**Activities of development banks in Eurasian countries. Information digest**

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WASHINGTON, DC – Today, seven Multilateral Development Banks (MDBs) and the International Monetary Fund (IMF) expressed their readiness to support the United Nations as it maps out a new development agenda to succeed the Millennium Development Goal targets of 2015.

Their pledge follows talks with Secretary-General of the United Nations Ban Ki-Moon in which they agreed to participate in a planned international conference on financing for development. Leaders also voiced their support for a more encompassing agenda which takes into account the social, environmental, and economic aspects of development.

Secretary-General Ban Ki-Moon updated participants on the UN’s progress toward agreeing on a post-2015 development agenda. He was optimistic that a set of sustainable development goals would be agreed upon over the next few months.

The new agenda is expected to go far beyond the current MDGs in terms of scale and this will help to ensure that no one will be left behind. Ban Ki-Moon expects the new goals to consolidate development gains so far and balance economic prosperity with social equity and environmental responsibility.

The Secretary-General encouraged the MDBs to actively contribute to the process, each leveraging their comparative advantage, individual knowledge, and experience. He called on the MDBs to actively contribute to financing the new agenda and help countries build their development strategies and expand their financing options. In addition, the IMF could further intensify its efforts to support developing countries in enhancing domestic resource mobilization, including from natural resource sectors. Case studies of countries that have sustained strong growth over an extended period would help inform discussions on how particular forms of financing can successfully contribute to development.

Participating in the meeting were the heads of the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, Islamic Development Bank, and World Bank Group, as well as a senior official from the IMF. The President of the European Investment Bank organized and chaired the meeting.


Asian Development Bank

Small- and medium-sized enterprises (SMEs) are the backbone of Asia’s economies, but they need better access to finance to grow and generate badly needed new jobs for the region, says a new Asian Development Bank (ADB) report.

SMEs – defined differently in different countries but generally with a small workforce or low
assets – make up 98% of all businesses and provide jobs for 66% of the labor force in Asia, but they represent only 38% of the region’s gross domestic product (GDP), indicating that governments can boost economic growth by developing SMEs.

However, small firms have trouble getting the finance they need to grow. They lose out to larger companies where bank loans are concerned, particularly with banks cutting back their lending to SMEs in the wake of the 2008-2009 global financial crisis as they avoided risk and sought financial stability.

Although many governments have developed comprehensive policy frameworks to promote SME growth, most measures focus on helping SMEs get loans from banks, such as public credit guarantee schemes in Indonesia and Thailand, secured transaction reforms in the Pacific region, refinancing schemes in Bangladesh and Malaysia, and mandatory lending in the Philippines.

The report highlights the example of the People’s Republic of China (PRC), where SMEs contribute 50% of tax revenues, 60% of GDP, and 80% of urban jobs, and where alternative sources of funding are provided via SME equity markets on the Shenzhen Stock Exchange, SME bond instruments, and microcredit firms. However, given that the PRC defines SMEs differently to other countries, further study is needed on the link between the wider availability of finance and SME growth.

More needs to be done across the region to incorporate nonbank financing options into national policies and nurture other options, such as increased use of asset-based finance and capital market instruments. The report, which includes data on SMEs in 14 countries in the region, found that as the world economy becomes increasingly interlinked, SMEs that are part of intricate global supply chains will need access to further trade finance, supply chain finance, and innovative funding models that enable them to expand their business globally.

The new report is being launched in tandem with a joint ADB-OECD study on SME access to finance, which looks at lessons for the industry from the 2008-2009 global financial crisis and Europe’s sovereign debt troubles.


Development assistance

ADB Approved $21.02 Billion in Financing Operations in 2013

The ADB approved $21.02 billion in financing operations last year, according to ADB’s 2013 Annual Report, released ahead of its 47th Annual Meeting of the Board of Governors to be held 2–5 May in Astana, Kazakhstan.

The substantial lending volume reflects the Asia and Pacific region’s continued need for development assistance, despite impressive growth and poverty reduction efforts in recent years. The report notes that an estimated 733 million people in the region still live on less than $1.25 a day, and the gap between rich and poor is widening.

Of the financing total, $14.375 billion came from ADB’s ordinary capital resources and Special Funds, and $6.648 billion from cofinancing partners.

With much of the region vulnerable to climate change and natural hazards, the theme of the report is environmentally sustainable growth. It highlights ADB’s work to develop sustainable infrastructure, manage critical ecosystems, respond to the effects of climate change, and support renewable electricity generation. In 2013, ADB’s clean energy investments reached $2.35 billion.

After an earthquake and then Typhoon Haiyan (Yolanda) struck the Philippines in late 2013, claiming more than 6,000 lives, ADB provided nearly $900 million in assistance for immediate recovery efforts and long-term work to rebuild infrastructure like schools and clinics, and restore sources of income in rural communities.

In addition, ADB continued to boost its efficiency and effectiveness in 2013, introducing initiatives to improve business processes, cut waste, fight corruption, streamline procurement, strengthen staff skills, and enhance its presence in developing member countries.


Integration

ADB President Speaks at ASEAN Finance Ministers’ Meeting in Myanmar

ADB President Takehiko Nakao participated in the 18th ASEAN Finance Ministers’ Meeting in Nay Pyi Taw, Myanmar on 5 April. Mr. Nakao presented the economic outlook and policy
challenges for ASEAN in its continued push toward the ASEAN Economic Community in his speech to the ministers. After a strong economic performance last year, ASEAN’s economic growth is forecast to remain steady at 5.0% for 2014, accelerating to 5.4% in 2015, according to ADB’s latest Asian Development Outlook, its annual flagship economic publication. The macroeconomic fundamentals of the ASEAN countries are much stronger than in 1997. The ASEAN Finance Ministers’ Meeting is especially important as ASEAN is approaching the 2015 milestone of an ASEAN Economic Community, or AEC. The AEC’s single market and production base requires an open trade and investment regime. ASEAN infrastructure connectivity remains a major challenge in creating a single market and production base. Deepening and broadening financial markets is critical to catch up with integration in the real sector. ASEAN needs to strengthen its regional financial safety net, as ASEAN economies become more integrated into the global economy and more susceptible to global shocks. In addition, there is also the need to tackle global commons and regional public goods more collectively.

