

# The CEI Fund at the EBRD

Annual Report 2015

**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 in Central, Eastern and South-Eastern Europe at political, economic and cultural level. Founded in 1989, the CEI currently counts 18 Member States: Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Italy, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, and Ukraine.

Since its inception, the Initiative's main aim has focused on supporting transition countries in their integration process with the European Union (EU). To achieve this goal, the CEI seeks to make a sustainable impact on strengthening the capacities of its Member States remaining outside of the EU to consolidate their institutional and economic background, thus 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 operations in Central, Eastern and South-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 pre-investment activities 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 €41.5 million, mainly provides grant-type assistance for specific components of Technical Cooperation (TC) projects. The Fund has so far provided more than €24 million for TC projects. It has also contributed about €2.2 million to the Know-How Exchange Programme (KEP), its second most important instrument and specific CEI tool.

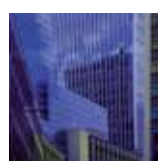


**European Bank**  
for Reconstruction and Development

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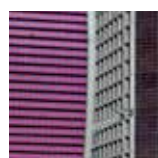
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ACQUA ITALIANA CHE DROGANO  
LA GALLIA DEL CONDO

# Intro

## Introduction



In my capacity as Italian National Coordinator for CEI and representative of the donor country of the CEI Fund at the European Bank for Reconstruction and Development (EBRD) - established and fully financed by Italy with €41.5 million since 1992 - I have the pleasure to introduce the Annual Report of the Fund for the year 2015.

The Report underscores the pivotal role of the Fund in assisting the CEI countries not belonging to the European Union in their economic and social transformation process by contributing to a mobilisation of about €4.9 billion of international investments since 1992.

In 2015 the Fund devoted about €2 million to strategic projects fostering the CEI action in a number of sectors, such as energy and infrastructure, and bringing about tangible results in terms of investments in the non-EU CEI Member States.

In detail, the Fund has committed €1.7 million to Technical Cooperation projects and about €300,000 to 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 has co-

financed projects for a global value of more than €11 million. Thanks to this successful cooperation established with the EBRD, the excellent results of the Fund achieved this year have a double meaning: they confirm the CEI relevance and added value for all its members, while emphasising the Italian role in facilitating the European path of the non-EU CEI countries through the regional cooperation. By means of the Fund, Italy supports CEI in achieving its ambitious goal: a sustainable and inclusive growth in the CEI Region, with a consequent reduction of economic and social unbalances. As founding member, as well as the main financial contributor to CEI, Italy is indeed determined to continue working together with CEI to unite Europe by strengthening regional cooperation, which represents one of the most pivotal domains fostering the EU integration of non-EU CEI countries.

Looking ahead, the Fund will continue to focus on assisting the non-EU CEI countries in sectors likely to increase investment attractions, such as energy efficiency, municipal and environmental infrastructure, transport, agribusiness, financial institutions and support to SME development, including capacity building and policy dialogue. Moreover, in line with the CEI role as “bridge” between EU macro-regional strategies, the Fund will give priority to projects contributing to the implementation of the two EU Regional Strategies in which Italy is involved, namely: the EU Strategy for the Adriatic and Ionian Region and the EU Strategy for the Alpine Region. Lastly, the Fund will support crosscutting initiatives aimed at boosting new opportunities and investments in the CEI region.

Andrea Orizio

*Italian CEI National Coordinator  
Balkans Director  
Italian Ministry of Foreign Affairs  
and International Cooperation*

A handwritten signature in blue ink, appearing to read 'Andrea Orizio'.



# 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 the newly created development bank represented for the CEI and its objectives. 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 has financed projects and activities targeting the entire CEI region with a sole Italian contribution of €41.5 million.

The Fund has mainly financed grant-type Technical Cooperation (TC) projects in support of EBRD operations in a number of areas, i.e. agribusiness, energy, finance and business, institutional development and capacity building, 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.

Between 1993 and 2015, 144 TC assignments of a total cost of more than €24 million have been undertaken.

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 from institutions in CEI-EU countries to recipients in non-EU CEI Member States. To date, about €2.2 million have been committed by the CEI Fund in order to support 80 KEP operations. The total value of these projects (CEI grants and mandatory co-financing) is of over €11 million.

From 1998 to 2006 the CEI Fund at the EBRD - in cooperation with a number of partners across the CEI region - co-financed Cooperation Activities, i.e. projects of small scale and limited duration, such as conferences, seminars, workshops, or other types of short trainings. Between 1998 and 2006, the CEI Fund supported 113 activities of this kind throughout the CEI member countries, with over €1.6 million.

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 represented in London, within the Policy and Partnerships 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 within the Bank. This collaborative approach allows the Office for the CEI Fund to 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 Italian Ministry of Foreign Affairs and International Cooperation in the selection process. Following positive appraisal by the Ministry, the Office submits the proposed projects to the CEI Committee of National Coordinators<sup>1</sup> for their approval, 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 also regards the whole project cycle, from the initial screening of KEP project applications, to the monitoring of project implementation, to 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.





# 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 assist in implementing legal and regulatory frameworks, institutional reforms, as well as in achieving the highest standards of corporate governance. In general, TC projects 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, institutional 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, i.e. 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 least-advanced CEI member countries, in order to help them reach EU standards.

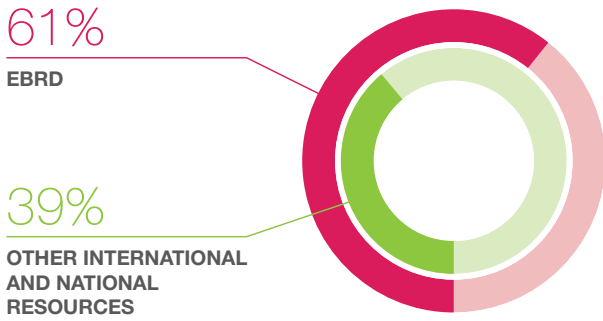
Since its inception, the Italian Government - through the CEI Fund at the EBRD - has committed more than €24 million towards 144 Technical Cooperation assignments (see Annex 5). These projects have been coherent with the framework and general objectives of the EBRD and other international financial institutions (IFIs) and have represented a fundamental means of development for the CEI countries of operations.

## Investment links

One of the objectives of EBRD TC projects is to support the Bank's investments and loans, either at project preparation or implementation phase. The CEI has undertaken projects, which yield high co-financing ratios. Between 1993 and 2015, the CEI Fund has dedicated more than €24 million to technical assistance operations (including almost €14 million to support projects directly related to international investments). Between 1993 and 2015, these TC projects, funded by the CEI Fund at the EBRD in its countries of operations, were able to mobilise about €4.9 billion of international investments. The EBRD alone has contributed to those investments with approximately €3 billion. A Total Investment Ratio (TIR) can be calculated to show how many euros the international community has invested for each euro granted by the CEI Fund for TC projects. Between 1993 and 2015, the TIR is estimated to be 1:215. The EBRD's share, alone, is expected to reach approximately €126 for each euro of the CEI Fund dedicated to TC projects: this represents the EBRD Investment Ratio (EIR).

### Chart 2.1.

**Total Investments linked to the CEI TC assignments**  
(share of €4.9 billion of total linked investments)



**Total Investment Ratio = 1:215**

Total Investments/ Total committed CEI grants

**EBRD Investment Ratio = 1:126**

EBRD Investments / Total committed CEI grants

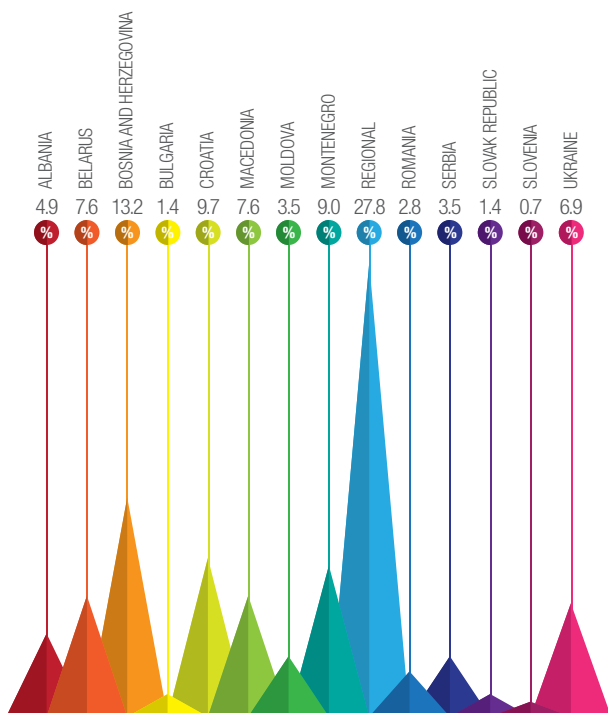
### Geographic distribution

The distribution of TC projects by country and their cumulative committed value since 1993 demonstrate the CEI Fund's focus on regional projects. Almost half of the resources (around €10 million) have been committed to regional operations through 40 TC assignments. As to country allocations, the initial focus on Central European

countries (which have since then become EU members) has shifted towards the Western Balkans and the CEI European Neighbourhood Policy (ENP) countries. The charts below illustrate the geographical distribution of TC projects by number of assignments and their value over the period 1993-2015.

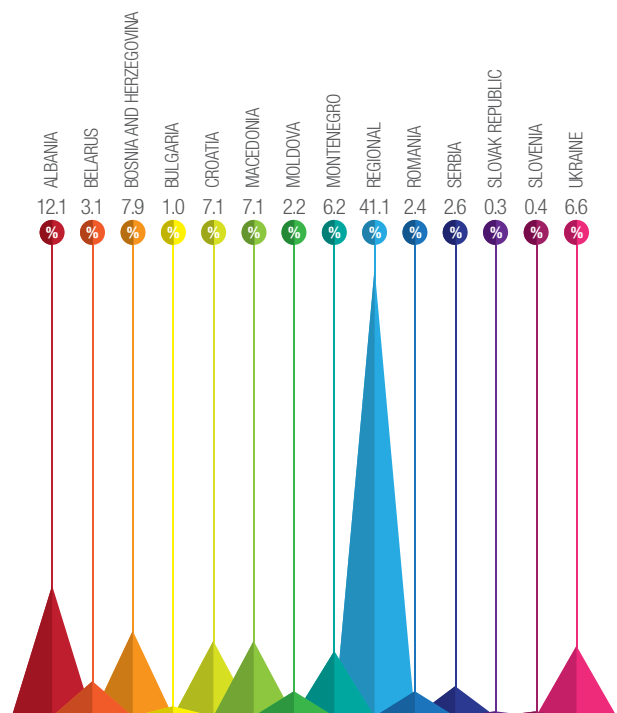
### Chart 2.2.

**Cumulative distribution of TC assignments by country, 1993-2015** (share of a total of 144 assignments)



### Chart 2.3.

**Cumulative distribution of TC assignments by country, 1993-2015** (share of total committed grants of €24,105,158)

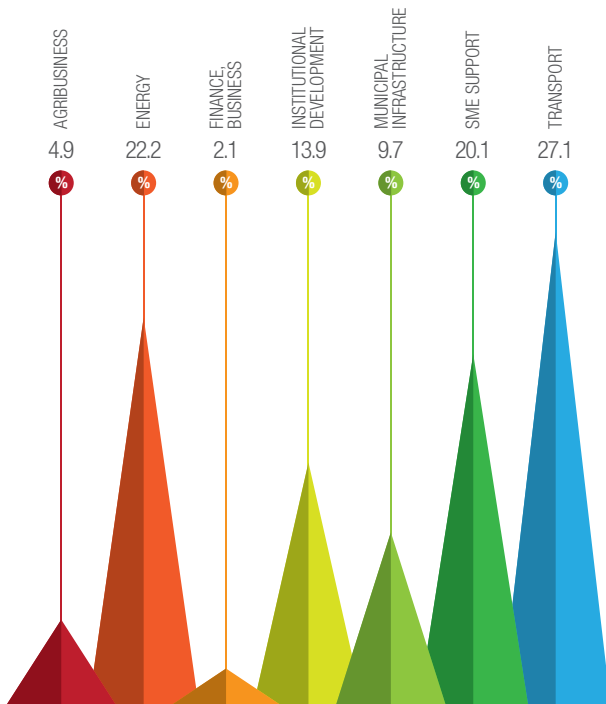


## Sectors covered

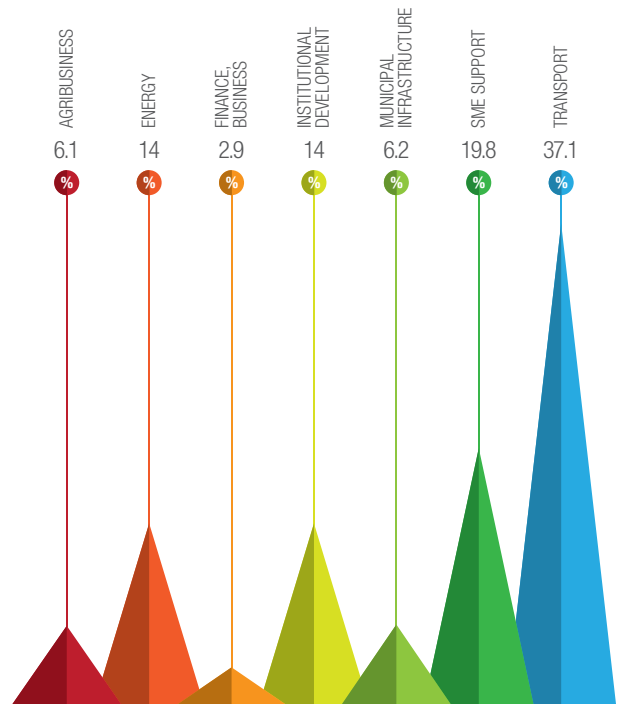
The sector allocation analysis indicates seven main areas of operations in which the CEI has funded TC projects: agribusiness, business and finance, energy, institutional development, municipal infrastructure and services, SME support, and transport. According to this categorisation,

transport is the sector that has benefited from the TC funds the most, 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 1993-2015.

**Chart 2.4.**  
**Cumulative distribution of TC assignments by sector, 1993-2015** (share of a total of 144 assignments)



**Chart 2.5.**  
**Cumulative distribution of the value committed through assignments by sector, 1993-2015** (share of total committed grants of €24,105,158)





# Technical Cooperation Assignments Approved in 2015

# 02

**Table 2.1. List of TC assignments approved in 2015**

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COUNTRY OF OPERATION	SECTOR OF OPERATION	EXPECTED RELATED INVESTMENT (€ MILLION)
CEI2-2015-02-01	Macedonian National Roads Programme. Project Implementation Assistance	450,000	Macedonia	Transport	178
CEI2-2015-02-02	Macedonia Rail Corridor VIII Phase 2 - Consultancy Services for Project Implementation	350,000	Macedonia	Transport	145
CEI2-2015-02-04	3rd International Master in Public Procurement Management, University of Rome Tor Vergata, Italy	75,000	Regional (non-EU CEI Member States)	Institutional development	Not applicable
CEI2-2015-05-07	Water Sector in Coastal Area Reform	70,000	Montenegro	Municipal infrastructure	18
CEI2-2015-09-13	Establishing of Origination and Execution Capacity Program for SME Direct Finance in Ukraine, Moldova, Belarus	180,000	Ukraine, Moldova, Belarus	SME support	100
CEI2-2015-11-17	Innovation Vouchers scheme for resource efficiency technologies and services: programme preparation and definition of possible implementation approaches	74,000	Serbia	Energy	The aim of this assignment is to identify investment opportunities
CEI2-2015-11-18	Resource efficiency in the supply chain: Univerexport	50,000	Serbia	Energy	10
CEI2-2015-11-19	Montenegro: Tivat Airport Modernisation Project Procurement Support Consultant	250,000	Montenegro	Transport	30
CEI2-2015-11-20	Analysis of Climate Risks in Transport Infrastructures in the Western Balkans	74,500	Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia	Transport	Investments to be determined by the analysis
CEI2-2015-11-21	Macedonia Renewable Energy Power Purchase Agreement Preparation	65,000	Macedonia	Energy	30
To be assigned	Priority Investment Program Identification and Pre-feasibility Study of Local Water Supply Systems Expansion in the Coastal Municipalities of Montenegro	35,000	Montenegro	Municipal infrastructure	20
<b>Total</b>		<b>1,673,500</b>			

# Macedonian National Roads Programme. Project Implementation Assistance

COMMITMENT NUMBER . . . . .	CEI2-2015-02-01
VALUE . . . . .	€450,000
COUNTRY OF OPERATIONS . . . . .	Macedonia
SECTOR OF OPERATIONS . . . . .	Transport
EXPECTED RELATED INVESTMENT . . . . .	€178 million

## SUMMARY DESCRIPTION

The EBRD intends to extend a sovereign-guaranteed loan to the Macedonian Public Enterprise for State Roads (PESR) for the construction or upgrading of four national road sections. Much of Macedonia's national road network is obsolete and it follows existing routes that have been progressively upgraded in status but still contain poor alignments with inadequate capacity and safety standards.

The project will be divided into two parts.

- Part 1: Reconstruction and widening of the section Stip – Kocani of national road A3 (approx. 27km)  
Construction of the section Raec - Drenovo of National Road A1 (approx. 10 km).
- Part 2: Construction of the section Trebenista - Struga of National Road A2 (approx. 8 km)  
Construction of the section Ohrid - Pestani of National Road A3 (approx. 12 km).

A combined construction and maintenance contract will be used for part of the road sections in the investment project. This approach will initially be applied to the Stip-Kocani road section, where the PESR will be required to include maintenance for a period of at least 5 years after the completion of construction works in the contract. No private maintenance component is envisaged for the Raec-Drenovo road section due its difficult terrain. For Part 2 road sections, a suitable approach still needs to be defined, but should include competitively tendered maintenance where feasible, either as part of the construction contracts or tendered separately.

In addition to the four road sections, the EBRD loan will fund the acquisition and implementation of a digital archiving system. The definition of the functional and technical parameters and specifications of the digital archiving

component will be provided by a separate consultancy assignment. Total project costs excluding consultancy costs and taxes are expected to be approximately €77 million for Part 1 and €101 million for Part 2. PESR is seeking to appoint a consultant for implementing the Project in accordance with the Bank's requirements, and with the following three key objectives:

- Assist PESR in developing a suitable contractual structure for the combined construction and maintenance contract for the Stip-Kocani section. Based on experience with this section, the Consultant shall advise PESR on an appropriate contractual structure for the sections to be financed from the EBRD Loan for Part 2. This should include competitively tendered maintenance contracts where possible. However, it is recognised that given the short length of Part 2 sections, a combined use of construction and maintenance contracts may not be feasible.
- Ensure that all the procurement activity under the project is conducted in accordance with the EBRD's Procurement Policies and Rules (PPRs).
- Support the Project Implementation Unit (PIU) during contract implementation, including an advisory role to assist the PIU in meeting the schedule, as well as assess any requests for change(s) variation orders and provide technical inputs as needed. The Consultant shall assist the PIU with the preparation of the progress reporting required under the EBRD Loan Agreements.

An additional aspect of the assignment is the transfer of knowledge and skills to the staff of the PIU within PESR, which is to result from collaborative work between the Consultant and the PESR PIU staff – reinforcing the need for the Consultant to maintain a regular local presence.

# Macedonia Rail Corridor VIII Phase II - Consultancy Services for Project Implementation

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-02-02
<b>VALUE</b> . . . . .	€350,000
<b>COUNTRIES OF OPERATIONS</b> . . . . .	Macedonia
<b>SECTOR OF OPERATIONS</b> . . . . .	Transport
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€145 million

## SUMMARY DESCRIPTION

The EBRD is considering extending a sovereign loan to Macedonia on lent to the Public Enterprise for Railway Infrastructure (PERI or “the Company”) of a total amount of €145 million for the construction of a new rail line and of existing sections between Beljakovce and Kriva Palanka. This investment would provide financing for the second phase of the eastern section of the Pan-European Rail Corridor VIII within Macedonia. It is a continuation of the EBRD’s Corridor VIII Phase I Project signed in August 2012 and the contract awarded in December 2013.

The Bank’s investment will support the rehabilitation and new construction of a section, which extends from Beljakovce station at the northern end to the vicinity of the city of Kriva Palanka, with a length of approximately 34 km.

The envisaged works include:

- (i) execution and completion of earthworks and drainage;
- (ii) construction of 12 bridges and finalisation of the works on 14 bridges which are partially constructed;
- (iii) construction of 15 tunnels currently at various stages of completion.

The investment project will be implemented by a Project Implementation Unit (PIU), established by the representatives from the Ministry of Finance, the Ministry of Transport and Communications, and the Company. It will receive implementation support in the form of consultancy services funded by this Technical Cooperation assignment. PERI wishes to engage a consultant to support the PIU in the management and implementation of the works and supervision contracts and overall project implementation tasks assigned to the PIU.

The key objective is for the Consultant to support the PIU during the implementation of contracts, provide advisory services to assist the PIU in meeting the works schedule, assess any requests of change(s) variation orders and

provide other technical inputs/advice as needed. The Consultant shall assist the PIU with the preparation of the progress reporting required under the EBRD Loan Agreement.

An additional aspect of the assignment is the transfer of knowledge and skills to the PERI PIU staff. It is to result from collaborative work between the Consultant and the PERI PIU staff – reinforcing the need for the Consultant to maintain a regular local presence. The Consultant shall assist PERI in the management and administration of the works and supervision of the engineering contracts. Tasks shall include, but not be limited to, the following:

- overall technical and financial management and administration of the contracts during the implementation phase;
- monitoring progress of project implementation based on the project implementation plan;
- monitoring of project costs against the budget;
- assessing the Contractor’s applications for order changes and providing a recommendation as to whether these should be accepted or not; reviewing the Engineer’s determinations in this respect;
- consideration of additional applications from the contractor to subcontract parts of the works;
- production and submission of all scheduled reports;
- advising the PIU on all matters related to the execution of the contracts;
- assisting the PIU in preparing disbursement requests for drawdowns of loan funds;
- assisting the PIU in preparing regular reports for the Bank pursuant to the relevant financing documents.

