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Bond issues

ADB $2 Bln 5-Year Global Benchmark Issue

20 August 2015

The Asian Development Bank (ADB) returned to the US dollar bond market yesterday with the pricing of a $2 bln 5-year global benchmark bond issue, proceeds of which will be part of ADB’s ordinary capital resources and used in its non-concessional operations.

The 5-year bond, with a coupon rate of 1.625% per annum payable semiannually and a
ADB $1 Bln Loan to Help Kazakhstan Counter Economic Slowdown

21 August 2015

The Asian Development Bank (ADB) has approved a $1 bln loan to help Kazakhstan continue government programs to strengthen the economy in the face of recent challenges.

The programs will be supported by transfers from the National Fund of the Republic of Kazakhstan, ADB’s loan, and proposed funding from other development partners. The National Fund of the Republic of Kazakhstan safeguards the state’s petroleum earnings, uses them to maintain economic stability, and ensures their availability for future generations.

This ADB loan will support efforts to stabilize the economy following the recent move by the government and the National Bank to adopt a free floating exchange rate together with inflation targeting.

The loan, from ADB’s Ordinary Capital Resources, will be released in two tranches of $500 mln each, and will support the implementation of key policy reforms. The loan has a 5-year term, with the interest rate determined in accordance with ADB’s LIBOR-based lending facility, plus 200 basis points.


TAPI Steering Committee Endorses Turkmengaz as Consortium Leader For TAPI Gas Pipeline Project

7 August 2015

The TAPI Steering Committee has unanimously endorsed State Concern “Turkmengas” as the consortium leader of TAPI Pipeline Company Limited to spearhead efforts to build, finance, own and operate the planned 1,600 kilometer Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline.

The endorsement was given during the Steering Committee’s 22nd meeting attended by Petroleum Ministers of Turkmenistan, Afghanistan, Pakistan and India, and senior officials of the Asian Development Bank (ADB), in Ashgabat, Turkmenistan on 6 August 2015.

Once completed, the TAPI pipeline is expected to export up to 33 bln cubic meters of natural gas a year from Turkmenistan to Afghanistan, Pakistan and India over 3 decades. Turkmenistan has the world’s fourth largest proven gas reserves and the pipeline will allow it to diversify its gas export markets. Turkmengaz, the national gas company of Turkmenistan, has over 50 years of experience in the production, development and transportation of gas, as well as construction of gas pipelines. It is anticipated that other suitable companies will join the consortium leader group at a later stage.

ADB has acted as the Secretariat for the TAPI pipeline project since 2003. In 2013, ADB
was appointed Transaction Advisor. In the latter role, ADB facilitated the establishment of TAPI Pipeline Company Limited, and has actively been involved in identifying and selecting a consortium leader to spearhead the implementation of the pipeline.


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**Eurasian Development Bank**

**International Forums**

**EDB begins preparations for the 10th International Conference on Eurasian Integration**

19 August 2015

On 29 October 2015, Eurasian Development Bank (EDB) will host the 10th International Conference on Eurasian Economic Integration in Moscow.

The conference will bring together heads of the Eurasian Economic Commission, ministries and government agencies, national companies, representatives of the Bank’s member states academia and business, foreign researchers and experts. They will discuss strategic cooperation in key economic sectors, currency and financial integration, and the strengthening of interstate contacts in the Eurasian Economic Union.

The conference is planned to include a plenary session and dialogue floors on urgent issues of infrastructure development, the formation of a single financial market and mechanisms, and the advancement of transborder trade in electricity.

EDB conferences have become an effective instrument of communication and information exchange for financial institutions, authorities and businesses in the Bank’s member states. Discussions and recommendations made at EDB conferences help to devise new approaches to the Bank’s investment policies.

The organisational committee invites participants. The lists of proposed participants will be accepted until 15 September 2015 at kuanysheva_gg@eabr.org. EDB will publish information about the conference and preparations for it on its website www.eabr.org.


