Activites of development banks in Eurasian countries. Information digest.

Industry Studies, Strategy and Research Department

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**Small & Medium Enterprises**
- ADB To Help Spur SME Growth In Kazakhstan
Turkmenistan, Afghanistan, Pakistan and India Establish Landmark TAPI Pipeline Company

13 November 2014

The four state gas companies of Turkmenistan, Afghanistan, Pakistan, and India have established a company that will build, own and operate the planned 1,800-kilometer Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline. State Concern "Turkmengas", Afghan Gas Enterprise, Inter State Gas Systems (Private) Limited, and GAIL (India) Limited own equal shares of the company.

ADB was appointed the transaction advisor for the TAPI gas pipeline project in November 2013. In that role, ADB advised on the establishment of the TAPI pipeline company as an integral part of the larger goal of identifying and selecting a commercial consortium leader to spearhead the construction and operation of the pipeline. When selected, the commercial consortium leader will take a substantial stake in the company.

The TAPI pipeline will export up to 33 bln cubic meters of natural gas a year from Turkmenistan to Afghanistan, Pakistan, and India over 30 years. Turkmenistan has the world’s fourth-largest proven gas reserves, and the pipeline will allow the landlocked country to diversify its gas export markets to the southeast. Turkmen gas in turn will provide a key new source of fuel for southern Afghanistan, Pakistan, and northern India.

Deepen Partnership

4 November 2014

Asian Development Bank (ADB) President Takehiko Nakao today met with Azerbaijan President Ilham Aliyev and Minister of Finance and ADB Governor Samir Sharifov to discuss ways of further deepening the partnership with the fast-growing country as it prepares to host next year’s ADB Annual Meeting of the Board of Governors.

The 48th ADB Annual Meeting will take place in Baku on 2-5 May 2015. The meeting is expected to be attended by around 3,000 participants, including ministers and other government officials, bilateral and multilateral agencies, private sector representatives, academics, civil society organizations, youth, and the media.

During his meetings with the country’s leaders, Mr. Nakao commended Azerbaijan’s strong growth, macroeconomic stability, and progress in its health, education and water sectors. He also discussed how ADB can further support sustainable and inclusive economic development.

Azerbaijan has rapidly transformed into an upper middle-income country, with its gross national income per capita rising more than 10-fold—from $660 in 2001 to $7,350 in 2013. This is due to abundant hydrocarbon resources, high levels of public expenditure in economic and social infrastructure, and far-reaching market reforms aimed at deeper integration with the global economy.

The new strategy also places emphasis on regional cooperation, governance, environmental sustainability, climate change, and better project implementation.


Kazakhstan

Small & Medium Enterprises

ADB To Help Spur SME Growth In Kazakhstan

4 November 2014

The Asian Development Bank (ADB) is providing a $122 mln loan to develop small- and medium-sized enterprises (SMEs) through participating banks and the state-owned JSC Damu Entrepreneurship Development Fund (Damu) in Kazakhstan.

The project loan agreement was signed in Astana today by Ms. Chyngysheva and the Chairperson of Damu’s Management Board, Lyazzat Ibragimova.

Under the terms of the loan, which is guaranteed by the Republic of Kazakhstan, ADB will provide the loan to Damu at a fixed-interest rate for 5 years. In turn, Damu will make the funds available to Bank CenterCredit and TsesnaBank, allowing them to offer loans denominated in Tenge, Kazakhstan’s currency, at an affordable rate to their SME clients.

The loan is part of a $500 mln Small and Medium Enterprise Investment Program multitranche financing facility approved by ADB’s Board of Directors in September 2012.

Kazakhstan’s government and Damu view SMEs as key to boost the country’s economic growth and diversify the economy.


Kyrgyzstan

Regional integration and cooperation

ADB President Visits Kyrgyz Republic to Strengthen Partnership, Attend CAREC Ministerial Meeting

6 November 2014

Asian Development Bank (ADB) President Takehiko Nakao met with President Almazbek Atambayev and Prime Minister Djoomart Otorbaev during his two-day visit to the Kyrgyz Republic to discuss ADB’s support for the government’s development agenda, and the need to continue the focus on poverty reduction and inclusive growth. He also gave a keynote address at the 13th Ministerial Conference of the Central Asia Regional Economic Cooperation (CAREC).
As the country marks its 20-year partnership with ADB, Mr. Nakao commended the economic development and poverty reduction during this period and appreciated the successful transition to democratic systems and return to growth path in recent years. The country recorded strong gross domestic product growth of 10.5% in 2013 as gold production rebounded. Recent robust gains in manufacturing and services reflected growing private sector investments. Overall, GDP is expected to grow much slower at less than 4% in 2014 due to an economic slowdown in Russia, the country’s major source of remittances and key trade partner.

ADB is supporting the government by helping reform legal and regulatory frameworks to improve the business environment, expand availability of affordable finance, and increase access to electricity. ADB operations are aimed at creating jobs and reducing gaps between regions in basic infrastructure and services.

One of the important electricity projects which is being prepared by ADB is a $110-mln support for phase 2 of the Toktogul hydropower plant rehabilitation project. The plant produces about 40% of the Kyrgyz Republic’s power supply. This will also facilitate the expansion of electricity trading in the region.

At the CAREC Ministerial Conference, whose theme this year is Linking Connectivity with Economic Transformation, Mr. Nakao appreciated the CAREC Program for supporting the development of the countries in the region, through building cross-border regional infrastructure in transport and energy, promoting open trade and investment regimes, and facilitating regional dialogue on knowledge and innovation. Cumulatively, the CAREC Program has mobilized more than $24 bln of investments since 2001, of which ADB provided $9 bln.

Mr. Nakao welcomed the signing of a Memorandum of Understanding for CAREC’s knowledge work between the cities of Almaty and Bishkek to pilot an economic corridor, and in explicitly including the service sector in its scope. The Almaty-Bishkek Corridor Initiative—the first example of city-level cooperation in the CAREC region—will help coordinate urban development planning between the two cities, and generate detailed studies to identify infrastructure requirements, policies, and market opportunities to better integrate their economies.


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Black Sea Trade & Development Bank
Corporate Sector

New BSTDB Vice President Banking Assumes Duties

24 November 2014

Following a proposal by the Government of the Russian Federation, the BSTDB Board of Directors appointed Mr. Igor V. Leshukov as Vice President Banking of the Black Sea Trade and Development Bank for a period of four years. Mr. Leshukov took up his duties on November 24, 2014.

Mr. Leshukov started as a diplomat dealing with regional economic cooperation organizations. In 1995, he switched to the banking sector, and for the last 15 years occupied senior managerial positions at Moscow-based commercial banks. He was engaged in lending, trade finance, equity investment, guarantees, factoring operations, and international settlements. From 2009 to his appointment at BSTDB, Mr. Leshukov was Chairman of the Credit Committee and Member of the Supervisory Council at “Tempbank” in Moscow.

Mr. Leshukov graduated from the Moscow State Institute of International Relations in 1990 and received an MBA (Finance) degree from Guildhall University in London.


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Armenia

Finance sector development

BSTDB Partners with Ardshininvestbank to Support Small Business in Armenia

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Armenia

Finance sector development

BSTDB Partners with Ardshininvestbank to Support Small Business in Armenia

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4 November 2014
The Black Sea Trade and Development Bank (BSTDB) is providing a $10 mln loan to Ardshininvestbank (ASHIB), a leading bank in Armenia, to facilitate financing of Armenian small- and medium-sized enterprises (SMEs).

The operation builds up on the successful cooperation between the two banks started in 2012, when BSTDB extended a loan for mortgage financing. The total funding provided by BSTDB to ASHIB will amount to $18 mln.

Since the start of its operations in 1999, BSTDB has cumulatively disbursed €120 mln in Armenia, largely focused on SME sector development.

Established in 2002, Ardshininvestbank is one of the leading banks in Armenia and has a large distribution network with over 55 branches all over the country and a strong SME customer base.


Eurasian Development Bank

Bilateral Cooperation

EDB and the IIB expand investment cooperation

21 November 2014
The International Investment Bank (IIB) and Eurasian Development Bank (EDB) signed a memorandum of understanding today at the 102nd session of the IIB Council. The document was executed by Nikolay Kosov, Chairman of the Board at the IIB, and Igor Finogenov, Chairman of the Management Board at EDB.

The memorandum provides for establishing close cooperation between these two interstate banks in co-financing investment projects, in particular in the area of SME finance. It sets forth the procedures for the joint selection, preparation and implementation of projects in EDB and IIB member states. The memorandum is aimed at standardising processes associated with the implementation of investment projects, improving efficiency, and reducing lenders and borrowers’ costs.

Proceeding from the investment priorities of both banks, EDB and the IIB will focus in their cooperation on joint projects that will help to strengthen economic ties between their member states, deepen integration of national economies, support the SME sector, and develop their infrastructure sectors. The parties will avail themselves of the opportunity to exchange experience in the arrangement of syndicated loans, credit analysis and transaction structuring.

The International Investment Bank is an interstate financial institution founded in 1970. The Intergovernmental Agreement on the Establishment of the Bank and its Statutes are registered with the Secretariat of the United Nations. The member states of the Bank are the Republic of Bulgaria, the Socialist Republic of Vietnam, the Republic of Cuba, Mongolia, the Russian Federation, Romania, the Slovak Republic, and the Czech Republic. The Bank focuses primarily on SME finance through the provision of targeted loan facilities to banks in its member states and on the provision of syndicated loans for investment projects in cooperation with major international financial institutions. The Bank has its headquarters in Moscow.