# 3<sup>rd</sup> International Master in Public Procurement Management (IMPPM), University of Rome Tor Vergata, Italy

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-02-04
<b>VALUE</b> . . . . .	€75,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Regional (non-EU CEI Member States)
<b>SECTOR OF OPERATIONS</b> . . . . .	Institutional development
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	not applicable

## SUMMARY DESCRIPTION

In 2013-2014 the joint work between the EBRD and the University of Rome Tor Vergata - whose Faculty of Economics is recognised worldwide as a centre of excellence for education in procurement - produced the first and second edition of the International Master in Public Procurement Management. It was a challenge both institutions faced successfully. The CEI Fund at the EBRD supported the Master's through two capacity building technical cooperation assignments with €40,000 in 2013, and €40,000 in 2014. The Italian Ministry of Economy and Finance also supported the assignment in 2013 with €45,000, in 2014 with €35,000, and in 2015 with €35,000.

The first two-year experience was valuable to identify opportunities for improvement, based on feedback from students, professors and EBRD experts. Excellent results achieved with the two editions of the Master's constitute a basis for the subsequent continuation and consolidation of the Programme aimed at enhancing public procurement professionalism in the EBRD's transition countries.

In addition, good results from the first two generations have increased the demand for capacity building in public procurement within the EBRD client public entities thanks to the fact that the acquired knowledge could immediately be applied to a better organisation and procurement strategy in implementing projects financed through EBRD loans.

These Public entities/organisations have recognised the advantage of having their own specialists trained to resolve procurement issues and to advance a more efficient implementation of projects, avoiding the high cost

of engaging consultants to perform these duties. These benefits are further shared and expanded to the EBRD by reducing the fiduciary risk to the Bank when qualified and skilled professionals are responsible for procurement activities and results.

In the framework of the third edition of the Master's, the Bank will offer full sponsorship for an international group of up to twenty senior public procurement managers/officials from the following EBRD countries of operations: Albania, Bosnia and Herzegovina, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Serbia, Tunisia. The contribution of the CEI Fund at the EBRD will support the participation of selected participants from non-EU CEI Member States.

The main objective of the Master's Programme is to raise the academic level and training of public procurement officials, from different backgrounds, to have the capacity to design and administer procurement solutions to resolve complex strategic, managerial and organisational problems. Special emphasis is placed on professional capacity, ethics, transparency and accountability.

Training takes the form of traditional class units for a total duration of four consecutive months, including traditional lectures and seminars covering specific procurement topics such as abnormally low tender prices, negotiations, IT, vendor rating, etc. The participants will learn more about good procurement practices: strategic purchasing tools, international procurement law, public-private partnership, ethical aspects involved in procurement activities, economic analysis of markets.



# Water Sector in Coastal Area Reform

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-05-07
<b>VALUE</b> . . . . .	€70,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Montenegro
<b>SECTOR OF OPERATIONS</b> . . . . .	Municipal infrastructure
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€18 million

## SUMMARY DESCRIPTION

The EBRD has arranged a sovereign loan of €18 million to the Public Enterprise for Regional Water Supply “Regionalni Vodovod Crnogorsko Primorje” (PEW) for the construction of a Regional Water Supply System that would provide potable water from Lake Skadar to the municipalities along the Montenegrin coast.

PEW is responsible for providing bulk water to the coastal municipalities in Montenegro, it completed the construction of a regional water supply system in July 2010.

It is crucial for the sustainability of the entire water supply sector that PEW become the managing centre for the whole water production and distribution through appropriate control and regulatory functions.

Through this Technical Cooperation assignment, the Government will gain access to international best practices in the field of institutional set up of water utilities as well as advice on specific legal, financial and technical matters.

The overall objective of the assignment is to assist in preparing the plan for the reorganisation of the water supply sector on the Montenegrin coast. It will be presented to the Government of Montenegro and local municipalities.

The project should bring about an integrated business system with high-level-long-term technical and economic sustainability, fully meeting the needs of consumers.

The Consultant should prepare a draft plan for reorganising the water supply sector on the Montenegrin Coast, which is to comprise means of implementing a new institutional model.

This should cover:

- the preparation of all the informational and analytical documents;
- detailed legal framework and acts for the implementation of the new institutional model;
- operation analyses of local water supply companies and PEW;
- detailed structural and functional schemes of local water supply companies and PEW;
- analysis of production tariffs for the available water sources, staff rationalisation plan, and redundancy programme.

# Establishing of Origination and Execution Capacity Program for SME Direct Finance in Ukraine, Moldova, Belarus

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-09-13
<b>VALUE</b> . . . . .	€180,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Ukraine, Moldova, Belarus
<b>SECTOR OF OPERATIONS</b> . . . . .	SME support
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€100 million

## SUMMARY DESCRIPTION

The banking sector in Ukraine is undergoing a systemic crisis because of ongoing political and economic turmoil. Both local and international banks have substantially reduced their lending appetite and are concentrating on liquidity management and portfolio consolidation. While lack of risk appetite on behalf of commercial lenders and lack of equity on behalf of investors have plagued Ukrainian SMEs prior to 2014 as well, availability of debt and equity financing to SMEs has become extremely limited post 2014. SMEs in Moldova and Belarus are facing similar challenges in access to finance, due to depreciating currencies and consolidation of the banking sector in both countries. SMEs are an important contributor to economic growth and a very important source of jobs. SME contributions to gross domestic product (GDP) amount to 40% in Ukraine, 28% in Moldova and 20% in Belarus. SMEs employ more than 50% of working population in both Moldova and Ukraine and 28% in Belarus.

In 2014, the EBRD launched the Small Business Initiative (SBI), a strategic initiative integrating the tools the EBRD offers to support small enterprises in its countries of operations, including Ukraine, Moldova and Belarus. The SBI aims to provide a more comprehensive and integrated support to small businesses in the Bank's countries of operation. It aims to increase its delivery capability through a better use of synergies amongst SME programmes and resources dedicated to this sector. The Initiative comprises, among other products, direct finance to SMEs.

Historically, the EBRD has directly financed small local enterprises mainly in Early Transition Countries (ETC) such as Moldova and Belarus. It has focused on multinationals and large corporates in larger countries such as Ukraine. The EBRD has financed SMEs in larger countries, for

example, Ukraine mainly indirectly, through dedicated credit lines in commercial banks. However, as risk appetite of commercial banks is decreasing, it is important for the EBRD to interfere in the SME finance sector directly, by decreasing its minimum loan/investment amount and expanding its execution capacity. Through the SBI, the EBRD plans to build on the extensive experience of direct financing to SMEs gained over the years in other regions such as the ETC or the Western Balkans, and launch direct finance of SMEs (debt and equity) in Ukraine, as well as significantly step up these activities in Moldova and Belarus. In this context, an adequate project-management-support-programme is essential for efficient project implementation both during the pre-investment and post-investment phase, in particular for small-size deals as those to be implemented under the SBI.

In view of the above, TC assistance is required to launch and expand the SME direct finance activity of the EBRD in Ukraine, Moldova and Belarus. In order to provide origination, execution and monitoring capacity for the planned increased number of SME transactions, funding is currently requested for one Associate Banker position for 24 months, to be located in Kyiv and responsible for SME transactions in Ukraine, Moldova and Belarus, with extensive traveling in each of the three countries. The required budget for the proposed Programme also foresees resources to cover business development and project implementation activities. As part of the origination effort, the Associate Banker will be fully integrated into the SBI team from the start of operations. He/she will exclusively be dedicated to investments under the SBI frameworks. This programme will provide essential support to the financing activity for SMEs the EBRD will be putting into place over the next two years in Ukraine, Moldova and Belarus. In this timeframe, the Bank expects to invest a minimum of €100 million in small and medium local enterprises.

# Innovation Vouchers scheme for resource efficiency technologies and services: programme preparation and definition of possible implementation approaches

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-11-17
<b>VALUE</b> . . . . .	€74,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Serbia
<b>SECTOR OF OPERATIONS</b> . . . . .	Energy
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	The aim of the TC assignment is to identify investment opportunities

## SUMMARY DESCRIPTION

The proposed TC assignment will define the relevance and scope of an innovation voucher scheme for Serbia focused on resource efficiency technologies (energy, water and material efficiency). It will include a cost and benefit assessment and the definition of appropriate implementation arrangements.

An innovation voucher programme could be set up in order to support the Serbian private sector to manufacture and deploy state-of-the-art resource efficiency technologies. This would help the Serbian industry become more competitive by lowering its cost base and helping it meet international standards. The Serbian industry currently faces multiple barriers for the adoption of best practice technologies and services in resource efficiency.

Empirical evidence from EBRD activities in the country shows that: financial barriers (e.g. high upfront costs or high financing costs) are the biggest barrier with regard to resource efficiency technologies; and this is followed by knowledge and technical barriers. Most firms have limited awareness and capacity to implement new advanced resource efficiency technologies.

Within the resource-efficiency technology sector, Serbia has under-developed local supply chains. Currently, many technologies have to be sourced from other countries, which leads to incremental costs for local companies. Supporting the development of local companies in resource efficiency technologies will help develop local supply chains, lower costs and increase competition.

Innovation vouchers are an established mechanism for supporting businesses to innovate – especially SMEs. The first scheme of this kind was set up in 1990, and by 2010, the number of schemes increased to at least 25, and implemented at national and regional levels all across Europe. Innovation vouchers help overcome the presence of

information and co-ordination failures that inhibit businesses from investing in innovation. SMEs also tend to have many innovative ideas but often lack the necessary capital, technical expertise and/or business expertise to transform their innovation project into a market success.

From the EBRD's point of view, innovation vouchers present a mechanism where a large number of EBRD clients can be supported by a variety of providers in a non-burdensome manner from an administrative point of view. The activity will define costs/benefits and the appropriate implementation arrangements for an Innovation Vouchers scheme in the country.

What is an innovation voucher?

- A voucher provided to a Serbian business, worth between €5,000 and €50,000, to partially or fully pay an external expert to help the business to innovate and adopt/expand their manufacture or use of resource efficiency technologies.
- The voucher will pay between 50% and 100% of incurred costs.

What services can be accessed?

- research and development technology design, customisation, applied research;
- testing;
- certification;
- market research;
- developing and protecting intellectual property;
- innovation advice covering any part of the business related to resource efficiency technologies.

COMMITMENT NUMBER . . . . .	CEI2-2015-11-18
VALUE . . . . .	€50,000
COUNTRY OF OPERATIONS . . . . .	Serbia
SECTOR OF OPERATIONS . . . . .	Energy
EXPECTED RELATED INVESTMENT . . . . .	€10 million

## SUMMARY DESCRIPTION

The retail industry in Serbia is characterised by a limited awareness about environmental impact along the supply chains, with respect to food. According to estimates from the Food and Agriculture Organisation of the United Nations, food is responsible for over 1/3 of global greenhouse gas (GHG) emissions associated to land use, farming operations, animal husbandry, food processing, transport/distribution and retail. Because of its role at the end of the food chains and because it is the main interface of the food sector with consumers, retail represents a key entry point for the introduction of best practices of sustainability along the food chains.

The proposed TC assignment aims at creating a demonstration case in the Western Balkans regarding the appraisal of the environmental footprint of goods and products (with a particular focus on food) and the identification of measures, investments and interventions, which can improve consumer awareness through better information on the use of resources along the supply chains. In addition, the study will also identify innovative financial instruments to reduce risks and costs of funding for resource efficiency investments along selected supply chains.

Univerexport is one of the main retailers in Serbia, which the EBRD is considering financing.

The scope of the work will:

- Use the methodology developed by the EBRD to select specific products and goods, which present a significant environmental impact along their production, distribution, use and disposal.
- Perform a detailed assessment of the environmental impact of the selected products with a specific focus on the use of resources, the GHG emissions and other relevant environmental impact indicators (e.g., water pollution).
- Identify technically feasible measures and investments along the supply chains, which can reduce significantly the environmental impact of the selected products.
- Based on a detailed economic analysis of costs and benefits related to such measures and investments, and the expected reduced environmental impact, determine priority interventions along the supply chains.
- Define possible financial instruments to reduce costs/risk of these measures and investments and determine the appropriate set of incentives and economic return along the value chains from the suppliers to the retail company.

The study will focus in particular on financial solutions implemented through the retail company which is expected to access more economical finance compared to most suppliers (typically, SMEs with limited access to long-term financing).

# Montenegro: Tivat Airport Modernisation Project. Procurement Support Consultant

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-11-19
<b>VALUE</b> . . . . .	€250,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Montenegro
<b>SECTOR OF OPERATIONS</b> . . . . .	Transport
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€30 million

## SUMMARY DESCRIPTION

The EBRD is considering granting a loan to the joint stock company Airports of Montenegro, a state-owned operator of Montenegro's international civil airports, in order to finance the construction of a new passenger terminal and modernise the manoeuvring area and apron at Tivat Airport (the "Project"). Airports of Montenegro own and operate Montenegro's only two international civilian airports in the tourism hub of Tivat on the Adriatic coast and in the capital city of Podgorica. The company was established in 1999 and has managed the airports at Tivat and Podgorica since 2003. It aims to provide high-quality service while maximising the commercial potential of the airports. Tivat Airport was built in 1971 and has a 4,050 sq. m single-storey passenger terminal, which was refurbished in 2006 and has limited retail facilities, a single runway of 2,500 meters and apron space for seven aircrafts.

The capacity of the airport is insufficient to handle the demand during the peak summer season, which limits the growth of the country's tourism industry and leads to overcrowding and delays at the Airport. Moreover, the runway at the airport does not currently comply with the International Civil Aviation Organisation's (ICAO) safety requirements due to an insufficient safety zone at the end of the runway. The Project would address both of these issues by increasing more than double the handling capacity of the passenger terminal and adding two aircraft stands that would provide sufficient handling capacity and improve service quality. Works would also be undertaken on the runway to meet the ICAO safety requirements.

Airports of Montenegro and the Bank have agreed that assistance to the company by an experienced procurement specialist (the consultant) is necessary in order to ensure that procurement is carried out in line with the best international practices and the Bank's procurement policies and rules, using open tendering procedures including two-stage tendering. This support is particularly necessary, as the company does not have specific experience with the application of this type of procedure.

In 2014, the CEI Fund committed €300,000 in support of a TC assignment aimed at providing a design analysis of possible functional concepts of the new and existing terminals, a proposal of an optimal concept design and development of preliminary and detailed designs based on the adopted technological concept of the new passenger terminal at Tivat Airport.

The overall objective of this proposed TC assignment is to assist the Tivat Airport throughout the procurement process, including the preparation of the tender and request for proposal documents, evaluation of tenders, applications and the awarding of contracts. The use of TC funds to engage an expert procurement consultant will facilitate the timely and effective procurement of the Project components by assisting the company throughout the procurement process. This will also have an important demonstration effect with regard to the effective procurement and management of a project of this size and complexity.

# Analysis of Climate Risks in Transport Infrastructures in the Western Balkans

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-11-20
<b>VALUE</b> . . . . .	€74,500
<b>COUNTRY OF OPERATIONS</b> . . . . .	Albania, Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia
<b>SECTOR OF OPERATIONS</b> . . . . .	Transport
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	Investment to be determined by the analysis

## SUMMARY DESCRIPTION

Many countries in which the EBRD operates are particularly vulnerable to climate change: partly because of their geographical location and characteristics, but also because under-investment has resulted in ageing infrastructure and facilities. The EBRD supports projects focused on adaptation and resilience to climate change by offering technical expertise and finance. The Bank helps clients to:

- identify climate change impacts that will affect their operations;
- develop and implement strategies to facilitate adaptation;
- invest in measures and technologies that improve their resilience.

Initial EBRD investments in these areas demonstrate that early-moving clients can reduce costs, maximise profitability and increase competitiveness.

Considering the growing effects of climate change in the Western Balkans (e.g., increasing extreme summer temperatures, increasing level of rain precipitation and subsequent episodes of flooding, etc.), transport infrastructures are ever more increasing risk disruption. Major repercussions are observed on economic activities, mobility, trading patterns and strain on national budgets in terms of increasing costs for maintenance, emergency interventions and operational costs.

In this framework, the proposed TC assignment will analyse existing evidence of changing weather patterns and assess the impact on transport infrastructures (ports, road, railways, inland rivers and related systems).

It will also identify critical focus areas for transport planners and transport operators and define appropriate interventions with indications of investment requirements, institutional and organisational arrangements needed to reduce climate risks, mitigate the effects of climate change and maximise the economic return for local communities and businesses. The scope of the work will include:

- analysis of climate/weather patterns according to established climate models and empirical evidence;
- review of transport infrastructures, which present a special level of risk with respect to their relevance for economic activity and forecasted degree of impact;
- assessment of appropriate interventions in terms of: policies, operational arrangements and specific investments with economic analysis and assessment of the reduced risk level;
- definition of priority interventions at country level with recommendation of optimal implementation strategies including terms of financing mechanisms;
- publication of country notes with results and main findings.

# Macedonia Renewable Energy Power Purchase Agreement Preparation

<b>COMMITMENT NUMBER</b> . . . . .	CEI2-2015-11-21
<b>VALUE</b> . . . . .	€65,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Macedonia
<b>SECTOR OF OPERATIONS</b> . . . . .	Energy
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€30 million

## SUMMARY DESCRIPTION

Macedonia is signatory to the Energy Community Treaty. Amongst other things, this commits Macedonia to taking measures to implement the EU Directive 2009/28/EC on the promotion of electricity produced from renewable energy sources.

In this context, Macedonia has been set a mandatory binding target for the percentage of electricity to be generated from renewable sources. In order to meet this target, the Country has adopted a feed-in-tariff mechanism under which generators of electricity from renewable resources are entitled to (a) priority of despatch and (b) payment of a fixed tariff (indexed) per kilowatt hours for electricity generated. The Country's mechanism foresees that a power generator shall be purchased under a Power Purchase Agreement (a PPA) to be signed, respectively, with the Macedonian electricity market operator (the Buyer).

A number of renewable energy projects are being developed in the Country, mainly in the area of wind power and small hydropower. The EBRD recognises that renewable energy investors are particularly sensitive to the form of PPA they rely on, given:

- a. the particular challenges posed by the intermittency of some renewable energy generation;
- b. the large size of some of these investments and;
- c. the common use of limited recourse finance for such investments.

While extensive support has been provided by, amongst others, the EBRD, the World Bank and the European Commission, for the technical aspects of integrating wind-power into electricity systems, less support has been made available to the buyers, regulators and government authorities in relation to commercial aspects. Given that private investments, and in particular limited recourse finance, are not common in the energy sectors of the Country, there is relatively limited experience of commercial and legal characteristics normally found in PPAs of this kind.

The objective of the TC assignment is to assist in the finalisation of a PPA for renewable energy that will meet the requirements of domestic and international investors, while protecting the interests of buyers and other stakeholders in the energy sector.

The Country has its own legal, regulatory and political system. Therefore, the PPA model prepared must reflect this and be tailored appropriately. The scope of the Consultant's work is to assist both the Bank and the local authorities in the finalisation of a market-standard PPA and associated documents for renewable energy in its Country, as well as develop a clear understanding of the terms of, and rationale for, this document.

A PPA model has been developed in Macedonia. The Bank is interested in concentrating its assistance on developing the documents needed for larger projects, i.e. those larger than 5 megawatts.

The outcome of the assignment should be a finalised bankable PPA and associated documents acceptable to the key stakeholders: the Lenders (and the Bank in particular); the Government of Macedonia; the Buyer; the Transmission System Operator; and the principal developer(s).

# Priority Investment Program Identification and Pre-feasibility study of local water supply systems expansion in the coastal municipalities of Montenegro

<b>COMMITMENT NUMBER</b> . . . . .	to be assigned
<b>VALUE</b> . . . . .	€35,000
<b>COUNTRY OF OPERATIONS</b> . . . . .	Montenegro
<b>SECTOR OF OPERATIONS</b> . . . . .	Municipal infrastructure
<b>EXPECTED RELATED INVESTMENT</b> . . . . .	€20 million

## SUMMARY DESCRIPTION

The construction of the regional water supply system resolved the problem of water shortage in coastal municipalities that had lasted for decades. The investment substantially financed by the EBRD with €18 million, created prerequisites for regular and constant water supply for consumers on the Montenegrin coast. It provided high-quality potable water, and eliminated the basic limiting factor for faster economic growth, in particular the development of tourism and associated branches of trade.

Currently, there are six local public waterworks companies operating independently in the coastal area of Montenegro (Ulcinj, Bar, Budva, Kotor, Tivat and Herceg Novi). They all have their own water sources, their own transportation and distribution of water systems as well as their own supply / consumption areas. However, due to their inability to provide regular water supply for all residents, local waterworks companies are still lacking water supply networks in a number of residential areas along the coast. This is why they approached the EBRD for financing of up to €20 million, i.e. for a water supply system expansion in residential and tourist areas.

