



*Regional Cooperation for European Integration*

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*A Bridge between Macroregions*

# The CEI Fund at the EBRD

Annual Report 2014

**Projects and Activities supported by the CEI Fund  
at the European Bank for Reconstruction and Development**



# The Central European Initiative

The CEI is a regional forum for cooperation and consultation which promotes collaboration at political, economic and cultural level in central and eastern Europe. Founded in 1989, the CEI now counts 18 member states: Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Italy, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, the Slovak Republic, Slovenia, and Ukraine.

Since its inception, the Initiative's main aim has been to support transition countries in the process of integration with the European Union (EU). To achieve this, the CEI seeks to make a sustainable impact in strengthening the capacities of its member states remaining outside the EU to consolidate their institutional and economic background, bringing them closer to the Union.

In 1992 Italy signed an Agreement with the European Bank for Reconstruction and Development (EBRD) on the establishment of a CEI Fund at the EBRD "to assist the Bank's countries of operation in central and eastern Europe in their economic and social transformation process". A Secretariat for CEI Projects (later renamed Office for the CEI Fund at the EBRD) was established to manage the Fund and carry out activities of pre-investment and capacity building for the identification, promotion and appraisal of projects in the CEI region, as well as activities related to project implementation.

The Fund, towards which the Italian Government has solely made a total contribution of €39.5 million, mainly provides grant-type assistance for specific components of Technical Cooperation (TC) projects. Since its inception, the Fund has provided more than €23 million for funding TC projects.

The CEI Fund also contributed a total of €2 million to the Know-How Exchange Programme (KEP), which is its second most important instrument and a specific CEI tool.



**European Bank**  
for Reconstruction and Development

# ToC

## Table of Contents

Introduction ..... 03



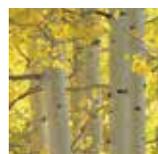
*Chapter 1*  
**The CEI Fund at the EBRD and its Office**

*One* 05



*Chapter 2*  
**Technical Cooperation Programme**

*Two* 07



*Chapter 3*  
**Know-how Exchange Programme**

*Three* 25



**Future Outlook: 2015 Strategy**

*Outlook* 49

### **Annexes**

**Annex 1** . Financial Report 2014 ..... 51

**Annex 2** . Budget 2015 ..... 52

**Annex 3** . Central European Initiative Fund: Balance 2014 ..... 53

**Annex 4** . Central European Initiative - Ministry of Foreign Affairs Fund: Balance 2014 ..... 54

**Annex 5** . List of Technical Cooperation Assignments 1993-2014 ..... 55

**Annex 6** . List of Know-how Exchange Programme Projects 2004-2014 ..... 58

**Annex 7** . Resource Efficiency in the Corporate Sector: a Broadened Approach ..... 61

Abbreviations and Acronyms ..... 66



ACQUA ITALIANA CHE DROGANO  
LA GALLIA NEL CONDO

# Intro

## Introduction



As Italian National Coordinator for the CEI and representative of the donor country of the CEI Fund at the EBRD, established and fully financed by Italy with 39.5 million euro since 1992, I am delighted to acknowledge the excellent performance and effectiveness of the Fund for 2014.

In the framework of this successful cooperation established with the EBRD, Italy achieved remarkable results in supporting the economic and social transformation process of non-EU CEI countries, facilitating their European path through regional cooperation. The exemplary performance of the CEI Fund at the EBRD confirms the remarkable record of the Central European Initiative during its first 25 years of operations, when solid foundations for a promising present and future have been laid.

The activity of the CEI Fund at the EBRD has shown that the project-dimension conveys a significant political meaning in the promotion of democracy, freedom and human rights, economic growth, social stability and prosperity. In 2014, the Fund committed around half million euros for Technical Cooperation projects, contributing to a mobilisation of more than €4.8 billion of international investments since 1992. Furthermore, in 2014 the Fund committed more than €330,000 for projects aimed at transferring know-how and best practices from EU to non-EU CEI countries through the CEI Know-how Exchange Programme. Since 2004, the KEP Programme co-financed projects for a global value of more than €11 million.

The economic and financial crisis of the last few years has made the EU Countries aware of the need for national and European Institutions to regain the citizens' trust. Regional

cooperation initiatives – including the CEI – play a key role in guaranteeing the final stabilization prosperity and growth of the European continent. Moreover, thanks to the increasing interaction with other regional organisation, such as the Adriatic and Ionian Initiative and the South-East European Cooperation Process, the CEI represents a fundamental political fora in the region able to be a catalyst of synergies, project and ideas. Such a cooperation, while fostering the acquisition of EU standards of non-EU Countries, is enhancing the European integration and connectivity of the Western Balkans as well as of the whole Central European region, progressively looking eastwards.

In its future, the Fund shall undoubtedly continue to focus its attention on those sectors which are likely to increase investments attraction, such as energy efficiency, municipal and environmental infrastructure, transport, agribusiness, financial institutions and support to SMEs development, including capacity building and policy dialogue, where appropriate. Priority will also be given to projects in alignment with the role of the CEI as bridge between the existing EU Macro-Regional Strategies, in which Italy is actively involved. Under the Italian Presidency of the European Union, the second semester of 2014 has seen the launch of the EU Strategy for the Adriatic and Ionian Region and the preparation of the EU Strategy for the Alpine Region. In line with these plans, the Fund shall contribute to some of the key-principles of Macro-regional Strategies: regional approach, no use of additional funds, better use of EU and national funds in the coincident sectors of the respective Plans of Actions, such as infrastructure, transport, energy and environmental policies.

In the light of the above, the Fund shall therefore continue to fully support the Central European Initiative in its pivotal role as promoter of the partnership between the EU and its Eastern neighbours. With the aim to achieve such a goal, Italy renews its full commitment, in collaboration with the EBRD, to ensure the full success of the Fund.

Andrea Orizio

*The CEI National Coordinator  
Balkans Director  
Ministry of Foreign Affairs and  
International Cooperation, Italy*





# The CEI Fund at the EBRD and its Office

In 1992 the Italian Government established the Central European Initiative (CEI) Fund at the European Bank for Reconstruction and Development (EBRD). Through this Agreement, the Italian Government acknowledged the great opportunity that the newly created development bank presented for the objectives that the CEI had embraced at its foundation, in 1989. In such context, the CEI Fund was created “to assist the Bank’s countries of operation in central and eastern Europe in their economic and social transformation process”. Despite its bilateral nature, the Fund financed projects and activities targeted at the entire CEI region. Since the Fund’s establishment, the Italian Government solely contributed to it €39.5 million.

The Fund has been predominantly used for grant-type Technical Cooperation (TC) projects in support of EBRD operations in a number of areas, including agribusiness, energy, finance and business, institutional development and capacity building, support to small and medium-sized enterprises (SMEs), municipal infrastructure and services, and transport. The CEI TC Programme reflects both CEI and EBRD regional and sectorial priorities.

Accordingly, the Programme has become an effective means of development for CEI countries of operation: 130 TC assignments with a total cost of more than €23 million have been undertaken in the period 1993-2014.

In addition to Technical Cooperation, the CEI Fund has been a source of financing for the Know-how Exchange Programme (KEP) – a grant facility supporting capacity building and best practice transfer projects carried out by institutions from CEI EU countries to benefit recipients in the non-EU CEI member states. To date, about €2 million have been committed by the CEI Fund to support 73 KEP operations. The total value of these projects (CEI grants and mandatory co-financing) is over €11 million.

Lastly, from 1998 through 2006 the CEI Fund at the EBRD, in cooperation with a number of partners across the CEI region, co-financed Cooperation Activities – projects of small scale and limited duration, such as conferences, seminars, workshops, or other types of short trainings. Throughout the 1998-2006 period, the CEI Fund supported 113 such activities across CEI member countries, contributing over €1.6 million in project co-financing.

The Office for the CEI Fund is the operational body, which ensures constant dialogue between the CEI, the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), and the EBRD for all issues related to the administration of the Fund. The Office is located at the CEI Headquarters in Trieste and is also represented in London, within the Operational Policies Vice-Presidency of the EBRD. Through this Office, whose staff members closely collaborate with the EBRD banking teams, the CEI has managed to build a unique comparative advantage vis-à-vis other funds active within the Bank. This collaborative approach allows the Office for the CEI Fund better choose projects, thereby ensuring high leverage ratios as well as greater effectiveness and efficiency.

For the TC Programme, the Office for the CEI Fund regularly screens projects in the EBRD pipeline, and supports the MAECI in the selection process. Following positive appraisal by the Ministry, the Office presents the prospective projects to the CEI Committee of National Coordinators<sup>1</sup> for their approval, then monitors their implementation, and evaluates them after completion. The Office also manages the Know-how Exchange Programme (see Chapter 3). The Office’s role is not limited to the provision of grants, but concerns the whole project cycle, starting from the initial screening of KEP project applications, throughout the monitoring of project implementation, to ex-post evaluation of results.

## Staff Structure of the Office for the CEI Fund at the EBRD

Mr Guido Paolucci, *Programme Manager*

Ms Elisabetta Dovier, *Senior Executive Officer*

Ms Daniela Biadene, *Junior Executive Officer*

Ms Tea Larsson, *Junior Secretary*

<sup>1</sup> The Committee of National Coordinators (CNC) is the key body responsible for the definition, coordination, management and implementation of CEI cooperation as well as for the implementation of CEI programmes and projects through appropriate structures.



# Technical Cooperation Programme

EBRD technical assistance is primarily intended to contribute to the preparation and implementation of the Bank's investment and non-investment operations, and to provide advisory services to private and public sector clients. Technical Cooperation (TC) projects can be used to help implementing legal and regulatory frameworks, institutional reforms, as well as help achieving the highest standards of corporate governance. In general, TC projects are intended to enable the EBRD to:

- make thorough preparations for its investments and undertake them more effectively;
- pursue investment opportunities in higher risk environments by reducing credit risks;
- increase the impact of its projects in the transition process by supporting structural and institutional changes;
- sponsor legal and regulatory reforms, institution-building, company management and training.

TC projects constitute the largest part of the activity funded by the CEI Fund at the EBRD. CEI Technical Cooperation is traditionally offered in the form of grant-type assistance. Operations include support for feasibility and pre-feasibility studies, project implementation, management training, capacity building, and pre-loan audits. These activities target a number of priority areas, including agribusiness, business and finance, energy, institutional development, municipal infrastructure and services, SME support, and transport. The strategic focus of technical assistance has moved over time in the direction of the less advanced member countries of the CEI, in order to help them reach EU standards.

Since its inception, the Italian Government through the CEI Fund at the EBRD has committed more than €23 million towards 130 Technical Cooperation assignments (see Annex 5). These projects have been coherent with the framework and general objectives of the EBRD and other international financial institutions (IFIs) and have represented a fundamental means of development for the CEI countries of operations.

## Investment links

One of the objectives of TC projects at the EBRD is to support the Bank's investments and loans, either at the project preparation or at the project implementation phase. As such, TC projects are often related to international loans and investments. It should be underlined that the CEI has undertaken projects which yield high co-financing ratios. Between 1993 and 2014 the CEI Fund dedicated more than €23 million to technical assistance operations (including more than €14 million used to support projects directly related to international investments).

In the period 1993 to 2014 these TC projects, funded by the CEI Fund at the EBRD in the countries of operations, were able to mobilise about €4.8 billion of international investments<sup>2</sup>. The EBRD alone contributed to those investments for approximately €2.9 billion<sup>3</sup>.

A Total Investment Ratio (TIR) can be calculated, to show how many euro the international community invested for each euro granted by the CEI Fund for TC projects. Between 1993 and 2014 the TIR is estimated to be 1:206. The EBRD's share, alone, is expected to reach approximately €123 for each CEI Fund euro dedicated to TC projects: this represents the EBRD Investment Ratio (EIR).

<sup>2</sup> Out of this total, €75 million of EBRD investments are expected to be mobilised by TC assignments approved in 2014.

<sup>3</sup> See footnote 3.

### Chart 2.1.

**Total Investments linked to the CEI TCs**  
(share of €4.8 billion of total linked investments)



**Total Investment Ratio = 1:206**

Total Investments/ Total committed CEI grants<sup>4</sup>

**EBRD Investment Ratio = 1:123**

EBRD Investments / Total committed CEI grants<sup>5</sup>

<sup>4</sup> Total committed CEI grants refer to more than €23 million committed for TC projects.

<sup>5</sup> See footnote 4.

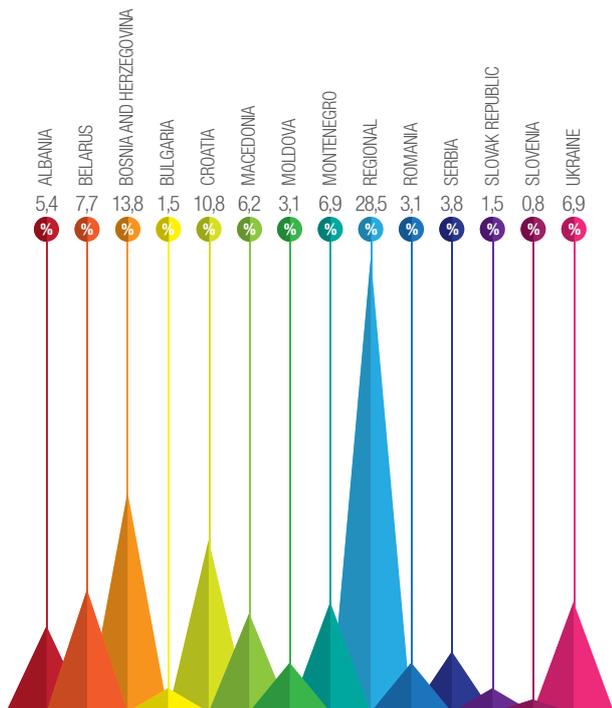
### Geographic distribution

The distribution by country of TC projects and their cumulative committed value since 1993 demonstrate the CEI Fund's focus on regional projects. Almost half of the resources (€10.2 million) were committed for regional operations through 37 TC assignments. With respect to country allocations, the initial focus on central European countries (which have since become EU members) has

shifted towards the Western Balkan states and the CEI European Neighbourhood Policy (ENP) countries. The charts below illustrate the geographic distribution of TC projects by number of assignments and their value over the period 1993-2014.

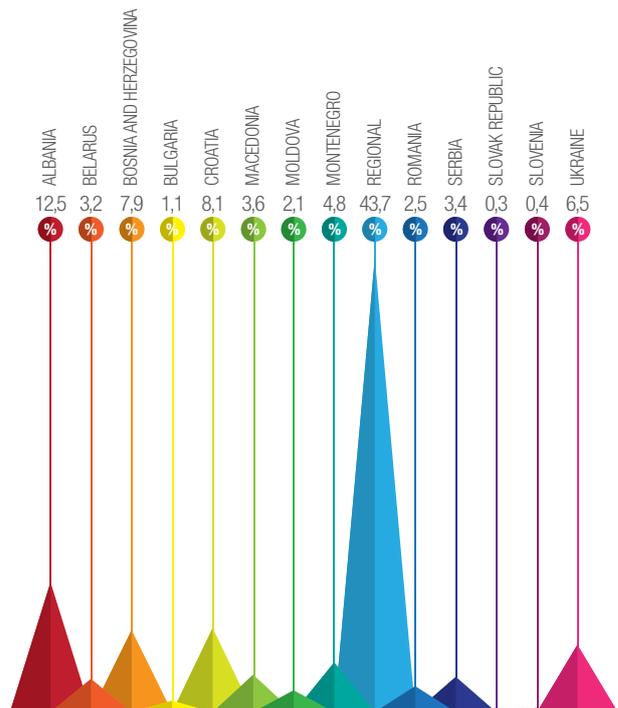
### Chart 2.2.

**Cumulative distribution of TC assignments by country, 1993-2014** (share of a total of 130 assignments)



### Chart 2.3.

**Cumulative distribution of TC assignments by country, 1993-2014** (share of total committed grants of €23,395,889)

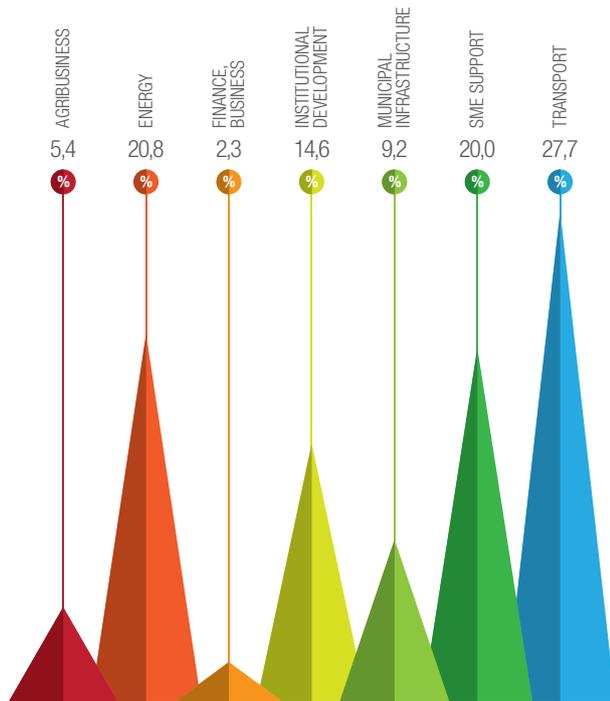


## Sectors covered

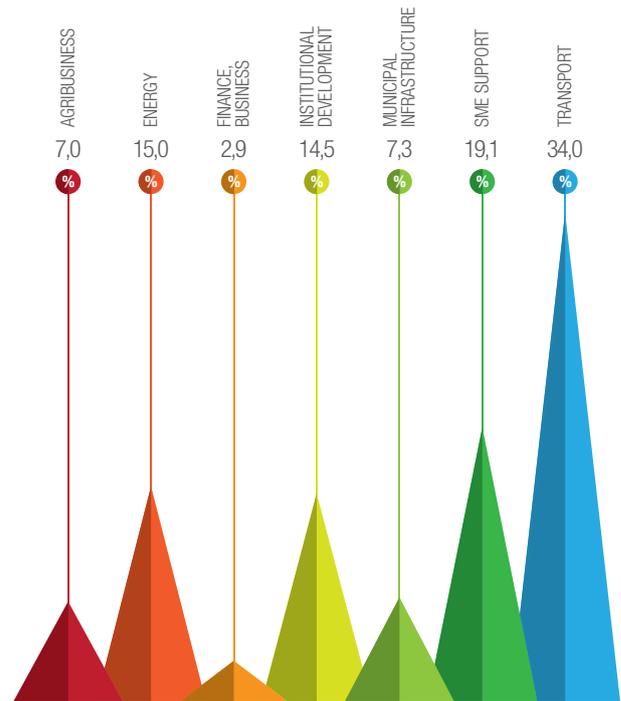
Sector allocation analysis indicates seven main areas of operations in which the CEI has funded TC projects: agribusiness, business and finance, energy, institutional development, municipal infrastructure and services, SME support, and transport. According to this categorisation, transport is the sector that has benefited from most of the

TC funds, followed by SME support and energy. The charts below illustrate the sector distribution of TC projects by number of assignments and their value over the period 1993-2014.

**Chart 2.4.**  
**Cumulative distribution of TC assignments by sector, 1993-2014** (share of a total of 130 assignments)



**Chart 2.5.**  
**Cumulative distribution of the value committed through assignments by sector, 1993-2014** (share of total committed grants of €23,395,889)





# Technical Cooperation Assignments Approved in 2014

# 02

**Table 2.1. List of TC assignments approved in 2014**

COMMITMENT NUMBER	COMMITMENT NAME	COMMITTED €	SECTORS OF OPERATIONS	COUNTRIES OF OPERATIONS
To be assigned	Preparation of Preliminary Design and Detailed Design for a new Passenger Terminal at Tivat Airport	300,000	Transport	Montenegro
To be assigned	Utilisation of Biomass Residues in Primary Agriculture and Food Processing Sectors	150,000	Energy	Regional
CEI2-2014-07-06	Montenegro Agency for the Protection of Competition	48,428	Institutional development	Montenegro
<b>Total</b>		<b>498,428</b>		



# Preparation of Preliminary Design and Detailed Design for a new Passenger Terminal at Tivat Airport

<b>COMMITMENT NUMBER</b> . . . . .	to be assigned
<b>VALUE</b> . . . . .	€300,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Montenegro
<b>SECTOR OF OPERATIONS</b> . . . . .	Transport
<b>PLANNED DURATION</b> . . . . .	Six months
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€30 million

## SUMMARY DESCRIPTION

Tivat Airport plays a significant role in the sustainable development of the tourism industry in Montenegro. In terms of the continuous traffic growth, the existing capacity of the passenger terminal area has proven to be insufficient, hence implying a need for substantial expansion of the capacity, to meet present and future traffic demands. A state location study related to the Airport provides for construction of a new passenger terminal that, along with the existing passenger terminal, should optimise comfort and smooth passengers flow in the following decade.

The existing terminal was built in 1971 and completely refurbished in 2006. Currently it has a total internal area of 4,052m<sup>2</sup>. Although the reconstruction improved the effectiveness of passengers processing, structural constraints of the terminal came as a limiting factor for a long-term enhancement of capacity. This constraint primarily refers to the insufficient depth of the building, i.e. very limited space available in front of the check-in counters. Based on international standards, the terminal building is under-sized for the peak-hour passenger throughput. The insufficient capacity identified for all functional units, prevents any substantial increase of the capacity by means of reconstruction within the limits of the existing terminal. Therefore, the only sound solution would be the construction of a new terminal, which would form an integral facility with the existing terminal and meet an acceptable level of passenger services during peak hour operations. To meet the previously mentioned demand, earlier documents suggested the construction of an additional building of approximately 6,000m<sup>2</sup>.

The new passenger terminal facility, together with the existing one, shall meet the projected increase in passenger traffic at Tivat Airport, enabling an acceptable peak-hour services level at least until 2025.

The present TC assignment will provide a design analysis of possible functional concepts of new and existing terminals, a proposal of an optimal Concept Design and the development of Preliminary and Detailed Designs based on the adopted technological concept of the new passenger terminal at Tivat Airport. In details:

- preparation of a Concept Design through an analysis of possible technological solutions of new and existing passenger terminals, from a perspective of operational efficiency and operational costs;
- preparation of a Preliminary Design through the technical elaboration of a general concept and layout as provided for in the Concept Design, with an aim to determine the optimal solution for all project packages in terms of economical, operational, technological, aesthetical, technical and environmental requirements;
- preparation of a Detailed Design through a comprehensive technical elaboration of a Preliminary Design required to obtain a building permit, and at a level of elaboration sufficient to enable: (i) a reasonable modelling of all parts of the facility; (ii) selection of the optimal construction method; (iii) development of a detailed bill of quantities and bill of costs; (iv) preparation of tender documents for construction of the concerned facility;
- preparation of an Outline Design, representing an abstract from the Detailed Design and containing key drawings, specifications, bill of quantities, and other relevant elements and data, which are necessary for the preparation of bid and tender documents for construction works. The Outline Design shall be prepared upon completion of the Detailed Design.