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**European Bank for Reconstruction and Development**

**Oil & Gas**

**ADB, EBRD and BSTDB co-finance landmark offshore gas field in Azerbaijan**

7 August 2015

The Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD), with the participation of the Black Sea Trade and Development Bank (BSTDB), are arranging a financing package of $1 bln for a landmark offshore natural gas field project in Azerbaijan, Shah Deniz stage II, that is crucial for energy security and a common gas market in Europe.

The development of the gas field will bring gas to south-eastern Europe, a region substantially dependent on coal and on gas from a single source of supply. The gas will be transported through a chain of pipelines – including the existing South Caucasus Pipeline which will be extended under the project – as well as through the planned Trans-Anatolian and Trans-Adriatic pipelines. This network of pipelines will transport the gas from Azerbaijan via Georgia and Turkey to Greece and Bulgaria, and on to Italy, from where it can reach wider Europe.
The financing will be extended to Lukoil Overseas Shah Deniz Ltd, a subsidiary of Lukoil, which has a 10 per cent interest in the Shah Deniz II gas field.

The EBRD and ADB will each lend $250 mln to the project on their own accounts (A-loans) and BSTDB will provide a $60 mln parallel A-loan alongside the EBRD and ADB. The remainder of the financing will be provided by a group of commercial lenders – Bank of China, London branch; ING Bank N.V; Société Générale; and Unicredit Bank Austria AG, under the EBRD/ADB B-loan umbrella. One more commercial bank will join the syndicate at a later stage to complete the financing.

The total cost of the Shah Deniz II development by the operating consortium of companies (BP, TPAO, Petronas, SOCAR, Lukoil, NICO and SGC) is expected to top $47 bln.

BP will build and operate the project facilities. Production from the project is expected to begin in 2018 and will help provide jobs for over 16,000 people through to 2022.


Moldova

**Finance sector development**

**EBRD calls for extraordinary general meeting of Victoriabank shareholders**

10 August 2015

The European Bank for Reconstruction and Development (EBRD) is calling for extraordinary general meeting of shareholders of Victoriabank, Moldova’s third largest lender, to elect a new supervisory board and restore corporate governance.

In a public letter on 7 August 2015, the EBRD, currently holding a 15.06 per cent stake, called on other shareholders of the bank to join the request to convene an extraordinary meeting. Under Moldovan legislation, investors representing 25 per cent of shares can call such a meeting.

The agenda proposed by the EBRD includes early termination of the powers of the current supervisory board of Victoriabank which has been suspended by a court order since September 2014 and the election of a new board.

Shareholders who want to join in the call for an extraordinary general meeting of shareholders with a similar agenda are being asked to copy the EBRD in their request to Victoriabank’s management.


**Leasing boosts medical care in Moldova**

18 August 2015

Antiquated medical labs and services are a serious problem for Moldova’s healthcare sector. Much of the equipment in hospitals or used by doctors dates from Soviet times, which can make it hard to detect patients’ illnesses.

Buying new equipment was unnecessary, however. The medical services provider found a partner in BT Leasing, who offered a €82,500 leasing contract to acquire a spectrometer, a specialised diagnostic device.

The company is based in Moldova’s capital, Chișinău, but treats patients from across the country. It is now the first in Moldova that can identify many kinds of bacteria using the so-called MALDI-TOF method, with minimum required tissue samples, within 15 minutes.

BT Leasing in turn benefitted from a €2 mln loan from the EBRD which helped the business expand its leasing portfolio, establish a more diverse funding base and ultimately develop the leasing market in Moldova. The EU complemented the loan with risk-sharing to the amount of €200,000.

