Activities of development banks in Eurasian countries.
Information digest.

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ADB Reforms Procurement Processes To Improve Project Delivery

29 September 2014

The Asian Development Bank (ADB) has altered the way its clients procure plant and equipment, civil works, and consultant services to improve the efficiency of implementing the projects it finances.

Slow procurement processes and practices have been holding back project implementation which, in turn, leads to unnecessarily high costs for clients.

Faster project implementation will improve results on the ground.

The main changes are as follows:

• Cut procurement timelines by more than half
• Increase the thresholds for national competitive bidding processes
• Allow clients greater flexibility when choosing procurement methods
• Delegate greater authority to ADB country offices on procurement matters
• Link fiduciary oversight to agency, project, and contract risks
• Streamline internal prior- and post-procurement reviews
• Overhaul procurement documentation and establish a procurement review system
• Provide tailor-made capacity-building programs

The change to procurement processes is one of several reforms coming out of a mid-term review of ADB’s long-term strategic framework, Strategy 2020. This review culminated in an action plan aimed at helping ADB respond better and faster to changing market conditions in both low- and middle-income countries, including on issues such as inclusion, regional cooperation, and climate change. The reforms will foster greater efficiency, delegation and proximity to clients, innovation, higher leveraging of finance and knowledge, and greater private sector investment, including public-private partnerships.


Multilateral Development Banks Agree to Reinforce Climate Financing in Advance of UN Summit

11 September 2014

The world’s six multilateral development banks today reaffirmed their shared commitment to lead by example by continuing to reinforce and further develop climate financing through a joint statement issued in advance of
The United Nations Secretary-General’s Climate Summit being convened in New York on 23 September.

The African Development Bank, Asian Development Bank (ADB), European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, and World Bank Group together pledged to maintain a strong institutional focus on climate change. This will include leveraging additional private sector investment, continuing to innovate and promote more robust and transparent climate finance tracking and reporting.

Since they began jointly tracking climate finance flows in 2011, the six multilateral development banks have delivered nearly $75 bln in financing to help developing countries and emerging economies respond to the challenges of climate change. On average, about 80% of this lending has supported investment in mitigation activities and 20% to adaptation.

The statement also confirmed the intention of the multilateral development banks to count and track climate finance investments in the same way. This is expected to enable greater cooperation and shared experience between the banks and other financial bodies involved in climate action.

With their ability to catalyze public and private funds, the multilateral development banks have successfully attracted and deployed climate financing to support low-carbon resilient growth in developing countries and emerging economies.


**Bilateral**

**Framework Cofinancing Agreement between Asian Development Bank and Eurasian Development Bank modified**

22 September 2014.

On 19 September 2014, provisions on contract cofinancing were added to the Framework Cofinancing Agreement between Asian Development Bank and Eurasian Development Bank, Resources Manager of the EurAsEC Anti-Crisis Fund. That will allow ADB and the Manager to finance one contract using the resources of ADB and the ACF. Prior to the modification, the Framework Agreement provided only for parallel financing of different components of one project by ADB and the Manager.

These provisions will facilitate expanded cooperation between the Manager and ADB and financing of a number of potential joint projects utilising ADB’s procurement policies. It should be noted that this modification will allow for participation of companies from ACF member states in tenders for supply of goods, work, and services in the framework of such project implementation—ADB’s current procurement policies do not allow for participation of companies from non-member states of ADB in such tenders. The first project that can be financed using the new arrangement is the project of Toktogul HPP rehabilitation in the Kyrgyz Republic.

The Framework Cofinancing Agreement between Asian Development Bank and Eurasian Development Bank was signed on 3 May 2013 and provides for joint financing of projects in those countries, which are members of both EDB and ADB—Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan. The document specifies the tentative amount of possible cofinancing for a period of three years from the date the Agreement was signed: up to $715 mln from ACF and up to $1.2 bln from ADB.

http://acf.eabr.org/e/info_acf_e/acfnews_info_acf_e/index.php?id_35=42624

**Azerbaijan**

**ADB, Azerbaijan Partnership to Promote New Economic Opportunities and Inclusive Growth**

29 September 2014

The Asian Development Bank (ADB) and the Government of Azerbaijan have agreed to a country partnership strategy for 2014-2018 to help diversify the economy and foster new economic opportunities, promote inclusive growth, and reduce urban-rural disparities.

Azerbaijan has quickly become an upper-middle-income country, with gross national income per capita rising from $661 in 2001 to $7,350 in 2013. The transformation was spurred by the exploitation of oil and gas resources, high levels of public expenditure, and substantial reforms supporting a market-based economy.

The partnership strategy is consistent with the government’s development agenda, ADB’s own strategic priorities and proven record in Azerbaijan, as well as complementarities with other development partners. The
ADB Grants Aid Government Push to Overhaul, Improve Education

29 September 2014

The Asian Development Bank (ADB) is providing grant assistance of $22 mln to help the Government of the Kyrgyz Republic address major gaps in the quality and relevance of the country’s education system, which are undermining its drive for better living standards and a more competitive economy.

Although the country has near universal enrollment rates for primary education, it falls well below the OECD average in learning outcomes, including in reading literacy. More than half of all students score poorly in national tests for mathematics and sciences in grades 4 to 8. Curricula are outdated, there is a shortage of textbooks, and teacher quality is low.

In response, the government has launched a series of initiatives under its Education Development Strategy for 2012 to 2020 and the ADB-assisted Strengthening Education System Sector Development Program will support ongoing policy reforms and sector actions.

The program will help the government complete an introduction of the new curricula, including for mathematics and sciences; revise guidelines for textbook development, publishing and distribution; and establish a textbook rental scheme to provide free rentals to a number of poor and vulnerable students. It will also help implement a national teacher development program; introduce a teacher ranking and progression system with salaries linked to professional standards, and develop and roll out a training plan for school principals, teacher training staff and others, which will include e-learning. The competencies of 10,000 teachers will be upgraded under the in-service training plan.

The working group for Vietnam’s accession to EDB meets in Hanoi

8 September 2014

The joint working group for the preparation of Vietnam’s accession to Eurasian Development Bank (EDB) met in Hanoi.

After the meeting Igor Finogenov, Chairman of the Management Board at EDB, had talks with Nguyễn Văn Bình, Governor of the State Bank of the Socialist Republic of Vietnam. At their meeting Nguyễn Văn Bình stated that the Vietnamese side plans to pass a decision of Vietnam’s possible accession to EDB before the end of the year.

In Hanoi EDB representatives also met with officials of some ministries and other authorities of Vietnam. The Vietnamese side was provided with comprehensive information about the Bank, including its operations in the member states, key areas and terms of project activities, financing, the accession procedure, and its capital structure.

The Vietnamese side proposed a number of investment projects for consideration. The projects that are of most significant interest to Vietnam include the Bank’s possible participation in the expansion and upgrade of seaports and railroads and the construction of an airport near Ho Chi Minh City.


Kazakhstan and Russia demonstrate the highest growth in support their populations express for participation in the Customs Union

23 September 2014

Over the recent year, the support for the Customs Union among the population of Kazakhstan and Russia grew by more than 11%, to 84% and 79% respectively. In Belarus, 68% of the population approves participation in the Customs Union.