Research

A unique regional economic integration database is made available to the public

18 November 2014
The EDB Regional Integration Database provides comprehensive up-to-date information on 92 regional economic groupings, customs unions and trade agreements: their experience should be taken into account to further develop the Eurasian Economic Union.

The Regional Integration Database is an applied research project implemented by Eurasian Development Bank’s (EDB) Centre for Integration Studies. The objectives associated with the establishment and advancement of the Eurasian Economic Union require that both positive and negative
global experience in regional integration should be taken into account. To this end the Centre for Integration Studies makes this regularly updated database on regional integration organisations (RIOs) and agreements available to the public.

The unique feature of this database is that it lists not only “classic” multilateral agreements on free trade between countries, all customs and economic unions of the world, and “the unions of unions” (agreements between customs unions), but also comprises data on river basin organisations (focusing on the creation and development of shared infrastructure) and regional fora. It also includes new ‘mega-deals’ such as the US-EU Transatlantic Trade and Investment Partnership, and the Trans-Pacific Partnership, among others. Overall, the Regional Integration Database contains data on 92 RIOs.

These organisations and agreements are analysed with more than 130 indicators, including trade flows, investment, budget, currency and finance, institutional development, and political aspects. The variables contained in the database may be of interest to economists, political analysts, sociologists, and international relations specialists. These include macroeconomic variables and indicators of mutual trade, foreign trade parameters, the institutional structure of the groupings, the indicators of economic and political asymmetry and political regimes in member states, their influence on the world politics, the existence of military conflicts between them, and publicly available information about their secretariats and budgets. These are a small portion of indicators.

The applied purpose of the research is to provide a structural comparison between Eurasian integration and all other regions and forms of economic integration. The Regional Integration Database is expected to produce a comprehensive profile of the advantages and disadvantages of integration models, the elements of which can be effectively used in Eurasian integration.


**EDB holds an international discussion on the problems of and prospects for cooperation between the EU and the EEU**

21 November 2014

What are the prospects for cooperation between the European Union (EU) and the Eurasian Economic Union (EEU) in the current context? How to distinguish political ambitions and their objective interests? When and how can the idea of an agreement on economic integration between these two unions be fulfilled? These issues were discussed by experts from various EU and EEU bodies, who took part in the third high-level roundtable on Thursday and Friday in Vienna.

The discussion was arranged in the framework of the international project Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space co-organised by the International Institute for Applied Systems Analysis (IIASA), Eurasian Development Bank (EDB), and the Eurasian Economic Commission (EEC).

The participants in the roundtable discussed the existing non-tariff trade regulations in the EU and the EEU and the possibilities for their mutual gradual alleviation. The second day was about technical regulations. Special attention was paid to the discussion of a major project undertaken by EDB and the EEC to analyse the economic effects of the mutual lifting of non-tariff barriers in the EEU.

The current roundtable is the third out of the planned nine fora on cooperation between the EU and the EEU in the area of trade and investment, economic integration, education and research, transport infrastructure development and a common electricity market, which will take place in 2014-2016. The EDB Centre for Integration Studies provides expert support to these meetings.


**Corporate Sector**

**The United Nations Secretariat registers EDB’s Foundation Agreement**

27 November 2014

The United Nations Secretariat registered under number 51782 the Foundation Agreement of Eurasian Development Bank (EDB) dated 12 January 2006 and its Charter annexed to the agreement. The respective certificate of registration (64617) is published on the UN’s website.

International agreements and treaties are registered in accordance with Article 102 of the UN Charter, which sets forth that every treaty and international agreement, irrespective of their form or name, entered into by any member of the United Nations must be registered with the Secretariat. All treaties and international agreements between two or more countries are subject to registration.
The UN Secretariat includes treaties and international agreements in a special register, which comprises the title given to the instrument by the parties, the names of the parties, the date and place of signature, the date of ratification or acceptance, accession and entry into force, the duration, the name of the party or specialised agency which registers the instrument, and the date of registration.

A multilateral agreement is usually registered by its depository. The depository for EDB’s Foundation Agreement is the Ministry of Foreign Affairs of the Russian Federation, which initiated its registration.

Registering international agreements and treaties with the UN, which is very widespread in international relations today, was historically seen as an opportunity for the global community to provide conditions to eliminate the practice of entering into secret agreements. At present, registration is used to ensure the effective application of international law provisions included in international agreements and treaties.

The registration of EDB’s Foundation Agreement with the UN Secretariat confirms the Bank’s status of an international institution. This will make it possible for the Bank to simplify the processes of, and procedures for, establishing and developing relationships with its counterparties — investors, banks, stock exchanges, and other multilateral institutions, among others.


Armenia

Finance sector development

EDB to provide $10 mln to Armenia’s Ardshininvestbank

11 November 2014

Eurasian Development Bank (EDB) signed today a loan agreement with Ardshininvestbank, according to which this Armenian bank will receive $10 mln for five years to finance small and medium-sized enterprises (SMEs) in Armenia. The agreement was signed by Dmitry Krasilnikov, Deputy Chairman of the Management Board at EDB, and Mher Grigoryan, Chairman of the Management Board at Ardshininvestbank.

Ardshininvestbank will select sub-borrowers on its own from SMEs who meet EDB criteria and provide them targeted sub-loans for the advancement of their businesses.

The project will help to create and develop favourable conditions for the sustainable advancement of SMEs, the enhancement of competition, and the improvement of SME competitiveness in domestic and foreign markets. It is being implemented in the framework of EDB-run Programme for the Support and Development of SMEs by Providing Targeted Loan Facilities to Financial Institutions.

Ardshininvestbank was founded in 2002. It has a network of 55 branches and is one of Armenia’s largest banks. It also has a stable SME clientele.


Bilateral Cooperation

EDB experts take part in a donor conference in Yerevan

25 November 2014

Experts from Eurasian Development Bank (EDB), headed by Alexey Cherekayev, Director of the Project Group for Investment Credits at the EurAsEC Anti-Crisis Fund (ACF), took part in a donor conference in Yerevan held by the Armenian Ministry of Transport and Communications. The participants discussed possible projects in the road construction sector in Armenia.

During the trip EDB experts also negotiated the credit agreement on the construction of the North-South road corridor. The ACF Council approved the extension of finance for this investment project in July 2014.

The North-South international transport corridor is expected to ensure a road connection between Europe and India through Iran and Transcaucasia countries. It will cross Armenia from the Iranian border in the south to the Georgian border in the north.

The main advantages of the route (in particular, compared to the sea route through the Suez Canal) are that it will more than halve the distance and reduce the cost and time of transportation.

The North-South road is also part of the AH82 highway, which links Central Asian countries. Therefore, this route will make it possible for the region and in the first place Kazakhstan to re-orient their exports through Russia to the Black Sea and Persian Gulf countries.
Belarus

**EDB to provide $10 mln to Alfa Bank (Belarus) for energy efficiency projects**

28 November 2014

Today Eurasian Development Bank (EDB) and Alfa Bank signed an agreement to finance projects aimed at reducing energy consumption by enterprises and ensuring the efficient use of resources in Belarus. The agreement was signed by Dmitry Krasilnikov, Deputy Chairman of the Management Board at EDB, and Igor Katibnikov, Chairman of the Management Board at Alfa Bank.

In accordance with the agreement EDB will provide $10 mln for three years. Alfa Bank will provide sub-loans to its clients, which meet the criteria approved by EDB, to finance energy and resource efficiency projects.

Finance is provided in the framework of EDB’s Programme for the Improvement of Energy Efficiency in the Member States by the Providing Targeted Loan Facilities to Financial Institutions. In accordance with the Bank’s strategy, energy efficiency programmes of its member states are among its investment priorities.

Alfa Bank (Belarus) was set up as a result of consolidation of two Belarusian banks and is part of the Alfa Group consortium, one of the largest financial and industrial groups in the CIS. Alfa Bank is a full-service bank and is one of the top ten Belarusian banks in terms of assets, credit portfolio, customer funds and capital. The Bank’s authorised capital is BYR 288,503.3 mln.

Kyrgyzstan

**EDB to provide $5 mln to Ayl Bank to develop microlending in Kyrgyzstan**

28 November 2014

Today Eurasian Development Bank (EDB) and Aiyl Bank signed an agreement to finance a microcredit programme in Kyrgyzstan. A $5 mln loan will be provided as a one-off tranche for three years. The agreement was signed by Dmitry Krasilnikov, Deputy Chairman of the Management Board at EDB, and Erkin Asrandiyev, Chairman of the Management Board at Aiyl Bank.

Aiyl Bank will select sub-borrowers on its own using the criteria approved by EDB and provide them targeted sub-loans for business development. Sub-loans for a total between $1,000 and $200,000 will be extended for up to 36 months.

Finance is provided in the framework of EDB’s Programme for Microfinance Support through the Provision of Targeted Loan Facilities to Financial Institutions.

In December 2013, EDB provided $5 mln to Halyk Bank Kyrgyzstan under the same programme.

Aiyl Bank was established as the successor of the Kyrgyz Agricultural Finance Corporation. The only shareholder in the Bank is the Government of the Kyrgyz Republic represented by the Ministry of State Property. The Bank provides all traditional banking services, however loans to agricultural producers remain its key business.