Access to efficient leasing services has many advantages. Providing better, modern healthcare to Moldovans is only one of them, explained Britta Bochert, Associate Banker at the EBRD.
EBRD invests in energy reform and transmission system upgrade in Tajikistan

3 August 2015

The EBRD is providing a $110 mln loan to national power utility of Tajikistan, Barki Tojik to finance construction of the power converter station and related infrastructure in Tajikistan, as part of the high-voltage transmission line project Central Asia South Asia Electricity Transmission and Trade, otherwise known as CASA-1000.

As part of CASA-1000 project, Tajikistan and the Kyrgyz Republic shall benefit from the currently limited opportunity to sell available summer electricity surplus while Afghanistan and Pakistan shall access the much needed sources of reliable electricity supplies. The project will help unlock the untapped hydropower potential of Central Asia with a significant overall reduction of carbon emissions in the region.

The overall CASA-1000 project involves a number of international financial institutions and donors, including the World Bank and the European Investment Bank. The total cost of the project is expected to be over $1 bln.

The EBRD financing will be conditional on the state-owned power utility undertaking a series of reforms. As part of the reform agenda, third-party access rules for the cross-border transmission line will be set out and an independent energy regulator will be established.

EBRD approves new strategy for Tajikistan

5 August 2015

The European Bank for Reconstruction and Development (EBRD) has approved a new country strategy which will guide its work in Tajikistan in the next four years.

The Bank’s main priorities in the country will be:

• Enabling economic growth by supporting expansion of private enterprise, notably small and medium-sized enterprises, and helping improve the business environment
• Improving public utility services, as well as their operational and financial efficiency, through commercialisation and corporatisation
• Fostering regional connectivity and economic integration.

Across all its activities, the EBRD will promote climate resilience and gender equality.

The EBRD increased investments in Tajikistan in 2014 to a record $75 mln. The Bank expects to invest about $200 mln in 2015 thanks to some high-profile projects of regional importance, including the modernisation of Tajikistan’s electricity transmission infrastructure. Since the beginning of its operations in the country in 1992, the EBRD has invested over $460 mln in various sectors of Tajikistan’s economy.

EBRD helps bring Coca-Cola bottling plant to Tajikistan

7 August 2015

The EBRD is providing finance for a new soft drinks bottling plant in Tajikistan with an investment that will help reduce imports, increase domestic production and raise standards in the country’s agribusiness sector.
A €44.7 mln loan to Coca-Cola Beverages Tajikistan (CCBT) will help establish the company’s presence in the Tajik beverage sector.

CCBT is owned by Coca-Cola İçecek A.Ş., a Turkish company which already has cooperated successfully with the EBRD as it entered the markets and expanded its operations in Kazakhstan and Turkmenistan. It is majority-owned by the Anadolu Efes group.

The Bank’s loan will be used by Coca-Cola Beverages Tajikistan to refinance loans provided by Coca-Cola İçecek A.Ş. to set up a green-field soft drinks bottling plant in the suburbs of Dushanbe, the capital city of Tajikistan. The state-of-the-art production plant will produce up to 100 mln litres of beverages per year.

According to EBRD analysis, the Tajik beverage market has exhibited stable growth rates recently but remains largely underdeveloped compared to similar economies in Central Asia, indicating a high growth potential.

The new plant will benefit the local economy by creating jobs for Tajik citizens and opportunities for other businesses. Coca-Cola İçecek A.Ş will provide in-house and external training to the new locally hired employees. CCBT will also rely on local SMEs for distribution of produce and local suppliers for procurement of raw materials.


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**Ukraine**

### Agriculture

**EBRD organises financing facility for Ukraine’s Nibulon**

21 August 2015

The European Bank for Reconstruction and Development (EBRD) is arranging a $130 mln syndicated loan facility in support of Ukraine’s leading grain and oilseeds trader and producer Nibulon.

The loan will provide Nibulon with necessary working capital and support its trading activity, including export sales. The company owns and operates one of the largest networks of grain handling and logistics infrastructure in the country.

The facility will consist of an A-loan of up to $45 mln for the EBRD’s own account and a B-loan of up to $90 mln, which will be syndicated to commercial banks.