Mr. Nakao emphasized that the ASEAN Economic Community can play an important role in cementing and deepening cooperation between countries, and ADB is committed to supporting this process as a long-term, trusted partner.


**Closer Cooperation Needed to Counter Shifting Global, Asian Landscapes**

Shifting relations between Asian countries and the changing global economy mean that Asia needs to strengthen its economic cooperation, says the ADB Asian Economic Integration Monitor released 22 April 2014.

Asia’s intraregional trade share has risen to about 54% in recent years and into early 2013, with trade between subregions rising, particularly for Central Asia as well as the Pacific. Asia-Pacific’s trade share with other emerging markets outside the region continues to rise while the trade share with the US and Japan continues to decline. Financial integration continues to deepen too, with an increase in cross-border equity and debt holdings and foreign direct investment. Intraregional bank credit flows – particularly from Japan and Australia to other Asian countries – is emerging as an important source of stable external financing.

Southeast Asian nations are attracting more foreign direct investment from within the region and from East Asia, strengthening production networks as the region gears up for the establishment of the ASEAN Economic Community at end 2015. For example, businesses from Japan, the biggest foreign investor in Southeast Asia, are increasingly shifting their production chains to the region.

Asia and the Pacific is more vulnerable to natural hazards than any other region in the world, with financial costs alone totaling about $53 billion annually over the last 20 years. However, in 2013 only 7.6% of those economic losses were insured, so costs are threatening to outstrip governments’ ability to finance recovery. Long-term damage to infrastructure, businesses, farms, and homes can push many back into poverty.

Key priorities for developing disaster risk financing markets and strengthening financial resilience include business continuity planning, enhanced technical and institutional capabilities, and better coordination among public authorities.


**International Forums**

**Kazakhstan**

**ADB’s 47th Annual Meeting in Astana to Focus on Connectivity**

About 3,000 participants including finance ministers, central bank governors, business leaders, investors, journalists, and civil society representatives from across the world are set to gather in Astana, Kazakhstan 2-5 May for the Asian Development Bank (ADB)’s 47th Annual Meeting of its Board of Governors.

The theme of the 2014 Annual Meeting is “The Silk Road – Connecting Asia with the Changing World.” Discussions on the link between improved regional connectivity and higher growth in Central Asia and beyond will feature prominently at the gathering.

For the first time, the meeting will feature a TV debate with high-profile speakers. The debate will be hosted by international broadcaster CNBC on the topic of Asia’s economic outlook.
The midterm review of ADB’s Strategy 2020 will be a key topic of discussion. The Governor’s Seminar will focus on the lessons learned from recent financial crises and reducing economic and financial vulnerability in the region. Leveraging fiscal policy to promote more inclusive growth, based on the theme chapter of the recent Asian Development Outlook 2014, will also be highlighted.

Ideas for a post-2015 development agenda that extends beyond the Millennium Development Goals will also be discussed in Astana. Highlights of a new ADB study on Asia’s knowledge economies will be presented, with a particular focus on the region’s investments in innovation, internet connectivity, education, and vocational training.

A session on public-private partnerships (PPPs) will explore preferred models of PPPs, how to attract private and institutional investors, identify constraints that prevent successful PPPs, and discuss how organizations such as ADB can help bridge the “bankability gap.”


### Tajikistan

**Growth in Tajikistan Is Expected to Slow in 2014, 2015: ADB**

Tajikistan achieved robust growth in 2013, supported mainly by remittances; however, the economy is expected to slow down in 2014 and 2015. One of the most serious challenges in the country is to generate employment through higher private investment, the Asian Development Bank (ADB) says in its annual economic report.

ADB's flagship economic publication, Asian Development Outlook 2014 (ADO), released today, forecasts annual gross domestic product (GDP) growth for Tajikistan of 6.0% in 2014, and 5.8% in 2015, below 7.4% in 2013.

The report highlights that, despite some progress, private sector participation in the economy remains limited. Private investment stands at only about 5% of GDP, compared to 15% in Kazakhstan, for example. Continued improvements to the business and investment climate are important, especially in the areas of making policy more predictable, reducing excessive regulation, securing property rights, and further improving tax policy and administration. Inflation is forecast to accelerate slightly to 5.5% in 2014 and 6.0% in 2015, mainly because of higher utility prices, particularly for electricity. In 2013, inflation slowed to 5.1% from 5.8% in 2012.

ADO includes a comprehensive analysis of macroeconomic issues and examines medium-term prospects in developing Asia, by country and region. Its special theme chapter, Fiscal Policy for Inclusive Growth, explores how countries can raise more revenue and how they should use it to promote broad-based growth.

Tajikistan joined ADB in 1998 and, to date, the institution has approved total assistance of over $1.2 billion in concessional loans, grants, and technical assistance to the country. The 15 years of ADB-Tajikistan partnership has promoted social development, restored and built new infrastructure, expanded agricultural production, and encouraged regional cooperation and trade within the framework of the Central Asia Regional Economic Cooperation Program.


### Turkmenistan

**Accelerated Growth Projected in Turkmenistan: ADB**

The ADB in its flagship economic publication, Asian Development Outlook 2014 (ADO), forecasts that Turkmenistan’s gross domestic product will grow by 11% this year as hydrocarbon exports and public investment expand.

Last year the authorities registered 10.2% growth with strong performance observed in both the hydrocarbon and non-hydrocarbon sectors of the country’s economy. Double-digit growth was accompanied by a slightly higher change in the consumer price index: 6.0% in 2013 vs. 5.3% in 2012 on a year average basis.

While fiscal policy remained accommodative with annual budget expenditure up by 28.3% relative to 2012, monetary policy was gradually geared towards tightening as broad money growth decelerated to 29.5% in 2013 from 35.6% a year earlier.

According to the ADO, strengthening public financial management through enhanced fiscal frameworks and increased effectiveness and efficiency of public spending would be yet another major path to sustaining growth in Turkmenistan.
The annual ADO provides a comprehensive analysis of economic performance and offers medium-term forecasts for the 45 economies in Asia and the Pacific that make up developing Asia. This year's ADO features Fiscal Policy for Inclusive Growth in its special theme chapter, which accentuates a bigger role fiscal policy can play in ensuring that the benefits of growth are broadly shared.