Agriculture

**A loan agreement to finance agricultural equipment supplies to Kyrgyzstan takes effect**

17 November 2014

Last Friday the agreement between the Kyrgyz Republic and Eurasian Development Bank (EDB) on the
Global development banks and private sector seeking ways to reduce the infrastructure gap

EBRD launches Infrastructure Project Preparation Facility

Global infrastructure needs to 2030 are estimated to be $57 trillion. For both public sector and private sector investors in the developing markets there has been a lack of well-prepared projects to fulfil these needs. This has led to a widening infrastructure gap between what is required and what is delivered.

Practical applications are needed to narrow the gap: following early stage development by the Asian Development Bank, a new online cloud-based project development tool for project sponsors – the International System for Infrastructure Support – is being launched with the support of major global development banks and key private sector entities to attract and increase investment into infrastructure.

The International Infrastructure Support System (IISS), implemented by the Geneva based non-profit foundation, the Sustainable Infrastructure Foundation (SIF), is an online, secure, scaleable, multi-user preparation platform/service developed with the support of Capgemini. IISS is accessible to public and private sector ensuring a high quality, consistent and systematic approach to early stage project development.

Following successful first stage testing, including analysis and support from PwC, pilot projects are now being undertaken to ensure the robustness of the system in Latin America, Africa, Central Europe and Asia. These are being undertaken by SIF together with the appropriate regional development banks and with the assistance of the World Economic Forum (WEF).

SIF is to showcase IISS in the context of holding its second annual meeting on November 4th, 2014 at the headquarters of the European Bank for Reconstruction and Development (EBRD) in London. The majority of other partners of SIF (African Development Bank, Asian Development Bank, The Brazilian Development Bank (BNDES), Development Bank of Southern Africa, EBRD, Inter-American Development Bank, World Bank Group, WEF, Global Green Growth Institute, Organisation for Economic Co-operation and Development and leading private sector constituents) are also convening in London.


EBRD launches Infrastructure Project Preparation Facility

Global infrastructure investment needs to 2030 are estimated to be over $50 trillion. The EBRD, like an increasing number of organisations such as the G20/B20, the OECD, the IMF and other International Financial Institutions (IFIs), realises that the lack of well-prepared projects to cover these needs through
bankable projects is the main reason behind the oft-discussed “global infrastructure gap” being experienced currently in many countries.

The Bank’s response, in line with the belief that IFIs can and should play a greater role in enhancing the delivery of better and more efficiently prepared projects in the infrastructure sector, is the creation of a €40 mln Infrastructure Project Preparation Facility (IPPF).

The IPPF will feature two windows: a PPP Window where private finance will be featured and a Sustainable Infrastructure Window for commercialised public sector investment projects. The IPPF’s objective is to improve the efficiency and replicability of infrastructure projects for the benefit of its clients. It will do this by greatly reducing time to mobilisation of consultants through use of “call-off” framework consultants to deliver project preparation, over an initial three year period from 2015-2017. This approach will also improve the quality of preparation through consistent, market-proven structures that both the public and private sectors will support.

The IPPF’s dedicated unit will carry out the integration of project preparation services with systematic higher level policy dialogue, providing expertise on PPPs and commercialised projects for the Bank’s clients. The IPPF’s linkage of policy advice with project preparation will enable true peer-to-peer knowledge sharing between the public and private sectors, thus enriching local capacity strengthening.

Finally, the creation of the IPPF, alongside other PPFs being created by fellow IFIs, has been created and enriched by inputs from the G20, the World Economic Forum’ Global Advisory Council on Infrastructure, as well as through close collaboration with fellow IFIs such as the World Bank, ADB, IADB, AfDB, and IsDB. Going forward, the EBRD will also work closely with GIH, the newly created Global Infrastructure Hub of the G20. With IPPF, EBRD is now positioned to respond even more robustly to the infrastructure challenge in its region.


Medicine and Pharmacy

**EBRD helps Armenia’s Liqvor go for growth**

26 November 2014

Liqvor, a privately owned pharmaceutical producer in Armenia, has undergone an exemplary transition from small-scale company to regional leader thanks to an EBRD investment of $1.5 mln and Early Transition Countries Fund donor support.

Liqvor’s success has many faces: quadrupled revenues, achieving the first ever Good Manufacturing Practice certificate in the TransCaucasus and growing exports to many post-Soviet countries and beyond.

Across the region, consumers are the biggest beneficiaries of EBRD-Liqvor cooperation This innovative pharmaceutical producer has brought generic medicines to the market and made it possible to access drugs more easily and cheaply.

Liqvor was initially a “garage” based business run by two local scientists-turned-entrepreneurs, Dr Sergey Matevosyan and Hovhannes Ghazaryan, who quickly found a prescription for success. They found a niche in the market and introduced local equivalents of branded medicines, while at the same time helping the pharmaceutical industry grow.


Finance sector development

**EBRD mobilises external financing to expand SME lending activity in Belarus**

24 November 2014

The European Bank for Reconstruction and Development (EBRD) is providing a syndicated loan of up to $12 mln to privately owned Belarusky Narodny Bank (BNB-Bank). The proceeds will allow BNB-Bank, which concentrates its activity on lending to small and medium domestic businesses, to get access to the syndicated loan market and expand its SME financing activity across Belarus.

The loan will consist of an A loan of up to $5 mln for the EBRD’s own account and a B loan of up to
$7 mln will be syndicated to European Fund for Southeast Europe and Impulse Microfinance Investment Fund (by Incofin Investment Management).

The EBRD is a major investor in Belarus. As of October 2014 the Bank had signed 66 projects worth over €1.4 bln through, €883 mln of which was invested in the past five years.


**Stadler Minsk expands production in Belarus**

20 November 2014

An EBRD loan of €26 mln has come to fruition today with the opening of the Stadler Minsk plant in Fanipol, a small town on the outskirts of the capital of Belarus, Minsk.

The greenfield-site factory manufactures trains and creates modern facilities for the production of trams and trolleybuses. The inauguration represents a new highlight in the activities of Stadler Rail AG, a leading European producer of rolling stock, in the EBRD region.

The Swiss company became an investor in Belarus in 2007 when it created a public-private-partnership with the Minsk Region Executive Committee (MREC) for the production of rolling stock.

At that time, MREC provided certain assets of Belkommunmash, a leading Belarus manufacturer, related to the production of trams and trolleybuses at its Minsk site. Following the successful establishment of the venture, Stadler bought out MREC’s stake and became the sole owner of Stadler Minsk in May 2014.

Stadler, founded in 1942 and one of Europe’s leading producers of rolling stock, is manufacturing its successful and popular urban and intercity trains in Belarus.

Demand for Stadler trains which have recognisable names like KISS (standing for “komfortabler, innovativer, spurtstarker S-Bahn-Zug” or “comfortable, innovative, sprint-capable suburban train”) or FLIRT (Fast Light Innovative Regional Trains), but are mostly renowned for their innovative and high-quality design, is high.


**EBRD finances first large-scale wind farm in Kazakhstan**

27 November 2014

In a landmark project for Kazakhstan’s renewables industry, the European Bank for Reconstruction and Development (EBRD) is supporting the first large-scale wind farm in the country to be financed under the new feed-in-tariff mechanism.

The EBRD and the Clean Technology Fund (CTF) will finance the construction, connection to the power transmission grid, commissioning and launch of a greenfield 50 MW wind power plant located in Yereymentau, in central Kazakhstan.

The EBRD will provide a 14 bln tenge (€59.2 mln equivalent) loan to Wind Power Yereymentau, a special-purpose vehicle incorporated in Kazakhstan, while up to €18 mln of concessional financing will be provided by CTF.

The loan will be guaranteed by JSC Samruk-Energo, Kazakhstan’s national energy company and ultimate owner of the company.

Yereymentau Wind Park will be the first power sector project in Kazakhstan to receive CTF funding.

The wind power plant is expected to offset 120,000 tonnes of CO2 per annum, equivalent to 450 return flights from Astana to Almaty, in a country still dominated by coal-fired power generation. Over 70 per cent of the electricity produced in Kazakhstan today is generated by coal-fired power plants benefiting from easily accessible local coal reservoirs.

**EBRD and KazMicroFinance channel $5 mln to rural SMEs**

18 November 2014

The European Bank for Reconstruction and Development (EBRD) and KazMicroFinance – the largest non-banking microfinance institution in Kazakhstan – continue their efforts to improve access to finance for micro, small and medium-sized enterprises (MSMEs) in the regions of Kazakhstan.

To increase access to credit for small entrepreneurs and farmers in remote areas of Kazakhstan, the two institutions have signed a commitment for a loan of $5 mln equivalent in local currency financing as the second tranche under the existing $10 mln financing facility agreed last year. The new loan is being made in local currency, the tenge.

KMF has served over 120,000 clients, distributing over $140 mln worth of loans throughout the country.

Since the beginning of its operations in Kazakhstan 20 years ago, the EBRD has invested close to $6.7 bln in the country’s economy, with more than half of the projects supporting the private sector.


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**Kyrgyzstan**

**Bilateral Cooperation**

**EBRD marks completion of Phase III of Swiss-funded advisory programme in the Kyrgyz Republic**

14 November 2014

The European Bank for Reconstruction and Development (EBRD) held a ceremony on the 13 of November to mark the completion of Phase III (2010-14) of advisory support to small and medium-sized enterprises, funded by the government of Switzerland.

