

THE RUSSIAN BANK FOR DEVELOPMENT AND FOREIGN ECONOMIC AFFAIRS – VNESHECONOMBANK



BRICS Policy Center Centro de Estudos e Pesquisas - BRICS

This factsheet is an update version of the Factsheet “Development Banks in the BRICS Countries”, published in 2013 by the BRICS Policy Center and Ibase



SOCIO ENVIRONMENTAL
PLATFORM



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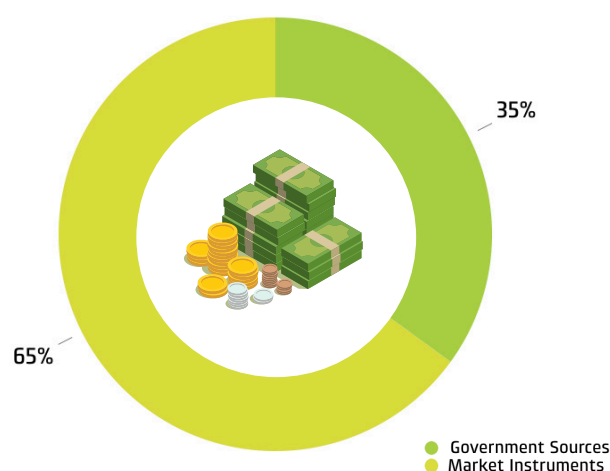
AUTHOR Brics Policy Center

Nature and Purpose

- The “Bank for Development and Foreign Economic Affairs” (Vnesheconombank, VEB) and its activities are regulated by the Federal Law “On Bank for Development” (Federal Law nº 82-FZ, of May 17 2007).
- The VEB’s investment priorities are: High value added production; transport and energy infrastructure; export in large scale projects; stimulation of the use of defense industry facilities to manufacture civilian products, through new facilities and the modernization of existing production; innovation and national technology project initiatives.
- It has seven representative offices in the Russian Federation (St. Petersburg, Khabarovsk, Ekaterinburg, Pyatigorsk, Krasnoyarsk, Rostov-on-Don and Nizhny Novgorod) and ten abroad (London, New Delhi, Mumbai, Milan, Beijing, New York, Frankfurt, Paris, Johannesburg and Zurich).

Funding Sources

Source: veb.ru/en/about



VNESHECONOMBANK

Where do resources come from?

- During the dissolution of the USSR, the Bank’s activities were concentrated in the purchase of imported products, with financing from European countries.
- In 2002, the Vnesheconombank was restructured and appointed to invest pension fund in bonds denominated in foreign currency.
- In 2007, the Vnesheconombank was recast as “Bank for Development and Foreign Economic Affairs”. Thus, its authorized capital became a pool of funds from the former USSR, federal government-owned shares in the Russian Development Bank and the Roseximbank, as well as assets to be transferred by the own Russian government itself.
- In 2010, the Vnesheconombank created the Russian Direct Investment Fund in order to raise capital abroad for the Russian economy. The main goal of the Fund is to raise long term foreign investment in the Russia’s high-tech sectors.
- In 2015, as a result of the restrictions caused by the sanctions imposed on Russia, the Vnesheconombank was not able to obtain loans for more than 30 days in foreign capital markets. The solution was to seek increased resources from instruments in the securities market and alternative sources of resources, exploring new markets in Asia and the Pacific.

VEB's Subsidiaries

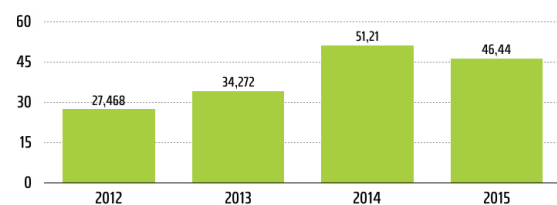
How does it work?