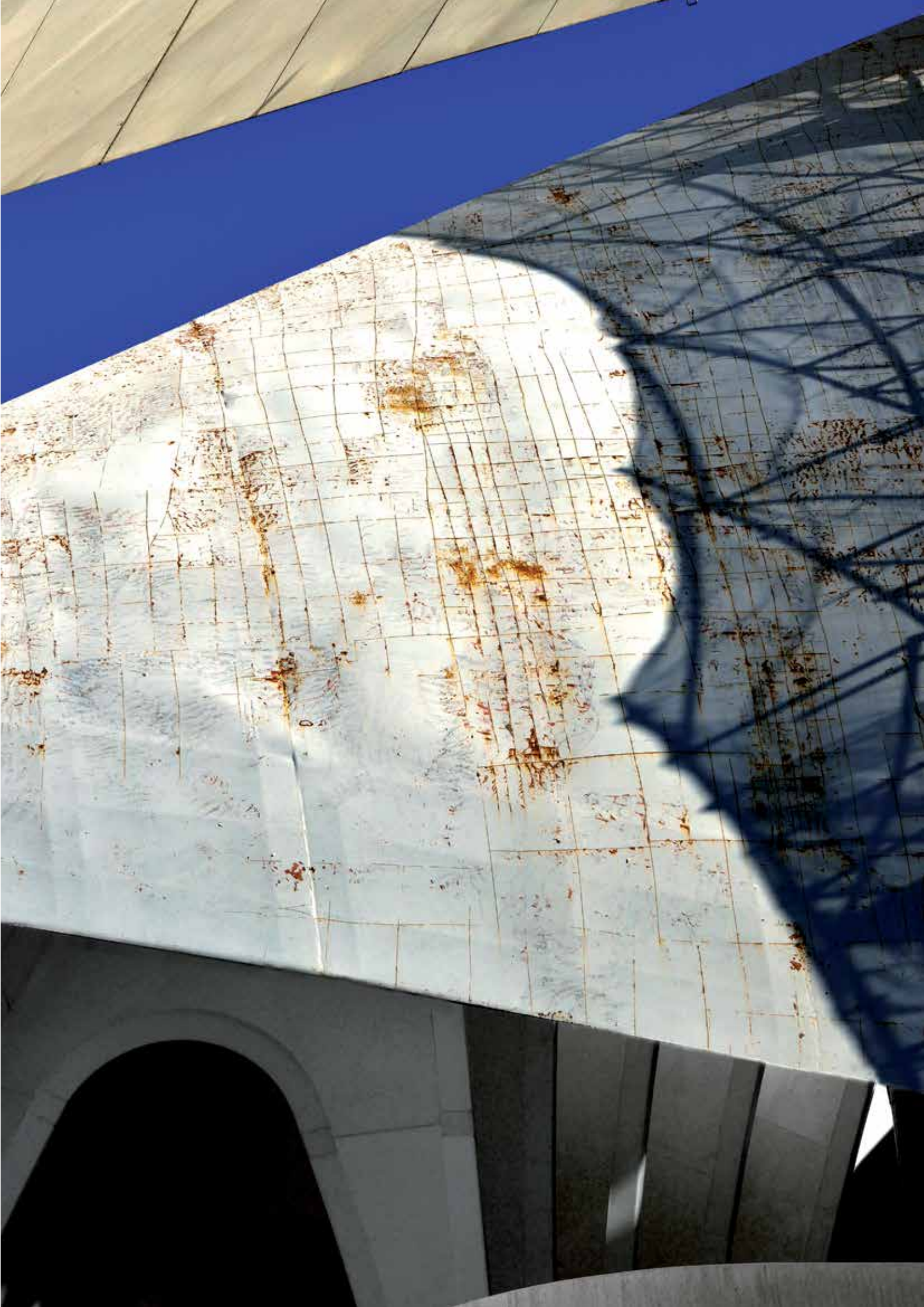
The overall objective of this assignment is to assist local water utilities of Herceg Novi, Kotor, Tivat, Bar and Ulcinj and Regional Water supply Company (PEW) in undertaking a comprehensive Priority Investment Programme and:

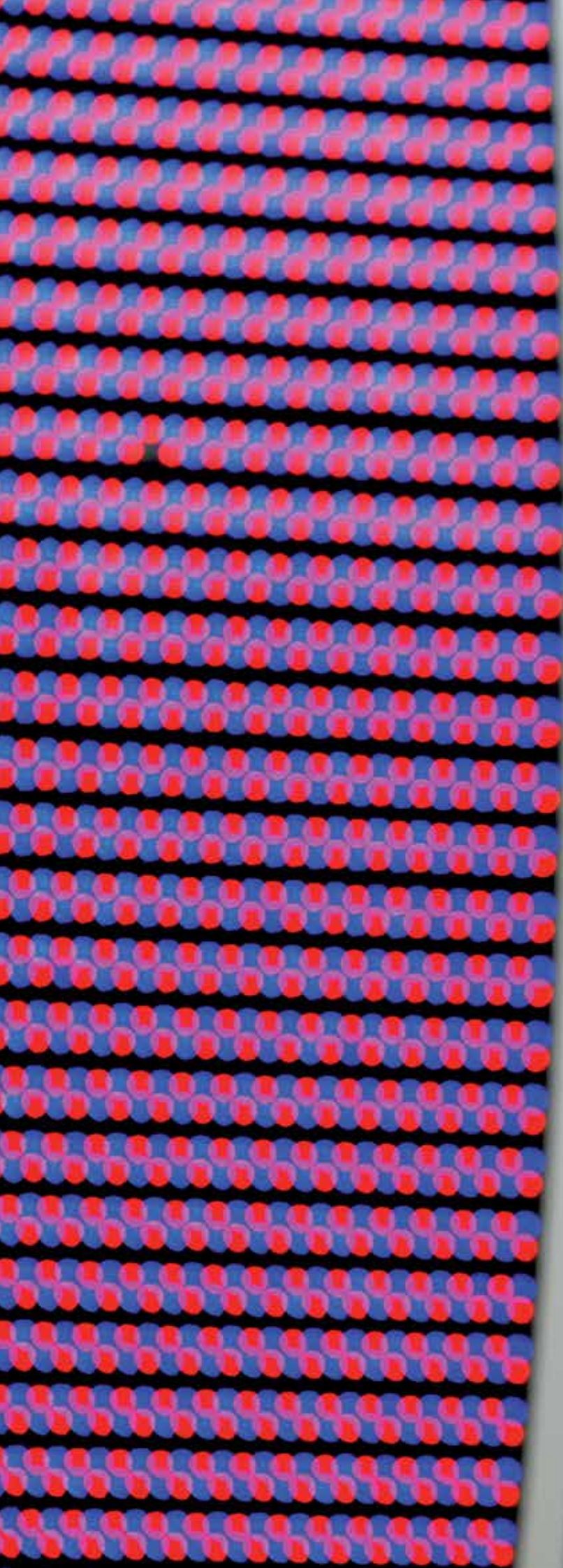
- identify priority investment programmes for the settlements for which local water supply systems will be constructed - in line with the project preparation and due diligence requirements of the EBRD, with a map showing locations of these settlements and preliminary descriptions of the proposed scope of works for each priority investment, and
- prepare pre-feasibility studies for these investments.

It is envisaged that the following experts will be needed:

- team leader with a comprehensive experience in similar assignments and in working with international financial institutions (IFIs);
- technical specialists, water engineers;
- financial analysts with due diligence experience in in similar assignments;
- environmental and social specialist.







# 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 CEI Member States. As such, 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 been co-financing KEP projects since 2004. To date, 80 projects have been approved for a total CEI Fund contribution of about €2.2 million with an overall project value amounting to more than €11 million (see Annex 6).

The success of the Programme, which has steadily increased since its inception, has encouraged other CEI Member States, besides Italy, to contribute financially to the KEP as well. Indeed, in 2008 the Austrian Government joined the KEP, and since then it has contributed additional funds to the Programme (KEP - Austria) managed by the CEI

Executive Secretariat. The Polish Ministry of Foreign Affairs has 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 have targeted all non-EU CEI Member States. The countries that have benefited the most from direct KEP assistance, since the establishment of the Programme in 2004, were Moldova, Serbia and Ukraine, while the Western Balkans have been addressed by projects having a regional character. Chart 3.2 demonstrates 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, thanks to their entrance into 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

KEP intervention priority areas cover 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 central administration capacities
- Assistance in economic transformation
- Support to second-generation reforms
- Improvement of local labour market efficiency and development of the micro, small and medium-sized enterprise sectors
- Strengthening of the administrative structures at regional and local levels
- Strengthening of the social advancement of recipient countries

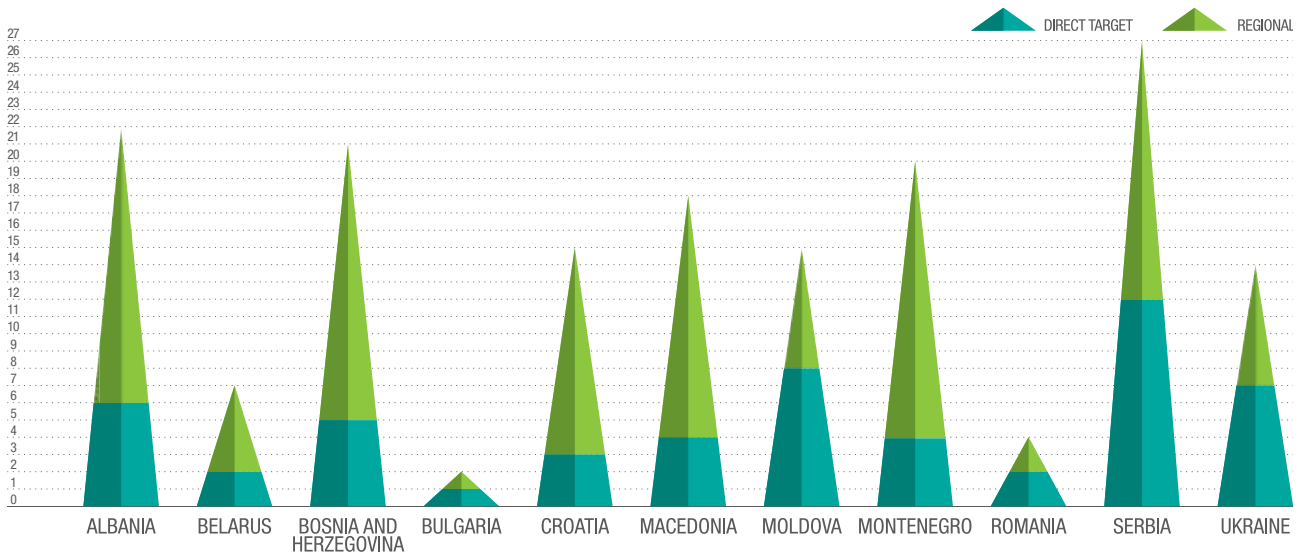
### II. Agriculture, energy and environment

- Energy (know-how transfer 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)

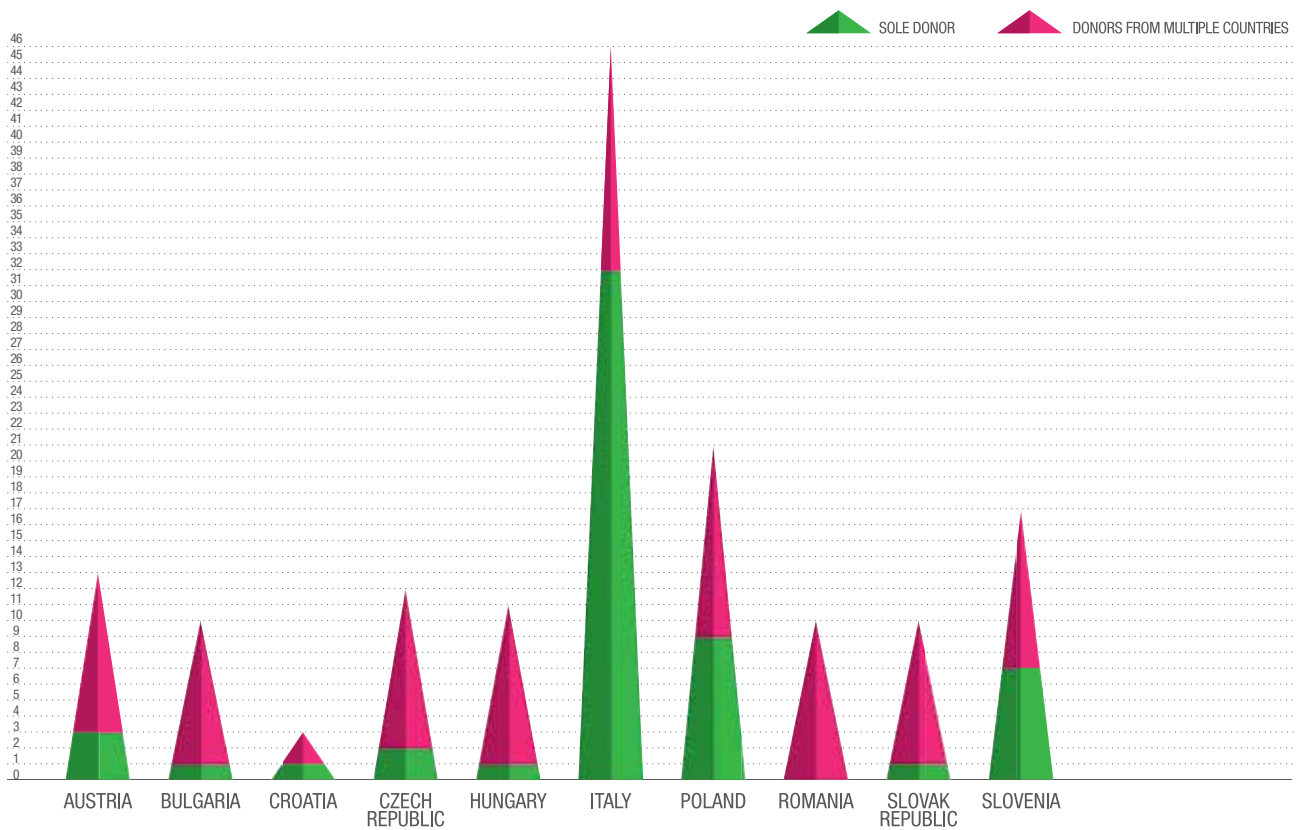
### III. Infrastructure planning and development

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

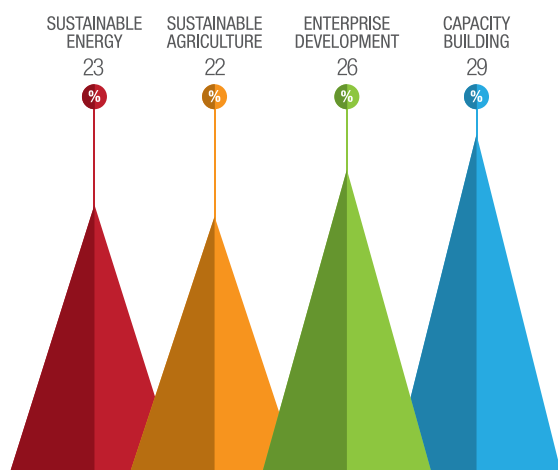
**Chart 3.1. Distribution of KEP projects by number of assignments according to know-how recipient countries.**



**Chart 3.2. Distribution of KEP projects by number of assignments according to know-how provider countries.**



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

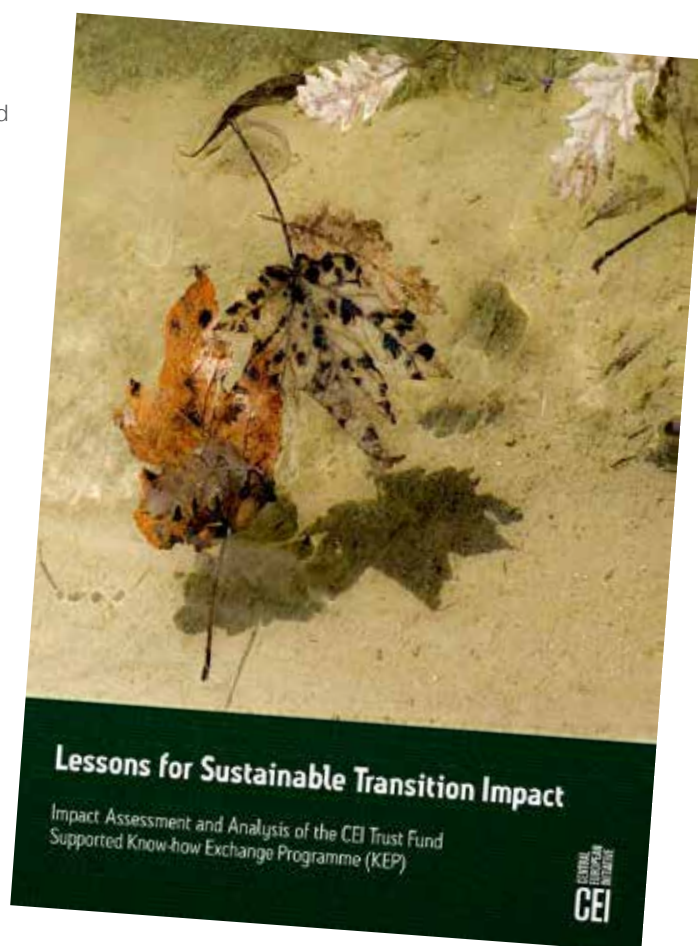


### The role of the Office for the CEI Fund at the EBRD in the Programme management

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, mostly dealing with areas also covered by the Bank's operations.

The role of the Office is not limited to the provision of grants. It regards 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. The Office also assists partners in developing and streamlining project activities. In doing so, the Office actively supports dialogue between the provider and the beneficiary of a KEP project, allowing for mutual understanding and boosting the active role of the recipient in the project development. It makes recommendations on project activities, in order to tailor assignments to the recipients' needs and capacities of know-how assimilation, while taking advantage of the providers' expertise. The Office may also provide guidance throughout the project implementation. During the projects' actual implementation phase, the Office makes sure a smooth know-how transfer takes place. Lastly, as exemplified in the publication *Lessons for Sustainable Transition Impact*, the Office continues to evaluate projects by analysing the impact and sustainability of their activities even after completion. The Office for the CEI Fund at the EBRD, through its hands-on approach towards each KEP project cycle phase, ensures that all these challenges are addressed and monitored quickly and efficiently.

In 2015, the Office for the CEI Fund at the EBRD has launched a Call for Proposals for the selection of new KEP projects. 63 project proposals were received for a total requested CEI contribution of more than €2 million and a total project cost of more than €6 million. The 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 carried out the project evaluation according to the best practices developed by the EBRD and according to the Bank's procurement policies and rules.





# Know-how Exchange Programme

## Projects approved in 2015

03

**Table 3.1. List of KEP projects approved in 2015**

REFERENCE NUMBER	PROJECT NAME	COUNTRY OF THE KNOW-HOW PROVIDER INSTITUTION	COUNTRY OF THE KNOW-HOW RECIPIENT INSTITUTION	TOTAL PROJECT COST €	CEI CO-FINANCING €
1206.001-15	WASTE MGMT in Vinnytsia – Capacity building and transfer of knowledge for increasing and improving professional skills in waste management in the Region of Vinnytsia	Italy	Ukraine	79,714	39,755
1206.002-15	Good Governance and Anti-Corruption Civil Society Initiative: Capacity Building for Monitoring SOE Governance in the Energy Sector	Bulgaria, Italy	Albania, Bosnia and Herzegovina, Macedonia, Moldova, Serbia	78,948	39,474
1206.003-15	Innovation management for SMEs	Poland	Belarus	34,501	17,250
1206.005-15	HYdrometeorological Modelling for Environmental qUalitycontRol (HYMEUR)	Italy	Serbia	81,150	40,000
1206.006-15	Smart River Governance: Experiences in the Mirror from Italy to Moldova (SMA.RI.GO.)	Italy	Moldova	80,000	38,785
1206.007-15	Development of a training program on Management of Disaster Prevention, Preparedness and Rapid Response	Italy	Serbia	73,850	36,925
1206.008-15	Capacity Building for Improved Mineral Fuels Monitoring System - Transfer of Best Practices against Grey Economy	Czech Republic	Serbia	48,100	17,445
<b>Total</b>				<b>476,263</b>	<b>229,634</b>

# WASTE MGMT in Vinnytsia – Capacity building and transfer of knowledge for increasing and improving professional skills in waste management in the Region of Vinnytsia

REFERENCE NUMBER . . . . .	1206.001-15
KNOW-HOW PROVIDER INSTITUTION . . .	Contarina Spa, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . .	Vinnytsia Regional State Administration, Ukraine; EcoVin, Ukraine
TOTAL PROJECT COST . . . . .	€79,714
CEI GRANT . . . . .	€39,755
IMPLEMENTATION DATE . . . . .	February 2016 - August 2017

## KNOW-HOW PROVIDER

Contarina Spa, Italy  
[www.contarina.it](http://www.contarina.it)

Contarina Spa is a local waste management company located in the province of Treviso, Italy. It deals with waste management through an integrated system from production to collection, treatment and recovery. The company is a leader in the EU for recycling and an example of cutting-edge public bodies in terms of service and results, working with the community for the protection of the environment.

## KNOW-HOW RECIPIENTS

Regional State Administration of Vinnytsia, Ukraine  
[www.vin.gov.ua](http://www.vin.gov.ua)

The Regional State Administration of Vinnytsia, Ukraine, is responsible for the policies on waste management, environmental standards, economic development and urban planning. It is also in charge of the regional implementation of the EU-UA Agreement on sectoral policies under regional competencies.

EcoVin, Ukraine

The local public company EcoVin was established in 2005 to collect and remove Municipal Solid Waste, remove irregular dumpsites, clean public areas and streets from littering, manage the city's own landfill, improve citizens' skills and awareness on waste management.

## SUMMARY DESCRIPTION

The project intends to reinforce cooperation between Italy and Ukraine, by supporting the Region of Vinnytsia in improving its waste management policy and practices as well as aligning them with European standards (coherently with the Ukraine–European Union Association Agreement). The project has the potential of supporting the Regional State Administration of Vinnytsia in reducing costs related to waste management. This will be possible thanks to the experiences and expertise made available by the know-how providers; the applicant Contarina spa with its strong expertise in the field of sustainable waste management,

supported by the Agence de cooperation et development (expert in cross border cooperation), FORMA.Azione (experienced in planning and delivering vocational/liberal training programmes) and Scuola Agraria del Parco di Monza (training centre delivering courses in agriculture, waste and environmental management).