Turkmenistan joined ADB in 2000 and to date their partnership has been mainly focused on infrastructure development conducive to regional trade and cooperation. http://www.adb.org/news/turkmenistan/accelerated-growth-projected-turkmenistan-adb

**Black Sea Trade & Development Bank**

**Armenia**

**Trade and Investments**

**BSTDB supports expansion of Armenian supermarket chain**

The Black Sea Trade and Development Bank (BSTDB) is providing a corporate loan of $10.2 million to SAS Group LLC., one of Armenia’s leading retail companies. The seven-year BSTDB loan will finance the company's investment program, which includes expansion of the supermarket chain, modernization of bakeries and/or kitchen facilities at four existing stores, and the launch of an on-line supermarket.

“We are pleased to support SAS Group, an Armenian company committed to providing consumers with high-quality products and services. The SAS investment will benefit the Armenian economy by providing stable market outlets for the country’s farming sector and new employment opportunities in trade and retail sectors”, said Andrey Kondakov, BSTDB President signing the loan agreement.

“Since 2008 SAS GROUP has enjoyed financial support of BSTDB and we highly appreciate its professionalism and commitment to contribute to our business development initiatives. Thanks to BSTDB’s efficient cooperation we afforded to implement our strategic development projects and to expand our business making it more efficient and competitive”, stated Aram Sargsyan, Chairman of SAS Group.


**Eurasian Development Bank**

**Armenia**

**Infrastructure**

**EDB experts inspect proposed locations of the North-South transport corridor in Armenia**

Moscow, 8 April 2014. A multilateral mission visited the proposed locations of the North-South road transport corridor in Armenia. The mission comprised experts from EDB, representatives of the North-South project group, and technical consultants from Egis (France). The experts inspected the proposed project locations and evaluated the current condition of separate sections of the transport corridor on the route from Kajaran to Agarak (on the Armenia-Iran border). The EDB experts took part in the mission to analyse the routes proposed by the consultant and collect information necessary for the EurAsEC Anti-Crisis Fund (ACF) to take the decision whether to finance this project from its funds.

This $100 million project is being prepared by EDB, as the ACF Resources Manager, in cooperation with Asian Development Bank (ADB).

In June 2013 the ACF Council approved the blueprint of the investment project to build the North-South road transport corridor (Phase 4) and EDB’s report on the preliminary application for finance from the ACF funds.

In March 2014 representatives of the Armenian government stated during the negotiations with EDB that the project feasibility study would be ready in April. If the ACF Council finally approves this project (provisionally in June), project finance can be provided in 2014 already. The international North-South transport corridor is intended to provide a road connection between Europe and India through Iran and the Caucasus. It will cross Armenia from the Iranian border in the south to the Georgian border in the north.

The main advantages of this route (in particular, compared to the sea route through the Suez Canal) are that it halves the distance and cuts the cost and time of freight transportation. The North-South road is also part of the AH-82 international highway, which connects Central Asian countries. Therefore, this route is expected to help the countries in the region and, in the first place, Kazakhstan to redirect their exports through Russia to the Black Sea and the
Belarus

A municipal infrastructure project is completed in Belarus with finance from EDB

Almaty, 15 April 2014. The new Renaissance hotel, which opened recently in the capital in Belarus, was built using a loan from EDB.

In November 2012 EDB and Mospromstroy Hotel, a subsidiary of Mospromstroy established specifically to implement this project in Belarus, signed a $47 million loan agreement to build a hotel in Minsk.

The four-star 264-room Renaissance hotel is intended to accommodate visitors to the capital of Belarus and host exhibitions, conferences and other events in its business centre.

The project is expected to bring the Belarusian economy an extra output of approximately $22.8 million a year while annual tax proceeds from its operation are forecasted to exceed $3 million.

Since 2011 EDB has been taking part in financing a similar project — the construction of a hotel and business estate in Astana. The Bank’s share in this project is $44 million. Construction is performed by Astanapromstroy-M, another subsidiary of Mospromstroy. Read more at http://www.eabr.org.

Kazakhstan

Improvement of IFIs efficiency

President of Kazakhstan Nursultan Nazarbayev and EDB Chairman Igor Finogenov meet in Astana

Astana, 24 April 2014. President of Kazakhstan Nursultan Nazarbayev and Igor Finogenov, Chairman of the Management Board at EDB, met today in Astana. They discussed the main areas of EDB operations in Kazakhstan and the results achieved since its establishment in 2006 by the authorised representatives of Kazakhstan and Russia.

It was noted, in particular, that over this period the Bank invested more than US $2 billion in Kazakhstan’s economy and implemented 28 projects in various sectors, including the power sector, transport engineering, and the chemical sector. Another 28 projects are under consideration at the moment.

The head of state emphasised that EDB’s performance indicators confirmed its positive dynamics. Nursultan Nazarbayev said that Kazakhstan welcomed EDB’s intentions to enhance its operations, increase its capital and accept new members.

Igor Finogenov told about the key areas of EDB operations, focusing on top-priority projects, which are implemented in the framework of Kazakhstan’s national and sectoral programmes. In addition, the Bank’s headquarters in Almaty partner with second-tier banks to develop small- and medium-sized business financing.

The head of EDB also noted that the Bank took an active part in the advancement of Kazakhstan’s financial market and plans to issue its own securities, which will make it possible to increase project financing in the national currency.

Read more at http://www.eabr.org.

Russia

Infrastructure

EDB to finance modernisation of the Magadan port

Almaty, 3 April 2014. EDB and Magadan Commercial Seaport OJSC signed today an 11-year loan agreement, under which the Bank will provide €9.95 million to finance the replacement of outdated port equipment. The funds will be used to purchase gantry cranes produced by Liebherr. The total cost of the port modernisation project exceeds $30 million.

The renewal of equipment will make it possible to speed up handling operations and increase cargo turnover in the port.

The Magadan commercial seaport is an important link in ensuring the region’s economic life, in particular cargo deliveries in Magadan Region and beyond it, primarily to the eastern parts of the Sakha (Yakutia) Republic. Over 90% of cargoes, including 100% of solid and liquid fuels, heavy machinery and construction materials, are delivered to the port by sea.
In addition, the region implements a number of large industrial projects, which, when completed, are expected to boost demand for the services provided by the port. These projects include the development by Polyus Gold of new gold ore deposits, the exploration by Rosneft of oil and gas fields in the Sea of Okhotsk shelf, and the construction of the Ust-Srednekansk hydropower plant.