In Ukraine and Azerbaijan, possible participation in Eurasian economic integration rouses predominantly negative attitudes.

These are the results of EDB’s annual research Integration Barometer. Kazakhstan, Russia and Belarus have a high level of public approval of Customs Union activities: 84%, 79%, and 68% respectively.

The results of the third research into preferences of the CIS region population with respect to various aspects of Eurasian integration suggest that the “integration core” of the Eurasian Economic Union (EEU) continues to form and crystallise. The research has been performed by Eurasian Development Bank’s Centre for Integration Studies and the Eurasian Monitor International Research Agency.

Over 13,000 people from ten CIS countries and Georgia (between 1,000 and 2,000 people in each country) took part in the poll.

Among non-Customs Union countries, in 2014 the highest support from the population for joining these two
Mutual foreign direct investment accumulated by CIS countries reduced by $5.5 bln

30 September 2014

Mutual foreign direct investment (FDI) accumulated in CIS countries and Georgia amounts to $49.1 bln. For the first time over several years of consistent growth this indicator went down by 10%. This conclusion is suggested in the annual report by Eurasian Development Bank’s (EDB) Centre for Integration Studies Monitoring Mutual Investments in CIS Countries 2014. Russia accounted for almost 85% of all accumulated mutual FDI in the CIS and Georgia ($41.63 bln) and Kazakhstan 9% ($4.37 bln).

Two main reasons underlay the reduction in mutual FDI accumulated in the region. First, the number of completed investment projects is growing. In 2013 several real estate projects supported by Kazakh investors were completed and sold in Russia. In addition, Russian investment in Kazakhstan’s ferrous metallurgy decreased after Mechel had sold Voskhod Chrome as part of its business restructuring. Second, in 2013 Russian FDI in Ukraine reduced by 11% (from $16.5 bln to $14.7 bln). Ukrainian FDI in Russia also went down by 10% (from $1 bln to $0.9 bln).

Russian FDI in Belarus and Armenia, Kazakh FDI in Kyrgyzstan, Belarussian FDI in Russia, Azeri FDI in Georgia and Ukraine, and Ukrainian FDI in Moldova increased.

The largest recipients of mutual FDI accumulated in the CIS and Georgia are Ukraine (over 30%), Kazakhstan (19%), Belarus (16%), and Russia (9%). Russian-Ukrainian, Russian-Kazakh and Russian-Belarusian ties remain the key directions for mutual FDI. If to disregard Russia, the most noticeable capital flow is from Azerbaijan to neighbouring Georgia. The report by the Centre for Integration Studies also highlights Kazakh FDI in Georgia and Kyrgyzstan.

The structure of mutual FDI in the region is formed, to a significant extent, by Russian investors. These are primarily interested in sales and resources, as well as in the improvement of production effectiveness.


EDB places bonds in Kazakhstan

18 September 2014

Eurasian Development Bank (EDB) placed its tenge-denominated securities (KZP04Y05E388) in the amount of KZT 20 bln in Kazakhstan.

The placement was made on 18 September at Kazakhstan Stock Exchange through a special auction. The bonds bear a YTM of 7.2% p.a. and will mature in five years.

The funds raised from this placement will be used to finance the Bank’s projects in Kazakhstan. The total value of the Bank’s bonds placed in the framework of its bond programme registered in Kazakhstan in 2012 (totalling KZT 150 bln) has reached KZT 81.5 bln.

Agreement on Financing Bishkek-Osh Road Section Rehabilitation Project Comes into Force

16 September 2014

The Agreement between Eurasian Development Bank (EDB) and the Kyrgyz Republic (KR) on financing the Bishkek-Osh Road Section Rehabilitation Project came into force on 15 September 2014.

The Project is financed with the resources of the EurAsEC Anti-Crisis Fund (ACF) that are managed by EDB. Under the Agreement, $60 mln will be provided to finance the rehabilitation of the Jalal-Abad to Madaniyat section of Bishkek-Osh automobile road connecting the northern and the southern parts of the KR. The section is 67 km long. This road section was not rehabilitated during the implementation of the first three phases of the Bishkek-Osh Road Rehabilitation Project financed by Asian Development Bank (ADB).

EDB will be financing the project parallel to ADB, which resources will be used to finance the rehabilitation of the Bishkek to Kara-Balta section. In addition, ADB’s policies and expertise on environmental and social safeguards will be used for the Project preparation and implementation. The resources are to be provided for 20 years on concessional terms—at 1% annual with a grace period of eight years.

http://acf.eabr.org/e/info_acf_e/acfnews_info_acf_e/index.php?id_35=42449

EDB to finance one of Russia’s largest telecom projects

15 September 2014

Eurasian Development Bank (EDB) and Russian Towers signed a ten-year loan facility agreement for a total of RUB 2 bln.

In accordance with the agreement, the loan will be used to develop the company’s telecommunications infrastructure throughout Russia. In particular, the project envisages the construction and upgrade of antenna masts and towers to be shared by mobile network operators. The loan from EDB is expected to increase the portfolio of facilities managed by Russian Towers to 2,000 by the end of 2016.

Gennady Zhuzhlev, Deputy Chairman of the Management Board at EDB, believes that, „This project will make it possible for operators to lower their costs, decrease the time for establishing telecommunications infrastructure, and optimise their operations.”

EDB expects that the project will contribute to the improvement of competition and quality in the Russian market in mobile services.

Russian Towers is an independent owner of antenna masts and towers in Russia. The company provides telecommunications infrastructure for sharing. In particular, it invests in the construction of its own towers in Russian regions and purchases and maintains towers for operators. The company was set up in 2009 with financial support from UFG Asset Management, the European Bank for Reconstruction and Development (EBRD), the Macquarie Renaissance Infrastructure Fund, ADM Capital, Sumitomo Corporation, and International Finance Corporation (IFC).

The EBRD upgrades Yerevan’s metro

22 September 2014

Yerevan’s state-owned metro was triumphantly opened in 1981 with the ambition of becoming the backbone of the public transport in Armenia’s capital. However, after 33 years of operation, lack of investment has taken its toll on the metro’s safety and passengers’ experience of travel.

Other serious challenges have emerged too, including the introduction of competitive minibus services and growing car ownership in Yerevan. The decline in the use of the metro has in turn caused overcrowding of the city’s roads and increased traffic and road safety problems.

For Yerevan, keeping the metro system, which serves over 1.9 mln people a year, at the heart of the city’s life has become one of its highest priorities.

Since 2010 the EBRD, EIB and EU have contributed a total of €30 mln for the improvements carried out in two phases. So far, completed investments include rehabilitation of the track and power supply systems, purchase of a maintenance trolley, upgrade of the depot and replacement of the water pumps removing ingress water from the tunnels.

A lot of this work has been happening behind the scenes, but the most visible to the passengers have been the newly modernised metro cars. The seriousness of the Soviet-era is long gone, replaced by a modern, sleek look.

The carriages are also safe to run, with services every five minutes at peak times and every eight minutes off-peak.

Yerevan’s metro is not just receiving new finance. Through a separate project funded by the EBRD Shareholder Special Fund, it receives support for the corporate development and project implementation.