# Utilisation of Biomass Residues in Primary Agriculture and Food Processing Sectors

<b>COMMITMENT NUMBER</b> . . . . .	to be assigned
<b>VALUE</b> . . . . .	€150,000
<b>COUNTRIES OF OPERATIONS</b>	Regional (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia)
<b>SECTOR OF OPERATIONS</b> . . . . .	Energy
<b>PLANNED DURATION</b> . . . . .	Ten months
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€45 million

## SUMMARY DESCRIPTION

The EBRD's energy sector investments are closely integrated with its technical cooperation activities. Donor partnerships enable these activities and help the Bank to better address challenges in the energy sector, by providing targeted support to promote markets, reduce energy intensity, and support low carbon solutions. The technical support given in this way to governments, regulators, and private sector clients, is an intrinsic part of the Bank's work and substantially contributes to its transition mandate.

Amongst other renewable resources the EBRD supports the growing use of biomass, that do not suffer from the intermittency problems of wind or solar, and where many of the Bank's countries of operations, with their large forestry or agribusiness sectors, have strong resources.

This TC assignment would support the EBRD's financing investments, both through the EBRD direct lending products and through the EBRD credit lines, targeting SMEs in primary agriculture and food processing sectors. In addition, this technical assistance project is consistent with the objectives and the operational approach defined by the EBRD "Sustainable Resource Initiative", a tool recently developed by the Bank that focuses on resource, material and water efficiency in order to help the Bank's corporate clients introducing energy efficiency improvements.

Donors' funds are required, considering the limited information on characteristics of waste stream, geographical location, and market/regulatory barriers preventing the effective utilisation of waste residues in the agribusiness sector. Private enterprises and public institutions, lack the capacity to develop a comprehensive understanding of market opportunities and of the actions required to develop infrastructure, logistics, farming practices, management capability, financial products, and regulatory set up, which would enable the development of such opportunities.

The activities of this TC assignment foresee two phases:

**Phase I – Agribusiness Waste Streams Mapping**  
Phase one consists of a review of the type and volume of major residues generated in primary agriculture and food-processing sectors in the targeted countries, their current prevailing uses and the relevant commercial and regulatory drivers in place in the country.

**Phase II – Review of Alternative Routes to Markets**  
The aim of Phase II is to analyse all the most significant possible uses of residues beyond those currently in place, and already reviewed within Phase I, such as conversion into biofuels, production of insulation materials, fertilisers before/ after anaerobic digestion, bio-plastics, or other intermediate products suitable for use as feedstock in other sectors (e.g. pulp and paper).



# Montenegro Agency for the Protection of Competition

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2014-07-06
<b>VALUE</b> . . . . .	€48,428
<b>COUNTRY OF OPERATIONS</b> . . . . .	Montenegro
<b>SECTOR OF OPERATIONS</b> . . . . .	Institutional development
<b>PLANNED DURATION</b> . . . . .	Four months
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	not applicable

## SUMMARY DESCRIPTION

The EBRD has a successful track record of structuring transactions to promote transition. However, moving countries further up the transition curve is not only about investments: it is about improving policies, institutions and economic structures. In this framework, the Bank has recently started to pay more attention to the need of enhancing impact through more structured policy dialogue and targeted technical cooperation interventions. The Bank recognises the need to create an environment that makes reforms more likely and improves their implementation, targeting areas such as control of corruption, the rule of law, and institutional quality, thus promoting a better investment climate. For these purposes the EBRD recently launched a new programme, the “Investment Climate and Good Governance Initiative”, which has been designed to promote good governance and improve business climate in the Bank’s countries of operation - including the CEI Fund’s ones - illustrating the need of putting more efforts into policy dialogue measures in order to foster transition.

In this framework, this TC assignment targeting Montenegro aims at improving the competition policy in the country. In fact, although reforms have been introduced in the years since independence, Montenegro faces a number of important transition challenges, as it aims to achieve sustainable growth in the economy and further advance in the EU approximation process. In the forthcoming strategy period, the Bank will address a number of crosscutting challenges, including expanding the economic base by enhancing competitiveness. This TC assignment regards this specific challenge.

Montenegro’s current “transition rating”, in relation to competition policy, is 2.0 out of a possible 4.5. To make

progress, Montenegro must demonstrate greater efforts on the part of the regulator, the Agency for the Protection of Competition (APC), taking active measures to limit abuse of market power and to promote a competitive environment, including the removal of market entry restrictions.

Two areas have been identified where the APC’s capacity needs require strengthening. First, the APC’s members need greater understanding of key underpinning economic concepts that are critical for an effective enforcement of the competition policy. Second, the APC requires targeted training on best practice, in relation to merger assessment and evaluation criteria.

Merger control has constituted one of the APC’s principal activities since its establishment. However, no instruction has yet been provided to the APC members on this subject.

The APC has requested the EBRD’s assistance in preparing and delivering training in these areas.

Through this TC assignment a training programme on microeconomic underpinnings of the competition policy, including use of econometric methods, analysis of merger regulation and practice in the EU, and how they are relevant for handling cases before the APC will be organised. Training would be provided to approximately 20 participants, including case handlers, director of the APC, director of the directorate in the Ministry of the Economy, and other staff to be agreed.

Success will be measured against the following indicators: (a) demonstrated increases in knowledge of training participants through appropriate testing; (b) the ex-post collection of information from trained personnel, confirming that they have used their new knowledge and skills in their work (this contemplates follow-ups with participants for several months after the end of training).

# Technical Cooperation Assignments Closed in 2014

# 02

**Table 2.2. List of TC assignments closed in 2014**

COMMITMENT NUMBER	COMMITMENT NAME	COMMITTED €	SECTORS OF OPERATIONS	COUNTRIES OF OPERATIONS
CEI2-2012-04-01	Montenegro: Energy Efficiency Action Plan for ZPCG	150,000	Transport	Montenegro
CEI2-2012-12-11	Montenegro: Energy Efficiency Action Plan for ZPCG - Extension	20,000	Transport	Montenegro
CEI-2012-07-02	Energy Efficiency Programme for Corporate Sector - CEI - D'Appolonia - Moldovan Railways	47,250	Energy	Moldova
CEI2-2013-01-02	Public-Private Policy Forum Dairy Sector	28,165	Agribusiness	Ukraine
CEI2-2013-07-12	Energy and Resource Efficiency Programme for the Corporate Sector: CEI - production of fertilisers from agribusiness wastes: technical and market potential in Ukraine and Western Balkans	49,850	Energy	Regional
CEI2-2014-03-02	Enhancing Public Procurement Professionalism - Master's second edition	40,000	Institutional development	Regional
<b>Total</b>		<b>335,265</b>		



# Montenegro: Energy Efficiency Action Plan for ZPCG and Extension

**REFERENCE NUMBER** . . . . . CEI2-2012-04-01 / CEI2-2012-12-11  
**VALUE** . . . . . €150,000 + €20,000  
**COUNTRY OF OPERATIONS** . . . . . Montenegro  
**SECTOR OF OPERATIONS** . . . . . Energy  
**EXPECTED RELATED INVESTMENT** . . . . . €31 million

Four independent railway companies operate the railway system in Montenegro: Railway Infrastructure of Montenegro (ZICG), responsible for the railway track; Railway Transport of Montenegro (ZPCG), a passenger operator; MonteCargo AD, a freight operator (all three majority-owned by the state) and OVZS, a spin-off created from ZPCG, responsible for maintaining rolling stock (Maintenance Company).

In 2009, the Bank signed a loan with ZCGI to finance the completion of a priority track rehabilitation programme on the main branch-line of the Montenegrin rail network. It also provided funds to the passenger operator, ZPCG, to urgently finance required renewal of passenger rolling stock and part-finance the final phase of the labour restructuring programme in 2010. At that time, TC provided by the Bank revealed high-energy costs in the rail sector in Montenegro, and suggested a series of measures to be implemented in ZPCG.

Through this assignment, the clients (ZCGI, ZPCG and Montecargo) could undertake a more detailed assessment of energy use within rail operations in Montenegro, and review energy efficiency and greenhouse gases emission reduction opportunities, associated to dedicated investments and improved management practices. Identified opportunities consist of energy efficiency enablers, as well as energy saving and operational measures.

The first category - energy efficiency enablers - includes actions aimed at providing appropriate knowledge and tools, in order to save energy for both traction and non-traction operations, such measures are not energy saving actions as such, but they are enablers, allowing the company to achieve considerable energy savings with a relatively low investment.

The second group - energy saving and operational measures - includes investments for revamping the current fleet of rolling stock, equipment, and systems, which directly assures energy saving compared to the current situation.

Some interventions can be applied both to ZPCG and ZICG, as well as some others, specific for each company.

Common measures could be summarised as follows:

- introduction of an Energy Management System (EMS) according to the ISO Standard 50001, including the establishment of an Energy Efficiency Team committed to energy management, and the implementation of an Energy Management Information System (EMIS - i.e. a tool for monitoring and elaborating energy performance data and showing such information to the interested people in the company);
- network upgrade (electrification).

Specific measures for ZPCG are:

- training for energy efficient train driving and possible incentives schemes;
- revamping existing rolling stock, covering locos, shunters and Electrical Multiple Units (EMUs);
- refurbishment campaign of the administrative building at Podgorica station.

Measures dedicated to ZICG are:

- review of energy contractual arrangements, in order to provide ZPCG/ZICG with effective possibilities to achieve energy saving;
- modernisation of electric substations, through the replacement of power transformers;
- refurbishment campaign of main depots/administrative buildings (Podgorica station complex, Bijelo Polje station, and other railway stations);
- network upgrade, including plans for the electrification of the railway network and a renewal process of the signalling system (through the installation of LED based signals).

A quantitative assessment of the identified energy efficiency measures has been performed through this assignment concerning, in particular, physical energy savings, environmental benefits (reduced CO2 equivalent emissions), investment cost estimation and profitability, considering revenues from energy savings.

As a result, a possible strategy for the implementation of the proposed energy efficiency measures has been drafted, with a total implementation cost of €21 million for ZPCG and €10 million for ZICG.

Through this assignment, foundations for ZPCG to introduce the energy efficiency strategies into the business plan were established, through the appointment of responsibilities, the definition of performance indicators and other practices of efficient environmental management. One of the key measures was the implementation of an EMIS software able to monitor energy performance through collection and analysis of energy related data. This does not reduce energy consumption itself but it provides, through the monitoring, detailed information about where and how much energy is being consumed, allowing taking proper actions if needed.

In the framework of this assignment, it has been also defined the architecture and specifications of the EMIS, identifying the Key Performance Indicators to be monitored,

the group of users, and their level of accessibility. The system specifications also include the definition of the EMIS main functions, input, and output data. The possible interfaces of the tool with existing software have also been analysed, identifying the main information that can be used by the EMIS. On this respect, considering the presence of different companies (i.e. ZICG, ZPCG and MonteCargo), the consultant proposed a configuration of the architecture constituted by one EMIS at the Infrastructure Manager, granting access to any Operator interested in getting energy related information on their operations.

The outcome of the assignment is a strategic tool supporting this organisational restructuring and the overall effort of Montenegro Rail Sector, to improve its performance in the use of resources and environmental management. The client has now the understanding of the roadmap and the measures that need to be implemented in order to reduce energy consumption in the rail sector.



# Energy Efficiency Programme for Corporate Sector

## - CEI - D'Appolonia - Moldovan Railways

REFERENCE NUMBER . . . . .	CEI-2012-07-02
VALUE . . . . .	€47,250
COUNTRY OF OPERATIONS . . . . .	Moldova
SECTOR OF OPERATIONS . . . . .	Energy
EXPECTED RELATED INVESTMENT . . . . .	€100 million

Calea Ferata din Moldova (CFM) is the only railway operator in Moldova, and is responsible for passenger and cargo transportation, as well as the railway infrastructure maintenance. In preparation of a loan transaction with EBRD, this assignment provided a review of energy and environmental performance of the company, which was at that time undergoing a restructuring process. Five departments were formed (Infrastructure, Freight, Passengers, Social Properties, Economy and Finance) with a view of establishing different infrastructure management and transport operations companies.

In 2013, fuel and energy represented around 30% of the CFM operating expenses, significantly higher than other rail systems. This makes CFM one of the largest energy consumers in Moldova. The measures identified by this TC assignment in order to reduce such consumption are:

- an Energy Management System (EMS), including an Energy Management Information System (EMIS - i.e. a tool for monitoring and elaborating energy performance data and showing such information to the interested people in the company) and an Energy Efficiency Team committed to energy management;
- options for energy efficiency improvements at the infrastructure and wayside, such as plans for the electrification of the railway network and a renewal process of the signalling system (through the installation of LED based signals);
- options for energy efficiency improvements on rolling stock, covering revamping/renewal of Diesel Multiple Units (DMUs), Electrical Multiple Units (EMUs), shunters and locos;
- options for energy efficiency improvements at the built environment, renewal of all energy meters, renewal of electric substations and identification of potential areas for energy efficiency improvements.

On the basis of the identified energy efficiency measures, which amounted to over €100 million, the consultant drafted a strategy for the implementation of such measures within CFM. Such strategy is divided into three different phases, in accordance with the priorities of intervention, given the poor financial situation of the company:

- the first phase is dedicated to the establishment of an EMS (i.e., energy efficiency team, energy efficiency procedures, energy consumption tracking). Moreover, a process of modernisation of the fleet is foreseen, starting from DMUs for domestic passenger services and the renewal of freight locos;
- the second phase, to start after the completion of the restructuring of the company and the renewal of the network and rolling stock, will be dedicated to the modernisation of the fleet (revamping shunters and renewing freight locos), and to the certification of the EMS established during phase 1;
- a third phase would be more focused on improving the energy efficiency at the built environment, completing the metering of energy use and implementing a full scale EMS. This last phase will also include the renewal of electric substations (110/10 kV) and signalling lamps, as well as the renewal of electric locos and EMUs.

Following the consultant's recommendations, the Bank agreed to finance the first phase of this action plan. In particular, the loan signed in November 2014 included the acquisition of around 10 new multi-purpose locomotives and the pilot refurbishment of the first five DMU trains, in order to offer a higher quality service and energy efficiency benefits. The loan also included the establishment of a dedicated EMU, new procedures for energy monitoring, and modern information systems, for which an incentive fee has been secured from the EBRD Shareholder Special Fund, and donor-funded TC has been secured from Czech Republic.

## Public-Private Policy Forum Dairy Sector

REFERENCE NUMBER . . . . .	CEI2-2013-01-02
VALUE . . . . .	€28,165
COUNTRY OF OPERATIONS . . . . .	Ukraine
SECTOR OF OPERATIONS . . . . .	Agribusiness
EXPECTED RELATED INVESTMENT . . . . .	not applicable

Ukraine carries great potential across the whole agribusiness sector and is capable of helping to address global food security challenges over time. Specific challenges in the sector include raising farming efficiency and yields, improving farmers' access to financing, developing storage, transport and distribution infrastructure, modernising food processing and agricultural processing especially in industries with strong linkages to other sub-sectors, across the whole economic value-added chain, and supporting the development of local companies with high potential, which have been among those hit the hardest by the crisis.

In the framework of the cooperation programme between the EBRD and the Food and Agriculture Organisation (FAO), this assignment enabled the Bank to understand the needs and interest of the Ukrainian dairy businesses and identify what role EBRD and FAO could play in it. The key objective of this assignment was to organise the Ukraine Dairy Market Forum, which took place in Kiev on 23 April 2013, in order to launch a policy dialogue between the EBRD, the FAO, key market regulators and players.

The Forum brought together senior sector specialists and practitioners from the Ministry of Agrarian Policy and Food of Ukraine, leading associations from the industry, domestic and foreign dairy companies, as well senior sector experts from the FAO and the EBRD. Participants of the Forum planned to set up a Working Group (WG), which will be looking at issues related to the assessment of the dairy industry investment needs, upgrade of milk farms, improvement of raw milk quality, and the overall improvement of the dairy industry standards, in order to ensure Ukraine's global competitiveness.

In the context of the Forum, the FAO and the EBRD presented findings from the recent Ukraine Dairy Market study, which reported that Ukraine has significant investment potential to improve the quality of milk and milk products through the development of modern commercial dairy farms.

Composed of government and industry representatives, the WG was officially formed in June 2013 with the mandate of reviewing the existing legislation related to the dairy sector of Ukraine and providing professional advice on new legislation, required to assure the sustainable development of this sector. It also helped coordinating market strategies and prices between milk producers and processors, based on transparent market evaluation mechanisms used worldwide. Leading international industry experts were also involved in specific discussions on key technical and marketing issues of the dairy sector.

In only eighteen months, the WG has proposed concrete revisions to existing legislation and contributed to drafting new regulations in areas such as the identification and registration of animals, feed and food products, agricultural cooperation, and the production of organic agricultural products.

The WG also engineered an agreement between milk processors and the Ukrainian Government allowing dairy companies to sell dry milk and butter to the Agrarian Fund of Ukraine, which was eventually signed in May 2014. The milk processors who agreed to maintain milk procurement prices - at a minimum of 4.2 UAH/l for industrial farms and 2.5 UAH/L for household farms - were able to participate in the tender. Thanks to this move, the Agrarian Fund of Ukraine was in a better position to guarantee milk supply in the winter months when supply generally decreases.

The WG also swiftly responded to the Russian trade ban on Ukrainian dairy. The ban resulted in the loss of a very significant export market, accounting for 80% of Ukraine's dairy exports. Thanks to the strong coordination among industry stakeholders, the total revenues from dairy exports remained nearly unchanged in 2014 from the previous year. Moreover, the ban encouraged several Ukrainian dairy companies to go through the certification process required for exporting to the European Union. Such certifications are an opportunity for accessing an important new market and for the sector to grow.

# Production of Fertilisers from Agribusiness Wastes: Technical and Market Potential in Ukraine and Western Balkans

REFERENCE NUMBER . . . . . CEI2-2013-07-12  
 VALUE . . . . . €49,850  
 COUNTRIES OF OPERATIONS . . . . . Regional  
 SECTOR OF OPERATIONS . . . . . Energy  
 EXPECTED RELATED INVESTMENT . . . . . not applicable

The objective of this assignment was to provide an overview of the feasible route to transform agribusiness residues into valuable fertilisers, the available technical options for converting them, or the selective extraction of valuable NPK (nitrogen phosphorus potassium) compounds. With a particular focus on the CEI region, the objective also included a review of the regulations and industrial standards that define the characteristics of the fertilisers sold in the market, and the challenges to be addressed for developing such business opportunities.

In the context of the EBRD recently launched “Sustainable Resource Initiative (SRI)”, the Bank endeavours to support investments for the reduction of wastes in transformation processes, through modernisation of production systems and reuse of waste streams – i.e. capturing the commercial value of waste materials, recycling, and using materials with lower environmental footprint. With particular focus on the development of sustainable agribusiness waste management practices, including biofuel production and conversion into valuable by-products, a priority area that still seems relatively unexplored - and certainly underdeveloped – the potential treatment of agribusiness wastes for the production of “recovery” fertilisers, with characteristics comparable/consistent with the international standards of the commercial chemical fertilisers.

From a legislative perspective, the production of recovery fertilisers and use is, at present, not adequately regulated. However, relevant legislation is in place particularly at European level, promoting the reuse of by-products (as different from waste), regulating the use of fertilisers especially in the context of organic farming and supporting resource efficiency. As a result, although not specifically covered by the legislation, production and usage of recovery fertilisers seems to be in line with the recommendations and prescriptions given by existing European legislation. In the context of voluntary standardisation of the recovery product, which in principle should boost uptake from the users while there is currently limited experience, a quite successful initial pilot programme was developed

in the United Kingdom. This included the development of a standard for the recovery fertilisers (Publicly Available Specification 110:2010), which was developed by the British Standards Institution in cooperation with Waste and Resources Action Programme and which defines the minimum quality of the waste generated by anaerobic digestion plants, in order to use it as fertiliser or soil improver. This standard has been developed in order to support the marketability of digestate and encourage the introduction of clear guidelines and more sustainable practices in the area of biodegradable waste. The main benefits resulting from the application of such standard, and the related certification scheme, include the abatement of bureaucratic barriers and an increased confidence of producers and buyers.

From a technology perspective, there is market evidence of a number of different processes and technologies that are currently either being developed or already at a commercial stage, to process agribusiness residues and convert them into recovery fertilisers. These plants are mostly operational in western Europe. In the majority of the cases analysed, the treatment train is composed of two phases:

- an anaerobic digestion plant used to stabilise waste, developing an output stream (digestate) suitable for the production of recovery fertilizers and biogas, which can be used to generate electricity and heat with a relevant associated revenue;
- the actual recovery fertilisers production plant, in which digestate undergoes a number of different treatments such as a solid/liquid separation, a membrane filtration and/or a mineral nutrient extraction, allowing the production of fertilisers or mineral nutrients (e.g. struvite or ammonium sulphate).

In some cases, the anaerobic digestion phase is not necessary, as the stabilisation is carried out with other systems, such as composting.

The main conclusions were:

- in all countries there is large availability of agribusiness wastes, currently landfilled or spread on land;
- the development of a market for recovery fertilisers in the region is potentially feasible and economically profitable, under relevant conditions, influencing both supply and demand;
- there is a number of mature processing technologies for the conversion of agribusiness wastes into fertilisers, with either demonstration plants or commercial facilities in operation (e.g. Italy and Germany);
- main barriers in the CEI region include (a) the absence of a specific legislative framework regulating waste disposal, and (b) the need to build confidence in farmers on the quality and reliability of recovery fertilizers vis-à-vis commercial fertilisers (cultural resistance to change);
- main drivers in the region are considered to be:
  - a. policies at national level, aimed at developing best practice and organic agriculture practices;
  - b. activities and awareness campaigns on environmental issues and resource efficiency, targeted to both farmers and consumers;
  - c. speeding-up of EU membership and consequent legislative harmonization on resource efficiency;
  - d. development of quality standards for recovery fertilisers, replicating the successful experience in the United Kingdom.