In this connection governmental authorities regard the port modernisation project as one of their top priorities. The port is expected to ensure the trans-shipment of process equipment and other industrial cargoes for the investment projects that are underway and to export products of new enterprises when they are commissioned.

Read more about EDB at [http://www.eabr.org/](http://www.eabr.org/)

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### Tajikistan

**Development assistance**

**EDB holds consultations with Tajik authorities to prepare a financial credit from the ACF**

Almaty, 28 April 2014. Following a recommendation from the Anti-Crisis Fund (ACF) Council, Tajik authorities and Eurasian Development Bank (EDB), as the ACF Resources Manager, began to prepare a mid-term economic reform programme. The ACF Council is expected to pass a decision on its funding in the second six months of the year. EDB experts visited Dushanbe from 14 to 18 April 2014 to hold consultations with Tajik authorities about the key areas and reforms and discuss the current economic situation in the country. During the visit the EDB team met with heads and technical experts of the Ministry of Finance and the National Bank of Tajikistan, other ministries and authorities, the banking sector, and international financial institutions.

The discussions with Tajik authorities resulted in the determination of the main areas of mid-term reforms, including the maintenance of the macroeconomic stability, the improvement of public finance management, and the advancement of the financial sector. The sides agreed to continue to negotiate specific reform programmes on a continuous basis in order to prepare a draft reform program and the opinion of the Resources Manager to be submitted to the ACF Council for consideration in the second half of 2014.


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### European Bank for Reconstruction and Development

**Development assistance**

**International financial institutions boost investment in central and south-eastern Europe**

The EIB, the EBRD and the World Bank Group, including its private sector arm, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA), have continued to deliver strong financial support for central and south-eastern Europe in a joint programme to stimulate economic growth.

The three international financial institutions (IFIs) launched their Joint IFI Action Plan for Growth for the region in late 2012, pledging to invest a total of €30 billion over a two-year period. According to their Second Report on the Joint IFI Action Plan (325KB - PDF), launched during the World Bank/International Monetary Fund Spring Meetings in Washington today, each of the IFIs is well on the way to meeting its target and may substantially exceed it. Total financing under the initiative had reached €24.8 billion by the end of 2013.

The funding is aimed at rekindling growth in the region by supporting private and public sector initiatives in infrastructure and energy, as well as in the corporate and financial sectors. The financing constitutes a very significant part of the capital flows into the region; an important factor at a time when such flows appear to have turned negative in the course of 2013. The report said that growth would remain anaemic in the region, with only a modest strengthening this year after a gradual recovery in 2013. Considerable downside risks remained, it said, adding that “assistance under the initiative remains vital to restoring durable growth.” To date, under the 2013-14 Action Plan, the EIB has provided €17.2 billion out of a total commitment of €20 billion, the World Bank Group has provided €3.4 billion from its total of €6 billion and the EBRD has delivered €4.2 billion, against a commitment of €4.0 billion.

**Moldova**

**Gebauer & Griller opens new Moldovan plant co-financed by EBRD**

Gebauer & Griller’s €18 million cable manufacturing plant in Moldova’s second largest city, Bălți, has officially opened. The European Bank for Reconstruction and Development (EBRD) has provided a €5 million loan for the Austrian investor’s greenfield project. Helping Gebauer & Griller expand and gain a foothold in Moldova is part of the EBRD’s effort to attract more foreign investment to the country. It is also a further demonstration of the Bank’s support for the automotive sector supply chain throughout the countries where it invests.

Present at the opening ceremony, Moldovan Deputy Prime Minister and Economy Minister, Valeriu Lazăr said: “The opening of Gebauer & Griller’s new plant in Bălți symbolises Moldova’s progress towards more complex economic activities.” He also stressed the government’s role in creating the necessary infrastructure for the manufacturing industry to develop. With its new plant, located in the Free Economic Zone of Bălți close to major customers, Gebauer & Griller will benefit from lower transportation and production costs, and will be able to deliver products to clients on a just-in-time basis.

Founded in 1940, Gebauer & Griller Kabelwerke GmbH is an Austrian family-owned manufacturer of cables and wires, primarily for the automotive industry but also for other industries. It operates in Austria, the Czech Republic, India, Mexico, the Slovak Republic and the United States, and now also in Moldova, where production began recently and is expected to reach full capacity by September 2014.

The EBRD is the largest institutional investor in Moldova. To date, the Bank has signed some 100 investments in the country, covering the energy, transport, agribusiness, general industry and banking sectors, for a cumulative amount of over €900 million. The EBRD is also pursuing intensive policy dialogue to tackle key transition challenges across sectors.


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**Ukraine**

**EBRD approves €350 million financing for Ukraine projects**

On 08 April 2014 the Board of Directors of the European Bank for Reconstruction and Development (EBRD) has approved two projects for Ukraine, amounting to €350 million. This is part of the EBRD operational response in Ukraine approved by its Board on 25 March 2014. The Bank is now ready to step up and broaden the scope of its investments in the country and reinforce this effort by technical assistance and extensive policy dialogue.

The first project is a €150 million framework facility, which will support the Bank’s existing clients in Ukraine’s real sector. The facility will help Ukrainian companies address their liquidity and working capital needs as well as overcome difficulties and constraints caused by the financial crisis and the reduced availability of external funding. It is expected that the facility will restore confidence and appetite for future projects in Ukraine among foreign and domestic investors.

The Bank will also resume its lending operations in the sovereign sector once Ukraine’s agreement for a macro-economic stabilisation programme with the International Monetary Fund is approved. The second transaction, which is subject to this condition, represents a €200 million second tranche of the Pan-European Corridors road project. This funding will allow completion of a much-needed rehabilitation of road approaches to the Ukrainian capital, including sections of M05 Kiev-Odessa and M01 Kiev-Chernigiv, which form part of the key Pan European Corridor IX. The project will also cover sections of N01 (Kiev – Znamenka) and R02 (Kiev – Ivankiv) roads and the reconstruction of the Zhytomyr bypass. The first €250 million tranche of this project, signed in 2010, is successfully used to rehabilitate the final stretch of the M06 motorway between Kiev and Zhytomyr, which is part of the Pan European Corridors III and V and a section of M07 Kiev-Kovel. Part of the loan will also be used to finance implementation of the first performance-based road maintenance contracts in Ukraine as well as road safety improvements.