The Vnesheconombank Group includes VEB's subsidiaries which aim to execute a number of dispositions from the Federal Law "On Bank for Development":

- **VEB-Engineering Company:** created in the Vnesheconombank Group as a center for technical analysis of technological solutions on engineering, monitoring and management of national investment projects.
- **VEB-Capital:** involved in the management of Vnesheconombank Group's assets, including real property.
- **OJSC VEB-Leasing:** gives assistance to small and medium enterprises in the financing of automotive transport and special equipment. The company opened 18 regional subdivisions in the biggest Russian cities.
- **GLOBEX Bank:** offers credit support to the real economy and small and medium enterprises, with a tendency to function as a universal bank.
- **OJSC SME Bank:** Vnesheconombank's agent in the implementation of the Program of Support to Small and Medium Enterprises.
- **Roseximbank:** Russian government's agent to extend guarantees to exporters and arrange loans for importers of Russian products.
- **North Caucasus Development Corporation (OJSC):** created to implement industrial and infrastructure projects in the District's territory.
- **Vnesheconombank foreign banks subsidiaries** (Belarus Belvnesheconombank; and Ukraine Prominvestbank): support the export of Russian products and the implementation of big joint investment projects in these countries.

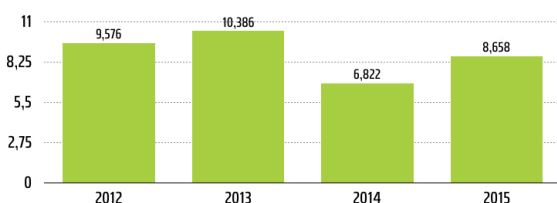
Loan Portfolio (in billions of USD)

Source: The author, based on [Vnesheconombank's Annual Report \(2016\)](#)



Total Equity (in billions of USD)

Source: The author, based on [Vnesheconombank's Annual Report \(2016\)](#)



VEB's Capital

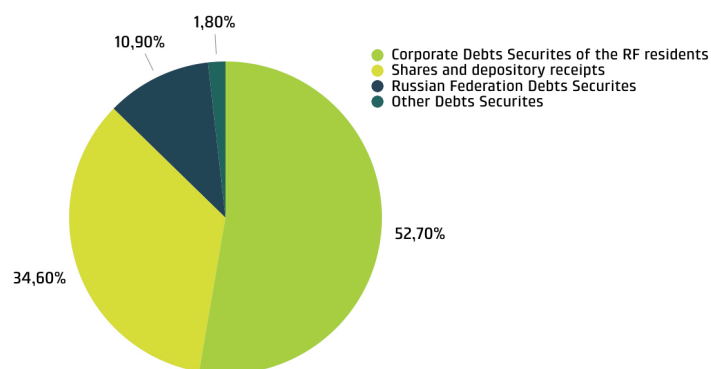
How does it work?

VEB's Capital is engaged in managing the Vnesheconombank Group's assets, including real property assets, though greater importance is given to operations with financial assets.

- Vnesheconombank's loan portfolio includes Rubles, US dollars and Swiss francs, in addition to debt securities denominated on national and foreign markets.

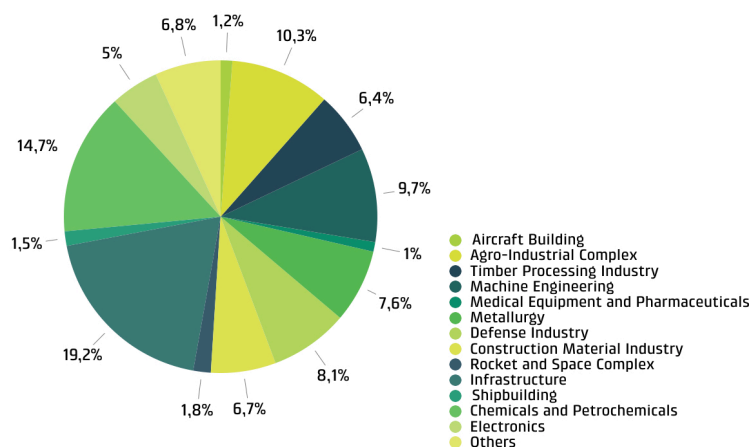
Managing Securities Portfolio

Source: The author, based on [Vnesheconombank's Annual Report \(2015\)](#)