Among many other changes, Yerevan Metro Company is now managed more efficiently on a commercial basis and international standards of financial reporting are being applied.


EBRD to host trade finance conference in Yerevan

30 September 2014

The European Bank for Reconstruction and Development (EBRD), in cooperation with the European Union (EU), is holding a trade finance conference to increase awareness and facilitate better access to trade finance instruments for small and medium-sized enterprises (SMEs) in Armenia. The event will take place on 1-2 October 2014 at the Elite Plaza Business Center in Yerevan. During the two-day event, internationally renowned industry experts will discuss the opportunities and challenges faced by local entrepreneurs in accessing trade finance in Armenia.
EBRD commits new funds to support small businesses in Belarus

11 September 2014
The European Bank for Reconstruction and Development (EBRD) is extending a senior loan worth up to $5 mln to privately owned MTBank. The proceeds will allow MTBank, an important finance provider for smaller businesses in Belarus, to enhance its lending to Belarusian micro, small and medium-sized enterprises.

The loan will be provided in local currency and will help mitigate foreign exchange risks both for MTBank and small companies with no foreign currency revenues.

The EBRD is a major investor in Belarus. As of 1 September 2014 the Bank had committed over €1.4 bln across 66 projects.


EBRD Board delegation visits Belarus

19 September 2014
A delegation of the EBRD Board of Directors will pay a five-day visit to Belarus on 22-26 September 2014. The visit will cover several towns across Belarus, including Smorgon, Faniopol and Baranovichi as well as the capital, Minsk.

EBRD Board Directors will have meetings with the national and regional authorities, foreign and domestic investors and civil society organisations to discuss political and economic developments in Belarus.

The EBRD is a major investor in Belarus. As of 1 September 2014 the Bank had committed over €1.5 bln through 66 projects, €883 mln of which was invested in the past five years.


EBRD promotes development of high-technology park in Belarus

29 September 2014
The European Bank for Reconstruction and Development (EBRD) and the Fishman Group of Israel joined forces to develop a new office complex, which officially opens its doors to tenants today. An €8.7 mln loan from the Bank helped the Fishman Group to launch the facility, which has a total gross built area of 15,000 m².

Located within the Minsk High Technology Park – a new hub established to promote the information technology and software development industries in Belarus – this unique office centre will address the growing demand for modern office space in the Belarusian capital. In addition to offering a new, user-friendly working environment it will also set a benchmark for sustainable development projects through its economic, environmental and social standards.

The energy consumption of the new office centre is almost 50 per cent better than the average office block in Belarus. The energy savings achieved by this project will reach 1.35 MWh per year, or €85,500 in monetary terms. New environmental solutions will also allow the complex to minimise its CO2 emissions.

EBRD seven-year loan for Belarus soft drink plant

1 September 2014

A seven-year EBRD loan to the leading mineral water producer in Belarus will enable the Minsk Soft Drink Plant to upgrade its equipment, double its transport fleet and refinance part of its existing debt. The loan offers one of the longest maturities available on the local market in current market conditions.

The €10 mln loan from the EBRD will not only fund the plan's investment programme, but will also contribute to setting new standards for corporate governance and business conduct in Belarus.

During the negotiations leading up to a signing in Minsk, the plant committed to switch from local accounting standards to produce its first IFRS audited results and has already hired one of the leading international auditing firms to prepare the necessary documentation.

The loan is being made under the EBRD's Direct Lending Facility. The maximum loan that can be made under this facility is €10 mln.

The Minsk Soft Drink Plant was built in 1966 and privatised in 1995. It employs over 700 staff and is the leading player on the country's mineral water market.


EBRD lends 30 bln tenge to Kazakh railways

29 September 2014

The European Bank for Reconstruction and Development (EBRD) is providing a 30 bln tenge (local currency equivalent of €121 mln) to Kazakhstan's national rail company, Kazakhstan Temir Zholy (KTZ), to finance the purchase of equipment for logistics and infrastructure maintenance. The project will serve the main priorities for KTZ, to increase Kazakhstan’s transit potential and also to strengthen the security of passenger rail transportation.

This loan is also significant as the EBRD’s largest local currency loan in Kazakhstan to date. It will hedge the company against foreign exchange risk.


EBRD promotes modern technology in the Kazakh oil sector

26 September 2014

The European Bank for Reconstruction and Development (EBRD) has signed a syndicated loan in Kazakhstan to finance new environmentally friendly technologies and improvements to the efficiency of oilfield operations.

The EBRD has arranged a $200 mln financing package for KOM Munai, a private oil company operating in the Mangistau region of Kazakhstan. KOM Munai is a subsidiary of OMV Petrom SA, the largest oil and gas company in Romania, and a former investee company of the EBRD.

The Bank will finance half of the project costs, and the other half will be syndicated to commercial banks.

The company’s investment programme over the next three years includes the introduction of state-of-the-art technology in water management and drilling operations, which will lead to significant water savings and reduced drilling times. The project also envisages the possibility of replacing gas-to-power turbines with a more advanced kind.


Improving energy efficiency in Astana schools

8 September 2014

The presentation of a pilot demonstration project for School No. 25 was held in Astana on 6 September.

The Government of the Republic of Kazakhstan, in collaboration with the United Nations Development
EBRD invests in hydropower in Tajikistan

2 September 2014

Harnessing the potential of hydropower has, for decades, been behind the construction of hydroelectric power plants in the EBRD region. This was especially true in Central Asia where the annual thaw in the Pamir and Tian Shan mountains was the spur for major projects in Soviet times.

Hydropower is also of crucial importance to Tajikistan’s economic well-being, the source of some 96 per cent of its electricity but also bringing with it vulnerability to climate risks such as glacial melting and variation in precipitation.

Built in 1957, the Qairokkum plant in the north of the country is the only generating facility for some 500,000 households in the Sugd region. Its six turbines have been lovingly maintained for nearly six decades by dedicated staff.

Nonetheless, after so many years, lack of investment and inevitable wear have taken their toll on its generating equipment and capacity, this in a region which experiences chronic electricity shortages in winter.

After careful study, the EBRD has committed itself to investing approximately $75.7 mln, which includes $21 mln in donor funds – a $10 mln loan and a $11 mln grant from the Pilot Programme for Climate Resilience.

A further $4.7 mln in technical cooperation grants has been provided by Austria and the United Kingdom and the EBRD’s Shareholder Special Fund.

The investment will cover the first phase of the plant’s modernisation – the Bank’s largest and most complex project to date in Tajikistan – and will involve rehabilitation of two of the plant’s six turbines, increasing capacity from 126MW to 142MW. Because the new equipment will be far more efficient, more electricity will be generated from the same water flow.

EBRD is significantly stepping up its activities in Ukraine

11 September 2014

The EBRD is reaffirming commitment to Ukraine with a senior delegation at the 11th Yalta European Strategy (YES) Annual Meeting in Kiev. First Vice President Phil Bennett, Chief Economist Erik Berglof, Managing Director Francis Malige and Country Director Sevki Acuner will attend the conference.
The event, which will bring together government representatives and major local and international investors, will also provide an important opportunity to expand and deepen contacts. According to the organisers the conference will be opened by the president of Ukraine, Petro Poroshenko, the president of Estonia, Toomas Hendrik Ilves, and the president of the European Parliament, Martin Schulz.