Over the course of Phase III (2010-14) the EBRD has helped over 400 SMEs in the Kyrgyz Republic to access business advice to transform their businesses, committing over €2.6 mln in funding and exceeding the target of 280. The EBRD has drawn on the know-how of a network of local consultants to help transform a wide range of businesses, looking at areas including strategy, marketing, operations, quality management, energy efficiency, financial management and beyond.

This advice has had a tangible impact on the performance of the assisted enterprises: 93 per cent increased their turnover, while 60 per cent reported growing their workforce by an average of 14 per cent. Moreover, three-quarters of assisted enterprises were located outside of Bishkek, highlighting the EBRD’s commitment to providing advice also in under-served areas.

In this time, the EBRD has also built a stronger, more competitive market for business advice. Although it is still in the early stages of formation, the EBRD has created a network of 163 active consultants and supported the establishment of an active Institute of Management Consultants (IMC) of the Kyrgyz Republic, which currently has 70 members. Swiss funding has also promoted the professionalisation of the local consultancy market by improving the skills and knowledge of local consultants in the Kyrgyz Republic via training courses.


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**Moldova**

**Transport**

**EBRD and partners put Moldovan railway on track**

14 November 2014

In a major step towards the modernisation of Moldova’s railways the EBRD is providing €52.5 mln to the state-owned railway company, Calea Ferată din Moldova.

The loan, signed by Moldova’s Prime Minister Iurie Leancă and EBRD Director for Transport, Sue Barrett, in Chişinău today, will be used to co-finance the acquisition of around 10 new multi-purpose locomotives and the rehabilitation of rail infrastructure. The European Union is co-financing the purchase of the locomotives with a €5 million investment grant through its Neighbourhood Investment Facility
The EBRD finance will also support a broader reform of the railway sector to improve safety and efficiency. Action plans to restructure the railway sector and to strengthen the institutional capacities in the key areas of environment, procurement and corporate governance will be developed with the EBRD. The Bank will also support improvements of the company’s energy management to cut consumption and costs.

Moldova’s railway sector is in urgent need of fundamental restructuring to provide adequate services and compete with other means of transport. Its life-expired rolling stock fleet is in serious need of renewal. The company has therefore launched a far-reaching modernisation project with €116.75 ml in new investments.

In addition to the EBRD’s €52.5 ml loan, the European Investment Bank is expected to provide a parallel loan of a similar size to support this programme.

Further to the EU’s investment grant, further grant financing worth €1.75 ml will be provided by the EBRD’s own funds, the Central European Initiative and the Czech government. The funds will be used to improve the company’s management in specific areas and to strengthen its corporate governance.

The EBRD’s loan comes in two tranches, where the second tranche of €27.5 ml will be subject to the achievement of key milestones financed by the first tranche including grant financing.


**Small & Medium Enterprises**

**EBRD and Sweden champion women entrepreneurs in Moldova**

17 November 2014

Support provided by the European Bank for Reconstruction and Development (EBRD) and the Government of Sweden through a dedicated “Women in Business” programme has helped raise the competitiveness of 90 Moldovan companies over the past three years, the two sponsors of the programme said at a press conference in Chișinău today.

The programme connects women-led businesses, or companies where women make up the majority of employees, with local consultants who help them grow and become more competitive. Since the launch of “Women in Business” in 2011 Sweden has contributed more than €1,000,000 to the programme.

Companies supported as part of the initiative operate in the wholesale and retail sectors, health services, textiles and apparel, as well as in food and beverage production. Others specialise in information technology, tourism, construction, media and communications.

Most of these enterprises have used advisory services to increase their market share, improve quality management, operational and financial management and customer relationships, as well as to grow their operations. Almost half of the enterprises received advice to develop information management technologies. Others focused on more efficient marketing strategies, quality management systems, engineering solutions and business plan development.

As part of its Women in Business programme, the EBRD has also developed training in how to start a business and develop leadership skills. It has also launched a mentoring programme that connects experienced businesswomen with young, ambitious entrepreneurs. The Bank has also worked to expand companies’ access to finance.

In future, the EBRD will continue to strengthen the role of female entrepreneurs in the Moldovan economy. A new programme will be launched next year that will combine advisory services with access to finance.


**Food Industry**

**EBRD extends $25 mln loan to Trans-Oil Group**

4 November 2014

The European Bank for Reconstruction and Development (EBRD) is providing a $25 mln loan to Trans-Oil Group of Companies (Trans-Oil Group), a leading agricultural commodities trader and sunflower oil producer in Moldova.

The funding will boost agriculture in Moldova and Ukraine as restricted availability of finance continues to seriously limit the sector’s ability to reach its full potential.

The EBRD’s loan will enable Trans-Oil Group to expand its grain terminal in the Moldovan port of (NIF).
Giurgiulești on the river Danube and to acquire and modernise a grain storage facility in the neighbouring port of Reni, in Ukraine.

Over the last decade Trans-Oil Group has grown steadily to become Moldova’s largest agribusiness company, exporting to the EU, North Africa and the Middle East. It covers the full agricultural value chain from farming, grain handling, storage and trading to wheat flour production, oilseed crushing and oil bottling.

Trans-Oil Group uses Giurgiulești, Moldova’s only port, as its main grain terminal. As the capacity of the Giurgiulești terminal is fully utilised at peak times, the company started renting and operating a grain storage facility in Reni, located only 3 km away in Ukraine. The company now intends to buy the Reni terminal, which is already well integrated into its operations but requires further modernisation to accelerate and streamline the turnover of commodities.

Increasing the capacity of the silos at Giurgiulești and acquiring the storage facility in Reni will enable Trans-Oil Group to export Moldovan grain and oilseeds more efficiently and in greater volume.

Furthermore, the Reni terminal will help to increase the volume of grain collected in Ukraine’s Budzhak region, which lies along the Black Sea between the Danube and Dniester rivers.

With the modernised infrastructure, by 2017 the company will be able to collect five times more grain in Ukraine than it does now. It will also be able to establish cooperation with larger numbers of farmers and provide them with technical advice on sustainable and profitable farming.

In addition, the expanded facilities will enable Trans-Oil Group to meet demand for storage and drying services from independent Moldovan farmers and exporters in Giurgiulești. The Moldovan silos will be available for hire by third parties for operations of 250,000 tonnes or more.


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**EBRD lends further support to Tajik food maker Dilpisand**

24 November 2014

The European Bank for Reconstruction and Development (EBRD) and Bank Eskhata are further extending their support to Dilpisand, a producer of traditional Tajik food, with a $500,000 loan provided in a new joint financing agreement.

Dilpisand produces traditional Tajik mince pies, sambusa and handmade dumplings known as manti. The company, part of the family-run Yakhmos Group, sells the produce through its own chain of nine small café-bakeries located mostly in the Sughd region of Tajikistan.

The financing will help Dilpisand open 14 new cafés in different parts of the country, including the capital Dushanbe.

In 2013 the EBRD and Bank Eskhata provided a first $350,000 loan to Dilpisand which was used to buy quick-freezing machines and refurbish the company’s production facilities. The investment enabled the company to increase its output of sambusa and manti.

The loan comes under the EBRD’s Medium Sized Co-Financing Facility (MCFF) designed to meet the financing needs of medium-sized private companies in countries such as Tajikistan where the requirements of such businesses are outgrowing the financial sector.

The financing is also accompanied by a technical cooperation grant from the EBRD’s Early Transition Countries (ETC) Fund which enabled the EBRD to engage a consultant to work with Bank Eskhata to help develop the project and train the bankers for the future implementation of similar projects. Bank Eskhata, the fifth-largest bank in Tajikistan, joined the EBRD’s MCFF programme in 2012.


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**EBRD President Chakrabarti visits Tajikistan**

17 November 2014

EBRD President Sir Suma Chakrabarti is visiting Tajikistan on Monday 17 and Tuesday 18 November. This is the first official visit to the country by an EBRD president in the last nine years.

The visit started with a meeting with the President of Tajikistan, Emomali Rahmon. During the
meeting, the presidents discussed the growing role of the private sector in the country, a record year for EBRD investment there, and the new EBRD strategy for Tajikistan which is currently under preparation.

After the meeting with President Rahmon, Sir Suma addressed a special session of the Consultative Council on the Investment Climate under the President of the Republic of Tajikistan. In his address, the EBRD President highlighted the Bank’s commitment to the country and noted recent developments including Tajikistan’s rise in the latest World Bank Doing Business report, reforms aimed at improving the investment climate and World Trade Organization membership.

During his stay President Chakrabarti will also meet with the ministers of finance, energy and foreign affairs, the Governor and the Deputy Governor of the National Bank of Tajikistan, representatives of the business, investor and diplomatic communities and international financial institutions, EBRD clients and representatives of civil society including women's organisations.

The EBRD delegation will also visit the Nurek hydropower plant, meet with the local authorities in Khatlon province and participate in an energy sector roundtable.

President Chakrabarti will sign financing agreements with two companies: the microfinance institution IMON International, which will use funds to increase lending to micro and small enterprises, and Schiever Tajikistan, which plans to open the first modern supermarket in the country under the Auchan brand.


Food Industry

Tajikistan to get Auchan: first hypermarket financed by EBRD

18 November 2014

Tajikistan will get its first ever hypermarket – a discount hypermarket under the Auchan brand in Dushanbe thanks to EBRD financing.

The EBRD is extending a financing package of €5 mln to Schiever Tajikistan, a subsidiary of Schiever group, the French company which partners with Auchan group in France and Poland where it operates Auchan hypermarkets. Schiever will have the Auchan master franchise for Tajikistan.

