

March 31, 2022

Re: **World Bank Group finance involving Russia and Belarus**

Dear [Executive Director X],

The World Bank Group must ensure it is doing everything within its ability to urgently bring an end to Russia's invasion and continued destruction and killing of the sovereign nation of Ukraine and its citizens, and to provide the necessary aid and assistance to Ukraine in a manner that does not weaken Ukraine's sovereignty and financial sustainability.

We welcome the World Bank Group's announcement from March 2, 2022:

*"Following the Russian invasion of Ukraine and hostilities against the people of Ukraine, the World Bank Group has stopped all its programs in Russia and Belarus with immediate effect."*

While this statement indicates stoppage of financial disbursements involving current operations, we seek clarification and quick action with regards to the World Bank Group's current **equity investments, trade finance**, and **guarantees** involving entities linked to Russia and Belarus, including *inter alia* the World Bank Group must:

- Immediately divest from all equity investments linked to Russia and Belarus.
- Maintain an updated list giving the status/divestment of all Russia- and Belarus-linked equity investments on the World Bank/IFC public website.
- Stop all trade finance (i.e., guarantees and loans) for Russia- and Belarus-linked trade transactions, including but not limited to the IFC's Global Trade Finance Program<sup>1</sup>.
- Disclose to the public all trade transactions covered by guarantees or loans from the World Bank Group, including the IFC's Global Trade Finance Program.

## Equity Investments

**The World Bank Group must immediately divest from all equity investments linked to Russia and Belarus.** Please provide the status of World Bank Group equity investments in Russia- and Belarus-linked operations, including, *inter alia*:

### Partial List of Active IFC Equity Investments in Russia

Active investments in Russia	WBG	Activities	Equity (million USD)	Approval Date
Borets II [BORETS INTERNATIONAL LTD]	IFC	<b>Oil extraction:</b> Leading manufacturer of Electric Submersible Pumps (ESP) for oil extraction	18	24-Dec-13
Almaz Capital Russia Fund II, LP	IFC	Private equity fund: assets include oil, gas, mining and IT	25	2-May-13
KKS-Group	IFC	<b>Power utility</b>	7.67	28-Nov-12

CAPMAN RUSSIA II FUND LP	IFC	Private equity fund	19.51	4-Dec-12
Elbrus Capital Fund II LP	IFC	Private equity fund	20	28-Sep-12
Russian Towers	IFC	Telecommunication towers	20	12-Jun-12
Virgin Connect	IFC	Broadband service	25	7-May-12
IXCELLERATE LIMITED	IFC	Data center	15	19-Jan-14
BAC Russia [Asteros AO]	IFC	Computer systems	13.1	17-Jun-09
MACQUARIE RENAISSANCE INFRASTRUCTURE FUND LP	IFC	Private equity fund targeting infrastructure investments in Russia and other CIS countries.	100	31-Jul-08
BARING VOSTOK PRIVATE EQUITY FUND III LP	IFC	Private equity fund	12.5	7-Mar-05
RUSSIA PARTNERS II, LP	IFC	Private equity fund	10	9-Aug-04
<b>Sub-Total Equity*</b>			<b>\$286</b>	

Source: Urgewald, data collected from the webpages of the IFC, March 6, 2022.

\*Note: This does not include any equity investments involving Belarus and is not a complete list of equity involving Russia entities. The WBG must disclose a complete list of Russia- and Belarus-linked equity.

### **IFC Trade Finance: critical need for transparency**

Most commodities, like oil, gas, and coal, traded around the world, travel on merchant vessels. These cargoes are financed by banks and require letters of credit guaranteeing payment. According to the *Economist*, four-fifths of global trade transactions, worth US\$15 trillion a year, rely on specialized loans or guarantees.<sup>ii</sup> The *Economist* further states “This hidden world of trade finance is huge but poorly understood...and [trading houses] have probably been more engaged with Mr Putin’s autocracy than anyone in the world of international business.”

**The IFC provides the specialized loans and guarantees for hidden trade finance through its Global Trade Finance Program (GTFP).** The GTFP’s co-lead for the Europe and Central Asia Region is located in Russia. The GTFP operations center is based in Turkey. GTFP offers issuing banks and confirming banks short-term (usu. 6 to 12 months) guarantees and loans covering trade-related transactions. The guarantees are transaction-specific and can be issued within 24 to 48 hours.