Considering the waste management, local and regional authorities with EcoVin (the public company in charge of waste management for the city of Vinnytsia) are stepping further towards the EU legislative standard. The aim is to improve the existing disposal strategies - promoting separation of waste through recycling, upgrading communication, improving the management of costs and tariffs as well as strengthening the efficiency and management in the internal organisation. The general objectives of the project are, therefore, the strengthening of the administrative structures at the regional and local levels, which include assistance in the preparation of development strategies, implementation of transparency measurers for local government finance system and human resources training for local administration employees. Specifically, the project intends to facilitate the process of harmonisation of the Ukrainian national policies on waste management according to the EU directives.

Throughout the 18 months of project implementation, Ukrainian beneficiaries will have the opportunity to visit waste management facilities in Italy, improve capacities through mutual and peer-learning activities and exchange expertise with the European professionals from the sector. Furthermore, it intends to support the design and implementation of a Waste Management Plan for the Region on Vinnytsia, which could also be used as a model for neighbouring regions (Local strategic planning), as well as to improve capacities on waste management along with the technical and administrative competences, targeting officers, administrators and experts serving the Region of Vinnytsia. Moreover, the project aims at increasing the awareness, among the local population, on waste production and separation of materials. These activities will result in a Ready-to-implement Waste Management Plan and in a consolidated transnational partnership for future cooperation. It will also enable the renewal of equipment available in the Region of Vinnytsia, facilitating the sustainability of the Waste Management Plan as well as improve competences among Ukrainian professionals, transferring the knowledge within the country.



# Good Governance and Anti-Corruption Civil Society Initiate: Capacity Building for Monitoring SOE Governance in the Energy Sector

<b>REFERENCE NUMBER</b> . . . . .	1206.002-15
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Center for the Study of Democracy, Bulgaria; Transcrime – Joint Research Centre on Transnational Crime, Italy
<b>KNOW-HOW RECIPIENT INSTITUTIONS</b> . . . . .	Albanian Center for Economic Research, Albania; Center for Investigative Reporting, Bosnia and Herzegovina; Center for International Cooperation, Macedonia; Centre for the Analysis and Prevention of Corruption, Moldova; Center for Democratic Transition, Montenegro; Center for Liberal-Democratic Studies, Serbia
<b>TOTAL PROJECT COST</b> . . . . .	€78,948
<b>CEI GRANT</b> . . . . .	€39,474
<b>IMPLEMENTATION DATE</b> . . . . .	January 2016 - December 2016

## KNOW-HOW PROVIDERS

Center for the Study of Democracy (CSD), Bulgaria  
[www.csd.bg](http://www.csd.bg)

CSD is an interdisciplinary policy research institute, specialised in analysing energy policies, the related governance as well as economic implications of major national and international energy projects. It pilots social innovation and institutional reforms in areas such as constitutional, commercial and non-profit law, privatisation and foreign direct investments, hidden economy, good governance and anti-corruption, organised and conventional crime, migration and brain drain.

UCSC Transcrime, Italy  
[www.transcrime.it](http://www.transcrime.it)

Transcrime is the Joint Research Centre on Transnational Crime of the Università Cattolica del Sacro Cuore di Milano and the Università degli Studi di Trento. In the field of public and private corporate integrity, Transcrime has developed several projects at national and international level, including projects with a focus on measuring the presence of organised crime in legitimate economies.

## KNOW-HOW RECIPIENTS

Non-governmental organisations and research centres of Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro and Serbia. They are all dedicated to socio-economic transition and the development of civil society and have experience in implementing projects, performing supervision and promoting actions in areas such as anti-corruption activities, transparency and efficiency of public authorities, policy reforms and sustainable development.

## SUMMARY DESCRIPTION

The project proposal was submitted by the CSD in its capacity as Southeast Europe Leadership for Development and Integrity (SELDI) Secretariat - an anti-corruption and good governance coalition of 30 likeminded civil society organisations in South Eastern Europe. CSD will work together with Transcrime and the Università degli Studi di Trento, Italy). The project objective is to strengthen the

corporate governance systems in South Eastern Europe by enhancing the capacity of civil society organisations in monitoring the behaviour of key stakeholders and exercising control over state owned enterprises. In all countries, the OECD Principles of Corporate Governance have been transferred, yet the specific guidelines are not widely known nor implemented. The expertise providers supporting the activities include two internationally recognised anti-corruption and good governance organisations. The beneficiaries of the project are six SELDI members.

The project aims at leveraging the SELDI coalition resources and capacity of the know-how providers in the area of good governance and energy security. CSD and Transcrime will conduct a workshop raising awareness on the risks and negative effects of governance deficiencies in the energy sector and the state-owned enterprises in SEE, focusing on the six beneficiary countries in particular. A presentation of the OECD's good governance principles and the methodology for conducting research will ensure detailed and focused data gathering and analysis structure.

The outcome of the research will be the publication of national fact-sheets for each country as well as case studies on the transparency and corporate governance of SOEs in the energy sector, outlining the situation in the energy sectors of the countries in the region and assessing the main factors, determining the level of transparency, independence and strategic decision-making. The main results from the country fact-sheets will be summarised in a regional policy paper that will be prepared by CSD with the support of all project partners, including a comparative overview of the governance of the energy sector in the six countries using a graphical and table approach. The aim of the policy paper will be to draw out the major trends and identify the potential strategies to alleviate the key issues and problems. The results from the case studies and the regional policy paper, as well as policy brief will be presented during the closing conference in Skopje. The partners will then present policy recommendations to relevant authorities and disseminate the results. They will also advocate and aid public institutions and state owned enterprises in the design of new strategic policy agendas for anti-corruption and transparency in the energy sector and corporate governance. Finally, post-evaluation (impact assessment) of the increased capacity of civil society organisations and follow-up on the provided policy recommendations will be conducted by CSD in collaboration with the beneficiaries.

**REFERENCE NUMBER** . . . . .1206.003-15  
**KNOW-HOW PROVIDER INSTITUTION** . . .Free Entrepreneurship Association, Poland  
**KNOW-HOW RECIPIENT INSTITUTION** . . .Association of European Business, Belarus  
**TOTAL PROJECT COST** . . . . .€34,501  
**CEI GRANT** . . . . .€17,250  
**IMPLEMENTATION DATE** . . . . .January 2016 - October 2016

## KNOW-HOW PROVIDER

Free Entrepreneurship Association, Poland  
[www.swp.gda.pl](http://www.swp.gda.pl)

The Free Entrepreneurship Association is a non-governmental organisation, specialised in innovation management for SMEs at every stage of their development. The professional team of consultants is experienced in training and consultancy for entrepreneurs, who plan to innovate and, therefore, seek financing, support in technology transfer and intellectual property rights. The Association is also involved in many joint initiatives of universities, research institutions and companies that commercialise inventions.

## KNOW-HOW RECIPIENT

Association of European Business, Belarus  
[www.aebbel.by](http://www.aebbel.by)

The Association of European Business is a non-profit organisation, which unites European and Belarusian companies, including SMEs, for the common goal of mutually beneficial partnership and improvement of the competitiveness of Belarus at international level.

## SUMMARY DESCRIPTION

The Sectoral discussion “Corporate Social Responsibility for SMEs” organised by the Association of European Business in April 2015 showed that Belarusian SMEs are interested in training activities. The main barriers in Belarus for the adoption and success of SME innovative-driven management practices is due to a limited amount of resources, to the lack of integration of innovative initiatives with the business strategy as well as the to the fact that innovative initiatives do not always lead to improved business performance.

The Association of European Business will conduct a survey among participants. The results will show what are their needs and demands before the trainings. A platform for further evaluation of every activity in the Project will be established, in order to assess the training needs of every target group.

Following the perceived needs, the project will focus on a series of trainings in business management and best practices, transfer of know-how and development of SME guidelines tailored to the Belarusian business environment. Three two-day trainings (thematic blocks: Company Management, Strategies and Planning, and Innovative Entrepreneurship) will be held for the chief executive officers and top-managers of 25 SMEs. Following the trainings, a working group will be created in order to prepare and draft the SME practical guidelines. These activities will be organised with the help of the Polish applicant, the Free Entrepreneurship Association.

The purpose of the project is, therefore, to show that innovative business management practices may not only be seen as an additional cost for the enterprise, but as an added value. In this context, the project objectives aim at transferring knowledge on practical application of innovative business management practices based on international standards from Polish experts to Belarusian SMEs. The main objectives are to train Belarusian SMEs in business management best practices and to draft the practical guidelines adapted to Belarusian conditions. The project results are expected to bring an increase in awareness and an enhanced knowledge of SMEs from different sectors about innovation-driven business management practices among Belarusian SMEs. At least 25 SME representatives will gain know-how through trainings and after trainings; an innovation-driven practical guidelines for Belarusian SMEs will be developed. The project will likely have a positive impact on the overall situation of SME management in Belarus and will help to demonstrate how innovative practices can be a part of the business strategy of a company. A final conference will be organised for SME representatives (chief executive officers and top-managers) to present the project results and distribute the printed version of the practical guidelines.

# HYdrometeorological Modelling for Environmental qUalitycontRol (HYMEUR)

REFERENCE NUMBER . . . . .	1206.005-15
KNOW-HOW PROVIDER INSTITUTION . . . . .	University of Brescia, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	University of Kragujevac, Faculty of Technical Sciences Cacak, Serbia
TOTAL PROJECT COST . . . . .	€81,150
CEI GRANT . . . . .	€40,000
IMPLEMENTATION DATE . . . . .	January 2016 - December 2017

## KNOW-HOW PROVIDER

University of Brescia, Italy  
[www.unibs.it](http://www.unibs.it)

The University of Brescia (Italy) is one of the top Italian universities and its department DICATAM (Dipartimento di Ingegneria Civile, Architettura, Territorio, Ambiente e di Matematica) is addressing environmental monitoring for human and land protection, designing and installing a complete hydrometeorological station with “eddy covariance technology”.

## KNOW-HOW RECIPIENT

University of Kragujevac, Faculty of Technical Sciences  
 Cacak, Serbia  
[www.ftn.kg.ac.rs](http://www.ftn.kg.ac.rs)

The Faculty of Technical Sciences in Cacak, Serbia was founded in 1975 and since then it has grown into a mature and dynamic educational and scientific institution. The curriculum is based on the basic, applied and development engineering disciplines such as electrical and computer engineering, engineering management, information technology and mechatronics, as well as entrepreneurship management, technics and informatics. The current teaching programmes have been adjusted to comply with the European standards of education.

## SUMMARY DESCRIPTION

In May 2014, Serbia was hit by floods. Therefore, an efficient hydro meteorological and environmental monitoring system in strategic areas, such as the one close to Kragujevac and Cacak, became vital. According to the 2010 Law on meteorological and hydrological activities of Serbia, a network of meteorological and hydrological stations has

already been established. Unfortunately, this network does not include any station in the Cacak area.

The project’s objective is to transfer technology know-how in the field of hydro meteorological monitoring from the University of Brescia, one of the leading institutions in this field in Italy, to the Faculty of Technical Sciences in Cacak. In 2014, the two institutions signed a Memorandum of Understanding to promote and encourage scientific and/or academic collaboration including the exchange of professors, researchers and students.

A visit is envisaged to take place from the Faculty of Technical Sciences Cacak staff to the University of Brescia, where a network of environmental and air quality control systems managed by the Municipality are installed. The project will design, deliver and setup in Cacak an automatic hydro meteorological station, which will include temperature, humidity, pressure, rainfall, wind speed and solar panel installation and software. Two brief courses on hydro meteorological and environment quality sensors will be organised in Cacak with staff from the University of Brescia. Due to adverse environmental conditions in Serbia in recent years, it is indeed necessary to carry out training for the use and maintenance of a modern automated hydro meteorological station, as well as for its wider application in practice. A final meeting will be held in Serbia after reporting and disseminating of activities.

The project is expected to improve Serbia’s know-how on hydro meteorological and environmental monitoring systems as well as to mitigate Serbia’s environmental hazards. The project will also ensure the scientific and technology development of hydro-meteorological monitoring to a wider range of users by installing the station. The whole community will benefit from improved quality of life and a healthier environment. Strategically, the installation and networking into the existing national network station is highly significant, as it will improve environmental monitoring in Cacak and therefore the quality of the environment in the area.

# Smart River Governance: Experiences in the Mirror from Italy to Moldova (SMA.RI.GO.)

REFERENCE NUMBER . . . . .	1206.006-15
KNOW-HOW PROVIDER INSTITUTION . . . . .	Alta Scuola, Italy
KNOW-HOW RECIPIENT INSTITUTION . . . . .	State Enterprise Basin Water Management Authority, Moldova
TOTAL PROJECT COST . . . . .	€80,000
CEI GRANT . . . . .	€38,785
IMPLEMENTATION DATE . . . . .	January 2016 - March 2017

## KNOW-HOW PROVIDER

Alta Scuola, Italy  
[www.altascuola.org](http://www.altascuola.org)

Alta Scuola – a Research and Study Centre for the Maintenance and Conservation of the Territories – is an Italian public body association in Umbria Region. Established in 1999, Alta Scuola carries out scientific, cultural, educational and research activities. It also provides specialised assistance and advice on hydrogeological risk, prevention and protection from natural disasters.

## KNOW-HOW RECIPIENT

State Enterprise Basin Water Management Authority of Moldova (SEBWMA), Moldova  
[www.dbga.md](http://www.dbga.md)

The Enterprise is the subordination of the State Agency, under the authority of the Ministry of the Environment. Its main tasks comprise monitoring of the water usage and the development of sustainable water resources as well as developing and maintaining the register on water users.

## SUMMARY DESCRIPTION

In the EU, issues related to river water management are successfully managed by using the River Contracts (RC), a valuable participatory tool in the EU to promote the involvement of local communities in making decisions on river basin management. One of the know-how providers, BETA Studio (Italian engineering company providing consultancy and technical services for water and natural resource conservation, planning and management) is currently involved in the hydraulic modelling of the Moldovan

rivers. With its knowledge and results obtained from the hydraulic modelling with flood risk assessment, it will develop good practices, included in the RC.

The applicant, Alta Scuola, aims at coordinating the interactions among decision makers, water users, technology companies, and citizens of Moldova through a “mirror training”, referring to the experience of the RC and of the on-going assignment tackling the management and technical assistance support to Moldova flood protection project (funded by the European Investment Bank for the Ministry of Environment).

The activities will consist of one national course/training organised in Italy and one in Moldova. In Italy, a study tour in the Paglia River Basin is envisaged, with lectures, case studies, methods of participation and conduction of RC, simulation of water management, assessing flood risk and setting an associated strategy. The event in Moldova regards a visit to the Botna river basin, with a simulation and application of the River Contract.

The results will lead to dissemination and sharing of good practices as well as innovative technologies in water resource governance aimed at small river basins of Moldova, in order to improve water management among the partners. The main aim is to implement the practice of “River Contracts” in the area of Botna sub-basin in the territory of Moldova and perform capacity building trainings for local public authorities and the non-governmental sector, involved in water governance, through technological and methodological transfers from Italy to Moldova. These actions should strengthen the management capacities of the beneficiary and associated institutions as well as enable them to apply, to other river basins in the Country, the good practices of the “River Contracts” through the same approach used in the “Management and technical assistance support to Moldova flood protection project”.

# Development of a training program on Management of Disaster Prevention, Preparedness and Rapid Response

REFERENCE NUMBER . . . . .	1206.007-15
KNOW-HOW PROVIDER INSTITUTION . . . . .	Istituto Superiore di Sanità, Italy
KNOW-HOW RECIPIENT INSTITUTION . . . . .	Institute of Public Health "Dr Milan Jovanovic Batut", Serbia
TOTAL PROJECT COST . . . . .	€73,850
CEI GRANT . . . . .	€36,925
IMPLEMENTATION DATE . . . . .	January 2016 - December 2016

## KNOW-HOW PROVIDER

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

[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 services 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 "Dr Milan Jovanovic Batut", Serbia  
[www.batut.org.rs](http://www.batut.org.rs)

The Institute of Public Health of Serbia "Dr Milan Jovanovic 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 current proposal is based on the existing collaboration between the Istituto Superiore di Sanità, main institute active in the research, audit, technical and scientific advisory in the field of the public health system in Italy and the Institute of Public Health of Serbia "Dr Milan Jovanovic Batut". The joint action has been confirmed by the signature of a Memorandum of Understanding in May 2014.

The main objective of the project is to set up a training programme in Serbia on Environmental Disaster Prevention and Management. The overall objective of the project is,

therefore, to strengthen the existing beneficiary's know-how capacities in disaster prevention as well as to effectively react by increasing emergency preparedness through the development of a stable and focused plan of training activities. Through these activities, the project will impact on emergency prevention and preparedness in terms of:

- increased community participation, public awareness on environmental hazards and safety consciousness;
- strengthened community resilience;
- improved organisational assets, personal skills and capabilities through training and educational activities.

The project will encompass a desk analysis and training needs assessment in order to identify areas for improvement. It will co-design workshops between knowledge providers, beneficiaries and other stakeholders, to establish two main training models:

- Certificate Programme on Emergency Management delivered at central level;
- Teaching units/quick learning events on specific thematic issues delivered at peripheral level.

The site visits and on-the-job training are also included in the activities. They aim at strengthening both the network of Community of Practice and the beneficiaries' expertise in disaster rapid response management.

The project will focus on strengthening and enhancing activities related to disaster risk reduction as well as the ability to improve not only Serbia's but also the Balkan capacity to prepare for and respond to natural disasters. Furthermore, it will provide decision-makers and other stakeholders with more effective and timely action plans as well as improve the expertise of the beneficiary's personnel in order to increase their knowledge and management capacity towards adverse events. Lastly, it will focus on designing and developing training models both at central and peripheral level.

# Capacity Building for Improved Mineral Fuels Monitoring System - Transfer of Best Practices against Grey Economy (FUELPAGE)

REFERENCE NUMBER . . . . .	1206.008-15
KNOW-HOW PROVIDER INSTITUTION . . . . .	University of Chemistry and Technology, Prague, Czech Republic
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Ministry of Trade, Tourism and Telecommunications, Serbia
TOTAL PROJECT COST . . . . .	€48,100
CEI GRANT . . . . .	€17,445
IMPLEMENTATION DATE . . . . .	February 2016 - December 2016

## KNOW-HOW PROVIDER

University of Chemistry and Technology, Prague, Czech Republic  
[www.vscht.cz](http://www.vscht.cz)

The University of Chemistry and Technology is a public higher education university pursuing scientific, research, development, and implementation activities. It is known for its educational and research activities in almost all branches of chemistry, chemical engineering, food chemistry and technology, biochemistry, refining, water treatment, power and biological sciences and technologies, as well as environment protection, materials sciences and other chemistry-based fields of study.

## KNOW-HOW RECIPIENT

Ministry of Trade, Tourism and Telecommunications, Serbia  
[www.mtt.gov.rs](http://www.mtt.gov.rs)

The Ministry of Trade, Tourism and Telecommunications of Serbia is responsible for the fields of trade, foreign economic relations, tourism, telecommunications and information society. In the area of trade, the Ministry is, inter alia, in charge of controlling the surveillance of industrial non-food products and of the inspection supervision in the area of trade.

## SUMMARY DESCRIPTION

The project aims at improving the control of distribution of petroleum-based products on the Serbian market, preventing loss in budgetary incomes due to unpaid customs duties, taxes and excise duties. In addition, it will focus on securing fuel quality on the market, protecting the interests of consumers and producers of petroleum-based products and indirectly reducing harmful emissions, thus further improving the fuel quality monitoring system in Serbia.

The Fuel Quality Monitoring System for the implementation of Directive 98/70/EC and supplementary Directives have not been fully transposed into the legislation in Serbia yet,

where further support and exchange of experience would greatly contribute to bringing the system in line with EU best practices.

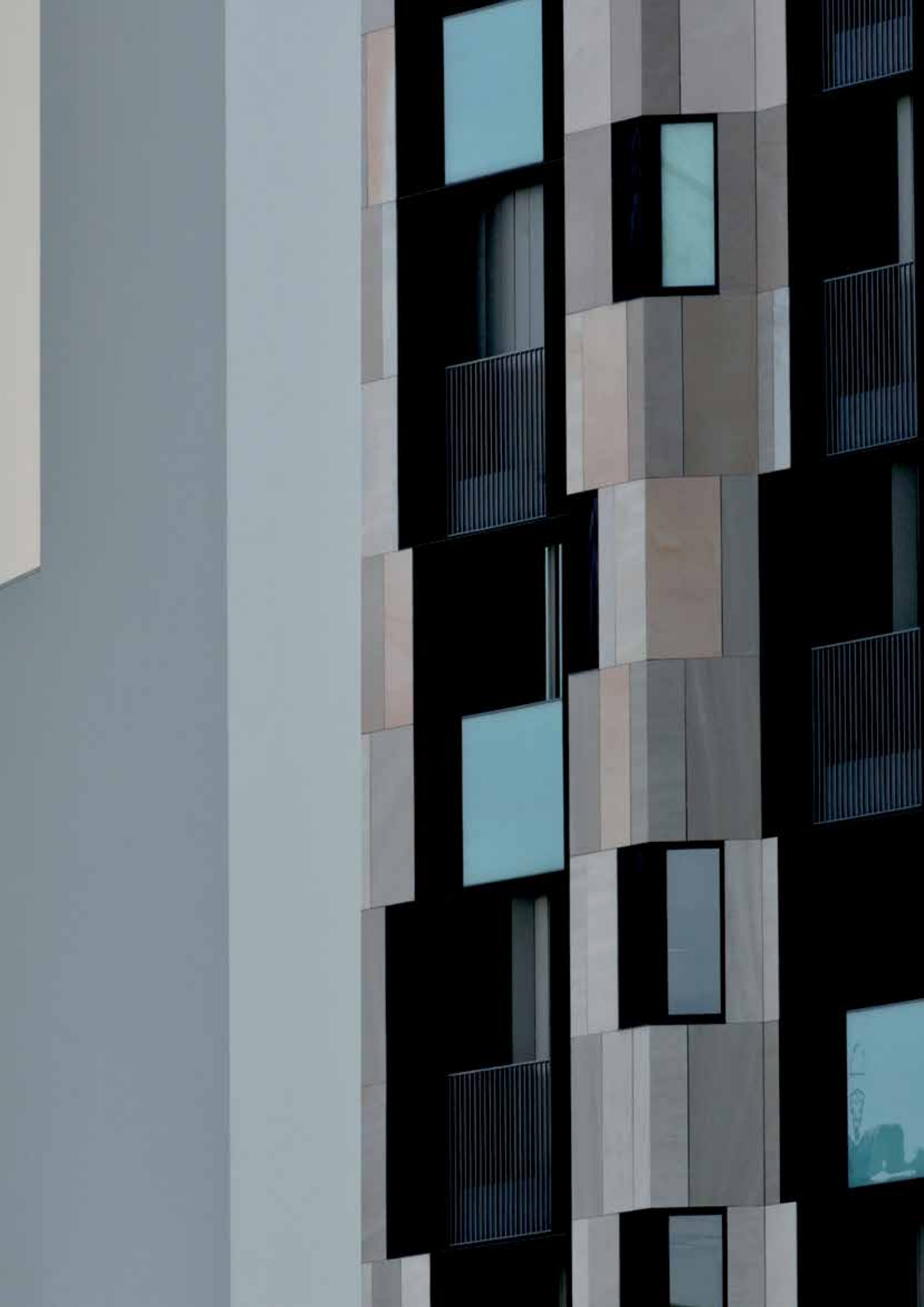
The Serbian Ministry of Trade, in charge of direct supervision of fuel quality, has recognised the University of Chemistry and Technology, Prague, as an academic institution with relevant experience in fuel quality assessment. It is able to implement the project and provide know-how and experience exchange with Czech experts. The project includes screening and analysis of the mineral fuel monitoring system in Serbia with a presentation of best Czech and EU practices. It includes a Review of Findings, Recommendations and Measures for system improvement. Furthermore, it will focus on capacity building of key stakeholders in Serbia through two trainings and a Peer Review Visit to the Czech Republic.

