency measures to the large energy consumers, as well as to develop the energy service company (ESCO) market. In support of these activities, the project will provide technical assistance on energy efficiency policies and measures in line with implementation of 100 steps of the Five Institutional Reforms pursued by Kazakhstan, namely, on the establishment of the Energy Efficiency Fund.

The grant for the implementation of the four-year project in the amount of $21.763 mln is provided by the Swiss Agency for Development and Cooperation through the World Bank-administered Trust Fund. Signed and ratified Grant Agreement for the Kazakhstan Energy Efficiency Project became effective on June 1, 2015. The JSC "Institute of electricity development and energy saving" acts as an implementing agency.


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Social Sector

**World Bank to Support Youth Corps Development in Kazakhstan**

10 September 2015

Today, the Ministry of Education and Science and the World Bank signed a grant agreement to support the development of youth corps in Kazakhstan.

Active community engagement including through volunteering and socially useful activity is both meaningful to the self and a positive contribution to the community. The Youth Corps Development Project will focus on various aspects, including the development of initiative of youth, development of the support system to build strong adult-youth and peer relationships, as well as promoting positive behavior among young people. It is expected that about 8,500 young people, including vulnerable youth, as well as some 100 youth organizations will be involved in the project.

The project will also promote development of institutional mechanisms for the implementation of the youth policy by the Ministry of Education and Science.

The grant for the implementation of the four-year project in the amount of $21.763 mln is provided by the Swiss Agency for Development and Cooperation through the World Bank-administered Trust Fund. The project will be launched after the ratification of the agreement by the Parliament of the Republic of Kazakhstan.


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Ukraine

Finance sector development

**World Bank Provides New $500 Mln Loan to Strengthen Ukraine’s Financial Sector**

15 September 2015

The World Bank’s Board of Executive Directors today approved a $500 mln IBRD operation to finance the Second Programmatic Financial Sector Development Policy Loan in Ukraine. This new financing supports a number of high-priority reform measures in the banking sector in response to the financial crisis in Ukraine.

In particular, reform measures supported by this loan – the second in a series of two – will strengthen the capacity of the Deposit Guarantee Fund to ensure that it can adequately perform its critical bank resolution and insured deposit payout functions in the case of bank failures.

The loan will also help stabilize the banking sector through conducting diagnostics of the country’s largest banks and implementing recapitalization and restructuring plans for those banks that are found to be undercapitalized. Finally, this operation will support legal and
institutions of co-operation to improve the resilience and efficiency of the banking system in the medium to longer term, particularly, focusing on limiting related-party lending in the banking system.

This operation is part of the World Bank's broader financial support package announced in February this year, which aims to provide Ukraine with up to $2 bln in 2015. With the approval of this operation, the World Bank will have delivered $1.215 bln to Ukraine in 2015, including $1 bln direct budget support.


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**Vnesheconombank**

**Russia**

**VEB AND OJSC SYLOVYE MASHINY AGREE TO COOPERATE IN THE ASIAN-PACIFIC REGION**

4 September 2015

In the course of the Eastern Economic Forum in Vladivostok, Vnesheconombank and OJSC Silovye Mashiny signed an agreement on cooperation.

On behalf of Vnesheconombank the agreement was signed by Vnesheconombank First Deputy Chairman Petr Fradkov and on behalf of OJSC Silovye Mashiny Director General Roman Filippov.

The agreement would contribute to increased competitiveness of the Russian economy, its increased diversification and exports of energy mechanical engineering products and innovations.


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**Food Industry**

**VEB, the Administration of the Primorsky Territory and Yug Rusi Company agree to cooperate**

4 September 2015

In the course of the Eastern Economic Forum in Vladivostok, Vnesheconombank, the Administration of the Primorsky Territory, Yug Rusi Company and OJSC the Chinese Engineering Corporation CAMCE entered into an agreement on cooperation.

The parties intend to assist in raising investments for the Primorsky Territory's economy and in implementing investment projects in the field of constructing high technology and socially significant production facilities. Top priority is to be given to developing the region's raw materials base to increase production of such grain crops as soybeans, oil seeds and their deep processing.

The parties intend to implement a project on the construction of a soybeans and oil seeds deep processing production facility with a capacity 3 thousand tons per day and organize an oil refining production facility and a vegetable oil packaging facility on the outrunning growth territory "Mikhailovsky in the Far East Federal District. At present, the project's total value is 11.7 bln rubles. There are plans to raise funds from Chinese financing institutions.

The project's implementation would help to develop industrial production and agriculture in the region and make it possible to create about 10 thousand jobs and expand import substitution capabilities.

In August of 2015, the Russian Government approved the creation of a territory of outrunning socio-economic development «Mikhailovsky. Mikhailovsky is to specialize in deploying major agricultural production facilities and centers for logistics and deep processing of agricultural products.


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**Mining**

**VEB GROUP PARTICIPATES IN THE EVENTS OF A FORMAL VISIT TO CHINA**

4 September 2015

In the course of Russian President Vladimir Putin's formal visit to China, institutions comprising Vnesheconombank Group entered into the following agreements:

- Vnesheconombank and the Export-Import Bank of China (Eximbank) entered into a Memorandum of Understanding. The parties intend to participate in implementing a project «Comprehensive Development of the Bystrinsky Iron-Oxide-Copper-Gold OreDeposit in the Zabaikalye Territory» as part of which there are plans to raise funds of Chinese financing institutions. The project provides for the construction of four open pits as well as an ore mining and processing integrated plant with a processing capacity of 10 mln tons of ore per year with producing copper, gold and magnetite concentrates and for launching required transport and engineering assets;
- Vnesheconombank, the Russian Direct Investment Fund (VEB Group), the Silk Road Fund entered into an agreement on cooperation. A signing ceremony was held in the presence of Russian President Vladimir Putin and PRC President Xi Jinping. The parties are also interested to make joint efforts to search for investment projects in infrastructure, energy efficiency, power engineering and industrial production;
- Vnesheconombank, JSC the Russian Export Center (VEB Group), the leadership of Chinese People's Guangdong Province and Sinotrans & CSC Group entered into a Memorandum of Understanding. The signing ceremony was held in the presence of Russian President Vladimir Putin and PRC President Xi Jinping. Under the Memorandum, it is planned to set up a trade and finance platform in South-East China in the city of Shilong of Guangdong Province in order to enhance trade relations between the countries and promote Russian exports to Asian countries.

Vnesheconombank Chairman Vladimir Putin participated in the Russian-Chinese summit talks and in the meeting of executives of the largest companies as part of the Russian-Chinese Business Council and he held a bilateral meeting with President of the China Eximbank Ms Hu Xiaolian.