Tajikistan’s shoppers rely on expensive open-air markets and small shops for their groceries. The new, 5,000 m² hypermarket will not only bring competition and lower prices, but also new standards in food quality, hygiene and logistics. As part of the investment, there will also be a programme to develop the Tajik food value chain in partnership with local suppliers.

The EBRD will be a minority shareholder in Schiever Tajikistan and will also provide a long-term loan to the company to support the opening of this first hypermarket.

To date, the EBRD has invested €360 mln in Tajikistan. 2014 is expected to be a record year for the Bank in the country, with annual investments reaching about €100 mln.


Ukraine

Transport

Modern trams for ancient Lviv

28 November 2014

The Mayor of Lviv, Andriy Sadovy, and the EBRD's Country Director for Ukraine, Sevki Acuner, launched a public awareness campaign yesterday for the city's fast tram system.

The project is supported by an investment grant of up to €5 mln from the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and an EBRD loan of up to €6 mln. The new system will further contribute to Lviv's transport infrastructure, with a focus on its urban tram network.

In particular, the project will allow the extension of tram route 4, which will link the main residential area of Sykhiv with Lviv's city centre. This extension to Sykhiv, which has a population of over 150,000, is expected to increase passenger volumes on public transport by 25 per cent.

It will improve the reliability and efficiency of ecologically friendly, electric public transport and promote its use, significantly reducing the level of vehicle emissions.

80 per cent of the new route will run through a designated area and will not affect traffic flows, thus minimising the risk of creating congestion. According to initial estimates, the tram ride from Sykhiv to
the city centre will take approximately 25 minutes compared with 35-45 minutes for comparable journeys using other public transport.

The project is expected to have a significant demonstration effect for other municipalities across Ukraine that are seeking to modernise their urban transport systems.


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**Finance sector development**

**EBRD stimulates trade finance development in Ukraine**

27 November 2014

The European Bank for Reconstruction and Development (EBRD) is stepping up its support to Ukrainian exporters and importers by increasing financing available under its Trade Facilitation Programme (TFP) to the State Export-Import Bank of Ukraine (UkrEximBank) by $100 mln to $270 mln.

The EBRD’s Trade Facilitation Programme promotes foreign trade to, from and within the EBRD countries of operations, including Ukraine. Through the Programme, the Bank provides guarantees to international confirming banks, taking the political and commercial payment risk of international trade transactions undertaken by banks in the countries of operations.

UkrEximBank, Ukraine’s third largest financial institution, provides international trade finance services to leading Ukrainian enterprises, including major exporters. The transaction is the EBRD’s response to a strong and growing market demand to support cross-border trade on the background of the complete lack of external financing from both foreign commercial banks and Ukraine’s trading partners.

The Bank’s Trade Facilitation Programme currently works with eight local banks in Ukraine to enable their private corporate clients to continue international trade. The TFP has supported trade transactions worth €1.5 bln in Ukraine to date, of which over €175 mln has been processed in 2014 so far.


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**Development assistance**

**EBRD establishes multi-donor fund to support reforms in Ukraine**

3 November 2014

International donors have committed €11 mln to a new fund established and managed by the EBRD that will support Ukraine’s efforts to reform its economy, improve its business climate and return to a path of sustainable growth.

Grants to the EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account (MDA) were made available by Finland, France, Germany, Netherlands, Sweden, Switzerland, UK and the US. Denmark, Japan and Norway are also among countries considering contributing to the fund.

The creation of the account is a rapid response to Ukraine’s immediate economic requirements. The funds will help paving the way for a planned increase in EBRD investments in the country and to provide effective support to the authorities for policy reforms that are urgently needed to stabilise the economy.

In the use of the funding there will be a strong emphasis on improving the investment climate and combating corruption, stabilising the banking sector, increasing energy security, expanding private sector competitiveness and upgrading municipal infrastructure.

These focus areas for technical cooperation and grant co-financing activities were agreed by the authorities of Ukraine and the international community to ensure that the EBRD’s investments, especially in the public sector, are aligned with national priorities.

One such priority is combatting corruption, which has undermined economic and democratic progress. The EBRD, international organisations, local authorities and business associations have launched an Anti-Corruption Initiative (ACI) with the goal to improve the investment climate and to strengthen the economic outlook by ensuring greater accountability, transparency and more effective rule of law.


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**EBRD know-how supports better corporate governance in Ukraine**

12 November 2014

With EBRD support, Ecosoft, the leading producer and service provider of water treatment systems in
Ukraine, put in place high quality corporate governance structures, improving productivity by 93% and laying the foundations for long-term growth.

Ecosoft was set up in 1991 by Mrs Tatiana Mitchenko, a Doctor of Science in Engineering, professor, and water expert, as a family business. It's an ambitious company, with its headquarters in Kiev, driven by innovation. Significant funds are invested in their own R&D centre; and the company has established chemical laboratory processes that are unique to this field.

Now, they are ready to expand their place in the market and set a course for long-term growth. And, in an industry that is very focused, one where only global players can survive, Ecosoft has the technology and patents to tender for global leadership.

But to continue expanding their operations internationally, Ecosoft needed to build – and demonstrate to potential partners – strong internal safeguards. Good corporate governance is about transparency in managerial decision making, clear oversight procedures and well-implemented ethical policies. This in turn builds trust with potential investors, business partners and the wider community.

The EBRD’s Small Business Support team in Ukraine connected Ecosoft with Peter Schellinck, a chemical and biochemical expert from Belgium who has spent more than twenty years in senior management. Working closely with Ecosoft’s executive and senior management over the course of 18 months, Mr Schellinck helped set up a five person Board of Directors, with a Chairman, and created an evaluation process, Board assessment procedure and nomination committee. This helps ensure the oversight function of this Board can be considered credible.


Agriculture

EBRD and FAO support key grain sector reform in Ukraine

25 November 2014

Over 200 senior representatives from the Ukrainian grain industry, international financial institutions and the Ukrainian authorities participated in the Fifth Ukrainian Grain Congress (UGC) in Kiev today. The congress, jointly supported since 2011 by the Food and Agriculture Organization of the United Nations (FAO) and the European Bank for Reconstruction and Development (EBRD), discusses key priorities for the sector, which is growing but has not reached its full potential.

This year’s UGC comes at a crucial moment of political and economic transformation in Ukraine, which presents an opportunity for much-needed comprehensive reforms of the sector. The most pressing reforms were discussed in the opening roundtable, “Effective dialogue between agribusiness and authorities”. Participants stressed the importance of maintaining a productive relationship and open dialogue between the public and private sectors to facilitate investment. Agribusiness companies operating in Ukraine, particularly in the grain sector, have continued to generate revenue, producing and exporting in a difficult economic environment.

At the congress, representatives of the private sector expressed their commitment to working with the government to address constraints that limit their ability to operate efficiently and to stimulate the investment needed to ensure growth. A simpler regulatory framework, stable policy environment and higher-quality agricultural education were among the priorities named as essential for unleashing the investment potential of the sector.

This is the second of three rounds of the Fifth Ukrainian Grain Congress; the first was held in Paris in October 2014 and the final round will take place in the United States in spring 2015.


European Investment Bank

Finance sector development

EIB launches operations in Azerbaijan: Support to SMEs through AccessBank

7 November 2014
The European Investment Bank (EIB) is lending €25 mln to projects promoted by small and medium-sized enterprises in Azerbaijan. The first-ever EIB loan in the country will be intermediated by AccessBank, Azerbaijan’s leading provider of finance to SMEs.

The operation will support the development of the private sector, with the goal of contributing to job creation and an increase in the living standards.

The loan corresponds to the objectives of the EIB’s mandate for lending outside the EU, which focuses on the development of the local private sector, in particular support to SMEs, social and economic infrastructure and climate change mitigation and adaptation. The Framework Agreement between the Republic of Azerbaijan and the EIB entered into force on 15 January 2014, enabling the EIB to commence lending operations in the country.


**International Financial Corporation**

**Armenia**

**Finance sector development**

**IFC Helps FINCA Expand Lending to Smaller Businesses in Armenia, Supporting Growth and Job Creation**

18 November 2014

IFC, a member of the World Bank Group, is providing a $3 mln loan to FINCA UCO, a leading microfinance institution in Armenia, to increase access to finance for micro and small businesses, helping them grow, create jobs, and promote shared prosperity.

The loan, delivered in Armenian dram, will help FINCA expand lending to low-income entrepreneurs, especially in underserved rural areas, through its extensive network of branches across the country.

IFC and FINCA UCO also signed the International Swaps and Derivatives Association (ISDA) Master Agreement, which will help FINCA UCO enter into risk management transactions to reduce foreign currency risks and support its borrowers with effective management of their balance sheets which are mainly run in local currency. This is IFC’s first ISDA agreement in Armenia with a non-bank financial institution.

IFC provided its first local currency loan to FINCA UCO in 2013, enabling the microfinance institution to finance as many as 3,000 clients, up to 40 percent of who were women entrepreneurs.

FINCA UCO is a subsidiary of FINCA Microfinance Holding Company, owned and managed by FINCA International, one of the world’s largest microfinance organizations. IFC is an anchor investor in FINCA Microfinance Holding Company.

http://ifcextapps.ifc.org/ifcext/Pressroom/IFCPressRoom.nsf/0/9B848A0B6990384185257D94002F154E?opendocument

**Energy Efficiency**

**IFC Supports Development of Energy Efficient Business Complex in Armenia**

6 November 2014

IFC, a member of the World Bank Group, is supporting the development of an innovative, energy-efficient office building in Armenia which will spur job creation and positively impact the environment.