The project's activities will enhance the system for fuel quality monitoring and trade in mineral fuels in Serbia through an exchange of best practices with partners from the Czech Republic. It will provide an incentive for aligning the national legislation to the *acquis communautaire* and best European practices, thus supporting the overall efforts for transposing EU legislation into the national system. It will also result in raising awareness of public authorities, the expert community and general public of the importance in devoting additional efforts to enhancing the mineral fuel monitoring system and the importance of fighting against the grey economy, ensuring quality of trade in mineral fuels and emission reductions.

The project also envisages the strengthening of the beneficiary institution's capacities for development and implementation of an enhanced fuel quality monitoring system in line with EU Directives and best European practices, taking into account the experiences from the Czech Republic.

This will enable to better comprehend the European system of trade flow control for mineral fuels as well as make key stakeholders in Serbia understand the necessity to implement EU directives in the mineral fuel quality monitoring system. Lastly, it will provide best practice examples of direct surveillance mechanisms and on-the-field organisation of the mentioned surveillance.







# Know-how Exchange Programme

## Projects closed in 2015

03

**Table 3.2. List of KEP projects closed in 2015**

REFERENCE NUMBER	PROJECT NAME	COUNTRY OF THE KNOW-HOW PROVIDER INSTITUTION	COUNTRY OF THE KNOW-HOW RECIPIENT INSTITUTION	TOTAL PROJECT COST €	CEI CO-FINANCING €
1206KEP.010-12	Competitiveness and New Industrial Policy: Building capacities for diagnosis, design and implementation	EU CEI members // OECD as coordinator	Regional (Western Balkans)	279,653	30,000
1206.006-13	Renewable Solutions: Transfer of Successful Renewables and Bioenergy Know-how to Ukrainian Stakeholders (Res-Sol)	Austria	Ukraine	34,774	13,451
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	Regional (Western Balkans)	86,979	35,056
1206.009-13	Implementation of Directive 2009/28/EC in the Field of Biofuels and Transport in the Republic of Serbia – Transfer of Best Practices (BIOGOS)	Croatia	Serbia	34,053	12,356
1206.010-13	Development of Online Geodata Portal of Cultural Heritage in Novi Sad (GisNS)	Italy	Serbia	44,106	14,951
1206.003-14	On the Job Training in Humanitarian Demining and Mine Risk Education (MRE)	Italy	Bosnia and Herzegovina	80,000	40,000
1206KEP.009-12	Renewable Energy Knowledge and Technology Transfer in Albania and in Bosnia – Herzegovina	Italy	Albania, Bosnia and Herzegovina	89,737	39,110
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	EU CEI members / OECD as coordinator	Regional (Western Balkans)	614,581	30,000
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
<b>Total</b>				<b>1,343,410</b>	<b>251,524</b>

# Competitiveness and New Industrial Policy: Building capacities for diagnosis, design and implementation

REFERENCE NUMBER . . . . .	1206KEP.010-12
KNOW-HOW PROVIDER INSTITUTION . . . . .	OECD Investment Compact for South East Europe, EU CEI Member States
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Ministries of Economy and SME Agencies of involved Countries (Western Balkans)
TOTAL PROJECT COST . . . . .	€279,653
CEI GRANT . . . . .	€30,000
IMPLEMENTATION DATE . . . . .	January 2013 - January 2015

## KNOW-HOW PROVIDER

OECD Investment Compact for South East Europe, EU-CEI Member States  
[www.investmentcompact.org](http://www.investmentcompact.org)

The Investment Compact is a regional cooperation programme, managed by the Private Sector Development Division of the Organisation for Economic Co-operation and Development (OECD). The programme aims at assisting the countries of South Eastern Europe in the elaboration and implementation of policies directed at promoting and supporting private direct investment, from domestic and foreign sources, as well as private sector development.

## KNOW-HOW RECIPIENTS

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

## SUMMARY DESCRIPTION

The project aimed at assisting policy makers, officials and government bodies responsible for formulating and implementing industrial policy as well as the economic research and business community, in order to design and implement better policies to foster economic development. In particular, beneficiaries were the ministries in charge of economic policy and development (typically, the Ministry of Economy the Ministry of Finance), government development, research and innovation agencies as well as the representatives of the economic research and business community.

The specific project objectives were to assess how industrial policy had evolved as a concept and how it could be best defined today as well as to develop a tool kit to assist economies of the region to design, implement, monitor and evaluate industrial policies. This way, the economies engage in a policy dialogue aimed at exploring under which conditions industrial policy is relevant and effective in enhancing country competitiveness and economic growth. The objective was also to strengthen the capacities of beneficiary economies to identify the critical success factors as well as to recognise the potential risks in policy design and implementation. One of the goals was also to assist the beneficiary economies in conducting reviews of the effectiveness of past and current industrial policies. The main outputs of the project resulted in the elaboration of three working papers and the organisation of a technical workshop, two regional workshops and a final regional project meeting.

The project has contributed to raising awareness among policy makers in the Western Balkans about how the industrial policy debate had evolved in recent years, particularly in the European Union. Moreover, the project provided direct advice and assistance to the governments of the beneficiary economies about how to approach industrial policy issues in a structured way, how to combine targeted and horizontal policy issues effectively and how to increase the level of harmonisation with EU policies in the same area. The critical view of the industrial policy status in all beneficiary economies has contributed to the policy debate and assisted governments in their interaction with the European Commission, especially in relation to the bilateral accession/association consultation process. An indication of the positive impact of the project is the establishment of a permanent working group on industrial policy and support to the proposal for a regional industrial policy observatory.

# Renewable Solutions: Transfer of Successful Renewables and Bioenergy. Know-how to Ukrainian Stakeholders (Res-Sol)

<b>REFERENCE NUMBER</b> . . . . .	1206.006-13
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Austrian Energy Agency, Austria
<b>KNOW-HOW RECIPIENT INSTITUTIONS</b> . . . . .	Scientific Engineering Centre "Biomass", Ukraine; State Agency on Energy Efficiency and Energy Saving, Ukraine; Bioenergy Association, Ukraine; Renewable Energy Agency, Ukraine
<b>TOTAL PROJECT COST</b> . . . . .	€34,774
<b>CEI GRANT</b> . . . . .	€13,451
<b>IMPLEMENTATION DATE</b> . . . . .	January 2014 - January 2015

## KNOW-HOW PROVIDER

Austrian Energy Agency, Austria  
[www.energyagency.at](http://www.energyagency.at)

The Austrian Energy Agency is the Austrian energy research and policy institution. Its main tasks are to assist federal and provincial governmental administrations in defining energy, technology and research policies. The Agency analyses energy problems of technical, structural and behavioural nature. It presents recommendations for actions, offers information to decision makers, addresses the appropriate public audience and develops long-term strategies for sustainable development.

## KNOW-HOW RECIPIENTS

Scientific Engineering Centre "Biomass", Ukraine  
[www.biomass.kiev.ua](http://www.biomass.kiev.ua)

State Agency on Energy Efficiency and Energy Saving of Ukraine, Ukraine  
[www.sae.gov.ua](http://www.sae.gov.ua)

Bioenergy Association of Ukraine, Ukraine  
[www.uabio.org](http://www.uabio.org)

Renewable Energy Agency, Ukraine  
[www.rea.org.ua](http://www.rea.org.ua)

The Scientific Engineering Centre "Biomass" is one of the leading Ukrainian consulting and engineering companies providing consultancy on renewable energy and energy efficiency. The State Agency on Energy Efficiency and Energy Saving is the Ukrainian central authority for the implementation of national policy in the area of efficient use of energy resources and energy saving. The Bioenergy Association is a platform for cooperation on the bioenergy market in Ukraine. The Renewable Energy Agency is a non-profit public organisation involving Ukrainian experts in renewable energy and energy efficiency.

## SUMMARY DESCRIPTION

Despite the difficult political situation in Ukraine and the challenges in organising the activities of the project, the activity has successfully reached its goal: train a group of Ukrainian experts in administration and project developers on production and implementation of the Renewable Energy Action Plan in Austria.

Firstly, the Ukrainian beneficiaries were trained to draft laws, to develop position-papers, action plans and strategic documents in compliance with the EU-Renewable Energy Directive. Moreover, these experts have learned how to implement such regulations in practice, how to draft strategic documents with working transparent regulations, and get a better overview of which elements were still necessary for a continuous development of technology-based renewable energy sources. The beneficiary's experts with technical, economic and administrative backgrounds were trained according to elements needed to implement and replicate bioenergy for heat-projects in the beneficiary country. Bioenergy for heat was selected as the most sophisticated and demanding renewable technology, but also as the most promising market for Ukraine. In addition, the project has brought about contacts between Austrian and Ukrainian experts in administration, stakeholders and bioenergy experts, who will lead to a closer cooperation between the Ministers, stakeholders and financing bodies in both countries, and ideally to the joint development of investment projects.

A study tour in Austria was organised for the Ukrainian experts in order to gain know-how on elements necessary to successfully implement and replicate bioenergy for heat-projects, adjusted to the Ukrainian environment. In the long run, the experts from the beneficiary county will work on the implementation of relevant frame conditions to create a favourable environment for the realisation of renewable projects in general and bioenergy projects in detail, in their home county. Finally, the project will result in an enhanced use of clean, renewable energy sources and a related mitigation of climate change.

# 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

**REFERENCE NUMBER** . . . . . 1206.008-13  
**KNOW-HOW PROVIDER INSTITUTION** . . . National Institute of Oceanography and Experimental Geophysics (OGS), Italy  
**KNOW-HOW RECIPIENT INSTITUTIONS** . . Department of Energy Resources, Faculty Of Geology and Mining, Albania;  
Geological Survey of Montenegro, Montenegro; Association of Geophysicists and Environmentalists of Serbia, Serbia  
**TOTAL PROJECT COST** . . . . . €86,979  
**CEI GRANT** . . . . . €35,056  
**IMPLEMENTATION DATE** . . . . . January 2014 - January 2015

## KNOW-HOW PROVIDER

National Institute of Oceanography and Experimental Geophysics (OGS), Italy  
[www.ogs.trieste.it](http://www.ogs.trieste.it)

The OGS is an internationally oriented public research institution, developing its own mission in the European Research Area and internationally, prioritising basic and applied research fields of oceanography, geophysics and marine geology, both experimental as well as explorative geophysics to prevent geological, environmental and climatic risks.

## KNOW-HOW RECIPIENTS

Department of Energy Resources, Faculty of Geology and Mining, Albania  
[www.upt.al](http://www.upt.al)

Geological Survey of Montenegro, Montenegro  
[www.geozavod.co.me](http://www.geozavod.co.me)

Association of Geophysicists and Environmentalists of Serbia, Serbia  
[www.agserbia.com](http://www.agserbia.com)

The Department of Energy Resources of the Polytechnic University of Tirana trains young specialists with necessary skills for the oil industry sector, especially on well drilling, reservoir engineering, oil and gas production and sustainable exploitation of natural resources. The Geological Survey of Montenegro is a governmental institution implementing geological exploration projects of particular interest to the Ministry of Economy. The Association of Geophysicists and Environmentalists of Serbia promotes geophysics, geo-environmental sciences in Serbia.

## SUMMARY DESCRIPTION

The countries concerned by the European Union Strategy for the Adriatic and Ionian Region are facing an increasing need to create knowledge-based economies that can generate

higher-value-added jobs and stronger growth. Science and technology may play an important role in the sustainable development of the region. Local scientific institutions and research groups have a strong potential as a hub towards broader cooperation for responding to the real needs of local communities (direct and indirect beneficiaries) by identifying problems and recommending appropriate solutions.

Based on the expertise provided by the applicant, the project aimed at supporting the development of human capacities and research capabilities in Albanian, Montenegrin and Serbian institutions. The project targeted specific trainings related to a "Secure, Clean and Efficient Energy", implying the extraction (geothermal) or injection (CO<sub>2</sub> or natural gas storage) of fluids (gas, CO<sub>2</sub>, water) in the underground.

The project goal was to increase and improve professional skills in the field of secure, clean and efficient energy in Albania, Montenegro and Serbia. The OGS has provided a number of capacity building activities to institutions, mainly research institutions, from the beneficiary countries (Albania, Montenegro and Serbia), which are the members of a long-life cooperation network of the OGS. The project organised three workshops (one workshop per each country) and beforehand conducted an enquiry with beneficiary institutes, in order to better understand their needs, problems and deficiencies.

Accordingly, a tailor made training-of-trainers was organised in Trieste and three fellowships were granted to outstanding scientists for conducting research at the OGS laboratories. All training materials were made available through an innovative dissemination instrument such as e-learning platform, which will be hosted at the OGS portal.

Transnational cooperation will be strengthened and the network of scientific excellence will be broadened further. In the long run, the partnership between OGS and local beneficiary institutions will be reinforced and new project ideas will be conceived and formulated as follow-up actions to the current project. Joint publications and co-authoring will be considered as a priority and scientific products will increase significantly.

# Implementation of Directive 2009/28/EC in the Field of Biofuels and Transport in the Republic of Serbia – Transfer of Best Practices (BIOGOS)

<b>REFERENCE NUMBER</b> . . . . .	1206.009-13
<b>KNOW-HOW PROVIDER INSTITUTION</b> . . . . .	Faculty of Mechanical Engineering and Naval Architecture, University of Zagreb, Croatia
<b>KNOW-HOW RECIPIENT INSTITUTIONS</b> . . . . .	National Petroleum Committee of Serbia - World Petroleum Council (NPCS -WPC), Serbia
<b>TOTAL PROJECT COST</b> . . . . .	€34,053
<b>CEI GRANT</b> . . . . .	€12,356
<b>IMPLEMENTATION DATE</b> . . . . .	January 2014 - October 2014

## KNOW-HOW PROVIDER

Faculty of Mechanical Engineering and Naval Architecture, University of Zagreb, Croatia  
[www.fsb.unizg.hr](http://www.fsb.unizg.hr)

The Faculty of Mechanical Engineering and Naval Architecture is a leading higher educational and research institution. One of its departments is the Department of Energy, Power Engineering and Environment and its research group is a leading group in sustainable development of power supply.

## KNOW-HOW RECIPIENT

National Petroleum Committee of Serbia - World Petroleum Council (NPCS-WPC), Serbia  
[www.wpcserbia.rs](http://www.wpcserbia.rs)

Founded in 2011, the NPCS-WPC is an association whose members are the University of Belgrade, the University of Novi Sad, the Chamber of Commerce and Industry of Serbia, PE Transnafta, PE Srbijagas, Lukoil Serbia j.s.c., the Association of Oil Companies in Serbia, the Serbian Oil and Gas Association, and the Petroleum Industry of Serbia.

## SUMMARY DESCRIPTION

The overall objective of the project was the exchange of best practices between Croatia and Serbia in the implementation of Directive 28/2009/EC in the field of biofuels in the transport sector. The beneficiary target group gained experience in the implementation of the aforementioned Directive and relevant legislation in Croatia. Based on the Croatian experience and on identified needs

in Serbia, the NPCS-WPC as beneficiary has formulated policy recommendations and proposals for drafting bylaws for the national authorities in the preparation of the national legislation for the legal and practical regulation of the emerging field of biofuels in Serbia. Thanks to the organisation of two expert workshops and a study visit to Croatian institutions, the beneficiary group was able to enhance its capacities and bring closer to the wider professional group and public in Serbia the importance of biofuels, the need for a coordinated and coherent approach of state, market and academic stakeholders in their introduction, as well as the value of exchange of experience with countries that have gone through the same path in order to reach the mandatory share of 10% of biofuels in transport by 2020 in Serbia.

The exchange of experience among project partners within this project has greatly increased the knowledge base within the beneficiary group regarding Directive 28/2009/EC as well as biofuels. The NPCS-WPC has been recognised by the wider professional public in the country, as well as by national authorities, as initiator, driving force as well as an active contributor to the formulation of national legislation in the field of biofuels. Thanks to the joint engagement of the UNIZG FSB project team and NPCS-WPC, proposals for drafting bylaws in the field of biofuels in Serbia have been prepared, thus contributing to the overall efforts of the national authorities in implementing the EU legislation. The project has also greatly contributed to networking biofuels professionals between Croatia and Serbia. These established contacts could contribute to future projects among the stakeholders.

The Biofuels' Working Group, established within the NPCS-WPC, will continue its periodical meetings for further knowledge exchange related to practical and legislative biofuel issues.

# Development of Online Geodata Portal of Cultural Heritage in Novi Sad (GisNS)

**REFERENCE NUMBER** . . . . . 1206.010-13  
**KNOW-HOW PROVIDER INSTITUTION** . . . Bruno Kessler Foundation, Italy  
**KNOW-HOW RECIPIENT INSTITUTIONS** . . Faculty of Technical Sciences, University of Novi Sad, Serbia; Public Enterprise for City Construction and Development, Novi Sad, Serbia; Institute for the Protection of Cultural Monuments of Novi Sad, Serbia  
**TOTAL PROJECT COST** . . . . . €44,106  
**CEI GRANT** . . . . . €14,956  
**IMPLEMENTATION DATE** . . . . . January 2014 - January 2015

## KNOW-HOW PROVIDER

Bruno Kessler Foundation, Italy  
[www.fbk.eu](http://www.fbk.eu)

Established by the Autonomous Province of Trento, the Bruno Kessler Foundation operates as private entity dealing with culture, scientific research, and technological development.

## KNOW-HOW RECIPIENTS

Faculty of Technical Sciences, University of Novi Sad, Serbia  
[www.arhns.com](http://www.arhns.com)

Public Enterprise for City Construction and Development, Novi Sad, Serbia  
[www.zigns.rs](http://www.zigns.rs)

Institute for the Protection of Cultural Monuments of Novi Sad, Serbia  
[www.novisadbastina.rs](http://www.novisadbastina.rs)

The Faculty of Technical Sciences of the University of Novi Sad provides high education and research in the area of technical sciences, natural sciences and mathematics, social sciences and humanities through an interdisciplinary approach. The Public Enterprise for City Construction and Development of Novi Sad regulates construction land development by preparing proposals concerning the general development plan of the City. The Institute for the Protection of Cultural Monuments engages in protection and maintenance of cultural heritage and cultural-historic sites, buildings and similar tourist monuments in Novi Sad.

## SUMMARY DESCRIPTION

The project was based on a collaboration between the 3D Optical Metrology research unit of the Bruno Kessler

Foundation and the Faculty of Technical Sciences at the University of Novi Sad. The project also gathered major Serbian public authorities competent for infrastructure planning, cultural heritage protection and promotion of experts. The main objectives of the project were to develop and improve the existing online public GIS portal of Novi Sad and to ensure the sustainability of the know-how transfer through collaborative work and student education. The project aimed at countering the lack of digitalised and well-organised cultural heritage documentation as one of the main priorities in the Strategy for Information Society Development in Serbia. For this purpose, an extensive knowledge transfer activity was organised with lectures and demonstrations in the field of 3D modelling for cultural heritage protection. The challenge faced by the project partners was the need to improve the strategies for public online database development representing cultural heritage, and targeting the overall improvement of the city's municipal development planning.

In order to fully meet the planned objectives, the project activities focused on two types of actions:

1. knowledge transfer through lectures and demonstrations in Novi Sad;
2. remote assistance and support for technical and conceptual problems.

In order to complete action 1, two workshops were held at the Faculty of Technical Science, to disseminate theoretical information and practical demonstrations. For action 2, the Serbian partners were remotely supported by the FBK team on matters related to new surveying activities in Novi Sad or data processing matters. The project objectives of knowledge transfer, the establishment of long-term collaboration between the partners and promotion of cultural values were successfully met. In addition, the successful realisation of the 3D surveying and modelling of the city fortress deserves mentioning. This is currently used in the GIS of the municipality, whereas the 3D model of the fortress will be used for visualisation and communication purposes.