By organising this loan the EBRD continues to support one of the key operators in agricultural commodities in Ukraine with a long-term strategy to invest in grain logistics and infrastructure. This is particularly important because of Ukraine’s aspirations to strengthen its position as a major global grain producer and trader with a potential to export around 50 mln tonnes of grain annually.

The Bank has been successfully working with Nibulon since 2010 and, to date, has organised financing for the group worth almost $200 mln via a number of loan facilities. The two parties have also developed a strong policy dialogue about the development of the grain sector in Ukraine.


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**International Monetary Fund (IMF)**

### Kazakhstan

**IMF Executive Board Concludes 2015 Article IV Consultation with Kazakhstan**

5 August 2015

On July 31, 2015, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Kazakhstan and considered and endorsed the staff appraisal without a meeting.
Against the backdrop of external shocks, economic growth and inflation have decelerated, financial conditions have tightened, and external imbalances are emerging. Real GDP growth slowed to an annualized 2 percent during the first quarter of 2015, down from around 4 percent in 2014 and 6 percent in 2013. In addition to weaker external demand, slower growth was driven by the impact of lower income and profitability (resulting from lower oil prices) and confidence effects (reflecting regional developments) on private consumption and domestic investment. The external position has deteriorated largely due to the fall in oil prices, with the current account balance turning negative in the second half of 2014, although there has been some improvement in the current account during the first quarter of 2015. At the same time, Kazakhstan’s real effective exchange rate (REER) has appreciated over the past year, mainly reflecting the depreciation of the ruble and sharp appreciation of the U.S. dollar, against which the tenge is managed. In the face of slowing demand and a more stable exchange rate, headline inflation fell from 7.4 percent year-on-year at end-2014 to 3.9 percent year-on-year at end-June, 2015. In mid-July, following the decline in sovereign spreads and reduced currency pressures, the authorities successfully issued a $4 bln sovereign bond and widened the exchange rate band from 170–188 to 170–198 tenge/dollar.

Real GDP growth is projected to decelerate to 2 percent in 2015. Weaker demand from Russia and China, lower oil prices, confidence effects, and continuing delays in the Kashagan oil field are the main factors behind the projected slowdown. Next year, growth is projected to pick up to 3.25 percent, driven by gradual recovery in oil prices and external demand. Still, the medium-term growth outlook is less favorable than projected last year, given the impact of lower oil prices and continued slow growth in Russia on non-oil potential growth in Kazakhstan.

The fiscal stimulus aimed at supporting growth has led to deterioration in the fiscal accounts, with the overall fiscal surplus falling from 5 percent of GDP in 2013 to 1.7 percent of GDP in 2014. Monetary conditions have tightened, which, together with lower economic activity, have slowed lending activity sharply. At the same time, the NBK has made progress in improving its monetary policy framework and operations, while administrative and prudential measures have succeeded in lowering the level of non-performing loans (NPLs). In line with the 2014 FSAP recommendations, the authorities have started to undertake bottom-up stress tests for banks. The NBK has also initiated discussions with bank supervisors in other jurisdictions to strengthen cross-border supervision. The authorities have embarked on an ambitious structural reform program, bolstered by extensive engagement with the Multilateral Development Banks. In June, 2015 Kazakhstan completed negotiations to become a formal member of the WTO.


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**IMF Executive Board Concludes 2015 Article IV Consultation with the Russian Federation**

3 August 2015

On July 29, 2015, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with the Russian Federation.

Russia entered 2014 with declining potential growth owing to the stabilization of oil prices, stalled structural reforms, weak investment, declining total factor productivity and adverse population dynamics. In addition, the ongoing slowdown was exacerbated by the dual external shocks from the sharp decline in oil prices and sanctions.