The study provided the EBRD with a better view of the options that can be proposed to existing and potential clients, when waste minimisation and reutilisation solutions are being considered as part of investment programmes. Some of the alternative routes highlighted in the report were, for instance, embedded in the Danosha<sup>6</sup> project financed by the Bank in Ukraine in 2014, on the generation of biogas from agribusiness wastes and the further processing and utilisation of the fertiliser recovered as a by-product from the biogas facility.



<sup>6</sup> The Bank is extending a €35 million loan to Danosha, a leading vertically integrated pig producer in Ukraine. It is a subsidiary of the Denmark-incorporated Axzon Group. With the help of the EBRD support, the company will improve its biological security and animal welfare standards in line with EU regulations. The loan will also support the construction of two biogas plants at the existing farms in Ivano-Frankivsk region (western Ukraine), which, once completed, will jointly generate over 15,000MWh electricity and heat per year. It is also expected that the biogas plants will help significantly reduce GHG emissions at the sites.

# Enhancing Public Procurement Professionalism Master's Programme second edition

REFERENCE NUMBER . . . . . CEI2-2014-03-02  
VALUE . . . . . €40,000  
COUNTRIES OF OPERATIONS . . . . . Regional  
SECTOR OF OPERATIONS . . . . . Institutional development  
EXPECTED RELATED INVESTMENT . . . . . not applicable

## INTRODUCTION

The International Master's in Public Procurement Management (IMPPM) in English, in association with the EBRD, was launched in 2013 as a joint programme to respond to the transition development needs in Procurement of EBRD member countries. The excellent results achieved with both the First and Second Generation master's courses serve as basis for the continuation and consolidation of the IMPPM programme. Further technical assistance, including financial assistance in the form of scholarships for selected candidates from EBRD countries, is needed for the IMPPM to become a sustainable and permanent programme at Tor Vergata University (TVU) in Rome, Italy.

## IMPPM PROGRAMME OBJECTIVE & DESCRIPTION

The objective is to build capacity in Procurement through a comprehensive and structured English language IMPPM Programme, designed to address the training needs of senior managers of public procurement authorities and other major public entities in the EBRD countries of operation, while also enhancing public procurement professionalism. Graduates from the IMPPM are recognised as future leaders in policy dialogue with the EBRD and champions of the procurement reform process in their home countries. The learning concept is a combination of academic and work-placed experience, as well as hands-on activities, developed in training modules covering relevant topics of best procurement practice. The IMPPM, hosted by the Faculty of Economy at the University of Tor Vergata (TVU), is designed to cover: Country Procurement Strategy and Organisation; Legal Framework and Procurement Law; Procurement Purchasing Strategy and Procedures; Procurement Cycle and Planning; Economic Analysis of Markets and Products; considering ethical aspects and red flags, as well as practical tools for efficient procurement, all focused on the achievement of economic results and added value.

IMPPM, a one-year executive Master's (training) Programme, consists of in-presence class units for a duration of 4 months, taking place at the TVU Campus in Rome and including traditional didactic lectures, balanced with case studies and seminars covering specific topics of the procurement function issues. The remaining nine months' activities are by distance learning.

## SECOND YEAR IMPPM PROGRAMME (IN PROGRESS)

The Second year has involved 15 EBRD-sponsored students from a total of 33. During the 4 months in-presence classes, lectures and other training activities are being held at TVU in Rome, including contributions and seminars by senior professional staff from the EBRD

Procurement Department. After completing a further 9 months of learning activities by distance learning, students will be required to submit their final dissertation, which will be discussed within one month from the end of the course. Upon successful completion of the course, a Master's degree will be awarded by the Master's Executive Committee.

## IMPACT AND IMPROVEMENTS

Impact. Securing a sustainable path is essential to create a critical mass of proficient and highly trained procurement professionals who can boost the advancement of Public Procurement in their own countries. Therefore, it is necessary to maintain the supply of EBRD scholarships to candidates from EBRD countries of operations also for the Third Generation of IMPPM's students. The excellent results achieved so far will boost the penetration, by ripple effect, of training/trainers from the recipient countries. Building knowledge in Procurement management will also reduce the fiduciary risk of EBRD in implementing investment projects financed through EBRD loans and will contribute to a more efficient utilisation of national budgets. The continued support of IMPPM in English will also contribute towards a sustainable IMPPM offering at TVU.

Improvements. Based on the lessons learned from both First and Second Generation Programmes, during the third year improvements shall be incorporated to the IMPPM to further adapt to the needs of professionals from different backgrounds, cultures and nationalities and thus enhance a new culture of public administration, excellence, know-how and value.

## THIRD GENERATION

Rationale for supporting the Third Generation IMPPM pivots on the fact that good results from the first two generations have increased the demand for capacity building in public procurement within EBRD client public entities, as the acquired knowledge could immediately be applied for better organisation and strategy of procurement in implementing projects financed through EBRD loans. These organisations have recognised the advantage of having their own specialists trained to resolve procurement issues and to implement projects more efficiently, avoiding the high cost of engaging consultants to perform such duties.

These clear benefits to all EBRD stakeholders and clients, supported by an increased demand to continue with the Third Generation IMPPM, is confronted with the reality that most public entities do not have funds available to provide scholarships to their employees and sponsor their capacity building in procurement. In the past two generations, EBRD clients have demonstrated their unambiguous commitment to co-finance and contribute, as best as they can, towards

the personal development of their procurement officials. In truth, in proportion to their means such contributions were substantial. However, while commitment is serious, they cannot do without financial assistance. Such grants would provide coverage for tuitions and accommodation, which at TVU are quite modest when compared with the average costs of other institutions.

The EBRD Procurement Department and Policy Unit wholeheartedly support this investment in high-quality capacity building, which constitutes an important element of policy dialogue with the countries of operation, necessary to mitigate corruption and serious inefficiencies in the administration of public expenditure.

### FIRST AND SECOND GENERATION RESULTS

Results and experience can be categorised as very successful, contributing both to the professional uplifting of the participating students and the capacity enhancement of Procurement Agencies from the EBRD countries of operation. All of the First Generation students graduated successfully and were reincorporated into their home entities. Knowledge and skills gained in different areas were immediately and readily used back in the workplace. All of the Second Generation students have successfully mastered the first part of the campus-based course, which terminated at the end of July 2014 and are now in the process of starting a compulsory hands-on 3-month stage in their own entities, or as fellows in other organisations, working on procurement topics and applying their recently gained knowledge.

Monitoring of learning progress was done using customary Masters level exam methods, consisting of mid-term and final exams that enabled to record individual student's proficiency. Results were very encouraging: Second Generation EBRD sponsored students have demonstrated

their skills and gained knowledge by passing all exams. On average, their performance has been very good and slightly above the average score of the class. Second Generation students showed better results compared to the First Generation ones. This can be mainly attributed to a programme re-tooling made jointly by TVU and the EBRD and based on lessons learned from First Generation. The best students from both generations came from EBRD funded scholarships, confirming the Bank's careful scrutiny of the selection process.

### STUDENTS SELECTED THROUGH THE EBRD SCHOLARSHIP PROGRAMME

9 students in the First Generation and 15 in the Second Generation were selected by the EBRD Procurement office and confirmed by the Master's Council. They arrived from Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Moldova and Serbia. Their home institutions are both central procurement administrations and public utilities. The EBRD and TVU's joint recruiting strategy resulted in added benefits to EBRD. A group of 11 students, all from EBRD client entities, has also been sponsored by the Italian Government, bringing the final score to 26 EBRD students out of 33 and making the Second Generation a true EBRD Generation.

### CONCLUSIONS

The joint work of the EBRD and TVU, as well as the continuous support of the CEI, has permitted to successfully delivered two generations of the IMPPM. The experience has allowed identifying opportunities for improvement, based on feedback from students, professors and EBRD experts, which will be used to fine-tune the programme for the Third Generation.





# Know-how Exchange Programme

The CEI Know-how Exchange Programme (KEP) is an instrument dedicated to offering co-financing to projects and programmes, focused on the transfer of know-how and best practices from EU to non-EU member states of the CEI. As such, the KEP offers grants to institutions from EU countries willing to share their experience with their partners in the non-EU CEI countries.

The CEI Fund at the EBRD has provided financing to KEP projects since the Programme's launch in 2004. Since then, the interest over KEP among the applicants has steadily increased. To date, 73 projects have been approved under the KEP in the period 2004-2014 for a total CEI Fund committed contribution of about €2 million (see Annex 6). Given its nature as a co-financing Programme, the total value of all 73 KEP projects supported by the CEI Fund at the EBRD so far, is more than €11 million.

The success of the Programme encouraged other CEI member states to contribute financially to the KEP, in parallel to the financing provided since 2004 by the Italian Government. In 2008 the Austrian Government joined the

KEP, and since then it has contributed additional funds for Programme (KEP - Austria) managed by the CEI Executive Secretariat. Lastly, the Polish Ministry of Foreign Affairs also made ad-hoc voluntary contributions towards the KEP.

As shown in Chart 3.1, the projects supported by the CEI Fund at the EBRD targeted all non-EU CEI member states. The countries that benefited the most from direct KEP assistance, since the establishment of the Programme in 2004, were Moldova Serbia, and Ukraine, while the Western Balkan countries have been addressed by projects having a regional character. Chart 3.2 shows that the countries with most know-how providers were Italy and Poland, followed by Slovenia, Austria and Hungary. Bulgaria, Croatia and Romania are the countries that have been involved both as recipient and provider countries, because of their entrance in the European Union. Chart 3.3 illustrates a rather balanced distribution among all the areas of intervention: sustainable agriculture, capacity building, enterprise development, and sustainable energy.

## KEP Priorities

The priority areas of KEP intervention concern the following topics, grouped into three thematic headings:

### I. European integration, capacity building and market economy

- European integration
- Strengthening of the rule of law through the introduction of appropriate European standards
- Strengthening of capacities of the central administration
- Assistance in economic transformation
- Support to second-generation reforms
- Improvement of local labour market efficiency and development of the micro, small and medium-size enterprise sectors
- Strengthening of the administrative structures at regional and local levels
- Strengthening of the social advancement of recipient countries

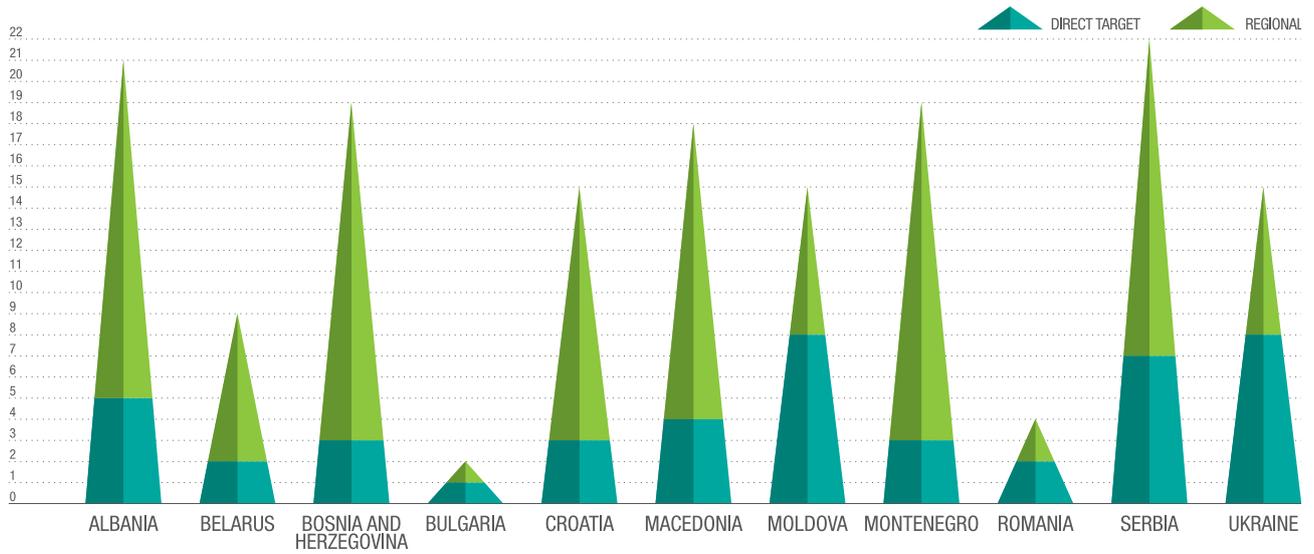
### II. Agriculture, energy and environment

- Energy (know-how transfers in the areas of energy efficiency, renewable sources of energy, clean energy and climate change)
- Environment (protection of the natural environment, waste management, water management and water resource development)
- Development of agriculture and rural areas (including food safety and food quality applications and regulatory standards, farm development plans, development of infrastructure for wholesale trade of agricultural products, training of specialists in farming-related areas; and promotion of rural and environmentally sensitive tourism)

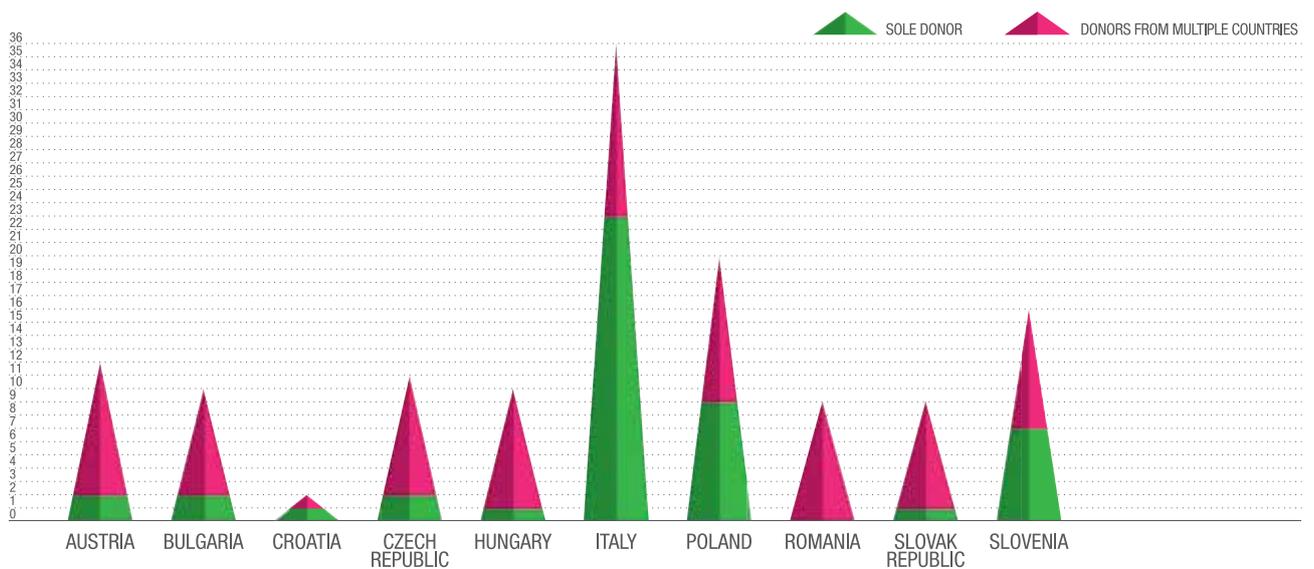
### III. Infrastructure planning and development

- Technical assistance for infrastructure development
- Development of Geographic Information Systems

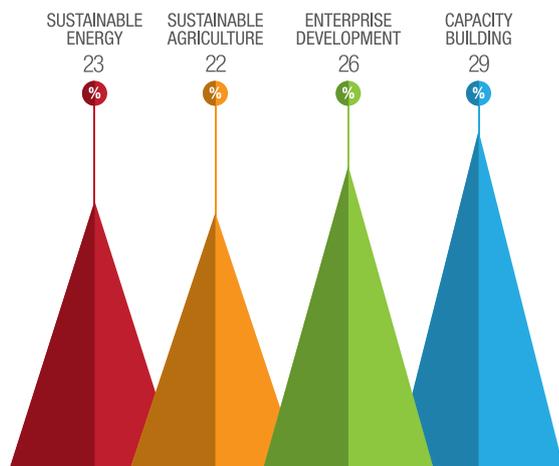
**Chart 3.1. Distribution of KEP projects by number of assignments according to the countries of know-how recipient institution(s). The projects with regional spread are highlighted in light green.**



**Chart 3.2. Distribution of KEP projects by number of assignments according to the countries of know-how provider institution(s). The projects that benefited from multiple know-how providers are highlighted in red.**



**Chart 3.3. Distribution of KEP projects by number of assignments according to the area of intervention.**



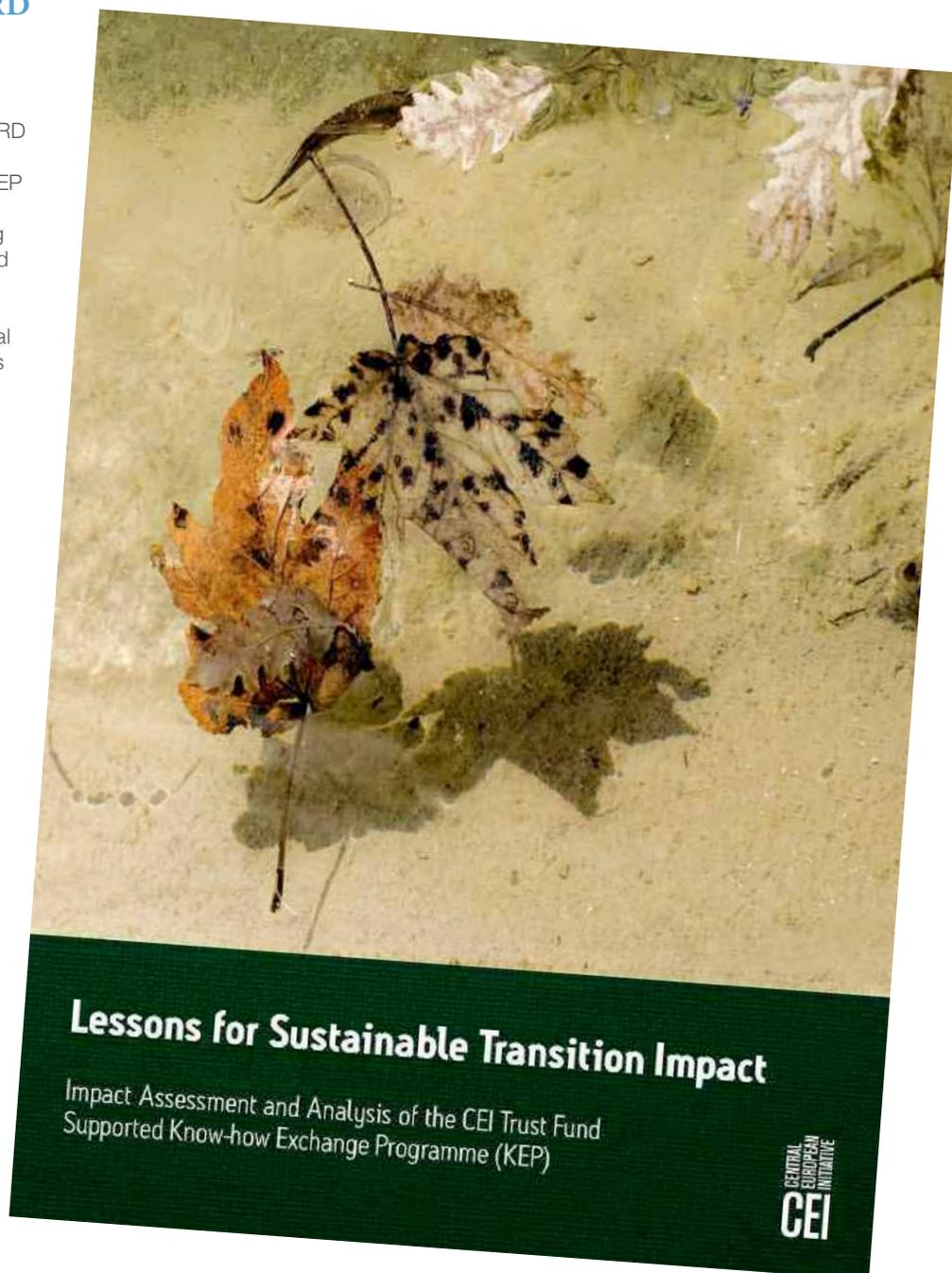
## The role of the Office for the CEI Fund at the EBRD in the management of the Programme

The Office for the CEI Fund at the EBRD manages the KEP programme and monitors the implementation of the KEP projects co-financed by grants from the CEI Fund at the EBRD. The strong operative links between the Office and the EBRD have had a positive impact on the definition of the Programme's priorities which, for the most part, deal with areas also covered by the Bank's operations.

The role of the Office for the CEI Fund at the EBRD is not limited to the provision of grants. It concerns, instead, the whole project cycle, starting from the initial screening and appraisal of applications, through the monitoring of project implementation, to ex-post evaluation of results. From time to time, the Office also assists partners in developing and streamlining project activities. In doing so, the Office for the CEI Fund at the EBRD actively supports the dialogue between the provider and the beneficiary of a KEP project, allowing for mutual understanding and boosting the active role of the recipient in project development. Based on its staff's experience with previous projects the Office is, among the actors of a KEP project, in the unique position of having seen which activities may have a higher potential impact. Staff, thus, makes recommendations on project activities, in order to best tailor assignments to the recipients' needs and capacities of assimilating know-how, while also taking best advantage of providers' expertise.

Additionally, the Office may also provide guidance throughout the project implementation. During the phase in which projects are effectively carried out, the Office conducts a continual process of monitoring to ensure the smooth execution of the know-how transfer. Lastly, as exemplified in the publication *Lessons for Sustainable Transition Impact*<sup>8</sup>, the Office continues to evaluate projects by analysing the impact and sustainability of their activities even after completion. This work of post implementation evaluation results in lessons learnt that feed into the Office's management of the entire Programme. The Office for the CEI Fund at the EBRD, through its hands-on approach towards each phase of the KEP project cycle, ensures that all these challenges are addressed and monitored quickly and efficiently.

In 2014, the Office for the CEI Fund at the EBRD launched a Call for Proposals for the selection of new KEP projects. In total, 70 project proposals were received for a total requested CEI contribution of more than €2.2 million and for a project total cost of more than €14 million. The received project proposals were evaluated against a set of pre-defined selection criteria and projects with the highest scores were granted funding (within the available budget). The Office for the CEI Fund at the EBRD carried out the evaluation of projects according to the best practices developed by the EBRD and according to the Bank's procurement rules.



<sup>8</sup> In 2011, the Office for the CEI Fund at the EBRD published *Lessons for Sustainable Transition Impact* – an impact assessment and analysis of KEP projects supported by the CEI Fund. The study can be downloaded from [www.cei.int](http://www.cei.int) (publications' section).