In response to the political changes in Ukraine earlier this year the EBRD is significantly stepping up its activities in Ukraine.

The country’s commitment to fight corruption and improve the business climate, which was illustrated by it signing up to an Anti-Corruption Initiative in May this year, has been rewarded by increase of activities and investments by the Bank. It also allowed the EBRD to return as investor in public sector sovereign projects.

As a result the EBRD today is on track to deliver around €1 bln of new investments in Ukraine this year alone. Activities to date include a public sector road project and a private sector grain terminal in the port of Odessa.

The EBRD has also been traditionally active in agribusiness in Ukraine committing almost €200 mln to the sector since the beginning of 2014. The EBRD also agreed a special financing facility to protect existing corporate clients affected by the continuing difficult macroeconomic climate.

These efforts are being complemented by enhanced activities in policy dialogue. The EBRD has been asked by the Ukrainian authorities to mobilise backing for the newly-established National Reform Council.

The EBRD is also supporting reforms in Ukraine’s financial sector, using the Vienna Initiative platform to bring together all key stakeholders.


Food Industry

EBRD pledges further support to independent Ukrainian brewer

9 September 2014

The shareholders of an independent Lviv-based brewer Persha Privatna Brovarnia (PPB) including the European Bank for Reconstruction and Development (EBRD), which has over two decades of successful investment experience in the Ukrainian brewing industry, are financing another project aimed at supporting one of the most vibrant agribusiness subsectors in the country. Through this latest investment the shareholders of PPB, including the EBRD, will make a $10 mln equity investment which will be channelled to the brewer.

The injection of fresh capital into PPB, where the Bank already indirectly holds a 15 per cent stake, will enable the brewery to finance its working capital needs and launch a new packaging line (cans).

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


European Investment Bank

Climate Change

Multilateral Development Banks deliver $24 bln in climate change financing

19 September 2014

Six leading Multilateral Development Banks (MDBs) have provided almost $24 bln worldwide in financing in 2013 for projects in developing and emerging economies that address the challenges of climate change according to the third annual joint MDB report on climate finance. The report, released today, demonstrates the shared engagement expressed by the six MDBs last week to reinforce transparency of their financing in climate change mitigation and adaptation.

The report was prepared by the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB) and the World Bank Group (WBG).

The new report analyses the financial commitments from the institutions to support climate change mitigation and adaptation, and the information provided has been expanded to include both a more detailed sector based breakdown and a split between public and private operations, as well as a regional breakdown of MDB financing.

From the total $24 bln in climate finance provided in 2013, 80%, or $19 bln, was dedicated to mitigation and 20%, or nearly $5 bln, to adaptation. Of the total commitments, 9%, or $2 bln came from external resources,
The regional coverage for 2013 is quite balanced with two regions (East Asia and Pacific, Non-EU Europe and Central Asia) each receiving roughly 20% of total climate finance provided, and four regions (South Asia, Sub-Saharan Africa, Latin America and Caribbean, EU New Member States) 10-15% each.

Concerning investment in different sectors, 22% of adaptation finance supported to “Coastal and riverine infrastructure (including built flood protection infrastructure)” and 30% to the category comprising “Energy, transport, and other built environment and infrastructure”. In mitigation finance, renewable energy still takes far the largest share, with 25% of the total.


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**EIB launches second $3 bln 7 year Global benchmark of 2014**

2 September 2014

The European Investment Bank (‘EIB’) priced a new US Dollar benchmark issue - a $ 3bln 7-year Global. This is EIB’s second 7-year US Dollar Global and seventh US Dollar Global of the year.

The transaction was priced at mid-swaps + 9 basis points, in line with initial guidance. The issue pays a semi-annual coupon of 2.125% and has an issue price of 99.249% to give a spread of 22.3 basis points over the 2.25% UST due July 2021.

Lead Managers for the transaction were Bank of America Merrill Lynch, TD Securities and J.P. Morgan.


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**CAB 2026 creates new benchmark on EIB’s Green Bond curve**

4 September 2014

Today, the European Investment Bank (EIB), the EU Bank owned by the EU Member States, rated Aaa/AAA/AAA (Moody’s / Standard and Poor’s / Fitch), issued a € 500m Climate Awareness Bond (CAB). The issue carries an annual coupon of 1.250%, has a final maturity date of 13 November 2026 and has been priced in line with the existing EIB ECoop curve at MS+1bp.

With this new issue, the EIB starts building a Green Bond curve in the EUR market.

The bond is EIB’s second CAB distributed in mini-benchmark / ECoop format, which foresees a size of at least € 500mln and € 250mln minimum re-openings upon actual demand. The € 2.6bln ECoop CAB due 11/2019, first launched in July 2013 for an amount of €650mln, is currently the largest Green Bond outstanding.

The long, 12-year tenor of the bond now provides investors with a maturity that well reflects the duration of renewable energy and energy efficiency projects financed by the EIB and eligible for Climate Awareness Bonds.

The bond generated strong demand from a range of investors genuinely interested in the socially responsible features of the transaction (i.a. Actiam, Aegon, APG, APK Pensionskasse, Banque Syz & co., Gutmann KAG, Natixis AM, etc.), particularly from the Netherlands which accounted for 38% of distribution. Asset managers, insurance companies and pension funds provided over 63% of distribution by investor type.

Joint Bookrunners for the transaction were Crédit Agricole CIB, DZ BANK, Rabobank and Raiffeisen Bank International – leading European co-operative central banks and active members of the UNICO Banking Group. Co-operative banks have the principles of solidarity and social responsibility at the heart of their culture and mission.

As such, all four banks have contributed significantly to the development of the sustainable financing solutions in their home markets not only by addressing social challenges but also by financing the “Green transition” via investments in renewable energies as well as energy efficiency projects. They now join forces in supporting the further development of the Green Bond capital market segment, which they recognize as a catalyst of lending activity and transparency in these areas.


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**EIB increases CAB 2026 alongside climate finance commitment with global MDBs**

12 September 2014

The European Investment Bank (‘EIB’) has increased its Climate Awareness Bond (CAB) facilities alongside its commitment to climate finance. The EIB will increase its CAB 2026 alongside its climate finance commitment with global MDBs such as bilateral or multilateral donors.

The regional coverage for 2013 is quite balanced with two regions (East Asia and Pacific, Non-EU Europe and Central Asia) each receiving roughly 20% of total climate finance provided, and four regions (South Asia, Sub-Saharan Africa, Latin America and Caribbean, EU New Member States) 10-15% each.

Concerning investment in different sectors, 22% of adaptation finance supported to “Coastal and riverine infrastructure (including built flood protection infrastructure)” and 30% to the category comprising “Energy, transport, and other built environment and infrastructure”. In mitigation finance, renewable energy still takes far the largest share, with 25% of the total.