IFC is providing a $9 mln loan for its own account and mobilizing another $9 mln from DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH) to the Property Development Company to finance the development in the center of Yerevan. The project is expected to create links with local suppliers, while also creating jobs. The office complex will be constructed on V. Sargsyan Street, with the main façade of the existing historical building remaining intact in the new construction.

The total value of the project is estimated to be $37 mln, with the remaining funds provided by the Property Development Company from its own account. The development of an A-Class office building in the capital is also expected to boost commercial real estate standards, while the use of advanced energy efficient technologies will help future tenants save on energy bills.
IFC Helps Kazakhstan Develop Infrastructure through Public-Private Partnerships Forum

5 November 2014

IFC, a member of the World Bank Group, is holding a forum in Astana to discuss the opportunities and challenges of implementing public-private partnerships in infrastructure, as part of IFC efforts to help improve infrastructure in Kazakhstan.

The event, jointly organized with the National Academy of Public Sector Management, will demonstrate best practice PPPs from around the world in the airport, road and power sectors. Each will be presented by the private investors, financiers, consultants and government representatives involved, and highlight opportunities that Kazakhstan can offer to the private sector.

According to the Kazakhstan Centre for Public-Private Partnership data, demand for infrastructure financing in Kazakhstan will reach $243 bln by 2040, while current needs total $32 bln. By 2023, the share of investment in PPPs could reach 10 percent of total investments, with the transport, energy, city infrastructure, water, and health sectors offering particularly great potential.

IFC has been providing advice to national and municipal governments on designing and implementing PPPs for over 25 years. Since fiscal year 2004, we have signed over 200 projects in 76 countries, including many of the world's poorest countries. In FY14 alone, IFC had an active portfolio of 80 PPP projects in 45 countries.

Launch of the New Quarterly External Debt Statistics Database

5 November 2014

The World Bank, in collaboration with the International Monetary Fund (IMF) Statistics Department, launched the new Quarterly External Debt Statistics (QEDS) database featuring new concepts and definitions as well as new classifications of external debt statistics (EDS) and tables that enhance their analytical use.

The QEDS database brings together detailed EDS of economies that subscribe to the IMF's Special Data Dissemination Standard (SDDS) and a selected number of economies that participate in the IMF's General Data Dissemination System (GDDS). Currently, the QEDS database provides quarterly EDS for 71 SDDS subscribers (mostly high- and middle-income economies), New Zealand and Euro area, and 45 GDDS participants (mostly developing economies) disaggregated by institutional sectors, original maturity, and debt instruments, and for some of these economies also disaggregated by currency and remaining maturity.

IMF launched new Fiscal Transparency Code and Evaluation

6 November 2014
On October 6, 2014 the International Monetary Fund (IMF), at a joint event with the World Bank, launched its new Fiscal Transparency Code (FTC, the Code) and Fiscal Transparency Evaluation (FTE).

The IMF’s FTC is the international standard for disclosure of information about public finances. The new Code covers the following fields, or Pillars, of fiscal transparency:
— Fiscal Reporting, which should offer relevant, comprehensive, timely, and reliable information on the government’s financial position and performance;
— Fiscal Forecasting and Budgeting, which should provide a clear statement of the government’s budgetary objectives and policy intentions, together with comprehensive, timely, and credible projections of the evolution of the public finances;
— Fiscal Risk Analysis and Management, which should ensure risks to the public finances are disclosed, analyzed and managed, and fiscal decision-making across the public sector is effectively coordinated;
— Resource Revenue Management, which should provide a transparent framework for the ownership, contracting, taxation, and utilization of natural resource endowments. It will be completed later this year, and requires adapting the principles of the first three fields to the particular circumstances of resource-rich countries.

Fiscal Transparency Evaluations (FTEs) are the IMF’s principal fiscal transparency diagnostic. FTEs provide quantified analyses of the scale and sources of fiscal vulnerability based on a set of fiscal transparency indicators, a summary of country fiscal transparency strengths and reform priorities through a set of heat maps, and the option of a sequenced fiscal transparency action plan to help countries address those reform priorities. FTEs also allow for modular assessments focused on the new Code’s individual pillars for addressing the most pressing transparency issues. To ensure the relevance and applicability of FTEs to the full range of IMF member countries, nine evaluations have been conducted to date, covering four geographic regions, and four of these reports have been published.


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**Kyrgyzstan**

**Bilateral Cooperation**

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

12 November 2014

An International Monetary Fund (IMF) mission led by Mr. Edward Gemayel visited Bishkek from October 29 to November 11 to hold discussions on an economic reforms program to be supported by an arrangement under the Extended Credit Facility (ECF). At the end of the visit, Mr. Gemayel issued the following statement:

“Growth in the Kyrgyz Republic is projected to slow to about 3 percent this year, with inflation increasing to about 10 percent, mainly due to adverse regional developments. The economic situation in Russia and Kazakhstan is reducing growth of workers’ remittances and putting pressure on the exchange rate. The tightening of border controls earlier this year has had a negative impact on cross-border trade and re-exports from China. Dry weather conditions reduced both agricultural and hydro-electric power production. The outlook remains sensitive to a further slowdown in the region.

“The authorities are developing an economic reform program that appropriately aims at strengthening and diversifying the economy, enhancing macro-economic stability, and sustaining the development of the financial sector. It also includes structural reforms to build strong institutions and sustain inclusive growth.

“The mission held productive discussions with the authorities on a possible IMF program that would support these reforms. We plan to remain in close contact with the authorities as they finalize the planned measures in the reform program to achieve their goals. A follow up mission is expected to return to Bishkek in the coming period to continue discussions.

“During its visit, the mission met with Prime Minister Djoomart Otorbaev, Speaker of the House Asylbek Jeenbekov, Chairman of the National Bank of the Kyrgyz Republic Tolkunbek Abdygulov, Minister of Finance Olga Lavrova, Minister of Economy Temir Sariev and other officials. The mission also met with members of parliament, representatives of the banking sector and the diplomatic and development partner community.

“We would like to reiterate that the IMF stands ready to help the Kyrgyz Republic and its people. We would also like to thank the authorities and all whom we met with during the mission for their warm
Tajikistan

Bilateral Cooperation

IMF Staff Concludes 2014 Article IV Mission to Tajikistan

19 November 2014

An International Monetary Fund (IMF) mission led by Mr. Jonathan Dunn visited Dushanbe from November 6 – 20 to conduct the 2014 Article IV consultation. Discussions focused on recent economic developments, risks to the economic outlook, and the prospects for policy actions and structural reforms to ensure continued macroeconomic stability and to support growth.

At the conclusion of the mission, Mr. Dunn issued the following statement:

“Growth is projected to ease to 6.5 percent in 2014 from 7.4 percent last year. Growth this year is being supported primarily by an extraordinarily rapid expansion of construction (over 27 percent through September). Declining remittances are weighing on the services sector, and there has been a sharp fall in cotton and aluminum exports due to global market developments. Growth is expected to decline in 2015 and beyond due to the adverse external environment—particularly in Russia—and the slow pace of structural reforms, though going forward it will receive some support through the pivot to closer economic ties with China and South Asia. Inflation increased through September on the back of gradually rising costs for food, transport, and utilities, and is expected to remain somewhat elevated in the near term due to the pass through to prices from the depreciation of the somoni.

Strong policy actions and bold structural reforms are needed to steer the economy through the challenges presented by adverse external conditions, and to lay the foundation for higher investment and job-creating growth. These actions include exchange rate and monetary policy adjustment, financial sector reforms, and strengthened reforms of public financial management and state owned enterprises (SOEs).”


Turkmenistan

Bilateral Cooperation

Statement at the End of an IMF Staff Visit to Turkmenistan

5 November 2014

A staff team of the International Monetary Fund (IMF) led by Bjorn Rother visited Ashgabat during October 29–November 4, 2014. The team assessed macroeconomic developments and discussed economic challenges and policy priorities with senior government officials as well as representatives of the private sector and the diplomatic community. The visit also focused on identifying key themes for the upcoming Article IV Consultation mission, which is scheduled to take place in January 2015.

At the conclusion of the visit, Mr. Rother issued the following statement:

“Growth in Turkmenistan remains strong and is projected to reach 10–11 percent in 2014 on the back of increasing gas exports to China and large public investment. Inflation is likely to remain in the low single digits. With large buffers, government efforts to diversify gas export routes, and limited links with international financial markets, the impact of spillovers from economic slowdowns in the region is limited. Notwithstanding the favorable economic prospects, the Turkmen economy is vulnerable to developments in hydrocarbon markets.

“The IMF team also participated in the conference Monetary Policy, Competitiveness and Economic Growth in Epoch of Might and Happiness of Turkmenistan. The mission presented the IMF’s perspective on the global and regional economic outlook as well as recent IMF staff work on improving public investment efficiency in hydrocarbon-exporting countries.

“IMF staff also expressed the institution’s willingness to continue supporting the government’s reform efforts with policy advice and capacity building, including on national accounts statistics, monetary policy operations, and fiscal policy.”

http://www.imf.org/external/np/sec/pr/2014/pr14500.htm
International Forums

Banks Firmly Behind Ukraine Financial Sector Reform Program at Vienna Initiative Forum

17 November 2014

International and local banks active in Ukraine threw their weight behind the country’s financial sector reforms at a meeting of the Vienna Ukraine Financial Forum in Brussels on Friday.