# Know-how Exchange Programme

## Projects approved in 2014

03

In 2014, ten new assignments were approved for a total CEI Fund contribution of €334,099. The total value of these projects was €5,696,133.

Projects are fully in line with the 2014 Strategies of the CEI Fund at the EBRD, and with the mandate of the KEP, supported by the Italian Government since 2004. They have the full potential to sustain the alignment of the non-EU CEI member states with European and international standards, by transferring high-level expertise and know-how. All projects target know-how beneficiaries from the Western Balkans CEI region, disseminating the expertise of institutions from Italy, as well as the Organisation for Economic Co-operation and Development (OECD).

Four projects are dedicated to assist Bosnia and Herzegovina and Serbia in their recovery, after the devastating floods and extraordinary damage of May 2009. One project aims at improving the local capacity in the demining and Mine Risk Education sector in Bosnia and Herzegovina. Three projects

will be implemented in Serbia: two assignments will be focused on water management, risk reduction from natural events as well as air and water quality; one assignment will be centred on the prevention and mitigation of disasters and complex emergencies. By employing a wide range of project activities and know-how transfer tools, the other eight assignments aim to tackle issues such as the development of guidelines for implementation of the principles of sustainable agriculture; the impact of different technologies on food packaging to maintain the quality and extended shelf-life of food products; the structural economic challenges in the Western Balkans and the needed monitoring policies to enhance competitiveness; the improvement of water resources cycle management system by using graphene-based hybrid sensors for the detection of various environmental pollutants. To conclude, focusing on the EU Strategy for the Adriatic and Ionian Region, one project aims at drawing a road map to set up a maritime/building cluster in Montenegro.

**Table 3.1. List of KEP projects approved in 2014**

REFERENCE NUMBER	PROJECT NAME	COUNTRY OF THE KNOW-HOW PROVIDER INSTITUTION	COUNTRY OF THE KNOW-HOW RECIPIENT INSTITUTION	PROJECT TOTAL COST €	CEI CO-FINANCING €
1206.001-14	ALERT: Strengthening Serbian multi-hazard early warning and alert system. Phase I: Setting-up integrated policies to reduce damages from extreme events and risks for population	Italy	Serbia	80,240	40,000
1206.002-14	ALERT: Strengthening Serbian multi-hazard early warning and alert system. Phase II: Improving dynamic real time data exchange at central and local level, to increase efficiency, directly involve populations and reduce costs for action	Italy	Serbia	80,450	40,000
1206.003-14	On the job training in Humanitarian Demining and Mine Risk Education	Italy	Bosnia and Herzegovina	80,000	40,000
1206.004-14	SUSAGRI: Development of guidelines for implementation of the principles of sustainable agriculture according to EU Directive 2009/128	Italy	Bosnia and Herzegovina	80,000	30,800
1206.005-14	PACKSENSOR: The impact of the controlled atmosphere on quality and safety of the close-seal- packaged food applied in the SMEs of south Serbia	Italy	Serbia	80,000	37,000
1206.006-14	MaCCIM - Maritime Cluster Cooperation Italy Montenegro	Italy	Montenegro	80,000	40,000
1206.007-14	Next Generation Competitiveness Initiative: South East Europe Competitiveness Outlook 2015	OECD as coordinator	Regional	5,000,000	30,000
1206.008-14	Emergency Management and Community Resilience: A Goal for Serbia	Italy	Serbia	59,243	24,829
1206.011-14	The Development of Graphene-based Sensors for the Detection of Environmental Pollutants	Italy	Serbia	83,400	30,228
1206.012-14	Water Supply, Sewerage Networks, and Future City Development: Theoretical Update and On-the-job Training of the UKT Staff Members in View of the Territorial Reform	Italy	Albania	72,800	21,242
<b>Total</b>				<b>5,696,133</b>	<b>334,099</b>

# ALERT:

## Strengthening Serbian multi-hazard early warning and alert system

PHASE I: SETTING-UP INTEGRATED POLICIES TO REDUCE DAMAGES FROM EXTREME EVENTS AND RISKS FOR POPULATION

REFERENCE NUMBER . . . . .	1206.001-14
KNOW-HOW PROVIDER INSTITUTION . . . . .	Regional Environmental Protection Agency of Emilia Romagna – Regional Hydro-Meteorological and Climatological Service, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Republican Hydro-Meteorological Service, Serbia
PROJECT TOTAL COST . . . . .	€80,240
CEI GRANT . . . . .	€40,000
IMPLEMENTATION DATE . . . . .	December 2014 - July 2015

### KNOW-HOW PROVIDER

Regional Environmental Protection Agency of Emilia Romagna – Regional Hydro-Meteorological and Climatological Service (ARPA ER / ARPA SIMC), Italy  
[www.arpa.emr.it](http://www.arpa.emr.it)

Established in 1995, the mission of ARPA EMR is to protect health, ecosystems and territorial safety and to promote the use of resources within a framework of sustainable development. Among ARPA EMR activities and tasks are monitoring and modelling regional hydro-meteorological parameters, as well as various environmental components and environmental impact assessments. ARPA also manages and surveys environmental and territorial impacts of human activities and the Regional Environmental Information System.

### KNOW-HOW RECIPIENT

Republican Hydro-meteorological Service (RHMSS), Serbia  
[www.hidmet.gov.rs](http://www.hidmet.gov.rs)

RHMSS is a special organization within the State administration of Serbia. In line with the provisions of the Law on Meteorological and Hydrological Activity, RHMSS issues notices, announcements and warnings about meteorological and hydrological disasters, as well as trans-boundary effects of nuclear accidents.

### SUMMARY DESCRIPTION

The project intends to extend the concept of hydro-meteorological hazard to hydro-meteorological risk, in the framework of Multi-Risk approach, setting up at the same time the best effective mechanism to improve Serbian National Civil Protection Decision Support System, in order to timely identify, prevent and mitigate natural disasters, acting either in real-time or differed time.

The general purpose of the project is to improve the beneficiary's know-how on disaster management by performing a risk analysis that will include availability of data for early warning, as well as availability of historical disaster occurrences maps for Serbia.

Furthermore, the project aims to analyse mechanisms for decision support system, such as the Command Control Chain, in order to identify, scrutinise, prioritise and minimise risks, reducing relevant costs and identifying post-disaster activities, as well as developing effective management of residual risk by means of real-time monitoring and use of early warning systems.

Moreover, the project focuses on integrate risk management, in order to establish the real-time alert system.

Lastly, the project also intends to carry out a study of the possibility to introduce new technologies as an essential tool for the implementation of a modern highly effective decision support system, to face multiple risks and reduce impacts.

Project partners will also focus their attention on possible future cooperation under the EU Adriatic Ionian Transnational Cooperation Programme 2014-2020 (ADRION), oriented towards the creation of a common regional platform for multi-risk assessment and prevention system.

**ALERT:****Strengthening Serbian multi-hazard early warning and alert system**

**PHASE II: IMPROVING DYNAMIC REAL TIME DATA EXCHANGE AT CENTRAL AND LOCAL LEVEL, TO INCREASE EFFICIENCY, DIRECTLY INVOLVE POPULATIONS AND REDUCE COSTS FOR ACTION**

<b>REFERENCE NUMBER</b> . . . . .	1206.002-14
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Regional Environmental Protection Agency of Emilia Romagna – Regional Hydro-Meteorological and Climatological Service (ARPA ER / ARPA SIMC), Italy
<b>KNOW-HOW RECIPIENT INSTITUTION</b> . . . . .	Republican Hydro-meteorological Service (RHMSS), Serbia
<b>PROJECT TOTAL COST</b> . . . . .	€80,450
<b>CEI GRANT</b> . . . . .	€40,000
<b>IMPLEMENTATION DATE</b> . . . . .	July 2015 - February 2016

**KNOW-HOW PROVIDER**

Regional Environmental Protection Agency of Emilia Romagna – Regional Hydro-Meteorological and Climatological Service (ARPA ER / ARPA SIMC), Italy  
[www.arpa.emr.it](http://www.arpa.emr.it)

Established in 1995, the mission of ARPA EMR is to protect health, ecosystems and territorial safety and to promote the use of resources within a framework of sustainable development. Among ARPA EMR activities and tasks are monitoring and modelling regional hydro-meteorological parameters as well as various environmental components and environmental impact assessments. ARPA also manages and surveys environmental and territorial impacts of human activities and the Regional Environmental Information System.

**KNOW-HOW RECIPIENT**

Republican Hydro-meteorological Service (RHMSS), Serbia  
[www.hidmet.gov.rs](http://www.hidmet.gov.rs)

RHMSS is a special organization within the State administration of Serbia. In line with the provisions of the Law on Meteorological and Hydrological Activity, RHMSS issues notices, announcements and warnings about meteorological and hydrological disasters, as well as trans-boundary effects of nuclear accidents.

**SUMMARY DESCRIPTION**

The project is the second phase of the assignment “Exchanging Know-How to strengthen Early Warning system and Civil Protection mechanisms in the Serbian Republic, to face multi-hazards and reduce risk for population”.

The final output of the project will be the planning of the advanced multi-risk alert system in Serbia. This system is an instrument to strengthen inner-communication links and data exchange among all involved institutions in order to guarantee disaster prevention, risk reduction and safety of population.

The project’s Phase II aims at effectively starting to implement a multi-risk and alert system that, based on results achieved during Phase I. It will help civil protection, local authorities and other institutions in charge of disaster prevention and safety of populations to effectively monitor, predict, prevent and timely intervene against different types of risk, such as the ones connected to extreme natural events or man-produced disasters.

Specifically, Alert Phase II is conceived to introduce and start bringing into operation an advanced instrument, not only able to help decision makers in their day-by-day work, but focused on strengthening the inter-communication links and data exchange among all major actors playing roles in disaster prevention and risk reduction activity.

# On the job training in Humanitarian Demining and Mine Risk Education

**REFERENCE NUMBER** . . . . .1206.003-14  
**KNOW-HOW PROVIDER INSTITUTION** . . .INTERSOS, Italy  
**KNOW-HOW RECIPIENT INSTITUTION** . . .Mine Detection Dog Center, Bosnia and Herzegovina  
**PROJECT TOTAL COST** . . . . .€80,000  
**CEI GRANT** . . . . .€40,000  
**IMPLEMENTATION DATE** . . . . .October 2014 - December 2014

## KNOW-HOW PROVIDER

| INTERSOS, Italy  
 | [www.intersos.org](http://www.intersos.org)

INTERSOS is a non-profit humanitarian aid organization that works to bring assistance to people in danger, victims of natural disasters and armed conflicts. Established in 1992, its actions are based on the values of solidarity, justice, human dignity, equal rights and opportunities for all people and respect for diversity and coexistence, paying particular attention to the most vulnerable and the unprotected. It has a long experience in Humanitarian Mine Action, clearance, and Mine Risk Education (MRE).

## KNOW-HOW RECIPIENT

| Mine Detection Dog Center (MDDC), Bosnia and  
 | Herzegovina  
 | [www.mddc.ba](http://www.mddc.ba)

Established in 2003, the primary mission of the Mine Detection Dog Center in Bosnia and Herzegovina (MDDC) is to train mine detection dogs, in order to assist organisations and mine actions centres eliminating landmines, both regionally and globally, as well as to get involved in demining operations.

## SUMMARY DESCRIPTION

Nearly two decades after the end of the conflict in former Yugoslavia, Bosnia and Herzegovina remains one of the world's most mine-contaminated countries with an estimated 2.5% of its territory at risk. There are approximately 120,000 mines /unexploded ordnances (UXO) in Bosnia and Herzegovina, which still need to be cleared.

The floods that struck the region in May 2014 further complicated the situation, potentially contaminating the already cleared fields. The few local NGOs that are trying to adopt humanitarian demining standards, suffer from a lack of experience, knowledge, and funds to implement their activities. Among them also MDDC. This project is therefore based on the current situation in Bosnia and Herzegovina. It is of primary importance, for local NGOs, to gain knowledge from international NGOs, in order to guarantee that specific demining actions, in Bosnia and Herzegovina, will still continue to be carried out in the future.

The goal of the project is to clean more than 8,000 m<sup>2</sup> of the land in the village of Grmusa, in the municipality of Bihac. Moreover, at least 15 MRE sessions in the community will be organised in order to increase awareness, including door-to-door presentations, by placing posters on prominent places through media campaign and dissemination of promotional MRE material. In this way, the project will contribute to the enhancement of local as well as the beneficiary's capacity in the demining and MRE sector, according to the humanitarian demining principles and standards.

A final promotional event is envisaged at the end of the project, in order to disseminate the achieved results and best practices.

# SUSAGRI

## Development of guidelines for implementation of the principles of sustainable agriculture according to EU Directive 2009/128

REFERENCE NUMBER . . . . .	1206.004-14
KNOW-HOW PROVIDER INSTITUTION . . . . .	Agricultural Research Council- Research Centre for the Study of the Plant-soil System, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	University of Sarajevo; Plant Health Protection Administration, Bosnia and Herzegovina
PROJECT TOTAL COST . . . . .	€80,000
CEI GRANT . . . . .	€30,800
IMPLEMENTATION DATE . . . . .	January 2015 - June 2016

### KNOW-HOW PROVIDER

Agricultural Research Council (CRA), Research Centre for the Study of the Plant-soil System, Italy  
[www.entecra.it](http://www.entecra.it)

The Italian Agricultural Research Council - Research Centre for the study of the plant-soil system, is the national institution for research in agriculture under the tutelage of Italian Ministry of Agriculture Food and Forestry Policies.

### KNOW-HOW RECIPIENT

University of Sarajevo, Bosnia and Herzegovina  
[www.sfsa.unsa.ba](http://www.sfsa.unsa.ba)

Plant Health Protection Administration, Bosnia and Herzegovina  
[www.uzzb.gov.ba](http://www.uzzb.gov.ba)

The beneficiary institutions are the Faculty of Forestry in Sarajevo and the Administration of Bosnia and Herzegovina for Plant Health Protection, i.e. the central authority within the Ministry of Foreign Trade and Economic Relations.

### SUMMARY DESCRIPTION

The European Union has set a strategic objective to achieve “sustainable agriculture”, which aims to capture an effective balance between commercial agriculture and environmental conservation by promoting sustainable agricultural practices, such as Integrated Pest Management (IPM).

Bosnia and Herzegovina is currently developing new legal provisions in the field of sustainable agriculture. However, there is a need to strengthen institutional capacity, and to improve and harmonize the agricultural production according to the rules and guidelines deriving from the EU, particularly the Directive 2009/128/EC “Establishing a framework for community action to achieve the sustainable use of pesticides”. The Directive aims at reducing the risks and impacts of pesticide use on human health and the environment, by requesting the Member States to take the necessary measures in order to establish the conditions essentials for implementation of IPM practices.

The overall goal of the project, jointly developed by the project partners, is to contribute to the development of guidelines for sustainable and integrated agricultural development according to the Directive 2009/128, encouraging low-input of pesticides and alternative practices for the management of soil fertility and control of pathogens and pests of horticultural crops.

Three major activities are planned in the framework of this assignment:

- In the first activity, the institutions will work together for the development of the guidelines that are expected to be utilised as official documents by the governmental beneficiary for further developments.
- The second activity is related to the organisation of workshops, trainings, and study visits in Italy for about 50 farmers and advisors, to encourage the wider adoption of more environmentally sustainable agricultural practices.
- The last activity is related to enhance the visibility of projects activities and outcomes. Project partners will develop informative materials to enhance knowledge on the Directive by increasing awareness of growers, advisors, policy makers and consumers.

Thanks to this project, the involved institutions will strengthen their scientific cooperation also for future joint activities.

# PACKSENSOR

## The impact of the controlled atmosphere on quality and safety of the close-seal- packaged food applied in the SMEs of south Serbia

**REFERENCE NUMBER** . . . . .1206.005-14

**KNOW-HOW PROVIDER INSTITUTION** . . .National Research Council, Institute of Photonics and Nanotechnologies, Italy

**KNOW-HOW RECIPIENT INSTITUTION** . . .Faculty of Technology in Leskovac, University of Nis, Serbia

**PROJECT TOTAL COST** . . . . .€80,000

**CEI GRANT** . . . . .€37,000

**IMPLEMENTATION DATE** . . . . .January 2015 – August 2016

### KNOW-HOW PROVIDER

National Research Council (CNR), Institute of Photonics and Nanotechnologies, Italy  
[www.pd.ifn.cnr.it](http://www.pd.ifn.cnr.it)

The Institute belongs to the National Research Council (CNR), it carries out innovative research in the fields of photonics and nanotechnologies, it is tightly integrated with the national scientific community, and collaborates with the major international Universities and research centres.

### KNOW-HOW RECIPIENT

Faculty of Technology in Leskovac, University of Nis, Serbia  
[www.tf.ni.ac.rs](http://www.tf.ni.ac.rs)

The Faculty of Technology (TfL) in Leskovac is the only research and high educational institution in the Region involved in organising activities regarding food technology. TfL possesses skilled staff and is equipped with instruments for chemical and microbiological control in food processing.

### SUMMARY DESCRIPTION

In food processing, the use of Modified Atmosphere Packaging (MAP) is increasing. Packaging is the final operation in food production, and food producers are attentive in final consumer's food Quality & Safety (Q&S) and in preventing waste.

Food producers in Serbia have great interest in monitoring changes in Q&S and detecting the causes of possible changes. In the SMEs of South Serbia, different technologies for food packaging have been applied, in order to maintain quality and extend shelf life of food products. Nevertheless, controls of packaged food and influences of packaging on food quality and safety, including monitoring of gas content, have not yet been introduced by producers in the Region, due to a deficiency in proper equipment and trained personal.

PACKSENSOR project will develop and validate, within the project timeframe, a non-intrusive laser gas sensor completely contactless, based on laser spectroscopy, leaving the gas mix in the package unchanged. It will also apply laser spectroscopy to a new method of inspection, and its adaptation for measuring closed containers whose optical properties can be extremely variable. This will lead investigating the effectiveness of package material in keeping the packaging atmosphere.

The Italian Institute of Photonics and Nanotechnologies will set up instruments of innovative technology at the TfL that could become a central place for organised Q&S control in the Region.

Furthermore, it will provide training to the beneficiary Serbian institution as to properly use the devices. During training, practical measurements of gas content in packaged food products in the industrial conditions and the practical application of the device during processing and storage of packed foods will be presented.

The PACKSENSOR project will therefore introduce a simple, fast, non-destructive and non-expensive technique for monitoring Q&S of food products, available to producers in the region of south Serbia.

# MaCCIM

## Maritime Cluster Cooperation Italy Montenegro

<b>REFERENCE NUMBER</b> . . . . .	1206.006-14
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Naval and Nautical Technological District of the Autonomous Region of Friuli Venezia Giulia (DITENAVE), Italy
<b>KNOW-HOW RECIPIENT INSTITUTION</b> . . . . .	Chamber of Economy, Montenegro
<b>PROJECT TOTAL COST</b> . . . . .	€80,000
<b>CEI GRANT</b> . . . . .	€40,000
<b>IMPLEMENTATION DATE</b> . . . . .	January 2015 – June 2016

### KNOW-HOW PROVIDER

Naval and Nautical Technological District of the Autonomous Region of Friuli Venezia Giulia (DITENAVE), Italy  
[www.ditenave.it](http://www.ditenave.it)

DITENAVE is the naval and nautical technological district of the Autonomous Region of Friuli Venezia Giulia whose members are, among others, SMEs, Universities, Scientific Parks, Research centres and Education bodies, with a mission to enhance competitiveness of the hi-tech industrial basis of the territory.

### KNOW-HOW RECIPIENT

Chamber of Economy, Montenegro  
[www.privrednakomora.me](http://www.privrednakomora.me)

The Chamber of Economy of Montenegro, an independent business association representing the interests of all businesses in the economic and overall development of Montenegro, provides professional assistance to its members, contributing to the development and promotion of entrepreneurship, as well as participating in the unfolding of EU association programmes.

### SUMMARY DESCRIPTION

Marine tourism is one of the fastest growing sectors in Montenegro and is expected to enhance the demand in the whole maritime sector, including the numerous enterprises dealing with vessel repairing and maintenance.

The project looks at the development of the EU Strategy for the Adriatic and Ionian region, with a focus on the improvement of the Blue Economy in Montenegro. In particular, its objective is to transfer the regional experience of DITENAVE and its project partner, ARIES – Special Agency of Trieste Chamber of Commerce, in order to develop an operational model that supports the whole nautical and yachting system in Montenegro.

Overall, the final goal of the project is to draw a plan for the establishment of a maritime shipbuilding cluster in Montenegro. In the framework of the project's activities, the partners will collect information on the existing resources and potentials.

The project also foresees a 3-day training for the beneficiary partners in Friuli Venezia Giulia. Moreover, the project will proceed with the promotion of relationships network in the nautical sector, with the intention of supporting the SMEs in upgrading their business cooperation and setting the bases for development of a business friendly environment.

Lastly, the activities will proceed with the identification of a road map which will allow the partners to develop a common view on the final model of the cooperation, helping to establish a technological district, a Nautical Business Centre, and a model of governance that will enhance the technological and business development of the institution, industries and SMEs.

A final conference, with the aim of disseminating the achievements, is also foreseen.

# Next Generation Competitiveness Initiative: South East Europe Competitiveness Outlook 2015

<b>REFERENCE NUMBER</b> . . . . .	1206.007-14
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	CEI EU Member States - The Organisation for Economic Co-operation and Development (OECD) as coordinator
<b>KNOW-HOW RECIPIENT INSTITUTIONS</b> . . . . .	Governments, public institutions and private sector and civil society organisations of Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, and Serbia.
<b>PROJECT TOTAL COST</b> . . . . .	€5,000,000
<b>CEI GRANT</b> . . . . .	€30,000
<b>IMPLEMENTATION DATE</b> . . . . .	January 2015 – December 2015

## KNOW-HOW PROVIDER

The Organisation for Economic Co-operation and Development (OECD)  
[www.oecd.org](http://www.oecd.org)

The OECD Investment Compact for South East Europe is a regional programme, managed by the Global Relations Secretariat of the OECD. It assists the economies of South East Europe in the elaboration and implementation of policies directed at promoting and supporting private investment, from domestic and foreign sources as well as private sector development, and overall economic growth and competitiveness.

## KNOW-HOW RECIPIENT

Governments, public institutions and private sector and civil society organisations of Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, and Serbia. The Next Generation Competitiveness Initiative is financially supported by the European Union and is designed to help economies in the Western Balkans to meet their commitments, contained in the SEE 2020 Strategy, through a combination of activities, including development of regional value chains, monitoring policy reforms and institutional settings, and identifying short-term national policy actions. In addition, 13 regional organisations, including the Regional Cooperation Council, will benefit from capacity building and knowledge sharing.