Today, the European Investment Bank (EIB), the EU Bank owned by the EU Member States, rated Aaa/AAA/AAA (Moody's / Standard and Poor's / Fitch), increased the 1.25% Climate Awareness Bond (CAB) 11/2026 by € 250mln. The tap, executed just a week after the original tranche, has been priced in line with the existing EIB ECoop curve at MS-1bp, two basis points better than the original tranche.

The issue comes on the same day as the EIB joins global multilateral development banks: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank Group, in agreeing to reinforce climate finance. The six banks have pledged to leverage their resources, develop and apply innovative ideas, mainstream climate through their core operations and promote harmonized, transparent and robust climate finance reporting.

With this transaction, which increases the benchmark status of the CAB 2026, the EIB delivers on its promise to continue building a Green Bond curve in the EUR market. CAB 2026 is EIB's second Green Bond distributed in mini-benchmark / ECoop format, which foresees a size of at least € 500mln and € 250mln minimum re-openings upon actual demand. The long, 12-year tenor of the bond provides investors with a maturity that well reflects the duration of renewable energy and energy efficiency projects financed by the EIB and eligible for Climate Awareness Bonds.

EIB's other benchmark Green Bond, the € 2.6bln ECoop CAB due 11/2019, first launched in July 2013 for an amount of € 650mln, is currently the largest Green Bond outstanding in any currency.

EU supports development of Moldova’s agriculture with € 120 mln

19 September 2014

The European Investment Bank (EIB) is lending $120 mln to support SMEs and micro enterprises active in Moldova’s horticultural sector. Improving access to finance will help increase the sector's competitiveness and product quality, and facilitate exports from Moldova to diverse markets.

The project, called “The Fruit Garden of Moldova,” will support activities in the entire food value chain, from the education of farmers through to harvesting and food production.

The borrower is Moldova’s Ministry of Finance, while the Ministry of Agriculture and Food Industry will be the promoter of the project. With its loan, the EIB will support a total investment volume of around €300 mln. Besides the EIB’s contribution, the project will be financed by own funds from the final beneficiaries, loans from local commercial banks and possibly grants from various donors, including the European Commission, through the Neighbourhood Investment Facility (NIF).

Agriculture is a key sector of Moldova’s economy. The EU is the country’s principal trading partner, with 54% of Moldova’s total trade.

Since 2007, when the Republic of Moldova became eligible for EIB funds, the Bank has signed 13 projects in the country with a total loan volume of € 586 mln.


Infrastructure Is Key to IFC’s Development Agenda in Europe and Central Asia

25 September 2014

In the fiscal year ending June 30, 2014, IFC, a member of the World Bank Group, invested more than $915 mln in infrastructure in Europe and Central Asia (ECA) in an effort to ensure improved access to markets and goods and boost economies across the region. These investments included $350 mln mobilized from other sources, including guarantees from MIGA (the Multilateral Investment Guarantee Agency), another member of the World Bank Group.
For IFC, improved infrastructure is a long-term priority in ECA and across the globe. As of June 30, IFC’s infrastructure portfolio in ECA stood at $3.9 bln, including $1.5 bln in mobilized funds. IFC finances companies and municipalities to support the development and modernization of transport and utilities, including heating, water, and sanitation; supports renewable power generation through investments in solar, wind, and hydro power projects; and provides advisory services to governments in structuring large-scale infrastructure projects, particularly public-private partnerships.

Over the past fiscal year, IFC supported private sector development in Europe and Central Asia by investing $4.7 bln, including $1.2 bln in funds mobilized from our partners. IFC also delivered an advisory program worth nearly $40 mln with a focus on projects in IDA countries, fragile and conflict affected countries, and climate change.

http://ifcextapps.ifc.org/ifcext/pressroom/ifcpressroom.nsf/0/5BF09BB428E6B4F285257D5E00403E09?opendocument

Moldova

Agriculture

IFC Helps Trans-Oil Increase Agricultural Exports in Moldova

11 September 2014

IFC, a member of the World Bank Group, has extended financing to Trans-Oil to promote its agricultural export activities in Moldova and help raise the incomes of local farmers.

The $155 mln short-term pre-export finance facility, arranged by Societe Generale Corporate & Investment Banking and partly financed by IFC, will help Trans-Oil, a leading integrated agro-industrial group in Moldova, meet increased trade finance needs during the harvest season, given its strong growth in recent years. IFC is committing up to $30 mln, working with Societe Generale CIB and a syndicate of other banks and alternative investors.

Up to 15,000 farmers that supply Trans-Oil with grains and oil seeds will benefit from opportunities for additional revenue and increased integration into international markets.

The facility is an evolution of IFC’s Critical Commodity Finance Program, launched in 2012 to facilitate imports of agriculture and energy-related goods in the world’s poorest countries. The total commodity trade supported by IFC in this program has exceeded $20 bln.

The food and agribusiness sector accounts for half of Moldova’s exports and employs more than one-quarter of its workforce. Trans-Oil is the country’s largest trader of grains and processor of vegetable oil.

Development of the agribusiness sector is a core part of IFC’s strategy in Moldova. IFC investments and advice are building on more than a decade of experience in this sector to enhance the entire agribusiness value chain, develop competitive local agribusinesses, promote export opportunities, and foster food security.


Tajikistan

Finance sector development

IFC, Eskhata Bank to Expand SME Finance in Tajikistan

29 September 2014

IFC, a member of the World Bank Group, is providing a $10 mln subordinated loan and $5 mln senior loan denominated in Tajik somoni to Eskhata Bank to help expand access to finance for small and medium enterprises (SMEs), creating jobs and boosting shared prosperity in Tajikistan.

Although SMEs make an important contribution to Tajikistan’s gross domestic product and represent 60 percent of all employment, they struggle to gain access to banking services. IFC’s financing will enable Eskhata Bank to increase lending to SMEs, especially in agriculture and trade, the core sectors of the Tajik economy.

IFC’s relationship with Eskhata Bank dates back to 2005. Since then, IFC has extended a series of loans and trade finance lines totaling $25 mln. IFC’s advisory services helped the bank strengthen its treasury operations and develop retail products.

Islamic Development Bank prices $1.5 bln Fixed-Rate Trust Certificates issuance

21 September 2014

Islamic Development Bank ("IsDB"), rated Aaa/AAA/AAA by Moody's, S&P and Fitch (all stable outlook), has successfully priced $1.5 bln, 5-year, Trust Certificates (Sukuk) issued at par with a 2.111% semi-annual profit rate under its $10.0 bln Trust Certificate Issuance Programme.

CIMB, First Gulf Bank, GIB Capital, HSBC, Maybank, National Bank of Abu Dhabi, Natixis and Standard Chartered Bank acted as joint lead managers and joint bookrunners, with Bank of London and Middle East and NCB Capital as co-managers.

Bookbuilding began on Wednesday, 17 September with the release of initial price thoughts of MS plus 15bps area at 1:30pm London time on the back of which good momentum was built into the orderbook.

Despite an uncertain market environment in the backdrop of the FOMC and Scottish debate, IsDB achieved extremely attractive pricing, with the deal pricing approximately 10bps inside the secondary market levels.

This is indeed a significant achievement and an evident outcome of IsDB's continued efforts in positioning itself closer to its supranational peers. The success of IsDB's transaction was underpinned by a comprehensive set of investors meetings across key hubs of Asia, Middle-East and Europe. IsDB’s AAA ratings, strong financial position and commitment to support the liquidity of its Sukuk, made a compelling story for investors who participated strongly in the book.

