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The Joint IFI Action Plan for Growth in Central and South Eastern Europe

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Main Elements of the JIAP

- * Launched in November 2012 by Presidents of the EBRD, EIB Group and World Bank Group
- * Response to concern about drying up of capital flows to CESEE region
- * Pledge to commit at least €30 billion by end of 2014
- * Aim to:
 - * Rekindle growth and resume progress towards convergence
 - * Reorient growth strategy towards exports and competitiveness

Countries covered by the JIAP



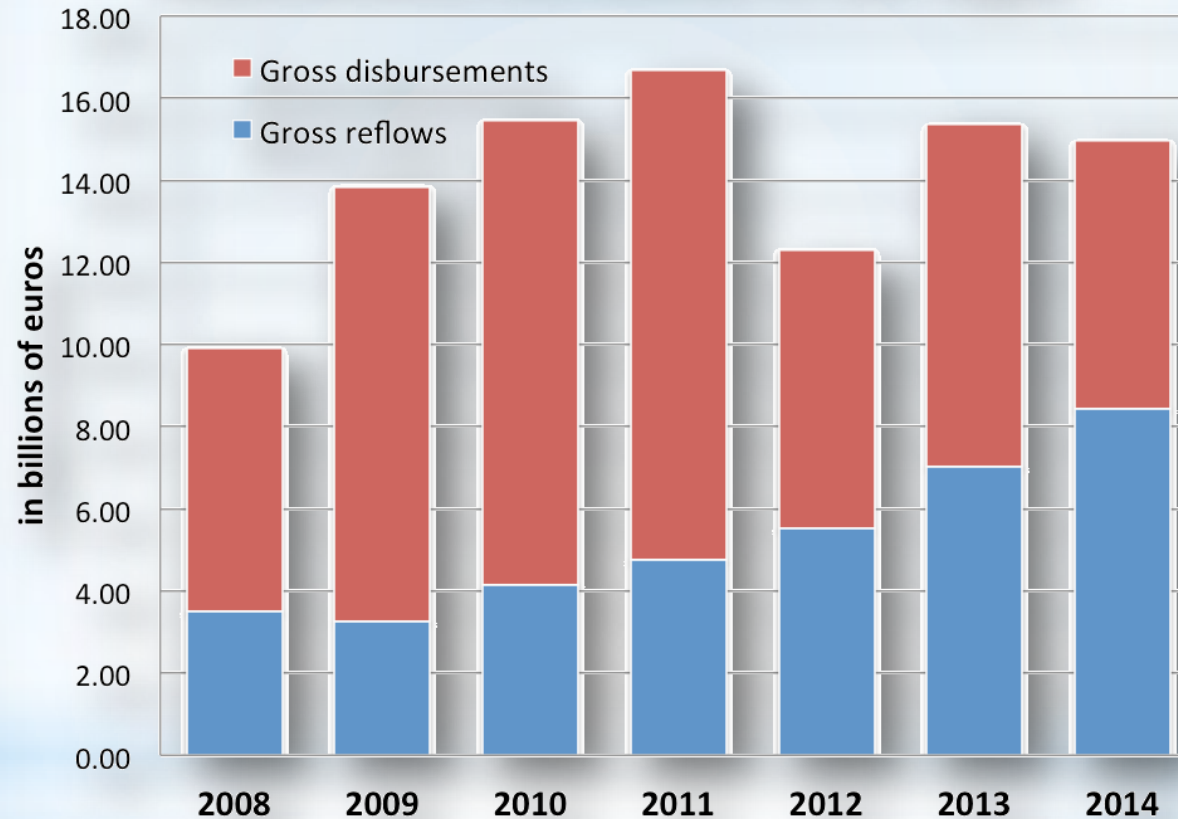
Commitments and Delivery under the JIAP for Growth (millions of euro)

Institution	Commitment	Delivery
	2013-14	2013-14
Total	30,000	42,729
EBRD	4,000	6,987
EIB Group	20,000	28,305
o/w <i>EIB</i>		27,293
<i>EIF</i>		1,102
World Bank Group	6,000	7,437
o/w <i>IBRD</i>	4,000	4,891
<i>IFC</i>	1,300	1,436
<i>MIGA</i>	700	1,110

What has been the JIAP's macroeconomic contribution?