## SUMMARY DESCRIPTION

With Western Balkans countries striving to achieve greater economic competitiveness and growth, the OECD Investment Compact for South East Europe launched the Next Generation Competitiveness Initiative (NGCI). The NGCI aims to support the economies of the region in addressing structural economic challenges and implementing and monitoring policies for greater competitiveness.

Crucially, the NGCI supports the implementation and monitoring of the South East Europe 2020 Strategy (SEE2020). SEE2020 is the overarching regional growth strategy of the Western Balkans' economies.

A key pillar of the NGCI is the SEE Competitiveness Outlook, the OECD regional flagship publication that will comprehensively monitor and assess reform progress across all dimensions of the SEE2020 Strategy (from trade policy via education, health and innovation, to SME policy and infrastructure) in the economies of the Region.

The activities of the project include drafting quantitative and qualitative indicators, followed by qualitative indicators assessments, namely the government self-assessment and independent assessment.

Moreover, stakeholder meetings will be held in each country, at which the two assessments will be discussed and aggregated. In order to familiarise with the scores of qualitative indicators, building on the two assessments and the stakeholder meetings as well as to further include the regional organisations in the assessment process and to ensure sustainable capacity building, a meeting with all the interested stakeholders is envisaged in Paris.

The launch of the publication is envisaged by November 2015.

# Emergency Management and Community Resilience: a Goal for Serbia

REFERENCE NUMBER . . . . .	1206.008-14
KNOW-HOW PROVIDER INSTITUTION . . . . .	Istituto Superiore di Sanità (ISS), Italy
KNOW-HOW RECIPIENT INSTITUTION . . . . .	Institute of Public Health of Serbia “Dr Milan Jovanović Batut”, Serbia
PROJECT TOTAL COST . . . . .	€59,243
CEI GRANT . . . . .	€24,829
IMPLEMENTATION DATE . . . . .	January 2015 – December 2015

## KNOW-HOW PROVIDER

Istituto Superiore di Sanità (ISS), Italy  
[www.iss.it](http://www.iss.it)

The Istituto Superiore di Sanità is one of the main Italian organisations active in research, audit, technical and scientific advisory in the field of public health in Italy. The Institute is directly involved in research activities included in the national healthcare plan. It promotes clinical trials and technological developments in collaboration with hospitals and other health structures; draws up contracts and agreements with other public and private organisations, both national and international, and participates in international research projects.

## KNOW-HOW RECIPIENT

Institute of Public Health of Serbia “Dr Milan Jovanović Batut”, Serbia  
[www.batut.org.rs](http://www.batut.org.rs)

The Institute of Public Health of Serbia “Dr Milan Jovanović Batut”, provides advice, support and guidance for the Serbian government and all departments for public health, and conducts independent research on issues related to public health in the country.

## SUMMARY DESCRIPTION

The project is based on the existing collaboration between the two institutions confirmed by the signature of a Memorandum of Understandings in May 2014. The assignment aims at the establishment of a research and training laboratory in the field of prevention and mitigation of disasters as well as complex emergencies.

The project intends to enhance the reduction of acute mortality following a disaster, the rapid recovery of the response capacity and management of local communities as well as their governance structures to avoid health related risks. It will also focus on the reconstruction of the system of social relations and healthcare to be able to maintain a secure level of the health status within the medium term, with particular attention to delocalized people and fragile groups such as children, women, elderly, poor and disabled.

The overall objective is the strengthening of the existing capacities of the beneficiaries in the field of Disaster Risk Reduction and particularly the enhancement of the Disaster Preparedness and Prevention. The project activities include: setting up the coordination committee for the purpose of defining roles, coordination and communication methods; the selection will take place for the panel members involved in the Focus Groups and workshops, as well as the constitution of the group of experts on disaster management and preparedness, best practices and lessons learnt.

A workshop is foreseen where all the results, training programme, practical arrangements and learning methods will be presented. In order to complete the knowledge exchange and to establish a collaborative network, a study visit to Rome will be organised. Envisaged is also a Regional Conference with representatives from all different levels of government.

Through the planned activities, the project will have an impact on emergency prevention and preparedness in terms of increased community participation; promoting awareness of environmental hazards and safety consciousness; and strengthening community resilience and organisation.

# Development of Graphene-based Sensors for the Detection of Environmental Pollutants

<b>REFERENCE NUMBER</b> . . . . .	1206.011-14
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Laboratory for Nanostructure Epitaxy and Spintronics on Silicon, Politecnico di Milano, Italy
<b>KNOW-HOW RECIPIENT INSTITUTION</b> . . . . .	University of Novi Sad, Serbia
<b>PROJECT TOTAL COST</b> . . . . .	€83,400
<b>CEI GRANT</b> . . . . .	€30,228
<b>IMPLEMENTATION DATE</b> . . . . .	January 2015 – December 2016

## KNOW-HOW PROVIDER

Laboratory for Nanostructure Epitaxy and Spintronics on Silicon, Politecnico di Milano, Italy  
[www.lness.como.polimi.it](http://www.lness.como.polimi.it)

Nanoscale device group is a part of the Laboratory for Epitaxial Nanostructures on Silicon and Spintronics (L-NESS). The Nanoscale device group at the LNESS is affiliated with the Department of Physics of Politecnico and has strong expertise in the nanofabrication and characterization of graphene nanodevices.

## KNOW-HOW RECIPIENT

University of Novi Sad, Serbia  
[www.cimc.rs](http://www.cimc.rs)

The University of Novi Sad (UNS) with its group for nano and printed electronics, deals with the latest research issues in the field of devices as well as modelling and simulations of their response. Therefore, the target groups that will benefit from the implementation of the project are researchers and professors from the UNS, which will have the opportunity to become more familiar with the applications of graphene-based sensors in the protection of natural environments.

## SUMMARY DESCRIPTION

The GRAPHSENS project aims to develop new graphene-based hybrid sensors for the detection of various environmental pollutants as a research platform for the transfer of the best European practices from the Laboratory for Nanostructure Epitaxy and Spintronics on Silicon (L-NESS), Como, Italy to the University of Novi Sad (UNS), Serbia.

The assignment is designed to address perceived needs of the research team from the University of Novi Sad, which does not have practical experience on graphene-based structures, but has experience in the development of sensors for monitoring concentrations of various environmental pollutants. The project partners have already been partners within two EU funded projects and they want to further develop their cooperation.

Transfer of know-how and experience from L-NESS to UNS will have invaluable impact on the improvement of the UNS staff skills and knowledge, also contributing to social cohesion and economic dynamism in the region.

In the framework of the project the partners will design, fabricate and test hybrid sensors based on graphene for monitoring concentrations of various pollutants in the Serbian environment. The project will allow the researchers from Serbia to access equipment located in Italy, which will be used to fabricate graphene-based sensors and test them under realistic environmental conditions.

Through interactive courses, training and exchange of researchers, L-NESS will transfer their knowledge to the UNS team and provide information and results for new scientific papers and new project proposals, to be developed together within Horizon 2020.

# Water supply, sewerage networks, and future city development: Theoretical update and on-the-job training of the UKT staff members in view of the Territorial Reform

<b>REFERENCE NUMBER</b> . . . . .	1206.012-14
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Idrostudi srl, Italy
<b>KNOW-HOW RECIPIENT INSTITUTION</b> . . . . .	Tirana Water Supply and Sewerage (UKT), Albania
<b>PROJECT TOTAL COST</b> . . . . .	€72,800
<b>CEI GRANT</b> . . . . .	€21,242
<b>IMPLEMENTATION DATE</b> . . . . .	January 2015 – July 2015

## KNOW-HOW PROVIDER

| Idrostudi srl, Italy  
| [www.idrostudi.it](http://www.idrostudi.it)

Idrostudi Srl is an engineering company that deals mainly with the study and design of water supply networks and sewer systems. The main activity is the optimisation of sewer and water supply systems, with the aim of reducing water losses in aqueducts, increasing waterworks life, reducing energy costs and environmental contamination in general.

## KNOW-HOW RECIPIENT

| Tirana Water Supply and Sewerage (UKT), Albania

The Tirana Water Supply and Sewerage Company, a joint stock company, is both a bulk supplier and a distributor of potable water. It is the only supplier for the city. The direct beneficiaries of the project are the Department of Production and Distribution and the Department of Engineering of the company. Indirect beneficiaries are the Municipality of Tirana and the DPUK of the Ministry of Public Works and Transport, involved in the project as a Regulatory Body for Water Supply and Sewer System of Albania.

## SUMMARY DESCRIPTION

The main aim of the project is the training of a working group made up by technicians of Tirana Water Supply and Sewerage (UKT) that will allow them to acquire the skills required for an urgent rehabilitation of the aqueduct in the Albanian capital.

Currently the direct beneficiaries of the intervention, namely the Department of Production and Distribution and the Department of Engineering Departments, do not dispose of the knowledge and experience connected to modern technologies for modernising water supply systems and sewer systems.

The project's main objective is the training of UKT in order to equip local Institutions with accredited references for the development of requests for financial support and project management. This general objective will be achieved by training members of a UKT Working Group, in order to give them the necessary skills to coordinate and resolve problems that will arise with the application of the new "Reforma Territoriale". This Reform is relevant for the technological networks, with particular attention to the aqueduct and guarantees the respect of drinking water as well as environment quality standards.

More specifically, training will cover digital organisation of the drawing archive in order to update the information on network geometry and its functionality, water supply networks and sewer systems monitoring campaigns, techniques of leak detection in water supply networks, use of GIS with simulation of sewerage and aqueduct lines with hydraulic models, technologies for excavation under water table, water resources management schemes, and energy saving techniques and network optimisation.



# Know-how Exchange Programme

## Projects closed in 2014

In 2014, six KEP projects were closed, completing implementation of activities corresponding to a total CEI Fund at the EBRD contribution of around €220,000. These CEI Fund grants enabled the execution of know-how transfer projects for a total value of more than €670,000 targeting all KEP areas of intervention.

Organisations and institutions from Croatia, Italy, the Czech Republic, Slovenia, as well as the Organisation for Economic Co-operation and Development (OECD), acted as know-how providers. All assignments addressed recipients in countries of the Western Balkans and Belarus.

**Table 3.2. List of KEP projects closed in 2014**

REFERENCE NUMBER	PROJECT NAME	COUNTRY OF THE KNOW-HOW PROVIDER INSTITUTION	COUNTRY OF THE KNOW-HOW RECIPIENT INSTITUTION	PROJECT TOTAL COST €	CEI CO-FINANCING €
1206KEP.010-10	Monitoring SME policy implementation in the Western Balkans	OECD as coordinator	Regional	142,858	40,000
1206KEP.010-11	Training of Internal Auditors in Public Sector in Montenegro	Slovenia	Montenegro	225,112	40,000
1206KEP.011-11	Evaluating SME Policy Implementation in the Western Balkans	OECD as coordinator	Regional	102,150	39,671
1206KEP.001-12	Improving Environmental and Disaster Prevention Capacity in Serbia	Italy	Serbia	72,135	33,002
1206KEP.004-12	Application of Open Source Software and Methods for Territorial Analysis and Sustainable Use of Natural Resources in Belarus	Italy	Belarus	57,694	28,006
1206KEP.008-12	ENIGMA: Environmental Impact assessment of the Kozuf metalloGenic district in southern Macedonia in relation to groundwater resources, surface waters, soils and socio-economic consequences	Czech Republic	Macedonia	77,590	37,895
<b>Total</b>				<b>677,539</b>	<b>218,574</b>



# Monitoring SME Policy Implementation in the Western Balkans

<b>REFERENCE NUMBER</b> . . . . .	1206KEP.010-10
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	CEI EU Member States - The Organisation for Economic Co-operation and Development (OECD) as coordinator
<b>KNOW-HOW RECIPIENT INSTITUTIONS</b> . . . . .	Ministries of Economy and SME Agencies of involved Countries (Regional –Western Balkans)
<b>PROJECT TOTAL COST</b> . . . . .	€142,858
<b>CEI GRANT</b> . . . . .	€40,000
<b>IMPLEMENTATION DATE</b> . . . . .	December 2010 – December 2014

## KNOW-HOW PROVIDER

The Organisation for Economic Co-operation and Development (OECD)  
[www.oecd.org](http://www.oecd.org)

The OECD Investment Compact for South East Europe is a regional programme, managed by the Global Relations Secretariat of the OECD. It assists the economies of South East Europe in the elaboration and implementation of policies directed at promoting and supporting private investment, from domestic and foreign sources as well as private sector development, and overall economic growth and competitiveness.

## KNOW-HOW RECIPIENT

Ministries of Economy and SMEs Agencies of involved Countries (Regional – Western Balkans)

The project aimed at assisting policy makers in the Western Balkans to design and implement better policies to foster SMEs development. In particular, these are the Ministries of Economy (or equivalent) and the SMEs Agencies (or equivalent) of each country. Ultimately, the project also targeted SMEs, business associations, chambers of commerce, and foreign companies through an improved business environment.

## SUMMARY DESCRIPTION

The OECD with the European Commission launched the SME Policy Index in 2006, completing two assessment cycles (2006/7-2008/9). This project signalled an important progression to the two previous reports, since it was structured around the Small Business Act (SBA) instead of the European Charter for Small Enterprises. The SBA is the latest SME policy instrument developed and adopted by the European Union and contains new policy principles that have grown in importance over the past years, such as environmental standards for SMEs.

The project implementation was carried out through ten major activities. Firstly, the elaboration of a new set of indicators and the launch of the Small Business Act of Europe (SBA) assessment grid was performed. Secondly, cross-country policy evaluation based on the new set of indicators and monitoring tools was conducted, followed by the organisation of company surveys in all the beneficiaries' economies. Furthermore, Western Balkan governments and administrators organised consultative bilateral meetings with the relevant ministers, government organisations as well as with the representatives of the SME policy community. This was followed by the consolidation of results and by the regional stakeholder meeting. Moreover, the OECD and its partners elaborated the regional progress report SME Policy Index 2012 and started the review and publication process. The official launching of the SME Policy Index 2012 was in October 2014, with the presentation of the methodology, key findings and conclusions. Lastly, a brochure was produced to inform briefly about major messages of the SME Policy Index and the publication was widely disseminated in the EU pre-accession region.

Project results were met in providing an assessment of the progress made in the ten policy principles covered by the SBA and in promoting the exchange of experience in policy elaboration and implementation among the EU pre-accession economies in the OECD countries, through regional meetings. In addition, analysing and debating key thematic issues on policy elaboration and implementation, in relation to the principles covered by the SBA through focus groups and/or company survey, was implemented. The project also facilitated policy dialogue and programme co-ordination involving policy-makers, private sector organisations, NGOs and donors (IFIs, multilateral and bilateral organisations). The main result was the SME Policy Index 2012, a publication containing a detailed analysis of the status and progress of the SME policies in the EU pre-accession economies.

# Training of Internal Auditors in Public Sector in Montenegro

<b>REFERENCE NUMBER</b> . . . . .	1206KEP.010-11
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Center of Excellence in Finance (CEF), Slovenia
<b>KNOW-HOW RECIPIENT INSTITUTION</b> . . . . .	Ministry of Finance, Montenegro
<b>PROJECT TOTAL COST</b> . . . . .	€225,112
<b>CEI GRANT</b> . . . . .	€40,000
<b>IMPLEMENTATION DATE</b> . . . . .	January 2012 - December 2014

## KNOW-HOW PROVIDER

Center of Excellence in Finance (CEF), Slovenia  
[www.cef-see.org](http://www.cef-see.org)

Established in 2001, the CEF is since 2013 an international organisation. Its mission is to promote awareness of international standards and best practice in public financial management and central banking by organising specialised learning events, encouraging knowledge sharing and research, and providing technical assistance.

## KNOW-HOW RECIPIENT

Ministry of Finance of Montenegro  
[www.mif.gov.me](http://www.mif.gov.me)

The Ministry of Finance of Montenegro is the beneficiary of the project. Direct beneficiaries were public servants, in two separate runs, selected by the Ministry of Finance together with the CEF, on the basis of their knowledge and experience.

## SUMMARY DESCRIPTION

The core objective of the project TIAPS was to expand the coverage of the public sector auditing training and certification to Montenegro, to kick-start its implementation through two training cycles, and to institutionalise training and certification in the beneficiary country. The project was designed to train and certify up to 80 students in two separate runs. Training level 1 (cohort 1) provides the students with a certificate and prepares them for training level 2, which results in a diploma. In Montenegro, the CEF has completed training level 1 cohort 1.

The two cohorts of training did boost the institutional capacity for development of internal audit (development of syllabus and teaching materials), and equipped a first generation of students with a diploma of internal auditing in public sector. The first two rounds of training have set the path for selecting a group of students who possessed the skills and capacities to attend a second level of TIAPS, and gain the diploma of certified internal auditing. A second level of TIAPS was considered as a possible follow-up upon successful completion of the present programme. The course was held in local language, whilst the training of tutors and assessments was done by combining local and English language. A blend of carefully selected lecturers was comprised of British, Slovenian and local experts, depending on the training phase.

The objective of the project was to introduce a professional qualification-training programme for public sector internal auditors in Montenegro in line with the best international practices and standards. Therefore, the project contributed to increase the number of incumbents with internationally recognized qualifications. Besides the successful students' certificates 10 tutors, with background in academia and public internal audit, became certified trainers of the TIAPS programme. Local tutors assessed successful students as potential tutor force for next, expanded iterations. Furthermore, the translation of CIPFA materials and trained local tutors were put at disposal of the Montenegrin Ministry of Finance and the Localisation Working Group assessed the needs and capacities for local running of the training, as well as providing advice to the Ministry of Finance on the ways this could be implemented. With the completion of the programme, the grounds were set for the development of a regional training and certification programme. With the advanced knowledge of TIAPS programme, both tutors and students are the potential cadre for programmes run in Bosnian/Croatian/Serbian languages.

# Evaluating SME Policy Implementation in the Western Balkans

REFERENCE NUMBER . . . . .	1206KEP.011-11
KNOW-HOW PROVIDER INSTITUTION . . . . .	CEI EU Member States - The Organisation for Economic Co-operation and Development (OECD) as coordinator
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Ministries of Economy and SME Agencies of involved Countries (Regional –Western Balkans)
PROJECT TOTAL COST . . . . .	€102,150
CEI GRANT . . . . .	€39,671
IMPLEMENTATION DATE . . . . .	February 2012 – September 2014

## KNOW-HOW PROVIDER

The Organisation for Economic Co-operation and Development (OECD)  
[www.oecd.org](http://www.oecd.org)

The OECD Investment Compact for South East Europe is a regional programme managed by the Global Relations Secretariat of the OECD. It assists the economies of South East Europe in the elaboration and implementation of policies directed at promoting and supporting private investment, from domestic and foreign sources as well as private sector development, and overall economic growth and competitiveness.

## KNOW-HOW RECIPIENT

Ministries of Economy and SME Agencies of involved Countries (Regional – Western Balkans)

Predominantly, the project aspired to assist policy makers in the Western Balkans with the design and implementation of better policies aimed at fostering SME development. Specifically, project beneficiaries were the Ministries of Economy (or equivalent) and the SME Agencies (or equivalent) of each country. Ultimately, the project targeted at SMEs, business associations, chambers of commerce, and foreign companies through an improved business environment.

## SUMMARY DESCRIPTION

The SME Policy Index was launched in 2006 by the OECD and the European Commission, and two assessment cycles have been completed (2006/7- 2008/9). The overall project supported the development of high-quality policies for supporting the SME-sector in the Western Balkans, more specifically the elaboration of the 2012 SME Policy Index, a monitoring and assessing tool for SME policy in the region. Project activities started with the identification and selection of policy priority measures for the evaluation exercise.

Eligibility criteria for the proposed measure were determined as being measurable and targeted to SMEs. Following was the setup of the evaluation team, which consisted of two OECD experts, international academics and experts in evaluation from the Warwick Business School, an independent local evaluator, the national SBA coordinator, and experts from the partnering ministry. Furthermore, the OECD held two capacity-building workshops, in Skopje and Podgorica, for the government authorities that designed and implemented the SME scheme, as well as for local evaluators who were in charge of conducting the assessment. Following the capacity building workshops, the evaluation teams developed questionnaires to interview participants (SMEs), in order to monitor and evaluate the effect of selected SME policy measures. Lastly, a regional workshop in Trento, Italy was organised and the outcomes of the three evaluations were presented and discussed with the SBA Coordinators from Western Balkan economies and Eastern Neighbourhood Countries.

Project results were met by providing an assessment of the progress made in the ten policy principles, covered by the SBA as well as by promoting the exchange of experience in policy elaboration and implementation among the EU pre-accession economies and the OECD countries, through regional meetings. In addition, the analysing and debating on key thematic issues on policy elaboration and implementation in relation to the principles covered by the SBA through focus groups and/or company survey, was carried out. The project also facilitated policy dialogue and programme coordination involving policy-makers, private sector organisations, NGOs and donors (IFIs, multilateral and bilateral organisations). Results of the SBA assessment were published in the SME Policy Index 2012. The publication contains a detailed analysis of the status and progress of the SME policies in the EU pre-accession economies. Lastly, the project enhanced cooperation in the region by sharing experience and mutual learning at the regional meeting, where the outcomes of the project were presented.

# Improving Environmental and Disaster Prevention Capacity in Serbia

<b>REFERENCE NUMBER</b> . . . . .	1206KEP.001-12
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Regional Environmental Protection Agency of Emilia Romagna (ARPA EMR), Italy
<b>KNOW-HOW RECIPIENT INSTITUTION</b> . . . . .	Serbian Environmental Protection Agency (SEPA), Serbia
<b>PROJECT TOTAL COST</b> . . . . .	€72,135
<b>CEI GRANT</b> . . . . .	€33,002
<b>IMPLEMENTATION DATE</b> . . . . .	October 2013 – June 2014

## KNOW-HOW PROVIDER

Regional Environmental Protection Agency of Emilia Romagna – Regional Hydro-Meteorological and Climatological Service (ARPA ER / ARPA SIMC), Italy  
[www.arpa.emr.it](http://www.arpa.emr.it)

Established in 1995, the mission of ARPA EMR is to protect health, ecosystems, and territorial safety and to promote the use of resources within a framework of sustainable development. Among ARPA EMR, activities and tasks are monitoring and modelling regional hydro-meteorological parameters as well as various environmental components and environmental impact assessments. ARPA also manages and surveys environmental and territorial impacts of human activities and the Regional Environmental Information System.