The issue saw strong participation from investors across the Middle East, Asia and Europe. In terms of allocation, the distribution was well diversified with 59% allocated to MENA, 27% to Asia, and 14% to Europe, respectively. Overall the deal saw strong participation from real money accounts and official institutions providing credence to IsDB’s credit strength. 43% was allocated to central banks, followed by 34% to banks, 12% to fund managers and 11% to other investor types.

The Trust Certificates will be listed on the London Stock Exchange, Nasdaq Dubai and Bursa Malaysia under an Exempt Regime.

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

Rating

Standard & Poor’s Reaffirms Highest Rating (AAA) for the Islamic Development Bank

11 September 2014

Standard & Poor’s (S&P), one of the world’s leading rating agencies, has reaffirmed the Islamic Development Bank’s (IDB) 'AAA' rating with a stable outlook. The first AAA rating report on IDB was issued in 2002.

According to information received, S&P recognized IDB as having an ‘extremely strong’ financial profile underpinned by robust capitalization and high liquidity levels; as well as a ‘very strong’ business profile emanating from the Bank’s important policy role in promoting social and economic development across member countries and Muslim communities in non-member countries. The report emphasized the strong relationship, extraordinary support and preferred creditor treatment which IDB enjoys from its member countries.

The stable outlook reflects S&P’s assessment that the downside risks to the ‘AAA’ rating are low and that IDB will continue to “meet its mandate without materially damaging its extremely strong balance sheet”.

On the occasion, Dr. Ahmad Mohamed Ali, Chairman of the IDB Group, congratulated all member countries, IDB Board Members and the staff for this important achievement on the occasion of the Bank’s 40th anniversary. He renewed IDB’s pledge to further the goals of the institution and affirmed its commitment to continue its strategic efforts towards development and thus further the development aspirations of its constituencies in accordance with IDB’s 1440H Vision.

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

Bond issues

**NIB issues $500mln benchmark Environmental Bond**

23 September 2014

NIB launched its inaugural $500 mln benchmark environmental bond. The transaction proceeds will be used to finance projects with a positive impact on the environment in the Nordic countries. The security offered by this triple-A supranational has received a strong response in the capital market.

This benchmark bond of $500 mln is the largest issue under the NIB Environmental Bond programme. With a maturity of seven years, it also is the longest USD-denominated green bond from a supranational issuer to date. The bond pays a semi-annual coupon of 2.25% p.a. Bank of America Merrill Lynch, Crédit Agricole CIB and SEB jointly acted as the lead managers of the transaction.

The deal further promotes the Bank’s sustainable investment offering. The rapidly growing order book reflects the keen interest in the deal representing the market’s commitment to the values of socially responsible investment. Within a short period, the order book reached over $800 mln attracting strong demand predominantly from investors with an interest in supporting climate-friendly projects within their investment mandates.

As an international financial institution with an explicit environmental mandate, NIB finances the implementation of projects within renewable energy production, energy efficiency in buildings, biofuel- and electricity-based transport, and wastewater treatment.

http://www.nib.int/news_publications/1493/nib_issues_usd_500m_benchmark_environmental_bond

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**Samruk-Kazyna**

Corporate Sector

**«Samruk-Kazyna» JSC Group of companies plans to sale 14 companies in September 2014**

10.09.2014

«Samruk-Kazyna» JSC Group of companies completes preparation of presale of assets planned for privatization in September 2014.

«In September 2014 the Fund plans to auction 14 companies. The assessment procedure on these assets is currently being finalized,» Deputy Chairman of the Board of «Samruk-Kazyna» JSC Yelena Bakhmutova said at the briefing in Central Communications Service on September 10, 2014 in Astana.

She noted that it is planned to sellout nine companies of «Kazakhstan Temir Zholy» JSC, two of «Kazakhstan Engineering» JSC, one subsidiary of «KazMunayGas» JSC and two of «Samruk-Kazyna».

Assets of JSC NC «Kazakhstan Temir Zholy» will be sold via electronic tender, where the terms include the need to maintain the profile of the enterprises and preserve work places. The remaining assets will be implemented by electronic auction without any conditions.

To ensure transparency of the privatization process, «Samruk-Kazyna» JSC has formed Commission on the sales of assets and facilities, which included members of the Parliament of the Republic of Kazakhstan and representatives of the National Chamber of Entrepreneurs.

The Government of the Republic of Kazakhstan jointly with «Samruk-Kazyna» JSC has developed a comprehensive privatization plan for 2014-2016 within the implementation of the President’s orders. It is planned to privatize 106 assets and facilities of the Fund, 64 of which are scheduled to be sold out by the end of 2014. Implementation of the program is designed to reduce state involvement in the economy and strengthen its foundations by increasing share of the private sector.

A meeting of the SCO Interbank Consortium Council held

11 September 2014

The 10th Shanghai Cooperation Interbank Consortium Council meeting (SOC IC) timed to coincide with the SCO Heads of State Council meeting was held in the city of Dushanbe (the Republic of Tajikistan).

The meeting’s participants discussed a number of issues devoted to expanding and enhancing multilateral financial and investment cooperation including prospects for interacting with observer states of financing institutions and partners in the SCO dialogue, ways of stepping up cooperation with the SCO Business Council as well as identified high-priority objectives facing the Interbank Consortium as part of implementing the Strategy for further development of SOC IC in the mid-term period (2012-2016).

An Action Plan for strengthening financial cooperation and assisting in regional development. This Document specifies main lines of activity and forms of SOC IC cooperation designed to accelerate the implementation of joint investment projects and expand regional cooperation. Vnesheconombank was elected as SCO IC chair bank for 2014 - 2015

The Shanghai Cooperation Organization Interbank Consortium (SOC IC) was established on October 26, 2005. Its activity is aimed at supporting interregional economic development. The Interbank Consortium incorporates the following SCO member states’ authorized banks: Vnesheconombank, the Kazakhstan Development Bank, the China State Development Bank, RSK Bank (Kirgizia), State Savings Bank of the Republic of Tajikistan “Amonatbonk” and the Uzbekistan National Bank for Foreign Economic Affairs.


The World Bank

Regional integration and cooperation

World Bank Vice President for Europe and Central Asia to Visit Belarus, Ukraine and Moldova

15 September 2014

World Bank Vice President for Europe and Central Asia Ms. Laura Tuck will visit Belarus, Ukraine and Moldova on September 15-24, 2014 to meet with government counterparts, representatives of private sector, civil society, and international development partners, and to visit some of the projects supported by the World Bank in these countries.

The main goal of Ms. Tuck's visit to the region is to discuss priority development issues in each of the countries, as well as the implementation of the ongoing World Bank's programs and future cooperation.

This is the first official visit to Belarus, Ukraine and Moldova for Ms. Tuck since she became Vice President for Europe and Central Asia in September 2013. She is responsible for leading the Bank’s development program in the Europe and Central Asia region, which includes 31 countries.