The EBRD is the largest financial investor in Ukraine. As of 1 April 2014 the Bank had committed €8.9 billion ($ 12.2 billion) through 326 projects in the country.

**EBRD channels $ 40 million to support Ukrainian grain farmers**

The EBRD is once again demonstrating its commitment to Ukraine’s agribusiness sector, which received over €160 million from the Bank in 2013 alone. The EBRD is providing a loan of up to $ 40 million to over 30 farms and elevators across Ukraine owned by NCH New Europe Property Fund L.P. (NEPF). The proceeds will be used to finance the pre and post-harvest working capital needs of the farms as well as to support their grain export operations over the next three seasons. The farms are expected to achieve a significant reduction of CO2 emissions and greater energy efficiency. By providing this financing, the EBRD is supporting farmers as well as agricultural commodity companies, which want to improve their physical grain handling infrastructure in Ukraine and to boost their export capacity.

The project continues a successful cooperation between the EBRD and NEPF, which began in 2009.

The EBRD is the largest financial investor in Ukraine. As of 1 April 2014 the Bank had committed €8.9 billion ($ 12.2 billion) through 326 projects in the country.


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**European Investment Bank**

**Energy**

**Low carbon energy projects to benefit from €2 billion funding**

Innovative renewable energy demonstration projects and carbon capture schemes across Europe will benefit from more than €2 billion raised by sales of 300 million emission allowances. The EIB has successfully completed sales under the NER 300 programme, one of the largest funding programmes for carbon capture and storage demonstration projects and innovative renewable energy technologies and a total of €548 million has been raised during the second phase of sales.

The European Investment Bank, acting on behalf of the European Commission, started to sell the first tranche of 200 million of the EU allowances covered by the NER 300 scheme on 5 December 2011. More than €1.5 billion was raised during the first phase of sales that ended in September 2012. From this €1.2 billion was awarded to 23 projects out of 79 applications examined.

Monetisation of the last 100 million EU allowances resumed in mid-November, 2013 and ended on 11 April, 2014. As outlined in the final monthly monetization report published on EIB's website, gross proceeds from the second phase of sales represented EUR 548 million. Monthly sales over the five month second phase averaged around 20 million EU allowances and reflected both the number of trading days and overall market liquidity. The majority of EU allowances were sold as direct screen trades, 99 million EU allowances and 1 million EU allowances were cleared as over-the-counter transactions. No further sales will take place under the NER300 initiative now that the full volume has been reached.

The EIB supports the NER300 Initiative as an agent of the European Commission fulfilling two separate roles. Firstly, appraising projects that have been submitted by member states and are seeking funding from the programme and secondly through monetisation of allowances. For the second phase a total of 33 project applications were received by the European Investment Bank by July 2013 and these have since been examined in detail. The European Commission is expected to announce details of awards to successful projects later this year.

More information on the NER300 initiative and the Bank’s involvement is available at http://www.eib.org/ner300.

The final monthly report detailing NER300 sale by the EIB is available at: http://www.eib.org/attachments/ner_monthly_report_april_2014.pdf

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**International Financial Corporation**

**Central Asia**

**IFC Helps Companies Improve Corporate Governance in Central Asia**

Bishkek, Kyrgyz Republic, April 2, 2014—IFC, a member of the World Bank Group, has developed a manual to help companies in the Kyrgyz Republic, Tajikistan, and Uzbekistan
improve corporate governance and ultimately boost regional economic growth. IFC will distribute 2,000 copies of the Evaluation of Board Manual to help companies assess the effectiveness of their boards, a rare evaluation for the region. The best-practices guide considers the competence and performance of board members and makes recommendations. The publication will also be used as a reference tool in local universities, and it is part of a series of publications specifically designed for the local market. This initiative is part of IFC’s Central Asia Corporate Governance Project, implemented in partnership with UKaid and the Swiss government. For more information, visit www.ifc.org.

**Kyrgyzstan**

**Finance**

**IFC, Bai Tushum Bank Expand Access to Finance in Kyrgyz Republic**

Bishkek, Kyrgyz Republic, April 4, 2014—IFC, a member of the World Bank Group, is providing a $4 million local currency-linked loan to Bai Tushum Bank, the leading microfinance bank in the Kyrgyz Republic, to help expand financial products and services to the country’s small and medium enterprises (SMEs), reducing poverty and boosting economic growth. Enhanced by advisory support, IFC’s financing will help Bai Tushum scale up its lending to SMEs, which represent 40 percent of the Kyrgyz GDP and 60 percent of all jobs. This will better position the bank to help entrepreneurs develop sustainable businesses and create jobs, especially in remote and rural areas and among SMEs owned by women. IFC and Bai Tushum Bank also signed an agreement that will help the bank manage currency risks and facilitate local currency lending. Bai Tushum, a long-time IFC investment and advisory client, received a banking license in November 2012. IFC, through its advisory services, helped Bai Tushum Bank transform from a microfinance organization into a commercial bank. For more information, visit www.ifc.org.

**Ukraine**

**Agriculture**

**IFC, Syngenta, BASF Work to Expand Access to Finance for Ukraine’s Farmers**

April 29, 2014—IFC, a member of the World Bank Group, is partnering with global companies BASF and Syngenta to support the introduction of crop receipts, a new financial instrument for Ukraine that will make high-quality seeds and other inputs more affordable for small and medium-scale farmers, helping boost agricultural productivity. Working with the Ukrainian government, input suppliers BASF and Syngenta, and other market players, IFC’s Advisory Team will help develop legislation and pilot the first use of crop receipts during the autumn agricultural season. Crop receipts will allow farmers to use a crop as security to purchase seeds and other materials. The instrument, which has been modeled on a successful program operating in Brazil aims at overcoming the existing lack of acceptable security in Ukraine that imposes a major constraint on financing SME farmers. With support from IFC and other international financial institutions, including the European Bank for Reconstruction and Development, Ukraine’s parliament passed the law on agricultural receipts in November 2012. Yet more work on legislation is required to ensure the success of the instrument. Activities under the new IFC advisory initiative will include establishing a government register to be used by notaries to prepare the legal documents and finalize legislative regulations governing their use. IFC supports the entire agriculture and food value chain, from farm production to collection, processing and distribution, and has already invested over $800 million in Ukraine agribusiness. For more information, visit www.ifc.org.