The authorities took measures to stabilize the economy and the financial system. The sharp decline in oil prices and sanctions led to severe pressure on the ruble, a surge in inflation, market turbulence, and concerns over financial stability. In response, the authorities (i) accelerated the move to a floating exchange rate, raised policy rates and increased FX liquidity; (ii) introduced temporary regulatory forbearance and a capital support program; and (iii) provided some fiscal stimulus and limited wage indexation to support the disinflationary
Russia is expected to be in recession in 2015 due to the sharp drop in oil prices and sanctions. GDP is expected to decline by 3.4 percent driven by a contraction in domestic demand weighed down by falling real wages, higher cost of capital, and weakened confidence. The external position will remain challenging due to deleveraging in the face of limited market access. Inflation is expected to come down due to the dissipating impact of the ruble depreciation, the limited wage indexation in the budget and the recession. Growth should resume in 2016 while inflation continues to decline. However, the recovery is unlikely to be strong as the limiting factors behind decelerating potential growth will take time to be addressed, leading to medium-term growth of 1.5 percent per year. An increase in geopolitical tensions is the main risk to the outlook.


**Samruk-Kazyna**

**Corporate Sector**

**Samruk-Kazyna JSC attracts «anchor investor» in Kazakhstan**

10 August 2015

Press conference with the participation of the Chief Business Development Director of «Samruk-Kazyna» JSC Berik Beysengaliyev took place at the CCS under the President of Kazakhstan within the National plan «100 concrete steps on implementation of five institutional reforms».

Considerable work is being done in the direction of attracting investments (steps 56, 59). The investment portfolio of the Fund to date consists of 161 projects worth about $121 bln. The overall structure of the financing of investment projects of the Fund’s internal capital totals 27%, borrowed resources - 73%. Thus, three dollars of foreign investment are attracted for every dollar invested by the Fund and the national budget.

As a part of the SPFIID program «Samruk-Kazyna» implements 11 projects worth $ 24.1 bln, accounting for 73% of total investments of the country projects in the Republican map of industrialization. Implementation of these projects will create more than 23 thousand temporary and more 4,400 permanent jobs.

In the direction of sustaining economic growth over the past three years, the Fund commissioned 35 projects worth $6.9 bln with the creation of more than 15,700 temporary and more than 7,100 permanent jobs. In 2015 it is planned to commission 20 projects worth $5.9 bln, with the creation of about 11 000 temporary and about 6,000 permanent jobs. As a part of «Nurly Zhol» program, the Fund implemented 7 projects totaling $ 3.1 bln with the creation of 7200 temporary and 1300 permanent jobs.

The Fund within the Transformation program plans to move to investments in the priority sectors of the economy focusing on non-extractive sectors. The priority in the selection of the project will be diversification of Kazakhstan's economy, creation of new industries with innovative component, as well as transfer of new technologies.

http://sk.kz/news/view/4262

**The World Bank**

**Ukraine**

**World Bank Provides New $500 mln Loan to Boost Ukraine’s Reforms**

25 August 2015
The World Bank’s Board of Executive Directors today approved a $500 mln IBRD loan to finance the Second Multi-Sector Development Policy Operation in Ukraine. This new financing supports a number of high-priority structural and macroeconomic reforms to improve the country’s public sector governance, business environment, energy and social assistance.

In particular, reform measures supported by this loan – the second in a series of two – will promote good governance, transparency, and accountability in the public sector. The loan ensures that scarce public resources will be used effectively to provide quality public services at a crucial time. At the same time, the operation will support efforts to strengthen the regulatory framework and reduce the cost of doing business. This should help unleash the private enterprise and help create sustainable and good quality jobs for Ukrainians. Finally, this operation will assist the authorities to continue reforming inefficient and inequitable utility subsidies while protecting the poor from tariff increases by strengthening social assistance.

This operation is part of the World Bank Group’s broader financial support package announced in February this year, which aims to provide Ukraine with up to $2 bln in 2015. The $750 mln First Multi-Sector Development Policy Loan was disbursed in May 2014.