

The World Bank Outlines Cooperation with Serbia

The World Bank Board of Executive Directors discussed a Country Partnership Strategy for Serbia for the period until 2011 on December 13, 2007. Executive Directors welcomed Serbia's recent initialing of a Stabilization and Association Agreement with the European Union, and acknowledged Serbia's significant development since the country's succession to World Bank Group membership in 2001. Over the last six years, average incomes have almost doubled and poverty has declined by more than one third. These gains have been underpinned by major structural economic reform, although Serbia still faces considerable issues to complete its economic transition. It was noted that regional stability would be especially important at this time to ensure that Serbia and the region can build on economic gains and move as quickly as possible towards European accession.

World Bank Approves Support for Kosovo in Education and Financial Sector

On December 13, 2007, the World Bank's Board of Executive Directors approved US\$12 million support for Kosovo through two new education and finance sector projects, which will support the Bank's ongoing support strategy for Kosovo. The strategy was prepared in partnership with the Provisional Institutions of Self Government and the United Nations Interim Administration Mission in Kosovo. The strategy will be financed by an IDA grant allocation of US\$12 million for both projects.

The Institutional Development for Education Project, financed by a US\$10 million IDA grant, will support the government in its implementation of the strategies for the Development of Pre-University and Higher Education in Kosovo. The Financial Sector Technical Assistance Project, financed by a US\$2 million IDA grant, will contribute towards greater financial sector stability and development by supporting stronger prudential regulation and supervision by the Central Banking Authority of Kosovo (CBAK) for bank and non-bank financial institutions; the institutional strengthening of CBAK; and the strengthening of the banking and microfinance industry through capacity building.

World Bank Launches a New Partnership Strategy for Bosnia-Herzegovina

The World Bank Board of Executive Directors endorsed a new Country Partnership Strategy on December 13, 2007 for Bosnia and Herzegovina outlining its cooperation with the country over the next four years. The World Bank Board also approved an IDA credit for the Road Infrastructure and Safety Project of US\$25 million.

The new Strategy outlines a lending program of about US\$200 million in support of the country's priorities, including integration with the European Union. This program will be further supported by about US\$200 million available under projects that have already been approved.

Croatia Scales Up Use of Environmentally Friendly Agricultural Practices

On December 6, 2007 the World Bank approved a US\$5 million Global Environment Facility Grant for the Agricultural Pollution Control Project for Croatia. The Project will assist the government in increasing the use of environmentally friendly agricultural practices by farmers in Croatia's Pannonian plain in order to reduce nutrient discharge from agricultural sources to surface and ground waters. The project will also help Croatia on its path towards EU accession, as project activities will help the country comply with European Union Nitrates Directives while assisting the government in establishing a competitive agricultural sector. The Agricultural Pollution Control Project will be implemented as a pilot activity in three selected counties: Osijecko-Baranjska, Vukovarsko-Srijemska and Varazdinska. These counties have been selected because of the high density of livestock, concentration of medium scale livestock farms as well as war related damages to manure storage and water monitoring infrastructure in some areas.

World Bank Launches New Partnership Strategy for Ukraine

The World Bank's Board of Executive Directors endorsed a new Country Partnership Strategy for Ukraine covering the period 2008-2011 on December 6, 2007. The Strategy outlines the priorities for the World Bank Group's engagement through lending and investments, analytical and advisory services, and technical assistance. The strategy proposes a lending range of US\$2-6 billion over four years, with annual lending levels modulated by a series of performance benchmarks, including progress in structural reforms, macroeconomic stability and improvements in the implementation of existing World Bank loans. In addition, the International Finance Corporation will continue to invest significant resources to support the private sector in Ukraine. The Bank also approved the Second Development Policy Loan for Ukraine amounting to US\$300 million on December 20, 2007.

Belarus: World Bank Announces New Country Assistance Strategy and Additional Support to Social Infrastructure Retrofitting

The World Bank's Board of Executive Directors discussed the new Country Assistance Strategy for Belarus for the period 2008-2011 on December 4, 2007. The new Strategy supporting the country's development agenda was prepared in consultations with the government of Belarus and representatives of civil society organizations, the private sector, and international organizations.

The World Bank expects to provide about US\$100 million a year in long-term loans to support Belarus in addressing global environment and energy challenges, enhancing the competitiveness of its economy to assure rising incomes, and protecting the welfare of the most vulnerable over the next four years.