**The IFC must stop all trade finance linked to Russia and Belarus. We ask for the disclosure to the public of all trade transactions covered by IFC guarantees and loans.** Because trade finance is opaque it has been used to get around sanctions in the past and hide the flow of money. The IFC should always be transparent about trade transactions to protect the public from misuse.

The IFC reports, as of end of FY20, GTFP has covered over 68,000 trade transactions and supported over \$66.5 billion in emerging market trade. Currently, the GTFP program has a list of pre-approved banks located in Russia and Belarus that can receive guarantees and loans to cover trade transactions.

## Pre-approved GTFP Confirming Banks in Russia and Belarus

- Bank BCC-Moscow - Moscow, Russia
- Bank of China Eluosi - Moscow, Russia
- Bank Petrocommerce - Moscow, Russia
- BNP Paribas Vostok LLC - Moscow, Russia
- BNP Paribas ZAO - Moscow, Russia
- Credit Agricole CIB Rusbank - Moscow, Russia
- Deutsche Bank Ltd. Russia - Moscow, Russia
- HSBC Bank RR LLC - Moscow, Russia
- ICICI Bank Eurasia LLC - Moscow, Russia
- OJSC Nordea Bank - Moscow, Russia
- OTP Bank - Moscow, Russia
- Rosbank - Moscow, Russia
- TRANSKAPITALBANK - Moscow, Russia
- ZAO Citibank Moscow - Moscow, Russia
- Zao Industrial and Commercial Bank of China Moscow - Moscow, Russia
- ZAO Raiffeisenbank - Moscow, Russia
- ZAO Sumitomo Mitsui Rus Bank - Moscow, Russia
- ZAO Svenska Handelsbanken - Moscow, Russia
- ZAO UniCredit Bank - Moscow, Russia
- Priorbank Joint Stock Company, **Belarus**

Please note, the IFC's trade finance involving Russian and Belarusian entities may not be linked to the listed pre-approved banks. This is why it is critical that the IFC publicly disclose all trade transactions. For examples of GTFP operations see attached appendix.

### Guarantees

Given World Bank Group guarantees cover risks related to war, what is the status, liabilities, and potential/realized losses associated with all WBG guarantees covering Russia- and Belarus-linked investments? Can the WBG cancel any of the guarantees covering finance involved in Russia and/or Belarus (please see list of MIGA guarantees in Russia in attached appendix)?

We are asking for expedient action on these matters. We respectfully request that you inform us of your planned actions to address these requests.

Respectfully,

Mark Matin, Executive Director, CEE Bankwatch

Natalia Gozak, Executive Director, Ecoaction

Heike Mainhardt, Senior Advisor, Urgewald

Bruce Rich, Attorney, Washington DC

Margaux Day, Accountability Counsel

Shereen Talaat, Arab Watch Coalition

Lawrence Connell, Bank Information Center

Carla Garcia Zendejas, Center for International Environmental Law (CIEL)