## KNOW-HOW RECIPIENT

Serbian Environmental Protection Agency (SEPA), Serbia  
[www.sepa.gov.rs](http://www.sepa.gov.rs)

SEPA performs tasks related to the development, coordination and management of National Information System for environmental protection. The Agency is also involved in the implementation of the national air and water quality monitoring system, the collection and aggregation of environmental data helping to set up the National Environmental Policy, and the development of procedures for processing environmental data and evaluation. At national level, SEPA cooperates with all major statutory Authorities responsible for environmental protection.

## SUMMARY DESCRIPTION

The main goal of the project was to reinforce cooperation between the project partners, while assessing the overall environmental and hydro-meteorological situation in the Serbian part of Drina river basin (extension of about 20,000 Km<sup>2</sup> and a river length of 346 Km), that was selected by the project partners as a priority area of intervention.

The project identified and described the most urgent interventions that were required in order to protect the environment of the Drina river basin within the institutional structures, at either local or central level. The assignment presented several activities in order to train the beneficiaries, transfer competences, methods and procedures to improve their capabilities of assessing environmental issues and monitoring hydro-meteorological events. Moreover, safety against extreme natural events was presented and analysed in order to reduce the costs for mitigation. The assignment also developed Serbian technologies and capacities related to sustainable water management and its balanced use, focusing on priority water needs while assuring long-term protection of available water resources.

As a long term results, the project increased the evaluation capacity of environmental issues with more continued and accurate monitoring of environmental parameters and with the active involvement of local institutions and authorities. Furthermore, the assignment has boosted consciousness of population in terms of environmental conservation, reduction/control of pollution sources, environmental recovery. It has also increased disaster preparedness at the level of local institutions and populations, with more available new technologies for the real-time environmental monitoring and updated regulations at Country level, increasing the diffusion of information and data dissemination to population and economic operators in vital sectors, such as agriculture, energy, water supply and tourism.

Lastly, the project partners signed a Memorandum of Understanding between them to continue their cooperation after the cease of the project.

# Application of Open Source Software and Methods for Territorial Analysis and Sustainable Use of Natural Resources in Belarus

REFERENCE NUMBER . . . . .	1206KEP.004-12
KNOW-HOW PROVIDER INSTITUTION . . . . .	Department of Life Sciences, University of Trieste, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Central Research Institute for Complex Use of Water Resources (CRICUWR), Faculty of Geography, Belarusian State University (BSU), Laboratory of Lakes Research Republican Unitary Enterprise «Belarusian Research Geological Exploration Institute» (BRGEI), Ministry of Natural Resources and Environmental Protection, Belarus
PROJECT TOTAL COST . . . . .	€57,694
CEI GRANT . . . . .	€28,006
IMPLEMENTATION DATE . . . . .	January 2013 - April 2014

## KNOW-HOW PROVIDER

Department of Life Sciences of the University of Trieste, Italy  
[www.biologia.units.it](http://www.biologia.units.it)

The Department of Life Sciences of the University of Trieste has a wide expertise in international projects. The main expertise and fields of interest of the Department are: Analysis of Ecological Systems, carrying out research into processes and patterns of terrestrial and aquatic ecological systems using multivariate analysis; Geographic Information Systems and Databases, for evaluating the environmental impact of human activities and for planning strategies for the rehabilitation of degraded areas; Remote sensing, vegetation and land use, integrating vegetation with remotely sensed data, and comparing land cover parameters with the traditional landscape classifications.

## KNOW-HOW RECIPIENT

- The Central Research Institute for Complex Use of Water Resources (CRICUWR), Belarus  
[www.cricuwr.by](http://www.cricuwr.by)
- The Faculty of Geography, Belarusian State University, Belarus (BSU)
- The Laboratory of Lakes Research, Belarus  
[www.bsu.by/en](http://www.bsu.by/en)
- Republican Unitary Enterprise «Belarusian Research Geological Exploration Institute» (BRGEI), Ministry of Natural Resources and Environmental Protection of Belarus  
[www.geology.org.by](http://www.geology.org.by)

All project's beneficiaries are Belarusian institutions active in the field of research studies in environmental assessment of water protection, development of guidelines and recommendations on water resources management and protection, and international cooperation. Moreover, some of the beneficiaries have study programmes based on the geological and soil science studies.

## SUMMARY DESCRIPTION

This project aimed at transferring to Belarusian beneficiaries open source methodologies and tools for territorial analysis and sustainable use of natural resources, with particular reference to open source GIS tools, remote sensing software, numerical models and their possible applications, as well as exploitation for the development of projects. This was achieved through the examination of available resources, the analysis of needs and perspectives in terms of planning and development policies. Furthermore, the assignment trained a number of selected young Belarusian scientists in the field of territorial and resources management, helping them to develop applicative projects on the analysed issues. Lastly, courses' participants scrutinized and elaborated a number of projects that will have relevance for Belarusian Authorities in territorial management.

The project's main goal was to transfer analytical open-source know-how to Belarusian beneficiary Institutions for territorial management and sustainable use of natural resources in the fields of environmental management, agriculture and energy, as well as to train a selected number of people, aiming specifically at young scientists, PhDs and post-doctoral students. This goal was fully achieved through a training course in Minsk and other advanced courses held in Turin and Trieste. Furthermore, the project assessed main questions concerning territorial/resources management in Belarus, providing technological and formation tools. In particular, after the training course in Minsk, six young researchers were selected by Belarusian Institutions to participate in the advanced courses in Italy, thus having the opportunity to work on their projects and apply the analytical tools provided. As for long-term results, the project will assist the Belarusian Authorities in incorporating ideas and results achieved by the project into the national normative and development plans. Lastly, the current project enforced and strengthened scientific cooperation between the involved Italian and Belarusian Institutions. Opportunities for further collaboration will be explored, depending on the possibilities offered by international scientific and technological funding programmes.

# ENIGMA: Environmental Impact assessment of the Kozuf metalloGenic district in southern Macedonia in relation to groundwater resources, surface waters, soils and socio-economic consequences

REFERENCE NUMBER . . . . . 1206KEP.008-12  
 KNOW-HOW PROVIDER INSTITUTION . . . . . GIS-GEOINDUSTRY s.r.o., Czech Republic  
 KNOW-HOW RECIPIENT INSTITUTIONS . . . . . Faculty of Natural and Technical Sciences of Goce Delcev University, Macedonia  
 PROJECT TOTAL COST. . . . . €77,590  
 CEI GRANT. . . . . €37,895  
 IMPLEMENTATION DATE. . . . . January 2013 - August 2014

## KNOW-HOW PROVIDER

GIS-GEOINDUSTRY s.r.o., Czech Republic  
[www.geoindustry.cz](http://www.geoindustry.cz)

The know-how provider is a private company specialised in economic geology, hydrogeology and geophysics. The company is also dealing with drilling operations, consulting engineering and services in processing metallic and non-metallic raw materials. The company employs experienced specialists who are able to conduct projects at all stages of exploration, pre-feasibility and feasibility studies, and opening the mine.

## KNOW-HOW RECIPIENT

Faculty of Natural and Technical Sciences of Goce Delcev University, Macedonia  
<http://int.ugd.edu.mk>

The main project know-how beneficiary is the Faculty of Natural and Technical Sciences of Goce Delcev University at Stip, Macedonia. The scientific research activities of the Faculty of Natural and Technical Sciences cover various areas of mining and geology, and this is accomplished with the help of funds received from projects financed by the Ministry of Education and international organisations, as well as commercial and other organisations from the Country and abroad.

## SUMMARY DESCRIPTION

The Kozuf metallogenic district (KMD) is located in the mountain range by the same name situated in the southern part of Macedonia. Because of past mining activities in the area, there are unclaimed dumps as well as unknown deposits, containing anomalous concentrations of harmful substances, representing a significant environmental and health hazards.

The assignment encompassed several activities, which started with a kick-off meeting with local representatives. A background research resulted in gathering an extensive package of data and documents related to geological, hydrological, hydrogeological, hydro-meteorological, environmental and socio-economic conditions in the area of interest that fully covered the needs of subsequent project activities. This was followed by verification of data previously gathered on the field and, as an integral part of fieldwork, a questionnaire survey among local people was organised, collecting their views on the status of the surrounding environment. Measurements and sampling on the field were also performed, in order to examine the long-term environmental hazards associated with past mining activities and based on available and gathered data in the region, including an assessment on ore quality.

Two workshops, one in Macedonia and one in the Czech Republic followed. The following phase of project activities included the preparation of a water-resource vulnerability map, a landslides and soil-erosion risk assessment, and integrated water resource management and remedy suggestions. The main project output is represented by the study "Environmental assessment of the Kozuf metallogenic district", that summarizes collected data, evaluates impact of identified environmental loads on water resources and other components of the environment and public health within the area of interest and suggests, at the end, reasonable remedial and IWRM measures as a basic guide for local decision makers. Other results included the creation of two databases: the first one contains information related to current environmental situation in the area of interest in relation to geological and hydrogeological conditions, based on background research and field recognition; the second one contains gathered information from the field survey and is open for updates and integration of local historical data.

The results and outputs of the project led to continuous evaluation of environmental loads of territory mainly related to water resources vulnerability, landslides and soil erosion risk.



# Future Outlook: 2015 Strategy

The CEI Fund Strategy for 2015 is the result of successful collaboration among the Office for the CEI Fund at the EBRD, the EBRD, and the Italian Ministry of Foreign Affairs and International Cooperation - Directorate General for the European Union, and it offers a briefing on country and sector priorities for projects to be financed through the CEI Fund during 2015, with an allocation of more than €1.8 million (see Annex 2).

Such strategy is coherent with the objectives outlined by the CEI Plan of Action 2014-2016. The CEI mandate remains strongly focused on the EU integration process, both at political and economic level, and the tools used to accomplish this mission are an ever-growing number of projects, as well as an increased dialogue with regional and country partners. The Fund will therefore continue supporting regional cooperation through projects having an impact on the entire CEI region, complementing existing initiatives with innovative instruments and expertise.

The strategy is also in line with the EBRD programmes and investments, through which the Bank provides support to the CEI countries in the aftermath of the financial crisis. In this regard, it promotes economic recovery as well as strengthening of financial sectors and introduction of appropriate regulations throughout its sectors of intervention. The assistance offered through the CEI Fund will direct

its strategic focus towards non-EU CEI Member States (Western Balkans countries, Belarus, Moldova, and Ukraine). Priority is given to the following sectors: Energy Efficiency, Municipal and Environmental Infrastructure, Transport, Agribusiness, and support to SME development, including capacity building and policy dialogue in these sectors where appropriate. Moreover, the CEI Fund will continue to support European Integration, Capacity Building and Market Economy under the CEI Know How Exchange Programme.

As for project-related activities, in 2015 the Office for the CEI Fund at the EBRD will once again focus on the monitoring and assessment phases of the project cycle, both for Technical Cooperation and Know-how Exchange Programme assignments, giving priority to projects contributing to the preparation and implementation of the EBRD investments, as well as projects ensuring concrete impact on the transition process of countries of operations. An enhanced visibility will also continue to be an important tool in fulfilling the strategy objectives for 2015.

By providing dedicated technical assistance, and through the CEI Know How Exchange Programme, in 2015 the CEI Fund will help the EBRD and the CEI countries achieve their objectives of transition and integration, ensuring leverage and effectiveness in the use of Italian resources.

Guido Paolucci

*Programme Manager  
Office for the CEI Fund at the EBRD  
Donor Co-financing, EBRD*





# Annex 1

## Financial Report 2014

### Financial Report 2014 for the CEI Fund at the EBRD contributed by Italy <sup>1</sup>

<b>A Fund Summary - all years to 31 December 2014</b>		€ <sup>2</sup>
<b>Inflows</b>		
Net Inflow of funds 1992-2007 <sup>3</sup>		26,563,961
Inflow (Italian lodgement) during 2008-2014		12,000,000
Accrued Interest up to 31/12/2014		2,958,134
EBRD Administration Fee		-1,269,660
Bank + other charges, income, and reimbursements		2,057
<b>Total inflow 1992-2014</b>		<b>40,254,492</b>
<b>Expenditure</b>		
Operational/ administrative expenditure for CEI-PS (London and Trieste, from 1992 up to 31/12/2003) including CEI Summit Economic Forum (1998-2003), international events / cooperation activities, cooperation with international organisations, agricultural and energy projects		5,985,499
Closed and open TC assignments as of 31/12/2014		29,790,682
<b>Total Commitments 1992-2014</b>		<b>35,776,181</b>
<b>Fund's Availability</b>		
Total Available Fund Balance by EBRD Financial Control: CEI Account - as of 31/12/2014 (Annex 3)		38,404
Total Available Fund Balance by EBRD Financial Control: CEI2 Account - as of 31/12/2014 (Annex 4)		2,709,908
TC assignments not numbered as of 31/12/2014		-1,114,260
Expected recovery from operational activities and KEP in Trieste		156,444
<b>Total available as of 31/12/2014</b>		<b>1,790,496</b>
<b>B Fund Budget 2015-2016</b>		
Budget Forecast 2015 (incl. operational activities, TCs, KEP and offices London and Trieste)		2,375,000
Expected Inflow during 2015		1,000,000
Expected Fund Availability for 2016 <sup>4</sup>		415,496

<sup>1</sup> This Financial Report and Budget uses unaudited figures for planning purposes. Audited accounts are available from the EBRD System and external auditors for the Fund.

<sup>2</sup> All currency amounts are denominated in EURO, unless otherwise indicated.

<sup>3</sup> Total allocation from Italy as of 31/12/2007.

<sup>4</sup> A repayment of €184,409 is expected in 2015 as the final settlement amount related to the project committed as CEI-1998-07-10.

# Annex 2

## Budget 2015

### Budget 2015 for TC, KEP and Office operational activities (London and Trieste)

<b>A Projects</b>	<b>Trieste (€)</b>	<b>London (€)</b>	<b>Total €</b>
Technical Cooperation Projects		1,550,000	
Know-how Exchange Programme	280,000		
<b>Subtotal</b>			<b>1,830,000</b>
<b>B Human Resources</b>			
Permanent Staff (Programme Manager + 3 staff members)	182,000	109,000	
<b>Subtotal</b>			<b>291,000</b>
<b>C Travels and Events</b>			
Missions	7,000	14,000	
Meetings and hospitality	2,000	4,000	
<b>Subtotal</b>			<b>27,000</b>
<b>D Operational Expenses</b>			
Cleaning, security, IT, audit and certifications	6,500		
Publications, visibility, website	12,000	2,000	
Utilities and maintenance	20,000		
Equipment	3,000		
Telephone, postage, stationery, and bank	6,000	1,500	
Insurance	7,000		
<b>Subtotal</b>			<b>58,000</b>
<b>E Contingencies and miscellaneous</b>			
Reserves for projects and other expenses	85,000	84,000	
<b>Subtotal</b>			<b>169,000</b>
<b>Total</b>			<b>2,375,000</b>

# Annex 3

## Central European Initiative Fund

### Balance 2014

<b>Table A. Fund Balance Report (cumulative to 31/12/2014)</b>		<b>€</b>
Agreement Amount		26,563,961
Commitments		-22,481,917
<b>Subtotal</b>		<b>4,082,043</b>
Bank Charges		-18,930
EBRD Administration Fee		-969,660
Foreign Exchange Gain / Loss & Other Income / Charges		16,844
Interest Income		2,913,605
Secretariat expenses		-5,985,499
<b>Available Fund Balance</b>		<b>38,404</b>
<b>Table B. Fund Balance Report Breakdown</b>		<b>€</b>
Cash on Hand		134,716
Commitments not yet Disbursed		-100,000
Placements and Debt Securities		3,688
<b>Available Fund Balance</b>		<b>38,404</b>
<b>Table C. Additional Information</b>		<b>€</b>
Contributions to date		26,563,961
Disbursement to date		22,381,917

# Central European Initiative Ministry of Foreign Affairs Fund

## Balance 2014

<b>Table A. Fund Balance Report (cumulative to 31/12/2014)</b>		€
Agreement Amount		12,000,000
Commitments		-9,038,764
<b>Subtotal</b>		<b>2,961,236</b>
Bank Charges		-1,857
EBRD Administration Fees		-300,000
Interest Income		44,529
Technical Cooperation Reimbursements		6,000
<b>Available Fund Balance</b>		<b>2,709,908</b>

<b>Table B. Fund Balance Report Breakdown</b>		€
Cash on Hand		5,138,618
Commitments not yet Disbursed		-2,428,710
<b>Available Fund Balance</b>		<b>2,709,908</b>

<b>Table C. Additional Information</b>		€
Contributions to date		12,000,000
Disbursement to date		6,610,054

# List of Technical Cooperation Assignments 1993-2014

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COMMITMENT STAGE	COUNTRIES OF OPERATIONS
CEI-1993-12-01	Kyiv to Western Border Highway feasibility study	784,844	closed	Ukraine
CEI-1994-04-01	Central European Initiative - transport information reporting project (design and supervision)	156,621	closed	Albania
CEI-1994-06-02	Commercial law training	1,910,891	closed	Regional
CEI-1994-08-03	CETIR - Central Initiative System - transport information reporting system	505,484	closed	Regional
CEI-1995-07-01	Industrial zone development (Phase I)	19,923	closed	Slovak Republic
CEI-1995-07-02	Co-financing advisory services	22,827	closed	Albania
CEI-1996-11-01	Board On-Line Documents (BOLD)	71,647	closed	Regional
CEI-1996-12-02	Board On-Line Documents (BOLD)	78,193	closed	Regional
CEI-1997-07-01	Funding of assistants for Directors representing constituencies of countries of operations	41,983	closed	Regional
CEI-1997-07-02	Commercial law training extension	619,474	closed	Regional
CEI-1997-08-03	Air navigation system management information	182,412	closed	Ukraine
CEI-1997-09-04	Emergency power system reconstruction project	76,218	closed	Bosnia and Herzegovina
CEI-1997-09-05	Emergency power system reconstruction project	133,581	closed	Bosnia and Herzegovina
CEI-1997-10-06	Board on-line documents	59,058	closed	Regional
CEI-1997-11-07	Law reform and training programme III / CEI support	82,566	closed	Regional
CEI-1998-03-08	Project screening for Bosnia-Herzegovina	62,683	closed	Bosnia and Herzegovina
CEI-1998-04-09	Sarajevo Airport Masterplan study	167,412	closed	Bosnia and Herzegovina
CEI-1998-07-10	Design and supervision consultants for Croatia Wholesale Markets	737,639	closed	Croatia
CEI-1998-08-11	Business Advisory Services - feasibility study	19,594	closed	Bosnia and Herzegovina
CEI-1998-09-12	Board on-line documents	63,962	closed	Regional
CEI-1999-07-01	Sarajevo International Airport - Lighting & Equipment	409,971	closed	Bosnia and Herzegovina
CEI-1999-07-02	BiH - Sarajevo International Airport - Firefighting Training	30,000	closed	Bosnia and Herzegovina
CEI-1999-11-04	BOLD Project Manager and CEI Deputy Programme Manager	81,148	closed	Regional
CEI-1999-12-05	Procurement assistance to the transport team	89,091	closed	Regional
CEI-2000-06-01	Business Advisory Service (BAS) Programme in Croatia - Ana Betica	24,633	closed	Croatia
CEI-2000-06-02	Business Advisory Service (BAS) Programme in Croatia - TAM Management & Support	37,600	closed	Croatia
CEI-2000-06-03	Business Advisory Service (BAS) Programme in Croatia - subsidy contributions	759,928	closed	Croatia
CEI-2000-06-04	Business Advisory Service (BAS) Programme in Croatia - office operating expenses	71,600	closed	Croatia
CEI-2000-06-05	Business Advisory Service (BAS) Programme in Croatia - office rent & Opex	85,945	closed	Croatia
CEI-2000-06-06	Business Advisory Service (BAS) Programme in Croatia - office equipment & furniture	20,967	closed	Croatia
CEI-2000-07-08	Business Advisory Service (BAS) Programme in Croatia - Local Programme Director	61,431	closed	Croatia
CEI-2000-07-09	Business Advisory Service (BAS) Programme in Croatia - Travel Expenses for Udo Schedel	9,680	closed	Croatia
CEI-2000-07-10	CEI Loans for Small Entrepreneurs in Albania	268,586	closed	Albania
CEI-2000-09-11	Business Advisory Service (BAS) Programme in Croatia - Project Officer	36,688	closed	Croatia
CEI-2001-02-01	CEI Romanian Railways Cooperation Project - Project Preparation and Implementation	409,448	closed	Romania
CEI-2001-03-02	Albania - Rehabilitation of Road Network	1,700,000	closed	Albania
CEI-2001-09-03F	CEI Wholesale Markets Foundation	464,812	closed	Regional
CEI-2001-10-04F	Business Advisory Service (BAS) Programme in South East Europe	1,243,645	closed	Regional
CEI-2002-06-01F	TAM Programme - CEI TAM Privatisation Support	468,284	closed	Regional
CEI-2002-08-02	Business Advisory Service (BAS) Programme in Croatia - National Programme Director Kruno Placko	14,482	closed	Croatia
CEI-2002-08-03	Business Advisory Service (BAS) Programme in Croatia - Asst to National Prog. Director - Ana Betica	6,273	closed	Croatia