Environment

World Bank and International Fund for Saving the Aral Sea Will Cooperate on the Aral Sea Basin Management Program

8 September 2014

The World Bank and the Executive Committee of the International Fund for Saving the Aral Sea signed today a Memorandum of Understanding, which strengthens their cooperation aimed at improving water management,
World Bank Issues a $5 mln Callable Step-Up Green Bond

18 September 2014

Today, the World Bank (International Bank for Reconstruction and Development, IBRD, rated Aaa/AAA), announced a $5 mln 10-year callable step-up green bond. This green bond was lead managed by J.P. Morgan (JPM) which has underwritten $565 mln in IBRD green bonds to date.

With today's issue, the World Bank has now raised over $6.7 bln equivalent through 70 green bonds in 17 currencies, since its inaugural green bond in 2008.

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 raise funds for projects seeking to mitigate climate change or help affected people adapt to it. Examples of the types of projects supported by World Bank Green Bonds include renewable energy installations, energy efficiency projects, and new technologies in waste management and agriculture that reduce greenhouse gas emissions and help finance the transition to a low carbon economy. They also include financing for forest and watershed management and infrastructure to prevent climate-related flood damage and build climate resilience.


World Bank Prices an Oversubscribed $4 bln 5-Year Global

30 September 2014

Today, the World Bank (International Bank for Reconstruction and Development, IBRD, rated Aaa/AAA) priced a $4 bln 5-year global benchmark bond. The transaction was significantly oversubscribed with the order book quickly growing to over $5 bln, reflecting investor interest in highest quality borrowers and liquidity. Due to the positive response from investors around the world, the transaction was upsized from the initially targeted amount of $2 bln. With this successful global, the World Bank once again showed leadership by providing a product that caters to investors' “flight-to-quality” demand in the challenging market environment.

The joint-lead managers are Citi, Deutsche Bank, Goldman Sachs International and TD Securities.

The 5-year global carries a semi-annual coupon of 1.875% and matures on October 7, 2019. It offers investors a yield of 1.906%, which is equivalent to a spread of 14.3 basis points over the 1.75% U.S. Treasury note due September 2019.


Armenia

Corporate Sector
World Bank Announces New Country Manager for Armenia

12 September 2014

World Bank Regional Director for South Caucasus, Mr. Henry G. Kerali, presented to Armenian authorities the new World Bank Country Manager for Armenia, Ms. Laura E. Bailey.

The World Bank delegation led by the Regional Director and the incoming Country Manager met with the high level Armenian officials, including the Prime Minister, the Deputy Prime Minister and the Ministers of Finance, Economy, Energy, Health and the Chairman of the Central Bank among the others. During the meeting with Hovik Abrahamyan, the Prime Minister of the Republic of Armenia, the parties have reaffirmed that under Ms. Bailey’s leadership, the Bank’s partnership with the government and other stakeholders will develop further to ensure better leveraging of financial and knowledge resources in addressing the new challenges and supporting the Armenia to further progress in reducing poverty and boosting shared prosperity.

A reception ceremony in honor of the newly arrived Country Manager has been held, gathering the key stakeholders from the Government, donor agencies and civil society organizations.

The new Country Manager for Armenia has started her assignment with the reaffirmation of the Bank’s commitment to supporting policy reforms, sustaining changes in education and social protection areas, improving agriculture resource management, rehabilitating energy supply infrastructure and strengthening country’s export capacity.


Belarus

Regional integration and cooperation

World Bank Vice President for Europe and Central Asia Discussed Belarus Structural Transformation

17 September 2014

World Bank Vice President for Europe and Central Asia Ms. Laura Tuck visited the Republic of Belarus on September 15-17, 2014 to discuss the implementation progress under the World Bank Group Country Partnership Strategy for Belarus and to exchange views on key priorities emerging in the country’s long-term structural transformation agenda. She was accompanied by World Bank Country Director for Belarus, Moldova and Ukraine Mr. Qimiao Fan.

During the visit, Ms. Tuck and her team held meetings with His Excellency Alexander G. Lukashenko, President of the Republic of Belarus, His Excellency Mikhail V. Myasnikovich, the Prime Minister, and other senior officials. Belarusian authorities confirmed their interest in expanding cooperation with the World Bank and getting technical assistance in developing a long-term structural transformation strategy.

Ms. Tuck also met with representatives of the business community, civil society and development partners, and visited local enterprises that embody Belarus’ engineering and manufacturing capacity.

Ms. Tuck visited the Republican Forest Seed Breeding Center, established under the Forestry Development Project financed by the World Bank in late 1990s. While in Belarus, Ms. Tuck will also travel to Gomel taking a road rehabilitated under the Road Upgrading and Modernization Project supported by the World Bank.


Kyrgyzstan

Corporate Sector

World Bank Introduces New Country Manager for the Kyrgyz Republic

18 September 2014

World Bank Regional Director for Central Asia, Mr. Saroj Kumar Jha, has introduced to Kyrgyz authorities the newly appointed Country Manager for the Kyrgyz Republic, Mr. Jean-Michel Happi.

On September 17-18, Mr. Jha and Mr. Happi held a number of meetings with members of the Kyrgyz Government, including Prime Minister Joomart Otorbaev, First Vice Prime Minister Valery Dil, Chairperson of the National Bank Mr. Tolkunbek Abdygulov, Minister of Economy Mr. Temir Sariev, and Minister of Energy and Industry Mr. Osmonbek Artykbaev.
World Bank Vice President Laura Tuck Completes Three-Day Visit to Moldova

24 September 2014

World Bank Vice President for Europe and Central Asia Laura Tuck visited Moldova on September 21-24. This was Ms. Tuck’s first visit to the country in her current capacity and an opportunity to discuss with different stakeholders a range of issues concerning the World Bank Group’s partnership with the Republic of Moldova.

During her meetings with the President, Speaker of Parliament, Prime Minister and members of the Cabinet, parliamentary political parties and representatives of the donor community, Ms. Tuck discussed Moldova’s current economic and social priorities and the importance of accelerated implementation of reforms. A meeting with private sector leaders addressed the challenges and opportunities facing Moldova’s businesses in light of the signing of the Association Agreement with the EU and the regional context.

On September 22, Ms. Tuck visited two World Bank-supported projects in Chisinau and Radeni village, Straseni County. In Chisinau, accompanied by Minister of Health Usatii, Ms. Tuck toured the surgical building of the Republican Clinical Hospital. The construction of the building was funded through a partnership of the World Bank, the European Union, Council of Europe Development Bank, JICA and the Austrian Government. In addition, under the Health Services and Social Assistance Project, the Bank has supported the modernization of the healthcare system in Moldova, including through the rehabilitation of 79 primary healthcare centers across the country.

In Radeni village, together with Prime Minister Iurie Leanca, Ms. Tuck visited an apple orchard, supported by the Disaster and Climate Risk Management Project. The orchard is a demonstration plot for adaptation to natural hazards and climate variability, and is a successful example of implementing appropriate adaptation techniques through the use of early warning systems, drip irrigation and anti-hail nets. The project is supporting Moldova’s capacity to improve monitoring and response to natural and man-made disasters, and helping farmers to better adapt to natural hazards and climate variability.