**Islamic Development Bank**

**Tajikistan**

**Development assistance**

**Tajik Foreign Minister Visits IDB Group Headquarters**

Jeddah, KSA, 02.04.2014 – While on an official visit to the Kingdom of Saudi Arabia,
Tajikistan's Foreign Minister HE Sirodjidin Aslov Muhridinovich and his accompanying delegation paid a visit to the Islamic Development Bank (IDB) Group headquarters in Jeddah and conferred with Dr. Ahmad Mohamed Ali, Chairman, IDB Group, on ways to enhance ongoing cooperation between the Group and Tajikistan. The Minister praised the relations with the IDB Group and underlined that Tajikistan considers IDB as a major development partner, expressing his country's willingness to upgrade cooperation with the IDB Group in such fields as power generation, food security, railways, and Islamic banking. The IDB Group Chairman emphasized the Bank's keenness to promote cooperation with Tajikistan, particularly in high priority projects including developing the transport network linking Tajikistan to its neighboring countries. During the visit, the two sides entered into an agreement for a $6 million line of financing from the Islamic Corporation for the Development of the Private sector (ICD), the private sector arm of the IDB, to the ORIENBANK of Tajikistan. The financing facility is expected to be utilized for extending support to Small and Medium Enterprises (SMEs) in the industrial, communication, technology, health, construction and agricultural sectors.

Tajikistan joined the IDB in November 1996. The total IDB Group approvals for the country to-date stands at $345 million covering several development sectors particularly, power generation, agriculture, education and roads as well as financing foreign trade operations aimed at increasing the volume of trade amongst IDB member countries.

The World Bank

Belarus

Energy

World Bank Helps Belarus with Modernization of Energy Sector

WASHINGTON, March 31, 2014 - The World Bank Group's Board of Executive Directors approved a loan in the amount of $90 million to the Republic of Belarus for the Biomass District Heating Project. The project will help to scale up efficient use of renewable biomass in heat and electricity generation, thereby lowering operating cost and improving fuel security in thirteen towns of the country, enhancing living and working conditions of 79,000 Belarusians. Lacking a sufficient energy resource base, Belarus relies heavily on imported energy resources to meet domestic energy demand. The Government plans to increase the share of local fuels, mainly biomass, in energy supply from 25 percent in 2011 to 32 percent in 2020. District heating plays an important role in the energy system of the country as sixty percent of the population relies on it for heat supply. The project will finance replacement of existing gas and oil boilers by biomass boilers, provision of wood chipping equipment and biomass fuel storage facilities, installation of individual building-level heat substations with temperature control, and upgrading of district heating networks. The project will also support participating utilities to communicate more proactively with their customers, including on existing grievance redress mechanisms and feedback analysis to enhance service delivery, and facilitate a shift from volume-based to energy-content-based biomass pricing. Finally, the project will contribute to the reduction of greenhouse gas emissions, with total projected lifetime carbon dioxide emissions savings to be 2.1 million tons.

Belarus joined the World Bank in 1992. The current investment lending portfolio includes five operations for a total amount of $647.5 million. Since Belarus joined the Bank, lending commitments to the country have totaled $1.1 billion; in addition, 30 national programs have received grant financing totaling $23.7 million. The World Bank’s analytical and advisory activity program addresses main challenges and reform priorities of the country.

Water, Sanitation, Flood Protection

Half a Million Belarusians Will Benefit from New Water Supply and Sanitation Project

Washington, March 31, 2014 - The World Bank Group’s Board of Executive Directors today approved a $90 million loan to the Republic of Belarus for an additional financing to the ongoing Water Supply and Sanitation Project. The project helps to increase access to and improve the quality of water supply and wastewater services in eight cities of the country and support the modernization of the sector.
The level of water supply and wastewater services in urban areas of the country is high by regional standards, and has shown steady improvement in the last 15 years. However, the reliability and safety of the services in some regions are less than satisfactory due to service interruptions, high losses in the distribution systems, and substantial operational costs incurred as a result of aging infrastructure and the need for maintenance. Water with iron content exceeding World Health Organization and national standards is still supplied to more than 20 percent of the population across Belarus.

The project complements the National Water Development Program Clean Water and scales up the improvements achieved in water and wastewater services under the original $60 million loan approved in 2008. The new loan will finance upgrade and reconstruction of wastewater treatment plants in four towns; rehabilitation of trunk wastewater transmission systems in the cities of Mogilev and Grodno, and the upgrade of water production facilities and distribution systems in the towns of Rogachev and Shklov. The project will also strengthen the capacity of the participating utilities to provide better information to customers and develop social accountability mechanisms for water and wastewater services.

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Central Asia

Infrastructure

**New World Bank Project to Increase Regional Transport Connectivity in Central Asia**

WASHINGTON, April 22, 2014 – The World Bank Group’s Board of Executive Directors today approved an allocation of $45 million equivalent to finance the first phase of the transformative Central Asia Roads Links Program, to be implemented in the Kyrgyz Republic in 2014-2019.

The Central Asia Road Links (CARS) program is a collaborative regional, multi-phase program initiated by governments of Central Asia. The objective of this program is to increase transport connectivity between neighboring countries in Central Asia while supporting improvements in road operations and maintenance practices. The first phase of the Central Asia Road Links Program (CARS-1) will rehabilitate cross-border road links between Osh and Batken oblasts in the Kyrgyz Republic and Sugd oblast in the Republic of Tajikistan. CARS-1 in the Kyrgyz Republic will focus on the rehabilitation of about 56 kilometers of road sections in Batken oblast along and within close vicinity of the Osh-Batken-Isfana road corridor. Specifically, those road sections include: Isfana – Kairagach/Madaniyat border crossing (36 kilometers), Batken- Tortkul (14 kilometers), and Batken – Kyzyl Bel/Guliston border crossing (6 kilometers). Another important goal of the CARS-1 project will be the improvement of road operations and maintenance by the Osh-Batken-Isfana Roads Department, which will be responsible for routine maintenance and emergency works for the entire Osh-Batken-Isfana corridor. The project will support the Department and its local maintenance units through a set of equipment worth US$1 million as well as training covering best international road maintenance practices. The CARS-1 project will be implemented over five years by the Kyrgyz Ministry of Transport and Communication. The World Bank’s total contribution of $45 million equivalent consists of $36.8 million equivalent provided as a highly concessional credit, and $8.2 million equivalent as a grant. The Kyrgyz Republic’s own contribution will be $9 million. It is worth noting that the World Bank provides additional resources to the countries who undertake projects in cooperation with other countries in the region. This year the Kyrgyz Republic received a bonus top-up of $ 54.5 million equivalent from the World Bank to invest in CARS-1 and CASA-1000 projects.