# On the Job Training in Humanitarian Demining and Mine Risk Education (MRE)

REFERENCE NUMBER . . . . .	1206.003-14
KNOW-HOW PROVIDER INSTITUTION . . .	INTERSOS, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . .	Mine Detection Dog Center (MDDC), Bosnia and Herzegovina
TOTAL PROJECT COST . . . . .	€80.000
CEI GRANT . . . . .	€40.000
IMPLEMENTATION DATE . . . . .	September 2014 - January 2015

## KNOW-HOW PROVIDER

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

INTERSOS is a non-profit humanitarian aid organisation working to bring assistance to people in danger, victims of natural disasters and armed conflicts. It was established in 1992 and focuses on the values of solidarity, justice, human dignity, equal rights and opportunities for all people and on respect for diversity and coexistence. Particular attention is paid to the most vulnerable and unprotected groups. It has a long experience in Humanitarian Mine Action, clearance, and Mine Risk Education.

## 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 in eliminating landmines, both regionally and globally, as well as in getting involved in demining operations.

## SUMMARY DESCRIPTION

Several national and international companies are still active in the mine action sector in Bosnia and Herzegovina, but not many follow the humanitarian demining principles, which require longer implementation periods and higher costs. INTERSOS and its experts supported the MDDC, a local non-governmental organisation trying to operate according

to the humanitarian demining standards, in an area of more than 8000 square meters in the municipality in Bihac for the organisation of the Mine Risk Education sessions for risk categories in the same area.

The project goals were met with: a briefing session held by INTERSOS demining and Mine Risk Education experts with the staff of the MDDC in Sarajevo, in order to assess MDDC's ways of working as well as their knowledge and skills. Moreover, the presentation of INTERSOS activities and results in Bosnia and Herzegovina, highlighting differences and procedure of the humanitarian demining, were also illustrated.

Secondly, the demining and the Mine Risk Education teams moved to the identified site in the Bihac municipality where on-the-job training was held. The demining team, under the supervision of an INTERSOS expert, cleared an area of 8.358 sq. according to humanitarian demining standards. 7 mines, 5 anti-personnel and 2 anti-tank mines were found. The Mine Risk Education team, under the supervision of an INTERSOS expert, developed an ad hoc action plan for the selected area and organised the Mine Risk Education awareness presentations, targeting vulnerable groups (hunters, forestry, and farmers) and school children.

These activities allowed MDDC staff to acquire new skills in the field of demining and Mine Risk Education, providing them with new tools and procedures for humanitarian demining operations. Their skills represent a new characteristic of MDDC staff members that are useful not only in Bosnia and Herzegovina, but also in other countries, where MDDC is trying to expand its activities. Thanks to the on-the-job training, the area of the Bihac municipality identified with the BHMAL was cleared from mines and the local population has become more aware of the risks and correct behaviour to be adopted, when encountering them.

# Renewable Energy Knowledge and Technology Transfer in Albania and in Bosnia and Herzegovina

REFERENCE NUMBER . . . . .1206KEP.009-12  
KNOW-HOW PROVIDER INSTITUTION . . .Oxfam Italia, Italy  
KNOW-HOW RECIPIENT INSTITUTIONS . .Shkodra Regional Council, Albania; Euroregion Drina, Bosnia and Herzegovina  
TOTAL PROJECT COST. . . . .€89,737  
CEI GRANT. . . . .€39,110  
IMPLEMENTATION DATE. . . . .January 2013 - January 2015

## KNOW-HOW PROVIDER

Oxfam Italia, Italy  
[www.oxfamitalia.org](http://www.oxfamitalia.org)

Oxfam Italia is an association, part of an international confederation of 17 organisations, working together in more than 90 countries around the world to build a future free of injustice and poverty. Oxfam's focuses on the promotion of local sustainable development through projects aimed at protecting natural, cultural and agricultural resources as well as the capacity building of local authorities and of civil society organisations. Oxfam Italia works in South Eastern European countries with several projects on eco-tourism, sustainable use of natural resources, cultural heritage, rural development, support to small and medium enterprises, renewable energy, institutional building of local authorities, governments and civil society.

## KNOW-HOW RECIPIENTS

Shkodra Regional Council, Albania  
[www.qarkushkoder.org](http://www.qarkushkoder.org)

Euroregion Drina, Bosnia and Herzegovina  
[www.euroregijadrina.com](http://www.euroregijadrina.com)

The direct beneficiaries of the project were the Shkodra Regional Council in Albania and the Euroregion Drina in Bosnia and Herzegovina, local technicians, households, cooperatives, city halls, and students. All these beneficiaries were involved in courses and trainings about the importance of using renewable energy and in public awareness campaigns, on the intelligent use of energy, information about pollution, greenhouse gases, solar energy, biomass system at community level and schools. The activities tackled environmental issues and the green economy.

## SUMMARY DESCRIPTION

The main achievement of the project is the technology transfer concerning renewable energy applied to agriculture and tourism among Italy, Albania, and Bosnia and Herzegovina. The project focused on increasing the role of education, on developing capacity building and technology demonstration and is closely linked to the ongoing project "Renewable Energy Technologies in Albania and Bosnia-Herzegovina", financed by the International Fund for Agricultural Development, which deals with the installation of RE equipment in agriculture and tourism.

The project has contributed to capacity building on renewable energy, offering trainings to technicians and awareness raising to the population about the advantages in using renewable energies. Training courses were organised for the municipalities on renewable energy benefits. This way, the project has fostered the policy dialogue between local and central institutions, with many ideas and practical issues discussed that could be introduced in local strategies. Many actions related to energy efficiency can be implemented by municipalities on their territories and should be part of a long-term development strategy, relying on the most important resources available in each municipality: people and natural resources. The project has also advocated environmentally-friendly politics with a positive impact on local communities in different areas. In terms of environmental preservation, thanks to the introduction of EE and RES technologies, the number of trees cut every year has been reduced, thus contributing to the preservation of forests and avoiding landslides. The introduction of new technologies and ecotourism can create new job opportunities.

The results of the project have been fully accomplished by making the population and local stakeholders aware of the advantages in using Renewable Energy for increasing efficiency in energy consumption. Furthermore, the project has promoted, at local level, the adoption of clean energy programmes and policies, by establishing renewable energy and energy efficiency commissions in the municipalities involved in project activities (in Albania in the municipalities of Shkoder, Vau Dejes, Puka, Fushe Arrez and Koplik, and in Bosnia and Herzegovina in the municipalities of Konjic, Trnovo, Foča, Ustikolina, Gorazde, Bratunac, Srebrenica).



# 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

REFERENCE NUMBER . . . . .	1206.004-13
KNOW-HOW PROVIDER INSTITUTION . . . . .	OECD Investment Compact for South East Europe, EU CEI member states
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Ministries of Economy and SME Agencies of involved Countries (Western Balkans)
TOTAL PROJECT COST . . . . .	€614, 581
CEI GRANT . . . . .	€30,000
IMPLEMENTATION DATE . . . . .	January 2013 - January 2015

## KNOW-HOW PROVIDER

OECD Investment Compact for South East Europe (OECDIC), EU-CEI Member States  
[www.investmentcompact.org](http://www.investmentcompact.org)

The Investment Compact is a regional cooperation programme, managed by the Private Sector Development Division of the Organisation for Economic Co-operation and Development (OECD). The programme aims at assisting the countries of South-eastern Europe in the elaboration and implementation of policies directed at promoting and supporting private direct investment, from domestic and foreign sources, as well as private sector development.

## KNOW-HOW RECIPIENTS

Ministries of Economy of Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia. The target groups in each involved country are policymakers, governmental officials and bodies responsible for formulating and implementing policies that concern CEFTA (Central European Free Trade Agreement).

## SUMMARY DESCRIPTION

The overall objective of the project was to assist Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia - CEFTA member countries - in implementing the free trade agreement negotiated in 2006 by the beneficiary economies. Direct beneficiaries of the project were policymakers, officials and government bodies responsible for formulating and implementing policies that have an impact on trade with other CEFTA Parties. The assignment focused on the analysis related to the reduction and elimination of non-tariff barriers, the progressive liberalisation of trade in services and the identification of policy measures leading to an optimisation of the benefits of regional trade and investment liberalisation in the context of increasing European integration.

The main output of the project was an inventory of regulatory barriers to trade in services and a related analytical report. In particular, the regulatory inventory includes information on the existence or absence of these regulations, the legal source of the regulation as well as comments providing more details regarding specific regulations. Moreover, the report described the regulatory framework in CEFTA countries by priority sector, highlighting the main trade barriers and the potential areas for negotiations among CEFTA Parties.

# Smallholders Farmers' Access to Markets in Eastern and Northern Bosnia-Herzegovina and Northern Albania

REFERENCE NUMBER . . . . .	1206.011-13
KNOW-HOW PROVIDER INSTITUTION . . . . .	Oxfam Italia, Italy
KNOW-HOW RECIPIENT INSTITUTIONS . . . . .	Association of Citizens Independent Office for Development, Bosnia and Herzegovina; Association Drina Euro region, Foca, Bosnia and Herzegovina; Cooperative "Rec Agripyjor", Shkoder Region, Albania
TOTAL PROJECT COST. . . . .	€79,527
CEI GRANT. . . . .	€36,600
IMPLEMENTATION DATE. . . . .	January 2014 - June 2015

## KNOW-HOW PROVIDER

Oxfam Italia, Italy  
[www.oxfamitalia.org](http://www.oxfamitalia.org)

Oxfam Italia is an association, part of an international confederation of 17 organisations, working together in more than 90 countries around the world to build a future free from injustice and poverty. Oxfam Italia works in South Eastern European countries with several projects focused on ecotourism, the sustainable use of natural resources, cultural heritage, rural development, support to small and medium enterprises, renewable energies, institutional building of local authorities, governments and civil society.

## KNOW-HOW RECIPIENTS

- Association of Citizens Independent Office for Development, Bosnia and Herzegovina
- Association Drina Euro region, Foca, Bosnia and Herzegovina
- Cooperative "Rec Agripyjor", Shkoder Region, Albania

The Association of Citizens Independent Office for Development is an association for producers of typical products and includes the Local Economic Development Network (LEDnet) with 10 member associations in Bosnia and Herzegovina. The Association of Citizens Euroregija Drina is the association whose members are 17 municipalities along the Drina River from Bosnia, Croatia, Montenegro, and Serbia. The cooperative "Rec Agripyjor" established by Oxfam GB in 2005 deals with agricultural products such as chestnut fruit, chestnut honey, medicinal herbs and soft fruit.

## SUMMARY DESCRIPTION

The project supported local development through an integrated approach, aimed at adding value to local and traditional products with market potential, by sustaining local value chains, facilitating access of smallholder farmers to regional, national and international markets, promoting cooperation between and among community based organisations, farmers' marketing associations, SMEs as well as local and national institutions.

The specific objective of the action was to enhance access to local and European remunerative markets of agro food products with market potential from the Region of Shkoder (Albania) and Eastern and Northern Bosnia and Herzegovina. It has improved the quality of typical agro products from the above mentioned areas, with investing in four resources of the area of intervention: berries, apples, plumbs and medicinal herbs. Their actual quality was analysed through scientific research completed at the beginning of the project implementation. The results of the research were used as a base for increasing the price of collected products as well as to improve the negotiation power of local farmers with respect to wholesalers. Beneficiary farmers in the area of intervention are now aware of the fundamental EU and other international standards and according to the findings of the market research and project activities, the farmers have increased their competitiveness with respect to their competitors. The organisational structure of 15 local cooperatives / groups of harvesters has improved and two market analyses were published on berries, apples, plumbs and medicinal herbs.

Thanks to the project implementation, farmers were able to strengthen the quality of processing and marketing of natural products in Eastern Bosnia and Herzegovina and Northern Albania. The project activities were based on the in-depth research, carried out at the beginning of the implementation phase and from the result it has provided, tailor made trainings were carried out and the training activities were delivered to farmers to improve their position on the market. The implementation was shortly interrupted by the heavy floods affecting the region in May 2014. Nevertheless, project resources were used to mitigate flood consequences, especially by organising specific training activities that helped farmers in need to renew production.





# Future Outlook: 2016 Strategy

The CEI Fund Strategy for 2016 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. It offers a briefing on country and sector priorities for projects to be financed through the CEI Fund during 2016 with an allocation of more than €1.8 million (see Annex 2).

This strategy is in line with the objectives of 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, thus 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 the 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, 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. The CEI Fund will continue to support European integration, capacity building and market economy under its CEI Know-how Exchange Programme.

As for project-related activities, in 2016, 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. Priority will be given to projects contributing to the preparation and implementation of the EBRD investments, as well as to projects ensuring a tangible 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 2016.

By providing dedicated technical assistance, and through the CEI Know How Exchange Programme, in 2016, the CEI Fund will help the EBRD and the CEI countries achieve their transition and integration objectives by 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 2015

### Financial Report 2015 for the CEI Fund at the EBRD contributed by Italy <sup>1</sup>

<b>A Fund Summary - all years to 31 December 2015</b>		€ <sup>2</sup>
<b>Inflows</b>		
Net Inflow of funds 1992-2007 <sup>3</sup>		26,563,961
Inflow (Italian lodgement) during 2008-2015		13,000,000
Accrued Interest up to 31/12/2015		2,958,134
EBRD Administration Fee		-1,269,660
Bank charges, income and reimbursements, interest expenses, other charges		3,610
<b>Total inflow 1992-2015</b>		<b>41,226,045</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 31/12/2015		32,332,693
<b>Total Commitments 1992-2015</b>		<b>38,318,192</b>
<b>Fund's Availability</b>		
Total Available Fund Balance by EBRD Financial Control: CEI Account - as of 31/12/2015 (Annex 3)		322,517
Total Available Fund Balance by EBRD Financial Control: CEI2 Account - as of 31/12/2015 (Annex 4)		855,335
TC assignments not numbered as of 31/12/2015		35,000
Expected recovery from operational activities and KEP in Trieste		145,022
<b>Total available as of 31/12/2015</b>		<b>1,287,874</b>
<b>B Fund Budget 2016-2017</b>		
Budget Forecast 2016 (Annex 2)		2,500,000
Expected Inflow during 2016		2,000,000
Expected Fund Availability for 2017		787,874

<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.

# Annex 2

## Budget 2016

### Budget 2016 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)	202,000	109,000	
Analytical support		43,000	
<b>Subtotal</b>			<b>354,000</b>
<b>C Travels and Events</b>			
Missions	7,000	14,000	
Meetings and hospitality	85,000	4,000	
<b>Subtotal</b>			<b>110,000</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	95,000	53,000	
<b>Subtotal</b>			<b>148,000</b>
<b>Total</b>			<b>2,500,000</b>



# Annex 3

## Central European Initiative Fund

### Balance 2015

<b>Table A. Fund Balance Report (cumulative to 31/12/2015)</b>		<b>€</b>
Agreement Amount		26,563,961
Commitments		-22,197,508
<b>Subtotal</b>		<b>4,366,453</b>
Bank Charges		-19,056
EBRD Administration Fee		-969,660
Foreign Exchange Gain / Loss & Other Income / Charges		16,844
Interest Income		2,913,605
Secretariat expenses		-5,985,499
Interest Expense		-170
<b>Available Fund Balance</b>		<b>322,517</b>
<b>Table B. Fund Balance Report Breakdown</b>		<b>€</b>
Cash on Hand		322,517
Commitments not yet Disbursed		0
Placements and Debt Securities		0
<b>Available Fund Balance</b>		<b>322,517</b>
<b>Table C. Additional Information</b>		<b>€</b>
Contributions to date		26,563,961
Disbursement to date		22,197,508

# Central European Initiative Ministry of Foreign Affairs Fund

## Balance 2015

<b>Table A. Fund Balance Report (cumulative to 31/12/2015)</b>		<b>€</b>
Agreement Amount		13,000,000
Commitments		-11,865,185
<b>Subtotal</b>		<b>1,134,815</b>
Bank Charges		-2,441
EBRD Administration Fees		-330,000
Interest Income		44,529
Technical Cooperation Reimbursements		12,000
Interest Expense		-3,567
<b>Available Fund Balance</b>		<b>2,709,908</b>

<b>Table B. Fund Balance Report Breakdown</b>		<b>€</b>
Cash on Hand		5,025,309
Commitments not yet Disbursed		-4,169,974
Contributions Pledged but not Received		0
<b>Available Fund Balance</b>		<b>855,335</b>

<b>Table C. Additional Information</b>		<b>€</b>
Contributions to date		13,000,000
Disbursement to date		7,695,211

# List of Technical Cooperation Assignments 1993-2015

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	553,229	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	Sarajevo International Airport - Firefighting Training	30,000	closed	Bosnia and Herzegovina
CEI-1999-11-04	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	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	759,928	closed	Croatia
CEI-2000-06-04	Business Advisory Service (BAS) Programme in Croatia	71,600	closed	Croatia
CEI-2000-06-05	Business Advisory Service (BAS) Programme in Croatia	85,944	closed	Croatia
CEI-2000-06-06	Business Advisory Service (BAS) Programme in Croatia	20,967	closed	Croatia
CEI-2000-07-08	Business Advisory Service (BAS) Programme in Croatia	61,431	closed	Croatia
CEI-2000-07-09	Business Advisory Service (BAS) Programme in Croatia	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	14,482	closed	Croatia
CEI-2002-08-03	Business Advisory Service (BAS) Programme in Croatia	6,273	closed	Croatia

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COMMITMENT STAGE	COUNTRIES OF OPERATIONS
CEI-2002-12-04	Business Advisory Service (BAS) Programme in Croatia	21,965	closed	Croatia
CEI-2002-12-05	Business Advisory Service (BAS) Programme in Croatia	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	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	330,018	closed	Albania
CEI-2007-08-06	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 - Pinski drev	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-2012-07-02	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
CEI2-2010-06-05	Life in Transition Survey II - Albania	45,000	closed	Albania

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COMMITMENT STAGE	COUNTRIES OF OPERATIONS
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	149,760	closed	Montenegro
CEI2-2012-05-02	Market Study: Opportunities to Implement Sustainable Strategies in the Maritime Sector	220,032	closed	Regional
CEI2-2012-06-05	Enhancing Public Procurement Professionalism - Pilot	40,000	closed	Regional
CEI2-2012-06-06	Resource and Process Efficiency in Manufacturing Sectors	427,570	closed	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
CEI2-2013-01-02	Public-Private Policy Forum Diary Sector	28,165	closed	Ukraine
CEI2-2013-02-03	Kotor Fortress Urban Regeneration - Technical and Market Due Diligence	74,800	disbursing	Montenegro
CEI2-2013-03-04	Training of Grain Farmers in Ukraine	265,077	disbursing	Ukraine
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	175,166	closed	Belarus
CEI2-2013-07-09	Local Roads Reconstruction and Upgrade Project	274,000	disbursing	Montenegro
CEI2-2013-07-10	Moldova Railways: Environmental, Health and Safety Management Support and Capacity Building	73,000	committed	Moldova
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	closed	Montenegro
CEI2-2013-08-14	Road Rehabilitation and Safety Project. Capacity Building on Road Safety Management (ISO 39001)	70,000	committed	Serbia
CEI2-2013-10-15	Sustainable Energy Action Plan (SEAP) for Chisinau. Urban Regeneration Market Study	110,000	closed	Moldova
CEI2-2013-11-16	Energy and Resource Efficiency Programme for the Corporate Sector CEI - Mark Formelle Cogeneration Plant: Feasibility Study	19,803	closed	Belarus
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	disbursing	Montenegro
CEI2-2014-09-08	Resource Efficiency Programme for the Corporate Sector - Uniflex	18,697	closed	Belarus
CEI2-2014-11-09	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - D'Appolonia - Agrofusio	39,250	committed	Ukraine
CEI2-2014-11-10	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - KPMG - Belarus Industry Study	48,280	closed	Belarus
CEI2-2015-02-01	Macedonia: National Roads Programme - Project Implementation Unit support	450,000	disbursing	Macedonia
CEI2-2015-02-02	Macedonia: Railway Corridor VIII (second phase): PIU Support	350,000	committed	Macedonia
CEI2-2015-02-03	Enhancing Public Procurement Professionalism - Capacity Building Programme: Extension	8,000	closed	Regional
CEI2-2015-02-04	Enhancing Public Procurement Professionalism - Capacity Building Programme (CEI)	75,000	closed	Regional
CEI2-2015-03-05	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - Bingo III	40,000	closed	Bosnia and Herzegovina
CEI2-2015-05-07	Montenegro Water Sector Reform	70,000	committed	Montenegro
CEI2-2015-08-08	2nd Extension - Enhancing Public Procurement Professionalism - Capacity Building Programme	15,000	closed	Regional
CEI2-2015-08-09	Tivat Airport Modernisation Project - Preparation of Concept Designs	281,000	disbursing	Montenegro
CEI2-2015-09-10	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - D'Appolonia - Meso-promet	49,730	committed	Montenegro
CEI2-2015-09-11	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - D'Appolonia - Serseris Grain Terminal	49,750	committed	Ukraine
CEI2-2015-09-12	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - Polesie	38,086	committed	Belarus
CEI2-2015-09-13	Establishing of Origination and Execution Capacity Program for SME Direct Finance in Ukraine, Moldova, Belarus	180,000	disbursing	Regional

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COMMITMENT STAGE	COUNTRIES OF OPERATIONS
CEI2-2015-10-15	Energy and Resource Efficiency Programme for the Corporate Sector – CEI – Resource Efficiency Audit at Glass Container Company	43,580	disbursing	Moldova
CEI2-2015-11-16	Utilisation of Production Residues in the Food Processing Sector in the Western Balkans	150,000	committed	Regional
CEI2-2015-11-17	Innovation Vouchers scheme for resource efficiency technologies and services: programme preparation and definition of possible implementation approaches	74,000	committed	Serbia
CEI2-2015-11-18	Review of sustainable resource opportunities - Univerexport	50,000	committed	Serbia
CEI2-2015-11-19	Tivat Airport Modernisation Project - Procurement Support Consultant	250,000	committed	Montenegro
CEI2-2015-11-20	Analysis of Climate Risks in Transport Infrastructures in the Western Balkans	74,500	committed	Regional
CEI2-2015-11-21	Renewable Energy Power Purchase Agreement Preparation	65,000	committed	Macedonia
To be assigned	Priority Investment Program Identification and Pre-feasibility Study of Local Water Supply Systems Expansion in the Coastal Municipalities of Montenegro	35,000	approved	Montenegro
<b>Total</b>		<b>24,105,158</b>		