Kate Watters, Crude Accountability

Luisa Galvao, Friends of the Earth US

Elaine Zuckerman, Gender Action

Wawa Wang, Just Finance International

Jackson Shaa, Narasha Community Development Group

Tanya Lee Roberts-Davis, NGO Forum on ADB

Mirvari Gahramanli, Oil Workers' Rights Protection Organization Public Union

Kate Geary, Recourse

## Appendix

### Partial List of Active IFC Global Trade Finance Programs

IFC Project Name	Company	Country	Guarantee (million US\$)	Signed / Invested
GTFP Unico Mozam; (Global Trade Finance Program)	NEDBANK MOZAMBIQUE	Mozambique	500	17-Jul-20
GTLP SMBC Turkey III; Global Trade Liquidity Program (GTLP)	Sumitomo Mitsui Banking Corporation and its affiliates (SMBC Group)	World - Turkey, ECA region	275	pending
SMBC ECA RSF II (Trade and Supply Chain)	Sumitomo Mitsui Banking Corporation	Central Europe Region	250	7/26/2019, completed
SMBC ECA RSF	Sumitomo Mitsui Banking Corporation	Central Europe Region	225	6/14/2017, completed
GTSFWolverine, Global Trade Supplier Finance (GTSF)	WOLVERINE WORLD WIDE, INC. [Major shareholders of the Company are BlackRock Fund Advisors, the Vanguard Group and other institutional investors]	World region	250	21-Sep-21
GTFP STERLING B.	STERLING BANK PLC	Nigeria	500	1-Sep-20
GTLP ABSA, (Global Trade Liquidity Program)	ABSA Bank Ltd.	South Africa	125	active
GTFP EAB	EAST AFRICA BANK SA [EAB is a subsidiary of Dahabshiil Group Holdings based in Dubai.]	Djibouti	500	15-Jun-20
GTFP BRIDGE CI	BRIDGE BANK GROUP COTE D'IVOIRE	Cote D'Ivoire	500	23-Oct-19
DCM SRT CACIB III	RSF CREDIT AGRICOLE CORPORATE AND INVESTMENT BANKING III	World Region	182	31-Mar-21
BBI IDA RSF	BMCE BANK INTERNATIONAL PLC	Africa Region	22.5	25-Jun-21
GTSF-Barry Calle, (Global Trade Supplier Finance)	BARRY CALLEBAUT AG [institutional investors holding a majority of its shares and the balance held by Jacobs Holding].	World Region	250	25-Feb-21
GTSFUnder Armour, (Global Trade Supplier Finance)	Under Armour, Inc.	World Region	250	4-Jan-21
GTFP AL KURAIMI	ALKURAIMI ISLAMIC MICROFINANCE BANK, [KIB Bank]	Yemen, Republic of	500	17-Oct-19
GWFP Mercon 2021 [Global Warehouse Finance Program (GWFP)]	MERCON B.V.	Latin America Region	50	29-Apr-21
GTFP Union PLC	UNION BANK OF NIGERIA PLC	Nigeria	500	13-Mar-19

GTFP- IDA PSW		World Region	400	pending
Absa Trade Finance	ABSA Bank Ltd.	South Africa	130.6	29-Jun-20
Santander CH RSF	BANCO SANTANDER CHILE	Chile	150	20-Dec-19
GTFP Corona. MB	CORONATION MERCHANT BANK LIMITED	South Africa	500	1-Aug-19
GWFP Phoenix/BNP (Global Warehouse Finance Program)	PHOENIX GLOBAL DMCC, BNP Paribas	World Region	50	24-Apr-19
Burgan Turkey SL&GTFP (Small Loans and Global Trade Finance Program)	BURGAN BANK ANONIM SIRKETI	Turkey	50	25-Apr-16

Source: Urgewald, data collected from the webpages of IFC, March 18, 2022

### Active MIGA Guarantees involving Russia

Active Guarantees linked to Russia	WBG	Activities	Guarantee (million USD)	Approval Date
OOO Ken-Pak Zavod Upakovki (KPZU), project ID: 8007	MIGA	guarantees covering equity investment in, and two shareholder loans by Tapon France to OOO Ken-Pak Zavod Upakovki (Russia)	61.8	29-Jul-14
Linxtelecom Module 5 and Skytrade Data Centers	MIGA	Guarantee holders: ABN AMRO Bank N.V. and Linx Telecommunications B.V. (Netherlands)	10.1	23-Jul-10
OOO Sunty, project ID: 7469	MIGA	covering equity investments by Campestres Holdings Limited (Cyprus) in Russian coffee and tea manufacture, part of Tata Coffee and Tea brands	30.2	2-Jun-09
OOO Raiffeisen Leasing, project ID: 7440	MIGA	guarantees covering two shareholder loans made by Raiffeisen Zentralbank Österreich AG to its subsidiary OOO Raiffeisen Leasing (Russia).	70.8	2008
<b>Sub-Total*</b>			<b>172.9</b>	

Source: Urgewald, data collected from the webpages of MIGA, March 18, 2022.

\*Note: This does not include any guarantees involving Belarus and may not be a complete list of guarantees involving Russian entities. The WBG must disclose a complete list of Russia- and Belarus-linked guarantees.

<sup>i</sup> IFC trade finance programs include, *inter alia*: Global Trade Finance Program (GTFP), Global Trade Liquidity Program (GTLP), Critical Commodities Finance Program (CCFP), Working Capital Solutions (WCS), Structured Trade & Commodity Finance (STCF), Global Warehouse Finance Program (GWFP), and Global Trade Supplier Finance (GTSF)

<sup>ii</sup> <https://www.economist.com/finance-and-economics/2019/10/24/trade-finance-is-nearing-a-much-needed-shakeup>