45 percent of the World Bank’s assistance to the Kyrgyz Republic is in the form of grants. The other 55 percent is in highly concessional credits – no interest, and only a 0.75 percent service charge. Credits are repayable in 40 years, including a 10-year grace period, while grants require no repayment. The financial assistance to the Kyrgyz Republic since 1992 amounts to over $1 billion.

Kazakhstan Joins the Partnership for Market Readiness to Scale Up Climate Mitigation

Astana, March 31, 2014 - The World Bank welcomes Kazakhstan’s joining the Partnership for Market Readiness (PMR) a grant-based global partnership for capacity building to scale up climate mitigation, and supports the PMR’s decision to admit Kazakhstan as a Technical Partner by providing a $1 million grant to support implementation of the National Emission Trading Scheme.

At the 8th Partnership Assembly meeting held on March 3-5, 2014 in Mexico and attended by 100 participants from 30 countries, Kazakhstan was admitted as a Technical Partner of the PMR by successfully presenting its proposal for technical support to implement its National Emissions Trading Scheme. A Technical partnership implies financial assistance for targeted technical support to complement the country’s domestic actions in developing or implementing its emissions trading scheme, carbon tax or another market instrument which serves the objectives of the PMR.

Following approval of the Terms of Reference for specific activities within the country, the World Bank expects to begin supporting Kazakhstan’s domestic actions. The World Bank highlights that the PMR grant will be another area of support in strategic and key areas complementary to the large donor effort in strengthening Kazakhstan’s Emissions Trading Scheme.

The Partnership for Market Readiness brings together developed and developing countries, provides a platform for sharing experience, fosters new and innovative market instruments, and builds market readiness capacity for countries. It is a country-led initiative that builds on individual countries’ mitigation priorities and their development of market instruments.

For more information, please visit – http://www.thepmr.org/events/eventlist/pa/partnership-assembly-meeting-pa8-mexico-city.


World Bank to Support Institutional Strengthening Of Justice Sector in Kazakhstan

ASTANA, April 29, 2014 – Today, the Government of Kazakhstan signed a $36 million loan agreement with the International Bank for Reconstruction and Development (IBRD) to support institutional strengthening of the justice sector in Kazakhstan.

The loan agreement was signed by Bakhyt Sultanov, Deputy Prime Minister and Minister of Finance on behalf of the Government of the Republic of Kazakhstan, and Sebnem Akkaya, Country Manager for Kazakhstan, for the World Bank (IBRD).

In recent years, Kazakhstan has taken measures to modernize its justice system to increase institutional capacity, operational efficiency, service quality, and public trust. Today, the country sharpens its focus on responsiveness and transparency of Kazakhstan’s core justice sector entities across the judiciary and executive.

The new Justice Sector Institutional Strengthening Project is aimed to improve the key legal arrangements governing the relationship between the state, businesses and citizens, as well as to improve the efficiency, transparency, and access to justice services in Kazakhstan. The project will also focus on improving the quality of services and responsiveness by the Ministry of Justice, as well as strengthening judicial efficiency.

The project is envisaged as a technical assistance to provide capacity-building and monitoring and evaluation support over a 5-year period.

On March 19, 2014, the World Bank Group’s Board of Executive Directors approved a $36 million loan to co-finance the Project totaling $60 million. The IBRD loan carries a 5-year grace period, and a maturity of 15 years.

The Ministry of Finance of the Republic of Kazakhstan is responsible for servicing and acquittance of the loan from the state budget, according to the financial terms and conditions of the Loan Agreement. The project will be launched once ratified by the Parliament of the Republic of Kazakhstan.

World Bank to Help Kazakhstan Modernize Irrigation System

About 40,000 farming households in the south to benefit from the improved water supply

ASTANA, April 29, 2014 – Today, the Government of the Republic of Kazakhstan signed a $102.9 million loan agreement with the International Bank for Reconstruction and Development (IBRD) to support efficient water use and modernization of irrigation infrastructure in Kazakhstan.

The loan agreement was signed by Bakyt Sultanov, Deputy Prime Minister and Minister of Finance on behalf of the Government of the Republic of Kazakhstan, and Sebnem Akkaya, Country Manager for Kazakhstan, for the World Bank (IBRD).

The Second Irrigation and Drainage Project (IDIP-2) will help address a key pillar of the Kazakhstan Green Economy Concept -- an effective use of water resources. The seven-year project aims to improve irrigation and drainage service delivery as well as participation of water users in developing and managing the modernized systems in four most densely populated regions of South Kazakhstan: Almaty, Kyzylorda, South Kazakhstan and Zhambyl oblasts.

The project will introduce modern approaches in infrastructure design, in using information and communication technology to improve irrigation management, in demonstrating modern techniques in farming, and in supporting key regulatory and institutional reforms to modernize the irrigation sector.

The project is taking into account the lessons learned under the first Irrigation and Drainage Improvement Project (IDIP-1), supported by the World Bank in 1996-2004. The project was implemented in several oblasts with encouraging results, involving rehabilitation of irrigation and drainage infrastructure and related improvements in water management and systems operations and maintenance.

On May 31, 2013, the World Bank Group’s Board of Executive Directors approved a $ 102.9 million loan to co-finance the Project totaling $ 343 million. The loan from the IBRD carries an 8-year grace period, and a maturity of 18 years. The Ministry of Finance of the Republic of Kazakhstan is responsible for servicing and acquittance of the loan from the state budget, according to the financial terms and conditions of the Loan Agreement. The project will be launched once ratified by the Parliament of the Republic of Kazakhstan.