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COMMITMENT STAGE	COUNTRIES OF OPERATIONS
CEI-2002-12-04	BAS Programme / Contract of the BAS Croatia National Programme Director	21,965	closed	Croatia
CEI-2002-12-05	BAS Programme / Contract Extension of the BAS Croatia Assistant to National Programme Director	3,111	closed	Croatia
CEI-2003-02-01	Macedonia, ATCO refresher courses	235,408	closed	Macedonia
CEI-2003-02-02	Macedonia, ATCO refresher courses	58,433	closed	Macedonia
CEI-2003-05-01	CEI Business Advisory Service (BAS) Programme in Croatia and Macedonia - Programme Evaluation	9,748	closed	Regional
CEI-2003-06-01	CEI Romanian Railways Cooperation Project	16,099	closed	Romania
CEI-2003-07-01F	Business Advisory Service (BAS) Programme in SE Europe (Croatia, Slovenia, Bosnia and Herzegovina, Bulgaria and Macedonia)	1,070,930	closed	Regional
CEI-2004-04-01	Bulgaria Water and Wastewater Project Facility:	204,233	closed	Bulgaria
CEI-2004-06-02	FAO CEI - EASTAGRI	56,323	closed	Regional
CEI-2004-10-03F	Regional: Energy Audits Programme Framework Agreements (D'Appolonia)	226,582	closed	Regional
CEI-2004-10-04F	Regional: Energy Audits Programme Framework Agreements (MWH)	238,162	closed	Regional
CEI-2004-10-05	Bulgaria Water and Wastewater Project	43,860	closed	Bulgaria
CEI-2005-02-03	Milavitsa Strategic Industry Advisor	15,110	closed	Belarus
CEI-2005-02-04	TAM - Tikves	38,972	closed	Macedonia
CEI-2005-04-05F	Business Advisory Service (BAS) Programme in Slovenia - Framework	92,232	closed	Slovenia
CEI-2005-07-06	CEI Insurance Privatisation Assistance for INSIG (Albania)	404,970	closed	Albania
CEI-2005-08-07	BiH Regional Railway Project: Environmental Analysis & Audit	19,800	closed	Bosnia and Herzegovina
CEI-2005-12-08	Bosnia - Sector Study of the Forestry Study	49,103	closed	Bosnia and Herzegovina
CEI-2005-12-09	Market Study for Sustainable Energy in the Slovak Republic	49,307	closed	Slovak Republic
CEI-2006-03-05	Regional: EastAgri CEI Network - Phase II	46,889	closed	Regional
CEI-2006-08-07	Macedonia: Consulting Services for Implementation of Management and Financial Procedures and Systems for Air Navigation System Provider	235,814	closed	Macedonia
CEI-2006-09-08	Brasov Urban Transport: Regulatory Strengthening Advisory Services to the City	69,084	closed	Romania
CEI-2006-09-09	Brasov Urban Transport: Corporate Development Programme	79,998	closed	Romania
CEI-2006-09-10	OECD Membership 2006	26,274	closed	Regional
CEI-2006-12-12	BiH Regional Railway Project: Assistance with Restructuring	279,950	closed	Bosnia and Herzegovina
CEI-2007-02-01F	TAM - Tikves	8,040	closed	Macedonia
CEI-2007-07-04	Crimea Municipal Infrastructure - Yalta Vodocanal IFRS	49,440	closed	Ukraine
CEI-2007-08-05	Albania: Tirana Creditworthiness Enhancement Programme (CEP)	330,018	closed	Albania
CEI-2007-08-06	BiH Regional Railway Project: Assistance with Restructuring (extension)	20,000	closed	Bosnia and Herzegovina
CEI-2007-09-07	Kiev City Transport: Financial Due Diligence & IFRS Audit - Kiev Metropolitan	60,000	closed	Ukraine
CEI-2007-12-08	Assessment of Sustainable Energy Potential in West Balkans	196,000	closed	Regional
CEI-2008-05-02	BiH Resettlement Framework and Action Plan for Corridor Vc	79,604	closed	Bosnia and Herzegovina
CEI-2008-07-04	BiH Resettlement Framework and Action Plan for Corridor Vc (Extension)	12,138	closed	Bosnia and Herzegovina
CEI-2008-09-05	Extension to IBP and Strengthening of SME Loans Procedures	191,544	closed	Belarus
CEI-2008-11-09F	Energy Audits Programme (CEI funded - extension) D'Appolonia	142,784	closed	Regional
CEI-2008-11-10F	Energy Audits Programme (CEI funded - extension) MWH	190,050	closed	Regional
CEI-2008-12-11	Macedonia: Environmental and Social Analysis for ASR	46,567	closed	Macedonia
CEI-2009-05-02	Sarajevo Water & Wastewater - Feasibility Study	190,840	closed	Bosnia and Herzegovina
CEI-2009-06-04	Mahovljani Interchange Feasibility & Environmental Due Diligence	170,140	closed	Bosnia and Herzegovina
CEI-2009-10-05	Assessment of SEI Potential in Belarus - Market Demand Study	74,512	closed	Belarus
CEI-2009-11-06	Sarajevo Water & Wastewater - Feasibility Study-Extension	37,125	closed	Bosnia and Herzegovina
CEI-2010-01-01F	TAM - Pantomarket	11,315	closed	Montenegro
CEI-2010-01-02F	TAM - Altimed	59,399	closed	Belarus
CEI-2010-02-03F	TAM - Pinskdiv	55,217	closed	Belarus
CEI-2010-03-04F	TAM - Bereza Cheese Plant JCS	55,773	closed	Belarus
CEI-2010-11-06F	Regional Energy Efficiency Programme for the Corporate Sector - CEI - MWH	165,996	closed	Regional
CEI-2010-11-07F	Regional Energy Efficiency Programme for Corporate Sector - CEI - D'Appolonia	65,493	closed	Regional
CEI-2012-07-01	Belgrade Public Transport and Traffic Infrastructure Extension - Preparation of technical requirements and tendering for public transport shelter lighting optimisation	100,000	committed	Serbia
CEI-2012-07-02	Energy Efficiency Programme for Corporate sector - CEI - D'Appolonia - Moldovan Railways	47,250	closed	Moldova
CEI2-2010-06-04	Life in Transition Survey II - Bosnia and Herzegovina	45,000	closed	Bosnia and Herzegovina

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COMMITMENT STAGE	COUNTRIES OF OPERATIONS
CEI2-2010-06-05	Life in Transition Survey II - Albania	45,000	closed	Albania
CEI2-2010-07-06	Rail Corridor X in Serbia and Macedonia: Lender's Monitor Advisor	196,300	disbursing	Regional
CEI2-2010-07-07	WeBSEDF:TC Banker	171,473	closed	Regional
CEI2-2010-12-08	Support to ZS for Implementation of Energy Information Management System - Serbia	250,000	disbursing	Serbia
CEI2-2011-07-03	Capljina Water Supply Environmental and Social Due Diligence	49,400	closed	Bosnia and Herzegovina
CEI2-2011-12-04	JSC Serbian Railways: Lender's Monitor Advisor	175,000	committed	Serbia
CEI2-2012-04-01	Montenegro: Energy Efficiency Action Plan for ZPCG	150,000	closed	Montenegro
CEI2-2012-05-02	Market Study: Opportunities to Implement Sustainable Strategies in the Maritime Sector	235,000	disbursing	Regional
CEI2-2012-06-05	Enhancing Public Procurement Professionalism - Pilot Master's	40,000	closed	Regional
CEI2-2012-06-06	Resource and Process Efficiency in Manufacturing Sectors	427,570	disbursing	Regional
CEI2-2012-06-07	Macedonia: Railway Corridor VIII - Energy Management System for PERI	175,000	disbursing	Macedonia
CEI2-2012-08-08F	EGP - MixNet	60,000	disbursing	Ukraine
CEI2-2012-11-09	Kotor - Cetinje Cable Car - Technical Review and Preparation of PPP Tender	200,000	disbursing	Montenegro
CEI2-2012-12-10F	EGP - Maize I	60,000	disbursing	Ukraine
CEI2-2012-12-11	Montenegro: Energy Efficiency Action Plan for ZPCG extension	20,000	closed	Montenegro
CEI2-2013-03-05	Strengthening the capacity of the Belarusian Renewable Energy Association (BREA) for its active involvement in policy- and decision-making processes in Belarus	180,000	disbursing	Belarus
CEI2-2013-03-04	Training of Grain Farmers in Ukraine	265,077	disbursing	Ukraine
CEI2-2013-01-02	Policy dialogue in the Ukrainian dairy sector	28,165	closed	Ukraine
CEI2-2013-02-03	Kotor Fortress Urban Regeneration - Technical and Market Due Diligence	74,800	disbursing	Montenegro
CEI2-2013-07-10	Moldova Railways: Environmental, Health and Safety Management Support and Capacity Building	73,000	committed	Moldova
CEI2-2013-07-09	Local Roads Reconstruction and Upgrade Project	274,000	committed	Montenegro
CEI2-2013-08-14	Road Rehabilitation and Safety Project. Capacity Building on Road Safety Management (ISO 39001)	70,000	committed	Serbia
CEI2-2013-07-11	Moldova Railways: Assistance in preparation and implementation of tender for rolling stock rehabilitation	250,000	committed	Moldova
CEI2-2013-07-12	Energy and Resource Efficiency Programme for the Corporate Sector - Production of fertilizers from agribusiness wastes: technical and market potential in Ukraine and Western Balkans	49,850	closed	Regional
CEI2-2013-08-13	Kotor - Cetinje Cable Car - Technical Review and Preparation of PPP Tender Extension	39,850	disbursing	Montenegro
CEI2-2013-10-15	Sustainable Energy Action Plan (SEAP) for Chisinau. Urban Regeneration Market Study	110,000	disbursing	Moldova
CEI2-2013-10-16	Energy and Resource Efficiency Programme for the Corporate Sector CEI - Mark Formelle Cogeneration Plant: Feasibility Study	37,486	disbursing	Belarus
CEI2-2014-01-01	Review of Energy Act in Serbia: Institutional Capacity building sub-assignments under the Western Balkans Sustainable Energy Direct Lending Facility	200,000	committed	Serbia
CEI2-2014-03-02	Enhancing Public Procurement Professionalism	40,000	closed	Regional
CEI2-2014-03-03	Resource and Process Efficiency in Manufacturing Sectors - extension 2014	42,650	committed	Regional
CEI2-2014-06-05	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - D'Appolonia - Makstil	46,546	committed	Macedonia
CEI2-2014-07-06	Montenegro Agency for the Protection of Competition	48,428	committed	Montenegro
CEI2-2014-09-08	Resource Efficiency Programme for the Corporate Sector - Uniflex	21,678	committed	Belarus
CEI2-2014-11-09	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - D'Appolonia - Agrofusion	39,250	committed	Ukraine
CEI2-2014-11-10	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - KPMG - Belarus Industry Study	48,280	committed	Belarus
To be assigned	Energy Audits Programme Agreements	164,260	approved	Regional
To be assigned	Utilisation of Biomass Residues in Primary Agriculture and Food Processing Sectors	150,000	approved	Regional
To be assigned	Preparation of Preliminary Design and Detailed Design for a new Passenger Terminal at Tivat Airport	300,000	approved	Montenegro
To be assigned	Green Energy Special Fund - Framework for Technical Preparation of Green Components	500,000	approved	Regional
<b>Total</b>		<b>23,395,889</b>		

# List of Know-how Exchange Programme Projects 2004-2014

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	PROJECT TOTAL COST (€)	CEI CO-FINANCING (€)	IMPLEMENTATION STAGE	AREA OF INTERVENTION
1206.009-04	Introduction to Public Finance Management	Slovenia	Macedonia	15,172	5,000	closed	Capacity building
1206.001-05	Sharing policy know-how in transition countries in CEI region	Czech Republic, Hungary, Poland, Slovak Republic, Slovenia	Regional	81,025	28,400	closed	Capacity building
1206.014-05	CEI support to Wholesale Markets Development in Ukraine	Italy, Poland / FAO as coordinator	Ukraine	65,164	36,502	closed	Sustainable agriculture
1206.016-05	AER PEER Review Initiative (APRI) in the CEI Region	Austria, Czech Republic, Hungary, Italy / AER as coordinator	Croatia, Romania, Ukraine	61,621	16,100	closed	Capacity building
1206.004-06	Prospects of EU-Ukraine economic relations	Poland	Ukraine	54,143	21,790	closed	Capacity building
1206.005-06	Entrepreneurship and Enterprise Development in South East Europe: identification and implementation of good policy practices	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	95,900	38,200	closed	Enterprise development
1206.006-06	SMILE (Support for Moldova: Innovation, Leadership and positive Environment)	Italy	Moldova	83,183	22,708	closed	Enterprise development
1206.007-06	Introduction to Public Finance Management for Junior Governmental Officials Assigned to Public Finance Management Positions	Slovenia	Romania	15,830	5,240	closed	Capacity building
1206.008-06	Support to the development of rural tourism and setting up of a professional tourist organization with member municipalities of the Rose Valley, Bulgaria	Austria	Bulgaria	50,118	20,500	closed	Sustainable agriculture
1206.009-06	Building Effective Fresh Fruit and Vegetables Quality Control System in Moldova	Slovak Republic	Moldova	10,791	1,660	closed	Sustainable agriculture
1206.010-06	Study tour on EU co-ordination	Austria, Poland	Romania	8,523	3,689	closed	Sustainable agriculture
1206.001-07	CEI support to Wholesale Markets Development in Ukraine (phase 2): Wholesale Markets Training at Regional Level	Italy, Poland / FAO as coordinator	Ukraine	36,147	14,832	closed	Sustainable agriculture
1206.002-07	Improving transparency in local government finance in Moldova through better budgeting process	Poland	Moldova	67,191	18,065	closed	Capacity building
1206.003-07	Human resources development and improvement of internal control in administration of small cities of Moldovan-Ukrainian borderland – Floresti, Soroca, Yampil	Poland	Moldova, Ukraine	117,712	23,249	closed	Capacity building
1206.004-07	Ecological agriculture and agrotourism promotion and development in the Eastern Ukrainian Carpathian Region and Moldova	Poland	Moldova, Ukraine	83,853	24,308	closed	Sustainable agriculture
1206.012-07	CEI study tour and workshop: Networking and cluster model to support SMEs internationalization	Italy, Slovenia	Regional	88,044	34,584	closed	Enterprise development
1206.001-08	Pilot project on enhancing sustainable local and rural development in the SAP (Stabilization and Association Process) countries by introducing the LEADER experience	Hungary	Regional (Western Balkan countries)	40,376	18,598	closed	Sustainable agriculture
1206.002-08	1st Ukrainian School of Civil Society Leaders	Poland	Ukraine	128,666	32,992	closed	Capacity building
1206.014-08	BIOM-ALBA: Analysis and study of the feasibility of a biomass chain in Albania	Italy	Albania	97,039	31,987	closed	Sustainable energy
1206.015-08	Promotion and development of agrotourism and ecological agriculture in Moldova	Poland	Moldova	109,061	13,273	closed	Sustainable agriculture
1206.018-08	MOLDAGROFOOD - Systems for the Organization of the Moldovan Food Farming Production Process	Italy	Moldova	83,185	36,023	closed	Sustainable agriculture
1206.020-08	Fostering Innovation in SMEs in the Western Balkans. Phase II	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	91,591	35,084	closed	Enterprise development

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	PROJECT TOTAL COST (€)	CEI CO-FINANCING (€)	IMPLEMENTATION STAGE	AREA OF INTERVENTION
1206.021-08	Monitoring SME policy implementation in the Western Balkans	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	102,622	40,000	closed	Enterprise development
1206.026-08	Capacity Building in Public Accounting (CBIPA) in Moldova	Slovenia	Moldova	241,357	40,000	closed	Capacity building
1206.027-08	Transfer of Macrolotto best practice to the management of sustainable and equipped productive areas	Italy	Serbia	41,508	14,181	closed	Enterprise development
1206.002A-09	PORTRAIN	Italy	Albania	91,979	33,900	closed	Capacity building
1206.003A-09	Supporting Serbian SMEs in accessing to EU markets	Italy	Serbia	42,448	21,224	closed	Enterprise development
1206.004A-09	S.E.A. - System for Energy Autonomy	Italy	Moldova	121,600	20,000	closed	Sustainable energy
1206.005A-09	Assessment of energy sector in Bosnia and Herzegovina: AER Peer Review on Energy in Republika Srpska	Hungary, Romania / AER as coordinator	Bosnia and Herzegovina	25,992	12,092	closed	Sustainable energy
1206.006A-09	Development of decision support systems for integrated water management in Belarus	Italy	Belarus	64,306	31,288	closed	Sustainable energy
1206.007A-09	CEI Study Tour and Workshop: "The role of professional branch associations in fostering the competitiveness of SMEs in the IT sector – creating a common SEE IT brand"	Austria, Bulgaria	Regional	66,961	25,941	closed	Enterprise development
1206.008A-09	ICT Cooperation: Italy – Croatia Technology Cooperation	Italy	Croatia	14,492	6,239	closed	Enterprise development
1206.009A-09	Capacity building and transfer of knowledge for the development of organic farming in Blidinje Nature Park	Czech Republic	Bosnia and Herzegovina	65,089	15,536	closed	Sustainable agriculture
1206.011A-09	Technical assistance for the development and improvement of technologies, methodologies and tools for the enhanced use of agricultural biomass residues	Italy	Serbia	79,053	39,000	closed	Sustainable energy
1206KEP.005-10	Good governance in Chisinau - introduction of performance budget in the capital of Moldova	Poland	Moldova	123,544	32,683	closed	Capacity building
1206KEP.006-10	Farming and off farming activities in mountain areas and Natural Parks: "the Italian experience" a study tour for Montenegro	Italy / FAO as coordinator	Montenegro	59,851	24,851	closed	Sustainable agriculture
1206KEP.007-10	Technical assistance and good practices sharing in order to promote female entrepreneurship in the tourism and services sector	Italy	Croatia	103,016	40,000	closed	Enterprise development
1206KEP.008-10	AER peer review on energy in Vojvodina "How to create sustainable energy communities within our regions?"	Italy, Romania // AER as coordinator	Serbia	28,815	13,066	closed	Sustainable energy
1206KEP.009-10	Financial facilities for SMEs: training and capacity building for Business Support Organisations in non-EU member states of the Central European Initiative	Italy	Regional	80,000	39,883	closed	Enterprise development
1206KEP.010-10	Monitoring SME policy implementation in the Western Balkans	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	142,858	40,000	closed	Enterprise development
1206KEP.011-10	SAFE ADRIA - Technical assistance to Luka Bar for the development of action plans to improve the capacity in the domains of environment protection, safety and security at work	Italy	Montenegro	57,777	26,520	closed	Capacity building
1206KEP.012-10	COOPERADRIA: Support to the capacity in developing and managing cooperation projects: Institute of Transport	Italy	Albania	45,899	15,622	closed	Capacity building
1206KEP.013-10	Krapina Zagorje County Rural Development Strategy	Slovenia	Croatia	28,908	12,919	closed	Sustainable agriculture
1206KEP.005-11	Financial facilities for SMEs: training and capacity building for Business Support Organisations in non-EU member states of the Central European Initiative-FIT4SMEs II	Italy	Regional	80,633	39,948	closed	Enterprise development
1206KEP.009-11	Public Accountants Certification Training (PACT) in Macedonia	Slovenia	Macedonia	114,080	29,915	closed	Capacity building
1206KEP.010-11	Training of Internal Auditors in Public Sector in Montenegro	Slovenia	Montenegro	225,122	39,641	closed	Capacity building
1206KEP.011-11	Evaluating SME policy implementation in the Western Balkans	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	102,150	39,671	closed	Enterprise development
1206KEP.001-12	Improving environmental and disaster prevention capacity in Serbia	Italy	Serbia	72,135	33,002	closed	Sustainable energy
1206KEP.002-12	Performance budgets in Cherkasy and Vinnitsa - support for good governance and financial transparency of local governments in Ukraine	Poland	Ukraine	231,784	30,100	disbursing	Capacity building

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	PROJECT TOTAL COST (€)	CEI CO-FINANCING (€)	IMPLEMENTATION STAGE	AREA OF INTERVENTION
1206KEP.003-12	Conditions for technology transfer of experience for Tirana City - Context	Italy	Albania	86,193	28,435	closed	Enterprise development
1206KEP.004-12	Public Accountants Certification Training (PACT) in Macedonia, level 1 cohort 2 and level2 cohort 1	Slovenia	Macedonia	235,657	40,000	disbursing	Capacity building
1206KEP.005-12	Application of open source software and methods for territorial analysis and sustainable use of natural resources in Belarus	Italy	Belarus	57,694	28,006	closed	Sustainable energy
1206KEP.006-12	Know-how for Donetsk Region – strengthening of administrative structures and regional development in Ukraine	Poland	Ukraine	28,736	11,292	closed	Capacity building
1206KEP.008-12	ENvironmental Impact assessment of the Kozuf metalloGenic district in southern MAcedonia in relation to groundwater resources, surface waters, soils and socio-economic consequences Acronym: ENIGMA	Czech Republic	Macedonia	77,590	37,895	closed	Sustainable energy
1206KEP.009-12	Renewable Energy Knowledge and Technology Transfer in Albania and in Bosnia -Herzegovina	Italy	Albania, Bosnia and Herzegovina	89,737	39,110	disbursing	Sustainable energy
1206KEP.010-12	Competitiveness and New Industrial Policy: Building capacities for diagnosis, design and implementation	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	181,838	30,000	disbursing	Enterprise development
1206.004-13	Supporting the Implementation of CEFTA 2006 in the Areas of Reduction and Elimination of Non-Tariff Barriers, Trade in Services and in Relation to the Investment Related Clauses	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	615,000	30,000	disbursing	Enterprise development
1206.005-13	Improving Environmental Monitoring and Disaster Prevention Capacity in Drina river basin – Phase II	Italy	Bosnia and Herzegovina, Montenegro	80,830	30,260	disbursing	Sustainable energy
1206.006-13	Renewables'-Solutions: Transfer of Successful Renewables- and Bioenergy Know-how to Ukrainian Stakeholders (Res-Sol)	Austria	Ukraine	39,756	15,377	disbursing	Sustainable energy
1206.008-13	Capacity building and transfer of knowledge for increasing and improving professional skills in the field of secure, clean and efficient energy in Albania, Montenegro and Serbia	Italy	Albania, Montenegro, Serbia	80,000	40,000	disbursing	Sustainable energy
1206.009-13	Implementation of Directive 2009/28/EC in the Field of Biofuels and Transport in Serbia - Transfer of Best Practices	Croatia	Serbia	41,382	13,141	disbursing	Sustainable energy
1206.010-13	Development of Online Geodata Portal of Cultural Heritage in Novi Sad, GisNS	Italy	Serbia	42,427	15,142	disbursing	Capacity building
1206.011-13	Smallholders Farmers' Access to Markets in Eastern and Northern Bosnia-Herzegovina and Northern Albania	Italy	Albania, Bosnia and Herzegovina	79,527	36,600	disbursing	Sustainable energy
1206KEP.001-14	"ALERT": Strengthening Serbian multi-hazard early warning and alert system. Phase I: Setting-up integrated policies to reduce damages from extreme events and risks for population	Italy	Serbia	80,240	40,000	approved	Sustainable energy
1206KEP.002-14	"ALERT": Strengthening Serbian multi-hazard early warning and alert system. Phase II: Improving dynamic real time data exchange at central and local level, to increase efficiency, directly involve populations and reduce costs for action	Italy	Serbia	80,450	40,000	approved	Sustainable energy
1206KEP.003-14	On the job training in Humanitarian Demining and Mine Risk Education (MRE)	Italy	Bosnia and Herzegovina	80,000	40,000	approved	Capacity building
1206.004-14	Development of guidelines for implementation of the principles of sustainable agriculture according to EU Directive 2009/128 (SUSAGRI)	CEI-EU members // OECD as coordinator	Bosnia and Herzegovina	80,000	30,800	approved	Sustainable agriculture
1206.005-14	PACKSENSOR The impact of the controlled atmosphere on quality and safety of the close-seal- packaged food applied in the SMEs of south Serbia	Italy	Serbia	80,000	37,000	approved	Enterprise development
1206.006-14	MaCCIM - Maritime Cluster Cooperation Italy Montenegro	Italy	Montenegro	80,000	40,000	approved	Enterprise development
1206.007-14	Next Generation Competitiveness Initiative (NGCI): South East Europe Competitiveness Outlook 2015	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	5,000,000	30,000	approved	Enterprise development
1206.008-14	Emergency management and community resilience: a goal for Serbia	Italy	Serbia	59,243	24,829	approved	Capacity building
1206.011-14	The development of graphene-based sensors for the detection of environmental pollutants	Italy	Serbia	83,400	30,228	approved	Sustainable energy
1206.012-14	Water supply, sewerage networks, and future city development: Theoretical update and on-the-job training of the UKT staff members in view of the Territorial Reform	Italy	Albania	72,800	21,242	approved	Enterprise development
<b>TOTAL</b>				<b>11,370,814</b>	<b>1,969,360</b>		