Russia Economic Report 32: Policy Uncertainty Clouds Medium-Term Prospects

24 September 2014

The Russian economy is near stagnation, with continued lowered domestic demand leading to growth of 0.8 percent in the first half of 2014, similar to 0.9 percent in 2013, the World Bank said today in its latest Russia Economic Report launched in Moscow. Economic activity was already hamstrung by lingering structural problems and a wait-and-see attitude on the part of both businesses and consumers in 2013. An additional negative impact on the economy—besides slow structural reforms—came from increased geopolitical tensions and an uncertain policy environment. It is policy uncertainty about the economic course the country will take that is casting the longest shadow on Russia’s medium-term prospects.

The World Bank’s report says there are substantial risks to the medium-term outlook for Russia’s 2014-2016
growth. As the Russian economy needed to internalize several rounds of sanctions, counter-sanctions and measures to stabilize the economy, this environment of higher risk lowered domestic demand. The baseline scenario is one of stagnation with projected 0.5 percent growth for 2014, 0.3 percent in 2015 and 0.4 percent and 2016. This baseline is paired with two alternative scenarios: an optimistic scenario foresees a small growth recovery to 0.9 percent in 2015 and 1.3 percent in 2016. A pessimistic scenario sees the economy slipping into a low-level recession, contracting by 0.9 percent in 2015 and 0.4 percent in 2016.

Several policy recommendations emerge from the report to unlock Russia’s growth. A return to higher growth in Russia will depend on solid private investment growth and a lift in consumer sentiment, which will require creating a predictable policy environment and addressing the unresolved structural reform agenda.

A more balanced and diversified portfolio of national assets, including natural resources, capital, and economic institutions, will help overcome structural constraints to growth. Institutional weaknesses are now the main stumbling block on the road to greater economic efficiency and a higher growth potential. Structural reforms would need to focus on improving economic institutions to ensure stable public finances and well-managed volatility; improved education and infrastructure to make workers more productive; and stronger competition regimes to encourage private enterprises and entrepreneurship. Stabilization, education, and competition should be the reform priorities for the next decade.


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**Regional integration and cooperation**

**World Bank Vice President for Europe and Central Asia Visits Ukraine**

19 September 2014

Laura Tuck, World Bank Vice President for Europe and Central Asia, has completed her first official visit to Ukraine since assuming office in September 2013. During her three-day visit, Ms. Tuck said the World Bank would continue supporting the country’s economic recovery and wide-ranging reforms to help spur growth, energize private enterprise, create good-quality jobs, and advance public service delivery.

Ms. Tuck met with Ukrainian Prime Minister Arseniy Yatsenyuk, National Bank of Ukraine Governor Valeriya Gontareva, Minister of Finance Oleksandr Shlapak, and other government officials. She also met with representatives of the private sector, civil society and development partners. Discussions focused on the country’s reform priorities and support that the World Bank Group can provide.

This new assistance included two policy-based operations for the total amount of $1.25 bln in support of reforms to foster economic growth and stabilize the banking sector, and investment projects to support district heating, social safety nets modernization, urban infrastructure and agribusiness. Another $1 bln of financing is planned by the end of this year. In addition to financial assistance, the World Bank Group also assists with reform design and implementation through analytical work, policy advice, and technical assistance on a wide range of issues.

Speaking to civil society representatives and opinion leaders, Ms. Tuck observed that their participation in developing the national reform package is crucial. She assured them that the World Bank will continue to encourage the authorities to engage with civil society organizations to ensure transparent decision-making. Through its projects, the Bank is actively promoting anti-corruption and public service monitoring initiatives.


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**Construction/Building materials**

**VEB Group participates in funding the project on the construction of a flat glass plant in Dagestan**

20 September 2014

In the course of the 13th International Investment Forum Sochi-2014, Vnesheconombank, the Government of Dagestan, the Russian Direct Investment Fund (RDIF, VEB Group), OJSC the Caspian Flat Glass Plant entered into
VEB and Sberbank intend to support Russian exports

19 September 2014

In the course of the International Investment Forum Sochi-2014, State Corporation ‘Bank for Development and Foreign Economic Affairs (Vnesheconombank)’ and OJSC Sberbank of Russia signed an agreement on cooperation to enhance and support Russian exports.

On behalf of Vnesheconombank the agreement was signed by Chairman Vladimir Dmitriev and on behalf of Vnesheconombank – by President - Board Chairman German Gref.

The agreement sets forth main lines and principles of cooperation between VEB and Sberbank in implementing Russian companies’ export projects including raising funds to finance them. The agreement’s implementation would help to strengthen export potential of Russian producers of innovation and high technology products, diversify national export of products, services and technologies as well as make Russian companies more competitive on the world’s market.


VEB to help Samara region’s comprehensive development

1 September 2014


On behalf of Vnesheconombank, the document was signed by Chairman Vladimir Dmitriev and on behalf of the Samara region – by acting Governor Nikolai Merkushkin.

Under the Plan Vnesheconombank Group and the Government of the Samara region intend to cooperate in organizing funding of investment projects to be implemented among other things on the terms of public private partnership, working out mechanisms for their implementation as well as interact in preparing project evaluations. Under the Document, the parties plan to develop small and medium-sized enterprises, industrial parks and clusters.

The Plan provides for cooperating in implementing 23 projects worth more162 bln rubles. Top priority is to be given to infrastructure projects as well as projects in the agro-industrial complex and mechanical engineering.

The Plan’s implementation will be instrumental in encouraging investment activity, addressing high-priority objectives of the region’s socio-economic development and enhancing its economic and industrial potential.

As of August 1, 2014, Vnesheconombank’s corporate governance bodies approved 9 investment projects (being implemented or to be implemented on the territory of the Samara region) in the total amount of 120.4 bln rubles, with Vnesheconombank’s expected participation share being 54.7 bln rubles. A budget effect from implementing projects will amount to more than 173.1 bln rubles.

Three investment projects of the Samara region are being considered at Vnesheconombank. Their total amount is 6.9 bln rubles, with the Bank’s expected participation share being 5.4 bln rubles. A budget effect is scheduled to reach more than 950 mln rubles; about 300 new jobs are expected to be created.

VEB and the Government of the Yaroslavl Region Agree to Cooperate

19 September 2014

In the course of the 13th International Investment Forum Sochi-2014, Vnesheconombank and the Government of the Yaroslavl region entered into an agreement on cooperation.

On behalf of Vnesheconombank the agreement was signed by Chairman Vladimir Dmitriev and on behalf of the Government of the Yaroslavl region – by Governor Sergei Yastrebov.

The parties intend to cooperate in developing investment projects including those to be implemented on the terms of public private partnership, they also intend to develop potential options of their funding and cooperate in preparing projects conclusion as well as participate in raising funds to support small and medium-sized enterprises.

This agreement’s implementation would help to address high priority issues of the region’s socio-economic development and enhancing its economic and industrial potential.

At present, VEB is participating in funding 5investment projects of the Yaroslavl region in the total amount of more than 30.8 bln rubles, with the Bank’s participation share being 24.5 bln rubles. The project’s implementation will create about 1.6 thousand new jobs; payments to budgets of all levels will amount to 3.28 bln rubles.