Business Climate Improved, But Corruption Remains Key Problem – New World Bank-EBRD Study

BISHKEK, April 2, 2014 – According to the Kyrgyz Republic’s firms, the country’s business climate has significantly improved since 2008, but corruption remains one of the key obstacles in doing business, says the 2013 Business Environment and Enterprise Performance Survey (BEEPS), launched in Bishkek today.

A joint initiative of the EBRD and the World Bank Group, the 2012/2013 round of BEEPS surveyed 270 firms in all six oblasts of the Kyrgyz Republic to measure their perceptions and experiences on a broad range of issues concerning the business environment in the country: regulations and red tape, taxation, unofficial payments and corruption, labor and workforce development, access to financing, courts in legal system, infrastructure. The BEEPS is a firm-level survey based on face-to-face confidential interviews with managers, examining the quality of the business environment. The BEEPS has been carried out in five rounds: in 1999, 2002, 2005, 2008, and 2012/13 and covers virtually all of the countries of Central and Eastern Europe and the former Soviet Union, as well as Turkey. Since the start of its operations in the Kyrgyz Republic, the EBRD has invested approximately $ 630 million in about 110 projects across different sectors of the Kyrgyz economy. The World Bank’s overall mission in the Kyrgyz Republic is to reduce poverty, promote economic growth and shared prosperity. 45 percent of the World Bank’s assistance to the Kyrgyz Republic is in the form of grants. The other 55 percent is in highly concessional credits – no interest, and only a 0.75 percent service charge. Credits are repayable in 40 years, including a 10-year grace period, while grants require no repayment. The financial assistance
to the Kyrgyz Republic since 1992 amounts to over $1 billion.

Research

**Reforms Should Continue To Shelter Moldova From External Risks And Ensure Inclusive Growth**

CHISINAU, April 2, 2014 – Moldova’s economy registered a record-high 8.9 percent GDP growth in 2013, driven by a good harvest year and increased private consumption fueled by remittances and wage growth. Despite this performance the economy remains vulnerable to risks linked to a volatile external environment and challenges affecting the country’s financial sector, says new World Bank Moldova Economic Update.

The report highlights that Moldova’s macroeconomic policies have been adequate and monetary policies have been consistent with the inflation target of 5+-1.5 percent. Inflow of remittances reached a record high level in 2013, largely driven by the CIS countries, although they appear to be weaker in early 2014, as economic activity in Russia slows down. Foreign Direct Investment recovered to an estimated 2 percent of GDP. Real exports increased almost two times faster than real imports to 10.7 percent year-on-year versus 5.5 percent year-on-year. Overall, the country’s external position has been strong and enabled the accumulation of foreign exchange reserves to cover over 5 months of imports. But Moldova remains vulnerable to a series of risks, including a possible slowdown of economic activity in its eastern neighbors and its impact through trade and remittance channels, ongoing governance and enforcement challenges in the financial sector and the potential for a disruption in macroeconomic management in light of the upcoming parliamentary elections.

Since Moldova joined the World Bank in 1992, over $1 billion has been allocated to 49 operations in the country. Currently, the World Bank portfolio includes 7 active projects with total commitments of $162.2 million. Areas of support include regulatory reform and business development, education, social assistance, e-governance, healthcare, agriculture, and others. The International Finance Corporation has provided total investments in the amount of $233 million in 24 projects in various sectors, and the Multilateral Investment Guarantee Agency has provided guarantees totaling $95 million. Both institutions are members of the World Bank Group. The current World Bank Group Country Partnership Strategy for Moldova includes total commitments of $570 million in assistance for fiscal years 2014-2017.


Research

**Tajikistan: Strong Structural Reforms Needed to Accelerate Growth, Says the World Bank**

Dushanbe, Tajikistan, April 18, 2014 – Despite economic growth of 7.4 percent in 2013, achieved mainly on the back of record high remittances, Tajikistan’s economy remains vulnerable to external shocks and is projected to decline in the medium term in the absence of strong structural reforms that would improve growth prospects, according to the latest Tajikistan Economic Report by the World Bank.

Almost all sectors of the economy have contributed to GDP growth, according to the World Bank. Supported by inflows of remittances, services remained the largest sector of the economy, contributing almost half of gross value-added, followed by agriculture with one-fifth. The construction sector recovered to 17.2 percent and extractive industries demonstrated high output growth at 43.6 percent. Inflation was reduced to a record low 3.7 percent principally due to lower international food prices that were transmitted to households through a stable exchange rate.

At the same time, the economy remains vulnerable to external shocks. Weaker external demand and lower prices for aluminum and cotton adversely affected export earnings. Remittances, which reached a record high of $4.1 billion in 2013, have largely benefited consumption, but the poor business environment, weak financial intermediation, and low confidence in the banking sector have prevented these inflows from being efficiently
The World Bank’s Economic Report on Tajikistan concludes that the government needs to ignite a new engine of growth, based on private investment from both domestic and foreign sources. Prudent macroeconomic management and structural reforms aimed at diversification would create better economic opportunities and reduce vulnerability to shocks. Investing in human and institutional capital would support productivity improvements and job creation, and the transition to a more sustainable growth model.

The active portfolio of the World Bank consists of 13 projects with a net commitment of $222 million. The largest share of the portfolio is in agriculture and rural development (46 percent), followed by energy (16 percent), the public sector, governance and economic policy (10 percent), health and social protection (8 percent), education (8 percent), water (7 percent), and the private sector (5 percent).


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**World Bank Statement on Amendments to Ukraine's Public Procurement Law**

Kyiv, April 10, 2014 - Public procurement reform has been an important area of policy dialogue between Government of Ukraine, the World Bank and other development partners as a sound public procurement law is essential for ensuring efficient use of public resources. The current Public Procurement Law has a number of deficiencies and the Ukrainian Government has submitted draft amendments to the Rada to address some of these deficiencies. The proposed amendments bring greater alignment with good international practices in public procurement, in particular through reducing the number of exceptions to the Law and limiting the cases for exception to categories commonly found in international procurement practices. The publication requirements, institutional arrangements and complaints review mechanisms are in line with good international practices and the World Bank believes that the proposed amendments will contribute to achieving transparency, openness and integrity needed in a sound public procurement system. In addition, the amendments to the Law stipulate greater involvement of civil society in different stages of the procurement process which, we believe, will contribute to improved transparency of the procurement process by allowing public oversight and higher accountability standards.