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VEB and IIB to finance power plant construction in Vietnam

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Vnesheconombank, International Investment Bank (IIB) and Vietnamese company Petrovietnam have entered into a tripartite memorandum determining the cooperation framework in financing the Long Phu 1 power plant construction in the Socialist Republic of Vietnam. The signing ceremony took place during the 20th meeting of the Intergovernmental Russian-Vietnamese Commission for Trade-Economic and Scientific-Technical Cooperation in Ho Chi Minh, Vietnam.

The document was signed by Daniil Algulyan (Vnesheconombank's Senior Vice President and Head of International Business, Export and Financial Institutions), Nikolay Kosov (Chairman of the IIB Board) and Nguyen Quynh Lam (Petrovietnam's Vice President).

The parties agreed that Vnesheconombank and IIB will finance the equipment supplies for the project, namely, the banks will provide loans for the purchase of Russian high-tech industrial products and for the provision of associated works and services. The relevant decision was taken by the management bodies of Vnesheconombank and passes the approval procedure in the IIB.

"In accordance with Vnesheconombank's new strategy, the VEB Group is prepared to provide comprehensive financial, guarantee and insurance support for the projects and commercial transactions aimed at expanding supplies of high-tech products to foreign markets. The memorandum marked an important step towards promoting Russian industrial products to Asian markets and created the necessary conditions for development of the partnership between Russian exporters and importers from Southeast Asia," said Daniil Algulyan.

"The Memorandum is a testament to our joint efforts in supporting Russian exports and the energy sector of Vietnam, one of the IIB's shareholders. The Bank's Credit Committee approved lending to Long Phu 1 project which is aimed at strengthening Vietnam's energy independence and has a strong integrational component. Equipment for the power plant will be supplied from the following three member countries: Russia, Vietnam and the Czech Republic," said Nikolay Kosov.

The construction will be carried out by an international consortium headed by PJSC Power Machines. On 2 June 2017, during the Saint Petersburg International Economic Forum, Vnesheconombank and Power Machines signed an agreement to facilitate power equipment exports.

Aircraft building, railroad rolling stock manufacturing, car manufacturing, power engineering, agribusiness and agricultural machine building, nuclear energy, innovation are Vnesheconombank's sectorial priorities in supporting exports of high value added products.

IIB is in charge of the mission of a multilateral development institution assisting diversification of export of goods and services from the member countries and ensuring the increase in joint investment by the Bank's shareholders.

Reference:

State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)” (www.veb.ru) is a national development bank and one of Russia's largest financial institutions. Established in 1924, Vnesheconombank has been operating in compliance with the special federal law On the Bank for Development since 2007. The Bank's supreme governing body is the Supervisory Board headed by Chairman of the Russian Government Dmitry Medvedev. The VEB Strategy 2021 provides for Vnesheconombank to focus on financing highly sophisticated projects, infrastructure development, non-resource exports, facilitating the conversion of defence technologies for civilian products; support for innovations and the National Technological Initiative (NTI) projects.