The banks welcomed the Ukrainian authorities’ commitment to banking sector reform and urged swift implementation of a program set out by the National Bank of Ukraine.

The comments came on the second meeting of the Vienna Initiative Ukraine Financial Forum that was established to help preserve the stability of the financial system in Ukraine and to support the Ukrainian authorities’ reform program.

Discussions focused on the key challenges facing Ukraine’s banking sector now, including the implications of volatile foreign exchange rates, issues surrounding the quality of banking assets and the banks’ capital positions, the disruption to banks’ business from the situation in Eastern Ukraine and Crimea, the serious issue of non-performing loans and how to address constraints to new lending.

The meeting in Brussels brought together officials from the National Bank of Ukraine (NBU), representatives from the banking sector, including commercial banks with local and foreign shareholders, officials from the International Monetary Fund, the European Bank for Reconstruction and Development, the World Bank Group, the European Investment Bank and the European Commission. The ECB participated as an observer.


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Samruk-Kazyna

“Affordable Housing 2020” program implementation by Real Estate Fund “Samruk-Kazyna” JSC

18 November 2014

Real Estate Fund “Samruk-Kazyna” JSC, which was created as anti-crisis institute to solve issues of interest holders, currently is working on implementation of housing issues through the “Affordable Housing 2020” program, where people can get real opportunity to receive apartments and improve their housing conditions.

As part of this program, the Real Estate Fund in 2013 signed a contract with the developers on financing of housing projects in Astana, Almaty, Aktobe, Taraz and Almaty region, it is a suburban area of Almaty. The total area of buildings is over 410 thousand sq. meters, of which the area of Real Estate Fund is 315.57 thousand sq. meters.

This year the Real Estate Fund plans to implement new housing construction projects in Astana, Almaty, Shymkent, Aktau, Kyzylorda, Ust-Kamenogorsk. It is planned to commission over 600 thousand sq. m of housing until the end of 2016 within the Program.

Real Estate Fund constructs part of the objects in partnership with private companies. The minimum share of private trades is 20 percent, thereby attracting private investment in housing construction.

After the completion of construction and commissioning premises are distributed according to the shares in the project. Fund constantly monitors the construction process.

It should be noted, that the first operator of the housing within the «Affordable Housing 2020» program, which has started to receive applications for rent and purchase of the apartments through the internet, became the Real Estate Fund «Samruk-Kazyna» JSC.

**Corporate Sector**

**«Samruk-Kazyna» JSC develops new document within Transformation Program**

11 November 2014

«Samruk-Kazyna» JSC has developed a new Corporate Governance Code. The document was created taking into account the latest trends in the world, and aimed at achieving the key objectives of the transformation program: the growth of long-term value and sustainable development, CEO of «Samruk-Kazyna» JSC Umirzak Shukeyev said at the VII meeting with the members of the Board of Directors of «Samruk-Kazyna» JSC group on November 11, 2014 in Astana.

According to him, for the successful implementation of the transformation program, it is important to build a chain of quality of corporate governance throughout the group, necessary to define the roles and responsibilities of everyone.

The new draft of the Code is applied to the Fund and the organization in which the Fund directly or indirectly owns more than 50% of voting shares (equity) participation. The document contains specifics of the Fund's governance by the Government and Fund's Group that will help investors to more accurately understand the system of corporate governance in the Group and assess risks. Sustainable development and risk management are new sections. The project also envisages the improvement of the effectiveness of boards of directors of portfolio companies.

The development of the Code has been started since April of this year with the participation of OECD, Fund’s management and companies and pool of the independent directors of the Group. The Code became the first document created within the Transformation program.

http://sk.kz/news/view/4029

**«Samruk-Kazyna» JSC became official member of International Forum of Sovereign Wealth Funds (IFSWF)**

25 November 2014

A ceremony of signing the agreement on the accession of «Samruk-Kazyna» JSC into the organization of International Forum of Sovereign Wealth Funds (IFSWF) took place in the capital of Qatar in Doha. The document was signed by Chairman of the Management Board of «Samruk-Kazyna» JSC Umirzak Shukeyev and Chairman of the Forum Bader al-Sa'ad.

«Samruk-Kazyna» JSC became the 26th member of the Forum. Formal membership gives «Samruk-Kazyna» the right to participate in the annual meetings of the Forum, support by the Forum Secretariat, access to the international system of sovereign wealth funds, the possibility of studying the best practices of members and others.

The management of «Samruk-Kazyna» held a series of meetings with the companies belonging to the Qatar Investment Authority. The sides discussed cooperation issues in the field of alternative energy, mining industry. Qatar Investment Authority Fund expressed interest in buying objects and assets under the privatization program during the presentation of assets map of «Samruk-Kazyna».

**World Bank Raises $4 bln in a Landmark 10-Year Global Bond**

18 November 2014

The World Bank (IBRD, Aaa/AAA) priced a record setting 10-year transaction today, raising $4 bln in a single tranche. This is the World Bank’s largest 10-year benchmark ever, and its longest dated debt offering since February 2013. The transaction was significantly oversubscribed, with an order book of more than $5 bln from over 100 high quality orders from all around the world. This is the World Bank’s third USD benchmark offering of its 2015 fiscal year, following successful 2- and 5-year transactions in July and September. The joint-lead managers for this global bond are BNP Paribas, J.P. Morgan, Morgan Stanley and RBC Capital Markets.

This 10-year USD benchmark carries a semi-annual coupon of 2.500% and matures on November 25, 2024. It offers investors a yield of 2.521%, which is equivalent to a spread of 20.2 basis points over the 2.250% U.S. Treasury note due November 15, 2024.

The present transaction is consistent with the World Bank’s longstanding practice of deploying its franchise as an issuer in the international capital markets to offer investors high-quality, liquid instruments. This approach has direct benefits for World Bank member countries as well, since as a cooperative institution it is able to fund its activities as a provider of financial services to its members on highly attractive terms.


**Armenia**

**Regional integration and cooperation**

**World Bank Vice President Laura Tuck Completes Three-Day Visit to Armenia**

12 November 2014

Laura Tuck, World Bank Vice President for Europe and Central Asia, has completed her first official visit to Armenia since assuming office in September 2013. During her three-day visit from November 9-11, Ms. Tuck stressed that the World Bank would continue supporting the country’s social-economic reform agenda to further promote growth, improve competitiveness, enhance the business environment, create more jobs, and advance public service delivery.

During her visit, Ms. Tuck met with the President and Prime Minister of the Republic of Armenia, along with key line Ministers, and held discussions with representatives of civil society organizations and development partners. The Vice President also visited a number of sites of project sites supported by the World Bank and the IFC.

In a meeting with President Serzh Sargsyan, Ms. Tuck discussed Armenia’s economic outlook, and exchanged views on regional dynamics and possible effects on the country. She stated that the Bank recognizes the challenges Armenia faces and is committed to sustaining the multifaceted partnership and deepening the Bank’s support for the country.

During the meeting with Prime Minister Hovik Abrahamyan, the Vice President confirmed the Bank’s strong interest in supporting the Government in preparing and implementing a more ambitious reform agenda on governance and competitiveness issues, as well as in providing further support to Armenia’s efforts to implement development projects in various sectors.


**Bilateral Cooperation**

**World Bank Supports Armenia in Creating Jobs and Enhancing Growth Sustainability**

12 November 2014

The World Bank Board of Executive Directors today approved a $75 mln loan for the Second Development Policy Operation (DPO) for Armenia to support a wide range of reforms in the business environment, finance, civil service, social protection, public infrastructure and environment. This is the
second in a series of three DPOs that support the Government of Armenia in meeting its strategic objectives, including stronger job creation which is Armenia’s overarching development challenge.

The Operation supports reform measures implemented by the Government under five main objectives:

1. Strengthening the business environment through reduction of inspections burdening businesses, as well as implementation of the “single window approach” for customs clearance of goods, and creation of a new institutional structure for the oversight of the aviation sector to increase transparency and improve accountability in the civil aviation field.

2. Improving access to credit with measures to create a modern framework for secured transactions, which will allow the use of moveable assets as collateral for better access to credit.

3. Improving efficiency and transparency of the civil service through strengthening of the performance evaluation system and broadening the use of e-government systems.

4. Expanding social protection through extending the coverage of the waiver of co-payments in medical institutions to the households covered by Family Benefits Program.

5. Improving fiscal space and the management of public infrastructure and environmental resources through reporting estimates of the revenue impacts of major tax expenditures, implementation of an Action Plan on Drinking Water Sector Reforms, including the decision to create a new, nationwide lease contract, and adoption of the Law on Environmental Impact Assessment along with operationalizing the “one-stop-shop (OSS)” for mining rights in line with environmental and social (E&S) guidelines.


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Azerbaijan

Bilateral Cooperation

World Bank Vice President for Europe and Central Asia Visits Azerbaijan, Discusses Future Partnership Strategy

5 November 2014

World Bank Vice President for Europe and Central Asia Laura Tuck visited Azerbaijan on November 4-5. This was Ms. Tuck’s first visit to the country in her current capacity and an opportunity to discuss with government officials and other stakeholders a range of issues concerning the country’s development and the World Bank Group’s ongoing and future partnership with Azerbaijan.

During her visit, Ms. Tuck met with the President of Azerbaijan, the Prime Minister and other key government officials. She also met with representatives of the private sector and civil society, development partners, and media.