# List of Know-how Exchange Programme Projects 2004-2015

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	TOTAL PROJECT 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	TOTAL PROJECT 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
1206.002-09	PORTRAIN	Italy	Albania	91,979	33,900	closed	Capacity building
1206.003-09	Supporting Serbian SMEs in accessing to EU markets	Italy	Serbia	42,448	21,224	closed	Enterprise development
1206.004-09	S.E.A. - System for Energy Autonomy	Italy	Moldova	121,600	20,000	closed	Sustainable energy
1206.005-09	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
1206.006-09	Development of decision support systems for integrated water management in Belarus	Italy	Belarus	64,306	31,288	closed	Sustainable energy
1206.007-09	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
1206.008-09	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
1206.011-09	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



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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	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.005-12	Public Accountants Certification Training (PACT) in Macedonia, level 1 cohort 2 and level 2 cohort 1	Slovenia	Macedonia	235,657	40,000	disbursing	Capacity building
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	closed	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)	279,653	30,000	closed	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)	614,581	30,000	closed	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	34,774	13,451	closed	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	86,979	35,056	closed	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	34,053	12,356	closed	Sustainable energy
1206.010-13	Development of Online Geodata Portal of Cultural Heritage in Novi Sad, GisNS	Italy	Serbia	44,106	14,951	closed	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	closed	Sustainable energy
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	approved	Sustainable energy
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	approved	Sustainable energy
1206.003-14	On the job training in Humanitarian Demining and Mine Risk Education (MRE)	Italy	Bosnia and Herzegovina	80,000	40,000	closed	Capacity building
1206.004-14	Development of guidelines for implementation of the principles of sustainable agriculture according to EU Directive 2009/128 (SUSAGRI)	Italy	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
1206.001-15	WASTE MGMT in Vinnytsia – Capacity building and transfer of knowledge for increasing and improving professional skills in waste management in the Region of Vinnytsia	Italy	Ukraine	79,714	39,755	approved	Sustainable energy
1206.002-15	Good Governance and Anti-Corruption Civil Society Initiative: Capacity Building for Monitoring SOE Governance in the Energy Sector	Bulgaria, Italy	Albania, Bosnia and Herzegovina, Macedonia, Moldova, Serbia	78,948	39,474	approved	Capacity Building

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	TOTAL PROJECT COST (€)	CEI CO-FINANCING (€)	IMPLEMENTATION STAGE	AREA OF INTERVENTION
1206.003-15	Innovation management for SMEs	Poland	Belarus	34,501	17,250	approved	Enterprise development
1206.005-15	HYMEUR-HYdrometeorological Modelling for Environmental Qualitycontrol	Italy	Serbia	81,150	40,000	approved	Capacity Building
1206.006-15	SMA.RI.GO.	Italy	Moldova	80,000	38,785	approved	Capacity Building
1206.007-15	Development of a training program on Management of Disaster Prevention, Preparedness and Rapid Response	Italy	Serbia	73,850	36,925	approved	Capacity Building
1206.008-15	Capacity Building for Improved Mineral Fuels Monitoring System - Transfer of Best Practices against Grey Economy	Czech Republic	Serbia	48,100	17,445	approved	Capacity Building
<b>TOTAL</b>				<b>11,940,820</b>	<b>2,191,151</b>		

# An Overview of the EBRD Transition Report 2015-16: Rebalancing Finance

## INTRODUCTION

The EBRD's annual Transition Report is one of the EBRD's flagship publications. It is published in November each year, and provides a comprehensive overview of economic developments and structural reforms in countries across the whole EBRD region, including those within the Central European Initiative (CEI). The online version of the report contains a detailed overview of each country<sup>3</sup>. The report is an indispensable resource for analysts, investors and policy makers across the region. This brief synopsis summarises the main messages of the report, especially those with relevance for the CEI region.

Over the past year, the economic outlook for the transition region has been reshaped by a significant decline in oil prices, increased geopolitical uncertainty and the launch of a quantitative easing programme in the Eurozone. Despite this challenging economic and political environment, the outlook for market reforms appears to have improved. Each Transition Report contains a special theme. This year's report analyses in detail the EBRD region's financial sectors. During the past decade, the global financial system has undergone major changes in the countries of EBRD investments. This report looks at the evolution of finance in the transition region following the crisis of 2008-09 and considers how finance should be rebalanced to provide more diverse and stable funding flows in support of economic development.

The report not only examines the quantity of finance but also its composition and quality. In many countries in the region, credit-fuelled boom-bust cycles have resulted in dual economies where some parts of the private sector are over-indebted, while others remain cut off from any access to credit or equity. This duality is reflected in the exceptionally high levels of non-performing loans (NPLs) compared with other emerging markets and advanced economies. In half of the countries in the region, NPLs exceed 10% of total loans and 5% of GDP. The problem is particularly acute in South Eastern Europe, where NPL rates sometimes exceed 20% of total loans, as well as in Ukraine. At the same time, many small and medium-sized enterprises are unable to finance their investment projects.

The four chapters in this Transition Report underline that the financial system needs to be rebalanced in a number of ways in order to provide more diverse sources of funding for growth. Equity financing, in particular, needs to play more of a role, so two of the chapters thoroughly look into the region's incipient private equity sector. These chapters highlight the special role equity financing – and private equity capital in particular – can play in supporting investment, productivity increases and better management within firms. Thus, private equity could help to revitalise the transition process.

The need to shift from foreign currency-denominated finance to local currency credit markets is another priority. It has been seven years since the beginning of the financial crisis, and the percentage of lending denominated in a foreign currency remains exceptionally high by global standards. On average, in 2014 around 50% of the total debt of households, firms and governments was denominated in a foreign currency. Successful rebalancing in this regard will require not only macroeconomic stabilisation, but also, in some countries, changes to banks' funding models, with shifts from foreign wholesale funding to domestic sources. Furthermore, investment finance in the region would benefit from more diverse capital flows and investment partnerships, with other emerging markets and non-European advanced economies playing a greater role.

## MACROECONOMIC OVERVIEW

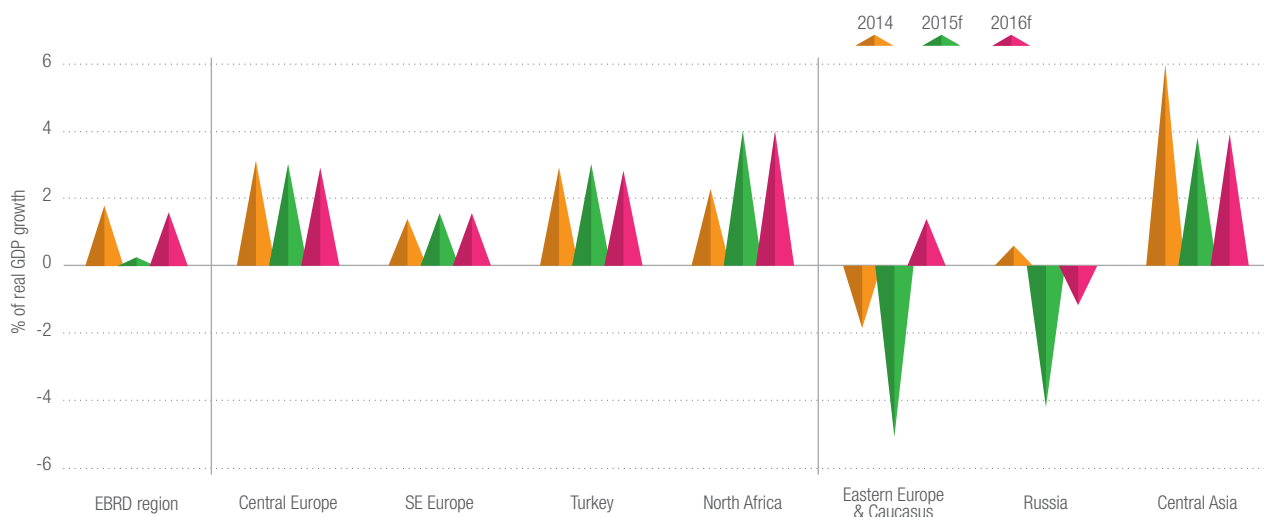
Over the past year, the economic outlook for the transition region has been reshaped by a significant decline in oil prices, increased geopolitical uncertainty and the launch of a quantitative easing programme in the Eurozone. Although economic growth has picked up in many commodity-importing countries and is expected to strengthen further, the average growth in the region has been weighed down by the negative shocks faced by Russia and other commodity exporters, and consequently, by countries with strong economic ties to Russia.

Central Europe and the Baltic States (CEB) have so far weathered the unfolding withdrawal of liquidity from emerging markets well, and the EBRD has only marginally revised its growth estimates to 3% for 2015, and 2.9% for 2016 (see Chart 7.1). There are vulnerabilities – such as high public debt in Hungary and Croatia or the legacy of foreign-currency-denominated retail loans in Poland and Croatia – through few of the large and ongoing financing requirements that have plagued other emerging markets. Hungary and the Slovak Republic are exposed to a demand slowdown in emerging markets, including indirect trade channels, though so far strengthening demand within the Eurozone has compensated for this. Meanwhile, in South Eastern Europe (SEE), the past year witnessed a gradual improvement in most economies. Bulgaria, for example, faced the financial crisis better than expected and recovery has been accelerating in Serbia as infrastructure is being rebuilt after last year's floods and exports are picking up on stronger EU demand.

Further east, the recession in Ukraine deepened in 2015. Recent data suggest that the economy may have bottomed out in mid-year and may now be on the way to gradual recovery. The IMF programme in Ukraine remains broadly on track. Belarus's economy has been strongly affected by the recession in Russia and the depreciation of the Russian

<sup>3</sup> The full online report, including country pages, is available at: <http://2015.tr-ebrd.com/en/>.

**Chart 7.1. GDP growth rates by region.** (Source: EBRD Transition Report 2015-16, and Regional Economic Prospects, November 2015)



rouble. In Moldova, large-scale banking sector fraud, governance challenges and the low level of external financial assistance have all created significant risks.

### STRUCTURAL REFORM

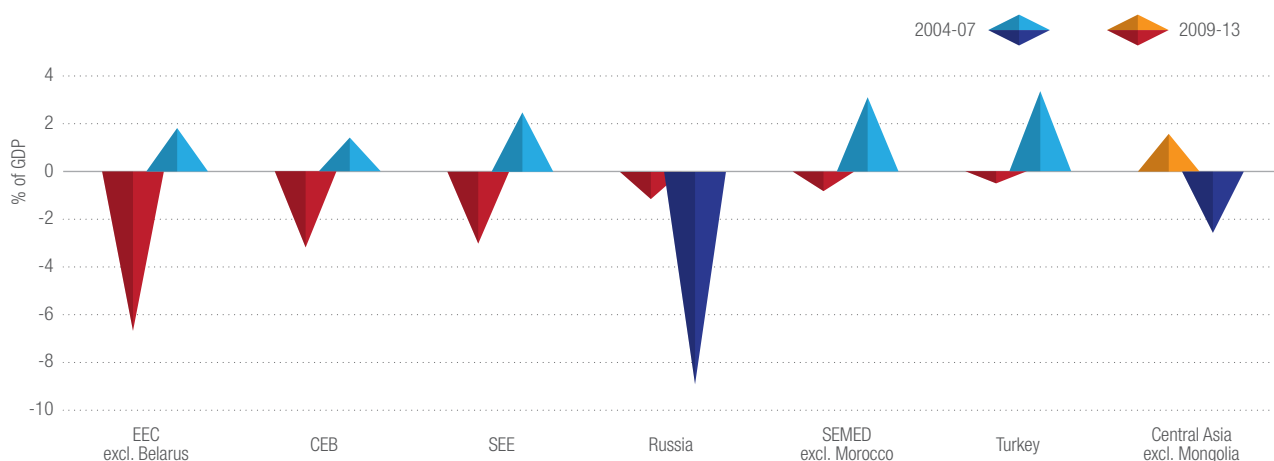
Across most of the EBRD region, including CEI countries, the political and economic environment in 2015 remained challenging. Encouragingly, however, the outlook for market reforms appears to have improved over the past year, as shown by the analysis in the Transition Report. In infrastructure, for example, there was significant progress in the roads sector of several countries, including Albania and Poland, reflecting an increasing interest in fostering private-sector involvement in the building of new roads or in the maintenance of existing networks. There were also notable improvements in the railways sector in several central European countries, as well as in Serbia. In the energy sector, the government of Ukraine has introduced measures to reduce state subsidies related to energy prices, as a result of which there has been a sharp rise in prices for consumers. While such measures are unpopular with the

general public, they can help to remedy large deficits, allow state resources to be used for other, more pressing matters and help to attract investment in the sector. There have been important financial sector advances in Slovenia and Ukraine.

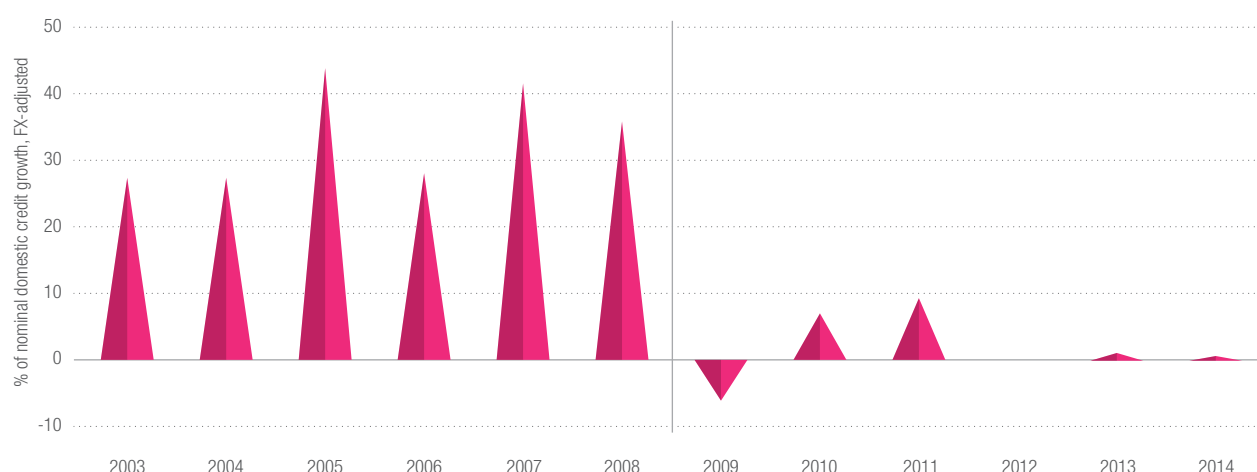
### REBALANCING FINANCE AND BOOSTING INVESTMENT

Prior to the financial crisis, a credit boom in the region boosted levels of investment and growth but resulted in large and ever-increasing external imbalances financed by cross-border capital flows. With the crisis came a swift external adjustment, as cross-border capital flows declined dramatically and multinational banks withdrew funds from the region. That external adjustment has largely been successful, bringing domestic investment into line with the – predominantly low – levels of domestic savings. However, after years of sparse investment, the EBRD region now has substantial investment financing needs, requiring an extra USD 75 billion per year, with particularly high needs in the CEI region (see Chart 7.2).

**Chart 7.2. Estimated investment surplus or shortfall, 2009-13.** (Source: EBRD Transition Report 2015-16)



**Chart 7.3. Annual credit growth in the EBRD region.** (Source: *EBRD Transition Report 2015-16*)



Despite investment levels declining and firms in many countries facing a credit crunch, the region's overall indebtedness (measured as the sum of public and private debt, both domestic and external) has continued growing at approximately the same rate as before the crisis. In fact, indebtedness has increased by 25 percentage points of GDP since 2007, reaching 123% of GDP in 2014. This reflects the substantial weakening of growth in nominal GDP, the revaluation of a large percentage of debt denominated in foreign currency, significant increases in public debt following efforts to stimulate the economy after the crisis and the fact that NPLs are weighing heavily on banks' balance sheets.

Notwithstanding those increases in the total level of debt, in some economies – particularly in CEI countries in central Europe, the Baltic states and South Eastern Europe – the ratio of domestic corporate debt to GDP remains below the levels that would be expected on the basis of those countries' per capita income, the strength of their economic institutions and other relevant characteristics. In other countries, however, scope for raising debt levels appears to be more limited.

In order to meet the region's vast investment needs, local financial systems will need to be rebalanced further. In countries where NPL levels are high, dealing with that overhang is a priority. In addition, a further shift towards local currency-denominated funding has the potential to reduce credit risk and improve the sustainability of debt.

### **SMALL BUSINESSES AND THE CREDIT CRUNCH**

The report uses a combination of macroeconomic, firm-level and bank-level data to gauge the extent to which firms across the transition region have become more credit constrained in the seven years since the onset of the global financial crisis. At the macroeconomic level, annual credit growth has dropped sharply since 2008 (see Chart 7.3). The analysis shows that, while credit conditions for small businesses have tightened overall, there is substantial cross-country heterogeneity. Access to credit has deteriorated most in those countries that have experienced a decline in cross-border borrowing by banks, a decline in wholesale (rather than deposit) funding and/or a decline in bank leverage.

Within countries, the composition of local banking markets also plays a role. The report's analysis shows that when

SMEs have a choice of various banks in their town or city, they tend to borrow from financially sound banks that have less hierarchical lending procedures, greater confidence in the quality of legal enforcement and a focus on establishing long-term lending relationships. This suggests that financial matters are not the only consideration in this regard and that organisational and institutional issues have a key role to play in the debate about reviving lending to SMEs in the EBRD's countries of operations.

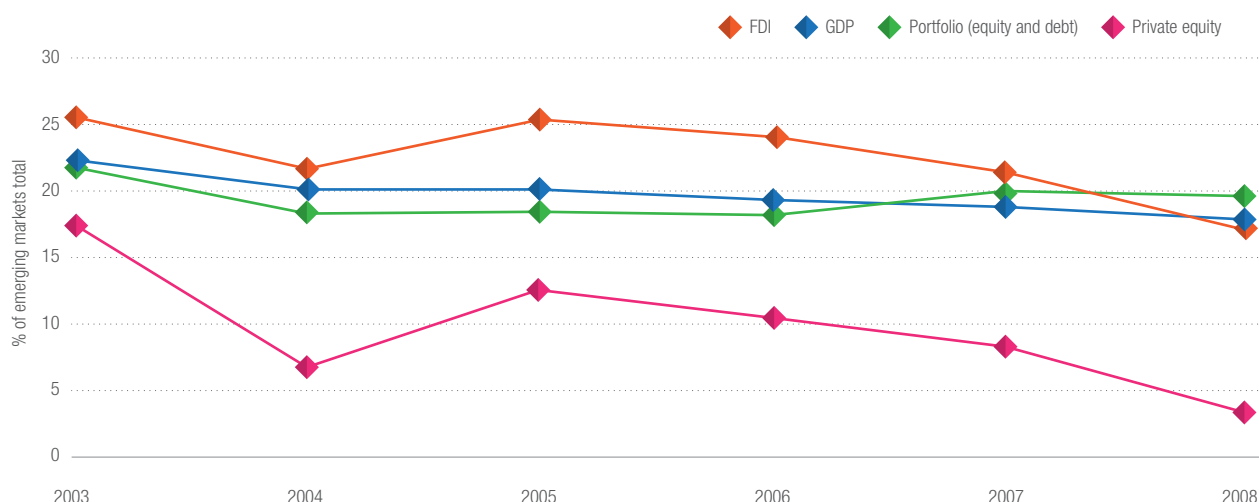
To stimulate SME lending, banks themselves can make additional efforts to streamline their loan application procedures. Surveys of firms reveal that many SMEs are discouraged from applying for credit by cumbersome and lengthy application procedures. The findings of this chapter also suggest that relationship banks have a special role to play as a stable source of SME finance. This highlights a potential downside of any short-term focus by banks (and their shareholders) on reducing the numbers of loan officers and other frontline staff who work directly with borrowers. Lastly, effective and efficient SME lending can also be stimulated by the establishment of well-functioning credit registries and decisive action to deal with NPLs, which are continuing to weigh on the balance sheets of many banks.

### **TRENDS AND VALUE CREATION IN PRIVATE EQUITY**

The private equity sector has grown steadily across the transition region over the last two decades, in terms of both the volume of assets that it manages and the impact that it has on local economies. However, private equity remains an underutilised source of external funding for companies in the EBRD region. The report considers how private equity funds could help contribute to more diverse financial infrastructure, thereby stimulating growth and efficiency improvements.

Prior to the crisis, the EBRD region accounted for close to one-fifth of all private equity capital invested in emerging markets. This share has recently dropped to less than one-tenth (see Chart 7.4). Sluggish economic growth in the region has had a negative impact on returns on private equity investment. Cross-border deleveraging by parent banks present in the region and the resulting reduction in the availability of credit has also affected the investment strategies of private equity funds. The use of debt in private equity transactions – a common method of generating financial returns in advanced economies – has always been more limited in the transition region and has declined further since the global financial crisis. Instead, private equity funds

**Chart 7.4. Investment flows to the EBRD region, by type.** (Source: EBRD Transition Report 2015-16)



focus more on implementing operational improvements in investee companies. This typically involves identifying companies with considerable growth potential, scaling up investments and sales, entering new markets and aligning company managers' interests more closely with those of shareholders.

An estimated USD 1 trillion remains available to private equity funds for investment in companies around the world. A more outward-oriented approach and greater emphasis on innovation could help companies in the EBRD region attract a larger share of those funds. Export activity increases the size of companies' markets, which is particularly important for firms in smaller economies with limited domestic growth potential. Meanwhile, innovative companies could attract venture capital – an area where the region lags behind other emerging markets.