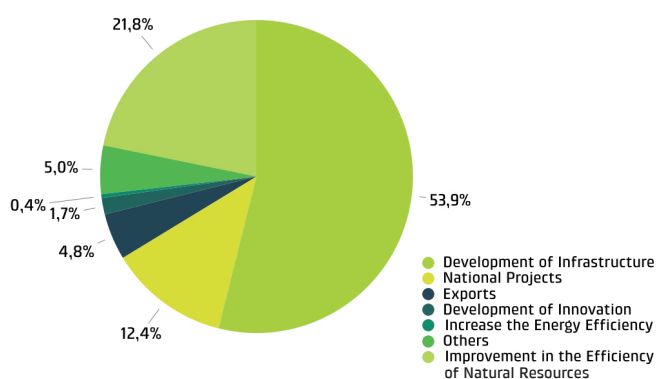
Bank for Development's Loan Portfolio: Sectoral Structure (in %)

Source: The author, based on [Vnesheconombank's Annual Report \(2015\)](#)



Disbursements by Sector

Source: The author, based on [Vnesheconombank's Annual Report \(2015\)](#)



Infrastructure

Source: The author, based on [Vnesheconombank's Annual Report \(2015\)](#)

Infrastructure (in millions)	RUB	USD
Energy Infrastructure	141433	2404,36
Transport Infrastructure	108210	1839,59
Tourism Infrastructure	136474	2320,06
Engineering	16419,3	279,128
Aircraft Construction and Space Rocket Complex	250	4,25
Housing Infrastructure	6180	105,06
Others	12932,6	219,854
Total	421900	7172,3

Innovation Development

Source: The author, based on [Vnesheconombank's Annual Report \(2015\)](#)

Innovation Development (in millions)	RUB	USD
Aviation and Spacial Rocket Complex	2381,2	40,4804
Engineering	5800	98,6
Strategic Information Technology and Software	797,6	13,5592
Medical and Pharmaceutical Equipment	7216,5	122,681
Total	16195,3	275,32

Support for Export per Recipient Country

Source: The author, based on [Vnesheconombank's Annual Report \(2015\)](#)

Belarus – power Plant	86,6 bn
Turkmenistan	USD 29,8mn
Mongolia – Russian Power Equipment	USD 20mn
Kazakhstan – railway vehicles	RUB 2,2 bn
Azerbaijan – Railway	USD 88,4 mn

Major Projects by Region		Ruble	USD	
NORTH CAUCASIAN		3	14072,3	239,2291
Construction of a float glass plant in Dages-tan with a capacity of 600 tons a day		7155	121,635	Federal District of North Caucasus, Repub-lic of Dagestan, Makhachkala
URAL FEDERAL DISTRICT		5	42509	722,653
Construction of Urengoi GRES		21278	361,726	UFO, Yamalo-Nenets Okrug Novy Urengoy
Reconstruction of Nizhneturinskaya GRES		15500	263,5	UFO, Sverdlovsk region
First stage of the modernization program of mu-nicipal heating systems in the Kurgan region		2040	34,68	UFO, Kurgan Oblast
FAR EASTERN		10	26910,1	457,4717
Construction of optical fiber communication lines of the Russian Federation		2327,6	39,5692	Interregional project
Construction of terminal for handling coal in large quantities		4550	77,35	DFO, Khabarovsk region, Khabarovsk
SIBERIAN FEDERAL DISTRICT		11	131962,8	2243,368
Construction of a polypropylene station		8611,1	146,3887	Siberian Federal District, Omsk region, Omsk
VOLGA FEDERAL DISTRICT		11	40764,6	692,9982
Development of "Kurumoch" international airport		4550	77,35	PPO, Samara region, Samara
SOUTHERN FEDERAL DISTRICT		12	239149,1	4065,535
Construction of Olympic facilities STK "Mountain Carousel"		52569,2	893,6764	South Federal District, Krasnodar region, Sochi
NORTHWESTERN		15	83750,1	1423,752
Creation and maintenance of "high speed western roads and turnpike"		25000	425	Northwestern Federal District, St. Petersburg
Construction of bulk cargo in Ust-Luga		23591,8	401,0606	Northwestern Federal District, Leningrad region, Ust-Luga
CENTRAL FEDERAL DISTRICT		26	113607	1931,319
Construction of high speed road "Moscow-St. Petersburg" in the area of 15th km – 58th		14600	248,2	Central Federal District, Moscovo region



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TRANSPORT
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