During the meetings with both government and civil society stakeholders, Ms. Tuck discussed how Azerbaijan can find new drivers of growth and further diversify its national assets, such as infrastructure, institutions, and human capital. As the country aims to reduce its dependence on oil and gas revenues and become more resilient to volatility in commodity prices, diversification of assets becomes imperative.

It was agreed that while Azerbaijan has made great advancement in modernizing its infrastructure, a lot remains to be done in the area of developing and strengthening its economic institutions, as well as investing in a healthy and skilled population.

Further improving the business climate was also identified as a priority area to ensure growth of small and medium-sized enterprises, which are critical for job creation. Azerbaijan is among the top 10 countries in the world that have improved the most on the Doing Business indicators this year, and its overall ranking on the ease of doing business advanced from 88 to 80.


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Belarus

Research

Dialogue on Strengthening Belarusian Public Finance Management System

4 November 2014

The assessment was carried out in response to a request from the Government, and in close collaboration with the Ministry of Finance and other Government agencies. It aims to contribute to the Government’s objective of optimizing public expenditures with a focus on achieving better results and raising efficiency in the use of public funds.

Public Expenditure and Financial Accountability Assessment (PEFA) is an indicator-based instrument used for evaluating public financial management performance and for tracking reform progress over time. It is based on 28 indicators clustered in 6 modules covering the last 2-3 fiscal years.

Belarus scored well under 14 out of 28 PEFA indicators. Main performance improvements compared to 2009 assessment include increased public access to key fiscal information; improved transparency of taxpayer obligations and liabilities; extended coverage of the treasury single account and stronger controls over loans and guarantees; modernized legal basis for intergovernmental fiscal relations.


20 November 2014
Belarus’ short-term economic outlook remains challenging but the country has a window of opportunity to address structural constraints in the economy, strengthen the macroeconomic foundations needed to escape from the current low growth trap, says a World Bank Economic Update for Belarus.

Economic growth in Belarus is expected to accelerate modestly to 1.5 percent in 2014, with a slight improvement to 1.8 percent in 2015, driven by increasing domestic demand and improving net exports. However, the country’s economy is facing structural challenges, while the external environment remains clouded by weak growth prospects in Russia and Ukraine. Fiscal discipline has been maintained and external imbalances were reduced. However, exchange rate pressures and the problem of declining foreign exchange reserves persist. The current account deficit is expected to narrow to 6.3 percent of GDP in 2015, but could deteriorate slightly in the outer years.

In a Special Focus Note on Turning around the Utility Sector, the World Bank outlines the importance of optimization of utility sector tariffs in line with the Government’s strategy to increase Belarus’ energy independence and promote efficient use of energy resources. Despite nominal increases, residential gas, electricity, and district heating tariffs have not kept pace with rising production costs, undermining financial viability of the utility sector. Moving tariffs to full cost recovery could result in cumulative fiscal and quasi-fiscal savings equal to about 2.5 percent of GDP. The World Bank suggests that these savings could be reallocated to different use, including targeted social assistance to mitigate the social impact of increased tariffs on poor and vulnerable households, for investments in energy efficiency, or to allow for reductions in industrial utility tariffs.


Kyrgyzstan

Bilateral Cooperation

Kyrgyz Republic: Government, Business Community and Civil Society Discuss Social and Economic Value of Open Data

20 November 2014

On November 18-19, 2014, Open Data Days were held in Bishkek as part of the government’s efforts to develop electronic governance in the Kyrgyz Republic. Representatives of government agencies, civil society and the business community, as well as international experts, convened for roundtables, workshops and discussions on the opportunities of using open data for the country’s economic and social
World Bank Supports More Efficient and More Reliable District Heating Services in Moldova

21 November 2014

The World Bank’s Board of Executive Directors today approved a $40.5 mln financing to the Republic of Moldova for the District Heating Efficiency Improvement Project, which will fund investments aimed at improving the efficiency of the district heating services in Chisinau.

Although Moldova is dependent on imports to meet its energy demand, inefficient energy use in Moldova is leading to higher energy costs for both industries and residents, posing a serious bottleneck to growth and competitiveness. Moreover, the electricity and heat generation infrastructure are obsolete and deteriorating.

The inefficient and worn-out district heating system, as well as disconnections by wealthier consumers, have led to high heat tariffs for the less well-off in Chisinau. Tariff levels have reached the limit of affordability for almost all residents in Chisinau and are having a disproportionately high impact on the vulnerable population. Surveys show that heating expenses alone have taken up more than 10 percent of monthly expenditure for all income groups. The poorest population spends up to 26 percent of their monthly expenditure on heating.

The Corporate Restructuring Plan, approved by the Government of Moldova on November 13, 2013, envisioned the merger of 3 companies (Termocom, CHP-1 and CHP-2) into a new company that will provide district heating services in Chisinau. The project aims to improve the operational efficiency and financial viability of the new company, by upgrading its infrastructure and management.

The project will benefit the population of Chisinau at large through increased efficiency of the district heating sector and increased reliability of district heating services; and the Moldovan district heating sector stakeholders, including the new heating services company, as well as Moldovagaz and Chisinau-Gaz.


World Bank Group and Turkmenistan Convene a High-Level Conference on Competitiveness and Economic Growth

2 November 2014

On November 1-2, the Government of Turkmenistan jointly with the World Bank Group organized a high-level conference on Monetary Policy, Competitiveness and Economic Growth, which coincided with
the Turkmen Manat day – anniversary of introduction of the national currency of Turkmenistan.

The event was attended by high-level officials from the Government of Turkmenistan, including Cabinet of Ministers, Central Bank and a number of Ministries, such as Finance, Economy and Development, Railway Transportation, Communication, Education, Labor and Social Protection. Representatives from the private sector and other development partners also attended the event. The World Bank Group was represented by the World Bank Chief Economist for the Europe and Central Asia region; IBRD and IFC Regional Directors for Central Asia; several Managers of Global Practices and technical experts. The conference also benefitted from knowledge of international experts, who were invited as speakers and panelists.

The main objective of the two-day conference was to acquaint the Turkmen officials with the global knowledge and experience. The conference also allowed the representatives of the World Bank Group and development partners to learn from the authorities about the strategic directions of the Government of Turkmenistan in the areas of economic development and diversification, and to exchange views on how the World Bank Group and other development partners could further assist the authorities with the reform agenda.

The conference focused on a wide range of topics pertaining to economic competitiveness and growth. Over two days, the sessions explored important issues and brought global knowledge and international examples in areas such as allocative and operational efficiency in public spending; development of banking financial services; policy tools for enhancing competitiveness; skills development and innovation in support of competitive industries; links between connectivity and competitiveness; and approaches to competitive and resilient agro-food industry. The sessions were facilitated and delivered by experts from the World Bank Group, as well as representatives of the Turkmen Government, IMF, EBRD and other partners.


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**Bilateral Cooperation**

**Vnesheconombank and the China Development Bank mark ten years of cooperation**

14 November 2014

Vnesheconombank and the China Development Bank (CDB) marked ten years of cooperation.

Being national development banks, Vnesheconombank and CDB have similar top-priority lines of activity.

Cooperation between VEB and CDB ranges from funding major investment projects to sharing business experience and information. VEB is one of the largest borrowers from CDB among Russian financing institutions. As of today, the amount of credits raised by Vnesheconombank from the China Development Bank is $3.451 bln.

At present, credit facilities raised from CDB are being used to fund five projects through VEB. The projects are designed to develop smelting industry, construction and timber processing integrated production facilities, power engineering industry including in CIS countries. A number of projects planned to be financed through using CDB’s credit facilities are now being examined by experts at Vnesheconombank.

VEB and CDB together with other financial institutions are members of the Long-Term Investors Club, the International Development Finance Club (IDFC). They are also members of the Association of Development Financial Institutions of Asia and Pacific (ADFIAP). The banks cooperate with G 20 countries financial institutions as part of D20.

Vnesheconombank and the China Development Bank confirm their interest in organizing financing of Housing Mortgage Finance Agency

10 November 2014

In the presence of Russian President Vladimir Putin and President of the CPR Xi Jinping, Vnesheconombank (VEB), the China Development Bank (CDB), OJSC the Housing Mortgage Finance Agency (HMFA) and VEB Asia Limited (VEB Group) signed a Memorandum of Understanding in the city of Beijing.

On behalf of VEB the Memorandum was signed by Chairman Vladimir Dmitriev, on behalf of CDB – by Mr. Zheng Zhijie, on behalf of HMFA - by Director General Alexandr Semenyaka and on behalf of VEB Asia Limited – Managing Director Petr Selivanov.

Under the Memorandum VEB and CDB confirm their interest in organizing financing of HMFA programs and are ready to cooperate with the Agency as financial consultants and potential creditors.

HMFA is responsible for funding the construction of housing and infrastructure facilities under the Program “Housing for the Russian Family” approved by the Russian Government’s Resolution in May of 2014. Under the Resolution, 25 mln square meters of affordable quality economy-class housing is to be built by July 2017. Such housing is to be sold at a price that is 20% lower than a market one but no more than 30 thousand rubles for a square meter. The Agency is also implementing the Program “Leased Housing” designed to form an affordable leased housing sector for general public. HMFA’s financing needs amount to 135.5 bln rubles with a credit tenure of up to 25 years.

At present, HMFA is exploring an opportunity for cooperating with Chinese construction companies and it is determined to study CDB’s business experience in funding affordable housing construction in China.