- * Gross flows from IFIs about EUR 15 billion a year:
 - * 1½ percent of GDP at time of parent bank deleveraging
 - * 6 percent of region's investment mitigating fiscal stringency
- * Substantial and reliable funding support to local banks for credit operations
- * Facilitating use of EU funds
- * Replenishment of project pipeline ensuring net IFI flows remained strongly positive

Disbursements and Reflows to JIAP Region

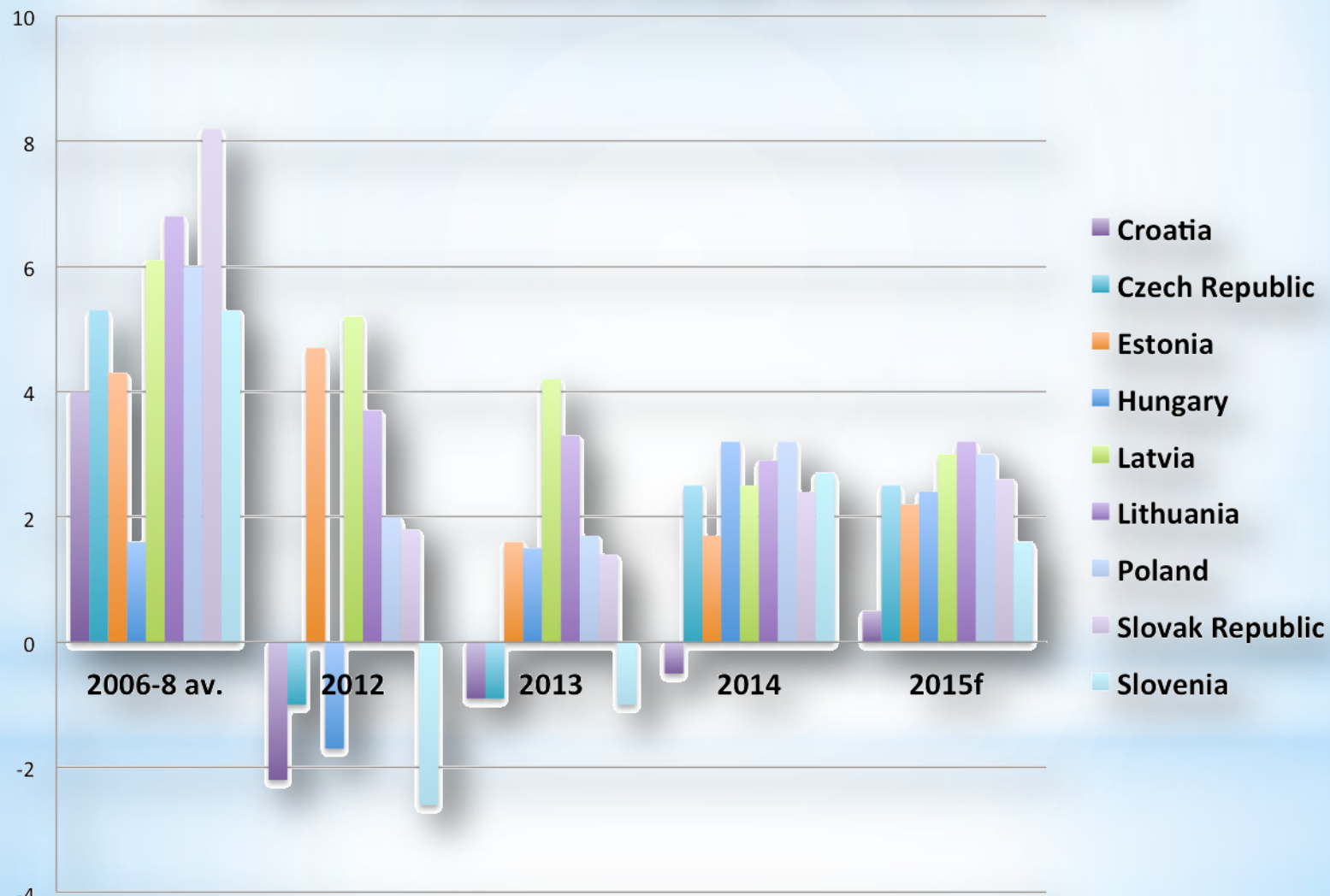


Note: Includes EIB, EBRD, IBRD, excludes EIF, IFC, MIGA

What macroeconomic outcomes were achieved?