#### PRIVATE EQUITY AS A SOURCE OF GROWTH

Private equity can be a useful source of external finance for companies. Perhaps more importantly, the active involvement of private equity fund managers can also assist investee companies to reach new customers, run operations more efficiently and improve their management of cash and inventories. Private equity support also tends to help companies to gain better access to credit.

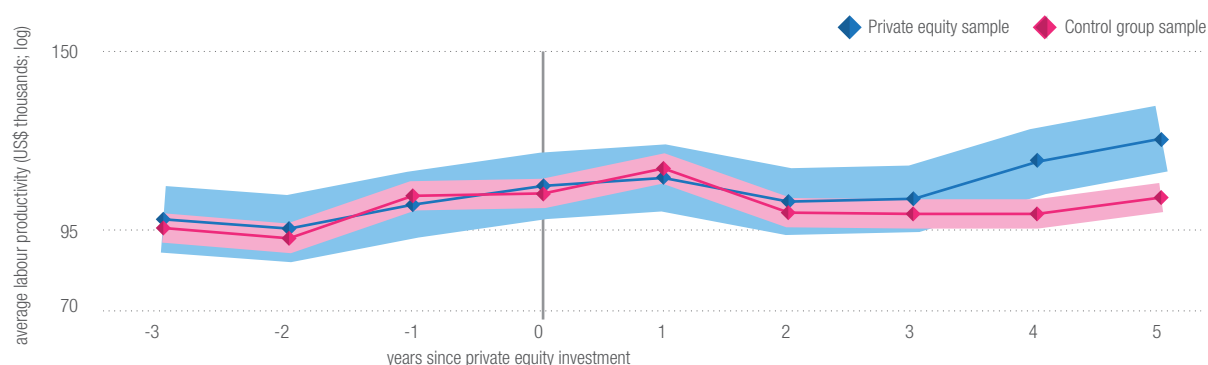
The analysis in the report shows that private equity investment in companies in the transition region has a positive effect on employment, capital investment and productivity (see Chart 7.5). These positive effects, in turn,

translate into higher levels of revenue and profit related to similar companies that do not receive this investment. Furthermore, the results suggest that capital spending following private equity investment supports job creation. In contrast, capital expenditure and job creation tend not to coincide in advanced economies, where private equity funds typically target mature firms and focus on cutting costs and restructuring the labour force.

The number of companies in the region with strong growth prospects and that could potentially attract private equity investment is more than 10 times the number of companies that have actually received investment in recent years. Enabling more companies to attract financing from private equity funds could potentially generate additional employment and investment in the region.

Levels of private equity financing are sensitive to the region's growth prospects. Thus, a return to growth is likely to result in an uptick in private equity flows. However, policy-makers can also support such flows by strengthening the protection of minority shareholders, improving corporate governance and fostering the development of public equity markets. In addition, improving the enforcement of information disclosure rules can help shareholders to have a greater say in the management of companies. Meanwhile, the establishment of specialist stock exchanges for SMEs that reduce listing costs and the regulatory burden can improve access to equity financing. The latter can also make SMEs more attractive as investment targets for private equity funds, as they increase the likelihood of those funds exiting their investments with higher valuations.

**Chart 7.5. Impact of private equity on labour productivity.** (Source: EBRD Transition Report 2015-16)



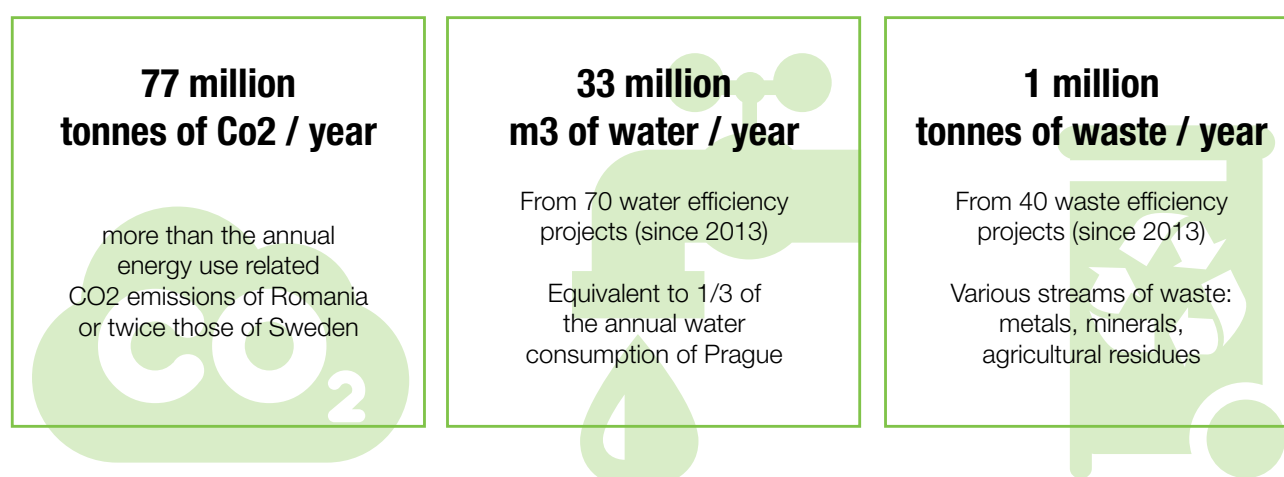
# Supporting the development of sustainable business models in the region

The Sustainable Energy Initiative (SEI) and, since 2013, the Sustainable Resource Initiative (SRI) have been the Bank's strategies to actively contribute to addressing the global climate change and sustainable development challenges, by mainstreaming and increasing financing for sustainable use

of resources across the Bank's operations. The Green Economy Transition (GET) expands this experience in terms of business volume and new areas of activities such as environmental protection and technology transfer.

1994	2006 <b>Sustainable Energy Initiative</b>	2013 <b>Sustainable Resource Initiative</b>	2015 <b>Green Economy Transition</b>
Energy Efficiency banking team	<ul style="list-style-type: none"> <li>• Energy Efficiency</li> <li>• Renewable Energy</li> </ul>		
		<ul style="list-style-type: none"> <li>• Water Efficiency</li> </ul>	
		<ul style="list-style-type: none"> <li>• Material Efficiency</li> </ul>	
		<ul style="list-style-type: none"> <li>• Adaptation to Climate Change</li> </ul>	
			<ul style="list-style-type: none"> <li>• New activities</li> </ul>

## SEI & SRI TRACK RECORD TO DATE



## THE EBRD DEFINITION OF A GREEN ECONOMY

A green economy is a market economy in which public and private investments are made with a specific concern to minimise the impact of economic activity on the

environment; and where market failures are addressed through improved policy and legal frameworks aiming at accounting systematically for the inherent value of services provided by nature, at managing related risks and at catalysing innovation.

## THE GET APPROACH

The GET aims at addressing market opportunities, as well as market failures, related to resource use and environmental degradation.

The main operational drivers of GET actions will be the integration of the green economy dimension into the Bank's transition methodology, specifically into:

- Country strategies via the assessment of transition gaps in this area, and
- The transition rationale in order to recognise scale and impact of projects with climate and environmental benefits.

GET activities are to be grouped around the following actions:

- Scaling up – to recognise absolute and incremental contributions of projects to addressing environmental

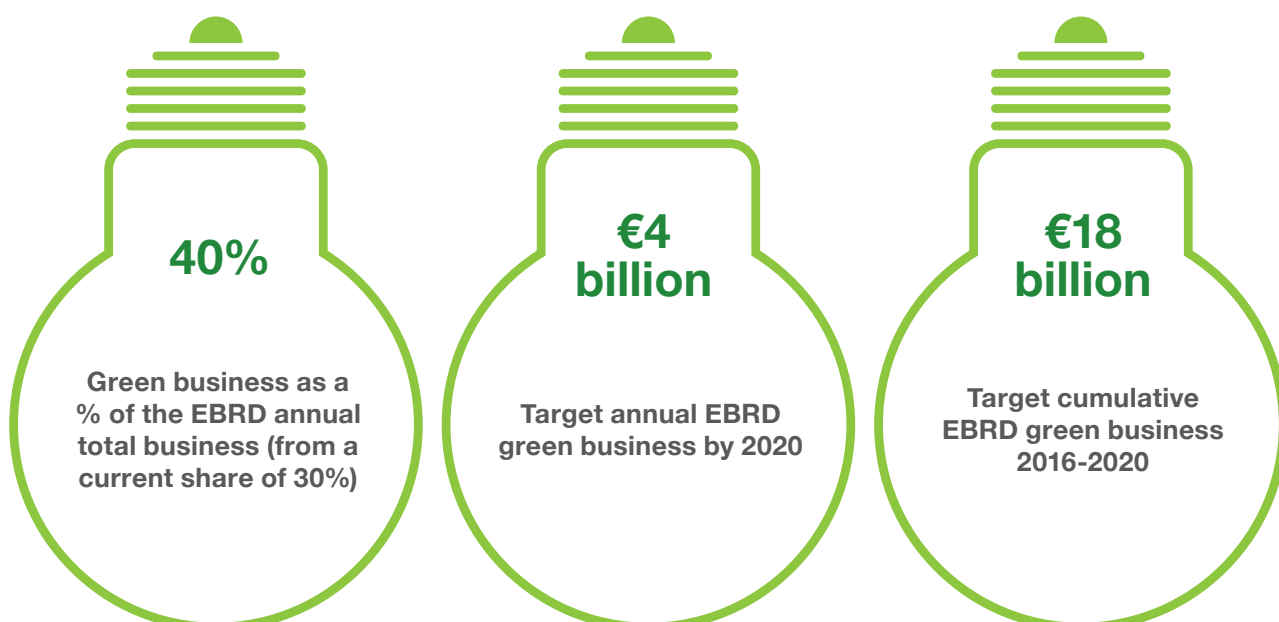
challenges, such as GHG emission reductions.

- Broadening the environmental dimension – to expand Bank actions at addressing fully the sustainable use of natural capital via reduction in ecosystem degradation and pollution control; specific areas may include: sustainable land use, innovative water supply, environmental remediation of contaminated sites, etc.
- Sector innovation – to deepen the mainstreaming of resource efficiency across new areas further: irrigation water efficiency, transport infrastructure climate resilience, etc.
- Engaging new areas and flexible financing channels: expanding to areas such as pollution prevention, green logistics, water efficiency in power sector and irrigation; and engaging public financing channels to accelerate low-carbon transition (energy efficiency in public buildings, green cities).

## GETTING THERE!



## THE GET OBJECTIVES





An example

## INTRODUCING CIRCULAR ECONOMY CONCEPTS WITHIN TURKISH MANUFACTURING

### CLIENT

The second largest PVC profile manufacturer in Turkey.

### PROJECT

Supporting the company in constructing a new state-of-the-art plant and in enhancing its plastic waste recycling capabilities, both of internally produced waste streams as well as from external collection.

### INVESTMENT PLAN

EBRD loan: .....€25 million  
of which green finance .....€7 million  
Concessional parallel loan from the Clean Technology Fund: .....€1 million

### RESOURCE EFFICIENCY AUDIT

Recommended innovative measures: trigeneration, solar photovoltaics, improved automation and control, high-efficiency motors and drives and wastewater treatment. Most measures have payback times between 3-5 years.

### IMPACT OF PROJECT

The company will increase plastic waste recycling rates from below 10% currently to over 15%  
Estimated plastic recycled of 800 tonnes per year  
Estimated emission reductions of 22,000 tCO<sub>2</sub>/year

# EBRD Donor Funds System. An Integrated and Modern Approach to Managing Donor Funds at the EBRD

## INTRODUCTION

The EBRD is competing in a demanding market for grant resources, which are crucial to its business model. Better reporting on results, better management of client contributions, and implementation of other commitments made to the Board and Donors all rely on enhanced and efficient donor funding systems.

In 2015, donors provided €358 million of scarce taxpayer funds as grants and highly concessional loans to the EBRD. Between 30 and 40% of the Bank's investment projects by volume are supported by Technical Cooperation each year.

All the trends point to an increased reliance on donor partnerships, and the intensity and complexity of donor fund utilisation and reporting requirements are mounting. Donors and Shareholders' major driver in the decision-making process on providing grants to the EBRD rely on comprehensive reporting and information (both qualitative and quantitative).

In response to the demands for a more modern and integrated system to manage donor funds, in 2014 the EBRD started one of its major IT projects: the Donor Funds System (DFS) Programme.

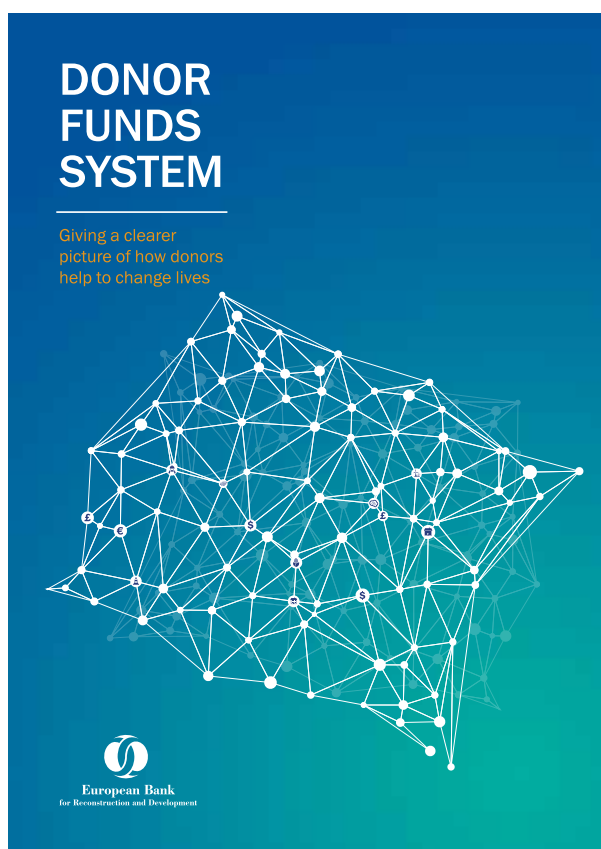
The programme, expected to go live in April 2016, will deliver the systems and processes needed for the Bank to adequately manage Technical Cooperation (TC) and non-TC grants (incentive payments, concessional loans, risk sharing) across all departments implementing initiatives and projects that utilise grant finance and, therefore, require automated data management.

With the delivery of the Donor Funds System Programme, the EBRD will have a high-quality management information system as a basis for responsive and transparent reporting to donors, based on comprehensively captured and managed data.

Additional advantages will include organisational efficiency and a modernisation of the IT technical architecture upon which it will be possible to build and expand the system to keep abreast of modern technologies.

## THE TECHNICAL SOLUTION

Donors have asked for strong, evidence-based reporting, centred on the Bank's mandate and using outcomes and outputs to assess the results of projects. This will help them to promote the EBRD as an effective, accountable institution both within their governments and in the wider donor community. In addition, as the EBRD's strategies evolve and its use of donor-funded instruments changes and grows, reporting on activities and expenditures is becoming more complex and demanding.



Donor reporting is required at three levels (quantitative, qualitative and portfolio). The DFS Programme solution has been structured to address these requirements by aligning and consolidating both information flows related to grant funding, and the processes by which that information is captured.

The solution is also designed to fit with the Bank's IT Strategy, which mandates the use of strategic platforms (such as SAP) and of services via an Enterprise Service Bus (ESB) to integrate across the systems. In addition, the creation of a new Data Warehouse Donor Funds Framework allows reporting across processes and systems in a way that makes it consistent with a similar framework used in banking operations. This facilitates the joining of Frameworks to give the Bank a much richer reporting environment.

## ADDRESSING REPORTING – THE INFORMATION BACKBONE

The key information required to ensure accurate and timely reporting to donors and to EBRD management can be seen as an "information backbone". The information captured is both quantitative and qualitative.

Quantitative information at financial level is held in a new SAP system. This ensures traceability of financial flows both forward (from the original amounts and limits through to the related approvals, contracts and disbursements) and backward (each individual disbursement can be reconciled back to the donor agreement and the limits set within it, as well as to the project and the structures set at the appropriate internal committees). This enhances the Bank's ability both to report to donors and to provide accurate information for audit purposes.

Qualitative elements (such as result indicators) relating to projects and programmes implemented thanks to donor funds are captured in order to be aggregated and analysed. This has required a different type of information system than before, i.e. more flexible in terms of structure and type of information held, but which could also feed into the wider aggregate level reports.

At portfolio (aggregate) level, key dimensions of underlying projects (country, sector, type, link to investment, outcome indicators, etc.) are currently linked together with financial expenditure. This has required a high-level standardisation of dimensions, each of which, reporting traceable financial information. The ability to aggregate both qualitative and quantitative information will enhance communication with donors and perceptions of the EBRD's impact and transparency. Aggregated reporting will also improve the donor funds utilisation planning, and will allow the EBRD

to present to donors an overall plan for the use of donor resources, informing the distribution of existing funds and the sourcing of new funds for filling gaps.

New and existing systems linked to SAP are now holding information on project results, procurement, selection and contracting of consultants and services, assessment of consultants and covenant/conditions precedent monitoring for disbursements of Nuclear Safety and Investment Grants. The linked systems are structured to ensure that information is captured at the right time and place throughout the lifetime of the funds, projects, contracts and disbursements they cover, and that key information is brought through to allow aggregate reporting.

#### **ADDRESSING RISK - PROCESS CONTROLS AND INFORMATION CAPTURE**

In order to make sure information has been captured accurately and in compliance with a comprehensive scheme of checks and approvals, the solution has been designed to follow common processes that will be valid across different uses of grant funds. As a result of this standardisation of processes and checks, the solution addresses operational risk associated with management of donor funds by different departments, thus allowing for each department to implement its own initiatives and investment schemes in a flexible manner.

## Abbreviations and acronyms

AER	Assembly of European Regions
ATCO	Air Traffic Control Officer
BAS	Business Advisory Service
BiH	Bosnia and Herzegovina
BREA	Belarusian Renewable Energy Association
CBIPA	Capacity Building in Public Accounting
CEFTA	Central European Free Trade Agreement
CEI	Central European Initiative
CETIR	Central Initiative System - transport information reporting system
CO <sub>2</sub>	Carbon dioxide
CSD	Center for the Study of Democracy
EBRD, the Bank	European Bank for Reconstruction and Development
EC	European Commission
EE	Energy Efficiency
EIR	EBRD Investment Ratio
EGP	Enterprise Growth Programme
ENP	European Neighbourhood Policy
ETC	Early Transition Countries
EU	European Union
EUSAIR	EU Strategy for the Adriatic and Ionian Macro-Region
FAO	Food and Agriculture Organisation of the United Nations
GDP	gross domestic product
GHG	greenhouse gas
ICAO	Civil Aviation Organisation
IFI	International Financial Institution
ISO	International Organization for Standardisation
IMPPM	International Master in Public Procurement Management
KEP	Know-how Exchange Programme
MAECI	Ministry of Foreign Affairs and International Cooperation, Italy
MDDC	Mine Detection Dog Center, BiH
MWH	Montgomery Watson Harza
NPCS-WPC	National Petroleum Committee of Serbia - World Petroleum Council, Serbia
OECD	Organisation for Economic Co-operation and Development
OGS	National Institute of Oceanography and Experimental Geophysics, Italy
PACT	Public Accountants Certification Training
PERI	Public Enterprise for Railway Infrastructure, Macedonia
PEW	Regional Water Supply "Regionalni Vodovod Crnogorsko Primorje", Montenegro
PIU	Project Implementation Unit
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
SAP	Stabilization and Association Process
SBI	The EBRD Small Business Initiative
SEE	South East Europe
SME	Small and medium-sized enterprise
TAM	TurnAround Management Programme
TC	Technical Cooperation
TIR	Total Investment Ratio
SRI	The EBRD Sustainable Resource Initiative
WeBSEDF	The EBRD Western Balkans Sustainable Energy Direct Financing Facility
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, Macedonia, Montenegro, and Serbia
ENP CEI countries	Belarus, Moldova, and Ukraine



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Guido Paolucci: cover page  
Emanuele Marrani: page 3  
Carlo D'Orta: inside cover, page 4, 6, 10, 23, 24, 28, 37, 38, 49, 50, 75  
©EBRD: page 50

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## Photography credits

Courtesy and Copyright Carlo D'Orta

### Carlo D'Orta

He has pursued his passion for photography for 40 years. From 2003 to 2010, he attended advanced painting classes at the Rome University of Fine Arts (RUFA) and devoted himself to the study of contemporary art. As a result, his photographic perspective undergoes a radical change. He abandons the documentary approach and tries shots that tend towards abstraction, or tinged with a metaphysical/surrealist vision. The colour sensitivity gained during his training gives his photographs a strong painting-like character, sometimes because of limited post-production interventions on lights and colours. He favours Architecture - focusing on de-contextualisation of detail and distortion produced by reflection - and Dance.

Carlo D'Orta's works can be found at: Malerba Foundation Photography Archive (Milano) Italian Institut of Culture in New York, Italian Central Bank (Roma), Italian Chamber of Deputies (Roma), Architektenkammer Baden-Württemberg (Stuttgart), Contemporary Art Museum Palazzo Collicola of Spoleto (Italy), and others.

### Biocities Project

The project *Biocities* is a description of contemporary architectures as paintings of geometric abstraction, having in the eyes and mind the paintings of Malevich, El Lissisky, Mondrian, Rotchko and others. The photographs of this series are not collages, but the result of particular shooting positions and a strong compression of perspective thanks to powerful zoom lenses.

*Biocities* is a work around today's aspects of architectural life, on the texture of new materials and low-polluting volumes. The photographic shots prevent the too long fields, explicit realism, and the immediacy of comparison. On the contrary, images enhance the nature of detail so that single elements, as narrated, become independent. Eyes work through modulations that are typical of a certain kind of painting consisting of neat lines, geometrical synthesis and colour vibrations. The city is described as a texture. Architectural tissues are outlined in terms of highly blood-permeated biologies, modular surfaces as an urban Genome. Volumes (architecture) and a flat view (painting): a perspective stems from the real world, which is compressed into the constraints of bi-dimensionality.

Photography and Installations  
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