In the past, the World Bank loan funds have been used to retrofit 600 schools, kindergartens, community homes for the

elderly, hospitals, and outpatient clinics in Minsk as well as other regions in Belarus. According to estimates, retrofitting of each facility leads to 20-25% reduction in energy consumption — it is sufficient for heating an additional small block of twelve 70-apartment buildings or 10-15 schools for a year.

World Bank Continues Supporting Implementation of Poverty Reduction Strategy in Armenia

On November 27, 2007, the World Bank approved a US\$18.5 million Fourth Poverty Reduction Support Credit for Armenia. The project will support the implementation of the government's Poverty Reduction Strategy Program by helping to sustain economic growth, providing resources for the budget, bolstering the fight against illegal logging and facilitating priority reforms of the government. This fourth installment will bring total budget support from the Bank to over US\$85 million since 2004.

World Bank Supports Customs Development in Kazakhstan

The World Bank's Board of Executive Directors approved a US\$18.5 million loan for the Kazakhstan Customs Development Project. The project, approved November 27, 2007 will help reform and modernize customs administration in Kazakhstan by increasing revenue collection, and improving transparency of customs operations promoting the use of internationally accepted practices.

World Bank Opens New Centre for Financial Reporting Reform in Vienna

The World Bank opened the Vienna Centre for Financial Reporting Reform November 30, 2007 in an effort to bring its services closer to European clients and better target the emerging needs of middle income countries in the region. The new office will aid countries in Europe and Central Asia in meeting the financial reporting standards necessary for EU accession, provide advice and analysis on targeted accounting policy reforms, build capacity with civil servants from governments in the region, and provide support for the Bank's other operations in the region.

The Centre's activities are both fee-for-service based and funded by donors. It is currently supported by the European Commission, SECO, Austrian Development Agency and Austrian Government, USAID, and the Foreign Ministries of the Netherlands, Japan and Norway.

World Bank and Global Environment Facility Support Integrated Nutrient Pollution Control Project in Romania

The World Bank's Board of Executive Directors approved a new IBRD loan (50 million Euro) and a Global Environmental Facility Grant (US\$5.5 million) to Romania

for the Integrated Nutrient Pollution Control project on October 30, 2007. Total project costs have been estimated at US\$81.6 million. The project supports Romania's commitments to meet EU environment standards through an integrated program demonstrating links with other environmental investments, especially sanitation and waste management, and will help reduce nutrient discharges to water bodies; (ii) promote behavioral change at community level; and (iii) strengthen institutional and regulatory capacity.

This part has been provided courtesy of Merrell Tuck and Dorota Kowalska, Europe and Central Asia External Affairs

Integrating Environment into Key Economic Sectors: A Prerequisite for Sustainable Development

The transition to a market economy presents both a challenge and an opportunity to put in place policies and incentives that would minimize the environmental impact of increased development while ensuring the sustainable management of natural resources and the environment. Integrating environment in key sectors — energy, agriculture, forestry, extractive industries and transportation — is central to the long-term sustainability of economic development in Eastern Europe and Central Asia. These are the main messages coming out of two World Bank reports — “Integrating Environment in Key Economic Sectors in Europe and Central Asia”, and “Integrating Environment into Agriculture and Forestry: Progress and Prospects in Eastern Europe and Central Asia” — prepared as part of its contribution to the “Environment for Europe” conference, held in Belgrade, October 10-12, 2007. To access the two World Bank reports, please visit: <http://www.worldbank.org/eca/environmentintegration>.

Russia Contributes US\$20 Million to Malaria Control in Africa

The Government of Russia signed an agreement with the World Bank Group and the World Health Organization (WHO) that will see the country commit US\$20 million for malaria control in Africa. The contribution marks Russia's growing role as a donor and active partner in international development efforts. The Russia-World Bank-WHO initiative includes: a US\$15 million trust fund under the World Bank Booster Program for Malaria Control in Africa for Zambia and Mozambique which will co-finance projects in the two countries with the International Development Association, US\$4 million in support of training programs and capacity building programs for malaria control in Africa to be administered by the WHO Global Malaria Program, and US\$1 million for a staff development program related to the initiative. “Russia is expanding its contributions to development aid, particularly in infectious disease control, education and access to energy,” said Russian Finance Minister and Deputy Prime Minister Alexei Kudrin, who signed the Memorandum of Understanding on behalf of the Russian Federation. **BT**