- * JIAP only one factor among many
 - * Poor growth in partners: Euro Area and Russia
 - * Continued parent bank deleveraging
- * Growth generally strengthened throughout the region
 - * Growth rates much lower than pre-crisis and insufficient
 - * More difficult in South Eastern Europe than in Central Europe and Baltic States

Growth in Central Europe and Baltic States



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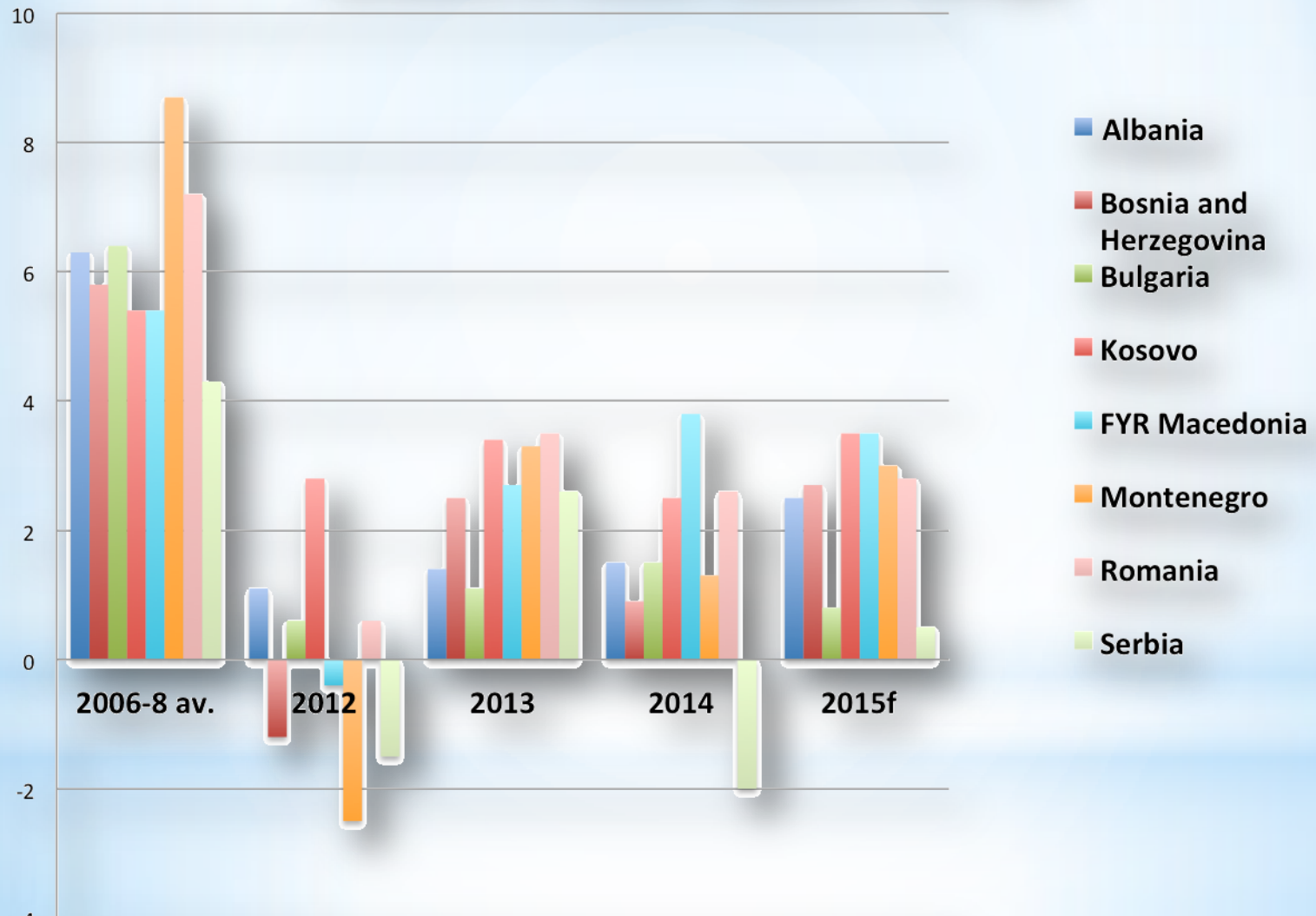
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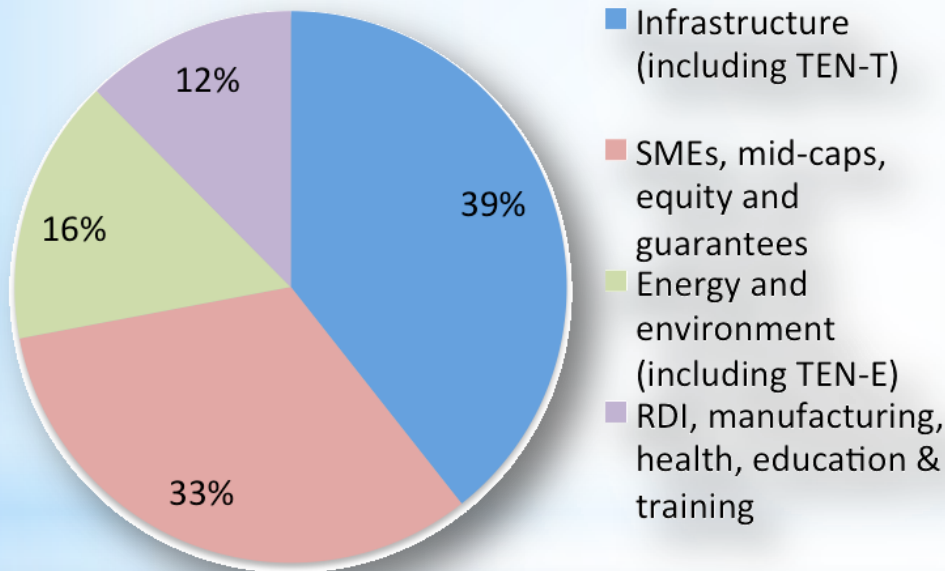
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Growth in South Eastern Europe