# Resource Efficiency in the Corporate Sector: a Broadened Approach

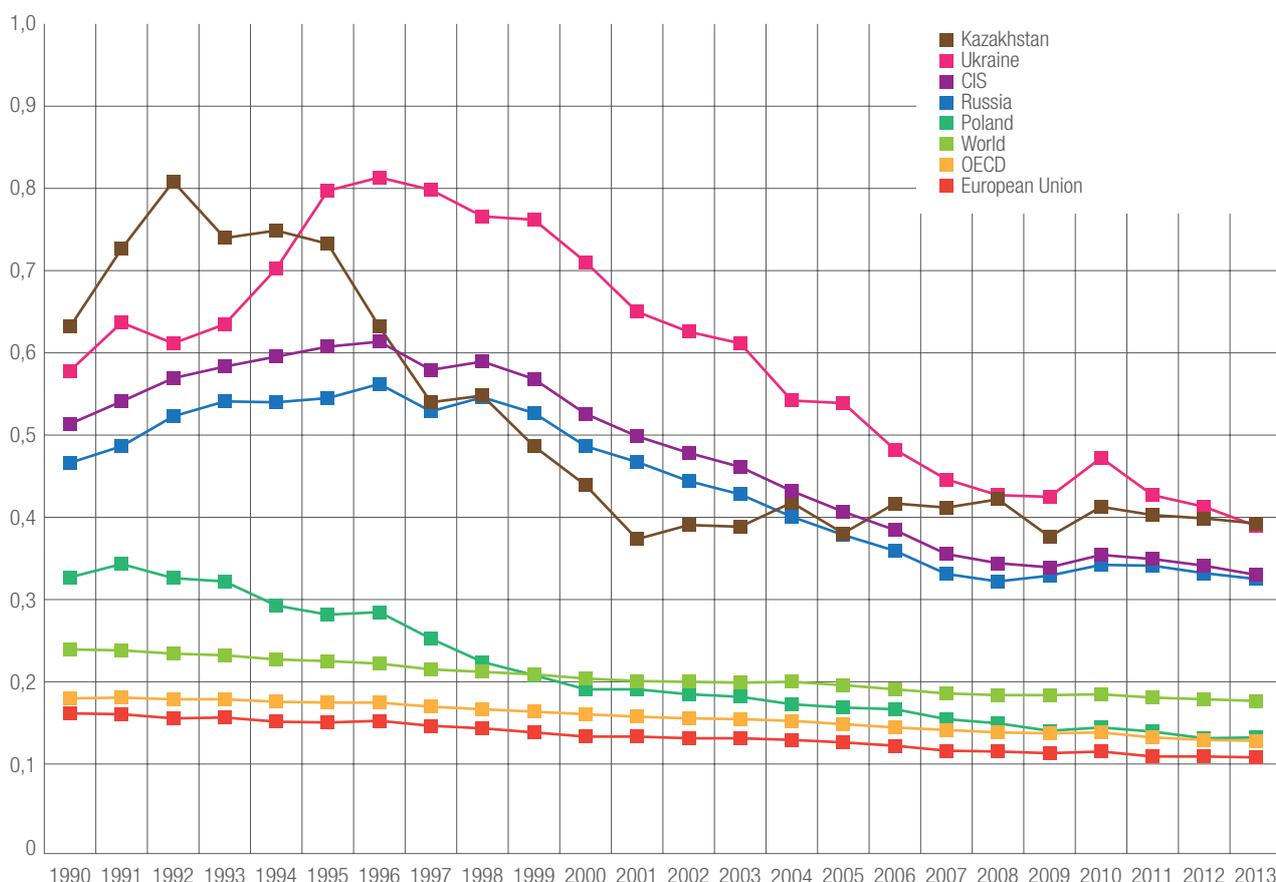
Since its foundation, the EBRD has been engaged in financing projects promoting the modernisation of industrial assets located in its countries of operation.

The EBRD region was initially characterised by a high share of heavy industry, ageing infrastructures, high energy intensity, and a lack of market-based pricing for energy and resources. As the region moved away from centrally planned economic systems, the EBRD supported the modernisation and diversification of energy sectors and transformation industries by promoting the privatisation of production

assets, stimulating competitiveness along value chains and improving the efficiency and quality standards of energy and industrial infrastructures.

As a result, energy and resource intensity decreased along the restructuring of economic systems. However, after a decade of EBRD operations, the region still lagged behind mature economies and emerging industrial countries in terms of energy use, productivity and efficiency of the transformation processes.

**Figure 7.1.**  
Energy intensity of Gross Domestic product (GDP) in some of the countries of operation, in EU, OECD countries and World  
(source: International Energy Agency)



## EXPERIMENTING WITH ENERGY AUDITS AND LAUNCHING THE SUSTAINABLE ENERGY INITIATIVE (SEI)

Starting from 2002, the EBRD developed a more focused approach to energy efficiency, trying to combine its leverage as a financial institution operating in scarcely liquid markets with dedicated technical assistance programmes, focused on the identification and implementation of technically and economically viable energy efficiency investments and the development of skills and competences for the improved management of energy and other resources.

The EBRD hired dedicated energy efficiency experts to work with bankers and clients to shape these investments. As donors made available funds for technical assistance, the EBRD engaged international experts through dedicated frameworks for supporting its clients developing bankable energy efficiency investments.

The approach was initially developed at a pilot scale and it quickly proved to be effective, with a potential application to different production processes, locations and plant sizes.

As a result of the successful implementation of this operational model, and in order to address the increasing challenges in energy efficiency and climate change, in 2006 the EBRD formalised its strategy through the launch of the SEI. The aim was to scale up sustainable energy investments in the Bank's region, improving the business environment for sustainable investments and removing key barriers to market development.

Additional resources were made available for the implementation of the SEI. The Bank adopted an organisational structure to deliver the SEI objectives. The Energy Efficiency and Climate Change team was built on six pillars, three of which dedicated to the corporate sector: Industrial Energy Efficiency, Clean Energy Supply and Renewable Energy. The business model was founded on three elements: dedicated corporate financing, technical assistance and policy dialogue.

Particularly in the Corporate Sector, technical cooperation has proved to be an essential instrument in the full implementation of the SEI. The technical expertise required was grown internally in the Bank. In addition, specialised consultants were hired to carry out technical assignments, which in most cases consisted of energy audits. Initially, such audits followed an innovative approach and they essentially included a benchmark analysis, a capital investment appraisal, a visit at the clients' premises, and the development of a project implementation plan. The target of such approach for the Bank and for the Client was to assess the technical and economic feasibility of a number of energy efficiency measures, which initially were mainly focused on auxiliaries and utilities, and to prioritize them according to their economic potential. Activities are performed in close connection with the Client, from the identification to the implementation phase, and often opportunities for improvement rose in addition to the Clients' original expectations.





**BROADENING THE FOCUS:  
LAUNCHING THE SUSTAINABLE RESOURCE  
INITIATIVE (SRI)**

Over the recent years, the efficiency concept registered an important evolution. The rapid growth in resources demand and growing environmental concerns made Resource Efficiency the new priority. As a result, industrial companies have started focusing on improving the efficiency of their products and processes in a broader sense: in addition to energy efficiency, waste minimisation, water efficiency and material efficiency were also put on the agenda. Such improvements, including the reduction of losses and conversion of waste into marketable by-products, reduce the risk run by companies associated with resource volatility.

The EBRD responded to this evolution with the launch, in 2013, of the Sustainable Resource Initiative (SRI), which builds on the success of the SEI and promotes efficiency and innovation with regards to energy, water and materials. With the SRI, the EBRD continues to finance energy efficiency, renewable energy and adaptation projects. In addition, the SRI drives water and material efficiency, for example through the promotion of recycling and the reuse of waste streams.

In order to implement the SRI ambitions, the approach in conducting energy audit assessments has also been adapted and consistently improved with a holistic view. Production processes have started to be investigated from

a wider perspective, focusing on the opportunities for improvement across the whole process and within the new SRI areas of focus.

Through an assignment funded by the CEI, a specific Resource Efficiency Auditing Methodology has been developed, following a standardised approach for resource efficiency benchmarking of industrial operations. This methodology comprises four phases:

**1. Resource Efficiency risk assessment.**

In this phase the major shortcomings in the Company operations and their consequences are identified: inefficiencies, which could lead to reduced product competitiveness; characteristics in the process organisation, which can expose the Company to production interruption or decrease in case of raw materials shortages; or even potential tightening on waste disposal legislation, which could impact negatively on Company operative costs. To evaluate these risks, it is necessary to understand the major critical components areas and where further detailed investigations should be performed, in order to identify improvement investments.

The risk assessment is carried out on a quantitative basis, through sector-specific questionnaires, and allows building a Risk assessment Matrix specific for the Company audited.

**Figure 7.2.**  
Risk Assessment Matrix – current scenario

RISK ASSESSMENT	COMPANY RISKS CURRENT SCENARIO
Operational risk - Technical Performance - Process	1.06
Operational risk - Technical Performance - Utilities	1.49
Operational Risk - Corporate Sustainability Practices	1.23
Res. sust. risk - Raw Materials Availability	1.00
Res. sust. risk - Water Availability	1.17
Res. sust. risk - Energy Availability	1.50
Res. sust. risk - Res. Scarcity & Adaptation	0.90
Res. sust. risk - Waste Manag.	1.00
Commercial Risk - Pricing	0.94
Commercial Risk . Product Competitiveness	0.63
<b>Average Risk</b>	<b>1.09</b>

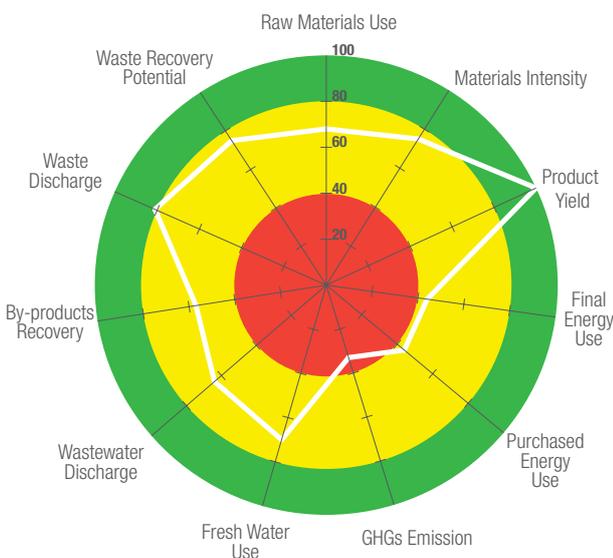
**2. Technical and economic benchmarking.**

The objective of the benchmarking analysis is to compare the Company with best-in-class similar plants, and to assess its present resource efficiency performance in technical and economic terms. The Benchmarking analysis is carried out through a combination of qualitative and quantitative assessments and it is based on collected data concerning Client’s operations during on-site activities, as well as data regarding best-in-class plants collected from literature, market studies, etc.

In this phase, sector-specific Technical KPIs are identified, to reflect the resource efficiency performance of the Client. Such indicators are referred either to the unit of product or unit of input, depending on the sector standards. The Company KPIs in the current scenario are determined and compared to the performance of best in-class plants having a similar production structure.

**Figure 7.3.**  
Resource efficiency performance - current scenario

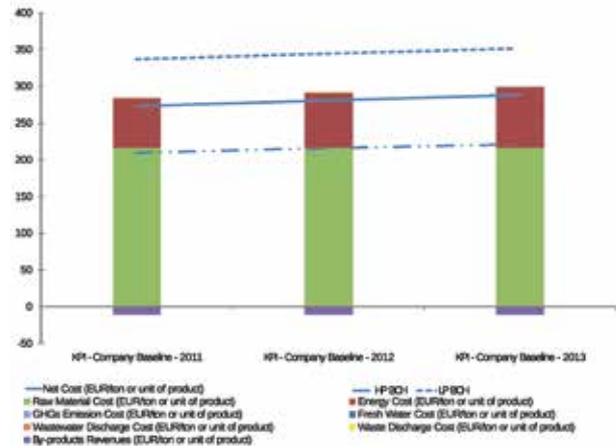
The lines show the performance of the company in the current scenario, in comparison with best-in-class comparable company (indicated by colours) in respect of the different resource utilization areas.



The comparison is also carried out in economic terms, considering the resource supply price, the by-products selling price and the waste disposal cost.

**Figure 7.4.**  
Economic Benchmark bar charts: trend during the past years

The dashed lines represent the Low-Performing State of the Art Plant (LPS) and the High-Performing State of the Art Plant (HPS).



**3. Capital investment appraisal.**

Based on the areas for improvement identified through the previous phases and on the work on site, resource efficiency opportunities are identified and their feasibility is assessed. A detailed prioritised investment plan of least-cost alternatives is prepared, whose implementation will improve the Company’s resource efficiency performance. A cash flow analysis is carried out over either the life of proposed loans or projects assets, whichever is longer.

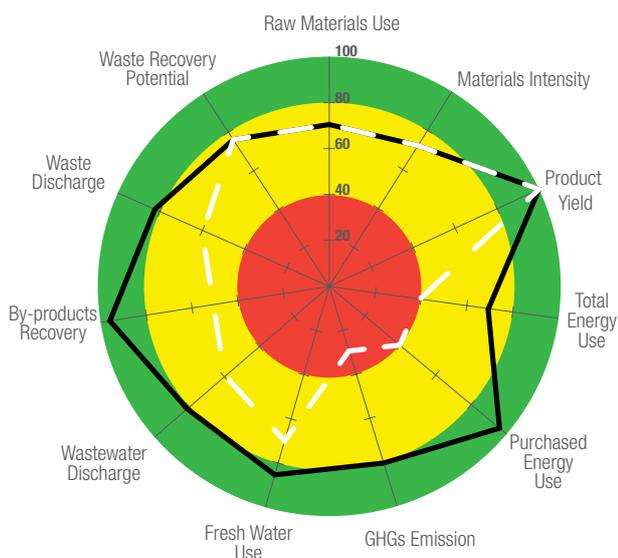
**4. Impact analysis.**

The last phase of the Audit consists in re-performing the Risk Assessment and the technical and economical Benchmarking Analysis, assuming that the Company improves its resource efficiency performance by implementing the investment projects identified. Results are compared with the current scenario, as shown in the pictures below.

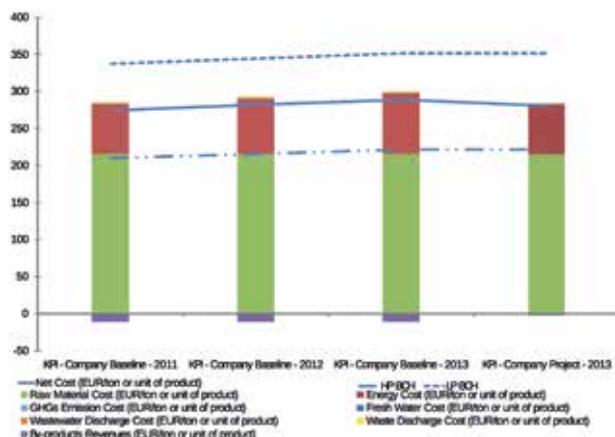
**Figure 7.5.**  
Risk Assessment Matrix – project scenario

RISK ASSESSMENT	COMPANY RISKS	
	CURRENT SCENARIO	PROJECT SCENARIO
Operational risk - Technical Performance - Process	1.06	0.73
Operational risk - Technical Performance - Utilities	1.49	1.24
Operational Risk - Corporate Sustainability Practices	1.23	1.15
Res. sust. risk - Raw Materials Availability	1.00	1.00
Res. sust. risk - Water Availability	1.17	0.67
Res. sust. risk - Energy Availability	1.50	1.00
Res. sust. risk - Res. Scarcity & Adaptation	0.90	0.90
Res. sust. risk - Waste Manag.	1.00	1.00
Commercial Risk - Pricing	0.94	0.94
Commercial Risk . Product Competitiveness	0.63	0.63
<b>Average Risk</b>	<b>1.09</b>	<b>0.93</b>

**Figure 7.6.**  
Resource efficiency performance  
current (dashed line) and project scenario (continuous line)



**Figure 7.7.**  
The lines show the performance of the company in the current scenario (dashed line) and after the implementation of the resource efficiency measures (continuous line), in comparison with best-in-class comparable company (indicated by colours) in respect of the different resource utilization areas.

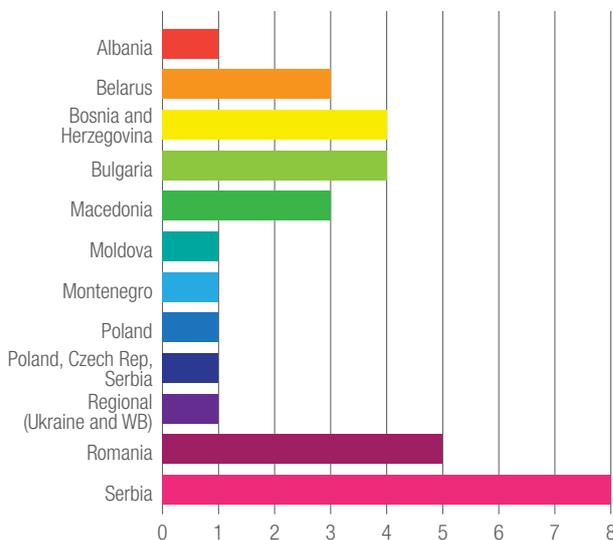


## CASE STUDY: Energy Efficiency Investments at UKRGRAFIT (Ukraine)

Starting from 2013 and throughout 2014 the EBRD has financed an Energy Efficiency Investment programme of \$21 million (part of Ukrgrafit's Investment Programme for 2012-2016) for reconstruction and modernisation of their graphitisation workshop, replacement of existing old compressor station with new decentralised compressors, and implementation of Best Available Techniques (BAT). Through an assignment funded by the CEI, a Sustainable Energy and Resource Efficiency Audit was carried out and a number of investments and operational improvements were identified, in order to bring the Group's performance in line with international standard practices. The primary element of the modernization plan is the

replacement of the existing Acheson graphitisation furnaces (constructed in 1930) with new Castner furnaces. This has enabled the Company not only to improve and expand its product range including graphitised cathodes for modern aluminium smelters, but to avail of a number of additional and important benefits:

**Figure 7.8.**  
Energy and resource efficiency assignments financed by the CEI



- higher production yields;
- lower electricity consumption, with a reduction of 30% for the whole plant, and lower auxiliary materials consumption resulting in total savings of USD 15 million per annum;
- significantly improve environmental standards.

## Abbreviations and acronyms

AER	Assembly of European Regions
APC	Agency for the Protection of Competition
ASR	Agency for State Roads
ATCO	Air Traffic Control Officer
BAS	Business Advisory Service
BiH	Bosnia and Herzegovina
BREA	Belarusian Renewable Energy Association
CBIPA	Capacity Building in Public Accounting
CEF	Centre of Excellence in Finance
CEFTA	Central European Free Trade Agreement
CEI	Central European Initiative
CETIR	Central Initiative System - transport information reporting system
CFM	Calea Ferata din Moldova (Moldovan Railways)
CNC	Committee of National Coordinators
CO2	Carbon dioxide
DMU	Diesel Multiple Unit
EBRD, the Bank	European Bank for Reconstruction and Development
EC	European Commission
EE	Energy Efficiency
EIR	EBRD Investment Ratio
EGP	Enterprise Growth Programme
EMIS	Energy Management Information System
EMS	Energy Management System
EMU	Electrical Multiple Unit
ENP	European Neighbourhood Policy
ESCO	Energy Service Companies
EU	European Union
EUSAIR	EU Strategy for the Adriatic and Ionian Macro-Region
FAO	Food and Agriculture Organisation of the United Nations
IFI	International financial institution
ISO	International Organization for Standardisation
IMPPM	International Master in Public Procurement Management
KEP	Know-how Exchange Programme
LED	Light Emitting Diode
MAECI	Ministry of Foreign Affairs and International Cooperation
MWH	Montgomery Watson Harza
NGO	Non-governmental organisation
NPK	Nitrogen phosphorus potassium
OECD	Organisation for Economic Co-operation and Development
PACT	Public Accountants Certification Training
PPP	Public-Private Partnership
SAP	Stabilization and Association Process
SEA,	System for Energy Autonomy
SEAP	Sustainable Energy Action Plan
SEE	South-eastern Europe
SME	Small and medium-sized enterprise
TAM	TurnAround Management Programme
TC	Technical Cooperation
TIR	Total Investment Ratio
TVU	Tor Vergata University
SRI	The EBRD Sustainable Resource Initiative
WeBSEDF	The EBRD Western Balkans Sustainable Energy Direct Financing Facility
ZCGI	Zeljeznice Crne Gore Infrastruktura (Montenegro Railway and Infrastructure Company)
ZPCG	Zeljeznicki Prevoz Crne Gore (Montenegro Railway Transport of Montenegro)
ZS	Zeleznice Srbije (Serbian Railways Company)

## Glossary - Country Groupings

EU CEI member states	Austria, Bulgaria, Croatia; the Czech Republic, Hungary, Italy, Poland, Romania, the Slovak Republic, and Slovenia
Non-EU CEI member states	Albania, Belarus, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia, and Ukraine
Western Balkan countries	Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, and Serbia
ENP CEI countries	Belarus, Moldova, and Ukraine



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