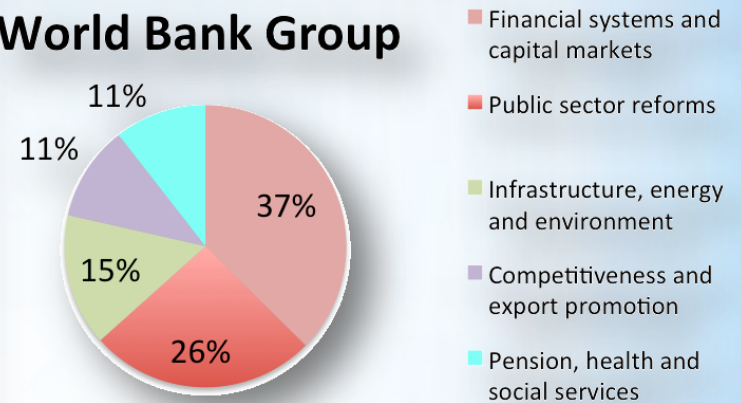


Sectoral breakdown of operations

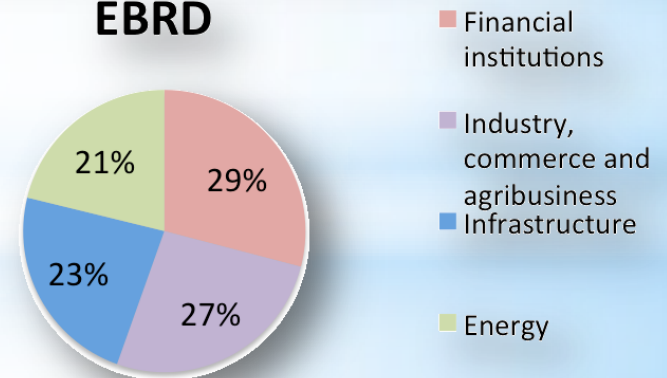
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EBRD



Infrastructure financing

- * About a third of total IFI assistance
- * Focus on
 - * Integrating region in trans-European networks
 - * Road and rail links in West Balkans
 - * Municipal infrastructure
 - * Flood defences
- * Efforts to leverage private funds for infrastructure

Energy financing

- * Strengthen distribution networks (gas and electricity)
 - * Upgrade poor regional energy infrastructure
 - * Reduce dependence on single suppliers
 - * Integrate in single market
- * Energy efficiency
 - * District heating
 - * Small-scale investments
- * Renewable energy
 - * Wind farms and HEP
 - * Small-scale investments

Supporting the Financial System

- * About a third of all JIAP assistance
- * Secure and major source of funding for bank on-lending to SMEs
- * Assistance to help capital-strapped parent banks remain engaged in region
- * Development of risk-sharing instruments (*i.a.*, guarantees) to leverage private capital
- * Provision of equity through local funds
- * Local capital market development
- * Complement to the Vienna Initiative

Improving utilization of EU funds

- * Annual Structural and Cohesion Fund allocations about 2-3 percent of GDP
- * Relatively poor absorption by some JIAP countries
- * Assistance in project preparation (JASPERS)
 - * (Also helps non-EU members prepare projects)
- * Co-financing of local counterpart expenditures

Raising Productivity and Competitiveness

- * Development Policy Loans to improve institutions
- * Individual loans and equity supply largely for export-oriented projects
- * Support for higher education and skill development
- * Facilities to assist innovators

Looking Forward

- * Convergence has stalled
- * Poor demographics exacerbated by migration
- * Essential to raise productivity levels
 - * Better infrastructure
 - * Higher skill levels
 - * Improved investment climate
 - * Export orientation
- * IFIs should build on JIAP and exploit their complementarities

Four semi-annual reports are available on the IFI's websites and contain more discussion of the Joint IFI Action Plan activities and achievements.

Thank you

